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INDIAN CHAMBER OF COMMERCE,  
CALCUTTA

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ANNUAL REPORT  
OF THE  
COMMITTEE

FOR THE YEAR 1928

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**Published by:**

**M. P. GANDHI,**

SECRETARY, INDIAN CHAMBER OF COMMERCE, CALCUTTA  
135, CANNING STREET, CALCUTTA.

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**MEMORANDUM OF ASSOCIATION**  
**OF**  
**THE INDIAN CHAMBER OF COMMERCE, CALCUTTA.**

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1. The name of the Association is THE INDIAN CHAMBER OF COMMERCE, CALCUTTA.

2. The Registered Office of the Association will be situate in Bengal.

3. The objects for which the Association is established are :

(a) To promote and protect the trade, commerce and industries of India, and in particular the trade, commerce and industries in or with which Indians are engaged or concerned.

(b) To aid and stimulate the development of trade, commerce and industries in India with capital principally provided by or under the management of Indians.

(c) To watch over and protect the general commercial interests of India, or any part thereof, and the interests of persons, in particular the Indians, engaged in trade, commerce or industries in India.

(d) To consider all questions connected with trade, commerce and industries, and to initiate or support necessary action in connection therewith.

(e) To urge or oppose legislation and other measures and to procure change of law and practice affecting trade, commerce and industries in India, and in particular, those affecting trade, commerce and industries in which Indians are engaged.

(f) To communicate with Chambers of Commerce and other commercial and public bodies within or outside India



and to concert or promote measures for protection of trade, commerce and industries, and persons engaged therein and in particular, the trade, commerce and industries in which Indians are engaged and the Indians engaged therein, either within or outside India.

- (g) To collect and circulate statistics and other information relating to trade, commerce and industries.
- (h) To adjust controversies between members of this Association.
- (i) To arbitrate in the settlement of disputes arising out of commercial transactions between parties willing or agreeing to abide by the judgment and decision of the Tribunal of the Association.
- (j) To establish just and equitable principles in trade.
- (k) To form a code or codes of practice to simplify and facilitate transaction of business.
- (l) To maintain uniformity in rules, regulations and usages in the various branches of trade.
- (m) To promote and advance commercial and technical education and such study of different branches of Art and Science as may tend to develop trade, commerce and industries in India.
- (n) To encourage, assist and extend knowledge and information connected with trade, commerce and industries of India, whether by establishment and promotion of lectures, discussions or correspondence, by holding of conferences, by the formation of libraries, by the publication of newspapers, periodicals or journals, books and maps or by foundations and endowments of professorship, studentship or scholarship, or by encouraging research work, or howsoever otherwise.
- (o) To provide, regulate and maintain a suitable building or room or suitable buildings or rooms for a Commercial Exchange in Calcutta.

( iii )

- (p) To provide rooms and other facilities for holding and conducting sales of property, brokerage and commercial transactions, meetings of creditors, companies and arbitrators and other like matters.
- (q) To establish and conduct in or in connection with any building or room, erected, provided, regulated or maintained by the Association for the purpose aforesaid, a restaurant for the use of the members of the Association and others resorting to such building or rooms for the negotiation and transaction of business.
- (r) To acquire, purchase, to take on lease or otherwise, land and buildings, and all other property moveable and immoveable, which the Association for the purpose thereof, may think proper to acquire.
- (s) To accept any bequest, gift, donation or subscriptions towards or to accumulate and provide a fund or an endowment, and to invest the same and apply the income arising therefrom, or to resort to the capital thereof for any of the objects of the Association.
- (t) To sell, improve, manage, develop, exchange, lease or let, under-lease or sub-let, mortgage, dispose of, turn to account or otherwise to deal with all or any part of the property of the Association.
- (u) To construct upon any premises any building or buildings for the purpose of the Association and to alter, add to or improve any building upon such premises.
- (v) To invest the money and the property of the Association not immediately required for the purpose of its business upon such securities or in such manner as may from time to time be determined.
- (w) To borrow or raise any moneys required for the purpose of the Association upon such terms and in such manner and on such securities as may be determined and in particular, by the issue of debentures charged upon all or any of the property of the Association.

- (x) To aid and to receive aid from any other Society, Association, Company, Corporation, Firm, partnership or person promoting or formed or intended to promote any of the objects of the Association and to subscribe to or aid any such Society, Association, Company, Corporation, Firm, partnership or person with a view to obtain any advantage or benefit for the purposes of the Association and to subscribe to any fund or society as may be considered deserving from time to time.
- (y) To subscribe, to become a member of and co-operate with any other Association, whether incorporated or not, whose objects are altogether or in part similar to those of this Association and to procure from and to communicate to any such Association, such information as may be likely to forward the objects of this Association.
- (z) To do all such other things as may be conducive to the development of trade, commerce and industries, or incidental to attainment of the above objects or any of them.

4. The income and property of the Association, whensoever derived shall be applied solely towards the promotion of the Association as set forth in this Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend or bonus or otherwise howsoever by way of profit, to the persons who at any time are, or have been members of the Association or to any of them or to any person claiming through any of them. Provided that nothing herein contained shall prevent (1) the payment in good faith of remuneration to any officers or servants of the Association, or to any member thereof, or other person in return for any services actually rendered to the Association, or the payment of interest or money borrowed from any member of the Association ; (2) any payment of allowance or concession to members by way of rebate or return of subscriptions in accordance with the regulations for the time being of the Association ; (3) the gratuitous distributions among, or sale at a discount to members of the Association of any books or publications not required for the furtherance of any of its objects.

5. The fourth paragraph of this Memorandum is a condition on which a License is granted by the Local Government to the

Association in pursuance of Section 26 of the Indian Companies Act, 1913.

6. If any member of the Association pays or receives any dividend, bonus, or other profit in contravention of the fourth paragraph of this Memorandum, his liability shall be unlimited. Except as above the liability of the members is limited.

7. Every member of the Association undertakes to contribute to the assets of the Association, in the event of the same being wound up during the time that he is a member, or within one year afterwards, for payment of the debts and liabilities of the Association contracted before the time at which he ceases to be a member and costs, charges and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required, not exceeding Rs. 25/-.

8. If, upon winding up or dissolution of the Association, there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the Association, but shall be given or transferred to some other institution or institutions having objects similar to the objects of the Association, to be determined by the members of the Association present at a general meeting at or before the time of the dissolution, and in default thereof by such judge of the High Court or Judicature in Fort William in Bengal as may have or acquire jurisdiction in the matter.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into an Association in pursuance of this Memorandum of Association.

No.	Names, address and description of subscribers.
1	Faizulla Gangjee, 71, Canning Street, Calcutta. Merchant.
2	Anandji Haridas, 20, Durmahatta Street, Calcutta, Merchant.
3	A. C. Banerjee, 8B, Lalbazar Street, Calcutta, Merchant.
4	David S. Erulkar, 100, Clive Street, Calcutta.
5	Nand Lal Puri, 100, Clive Street, Calcutta.
6	D. P. Khaitan, 137, Canning Street, Calcutta.
7	N. C. Sircar, 9/3, Clive Street, Calcutta, Merchant.

*Dated the 15th December, 1926,*

Witness to the above  
Signature.

}

M. P. Gandhi,  
135, Canning Street, Calcutta.

**ARTICLES OF ASSOCIATION**  
**OF**  
**THE INDIAN CHAMBER OF COMMERCE, CALCUTTA.**

(AS AMENDED BY SPECIAL RESOLUTIONS PASSED AND CONFIRMED AT  
THE SPECIAL GENERAL MEETINGS OF THE CHAMBER HELD ON  
19TH AUGUST 1929, AND 6TH SEPTEMBER 1929,  
RESPECTIVELY).

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*Registered under the Indian Companies Act (VII of 1913.)*

1. In the Articles, unless there be something in the subject or context inconsistent therewith,

“The Chamber” means “The Indian Chamber of Commerce, Calcutta” incorporated under the provisions of the Indian Companies Act, 1913.

“Member” means a member of the Chamber including a member provisionally elected.

“General Meeting” means a general meeting of the Chamber.

“The President” means the President of the Chamber.

“The Vice-President” means one of the Vice-Presidents of the Chamber competent to act under these Articles.

“The Committee” means the Committee of the Chamber elected under these articles.

“The Secretary” means the Secretary to the Chamber.

“Indian” for the purpose of these Articles shall include any person of Indian descent in the male line born, naturalised or domiciled in India or in any of the Indian states or any such person who is a child or grandchild of any such person.

2. For the purpose of registration, the Chamber is declared to consist of 500 members.

3. The Committee may, when they think fit, register an increase of members.

4. The Chamber is established for the purpose expressed in the Memorandum of Association.

### Members.

5. Every individual, firm, joint-stock company or other corporation, who or which signed the application form issued in the name of the Chamber up to 30th January, 1926, and had his or their name entered to the register of members, shall *ipso facto* and without election be a member of the Chamber and have his or their name entered in the register of members.

6. Merchants, bankers, ship-owners, representatives of commercial, transport or insurance companies, brokers and persons engaged in commerce, agriculture, mining or manufacture, and persons engaged in or connected with art, science or literature, who are Indians, shall be eligible for election as members of the Chamber.

7. Any firm, joint-stock company or other corporation engaged in or connected with commerce, agriculture, mining or manufacture shall be eligible for election, as a member of the Chamber in their conventional or corporate name, provided that when applying for election, in the case of a firm not less than one half of the proprietary interest thereof is represented by an Indian or Indians and in the case of the joint-stock company and other corporation not less than one half of the directors are Indians or not less than one half of its capital is owned by Indians. Provided however notwithstanding anything hereinbefore contained any company or other corporation which is a public utility concern in India shall be eligible for election as a member of the Chamber. Any firm, company or corporation being a candidate for election as a member of the Chamber shall send with the proposal form, provided for by Article 9 of these Articles, a declaration that it is eligible for election as a member of this Chamber.

8. Subject to the provisions and restrictions of these articles the rights and privileges of membership may, in the case of a firm elected in their conventional name as a member of the Chamber, be exercised by any partner in such firm or by such person authorised by power of attorney or letter of procuracy or otherwise to the satisfaction of the Committee to sign the name of the firm or to sign such name per procuracy and may, in the case of a joint-stock company or other corporation, elected in their corporate name as a

member of the Chamber, be exercised by a Director, Manager, Secretary or any other responsible officer of the company or corporation or a person authorised by power of attorney to exercise the same or any other person who in the opinion of the committee, is competent to exercise the same on behalf of the company or corporation, subject nevertheless to the following reservations, namely :—

- (a) The representatives of a firm, joint-stock company or other corporation entitled under this Article to exercise the rights and privileges of membership must have their names registered in the books of the Chamber in order to exercise the aforesaid rights and privileges.
- (b) Notwithstanding the provisions of Article 6 of these Articles, a registered representative exercising the rights and privileges of membership in respect of a firm, company or corporation elected under the last preceding Article may be a person who is not an Indian.
- (c) For each act of exercise of the rights and privileges of membership by a firm, company or other corporation member, only one representative shall be recognised.
- (d) Only one registered representative of a firm, company, or other corporation members shall be entitled to attend a meeting of the Chamber and take part therein.

9. A candidate for election as a member of the Chamber, whether an individual, firm, joint-stock company or other corporation shall be proposed by one and seconded by another member, and may after previous circulation of his or their name among the members of the Chamber be provisionally elected by the Committee and such election shall be subject to confirmation at an ordinary or special general meeting. The proposal form setting out such details as may be prescribed by the Committee from time to time shall be sent to the Secretary signed by the proposer and the seconder. A member provisionally elected by the Committee shall exercise the full rights and privileges of membership.

10. The Committee shall decide any question which may arise as to the eligibility or otherwise of a candidate for admission as a member of the Chamber and their decision shall be final and they shall not be bound to assign any reason for their action.



11. Except as hereinafter provided a firm shall not cease to be a member by reason only of a change in the constitution of the firm occasioned by the admission, retirement or death of a partner, provided the business of the firm is continued in the conventional name in which such firm was elected a member.

12. A firm, joint-stock company or other corporation shall *ipso facto* cease to be a member of the Chamber upon any change being made in conventional or corporate name of the firm, company or corporation.

13. Any member may withdraw from the Chamber by giving two months' notice in writing to the Secretary of the intention of such member so to do and upon the expiration of the notice, such member shall cease to be a member of the Chamber.

14. A member shall cease to be a member of the Chamber.

(a) In case a member is an individual, if he is an undischarged insolvent or if he is adjudged by a competent court to be of unsound mind or if he is convicted of an offence involving moral turpitude.

(b) In case of a firm, if it is dissolved or adjudged insolvent or the partners are convicted of offence involving moral turpitude.

(c) In case of a company, if it is wound up.

15. An annual subscription of Rs. 100/- shall be paid by each member of the Chamber whose registered address is within the local jurisdiction of the Calcutta, Howrah, Baranagor and Tollygunge Municipalities and Rs. 50/- by other members. All members elected after the 30th of June shall pay one half of the above amount for the remainder for the year. The first subscription of each new member shall be due on election and all other subscriptions shall be due on 1st of January each year and shall be paid in one instalment.

16. A majority of three-fourths of the members present in a meeting and entitled to vote may by a resolution remove from the list of members the name of any member or refuse to confirm his or their provisional election by the Committee. Any such person, firm, company, or corporation shall, from the passing of such resolution,

cease to be a member of the Chamber or to exercise the rights and privileges of membership as the case may be.

17. Any member, who shall by any means cease to be a member, shall remain liable for and shall pay to the Chamber, all moneys which at the time of such member ceasing to be a member, may be due from such member to the Chamber.

18. Any member whose subscription shall be three months in arrear and who shall not pay such arrears within two months after written notice calling for such payment, shall cease to be a member. Such notice shall be issued by the Secretary to a member under the express direction of the Committee.

19. The Committee may invite any person being a Government official connected with trade, commerce or industries, or a person distinguished in public service at a meeting of the Chamber or of the Committee, as they may think fit from time to time.

### **Register of Members.**

20. A register of members shall be maintained in which shall be entered such information about the members as the Committee may from time to time decide.

### **Administration.**

21. The administration of the affairs of the Chamber shall be vested in a body hereinafter called the Committee.

22. There shall be the following officers of the Chamber, namely, a President, two Vice-Presidents, 15 ordinary members of the Committee and a Secretary. There may also be an Assistant Secretary. The officers of the Chamber, with the exception of the Secretary and the Assistant Secretary (if any) shall act without remuneration.

23. The Committee shall consist of 18 members, namely, the President, the two Vice-Presidents of the Chamber and 15 ordinary members.

24. The first Committee of the Chamber shall be composed of the following members :

**President.**

1. Mr. G. D. Birla, (Birla Brothers, Ltd.)

**Senior Vice-President.**

2. Mr. Anandji Haridas (Anandji Haridas & Co.)

**Vice-President.**

3. Mr. Rai A. C. Banerjee Bahadur (A. C. Banerjee & Co.)

**Committee.**

4. Mr. D. S. Erulkar (Scindia Steam Navigation Co., Ltd.)
5. ,, N. Rajabally (Himalaya Assurance Co., Ltd.)
6. ,, K. J. Purohit (Batliboi & Purohit).
7. ,, Nagarmull Bajoria (Soorajmull Nagarmull).
8. ,, Nand Lal Puri (Central Bank of India Ltd.).
9. ,, A. N. Palit (Calcutta Soap Works, Ltd.).
10. ,, Ranglal Jajodia M.L.A., (Jajodia Cotton Mills, Ltd.).
11. ,, D. P. Khaitan, M.L.C., (Kesoram Cotton Mills, Ltd.).
12. ,, Ghansyamdas Jagnani (Nopechand Magniram).
13. ,, Ram Kumar Poddar (Ram Kumar Shewchandray).
14. ,, A. L. Ojha (Khengarjee Amritlal & Co.).
15. ,, G. P. Dutia (Mooljee Jaitha & Co.).
16. ,, Faizullahbai Gangjee (Gangjee Sajun & Co.).
17. ,, E. P. Guzder (P. E. Guzder & Co.).
18. ,, N. C. Sircar (Kerr Tarruck & Co.).

25. The President, Vice-Presidents and ordinary members of the Committee shall retire at each Annual General Meeting, but shall be eligible for re-election, provided that no person shall be eligible for re-election as the President after he has held office of the President for two consecutive terms either fully or partially.

26. If the President, a Vice-President or any ordinary member of the Committee do not attend ten consecutive meetings of the Committee, the Committee shall declare his office vacant, and he shall thereupon cease to be a member of the Committee.

**Election.**

27. At each Annual General Meeting there shall be elected the President, Vice-Presidents and such ordinary members of the Committee as can be elected according to article 28.

28. The election of the President, Vice-Presidents and ordinary members of the Committee shall be determined by a majority of votes of the members of the Chamber to be taken by voting cards, as hereinafter described. Provided that nine ordinary members of the Committee shall be elected to represent nine specific trades to be selected by reason of importance or minority and further, such a number (not exceeding three) shall be elected by the other elected members of the Committee, as shall be determined from time to time by bye-laws made under this Article by the members of the Chamber. Such bye-laws may be added to, altered or rescinded by the Chamber in General Meeting by passing an Extraordinary Resolution within the meaning of the Indian Companies' Act.

29. At least one month before the date of the Annual General Meeting, not being later than 15th January in each year, the Secretary shall issue a notice inviting the members to communicate their intention to serve as the President, a Vice-President or an ordinary member of the Committee, to be elected by the members of the Chamber and the members shall within seven days from the date thereof write to the Secretary intimating their intention.

30. The Secretary shall cause to be entered names of all such persons who have communicated their candidature for election as the President, a Vice-President or an ordinary member of the Committee to be elected by the members of the Chamber in the voting papers which shall be sent to the members, signed and numbered by him, clear fourteen days before the date of the Annual General Meeting. The members shall return the voting papers to the Secretary clear seven days before the date of the Annual General Meeting, after which no voting paper shall be received.

31. On the return of the voting papers to the Secretary each paper shall be examined by two members, (not being candidates for election as member of the Committee) who shall be appointed by the Committee as scrutinisers. Of the candidates for election as the President and Vice-Presidents, the candidate securing the highest

number of votes shall be elected as the President and the candidates securing the next two largest number of votes shall be elected as the senior Vice-President and the Vice-President of the Chamber respectively. The election of the ordinary members of the Committee to be elected by the members of the Chamber shall be determined by a majority of votes secured by the candidates seeking such election as ordinary members. The reports of the scrutinisers shall be published by the Secretary at least three clear days before the date of the Annual General meeting.

32. Any vacancy occurring in the office of the President, Vice-Presidents or an ordinary member of the Committee during the interval between two Annual General Meetings shall be filled up by the Committee in such manner as they may decide.

#### **Auditor.**

33. At each Annual General Meeting an Auditor shall be appointed according to the provisions of the Indians Companies Act.

#### **President.**

34. The President shall preside at all meetings of the Committee, at all general meetings and lead all deputations. He shall preside at the Annual General Meeting, may address the members on such subject as he may deem proper, but such address shall not be taken to represent the views of the Chamber or of the Committee unless such representation is expressly indicated.

35. The President shall also, at any time when he shall deem proper, communicate to the Chamber or to the Committee such matters and shall make such suggestions as may, in his opinion, tend to promote the prosperity and welfare and increase the usefulness of the Chamber, and shall perform such other duties as may be incidental to the office of President.

#### **Vice-President.**

36. The senior Vice-President in the absence of the President, shall have the powers and perform the duties of the President. In the absence of both the President and the senior Vice-President, the powers and duties of the President shall be exercised and discharged by the other Vice-President.

### The Committee.

37. The committee shall meet at such times, as they or the President may deem advisable, and may make such regulations as they think proper as to the summoning and holding of meetings of the Committee, and for the transaction of business at such meetings, and the record of their proceedings shall be open to the inspection of the members subject to such regulations as the Committee may from time to time deem expedient to make.

38. The President and in his absence the senior Vice-President shall be the ex-officio Chairman of the Committee. In the absence of both, the other Vice-President shall act as Chairman.

39. Five Members of the Committee shall form a quorum for the transaction of business, provided however that at any adjourned meeting of the Committee any number of members, not less than 3, may proceed to transact the business.

40. A yearly report of the proceedings of the committee shall be prepared, printed and circulated for the information of the members of the Chamber, at least three days previous to the Annual General Meeting. Such report shall be submitted to the Annual General Meeting for adoption.

41. The management of the business and funds of the Chamber shall be vested in the Committee. In addition to the powers by these Articles expressly conferred upon them, the Committee shall be entitled to exercise all such powers and do all such acts and things as may be exercised or done by the Chamber including the carrying out of all the objects of the Chambers as set forth in the Memorandum of Association, provided that any of them is not hereby or by law expressly directed or required to be exercised or done by the Chamber in a General Meeting.

42. Without prejudice to the generality of the powers conferred by Article 41 hereof, the Committee shall have power—

- (a) To make, vary and repeal rules for the regulation of the business of the Chamber, of the officers or servants or of the members of the Chamber or of any department or section of the Chamber.

- (b) To appoint any departmental Committees or Sub-Committees of the members of the Committee or the Chamber ; such departmental Committees or Sub-Committees may be permanent or temporary as the Committee may determine.
- (c) To delegate, subject to such conditions as they think fit, any of their powers to departmental Committees or Sub-Committees, and to make, vary and repeal rules for the regulation of the proceedings of departmental Committees or Sub-Committees.
- (d) To enter into arrangements upon such terms and subject to such conditions as the Committee may deem desirable for working in connection with any Association organised for the protection or better development of any branch of trade, commerce or manufacture by Indians or with like objects that may apply to be allowed to work in connection with the Chamber, provided the objects for which such Association is or shall be formed are not inconsistent with the objects of the Chamber as defined in its Memorandum of Association.
- (e) To make such rules as the Committee may consider expedient for the regulation of the joint working of the business of any Association connected with the Chamber or for the purpose of defining the terms and conditions or the joint working of the business of such Association or as may from time to time be agreed upon between such Association and the Committee.
- (f) To appoint and from time to time remove such clerks and servants in the employ of the Chamber as the committee will think fit and to fix the remuneration to be paid.

**Secretary.**

43. The Secretary shall devote himself entirely to the business and affairs of the Chamber except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Chamber and of funds connected with or in any way controlled by

the Chamber and of all moneys received and spent by the Chamber and of the assests, credits and liabilities of the Chamber. He shall keep accurate minutes of all meetings of the Chamber and of the Committee, of the Departmental Committees and Sub-Committees, and of all Associations connected with the Chamber. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Chamber. He shall give notice of all meetings of the Chamber, of the Committee, of the Departmental Committees and Sub-Committees of the Chamber and of all Associations working in connection with the Chamber. He shall duly notify members of their election, shall countersign all cheques signed by the President or any Chairman of an Association, fund or Committee, shall collect all dues of the Chamber and grant receipts. He shall endorse all cheques, dividend warrants and other negotiable instruments. He shall institute, prosecute and defend suits and other proceedings in which the Chamber may be concerned. He shall prepare the annual report of the Chamber under the guidance of the Committee and the reports of all Committees and all Associations connected with the Chamber and generally shall perform all such duties as are incidental to his office.

#### **Assistant Secretary.**

44. The Assistant Secretary, in the absence of the Secretary, shall perform all or any of the duties of the Secretary and such of the duties of the Secretary as may be assigned to him from time to time by the Secretary with the sanction of the Committee.

#### **Auditor.**

45. The Auditor shall audit the accounts of the Chamber, of Departments of the Chamber and of all funds connected with or controlled by the Chamber.

#### **General meeting.**

46. General Meetings shall be held in the month of February in every year at such place as the Committee may consider convenient for the despatch of business, at which a report of the proceedings of the Committee and the yearly accounts shall be submitted for confirmation. Such meetings shall be called the Annual General Meetings.



47. The Committee may, whenever they think fit, convene a special General Meeting either for purpose of transacting any special business or for placing before the members of the Chamber a review of their activity in the preceding months.

48. A special General Meeting shall be convened by the Committee upon the requisition of not less than one tenth of the members of the Chamber subject to a minimum of ten. The requisition so made shall express the object of the special General Meeting proposed to be called and shall be presented to the Secretary.

49. Upon the receipt of a requisition under the last preceding Article, the Committee shall forthwith proceed to convene a special General Meeting. In case the Committee for ten days after the delivery of such requisition fail to convene a Special General Meeting to be held within twenty-one days of such delivery, the requisitionists may themselves convene a meeting to be held within six days after such delivery. If for consideration of any matter notices longer than seven clear days are required, such longer time shall be added to the several periods mentioned above.

50. Notice of seven clear days shall be given of a Special General Meeting convened to place before the members a review of the activity of the Committee or to consider any important matter on which the Committee may desire to consult the members ; longer notices of not less than clear fourteen days shall be given of Special General Meetings convened for other purposes as may from time to time be determined by the Committee.

51. Notwithstanding the provisions of the last preceding Article and subject to the provisions of the Indian Companies Act 1913, as to the power to alter regulations by special resolution forty-five days' notice at the least specifying the place, the day and the hour of the meeting and the nature of the special business, shall be given of any Special General Meeting convened to revise, alter or amend the regulations of the Chamber as contained in these Articles of Association.

52. The non-receipt of a notice convening any General Meeting by any member shall not invalidate the proceedings at any such meeting.

53. Twenty members present and entitled to vote at an Annual General Meeting shall constitute a quorum, but at any Special

General Meeting twenty-five members present and entitled to vote shall constitute a quorum. Any person representing different members shall be counted as many times as the number of members he represents.

54. If within half-an-hour from the time appointed for a Special General Meeting a quorum of members is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case the meeting shall stand adjourned to the same day in the following week at the same time and place and if at such adjourned meeting the quorum of members is not present, the business on the agenda shall be transacted by the members present whatever be their number.

55. The Chairman may with the consent of the meeting adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

56. Every question submitted to a General Meeting shall be decided by a majority of members present and voting at such meeting.

### **Votes of Members.**

57. Every member shall have one vote. In case of an equality of votes, the President shall exercise a casting vote.

### **Notices.**

58. A notice may be served upon any member either personally or by sending it through the post in a prepaid letter addressed to such member at such member's registered address.

### **Funds.**

59. The funds of the Chamber shall be deposited in an approved bank and such part thereof as shall not be required for current expenses may at the direction of the committee be invested in securities ; such securities shall not be sold or dealt with except at the direction of the Committee. The account with the bank shall be operated upon by cheques signed by the President or either of the Vice-Presidents and countersigned by the Secretary.

**Seal.**

60. The Committee shall forthwith provide a common seal for the Chamber. The seal shall be deposited with the Secretary and shall never be affixed to any document except in the presence of the President or Vice-President and in pursuance of a resolution of the Committee or of the Chamber in General Meeting. Deeds, bonds and other documents required to be made under seal shall be deemed to have been duly executed on behalf of the Chamber if sealed with the common seal of the Chamber and signed by the President or Vice-President and countersigned by the Secretary or the person acting as Secretary.

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**Rules framed by the Committee of the Indian Chamber of Commerce, Calcutta, on 28th January 1927, governing the election of Commissioners by the Chamber to the Calcutta Port Trust under provisions of Art. 42 (a) of the Articles of Association of the Chamber.**

1. As soon as possible after the Chamber has been called upon to elect a Commissioner or Commissioners to the Calcutta Port Trust whether such election becomes necessary either for the initial or periodical constitution of the Trust under the provisions of the Calcutta Port Act, 1890 as amended by the Calcutta Port Act, 1926 or with a view to filling any casual vacancy, the Committee shall authorise the Secretary or such other person as the Committee may think fit to issue a notice inviting members to communicate their intention to offer themselves for elections. Such intention shall be communicated by the members offering themselves for election within 7 clear days from the date of issue of the notice.

2. After the candidatures for election have been received from the members by the Secretary, the same shall be laid before the Committee who shall determine whether the persons seeking election as a Commissioner by the Chamber are eligible for such election, having regard to the provisions of Art. 8 of the Articles of Association of the Chamber.

3. After the candidatures for election have been scrutinised by the Committee as indicated in Rule 2 above, if it is found that the number of candidates for election exceeds the number of vacancies, the Secretary shall send the names of such candidates to each member of the Chamber at least 10 clear days before the date of election. The Secretary shall also issue to each member of the Chamber a voting page signed and numbered by him. The members shall sign and return the voting papers addressed to the scrutiniser or a scrutinisers appointed (under Rule 4) in sealed envelopes not later than by 4 P.M. of the day preceding the date of election.

4. The Committee of the Chamber shall appoint one or more scrutinisers for the scrutiny of voting papers at least 10 clear days before the date fixed for the election. The scrutiniser or scrutinisers

so appointed shall scrutinise the voting papers on the date fixed for election and shall declare the result forthwith after the scrutiny is completed.

5. The candidate or candidates not exceeding the number to be elected securing the largest number of votes shall be declared duly elected.

6. In the event of an equality of votes preventing the due election of any of the candidate or candidates, the members shall vote afresh in the manner indicated above in respect of the candidates having an equal number of votes.

7. If the number of candidate or candidates for election shall be the same as the number of vacancies, the candidate or candidates shall be declared to be duly elected by the Committee of the Chamber.

8. The names of the person or persons declared elected under Rule 5 or 7 above shall be communicated by the Secretary to the proper authority as early as practicable after the election.

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## INDIAN CHAMBER OF COMMERCE, CALCUTTA.

## LIST OF MEMBERS FOR 1928.

Serial No.	Names of Members.	Address.
<b>A.</b>		
1	Acharaj Lokhatia & Co. ...	14/2, Clive Row, Calcutta.
2	Abdoolabhoy Laljee & Co. ...	98, Canning Street, Calcutta.
3	Adamjee Hajee Dawood & Co., Ld.	Stephen House, Dalhousie Square, Calcutta.
4	Allahabad Glass Works ...	Naini P.O., Allahabad.
5	All India Tea & Trading Co., Ld.	Sylhet P.O., Assam.
6	Amalgamated Newspapers, Ld.	9, Dhurrumtolla Street, Calcutta.
7	Amalgamated Trades & Industries Ld.	100, Clive Street, Calcutta.
8	Amarchand Madhowjee & Co.	6, Karbella Md. Street, Calcutta.
9	Anandji & Co. ...	40, Ezra Street, Calcutta.
10	Anandji Haridas & Co., Ld.	20, Durmahatta Street, Calcutta.
11	Aziz, S. A. ...	11/1/1, Ekbalpore Rd., Kidderpore, Calcutta.
<b>B.</b>		
12	Bagaria, Hanuman Prasad ...	8, Royal Exchange Place, Calcutta.
13	Balikram Kishanchand ...	118, Clive Street, Calcutta.
14	Batliboi & Purohit ...	Lindlie Chambers, 6, Hastings St., Calcutta.
15	Batliboi, S. R. & Co. ...	9, Grant's Lane, Calcutta.
16	Balmukund & Co. ...	4, Dalhousie Square, Calcutta.
17	Banerjee, A. C. & Co. ...	7, Swallow Lane, Calcutta.

Serial No.	Names of Members.	Address.
<b>B—contd.</b>		
18	Barman, Madan Mohan ...	145, Harrison Road, Calcutta.
19	Beharilal Bhajanlal ...	54, Rajah's Chack, Calcutta.
20	Beharylal Lachminarayan ...	158, Cross Street, Calcutta.
21	Bengal Chemical & Pharmaceutical Works Ltd. ...	15, College Square, Calcutta.
22	Bengal Coal Concern ...	5, Royal Exchange Place, Calcutta.
23	Bengal Mines & Industries Ltd.	100, Clive Street, Calcutta.
24	Bhagatram Sheopratap ...	26/3, Armenian Street, Calcutta.
25	Bharat Insurance Co., Ltd. ...	135-36, Canning Street, Calcutta.
26	Billimoria, S. B. & Co. ...	100, Clive Street, Calcutta.
27	Birla Bros. Ltd. ...	8, Royal Exchange Place, Calcutta.
28	Birla Jute Manufacturing Co., Ltd.	8, Royal Exchange Place, Calcutta.
29	Birla Cotton Spinning & Weaving Mills.	8, Royal Exchange Place, Calcutta.
30	Boeman & Karain Ltd. ...	26, Middle Road, Entally P.O., Calcutta.
31	Bole, K. & Co. ...	21, Canning Street, Calcutta.
32	British India General Insurance Co., Ltd. ...	4, Dalhousie Square, Calcutta.
33	Bunshidhar Shivprasad ...	178, Harrison Road, Calcutta.
34	Burman, S. K. & Co. ...	27, Baranashi Ghose Street, Calcutta
<b>C.</b>		
35	Central Bank of India Ltd. ...	100, Clive Street, Calcutta.
36	Central Tetulia Coal Co. ...	Dubra, P.O. Kargali, Manbhum.

Serial No.	Names of Members.	Address.
<i>C—contd.</i>		
37	Chhajuram & Son ... ..	97, Clive Street, Calcutta.
38	Chaitram Rambillas ... ..	33, Armenian Street, Calcutta.
39	Chakravarty, D. ... ..	1/2, Old Post Office Street, Calcutta.
40	Chetty, K. V. R. M. Ramathan.	6, David Joseph's Lane, Calcutta.
41	Chimanlal Vadilal & Co. ... ..	5, Lucas Lane, Calcutta.
42	Chowbey, Damodar & Co. ... ..	1, Swallow Lane, Calcutta.
43	Chunder, G. C. & Co. ... ..	6, Old Post Office Street, Calcutta.
44	Cossipore Cotton Ginning Factory.	2, Royal Exchange Place, Calcutta.
45	Gurmally Janmahomed ... ..	73, Colootola Street, Calcutta.
46	Chatterjee, A. ... ..	2/1, Townshend Road, Bhowanipur, Calcutta.
<b>D.</b>		
47	Dalooram Phoolchand ... ..	6, Peary Mohan Pal Lane, Calcutta.
48	Damodar Hansraj ... ..	63, Ezra Street, Calcutta.
49	Das, B. ... ..	C/o., Mr. K. C. Neogy, P394, Russa Road, Calcutta
50	Das, Hari Vallabha & Co. ... ..	7, Aga Karbella Mohammed Street, Calcutta.
51	Daulatram Rawatmull ... ..	178, Harrison Road, Calcutta.
52	Dave, Fulshankar A. ... ..	7, Parshee Church Street, Calcutta.
53	Daver, Maneck A. & Co. ... ..	100, Clive Street, Calcutta.
54	Deb's Trading Co. ... ..	43, Raja Nabo Kissen Street, Calcutta.
55	Deokarandas Ghaseram ... ..	46, Strand Road, Calcutta.



Serial No.	Names of Members.	Address.
<b>D—contd.</b>		
56	Dhanapati Banerjee Puri Stores.	10, Pollock Street, Calcutta.
57	Dharamsey & Co. ... ..	14, Clive Street, Calcutta.
58	Dhudha, Chandmull ... ..	37, Canning Street, Calcutta.
59	D. H. Brothers ... ..	Post Box No. 140, Jharia.
60	Doogar, Madhulal & Sons ... ..	37, Canning Street, Calcutta.
61	Doogar, Sohanlal ... ..	12, Narmull Lohia Lane, Calcutta.
62	Dutt, J. C. & Co. ... ..	133, Canning Street, Calcutta.
<b>E.</b>		
63	Erulkar, D. S. ... ..	The Scindia Steam Navigation Co., Ltd., Merchant Street, Rangoon.
64	Empire Trading Co. ... ..	29, Strand Road, Calcutta.
<b>F.</b>		
65	Fulchand, Kedarmull ... ..	P3, Central Avenue, Calcutta.
<b>G.</b>		
66	Gajadhar, Anandram ... ..	1, Nurmam Lohia Lane, Calcutta.
67	Ganesnarain Herdutraï ... ..	10B, Central Avenue (South), Calcutta.
68	Gangjee Y. M. & Co. ... ..	15, Ezra Street, Calcutta.
69	Gangjee Sajun & Co. ... ..	11, Ezra Street, Calcutta.
70	Ganny, V. H. A. ... ..	5, Royal Exchange Place, Calcutta.
71	Garage (Calcutta), Ltd. ... ..	100, Clive Street, Calcutta.
72	Garg Bros. & Co. ... ..	4, Dalhousie Square, Calcutta.

Serial No.	Names of Members.	Address.
<b>G—contd.</b>		
73	Girdharilal & Co. ... ..	55, Canning Street, Calcutta.
74	Goswami, T. C. ... ..	1, Rainy Park, Ballygunge, Cal.
75	Ghose, D. N. & Co. ... ..	7, Swallow Lane, Calcutta.
76	Ghose, K. B. ... ..	6, Old Post Office Street, Calcutta.
77	Ghose, Hrishikesh Gourhari	9, Benares Road, Salkia, Howrah.
78	Gobind Rice Mills ... ..	137, Canning Street, Calcutta.
79	Godrej & Boyce Manufg. Co.	15, Clive Street, Calcutta.
80	Goenka, Ramkumar ... ..	5, Basak Street, Calcutta.
81	Gupta, Jagannath & Co. ... ..	7G, Clive Row, Calcutta.
82	Gurmukhrai Radhakisen ... ..	161, Harrison Road, Calcutta.
83	Guzdar, R. J. ... ..	1, Pollock Street, Calcutta.
<b>H.</b>		
84	Habib & Fazal ... ..	22, Canning Street, Calcutta.
85	Hajee Ebrahim Kassam ... ..	12, Amratolla Street, Calcutta.
86	Hajee Abdool Razak Abdool Sattar.	25, Haranbaree Lane, Colootolla, Calcutta.
87	Hajee Shakoor Gany ... ..	72/1, Canning Street, Calcutta.
88	Hardutraï Chamria. & Sons	178, Harrison Road, Calcutta.
89	Hargobindray Mathuradas ... ..	69, Cotton Street, Calcutta.
90	Harikishandas Gangaprasad	P4, Central Avenue North, Calcutta.
91	Hassam Premjee ... ..	29/1, Armenian Street, Calcutta.
92	Harmukhrai Dulichand ... ..	71, Burtolla Street, Calcutta.
93	Himalaya Assurance Co., Ltd.	8, Dalhousie Square, Calcutta.

Serial No.	Names of Members.	Address.
<b>H—contd.</b>		
94	Himatsingka, Prabhudayal ...	6, Old Post Office Street, Calcutta.
95	Hoosen Kasam Dada ...	26, Amratolla Street, Calcutta.
96	Hurising Nehalchand ...	1, Portuguese Church Street, Calcutta.
97	Hukumchand Jute Mills Ltd.	30, Clive Street, Calcutta.
<b>I.</b>		
98	India Co., Ltd. ...	100, Clive Street, Calcutta.
99	India Electrical Works ...	25, South Road, Entally P.O., Calcutta.
100	Indian National Publishers Ltd.	159B, Mechuabazar Street, Calcutta.
101	Indian Mercantile Insurance Co., Ltd.	7G, Clive Row, Calcutta.
102	Indo-German Trading Agency Ltd.	14, Clive Street, Calcutta.
103	Industrial & Prudential Assur- ance Co., Ltd.	72, Canning Street, Calcutta.
104	Isphani, M. M. ...	51, Ezra Street, Calcutta.
<b>J.</b>		
105	Jagannath Binraj ...	94, Lower Chitpore Road, Calcutta.
106	Jankidas Sewnarain Ramgopal Kajaria.	48, Canning Street, Calcutta.
107	Joydayal Madangopal ...	18, Mullick Street, Calcutta.
108	Jessaram Hiranand ...	160, Cross Street, Calcutta.
109	Jeewanlal & Co. ...	44, Ezra Street, Calcutta.

Serial No.	Names of Members.	Address.
<b>J—contd.</b>		
110	Jhenidah Railway Syndicate Ltd.	4, Lyons Range, Sassoon House, Calcutta.
111	Jiwanram Johurmull ...	137, Canning Street, Calcutta.
112	Jiwanlal Chanumull ...	5/1, Royal Exchange Place, Calcutta.
113	Jiyajceero Cotton Mills Ltd.	8, Royal Exchange Place, Calcutta.
114	Jupiter General Insurance Co., Ltd.	8, Clive Row, Calcutta.
115	Jute Supply Agency ...	8, Royal Exchange Place, Calcutta.
116	Jute & Gunny Brokers Ltd.	8, Royal Exchange Place, Calcutta.
<b>K.</b>		
117	Kalicharan & Co. ...	B40/41, Municipal Market, Lindsay Street, Calcutta.
118	Kalyandas Brothers ...	32, Jackson Lane, Calcutta.
119	Kanhia Lal & Co. ...	7G, Clive Row, Calcutta.
120	Kanoo Lall & Co. ...	5, Lucas Lane, Calcutta.
121	K. P. V. Shaik Mohomed Rowthar.	109, Angappa Naick Street, Madras.
122	Karim Box Bros. ...	28, Convent Road, Calcutta.
123	Kanjee Monjee & Co. ...	4, Clive Street, Calcutta.
124	Kassim & Ismail ...	21, Amratola Lane, Calcutta.
125	Kedarnath Khandelwal & Co.	12, Mission Row, Calcutta.
126	Kesoram Cotton Mills Ld. ...	8, Royal Exchange Place, Calcutta.
127	Khaitan Sons & Co. ...	43, Zakaria Street, Calcutta.
128	Khemjee, Jivandas ...	165, Lower Chitpore Road, Calcutta.
129	Kothari, M. D. & Co. ...	137, Canning Street, Calcutta.

Serial No.	Names of Members.	Address.
<b>L.</b>		
130	Lahiry, K. ... ..	C/o. Lahiry Bros., 5, Royal Exchange Place, Calcutta.
131	Loyalka, G. D. & Co. ... ..	2, Royal Exchange Place, Calcutta.
132	Lawyer, K. N. & Co. ... ..	11, Ezra Street, Calcutta.
133	Limaye Bros. Ltd. ... ..	5, Pollock Street, Calcutta.
<b>M.</b>		
134	Madan Gopal ... ..	15, Ashutosh De Lane, Calcutta.
135	Madan, J. F. & Co. ... ..	5, Dhurumtolla Street, Calcutta.
136	Madgaokar & Co. ... ..	44, Strand Road, Calcutta.
137	Madhoram Hardevdas ... ..	21/1, Tammer Lane, Calcutta.
138	Mamraj Rambhagat ... ..	7, Narain Prosad Babu's Lane, Calcutta.
139	Mancklal & Co. ... ..	13, Lower Chitpore Road, Calcutta.
140	Mahadeolal Nathmull ... ..	95, Lower Chitpore Road, Calcutta.
141	Megaphone Talking Machine Co.	84, Harrison Road, Calcutta.
142	Mepa, Madhavji ... ..	Contractor, Bermo, P.O., Bakaro (Manbhum).
143	Mehta, M. N. ... ..	65, Ezra Street, Calcutta.
144	Misra, Lakshminarayan & Co.	5/1, Royal Exchange Place, Cutta.
145	Modi, Chandoolal B. & Co. ... ..	55, Canning Street, Calcutta.
146	Mohanlal Madanlall ... ..	180, Cross Street, Calcutta.
147	Mokandlal Bisweswarlall ... ..	2, Royal Exchange Place, Calcutta.
148	Mohammed, C. A. ... ..	16, Synagogue Street, Calcutta.
149	Mohammed Yusuff ... ..	Paharpore Road, Garden Reach, Calcutta.

Serial No.	Names of Members.	Address.
<b>M—contd.</b>		
150	Mohammed Habib Hassan Dada.	17, Zakaria Street, Calcutta.
151	Mohta, R. K. ... ..	28, Strand Road, Calcutta.
152	Moolji Jaitha & Co. ... ..	23, Pollock Street, Calcutta.
153	More, Ramsahaimull ... ..	5, Chitpore Spur, Calcutta.
154	Moolji Sicka & Co. ... ..	51, Ezra Street, Calcutta.
155	Mohini Mills Ltd. ... ..	Kustea (Nadia).
156	Modi, R. K. ... ..	111, Canning Street, Calcutta.
157	Mukherjee, P. & Co. ... ..	Gajadhar Anandram, 1, Noarmul Lohia Lane, Calcutta.
158	Munnalal Bhalotia & Co. ... ..	10, Dwarkanath Tagore Lane, Calcutta.
<b>N.</b>		
159	Narbheram & Co. ... ..	Jamshedpur.
160	Narottam Ltd. ... ..	100, Clive Street, Calcutta.
161	Narbheram Jhaverchand ... ..	23, Amratola Street, Calcutta.
162	National Insurance Co., Ltd.	7, Church Lane, Calcutta.
163	New India Assurance Co., Ltd.	100, Clive Street, Calcutta.
164	Nikaram Parmanand ... ..	156, Harrison Road, Calcutta.
165	Nopechand Magniram ... ..	64, Pathuriaghata Street, Calcutta.
166	North Barakar Coal Co., Ltd.	166, Cornwallis Street, Calcutta.
167	Nursing & Co. ... ..	98-5, Clive Street, Calcutta.

Serial No.	Names of Members.	Address.
<b>O.</b>		
168	Ojha, A. L. & Co. ...	15, Clive Row, Calcutta.
169	Oriental Government Security Life Assurance Co., Ltd.	2/3, Clive Row, Calcutta.
170	Osman, Adam ...	Osman Buildings, 15, Ismail Madan Lane, Calcutta.
171	Osman, A. R. & Co. ...	2, Rajmohan Street, Calcutta.
172	Overland Import & Export House.	5, Royal Exchange Place, Calcutta.
<b>P.</b>		
173	Pillai P. S. Subramania ...	3, Mullick Street, Calcutta.
174	Pashari, Nandlal ...	6, Gobind Dhar Lane, Calcutta.
175	Paul, B. K. & Co. ...	7, Bonfields Lane, Calcutta.
176	Poddar Dwarika Nath ...	39/2, Canal West Road, Ultadanga, Calcutta.
177	Purshotam, Mathuradas & Co., Ltd.	156/7C, Lower Citpur Road, Modi Buildings, Block No. 17, Cal.
178	Punjab National Bank Ltd. ...	135-36, Canning Street, Calcutta.
179	Purkait, R. M. ...	C/o., The Italian Trading Society Ltd., 14, Clive Street, Calcutta.
<b>R.</b>		
180	Radhakisen Santhalia ...	65, Pathuriaghatta Street, Calcutta.
181	Rai Promatha Nath Mullick Bahadur.	129, Cornwallis Street, Calcutta.
182	Rai Sahib Seth Herjeewandas	Napier Town, Jubbalpore.
183	Raja Motichand Goculchand	38/1, Armenian Street, Calcutta.

Serial No.	Names of Members.	Address.
<b>R—contd.</b>		
184	Ramprosad & Co. ... ..	137, Canning Street, Calcutta.
185	Ramkumar Sewchandray ... ..	21, Narmull Lohia Lane, Calcutta.
186	Ramlal Kanailal ... ..	158, Cross Street, Calcutta.
187	Ramdutt Gangabux ... ..	18, Mullick Street Calcutta.
188	Raja P. C. Lall Chowdhury ... ..	18, Theatre Road, Calcutta.
189	Rawji Trikamdas Sons ... ..	45/2, Wellington Street, Calcutta.
190	Rao, P. Appaji ... ..	11/1/B, Arpuli Lane, Calcutta.
191	Rau S. Ramchandra ... ..	1/B, Dixon Lane, Calcutta.
192	Ray & Ray ... ..	6, Church Lane, Calcutta.
193	Roman & Co. .. ..	72, Canning Street, Calcutta.
194	Royal Bengal Coal Co. ... ..	100, Clive Street, Calcutta.
195	Ruttonjee Bomanjee & Co. ... ..	24, Strand Road, Calcutta.
<b>S.</b>		
196	Sadasukh Gambhirchand ... ..	32, Cross Street, Calcutta.
197	Sarogi, Devadutt & Son ... ..	41, Ezra Street, Calcutta.
198	Sarupchand Hukumchand, & Co. ... ..	30, Clive Street, Calcutta.
199	Sarogi, Tulsiram ... ..	C/o., Kesoram Cotton Mills, 42, Garden Reach Road, Calcutta.
200	Scindia Steam Navigation Co. Ltd.	100, Clive Street, Calcutta.
201	Sen Gupta, J. M. ... ..	10/4, Elgin Road, Calcutta.
202	Sen & Pandit ... ..	Mercantile Buildings, Lalbazar St., Calcutta.
203	Sen Satish Chandra ... ..	6, Old Post Office Street, Calcutta.



Serial No.	Names of Members.	Address.
<i>S—contd.</i>		
204	Sen, N. N. ... ..	43, Kundu Lane, Belgachia P.O., Calcutta.
205	Sewnarain Marodia & Co. ...	2, Royal Exchange Place, Calcutta.
206	Sewdayal Jagannath ...	117, Harrison Road, Calcutta.
207	Sholapur Spinning & Weaving Co., Ltd. ... ..	194-98, Cross Street, Calcutta.
208	Shewnarayan Kashavdeo ...	198, Cross Street, Calcutta.
209	Sircar, A. ... ..	100, Clive Street, Calcutta.
210	Sircar, A. K. ... ..	10, Old Post Office Street, Calcutta.
211	Sital Prasad Kharag Prasad ...	30, 31 & 31/1, Burtonllah Street, Calcutta.
212	Sing, Baldeo ... ..	Contractor's Area, Jamshedpur.
213	Sing, Indra ... ..	Contractor's Area, Jamshedpur.
214	Soorajmull Nagarmull ...	61, Harrison Road, Calcutta.
215	Soor, Chunder Mohan & Co. ...	105, Radha Bazar Street, Calcutta.
216	Somany, Hazarimal ...	2, Royal Exchange Place, Calcutta.
217	Sonairam Johormull ...	43, Banstolah Street, Calcutta.
218	Star Printing Works ...	30, Shibnarain Das Lane, Calcutta.
219	Subedar, Manu ... ..	Kodak House, Hornby Road, Bombay.
220	Sukhdeoas Ramprasad ...	140, Harrison Road, Calcutta.
<i>T.</i>		
221	Tarachand Ghanshyamdas ...	18, Mullick Street, Calcutta.
222	Tata Iron & Steel Co., Ltd. ...	Bombay House, 24, Bruce Street, Bombay.

Serial No.	Names of Members.	Address.
<b>T—contd.</b>		
223	Tata Sons Ltd. ... ..	100, Clive Street, Calcutta.
224	Thacker, D. D. ... ..	Post Box No. 159, Jharia.
225	Thakorlal Hiralal & Co. ... ..	12, Lalbazar Street, Calcutta.
226	The Bengal Jute Association Ltd.	2, Royal Exchange Place, Calcutta.
227	Trivedi & Co. ... ..	37, Canning Street, Calcutta.
228	Trivedi, B. D. ... ..	C/o., N. Trivedi, 21, Canning St., Calcutta.
229	Tulsidas Kishandial ... ..	1, Sashinath Mullick Lane, Calcutta.
230	Tunsukhray Mathuraprasad	10-2, Syed Salley Lane, Calcutta.
<b>U.</b>		
231	Universal Fire & General Insurance Co., Ltd. ... ..	137, Canning Street, Calcutta.
232	Universal Trading Union ... ..	9, Dalhousie Square, Calcutta.
<b>V.</b>		
233	Vadnagra, L. A. ... ..	Strand Road, Chittagong.
234	Viswamitra Karyalaya ... ..	115, Harrison Road, Calcutta.
235	Vulcan Insurance Co., Ltd. ... ..	30, Clive Street, Calcutta.
<b>W.</b>		
236	Worah, K. & Co. ... ..	4, Clive Street, Calcutta.

**PRESIDENTS OF THE INDIAN CHAMBER OF COMMERCE,  
CALCUTTA.**

1. MR. G. D. BIRLA—1925-26.
2. „ G. D. BIRLA—1927.
3. { „ D. P. KHAITAN—1928 (Resigned in April, 1928).
- { „ FAIZULLA GANGJEE—1928 (Elected in April, 1928).
4. „ FAIZULLA GANGJEE—1929.

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**Secretary.**

MR. M. P. GANDHI, M.A., F.R.E.S., F.S.S.

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**Representative of the Chamber on the Calcutta Port  
Commissioners.**

MR. K. J. PUROHIT.

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**Representative of the Chamber on the Bengal Nagpur Railway-  
Advisory Committee.**

MR. ANANDJI HARIDAS.

---

**Representatives of the Chamber on the Commercial Panel of  
the Railway Rates Advisory Committee.**

1. „ FAIZULLA GANGJEE.
2. „ G. D. BIRLA, M.L.A.
3. „ ANANDJI HARIDAS.
4. „ D. P. KHAITAN.
5. „ H. P. BAGARIA.

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**Representative of the Chamber on the Calcutta Society for the  
Prevention of Cruelty to Animals.**

MR. G. L. MEHTA.

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**Representatives of the Chamber on the Bengal Conciliation  
Panel.**

1. MR. D. P. KHAITAN.
  1. ,, N. RAJABALLY.
  3. ,, ANANDJI HARIDAS.
- 

**Representative of the Chamber on the Bengal Pilot ~~Advisory~~  
*Dis* Committee.**

MR. K. J. PUROHIT.

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**COMMITTEE OF THE CHAMBER FOR THE YEAR 1929.**

**President.**

1. MR. FAIZULLA GANGJEE.

**Senior Vice-President.**

2. MR. SHEEFISSEN BHATTER.

**Vice-President.**

3. MR. A. L. OJHA.

**Members.**

4. MR. G. D. BIRJA.
5. „ D. P. KHATAN.
6. „ ANANDJI HARIDAS.
7. „ K. J. PUROHIT.
8. „ G. L. MEHTA.
9. „ N. L. PURI.
10. „ N. RAJABALLU.
11. „ R. L. NOPANY.
12. „ H. P. BAGARIA.
13. „ MANEKLAL NANAVATY.
14. „ B. B. GHOSE.
15. „ MANILAL AMARCHAND.
16. „ RADHAKISSEN CHAMARIA.
17. „ HABIB MOHAMED.
18. „ NARAYANDAS BAJORIA.

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MR. M. P. GANDHI (*Secretary*).

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The Third Annual General Meeting of the Chamber was held on Friday, the 15th of February, 1929, at 4 p.m. at the office of the Chamber to transact the following business :—

- (1) To adopt the report of the Committee of the Chamber and the audited statement of accounts for the year 1928 ;
- (2) To elect the President, Vice-Presidents, and Ordinary Members of the Committee for the year 1929 ;
- (3) To confirm the election of the Members of the Chamber provisionally elected by the Committee under Article of the Articles of Association ;
- (4) To appoint auditors for the year 1929.

Amongst those present were :—

Messrs. S. K. Bhattar, A. L. Ojha, H. P. Bagaria, K. J. Purohit, D. P. Khaitan, Anandji Haridar, G. L. Mehta, M. C. Raisurana, Habib Mahomed, B. Kanoria, N. L. Puri, B. B. Ghose, Maneklal D. Nanavat, Narayandas Bajoria, R. L. Nopani, Ramji Hansraj, M. G. Mody, C. B. Modi, P. D. Himatsingka, J. N. Ghose, S. C. Bose, Mohanlal L. Shah, Satyacharan Paul, N. S. Paranjpe, M. L. Tarmaster, C. R. Mehta, F. H. Achard, M. M. Bhagat, K. Lahery, S. K. Sen, M. S. Desai, M. P. Mehta, R. K. Gocuka, P. Mukherji, Satyapriya Guha, D. N. Seth, Bala Bux Singhania, P. K. Kirpalani, D. G. Shahani, Jayantilal P. Vaishnav, S. P. Sharma, S. R. Batliboi, R. M. Purkait, M. D. Somani, A. T. Ghosh, D. G. Bhall, and M. P. Gandhi (Secretary).

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PRESIDENTIAL ADDRESS OF MR. FAIZULLA GANGJEE,  
AT THE ANNUAL GENERAL MEETING OF THE INDIAN  
CHAMBER OF COMMERCE, CALCUTTA, HELD ON  
FRIDAY, THE 15<sup>TH</sup> FEBRUARY, 1929,  
AT 4 O'CLOCK P.M.

GENTLEMEN,

I have much pleasure in proposing the adoption of the 3rd Annual Report and the audited Statement of Accounts of the Chamber for the year 1928 which has already been circulated amongst the members and which I think need not be read out to you. I would only invite your attention on this occasion to a few questions which are of outstanding importance at the present moment.

But before I do that, I must express to you how much obliged I feel for the confidence you have reposed in me by unanimously electing me again as the President of the Indian Chamber of Commerce for a period of another year. The work and importance of our Chamber which is becoming more and more representative of commercial and industrial interests, is fast increasing every day, and with it also my responsibilities. But just as my task has been considerably lightened by the very able assistance I have received from the members of my Committee during the last year, I am looking forward again to receive the same willing co-operation and assistance from the members of my Committee you have so well chosen for the new year. I hope I can count upon such co-operation from you all to enable me to discharge to your satisfaction the responsible duties you are entrusting to me for the next year.

1928 is dead and there need be no regret that it is dead. It has been an extraordinarily arduous year for all interests concerned—arduous alike for the aggressor and the aggrieved. If I may refer to the Indian mercantile community as the aggrieved, surely the aggressors are the Government, because there has been, unfortunately for us, not one gesture of policy or action on the part of the Government which could show anything but callous indifference to the interests which we represent. The Government have perhaps suffered as acutely and as completely as their victims, though this reflection must be a poor comfort to the latter.

In reviewing the trade and finance conditions of so dreary a year, one feels no zest or enthusiasm. But partly for record and mainly because the lessons for the future can be learnt only from

the experience of the past, I will now attempt a brief survey of the year's events in the Indian business world.

If India is predominantly an agricultural country, the main interest of our trade centres round raw staples. We have been hearing for many years, and vehemently for the last two or three years, that the salvation of India lies in the relief afforded to the teeming millions of agriculturists. Lip-service of this kind has been profuse. But the agriculturist is not yet able to purchase his necessaries, and to supplement his half rations, because, forsooth, the banks doing business in India do not allow credit facilities against such lip-service. The latter is not yet a negotiable instrument, much less a current currency. Till that occurs, the agriculturists have surely a right to expect something more tangible, beyond Commissions and Committees, beyond patronising sympathy and pompous platitudes. There is a very simple criterion which the agriculturist applies to the situation. Do I get full value for my produce? Do I get such a price for my commodity as leaves the necessary margin for my living, after the cost for raising the crop has been reimbursed? The answer to this query is a depressing "No". The agriculturist in India toils and moils for months and months under the hot sun or in waist-deep water or in snake-infested fields; but what does he get for all this toil. He gets just enough to pay the fantastic rates of interest on what he borrowed for initial expenses, and is left to face the new year in the same empty condition as before. Toil of this kind, purposeless, futile, exhausting, has told on the physique, temper and morale of the masses. Apart from economic debility, the demoralisation of the large agricultural community of this country is so serious that if remedies are not forthcoming immediately—remedies, concrete, tangible, swift-working and readily available—there is nothing to prevent a movement of mass discontent inspired by the relentless force of hunger and penury. That is the calamity towards which the country is heading. That the calamity is not a figment of my imagination but is a vivid, painful reality will become apparent if we study how India's raw staples fared in 1928.

Living in Bengal, jute is our first love. A wag has referred to jute as Bengal's wealth. Yes, it may be Bengal's wealth but not the Bengalees'. The Bengalee gets precious little out of the wealth produced in a colossal degree from a world monopoly of this kind. During the year, jute has been mostly low-priced and there



could have been but poor margin left to him on the basis of the prevalent prices. Whilst hessian which is produced from this monopoly article has fetched a handsome price, so handsome indeed as to enable the jute mills of Calcutta to declare better dividends in their recent accounts, jute prices alone remained dull and flat. Those who control the jute mills consider it a perfectly scientific economic practice to control the supply of jute manufactures in consonance with the world demand ; but when it comes to the question of supply of raw jute in a manner to regulate it in accordance with the world demand for the raw material, an out-cry is raised that it is a mischievous move, that it is unscientific, and against national interests. The Government have devised no machinery for the education of the ryots to give them better understanding of the conditions which pertain to their securing as good a price for their produce as possible. The Agricultural Department of Bengal have shown a touching solicitude for the consumers of raw jute by bringing out forecasts of various descriptions, correct and incorrect, preliminary and final, but they have not deemed it worth while to do anything to make the producer realise good value for his produce. It seems to me that if the general position of the raw materials produced by this country were studied very carefully, it would be apparent that the policy of the Government is to make India produce as much as possible in order that the prices may be as low as possible and thus to enable the foreign consumers to obtain their requirements at the minimum outlay. Such is the position so far as jute is concerned.

Cotton presents no less gloomy a picture. Prices have ruled very low ; stocks which had accumulated from out of the old crop took time to get liquidated and by the time they had passed into the consumers' hands, the new crop had begun to arrive. All this glut meant that the agriculturists were in so weak a position that they had to be content with what prices the buyers chose to offer.

As for rice in Burma, the tale is sadder. Southern Europe and more particularly Indo-China are now becoming serious rivals to Burma. In 1928, the total loss of foreign trade in this commodity alone may be valued at about 10 crores of Rupees. The situation arising from this curtailment in the foreign trade connected with rice requires to be attended to without any delay. When our favourable balance of trade remains at the low level at which it has been for the last 3 years, a loss of trade to the tune of 10 crores is not a factor to be lightly passed over. This problem concerns not Burma alone but India as well and the Government should appoint a Committee

to study the rice problem, assess the injury which it has already suffered, go into the consequences to the community as a result of this loss in trade and devise remedial measures for retrieving the position.

As for wheat, far from India being able to export in appreciable quantities as in previous years, she has been obliged to take foreign wheat on account of drought in the United Provinces and floods in the Punjab.

The only raw produce which can be referred to as the silver lining in this sombre cloud is Oil seeds. Madras has done extremely well with ground-nuts and the record of exports in 1928 is higher than even the satisfactory record of 1927.

From this survey of the principal raw staples of India, it would be apparent that though we produce valuable commodities of which the world is in need and though we produce pretty cheaply and under favourable conditions, the agricultural India as such gets no appreciable benefit of it, the teeming millions are still no less poor, and the economic serfdom is as painful as ever before.

When I come to a discussion of the important export and import trade of India the position is that as the profits realised by the agriculturists on their produce have been anaemic, their purchasing power has been much crippled. The result is that both exports and imports do not look impressive and what is worse, the balance of trade in favour of India is also on the small side. In fact, the favourable balance is barely equal to the amount that has to be remitted by the Government of India for the expenses incurred by the Secretary of State. So long as the favourable balance falls short of the remittances to the Home treasury, the problem of maintaining exchange at the statutory level of 1s. 6d. will prove greatly trying to the authorities. This is another way of saying that the Government, by imposing the unnatural ratio of eighteen pence on the country, have brought about a situation in which the favourable balance is tending to decrease, with the consequence that the maintenance of their own pet ratio is more and more difficult.

With the agriculturists in want and with the general trade in doldrums, the industrial concerns have also been passing through anxious times. The cotton mill industry has had another year of unredeemed travail. As if such travail were not enough, the industry

in Bombay has been faced with strikes and unsettled conditions of labour for more than six months now. The coal industry, especially the second class collieries of which the owners are mostly Indians, has had no break in its bleak and monotonous record of suffering and loss. The Tata Iron and Steel factory has suffered from a long drawn-out strike. The only exceptions to this uniformly sad tale of depression all over, appear to be the engineering and iron industries, the jute industry and some other miscellaneous industries. But all these industries have suffered on account of the growing conflict between capital and labour and the uncertain monetary situation resulting from bad trade and worse currency manipulation.

To make my review of 1928 complete, I should add a few words about the general monetary position. Early in 1928, the Government announced the flotation of a sterling loan for 7½ millions. No adequate reason was forthcoming at the time for this unexpected borrowing in London, but it was vaguely hinted that it had something to do with the Reserve Bank, the scheme for which was then under the consideration of the Central Legislature. For my part, I can confidently say that the Sterling loan had nothing to do with the Reserve Bank proposal. It was merely the last refuge of the Government to retrieve their cash position in regard to the Home Treasury, a position which had been created by their own monetary policy. Even after the flotation of the Sterling loan the Government kept harassing the market with their sales of Treasury Bills. Money ruled firm throughout the first half of the year and anything like an easier feeling set in only in July. This slack condition in the monetary world was availed of for the launching of the Rupee new loan to the amount of 35 crores for which applications were invited both by conversion and by cash. With great difficulty and, I have reasons to think, with personal appeal made by the finance authorities to special ruling chiefs and others of the same ilk, the loan was announced as completed. I use the words 'announced as completed' advisedly. It had been freely expressed in the public press at the time that there was some kind of snag somewhere in this new loan business. The new loan was fully subscribed but the cash balance of the Government bore but little mark of all this new cash nor, indeed did the cash of the Imperial Bank show any appreciable bulge. It was, therefore, found necessary to commence the sales of Treasury Bills almost immediately the list for the new loan was closed.

In regard to the resumption of the sales of Treasury bills, there was what purported to be an authoritative statement in the papers, that the Government would not sell Treasury Bills in the cold weather of 1928, except, perhaps, for some small amounts and that too only at competitive rates. Whether this statement was authoritative or not, it may be safely asserted that but for this statement the new loan would not have been even the kind of success it was. But as presumably the statement was not issued in the name and on behalf of the Government, the latter had no qualms in forcing the unwelcome 'Treasury Bills on the market. The Government were actually securing their three months' and six months' accommodation at a rate of interest far higher than what any decent bank would have paid for deposits of the like period. The much-vaunted credit of the Government thus became a farce, when their scraps were less credit-worthy than the deposit receipts of ordinary commercial banks. Nearly ten crores were thus secured by this policy of frantic borrowing at fantastic rates. But even so, the cash position of the Government continued precarious and the old year closed with rumours of an impending sterling loan, rumours which materialised in the first week of the New Year.

To summarise the general monetary position of 1928: it was a period of general deterioration of the credit of the Government of India, both at home and abroad. On the New year loan requirements of 1928, the Government had actually to increase the borrowing rate in comparison with 1926 and 1927. On their 'Treasury Bills they had to pay ludicrously high rates. On their Sterling loan which was announced on January 3, 1929, they had to accept more unfavourable terms than but a year ago. In spite of all these make-shifts and manipulations, these adjustments and maladjustments, the cash position of the Government is not even now free from worry.

So much for the past. What of the future? The word beloved of modern astrologers of business is "mellowed optimism". I have for my part no optimism, mellowed or unmellowed. On the other hand, I am a confirmed pessimist and I believe that no earnest student of Indian Finance could be any other. I do not see so much as a silver lining in any portion of the horizon. Trade will continue as depressed as now, and the country will groan under as serious difficulties so long as the monetary, credit, currency and financial policy of the Government does not take note of what is required in

the sole interest of *India and India alone*. Beyond saying this, I do not wish to indulge in any of the cheap forecasts of the New Year.

But I must, however, offer some comments on the impending Banking Enquiry. It is now certain that Sir George Schuster, the new Finance Member, is keen on this enquiry. So far so good. But an enquiry, as such, whether by a committee or by a commission, would be of no real use unless there is the right will and determination to make this enquiry serve a direct and concrete purpose, the purpose, *viz.*, of creating a complete Indian Banking Autonomy.

The banking facilities available to-day are totally incommensurate with the requirements of India which, I dare say, is not a country but a continent. In place of these poor banking facilities, what we want and want urgently is the creation of a complete and comprehensive banking autonomy—an autonomy which will be thoroughly national, Indian in out-look, Indian in policy, Indian in personnel, Indian in management and determined to play an important part in the industrial, economic, and agricultural regeneration of this country. To that end, it is useful that we lay down at the very commencement in concrete and definite terms what exactly are the objects to be kept in view by this enquiry. There is the utmost need to ensure that such an enquiry would not be side-tracked into by-lanes and side-alleys. Let us first of all know what we want. Let us as speedily as possible secure whatever data and statistics are available in regard to existing conditions with reference to the objects we have kept in view. As soon as these data are collected, let us have a compact, business-like and predominantly Indian Expert Committee appointed to sift the evidence and data thus gathered, to secure what further evidence is necessary and possible, and to make recommendations with the utmost celerity. By the end of 1930, the report should be ready, the necessary action taken and the foundation laid for a stable and enduring banking edifice. If Sir George Schuster is as earnest in this matter as he appeared to us to be when he met us at the Federation meeting, he would sincerely appreciate this advice and this warning I am giving him. The advice is "Make up your plan on clear-cut lines beforehand" and the warning is "Expedition is the essence of success".

Gentlemen, I take this opportunity of making a special reference to the services of our Secretary, Mr. M. P. Gandhi, who identifies

himself with his work and regards the work and prestige of this Chamber as his own. In him I have found a sincere, energetic and hard-working Secretary. I have had, all throughout the period of my office, his valuable assistance and co-operation. My remarks to-day would not be complete without referring to the fact that the able services which our Secretary, Mr. Gandhi, has rendered to our Chamber, have been recognised even outside our Chamber, as evidenced by his appointment as the Honorary Secretary of the Federation of Indian Chambers of Commerce and Industry, and of the Indian National Committee of the International Chamber of Commerce only established this year. While his appointment as the Secretary of these two influential commercial organisations having a common aim like ours *viz.*, of promoting the development of Indian trade and commerce, is a proof of the appreciation, by the commercial community, of the ability and success with which Mr. Gandhi has conducted the work of our Chamber, I take it as no less an honour and pride to the Chamber to have as its Secretary Mr. Gandhi who can be entrusted with such responsible and arduous work.

With these words, gentlemen, I propose the adoption of the Report

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**REPORT:  
INDIAN CHAMBER OF COMMERCE,  
CALCUTTA.**

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# INDIAN CHAMBER OF COMMERCE, CALCUTTA.

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## *Report of the Committee for the year 1928.*

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The Committee of the Indian Chamber of Commerce, Calcutta, have now the honour to present to the members of the Chamber their report for the year ended 31st December, 1928, together with the Statement of Audited Accounts for the period. The Committee for the year 1928 were elected at the Annual General Meeting of the Chamber held on the 17th February, 1928. The following gentlemen were elected to serve on the Committee :—

*President*, Mr. D. P. Khaitan (Khaitan Sons & Co.) ; *Senior Vice-President*, Mr. Faizullahbai Gangjee (Gangjee Sajun & Co.) ; *Vice-President*, Mr. Sheokissen Bhattar (Sarupchand Hukumchand & Co.) ; *Members* :—Mr. D. S. Erulkar (Scindia Steam Navigation Co., Ltd.) ; Mr. N. Rajabally (Himalaya Assurance Co., Ltd.) ; Mr. E. P. Guzder (P. E. Guzder & Co.) ; Mr. G. D. Birla (Birla Bros. Ltd.) ; Mr. Kumar Krishna Kumar (Sital Prasad Kharag Prasad) ; Mr. A. L. Ojha (Khengarjee Amritlal & Co.) ; Mr. Anandji Haridas (Anandji Haridas & Co.) ; Mr. Rajsekhar Bose (Bengal Chemical & Pharmaceutical Works, Ltd.) ; Mr. N. L. Puri (Central Bank of India, Ltd.) ; Mr. K. J. Purohit (Batliboi & Purohit) ; Mr. A. D. Madgaokar (Madgaokar & Co.) ; Mr. Habib Mahomed (Habib & Fazal) ; Mr. Sajjan Kumar Choudhari (Chhajuram & Sons) ; Mr. R. L. Nopany (Daulatram Rawatmull) and Mr. C. S. Rangaswami.

In the month of February, Mr. D. S. Erulkar applied for 6 months' leave from the Committee and Mr. G. L. Mehta was appointed in his place. In the month of March, Mr. G. D. Birla proceeded to Delhi to attend the Session of the Legislative Assembly and applied for 3 months' leave from the Committee, and the Committee appointed Mr. Vali Mahomed (Hoosen Kasam Dada)

in his place. In the month of April, Mr. D. P. Khaitan, the President, proceeded to Geneva to attend the XI Sessions of the International Labour Conference as an Advisor to the Indian Employers' Delegate and tendered resignation of his office as President of the Chamber. The Committee thereupon elected Mr. Faizullahbai Gangjee as the President, Mr. Sheokissen Bhattar as the Senior Vice-President and Mr. A. L. Ojha as the Vice-President. In the vacancy created as an ordinary member of the Committee due to the election of Mr. A. L. Ojha as the Vice-President, the Committee appointed Mr. D. P. Khaitan as an ordinary member of the Committee and granted him leave till such time as he returned to India. Mr. Vali Mahomed was appointed on the Committee in the place of Mr. D. P. Khaitan. Mr. D. S. Erulkar applied for a further leave of three months in the month of August and Mr. G. L. Mehta was appointed in his place. In the month of August, Mr. C. S. Rangaswami retired from the Committee under provisions of Article 18 of the Articles of Association and Mr. P. M. N. Mehta was appointed in his place. In place of Mr. E. P. Guzder who tendered resignation of his membership of the Committee in the month of August, the Committee appointed Mr. Bansidhar Jalan, and in place of Mr. Rajsekhar Bose who retired from the Committee under provisions of Article 26 of the Articles of Association, in exercise of the powers conferred on them by Art. 32 of the Articles of Association, the Committee appointed Mr. Vali Mahomed. In place of Mr. Vali Mahomed who took leave for three months in the month of November, the Committee appointed Mr. U. N. Kar. In the month of September, Mr. D. S. Erulkar tendered resignation of his membership of the committee and the Committee re-appointed Mr. G. L. Mehta in his place.

The Committee had altogether 44 sittings during the course of the year. Of the various Sub-Committees attached to the Committee which are 12 in number, the Finance & Transport Sub-Committees had the largest number of sittings. The principal subjects dealt with by the Committee related to Finance, Currency, Exchange, Shipping, Tariffs, Indianisation of Services etc., etc. With a view to ensure careful consideration of matters of importance which required closer and detailed investigation, Special Sub-Committees were appointed by the Committee to go into the questions referred to them in great detail. The Coal & Insurance Sub-Committees also met fairly frequently during the year under review to prepare draft Memoranda to be submitted by the Chamber to

Government in regard to the several questions within their purview, referred to them.

**General Review.**—Modern commercial life in India demands increased vigilance by Chambers of Commerce, in order that Legislative Proposals and Bills, Central and Provincial Taxation, Tariffs, Transport and several other allied questions affecting trade and commerce may receive analytical examination and consideration. Much work is performed in this direction without publicity, nor is any detailed record possible of the large number of enquiries and general administrative work dealt with by the Chamber. The following pages epitomise some of the very important subjects that were discussed by the Committee during the course of the year.

**Representation of the Chamber on the Calcutta Port Commissioners.**—A reference was made in the last year's Report to the fact that Mr. D. S. Erulkar was unanimously elected and returned as a Commissioner on the Calcutta Port Commissioners for a period of 2 years. In the month of February, 1928, Mr. D. S. Erulkar applied for 6 months' leave of absence. Candidatures were thereupon invited from members for the temporary vacancy of a Commissioner. Of the candidates who stood for election as a Commissioner, Mr. K. J. Purohit, having obtained a majority of votes, was declared duly elected as a representative of the Chamber. On the expiry of 6 months' leave, Mr. D. S. Erulkar applied for a further leave of 3 months. Mr. K. J. Purohit was re-elected by the Chamber as a Commissioner on the Calcutta Port Commissioners in his place. In the month of September, Mr. D. S. Erulkar resigned his seat on the Port Commissioners and the Committee invited candidatures from members to serve in his place. Only one candidature having been received from Mr. K. J. Purohit, he was declared duly elected as a representative on the Calcutta Port Commissioners for a period of two years with effect from 6th September, 1928, and the Government of Bengal, Marine Department, were informed accordingly.

**Local Railway Advisory Committees.**—A reference was made in the last year's Report to the fact that Mr. Anandji Haridas, a member of the Chamber, had accepted a seat on the Bengal Nagpur Railway Advisory Committee on invitation by the Agent of the Bengal Nagpur Railway. On the 12th July, 1928, Mr. Anandji Haridas addressed the Committee of the Chamber

enclosing a copy of a letter received from the Agent of the Bengal Nagpur Railway inviting him to serve on the Local Railway Advisory Committee for a further period of one year and inviting the opinion of the Committee on it. The Committee informed Mr. Anandji Haridas that they were of the opinion that he should accept the Agent's invitation to serve as a member on the Bengal Nagpur Railway Advisory Committee for a further period of a year. Mr. Anandji Haridas accordingly accepted the seat. Mr. Anandji Haridas also submitted a brief report of the work done by him on the Bengal Nagpur Railway Local Advisory Committee.

Sir George Rainy, Commerce Member of the Government of India, promised last year that the claims of the Chamber for representation on the Local Railway Advisory Committee of the East Indian and the Eastern Bengal Railways would be considered in the near future. The Committee are in communication with the Government of India for securing such representation.

**Railway Rates Advisory Committee.**—A reference was made in the last year's Report to the fact that this Chamber was represented on the Commercial Panel of the Railway Rates Advisory Committee by five members. Mr. A. D. Addy, a representative of the Chamber on the Commercial Panel, having resigned the membership of the Chamber, the Committee nominated Mr. Anandji Haridas in his place. In the month of October, the Government of India in the Railway Department, addressed the Chamber requesting to be favoured with any alterations in the list of members representing the Indian Chamber of Commerce on the Commercial Panel of the Railway Rates Advisory Committee. On the 3rd November, the Committee forwarded a revised list of members elected by them to represent the Chamber on the Commercial Panel of the Railway Rates Advisory Committee. The Chamber is now represented on the Commercial Panel by Messrs. Faizullahbhai Gangjee, G. D. Birla, M.L.A., Anandji Haridas, D. P. Khaitan and H. P. Bagaria.

**Calcutta Society for the Prevention of Cruelty to Animals.**—In the month of March, the Committee of the Chamber were informed by the Secretary, Calcutta Society for the Prevention of Cruelty to Animals, that the Indian Chamber was elected to the General Committee of the Association for a period of 3 years. The Committee were further requested to nominate a representative to serve on the General Committee of the Society for

the current year. The Committee of the Chamber nominated Mr. E. P. Guzder (P. E. Guzdar & Co.), to serve as the Chamber's representative on the General Committee of the Society.

In the month of November, Mr. E. P. Guzder tendered resignation of his membership on the General Committee of the C. S. P. C. A. The Committee thereupon nominated Mr. G. L. Mehta in his place.

**Government Commercial Institute.**—The attention of the Committee of the Chamber having been drawn to the fact that the question of the reconstruction of the Board of Management of the Government Commercial Institute was engaging the attention of the Government of Bengal, they addressed the Government with a request to allot at least 2 seats to the Indian Chamber of Commerce on the Board of Management of the Commercial Institute. In reply, the Government of Bengal informed the Chamber that the matter will receive due consideration by Government in the Ministry of Education.

**Committee to report on the present method of levying Pilotage Fees at the Port of Calcutta.**—On the 7th of September, the Government of Bengal, Marine Department, informed the Chamber that on the recommendation of the Advisory Pilot Committee, a Committee was constituted to examine and report on the present method of levying pilotage fees at the Port of Calcutta. The personnel for the proposed Committee included a representative of the Indian Chamber of Commerce. The Government of Bengal accordingly invited the Committee to elect their representative on the proposed Committee. The Committee elected Mr. K. J. Purohit to serve on the proposed Committee as their representative. The Government of Bengal replied on the 27th September stating that they had accepted the nomination.

**The Bengal Conciliation Panel.**—The Government of Bengal formed a Conciliation Panel some years ago to deal with industrial disputes affecting public utility services in Calcutta and its neighbourhood. The Panel consists of 28 members. The appointments to the Panel are made annually. In the month of January, the Government of Bengal requested the Chamber to nominate three members of the Chamber who would be prepared to serve on the new Panel to be constituted on the 1st April, 1928, for a further period of one year. The Committee suggested the names of Messrs.

D. P. Khaitan, N. Rajabally and Anandji Haridas to serve on that Panel.

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### INTERVIEWS AND MEETINGS.

During the year under review, the Committee had two important interviews with high Government officials,—one with the Hon'ble Mr. V. J. Patel, President of the Legislative Assembly, and the other with Mr. A. R. L. Tottenham, Member, Central Board of Revenue.

**Interview with the Hon'ble Mr. V. J. Patel.**—On the 14th of August, the Committee of the Chamber met the Hon'ble Mr. V. J. Patel, President of the Indian Legislative Assembly, in the Committee Room of the Chamber. In offering a cordial welcome to the Hon'ble Mr. V. J. Patel on behalf of the Chamber, Mr. Faizullahbai Gangjee referred to his brilliant record of public work as the President of the Bombay Municipality and the Legislative Assembly and in other spheres. Mr. Faizullahbai also referred with admiration to the independence of outlook and deep and wide knowledge of parliamentary procedure displayed by Mr. Patel by his rulings as the President of the Assembly. A reference was also made to Mr. Patel's remarkable speech in London reviewing the history of Indian shipping on the occasion of the flotation of S. S. "Jalbala" wherein he correctly criticised the destructive policy pursued by the British Government in the past in regard to Indian shipping. Mr. V. J. Patel made a suitable reply thanking the Chairman for the honour done to him and emphasised the necessity of the encouragement of indigenous industries by the use of indigenous articles. Mr. Patel expressed great hopes in the future of the Indian Chambers of Commerce in this country and observed that they could do a lot of good if they set up their business in the right way and in the right spirit.

**Interview with Mr. A. R. L. Tottenham.**—On the 24th of August the Committee of the Chamber met Mr. A. R. L. Tottenham, Member, Central Board of Revenue, in the Committee Room of the Chamber. The Commissioner of Income-tax, Bengal, was also present. The Committee brought to his notice several grievances

experienced by the Indian commercial community in regard to the administration of the Income-tax Act. Amongst them were :—

- (1) The necessity of the provision of setting off of losses of 1 year against profits made in a subsequent year ;
- (2) Wrongful assessment of “Stridhan” income ;
- (3) A number of assessees called to be present at the Income-tax Office returnable at the same time ;
- (4) Allowance of only 6 per cent. deduction as the actual collection charge from the house property income ;
- (5) Abuse of Section 34 of the Indian Income-tax Act.

In reply, Mr. Tottenham promised a careful consideration of the various grievances represented by the Chamber, suggesting however, that the Government of India at the present moment were not inclined to bring in any amendments to the Income-tax Act, in the near future.

Besides these officials, the Committee had the pleasure of meeting several non-officials during the year under review.

In the month of April, the members of the Chamber met Mr. D. P. Khaitan in a Garden Party held in honour of his nomination as an Advisor to the Employers' Delegate to the XI Sessions of the International Labour Conference to meet in Geneva in 1928. A large number of guests, officials and non-officials, attended the function.

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## LAW AND LEGISLATION.

**Mica Bill.**—On the 13th of February, the Committee of the Chamber addressed a telegram to the Secretary, Revenue Department, Bihar Government, Patna, lodging their emphatic protest against the Mica Bill introduced in the Bihar and Orissa Legislative Council. In the course of the telegram, the Committee stated that the Statement of Objects and Reasons attached to the Bill was unconvincing and not borne out by facts. They also considered the proposed drastic measure unwarranted by facts and unjustifiable, as it interfered with the personal liberty of individuals, freedom of



trade, choice of occupation and adversely affected values of lands of Zemindars and gave the Government officials and the police wide and arbitrary powers liable to be abused. The Committee expressed their surprise that the Deputy Commissioner was also the Ex-officio President of the Kodarma Mining Association and was proposed to be the licensing officer. They were further amazed to find that the present Bill originated with a Deputy Commissioner in his capacity as Ex-officio President of the Kodarma Mining Association. The Committee expressed their opinion that the Bill, if passed, would result in great harm to national interests, as the Mica industry was likely to become a complete monopoly in the hands of the already predominating foreign interests. The Committee were of the opinion that the matter was of all-India importance affecting a vital and national key industry and requested that public opinion of the country should be elicited before referring the bill to a Select Committee.

On the 14th February, the motion of the Hon'ble Mr. Sifton, for referring the Bihar and Orissa Mica Bill to a Select Committee of the Bihar and Orissa Legislative Council, was put to the vote and lost.

**Merchant Shipping Advisory Committee.**—The views of the Committee were invited by the Government of India on the subject of the constitution of the Merchant Shipping Advisory Committee or Committees in connection with the Indian Merchant Shipping (Amendment) Act, 1928, which was passed by the Indian Legislature in March, 1928. The purpose of the appointment of the Committee was to advise the Governor-General in Council when considering the making or alteration of any rules or scales under the Act and the Committee was to consist of such persons as he might appoint representing the interests principally affected, or having special knowledge of the subject-matter. In reply, the Committee suggested that the Advisory Committee proposed to be set up should follow in respect of its composition and functions the model of the British Merchant Shipping Advisory Committee with such modifications as were necessary to suit the peculiar conditions prevailing in India. The Chamber suggested that the Advisory Committee should be constituted so as to represent the following interests viz., representatives of (1) the Federation of Indian Chambers of Commerce, (2) Associated Chambers of Commerce, (3) Indian Shipowners, (4) Underwriters, (5) Indian Deck and Engineer Officers, (6) Indian Deck, Saloon and Engine Crew, (7) Wireless Operators, (8) Port

Officers, (9) Nautical Adviser to the Government of India, (10) Chief Surveyor, (11) Marine Surveyors. The Committee were of the opinion that the composition and functions of the proposed Advisory Committee should be specified in the Statute.

**Reservation of Coastal Traffic Bill.**—The views of the Committee were invited by the Government of Bengal on the provisions of a Bill introduced in the Legislative Assembly by Mr. Sarabhai N. Haji for the Reservation of the Coastal Traffic of India to Indian Vessels. The object of the Bill as mentioned in the Statement of Objects and Reasons was to provide for the employment of Indian tonnage in the Coastal Traffic of British India and of the continent of India. The Bill was intended to serve as a powerful aid to the rapid development of an Indian Merchant Marine. On the 1st of June, the Committee of the Chamber forwarded their views on the Bill. The Committee whole-heartedly supported the provisions of the Bill to reserve the Coastal Traffic of India to Indian Vessels. The desire of the people to have a mercantile marine of their own, the Committee observed, was a perfectly natural and legitimate desire, as Sir Charles Innes recognised on behalf of the Government more than once. An Indian Mercantile Marine was indispensable for the economic and industrial development of the country and the Reservation of the Coastal Traffic was one of the universally recognised methods of building up such a marine. The Committee endorsed the scheme as outlined in the Bill, whereby the Reservation of the Coastal Traffic was to be brought about gradually through a system of control by means of licenses to be issued to steamers whose ownership and controlling interests were predominantly Indian. In the course of the representation, the Committee also referred to the various difficulties and objections raised by Sir Charles Innes against the Reservation of Coastal Traffic to Indian Vessels in his speech in the Assembly on 19th March, 1926. The argument advanced by Sir Charles Innes that the necessity felt by other countries for having a national Mercantile Marine was not felt in India was characterised by the Committee as preposterous, as it was impossible to contemplate a Self-Governing India that was dependant on some one else for her national defence. As regards Sir Charles Innes' argument that Coastal Reservation admitted the principle of flag discrimination, the Committee only stated that the Third International Shipping Conference held in London in 1926 decided that the question of flag discrimination did not limit the control of any nation over its

coastwise trade. The Indian Mercantile Marine Committee also observed that the Coastal Trade of a country was regarded universally as a domestic trade in which foreign flags cannot be engaged as of right but to which they may be admitted as an act of grace. The Committee pointed out the erroneousness of several other points raised by Sir Charles Innes and Sir George Rainy, as for example, the danger of enhancement of freights as a result of Reservation of Coast, the danger of reservation resulting into a monopoly, breach of International agreement etc. The Committee also pointed out that Reservation of Coastal Traffic to Indian owned vessels would have saved the country a large amount of money now drained away in the shape of coastal freights by foreign shipping and would have opened new avenues of employment for the youth of the country who were now denied an opportunity of learning the technique of navigation, owing to the policy of racial exclusion on the part of the foreign shipping companies who practically monopolise the Indian Coastal Traffic to-day.

**Coastal Traffic Reservation Bill—Criticism by His Excellency the Viceroy.**—On the 22nd December, the Committee of the Chamber addressed the Private Secretary to His Excellency the Viceroy, regarding the reference made by His Excellency the Viceroy in his speech before the Associated Chambers of Commerce on the 17th December, 1928, to the coastal reservation bill which was under consideration of the Legislative Assembly. The Committee were of opinion that any criticism of a measure which was being considered by the Legislature, by the head of the Government of India, was constitutionally improper being tantamount to an attempt to influence the opinion of the Assembly particularly in view of the fact that the measure was to be considered from all its aspects both in the Select Committee and the Assembly at its next Session and that the Governor General had in the last instance the power of vetoing legislation. The Committee also emphasised their previous opinion that the coastal reservation bill was neither discriminatory nor confiscatory in its character, and that its provisions were economically advantageous to India.

**Inland Steam Vessels Act, 1917.**—The views of the Chamber were invited by the Government of India on a Bill introduced by Mr. K. C. Neogy in the Legislative Assembly to amend the Inland Steam Vessels Act, 1917. As mentioned in the Statement of Objects

and Reasons, the object of the Bill was to invest Government with authority to fix maximum and minimum freights, and fares that could be locally charged by Indian Steamer Services. While the maximum rates would protect the public against exorbitant demands, the minimum scales would prevent unfair rate-wars which had in the past defeated indigenou efforts of organising Inland Steamer Services in competition with powerful combines in Bengal. A second provision in the Bill was to enable Advisory Committees to be constituted and attached to the Inland Steamer Services at the different stations, more or less, on the lines of the Railway Advisory Councils. On the 2nd June, the Committee addressed a letter to the Government of Bengal stating that they concurred with the Statement of Objects and Reasons attached to the Bill and supported whole-heartedly the proposal of the measure which sought to meet only one of the many grievances of Inland Water Transport. The provisions of the Bill should be made to apply at present only to the provinces of Bengal, Bihar, Orissa, Assam and Burma where powerful vested interests and monopolistic combines hampered the growth of indigenou and small concerns. With regard to the fixing of maximum and minimum freights, the chamber suggested the appointment of a Committee representing the Legislatures, the shipping companies and the public. With regard to the appointment of Advisory Committees to advise owners of Indian Steam Vessels on questions affecting the interests of passengers and trade, the Committee strongly supported the appointment of such Advisory Committees, as in the case of the Railways, with a substantial majority of Indians nominated by various commercial bodies.

**Indian Merchandise Marks Act Amendment Bill.**—The opinion of the Chamber was invited by the Government of Bengal on the provisions of the Bill introduced in the Legislative Assembly by Mr. K. C. Neogy to amend the Indian Merchandise Marks Act, 1889, (IV of 1889), for checking frauds in connection with some imported articles and especially piece-goods. In the Statement of Objects and Reasons, it was stated that there was no provision in the existing law in India to compel the application of a trade description to imported goods, the result being that articles made in foreign countries, without any indication as to their local origin, were sometimes palmed off as Indian manufactures. It was, therefore, proposed to arm the Governor-General in Council with power to specify any imported goods in respect of which the importer or the

wholesale or retail dealer could be called upon to affix a trade description giving the place of origin thereof. On the 7th May, 1928, the Committee replied to the Government of Bengal according their strong support to the provisions of the Bill which was calculated to at once check the fraudulent practice of selling foreign goods as indigenous goods in absence of any compulsion as to the indication of the local origin of the goods, and give a stimulus to the indigenous industries.

**Indian Merchant Shipping Act, 1923.**—The views of the Chamber were invited by the Government of India on a Bill introduced in the Legislative Assembly by Mr. Abdul Matin Chaudhury to amend the Indian Merchant Shipping Act, 1923, for certain purposes. As mentioned in the Statement of Objects and Reasons, (1) the present system of recruitment of seamen through the licensed brokers, ghat serangs and ghat butlers which primarily lent itself to extensive practice of bribery and corruption had been unreservedly condemned by the Seamen's Recruitment Committee appointed by the Government of India in 1922. The Committee recommended the abolition of the present system and its substitution by the Employment Bureau organised and maintained either by the representative associations of ship-owners and seamen in co-operation or by the State. (2) The present Bill was intended to give effect to the unanimous recommendations of the Committee, for the establishment of the Employment Bureau by the State and the abolition of the scheme of recruitment through the licensed brokers, ghat serangs and ghat butlers. The penal provisions with regard to the receipt of unauthorised remunerations for securing employment for seamen had been further stiffened in accordance with the recommendations of the Committee.

On the 14th of July, the Committee of the Chamber addressed the Government stating that they approved of the Bill introduced by Mr. Abdul Matin Chaudhury which sought to remedy grave abuses like bribery, corruption and victimisation prevalent in the present system of recruitment of Seamen through licensed brokers, ghat serangs and ghat butlers. The Committee had no reason to believe that the abuse referred to by the Seamen Recruitment Committee of 1922 had ceased to exist, since they depended not on the conditions of trade and employment but were an outcome of an undesirable scheme of recruitment which ought to be reformed. The Committee

pointed out that an Employment Bureau of the character proposed in the Bill organised and maintained by the State might be as powerless to prevent the prevailing abuses as the existing organisation of the Shipping office unless proper safeguards were taken to represent and protect the interests of seamen. The Committee, therefore, emphasised the necessity of appointing only an Indian as the head of the Bureau, as he alone would be conversant with the vernacular of the Indian Seamen and would have the requisite knowledge of their needs and desires. The Committee made a further suggestion that in order to safeguard the interests of the seamen, the head of the Bureau should be assisted by an Advisory Committee consisting of an equal number of representatives from both the Shipowners and the Seamen's Recruitment Committee.

**The Calcutta University Bill.**—A reference was made in the last year's Annual Report to the Calcutta University Bill introduced in the Bengal Legislative Council by Dr. Pramathanath Banerjee to amend the law relating to the University of Calcutta. The Committee of the Chamber after consultation with a Special Sub-Committee, to which it was referred for consideration, addressed the Government of Bengal expressing their opinion in favour of the Bill. The Committee stated that the democratisation of the University was overdue and should be effected as soon as practicable in order to enable it to perform its functions independently of any official interference and in the best interests of the people. The Committee agreed with the Statement of Objects and Reasons attached to the Bill that the existing constitution of the Senate of the University was not representative, 80 per cent of its members being nominated by the Chancellor. The one defect in the Bill which the Committee pointed out was that trade, commerce and industry had not been given any representation on the Senate. For the imparting of commercial education suited to the needs of trade, commerce and industry, it was highly desirable that trade, commerce, and industry should have a voice in the Senate of the University. The Committee pointed out that 2 representatives were returned by the Southern India Chamber of Commerce on the Senate of the Madras University and made a suggestion that 5 seats should be allotted to Indian bodies representing trade, commerce and industry in Bengal and that, out of the 5 seats thus allotted to the Indian commercial bodies, 2 should be allotted to the Indian Chamber of Commerce, Calcutta.

**Trade Disputes Bill.**—On the 4th of September, the Government of India introduced in the Legislative Assembly a Bill to make provision for the investigation and settlement of trade disputes and for certain other purposes. The Government of India being satisfied that legislation for the prevention and settlement of trade disputes was likely to prove of considerable value as a result of the inquiry made in 1924-25 and the experience which had become available since that period, prepared the present Bill. The main part of the Bill falls into three parts. The first part relates to establishment of Tribunals for the investigation and settlement of trade disputes whenever they occur. It sets out the procedure for the appointment of a Court of Enquiry or a Conciliation Board. Neither party is under any obligation to accept the findings of the Court or the Advisory Board. In cases where the dispute is not brought to an end during the deliberations of the Tribunal that had been appointed, reliance was placed on the force of public opinion which would be enabled by the publication of the report of the Tribunal to arrive at just conclusions on the merits of the dispute. The second part of the Bill makes provision for strikes in Public Utility Services. Clause 15 makes it a penal offence for workers employed in monthly wages in Public Utility Services who strike without previous notice and also provides heavier penalties for persons abetting such an offence. The third part of the Bill contains certain special provisions relating to illegal strikes and lockouts. Persons furthering strikes or lockouts which are declared illegal are liable to punishment and are deprived of the protection granted to them by the Indian Trade Unions Act.

On the 15th September, 1928, the Committee of the Chamber addressed the Government of India expressing their views on the Bill. While the Committee welcomed the effort on the part of the Government of India of introducing legislation for the prevention and settlement of Trade disputes they could not lend their support to the present Bill as, in their opinion, it armed the Government with too much powers which were liable to be used for coercing the people. Without prejudice to this view of theirs, the Committee suggested several alterations in the present Bill, if it was to be proceeded with in the Assembly. The Committee took strong exception to that section of the Bill prescribing punishment for abettors who helped the commission of an offence by inducing workmen employed in Public Utility Services from withdrawing, as such a provision constituted a real hardship to a large section of the

population who took any interest in public matters and the welfare of the community. The Committee took the strongest exception to part 3 of the Bill making special provision for punishing persons furthering strikes or lockouts which were declared illegal as it invested the Government with too much arbitrary powers capable of being abused and of bringing into peril the safety of the public. The Committee suggested that the last part of the Bill was unnecessary and should be deleted before the Bill was placed on the Statute Book. The Bill was not proceeded with in the Legislative Assembly during the Simla sessions, and was circulated for opinion.

**Indian Insurance Companies' Act Amendment Bill.**—On the 23rd of August, the Government of India introduced a Bill further to amend the Indian Life Assurance Companies' Act, 1912, for certain purposes and to provide for the collection of statistical information in respect of Insurance business other than Life Assurance business. The object of the Bill, as stated in the Statement of Objects and Reasons, was to remove a defect in the Indian Life Assurance Companies' Act, 1912, in regard to the distribution of the assets of a Life Assurance Company in liquidation and (2) to require every Insurance Company transacting any class of Insurance business in British India to submit an Annual Statement showing details of its business both in and outside British India.

On the 15th of September, the Committee of the Chamber addressed the Government of India in the Commerce Department expressing their views on the Bill. The Committee stated that they concurred with the objects of the Bill and approved of the Bill as a whole. They, however, pointed out that the statistics to be submitted by every "Insurance Company", as defined in part 3 of the Amendment Bill, would not be complete if the definition of "Insurance Company" did not include brokers for foreign principals of Lloyds and such other Insurance concerns who, while transacting underwriting business in India, issued Policies direct in London. The Committee were informed that such brokers or foreign principals of Lloyds wrote a large amount of business in India and under the definition of "Insurance Company" as per the present Bill, they would not be required to comply with any of the requirements of the Bill and to that extent, the statistics collected by the Government of India would be incomplete. The Committee, therefore, suggested a necessary modification in the definition of "Insurance Company" in the Amendment Bill.



**Stamping of Life Insurance Mortgage Bonds with Adhesive Stamps.** —On the 3rd of September, the Government of Bengal in the Finance Department forwarded to the Committee of the Chamber a copy of a letter from the Government of India, Finance Department regarding a proposal made by the Association of Life Assurance Offices in India to stamp Life Insurance Mortgage Bonds with adhesive stamps and requested the expression of the views of the Chamber on the same. In the course of the letter from the Association of Life Assurance Offices in India, it was stated that the delay in the present method of stamping the Mortgage Bonds by submitting them to a local Stamp Office for stamps to be impressed thereon, was great and caused a considerable hindrance to the daily course of business. The Association, therefore, made a proposal to extend the adhesive stamping facility to Life Insurance Mortgage Bonds, as it would be of advantage to the insuring public and the Government department concerned.

On the 17th September, the Committee of the Chamber replied to the Government of Bengal stating that they agreed with the observations of the Life Assurance Offices and recommended to the Government of India to accept the Stamping of Life Insurance Mortgage Bonds with adhesive stamps.

**Private Provident Funds.** —In the month of October, 1928, the Government of India forwarded to the Committee of the Chamber, a copy of the letter addressed by them to Local Government on the subject of the proposed amendment of the Provident Funds Act, 1925, so as to extend the benefits of exemption from income-tax to provident funds established for their employees by private firms or companies. It was stated in the letter from the Government of India that they had after careful consideration formed the opinion that it would be justifiable to confer upon private provident funds immunity from income-tax on the subscriptions of individuals and on the interest of the securities held by the trustees of a fund provided the funds were of such nature that

- (a) "the regulations are approved by Government and the accounts are open to inspection by income-tax authorities ;
- (b) "the subscriptions of employees cannot be finally withdrawn from the Fund, except in the event of dismissal, retirement or death or in compliance with a process of law ;

- (c) "the employers' contributions are irrecoverable save in the event of the misconduct of the employee ;
- (d) "the employer is in no circumstances permitted to forfeit the employee's subscriptions ; and
- (e) "the funds are created as trusts."

The Government of India added that they were still not prepared to extend to such private provident funds all the benefits of Provident Funds Act. The full benefits conferred by the Provident Funds Act, 1925, it may be explained here, are

- (1) Immunity from attachment of compulsory deposits in the fund ;
- (2) Handing over to the widow of a deceased subscriber the amount standing to his credit, free from any debt or liability incurred by the deceased or the widow before the subscriber's death ;
- (3) The right of a member of a fund to nominate a person to whom his Provident Fund amount shall be paid in the event of his death.

In reply, the Committee of the Chamber observed that they noted with satisfaction that the Government of India had formed the opinion that it would be justifiable to confer upon properly constituted Provident Funds of Companies, Firms and Associations, immunities from income-tax etc., as stated in the letter, subject to the conditions mentioned re : their constitutions, their rules etc.

The Committee, however, regretted to observe that the Government of India were still not prepared to extend the full benefits of the Provident Funds Act, 1925, to the Private Provident Funds, as they failed to understand why a private employee should be at such a great disability in comparison with an employee of the Government.

The Committee insisted that all the benefits of the Provident Funds Act should be extended to such private funds as were duly registered and complied by the rules laid down by Government on their behalf.

**The Indian Patents and Designs (Amendment) Bill, 1928.—**  
The Government of Bengal, Commerce Department, addressed the

Chamber in the month of October inviting an expression of their opinion on the provision of this Bill which was introduced in the Legislative Assembly in March, 1928. The measure represents a complete revision of the law on the subject based to a large extent upon revisions of the law in 1917 in the United Kingdom and on the recommendations of the British Empire Patents Conference of 1922. The Bill is receiving the attention of the Committee.

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## CUSTOMS.

**Protection to Salt Industry.**—On the 12th of May, the Government of India in the Finance Department published a resolution turning down the recommendations of the Taxation Enquiry Committee for referring the case of the Indian Salt Industry to the Tariff Board for investigation as to whether India could be made self-supporting in respect of its salt supply, by the granting of a strictly temporary advantage to the local manufacturers by any means. A reference was made in the last year's Report to the request made by this and other Chambers to the Government of India for referring the case of the Indian Salt Industry to the Tariff Board, when they were told that the Government were conducting a departmental enquiry and that they would refer the question to the Tariff Board if it appeared to them that there were *prima facie* grounds for taking such a course. On the 20th of August, 1928, the Committee of the Chamber, in consultation with a Special Sub-Committee, submitted a detailed representation to the Government of India replying to the various arguments adduced by the Government in coming to the conclusion that there was no *prima facie* case for protection to the industry. Firstly, the Committee took strong exception to the novel method adopted by the Government of conducting a departmental enquiry in face of the recommendation of the Taxation Enquiry Committee for its reference to the Tariff Board. The Committee also made reference to the expedition and the almost indecent haste with which the Government took action lately in referring the case of the Oil industry to the Tariff Board against the almost unanimous opposition of the commercial community and ordering the Tariff Board to submit their report within 3 months of the date of starting the enquiry. Such a striking contrast in the Government's treatment of these two industries, the Committee

observed, could not but create the unfortunate impression that, while the Government evinced a great anxiety and solicitude for the Oil Industry in which foreign capitalists had a very predominant interest, they deliberately delayed a proper investigation in the Salt Industry by at least 2—3 years, apart from the fact that they thus prejudiced to some extent the mind of the Tariff Board to whom the question might some day be referred for investigation.

The various arguments advanced by the Central Board of Revenue and accepted by the Government of India were characterised by the Committee as frivolous. In putting forth such arguments, the Government betrayed a lack of appreciation of the value to be attached to the national sentiment of self-sufficiency in regard to an article which was a prime necessity of life and the advantage of having a home industry from which many could eke out their existence. The following are some of the typical arguments advanced by the Government :—

- (1) If India were rendered self-sufficient in time of peace, in time of war it might again become essential to obtain salt from abroad.
- (2) If Bengal can in normal times secure good cheap salt from abroad, it would appear to be inadvisable to divert labour and capital from the production of articles of greater value.
- (3) It seems certain that so long as they can afford to buy foreign salt the classes who now use it will never transfer their custom on any large scale to Madras or Bombay salt, however cheap it may be.
- (4) The total sum “kept in the country” in making India self-sufficient with regard to her salt supply amounts to Rs. 1 Crore and the beneficiaries would be the relatively small class of salt dealers and manufacturers and their employees and that a portion of this sum which represents profit would be pocketed by them and for their benefit many millions of consumers would be laid under contribution.
- (5) The industry is not a basic industry and does not deserve protection.

- (b) A reference to the Tariff Board would be premature since it would relate to a non-existing industry and that salt of a quality corresponding to the bulk of the imported salt is not, as a matter of fact, manufactured in India on a commercial scale.

In the course of the representation, the Committee fully dealt with the various arguments advanced by the Government and pointed out how they could not bear scrutiny and were hollow, and how the Government trotted forth as usual the interests of the masses as a bogey to protection. The Committee were thoroughly satisfied that India could be made self-sufficient in regard to her supply of salt. They therefore strongly urged upon the Government the necessity of referring without any further delay the case of the salt industry to the Tariff Board, as recommended by the Taxation Enquiry Committee, for investigation into the possibility of making India self-sufficient with respect to her salt supply by the grant of protection in any form.

The Burma Indian Chamber of Commerce, Rangoon, the Maharashtra Chamber of Commerce, Bombay, Buyers' and Shippers' Chamber, Karachi, and the Karachi Indian Merchants' Association, have, the Committee are informed, addressed the Government of India in support of the representation made by this Chamber for reference of the case of the salt industry to the Tariff Board. The Bombay Millowners' Association informed the Committee in the month of October that the Association agreed with the Indian Chamber that the salt industry had certainly made out a very good case for a reference of its claims for protection to the Tariff Board. A resolution recommending the reference of the salt industry to the Tariff Board was also unanimously passed at the Annual Meeting of the Federation of Indian Chambers of Commerce held at Calcutta on 28th December, 1928.

**Protection to Steel Castings Industry.**—In the month of February, the Government of India published a resolution rejecting the recommendations of the Tariff Board for granting protection to the Steel Castings Industry. The Committee of the Chamber addressed a telegram to the Government of India in the Commerce Department expressing their extreme disappointment at the decision of the Government in refusing protection to this industry, in spite of the recommendations of the Tariff Board who were perfectly

satisfied in every respect that the industry deserved protection. They also took exception to the incorrect statement made by Sir George Rainy that the demand for steel castings was not sufficient to keep even one firm fully employed and added that the demand in India was sufficient to keep fully employed manufacturers of steel castings. The Committee urged upon the Government the reconsideration of the question and acceptance of the Tariff Board's recommendations in that behalf.

**Reference of the Oil Industry to the Tariff Board for enquiry into protection.**—The Government of India published a Communique on the 10th of April referring to the Tariff Board for summary investigation the applications for protection received from certain companies engaged in the production of petroleum in India. The report of the Board had to reach the Government of India not later than the 1st of July, 1928. On the 12th of April, the Committee of the Chamber lodged their emphatic protest against the reference of the Oil industry to the Tariff Board. It was stated that the Burma Oil Company was a foreign company which was rolling in prosperity and needed no protection. Further, there was every justification, in the opinion of the Chamber, for a drop in the rates of Kerosene and petroleum in the interest of consumers. The present action of Government was in a strong contrast with their attitude re: the Textile, Coal and Steel Castings Industries, predominantly controlled and financed by Indians, which were passing through acute depression. The conclusion was irresistible that the Government were anxious to protect foreign interests at country's cost and were studiously apathetic towards Indian industries when they competed with British or Dominion industries. The Committee were further shocked at the costs of production being deliberately excluded from the Tariff Board Enquiry. The Committee hoped that Government in deference to strong public opinion would stop the enquiry proceeding further. On the 22nd of April, the Committee of the Chamber addressed a lengthy representation to the Secretary, Tariff Board (Oil Industry Enquiry), Rangoon, communicating fully their views on the Oil Industry Enquiry. They protested strongly against the precipitate hurry in referring the case of the Oil Industry to the Tariff Board and the extremely insufficient period of 68 days by which the Tariff Board were ordered to report. The Chamber also strongly objected to the procedure adopted by the Tariff Board of not publishing Oil Companies' representation and hearing oral

evidence only in Burma. The latter step was bound to keep back consumers' representatives from stating their case against protection. The Chamber found no justification, save for revenue exigencies, even for the present import duty of Rs. 0-2-6 per gallon on kerosene, and stated that the Oil Industry could not be threatened with extinction, looking to the large returns, colossal reserves, and the fact that the Anglo-Persian Oil Company in which the British Government had a controlling interest had substantial holdings in the Burma Oil Company, the largest oil producer in India. The unwillingness of the Burma Oil Company to disclose its working costs and to even forego assistance of Government showed that it had no case for protection. Any increase in price would necessarily hit the consumer hard. The Chamber advocated that there should be full and free competition between imported and indigenous oil unimpeded by Tariff barriers. The Chamber also pointed out that the industry seeking protection was one which was hardly Indian in any sense of the term save that it was geographically situated in India. The Oil Industry had foreign capital, foreign control, foreign directorate and even foreign investments. The chamber also urged that as consumer's pockets were likely to be touched by the decision of the Tariff Board, evidences must be heard in India also, and that the theatre of activities should not be confined to Burma alone.

**Tariff Board's Report on the Oil Industry Enquiry.**—On the 12th September, 1928, the Government of India in the Commerce Department published a resolution embodying their decision on the report of the Tariff Board which recommended no protection for the Oil Industry. On the 19th of October, the Committee addressed the Government of India, Commerce Department, inviting their attention to the Report of the Tariff Board rejecting the claim of the Oil Industry for protection, containing the following observations made by Sir P. Ginwala, President of the Tariff Board.

“There is evidence which suggests that all petroleum products are being sold in India at exorbitant prices owing to oil business being in the hands of Oil Trusts, and that the consumer has to pay a sum which may amount to Rs. 5 crores per annum in excess of economic prices.”

“It is in the national interest that the subject should be further explored with the object of bringing about a reduction in the exorbitant prices of petroleum products. The impor-

tation of crude oil and the erection of refineries by Rupee Companies particularly in Bombay or the control by Government of prices is suggested as a possible line of action which might result in the lowering of prices."

The Committee stated that these observations were of great importance to the consumers, and were anxious to know what action the Government contemplated taking on them.

**Protection to the Indian Match Industry.**—Reference was made in the last year's Report to the detailed representation submitted by the Chamber on the 17th May, 1927, to the Tariff Board, supporting strongly the claim of the Indian Match Industry for grant of protection. In the month of December, 1927, the Tariff Board (Match Industry Enquiry) issued a further questionnaire with a view to elicit the views of the Chambers on some matters regarding the methods of securing control over the Match Industry by establishing a monopoly both in manufacture and sale. The opinion of the Chamber was invited on questions that had been raised involving considerations of general policy. The questions related to the existence of the Swedish Trust, the possibility of State control of matches, the monopoly of manufacture and sale of matches, the system of licenses for production of matches, the organisation for the production, control and sale of matches etc. In the month of February, the Committee of the Chamber addressed the Tariff Board in reply to the various queries raised by the Chairman in his letter dated the 5th December, 1927. It was stated in the letter that the Committee were of the opinion that the present import duty on matches should be declared a protective duty, that the Tariff Board should recommend the introduction of a licensing system by which all existing Match factories in India should be licensed and a quota of production fixed in accordance with their present output and the capacity of each individual factory, provision being made for an annual reduction in the quota assigned to the Swedish Trust so as to ensure its total elimination in a period of, say, 5 years. The Committee also recommended the establishment of a Central Sales Organisation run by a limited liability Company which should be treated as a Public Utility Concern. The Committee were definitely opposed to the State management of such Sales Organisation. This Sales Organisation, it was suggested, should be entirely Indian in management, in capital, and should control the manufacture and sale of matches both local and imported.



On the 14th of February, 1928, Messrs. Anandji Haridas, P. M. N. Mehta and M. P. Gandhi (Secretary) tendered oral evidence at Calcutta on behalf of the Chamber before the Tariff Board. Representatives of the Indian Merchants' Chamber, Bombay, were also examined by the Tariff Board simultaneously. At the time of the examination of the representatives of the Chamber on the Match industry question, the Tariff Board suggested to the Chamber to submit details of the scheme of the Central Sales Organisation proposed to be formed for the control, production and sale of matches in India. In accordance therewith, the Committee prepared a detailed Scheme for such a Sales Organisation and submitted it to the Tariff Board in the month of March.

On the 1st of September, 1928, the Tariff Board's Report re: the grant of protection to the Match Industry was published for general information. The Government of India issued a resolution on the same date wherein they stated that they accepted the findings of the Tariff Board that the Match Industry in India fulfilled the three conditions laid down by the Indian Fiscal Commission and should be protected. The Government of India also accepted the recommendations of the Tariff Board for the conversion of the present duty of Re. 1-8/- per gross on matches into a protective duty and introduced a Bill in the Legislative Assembly on the 4th September to give effect to it. It was also proposed in the Bill to convert the existing import duties on undipped spleens and veneers into protective duties, as unless that was done the protective duty on Matches would not be effective.

On the 14th of September, the Committee of the Chamber addressed a telegram to the Government of India in the Commerce Department stating that, while they welcomed the conversion of the present revenue duties, they were emphatically of the opinion that assurance must be given to the industry regarding its retention for a period of 10 years in the first instance, when it might be reviewed. The Committee expressed their regret that Government had taken no action for eliminating the danger of Swedish interests to the industry and they suggested that an annual enquiry should be held to investigate whether the Swedish Trust had expanded its operations in India and to suggest measures, if necessary, to checkmate the same. The Committee expressed their opinion that it would have been better if steps were taken immediately to eliminate the activities of the Swedish Trust and nip the evil in the bud rather than allow

them to have vested interests and acquire a monopoly which would be difficult to uproot afterwards. The Committee also suggested that they should ensure before permitting the Swedish Companies to have the benefit of protection that the Indian Match Industry was in no danger of extinction. The Bill introduced in the Assembly was passed without any amendment.

**Revision of Tariff Valuations—Consultation of the Chamber for.**—On the 3rd of August, 1928, the Government of India in the Department of Commerce addressed the Indian Chamber of Commerce intimating that the Government of India had decided that Indian commercial opinion in Calcutta should be consulted in future in connection with the annual revision of Tariff Valuation Schedules and that the Director-General of Commercial Intelligence and Statistics would accordingly hold a Conference in November or December each year with the principal Indian Commercial Associations in Calcutta, to which this Chamber would be invited to send its representatives not exceeding five in number, and that at this Conference, the Director-General of Commercial Intelligence would discuss with the representatives of the Chamber the provisional Tariff Valuations formulated by him in September or October each year for application during the following year, and a copy of which would be sent to this Chamber before the Conference. Although the communications of the Director-General of Commercial Intelligence and Statistics will be marked confidential, there would be no objection, it was stated, to the Chamber consulting its affiliated bodies in regard to the changes suggested.

**Annual Revision of Tariff Values.**—On the 22nd of September, the Director-General of Commercial Intelligence and Statistics, Calcutta, addressed the Chamber enclosing a statement showing the values which it was proposed to bring into effect in regard to Hides and Skins export duty and invited criticism from the Chamber regarding the rates proposed. The Director-General added in the course of his letter that the tariff values were intended to represent the averages at the major Indian ports of all the grades under each heading exported from India. The Committee after consulting a few interested members, replied to the Director-General on the 18th October stating that the tariff valuation proposed by him was too low and pointed out that the prices of raw hides and skins in the open market had been nearly double the proposed tariff

valuations. The Committee requested the Director-General to consider this before finally fixing the tariff valuations.

On the 3rd of October, the Director-General of Commercial Intelligence addressed the Chamber forwarding a copy of the provisional tariff rates for 1929 and inviting 5 representatives of the Chamber along with those of other bodies for discussion of these values at his office on the 1st November. The Committee appointed a small Sub-Committee consisting of Messrs. Sheokissen Bhattar, Anandji Haridas, S. K. Trivedi, Ramgopal Kajoria and M. P. Gandhi (Secretary), to attend the meeting convened by the Director-General of Commercial Intelligence. The Sub-Committee reported that all the suggestions made by them for reduction of tariff values on several articles were found acceptable by the Director-General of Commercial Intelligence. The report of the interview of the representatives of this Chamber was circulated amongst the members of the Chamber. (*Vide—Circular No. 33 of 1928*).

**Protective Duty on Steel Hoops 1/8" × 1" and up in width.**—On the 18th of February, the Buyers' & Shippers' Chamber, Karachi, addressed the Committee of the Chamber requesting their views on a letter received by them from a member re: Import duty on Steel Hoops. It was stated in the letter under reference that a protective duty on Steel Hoops was put on the ground that Tatas would manufacture such Hoops in India. It was further stated that the Tatas had not manufactured any Hoops till then, nor were they likely to do so in future. The Chamber was, therefore, requested to approach the Board of Revenue, Simla, requesting them to suggest the levy of an *Ad Valorem* duty of 10 per cent. on Hoops of all widths of  $\frac{1}{8}$  in. thickness, just as for strips and hoops of  $\frac{1}{16}$  in. thickness, as the burden of extra duty fell upon the poor class of consumers. The Buyers' and Shippers' Chamber, Karachi, again addressed the Committee in the month of March, stating that they could not realise what advantage the tariff duty on steel hoops could give to the country, in view of the fact that the Indian manufacturers were not ready to produce the same in India. The Committee of the Chamber replied on the 2nd April, 1928, stating that they had carefully considered the matter and were of the opinion that in view of the fact that the Tata Iron & Steel Co., Ltd., were contemplating the manufacture of Hoops before long, it would not be desirable to request the Government for the removal of the existing duty.

**Bengal State Aid to Industries Bill, 1928.**—The Government of Bengal in the Agriculture and Industries Department forwarded to the Chamber on the 25th of July a copy of the State Aid to Industries Bill, 1928, to be introduced in the Council by the Government. On the 30th of July, the Committee of the Chamber addressed a letter to the Minister in Charge, Department of Agriculture and Industries, Government of Bengal, inviting the attention of the Government of Bengal to Clause 3 of the Bill regarding the constitution of the Board of Industries. The Committee expressed their surprise that the name of the Indian Chamber of Commerce, representing as it did all sections of the Indian mercantile community actively engaged in trade, commerce and industry, was omitted in the list of bodies entitled to elect members to serve on the Board of Industries. The Committee also pointed out that ever since the Chamber was established in 1925, it was granted representation on all new bodies that came into existence concerning trade, commerce and industry, and also on other bodies like the Calcutta Port Trust and the Railway Rates Advisory Committee, at the time of revision in their constitutions. The Committee expressed a hope that the Government of Bengal would be pleased to make the necessary alterations in Clause 3 of the Bill to include a representative of the Indian Chamber of Commerce on the Board of Industries. The Committee did not enter into a detailed criticism of the provisions of the Bill which was yet to be introduced in the Council.

On the 22nd of August, the Government of Bengal, Legislative Department, addressed the Chamber requesting for an expression of its opinion on the provisions of the Bill. On the 28th of November, the Committee addressed the Government of Bengal stating that after a careful consideration of the provisions of the Bengal State Aid to Industries Bill, 1928, they arrived at the conclusion that the Bill was very restricted in its scope and halting in its conception and as such it did not seem to be capable of promoting even the narrowly conceived objects set forth in it, viz., of encouraging the cottage industries and industries on small scale in Bengal.

In their observations of the provisions of the Bill the Committee laid special stress on two or three vital points, relating to the sufficiency of capital at the outset for development of small industries, development of big industries, and the enlargement of powers of the Board of Industries which were very restricted in the proposed Bill.

The observations of the Chamber on these points being very important, the relevant extracts are quoted below :—

“In so far as the monetary aid for the development of industries is concerned, the Indian Chamber is of the considered opinion, that either from the very start or within a reasonable period of time, there should be an accumulated fund of a sufficiently large size from which any substantial help could be given for the encouragement of industries. This opinion of the Indian Chamber is irrespective of the question as to whether the final authority to grant loans, etc., is vested in the Local Government or the Board of Industries. In order to make available a fund of an adequate size, the Indian Chamber would suggest that either from the Revenue Account, or from the Loan Fund of the Government of Bengal, there should be set apart every year a minimum amount which should be utilised for the purposes of this Bill. It should also be laid down, that the capital of this minimum amount should not lapse to the general revenue of the Government at any time. Interest earned on that amount may, if considered necessary, be treated as revenue earned by the Government and may go to swell the revenue of the Government, but the capital amount should be left untouched and should be vested in a special fund either with the Government, earmarked for the purpose of development of industries, or should be vested in the Board of Industries, according to the legal and administrative views. By way of illustration, the Indian Chamber would point out that if in every Annual Budget, 5 lacs of rupees are allotted for the purpose of the development of industries, and an amount smaller than that amount is disbursed in the shape of loans, etc., the balance of the amount thus left, together with any amount recovered back on account of the loans previously granted, should continue on account of the Special Fund. By this method, at the end of a period of 10 years, there would be in the Special Fund, a sum of about 50 lacs of rupees, available to the Board of Industries for helping the development of industries. It is only when a fund of a sufficiently big size has been thus built up, that real assistance can be given for the encouragement of industries. It is a patent fact that in

the world of to-day, modern and up-to-date industries cannot be properly developed, if concerns requiring Rs. 10 lacs or over are excluded from receiving State aid. Cottage industries and other industries on a small scale are more frequently supplemental to big industries, than independent industries by themselves. If big concerns of the character referred to above are to be helped, as they should be, it is obvious that the object can only be achieved by having a fund of a sufficiently big size, at the disposal of the Board, for disbursement as necessary. Unless this is done, the Indian Chamber is afraid that the working of the Bill in this province will show poor results as similar Bills have done in the other provinces. In this connection, the Indian Chamber is not unaware of the specious plea sometimes put forward from some quarters, that there are banks to help the big industries, and that State aid is not necessary for them. The Indian Chamber would however point out that, while the Imperial and other joint-stock banks do occasionally help some industries on their satisfying certain conditions, they are chiefly those that have got connections with the town of Calcutta and into the affairs of which the banks can easily keep an eye, owing to their vicinity. It is a very common experience, that the industries in the interior do not easily get adequate assistance from the banks. It is, therefore, essential that the Board of Industry should have adequate funds and should be delegated with wide powers."

The Committee did not view with favour the proposed constitution of the Board of Industries. They were of the opinion that the Board should include a larger element of non-officials than was provided in the present Bill, and should also provide for representation of the Indian Chamber, as suggested in their previous letter dated 30th July. Provision was also to be made, the Committee added, for the representation of the Bengal Legislative Council on the Board of Industries. The Committee suggested that it would be desirable if the Board of Industries were constituted as a body corporate with powers to hold and disburse monies allotted to it by the Government and that the funds for the development of industries should be vested in the Board of Industries as in the case of the Calcutta Corporation, Improvement Trust, Calcutta Port Trust etc.

In conclusion, the Committee reiterated their opinion that if the State Aid for the development of industries so ardently desired by the people of Bengal was to bear fruit, the machinery, requirements, and provisions of the Bill should be made so simple that they would not act as a deterrent to the industrial public, for whose benefit the Bill was intended, in seeking Government aid, and the Board of Industries should be given the full status of a corporate body with powers to carry out all the executive functions suggested for being embodied in the present Bill, without any unnecessary interference from the local Government in any form.

The Bengal Chamber of Commerce also submitted their views on the Bill. The Bengal Chamber has also recommended that a provision ought to be made in the Bill for including a representative of the Indian Chamber of Commerce, on the Board of Industries. The Advisory Board of Industries have also recommended that the Indian Chamber of Commerce should be allotted one seat on the Board of Industries.

**Certificates of Origin—Recognition of this Chamber for the issue of.**—On the 21st of February, the Government of India in the Commerce Department forwarded to the Chamber a copy of Article 2 of the International Convention relating to the simplification of Customs formalities, 1923, and other papers bearing on the subject. Amongst the list of organisations competent to deliver Certificates of Origin, the Government of India had not included the name of the Indian Chamber of Commerce, Calcutta, while the names of other Chambers and Associations were included. On the 21st of March, the Committee of the Chamber wrote to the Government of India inviting their attention to the fact that in the list of organisations competent to deliver Certificates of Origin the name of this Chamber was omitted. The Committee requested the Government to be pleased to communicate the name of this Chamber to the Secretary-General of the League of Nations, as an organisation in India competent to issue Certificates of Origin. On the 10th of July, the Government of India informed the Committee that the name of the Indian Chamber had been included in the list of organisations competent to deliver Certificates of Origin and the Secretary-General to the League of Nations had been informed accordingly with a view to his obtaining the approval of Importing States. On the 30th of July, the Committee wrote to the various Consuls in Calcutta conveying the above information and requesting

them to be good enough to legalise the Certificates issued by the Indian Chamber when presented to them for legalisation. The various Consuls have replied stating that they would be pleased to legalise Certificates of Origin issued by the Indian Chamber of Commerce. The list of Organisations in India competent to deliver Certificates of Origin has so far been approved by the Governments of Switzerland, Denmark, Roumania, Egypt, Norway, Luxemburg, Netherlands, Union of South Africa, Sweden, Germany, Italy, New Zealand, Australia, Czecho-Slovak Republic and Siam. As observed before, the Chamber has started issuing Certificates of Origin. Members interested can obtain further particulars from the Office of the Chamber.

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## FINANCE.

**Inflation of Currency.**—On the 14th January, the Committee of the Chamber addressed the Government of India, on the subject of the purchase of Sterling to the extent of £1½ Millions on account of the Paper Currency Department. It was pointed out that the country being now on Gold standard nothing should have been done to interfere with a free inflow of Gold into the Reserves, as such purchase of Sterling would stand in the way of Exchange reaching the upper Gold point at which Gold would automatically flow into the country under the operation of the Currency Act, 1927. Purchases of Sterling by Government on account of the Currency Department were, it was pointed out, bound to divert the flow of Gold from our Reserves and would be detrimental to the best interests of the country, if it really wished to be on the Gold standard.

On the 17th January, the Committee of the Chamber again addressed the Government of India in the Finance Department, on the subject of the Currency inflation of 1 Crore of Rupees issued against "Ad hoc" securities. The Committee pointed out that this was the most undesirable form of Currency inflation possible and recorded their strongest possible protest against it. The issue of Currency against "Ad hoc" Rupee securities was, in the opinion of the Committee, a barefaced inflation of Printing Press kind which should not be permitted under any circumstances. It was stated that the Exchange was already then at 1-6 3/32 and that there were



indications that with a further rise of merely  $\frac{1}{32}$ nd, Gold would flow into the Currency chest and permit of automatic expansion of Currency. The Committee could not help coming to the conclusion that the Governmental interference to prevent a further rise of only  $\frac{1}{32}$ nd of a penny was intended to prevent Exchange touching the upper gold point and thus drawing gold to the Currency Reserves. The Committee also made a further observation that this unnatural expansion of Currency—not against Gold or Quasi-gold assets but against “Ad hoc” securities—was proof positive of the fact that there was uncalled for deflation of currency during the year 1927, deflation to an extent that already necessitated expansion by such questionable methods. The Committee urged once more that Government should desist from further expansions and contractions of Currency at the sweet will of the Finance Department and allow the Currency Act 1927 to operate freely and lead to automatic expansion of Currency.

In reply, the Government of India in the Finance Department informed the Committee that the Currency policy and the practice of the Government of India had more than once been publicly explained and the Government of India saw nothing in their recent action in expanding the currency which called for further special explanation. They believed that the Commercial Community in India generally was fully satisfied with what had been and was being done to provide for the legitimate currency requirements of the country during the present busy season.

**Reserve Bank of India Bill, 1928.**—On the 14th January, a revised draft of the Gold Standard and Reserve Bank of India Bill, 1928, was published in the Gazette of India for general information. The Committee of the Chamber addressed the Government of India on the 21st January, conveying to them their general opinion on the Reserve Bank Bill, 1928, published on the 14th January. The Committee stated that, after giving their full consideration to the Bill, they found that there was no escape from the conclusion that the Bill, if passed into law, would be highly detrimental to the interests of the country. The present bill, in the opinion of the Committee, was no improvement on the Bill that was introduced in the Assembly last year. It was quite apparent that the authors of this Bill looked at the question from a different angle of vision from what the Committee of the Indian Chamber thought that the interests of the country required. The Committee pointed out that, while the authors of the Bill pretended to have established a “Central Bank”

for India the objects that they really wanted to achieve were different. The Committee were of the opinion that a Share Capital Reserve Bank could not be in the best interests of the country. The Shareholders Bank scheme had already been condemned by the Joint Select Committee and by the Indian commercial community, and there was no substantial improvement in the new Bill which would make the Committee of the Chamber to alter their opinion. On the contrary, the method of election of the Board of Directors proposed in the Bill was not only intricate and allowing of manipulations on two occasions, but was such as would make it difficult for capable Indians to be elected. The Committee regretted to point out that the deliberate deletion of the valuable recommendation of the Joint Select Committee about the coinage of Gold Mohurs would have the effect of excluding gold from active circulation and would be viewed with considerable prejudice. The Committee failed to understand why the authors of the Bill had deleted the recommendation of the Joint Select Committee about the omission of the provision prohibiting members of Indian or Local Legislatures from being nominated or elected on the Board of Directors of the Reserve Bank, the effect of which would be to deprive the public of the services of independent minded Indians versed in public affairs and finance. The Committee added that, though the formation of a Reserve Bank on right lines and under a proper directorate would be an important land mark in the history of Indian Banking, they considered that the general grounds above stated were sufficient to condemn the Bill in its present form as a whole and that, therefore, they did not see the necessity of entering into any detailed criticism of the Bill in the course of that representation.

On the 2nd February, 1928, the Committee addressed a telegram to the President of the Legislative Assembly, congratulating him on the spirit of independence and justice he showed in refusing permission for introduction of the New Reserve Bank Bill, when the old Bill was yet before the House, with a view to zealously guard against the abuse of the privileges of the House and to uphold the dignity and prestige of the people's representatives in the Assembly.

In the month of February, after some clauses of the Reserve Bank Bill, 1927, were discussed in the Assembly and the Government of India suffered defeat on one or two issues which they considered were of vital importance, they withdrew the Reserve Bank of India Bill, 1927, from the consideration of the Legislative Assembly.

The idea of the establishment of a Reserve Bank has thus been dropped for the present.

**Government of India Budget for 1928.**—On the 1st of March, the Committee of the Chamber considered the financial statement of the Government of India for the year 1928 and addressed a telegram to the Committee of the Federation of Indian Chambers of Commerce, inviting their attention to the necessity of reduction in the military expenditure which was very high and of helping Bengal to balance her deficit Budget from the Revenue Reserve Fund kept for the Reserve Bank no longer now required.

**The Indian Stamp Act : Accident Insurance Policies—Reduction of Stamp Duty on.**—In the last Annual Report of the Chamber it was stated that the views of the Chamber were invited by the Government of Bengal on a question relating to the proposed reduction of Stamp Duty on Accident Insurance Policies. The proposal referred to the introduction of a cheap form of accident insurance with restricted profits, with the premium ranging from Re. 1/- to Rs. 2-8-0 per Rs. 1,000/-, and the Committee after examining the proposal replied to the Government of Bengal that they favoured the reduction of Stamp Duty chargeable on fatal Accident Insurance Policies under Article 47 of Schedule I of the Indian Stamp Act, 1899 (II of 1899), to one anna where the premium payable did not exceed Rs. 2-8-0 per 1,000.

The Committee have noted that effect has been given to that proposal by the following notification issued by the Government of India, Finance Department (Central Revenues) dated the 4th February, 1928 :—

“In exercise of the powers conferred by clause (a) of section 9 of the Indian Stamp Act, 1899 (II of 1899), the Governor-General in Council is pleased to reduce the duty chargeable under clause (b) of Article 47 (c) of Schedule I to the said act on a policy of insurance against death by accident only, the annual premium payable on which does not exceed Rs. 2-8-0 per Rs. 1,000/-, from two annas to one anna for every Rs. 1,000/- or part thereof of the maximum amount which may become payable under the policy.”

**Sales of Silver.**—On the 28th May, the Committee of the Chamber addressed the Government of India in the Finance Depart-

ment on the subject of the recent sales of silver by the Government from the Paper Currency Reserve in London. It was pointed out that the Chamber took strong exception to the policy of the Government in giving effect to any recommendations of the Currency Commission until the sanction of the Legislature had been obtained. Whether it be in regard to the sale of silver or to the increase in the "Ad Hoc" securities or any matter whatsoever, no reform in pursuance of the recommendations of the Currency Commission should be put into effect unless the Legislature has considered the whole Currency and financial organisation and laid down its final views in the matter. The Chamber was, therefore, of the opinion that the Government should neither sell any more silver nor resort to periodical manipulations with the currency system which have played so much havoc not only to the detriment of the people but of the Government themselves.

**Tightness of the Money Market.**—On the 21st of May, the Committee of the Chamber addressed the Government of India inviting their attention to the complications in the money and trade markets which had reached a condition of unparalleled acuteness. Although the Committee fully realised that it was absolutely of no avail to make any representations or lodge any remonstrance against the blatant manipulations of the Government with a view to bolster up their pet ratio of 18d, they felt that they would be seriously failing in their duty to the country, if they did not invite the attention of the Government to that fact. It was pointed out that it was acknowledged on all hands that the fixing of the ratio at the higher level of 1/6d. and the constant deflation of currency were largely responsible for the impoverishment of the agriculturists and the bad state of the Indian textile industry. A careful study of the financial situation during the last 2½ years would bring out glaringly and unmistakably the fact that the Government are interested only in one thing, viz., the maintenance of the Exchange at 18d. and that to bring this about they are willing to view with perfect equanimity the terrible mess into which the money market has been brought. Even last year, the Chamber uttered a grave and impressive warning against the financial manoeuvres of the Government and predicted that the new loan activities of the Finance Member were foredoomed to failure. As Sir Basil himself admitted in his Budget speech last year, the results of 1927 new loan were disappointing. The reason why it was disappointing was not that Government did not give attractive terms for the loan but because the money and the gilt-

edged market had been thoroughly demoralised by the way in which the Government were conducting their financial and currency operations. It was also pointed out that the tightness in the money market could be seen from the fact that the cash percentage of the Imperial Bank of India was 9.3 per cent and the cash balance Rs. 75,77,000 which was the lowest on record and the Bank rate in the slack season ruled so high as 7 per cent just as in the midst of the busy season. The Committee urged upon the Government the necessity of taking early steps in the matter with a view to remove the prevailing tightness in the money market which had disastrous effects on trade and commerce.

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## INDUSTRY AND LABOUR.

**International Labour Conference—XI Session.**—On the 23rd of March, 1928, the Committee of the Chamber addressed a telegram to the Government of India in the department of Industries and Labour, expressing their surprise at such a long delay in the announcement of the personnel of the delegations to the XI Sessions of the International Labour Conference to be held at Geneva in May, 1928, and requesting an early announcement to enable delegates to make preparations for attending the Conference. On the 28th March, the Government of India replied stating that a Press Communique announcing the personnel was being issued. On the 29th March, a Press Communique was issued and the Committee were pleased to find that, in accordance with the recommendations of this Chamber, the Government of India nominated Mr. Narottam Morarji as Employers' Delegate and Messrs. D. P. Khaitan and R. K. Sanmukham Chetty, M.L.A., as Advisors to the Employers' Delegate. On the 31st of March, the Committee of the Chamber addressed telegrams to Messrs. Narottam Morarji, D. P. Khaitan and R. K. Sanmukham Chetty congratulating them on their nominations to the XI Sessions of the International Labour Conference. On the 2nd of April, the Committee of the Chamber also addressed letters to various Chambers and Associations all over India, conveying their best thanks for having supported the nominations made by this Chamber, of the gentlemen mentioned above. Opportunity was also taken to invite the attention of the various Chambers to the im-

portance of unanimity in recommendations regarding the personnel of the delegation for the future sessions of the Conference. On the 4th April, a Circular was addressed to all the Chambers and Associations inviting their views on the 2 subjects *viz.*, Minimum Wages Fixing Machinery and Prevention of industrial accidents including accidents due to coupling on Railways which were on the Agenda of the XI Session of the Conference. The views received from the several Associations were forwarded to Mr. D. P. Khaitan for his information.

On the 13th April, the members of the Chamber met Mr. D. P. Khaitan in a Garden Party, held in honour of his nomination as advisor to the Employers' Delegate.

The Indian Employers' Delegation submitted to the Federation of Indian Chambers of Commerce a report of the work done by them at the XI Session of the International Labour Conference. Members interested can see a copy of the report on application at the office of the Chamber.

**International Labour Office Questionnaire—Consultation of Chamber by Government before sending their reply.**—On the 25th of May, the Committee of the Chamber addressed the Government of India stating that their attention has been drawn to the fact that the Government of India forwarded their replies to the questionnaire issued by the International Labour Conference last year regarding the Minimum Wages Fixing Machinery without consulting this as well as other Chambers and labour organisations. It was pointed out that it was the primary duty of the Government before formulating their views on such important questions, to consult bodies representing capital and labour, so that the latter may have an opportunity of placing their view-points before the Government who would be at liberty to send their views to the proper quarters after giving full consideration to what they had to say on the subject. In reply, the Government of India informed the Committee that the International Labour Office put up, as a matter of convenience, to the International Labour Conference a draft connected with each subject to be discussed, to form the basis of discussion, and that it was open to the Conference to reject the draft, but as a rule it adopted it as a basis of discussion. The object of that step was to prepare a draft which was likely to secure substantial support. The International Labour Office attempted to secure this

object by collecting by means of a questionnaire the preliminary views of Government and by basing the draft generally on the replies received. The replies so sent by the Governments represented only the preliminary views of the Governments and not the views of either the employers or the workers of the countries concerned. It was further observed that even the Governments themselves were in no way bound by the preliminary expressions of opinion contained in the replies to the questionnaires. The Government also stated that the time allowed, at any rate to India, by the International Labour Office, for sending preliminary answers was very short and on the occasion to which the Chamber's letter referred, the Government of India did not find it possible even to consult Local Governments and had to state explicitly that the views expressed by them in reply to the questionnaire were provisional. Further the Government of India did not think that any useful purpose would have been served by hurried consultations of Employer's and Workers' Associations at that stage and as far as they were aware other Governments did not consult such bodies before sending preliminary replies to the questionnaires. The Government of India also observed that if the Indian Employers, on receiving the report of their delegates had thought it worthwhile to express any preliminary views, they would have been at liberty to forward such views to the International Labour Conference.

The Government of Bengal in the Marine Department forwarded to the Chamber under cover of their letter dated, Darjeeling, the 12th September, 1928, a copy of a Questionnaire of the International Labour Office relating to protection against accidents of workers engaged in loading or unloading ships which was placed on the Agenda of the XII Session of the Conference to be held at Geneva in 1929 and requested the Chamber to favour the Government with replies to the questionnaire which, in the opinion of the Chamber, should be communicated to the International Labour Office. The Government of Bengal requested that the reply should reach them by the 18th September. On the 15th September, the Committee of the Chamber addressed the Government of Bengal pointing out that hardly four days' time was left to them for considering the questionnaire, formulating their replies and forwarding them to Government. The Committee regretted that it was not possible for them to deal adequately with such an important question due to shortness of time, and, therefore, expressed their inability to for-

ward their views in the matter and requested that Government would be pleased in future to grant them more time to formulate their opinion on such important subjects. On the 17th September, the Government of Bengal in the Marine Department again addressed the Chamber stating that the date of the submission of the Chamber's reply to the questionnaire had been set with reference to the requirements of the Government of India and that the Government of Bengal had no option but to ask for the submission of the views of the Chamber within the short period mentioned in their previous letter dated the 12th September. On the 22nd of September, the Committee replied expressing their inability in forwarding a reply to the draft questionnaire of the International Labour Office owing to the shortness of time and added that they were lodging their protest with the Government of India about the shortness of time allowed to the Government of Bengal. On the 24th September, the Committee addressed the Government of India in the Commerce Department protesting against allowance of such a short time to the local Government in the submission of their replies on matters of such great importance and requesting the Government of India to grant more time in future.

#### **International Labour Conference—XII & XIII Sessions.—**

In response to the invitation of the Government of India for recommendations from organised representative associations of employers in India for nomination of Employers' Delegates to the General Session (XII Session) of the International Labour Conference to be held at Geneva in the month of May 1929, and the Maritime Session (XIII Session) in the month of October 1929, the Committee strongly recommended Mr. Kasturbhai Lalbhai, a prominent Mill-owner of Ahmedabad as the Employers' Delegate to the XII Session, and Mr. Jadu Nath Roy of Calcutta as the Employers' Delegate to the XIII Session. The Committee also recommended the names of Messrs. K. C. Neogy, P. Mukherji, B. Das, Khan Bahadur Chandoo and Mr. R. K. Shanmukham Chetty as Advisors to the Employers' Delegate for the XII Session, and Messrs. D. S. Erulkar, M. A. Master, Fakirji Cowasji, Sheriff Hasam and Mr. Bhonaji Rao as Advisors to the Employers' Delegate for the XIII Session. The Committee strongly urged that the Government of India should nominate the full quota of Advisors to the Delegates *viz.*, 8, for each of the Sessions from amongst the names recommended by the various organised representative associations of employers. \*



A Press Communique issued by the Government of India dated Simla, the 25th October, 1928, stated that the following subjects will be discussed at the General Session opening on 30th May, 1929:—

- (1) The prevention of Industrial accidents ;
- (2) Protection against accidents of workers engaged in loading or unloading ships ;
- (3) Forced labour ;
- (4) Hours of work of salaried employees ;

and the following subjects at the Maritime Session opening on 10th October, 1929:—

- (1) The regulation of hours of work on board ship ;
- (2) The protection of seamen in case of sickness or injury on board ;
- (3) Welfare of seamen in ports ; and
- (4) The minimum standard of professional qualifications for Masters, Officers and Engineers.

**International Labour Office, Delhi Branch.**—The following letter has been received from the Director, Indian Branch of the International Labour Office, announcing that the Indian Branch of the International Labour Office has been established at New Delhi from 15th November, 1928:—

“I have pleasure in announcing that the Indian branch of the International Labour Office (League of Nations) has been established at New Delhi as from the 15th November last.

“One of the two main functions expressly assigned to the I. L. O. by Article 396 of the Treaty of Versailles is ‘the collection and distribution of information on all subjects relating to the international adjustments of conditions of industrial life and labour, and particularly the examination of subjects which it is proposed to bring before the International Labour Conference with a view to the conclusion of international conventions, and the conduct of such special investigations as may be ordered by the Conference.’

“The Indian branch of the I. L. O. has been started with the object of keeping the Central Office at Geneva informed of all deve-

lopments and tendencies in the world of industry and labour in India. For this purpose, we are desirous of establishing close contacts with the leading employers' and workers' organisations, as well as with other bodies interested in the study of the social and economic problems of India.

"I should be grateful to obtain your valuable co-operation in this matter, and in particular, to receive any annual reports, bulletins, or other literature which you may issue from time to time dealing with conditions in the industry in which you are specially interested or with those branches of economic research or social welfare work in which you are engaged. In addition, I should very much appreciate being kept in touch with your views on current industrial and labour questions which may be coming up for discussion either in the Indian legislatures, or in the International Labour Conference, so that I might be in a position faithfully to interpret the opinion of India to Geneva.

"For my own part, I shall always hold myself at your disposal in the matter of obtaining for you through our central organisation at Geneva any information you may require about social and economic conditions, especially in the field of industry and labour, in other parts of the world. In this connection, I may mention that the Research Department of the I. L. O. has already become a world centre of information on social and economic questions, and that there are at Geneva special services devoted to the investigation, among others, of such problems as maritime questions ; labour conditions in the Far East, in colonies and in protectorates ; native labour, forced labour and slavery ; migration ; labour and industrial statistics ; conditions of work of women and children, and of intellectual workers ; industrial legislation ; unemployment ; social insurance ; industrial health and safety ; the co-operative movement ; industrial relations ; and scientific management."

The Committee have replied stating that they would be pleased to assist the International Labour Office whenever necessary.

**The World Engineering Congress, Tokyo, 1929.**—Papers have been received by the Chamber regarding the World Engineering Congress to be held in 1929. The Chamber has also been requested to nominate a representative to attend the Congress. The papers can be seen by any member of the Chamber on application at the Office.

**Stores Purchase Rules.**—On the 13th September, the Government of India in the Department of Industries & Labour published Draft Rules for the supply of articles required to be purchased for the public service along with a Resolution No. S. 217 on the same subject. The Government of India invited criticisms or suggestion in respect of these rules before the 1st December, 1928. On the 27th November, 1928, the Committee of the Chamber addressed the Government of India stating that they were pleased to find that the Government had decided to accept the main principle underlying the Resolution adopted by the Legislative Assembly in 1924 of calling tenders *viz.* (1) in India, (2) for delivery in India and (3) in rupee currency. The Committee pointed out that the draft rules did not lay down clearly that preference should be given to articles manufactured in India, if the articles were otherwise satisfactory, but the price was 5 to 10 per cent. higher. The Committee, however, hoped that the purchasing officers would always bear that in mind and make their purchases of stores for the public services in such a way as would tend to encourage the development of the industries of India to the utmost possible extent consistent with economy and efficiency. The Committee further suggested that in cases where suitable purchases were not made in India, the reasons for the same should be recorded and copies supplied to the Chambers of Commerce from where the manufacturers can get the information as to what they would have to do to conform to Government requirements.

**League of Nations—Commercial Arbitration between Nationals of different countries.**—The Government of Bengal sent to the Committee of the Chamber for the expression of their opinion a copy of a letter from the Government of India dated, New Delhi, the 15th March, 1928, forwarding a copy of the draft Protocol framed by the Economic Committee of the League of Nations and other relevant papers. In the course of the letter, the Government of India stated that in 1923 they were unable to adhere to the Protocol due to the objections then expressed. The Protocol of 1923 was ratified by a very few countries due to the absence of any arrangement for the enforcement of Arbitral Awards made in foreign countries. With the object of removing this omission, the Economic Committee of the League of Nations prepared a draft supplementary Protocol which was given the form of a Convention enumerating in its preamble the heads of the States participating therein and their Plenipotentiaries. This Convention is now open for signature together with the original Protocol of 1923. The Convention relates to Arbitral Awards in

general and is not restricted to Awards in commercial matters. Article I of the Protocol of 1923, however, reserves to each contracting State the right to limit the obligations originating from the Protocol to "Commercial" contracts and the Convention of 1927 only applies to Arbitral Awards covered by the Protocol of 1923. The Government of India were still of opinion that the action of the Protocol, so far as India was concerned, should be limited to contracts relating to the sale of goods in the export and import trade of India and contracts relating to freight, insurance, commission etc., associated with such trade and that accession to the Protocol and Convention by India should be accompanied by a reservation limiting the obligations to "Commercial" contracts of that nature. It was further stated that there was a tendency to make the adoption of the provisions of the Protocol on Arbitration clauses a condition precedent to the adherence to bilateral commercial treaties and one of the obstacles experienced by the Government of India to the accession to such treaties had been their attitude as regards that Protocol. In reply, the Committee of the Chamber stated that they noted that the Government of India were generally in favour of co-operation with other countries in International agreements of that kind and had decided to agree to the provisions of the Protocol on Arbitration Clauses of 1923 with the reservation limiting the application of the Protocol to commercial contracts. The Committee of the Chamber took no exception to India's being a signatory to that Protocol with the reservation suggested by the Government, as International trade would be greatly facilitated by India's adherence to the Protocol. It was, however, pointed out that Indian commerce might be considerably handicapped in its arbitrations due to the absence of her National Consular Services all over the World like other countries and the attention of the Government was drawn to the necessity of an early removal of this handicap on Indian commerce.

**World Automobile Congress, Rome, 1928.**—The Government of India forwarded to the Chamber some papers regarding the sessions of the World Automobile Congress to be held at Rome in September, 1928. This is the Fifth Session of the World Automobile Congress. The first Congress of this kind took place in U. S. A., and the latest one in London in November, 1927, that is for the 1st time in Europe. The object of the Congress is to discuss the means and stimulate the action by Government and other important bodies such as Municipalities, Chambers of Commerce, Railways, Automobile Clubs, Touring Associations etc., and all interests concerned along

the line consistent with the development of Road Motor Transport throughout the World. Representatives of Government, Municipalities and Chambers of Commerce, etc., are invited to attend the sessions of the Congress. The Committee of the Chamber nominated Mr. D. P. Khaitan as the representative of this Chamber to this Congress. Mr. Khaitan, however, expressed his inability, for want of time, to attend the Congress and the Committee therefore, nominated Mr. R. J. Udani, Honorary Secretary, Indian Chamber of Commerce in Great Britain, London, as their representative to this Congress. Mr. R. J. Udani attended the Congress at Rome in September.

**Civil Aviation for India.**—On the 11th of April, the Committee of the Chamber addressed the Government of India in the Department of Industries and Labour, stating that they were shocked to learn from the statement made by Sir Samuel Hoare in the House of Commons that the Government of India were discussing the question of entering into a new agreement with the Imperial Airways, Ltd., to organise a weekly Mail Service from London to Karachi, Delhi and Calcutta, and to grant a subsidy for the purpose. It was difficult to reconcile that statement of Sir Samuel Hoare with the public utterance of the Government officials in India *viz.*, that Government contracts would only be given to Companies having a Rupee capital, registered in India and having a majority of Indian Directors and making provision for the training of Indian Apprentices. If by any chance there was any truth in the statement of Sir Samuel Hoare, then it was tantamount to placing Indian Aviation in foreign hands, a course against which the Committee of the Chamber could not but emphatically protest. The Committee also requested the Government of India to reassure the public that they proposed to carry out the promise made by the Hon'ble Mr. Bhupendra Nath Mitra in his speech in the Assembly last year as to the composition of the Companies to whom contracts for Air Services in India would be given, and that they did not propose to enter into a contract with any foreign companies for the maintenance of all or any of the internal air routes of India (including the Calcutta-Rangoon service). The Committee urged upon the Government the necessity of an early pronouncement of the Government's policy in regard to Civil Aviation, in fairness to the prospective Indian investors. On the 24th of April, the Government of India replied stating that a further communication on the subject of the policy of the Government of

India in regard to the action of International Air Services in India will be sent to the Committee in due course.

In reply to the letter of the Chamber, dated the 11th April, requesting the Government to make an early pronouncement of their policy in regard to Civil Aviation, the Government of India in the Department of Industries and Labour stated in their letter dated the 3rd August, 1928, that they were not aware of any statement made by Sir Samuel Hoare in the House of Commons to the effect that the Government of India were discussing the question of entering into a new agreement with the Imperial Airways, Ltd., to organise a weekly Mail Service to Karachi, Delhi and Calcutta and to grant a subsidy for that purpose. Sir Samuel Hoare referred to the negotiations between the British Government and the Imperial Airways for a service to India, but his only reference to the Government of India was in the following form:—"Details of the agreement are not yet complete and we are still discussing them with the Company and the Government of India." Sir Samuel Hoare did not suggest anywhere that there were negotiations between the Government of India and the Imperial Airways, Ltd., in that connection or that the Government of India were contemplating the grant of a subsidy to the Company. Under the circumstances, the Government of India were of the opinion that there was no valid foundation for the opinion expressed in the Chamber's letter. It was added, however, for the information of the Chamber that the Government of India understood that an agreement had since been reached between the British Government and the Imperial Airways, Ltd., relating to an Air Service to India, that the Government of India were not parties to that agreement, that they had neither offered nor granted a subsidy to Imperial Airways or any other Company and that their policy in the matter, as outlined in the speech of the Hon'ble Sir Bhupendra Nath Mitra in the Legislative Assembly on the 1st March, 1927, remained unaltered.

**Employment of women underground in Mines.**—On the 26th of September, the Committee of the Chamber addressed the Government of India in the Department of Industries and Labour in regard to Notification No. M-1055 of the Government of India, dated the 14th June, publishing draft regulations for prohibiting the employment of women underground in Mines. The Committee were aware that the question as to whether female labour should be excluded from underground working in Mines was not open to discussion at

the present moment and that the Government of India had only invited objections or suggestions in regard to the method of enforcing these draft regulations. The Committee, however, could not help observing that such complete elimination of female labour would seriously affect the interest of the second class Collieries mostly owned by Indians, as it would lead to a shortage of labour and a rise in wages. The Committee had also their apprehensions that the enforcement of these regulations would result in a further depression of the Coal Industry. The Committee further suggested that the calculation of the number of females to be gradually eliminated should be made on the basis of the returns for the year 1921 as most of the Mines were working in that year and not on the basis of 1926 as, due to the post-war depression, these Mines were not working at their full capacity. The Committee, whilst taking no objection to the elimination of female labour within 10 years, suggested that such elimination should begin with the deepest Mines below a specified depth not less than 300 feet to start with, as the dangerous conditions of employment, as for example, bad ventilation, too much humidity existed only in deep mines. The Committee also suggested that female labour should be eliminated from Quarries also which were more than 20 feet deep as employment in such Quarries was in their opinion "attended by danger to the life, safety or health" of women at least to the same extent, if not more, as in the Mines. With regard to the token system, the Committee suggested that the Colliery owners should be asked to maintain a register of the employment of female labour which would be open to periodical checking by the Mines Department and recommended that the token system should be dropped.

**Industrial disputes affecting Public Utility Services in Calcutta and its neighbourhood—Conciliation Panel.**—The Government of Bengal have formed a Conciliation Panel some years ago to deal with industrial disputes affecting public utility services in Calcutta and its neighbourhood. The panel consists of 28 members. The appointments to the Panel are made annually. In the month of January, the Government of Bengal requested the Chamber to nominate 3 members of the Chamber who would be prepared to serve on the new Panel to be constituted on the April 1928 for a further period of one year. The Committee suggested the names of Messrs. D. F. Khaitan, N. Rajabally and Anandji Haridas to serve on that panel.

**Appointment of Indian Trade Agents on the Continent.—**

In the month of January, the Committee of the Chamber addressed the Government of India in the Commerce Department, inviting their attention to the necessity of the appointment of Indian Trade Agents on the continent of Europe as recommended by the Indian Industrial Commission. It was stated that it was important that the market for Indian produce on the continent should be carefully watched in the interest of fostering the Indian trade and unless the Government of India took suitable steps in this direction, the Committee were afraid, India's trade far from developing, as it ought to, would suffer in future years in competition with the raw produce and manufactured goods sent from new and rapidly developing countries in South Africa and all over the continent of Africa.

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**MARINE.**

**Representation against the Calcutta Port Commissioners being members of the Bengal Chamber of Commerce.—**On the 13th of August, the Committee of the Chamber addressed the Government of India in the Commerce Department, expressing the Committee's resentment at the fact that a semi-Government body like the Calcutta Port Commissioners should have been a member of the Bengal Chamber of Commerce, Calcutta. There was nothing, it was pointed out, to prevent the high officials of the Port Commissioners from serving on some Sub-Committees of the Bengal Chamber of Commerce, as the Agents of the various Railways did, and this would be still more objectionable, as it would give the Chamber concerned an undue advantage over other Chambers in several matters as it would have access to materials and information which would not be available to them. The Committee pointed out that it was undesirable that the Port Commissioners which was a semi-Government body should lend their support to any Chamber by becoming members thereof. On the 17th September, the Government of India replied stating that the matter was receiving their attention.

On the 12th December, 1928, the Government of India in the Commerce Department replied to the Chamber's letter dated the 13th August observing that the Commissioners of the Port of Calcutta



were a Statutory Body created by the Calcutta Port Act and that the powers of the Commissioners were defined by the Act. There appeared to be nothing in the Act which restricted the Commissioners from becoming a member of any Chamber of Commerce that they may think fit. Section 6 of the Act provides for the representation of all important commercial bodies on the Board of Commissioners and it is understood that the Indian Chamber is one of those which are represented. If, therefore, the Indian Chamber considers it improper that the Commissioners should be a member of a Chamber of Commerce, it is open to it to bring its objections to the notice of the Board through its representative. The letter is receiving the attention of the Committee.

**Bengal Pilot Service.**—A reference was made in the last Annual Report to a notification in the Calcutta Gazette, dated 9th May, 1927, publishing rules regarding the appointment of candidates to the Bengal Pilot Service and to the letters addressed by the Committee to the Government of Bengal explaining in detail the reasons that moved them to urge the deletion of certain rules which were calculated to have the effect of precluding Indians from getting admission to the Bengal Pilot Service. On the 9th of June, 1928, the Government of India published revised rules for the appointment of candidates to the Bengal Pilot Service in supersession of those published with the Government of Bengal Notification No. 8/T, Marine, dated the 9th May, 1927. The Committee were pleased to note from the revised rules that the clauses which had the effect of excluding Indian lads from seeking admission to the Bengal Pilot Service were deleted. The Committee thereupon addressed a letter of thanks to Sir P. C. Ray, and Mr. D. S. Erulkar who had put up a strenuous fight in this behalf in the local press.

**Night fees for the Pilotage of vessels in the Hooghly.**—In the month of January, the Government of Bengal in the Marine Department invited the views of this Chamber on the proposed revision of the system of night fees paid to pilots for the pilotage of ships in the river Hooghly. It was stated in the letter that the subject was discussed by the Advisory Pilot Committee at their meeting held on the 1st December, 1925, and that the Government accepted that Committee's recommendation that night pilotage should in future be payable in respect of any pilotage done at night in any part of the Hooghly Pilotage waters where a vessel is permitted to be under weigh at night by the pilotage rules ; and that the scale

of fees should be reduced with a view to maintaining roughly the same total charges for night fees as are involved in the present system. Under the existing system, fees are levied on night pilotage on the stretch of the river between the Kulpi lighted anchoring buoy and Saugor Lighthouse. A vessel of 5,000 tons or over pays a fee of Rs. 70/-, a vessel of 3,000 tons and under 5,000 tons Rs. 50/-, and vessels of under 3,000 tons Rs. 30/-.

It is now proposed, as stated above, to extend the system of night fees levied for such pilotage to all parts of the Hooghly Pilotage waters. This means the increase of the stretch between the Sandheads and the Saugor Lighthouse to the portion in respect of which night fees will be payable in future. The proposed scale of fees for the vessels is, for vessels of 5,000 tons or over, Rs. 60/-, for vessels of over 3,000 tons and under 5,000 tons, Rs. 35/-, and for vessels of under 3,000 tons, Rs. 20/-.

It was further stated that the increase in the stretch of the river where night fees are at present payable and the reduction in the scale of pilotage fees were calculated to maintain practically the same total charges for night fees as are involved in the present system.

On the 20th of January, the Committee of the Chamber replied to the Government stating that they concurred with the recommendations of the Advisory Pilot Committee on the subject.

**Pilotage Fees—Appointment of a Committee to examine and report on the present method of.**—On the 7th of September, the Government of Bengal in the Marine Department forwarded to the Committee of the Chamber a copy of the Government's Resolution No. 2728-Mne., dated the 7th September, constituting a Committee to examine and report on the present method of levying pilotage fees and if considered advisable to submit proposals for revision. The Government's resolution stated that the Advisory Pilot Committee at their 13th meeting held in January 1928 recommended *inter alia* that after the introduction of the Pilots Re-organisation Scheme under which the Bengal Pilot Service were placed with effect from the 1st of March 1928 on a fixed time scale of pay, a Committee should be appointed by Government for the aforesaid purpose. The constitution suggested by the Advisory Pilot Committee for the personnel of the proposed Committee included a representative of the Indian Chamber of Commerce. The Government of Bengal accepted the suggestion of the Advisory Pilot Committee and were pleased to constitute the Committee accordingly.

The Government of Bengal also requested the Chamber to report the name of the gentleman selected by the Chamber as their representative on the Committee. On the 17th September, the Committee of the Chamber informed the Government of Bengal that they had selected Mr. K. J. Purohit to serve on the Committee as their representative. The Government of Bengal have accepted the nomination of the Chamber.

**Drinking Water at Places of Embarkation.**—In the month of April, the Government of India invited the opinion of the Chamber on a suggestion received by them that if the rules for the supply of fresh drinking water to passengers in Inland Steam or Motor Vessels published by them were to be beneficial to the passengers concerned, arrangements should be made for a supply of fresh drinking water at the places of embarkation, as at present the majority of these passenger vessels had to rely on river water. On the 24th of April, 1928, the Committee of the Chamber in reply to this letter stated that they entirely agreed with the suggestion for the supply of fresh drinking water at the places of embarkation. The Committee made a further suggestion that the Government should take all necessary precautions to ensure the periodical disinfection of tanks in which such water was stored, as any neglect in that matter would have very harmful effects on the health and safety of the passengers.

**Protection of workers employed in loading and unloading goods and coaling ships at docks and wharves etc.**—On the 18th of September, the Government of Bengal in the Marine Department forwarded to the Chamber a copy of a letter dated the 5th September 1928 from the Government of India, Department of Commerce, on the above subject and requested for the expression of the views of the Chamber on the existing position in the Port of Calcutta in the matter of protecting by legislation, the class of workers referred to therein. In the letter from the Government of India it was stated that the Indian Factories Act, 1911, was not applicable to workers at docks, wharves, etc. like the British Factory and Workshop Act, 1901. It was impossible, therefore, for the authorities in India to frame regulations for the protection of persons employed in loading and unloading, moving and handling goods, etc., at docks, wharves, quays and ships. The Government of India were also not aware whether there were any regulations at present in force in the Indian Ports dealing with the above matter and whether they were considered to be adequate in actual practice. The Committee of the

Chamber replied on the 30th November observing that it was essential that Government should place before the public all relevant data to enable commercial and other public bodies to judge the necessity of legislation of the character proposed. The Government should have supplied, for example, figures and facts about the number and nature of accidents that have happened at the different Ports in India during the process of loading and unloading of ships. The Committee considered that it would be desirable if it was made obligatory for the Port authorities both at the major Ports and at the other Ports to keep figures of such accidents whether the victims were in the employment of Port authorities or in the service of shipowners and stevedores. The Committee also made the suggestion that Government should not merely concentrate their attention on the position of the major Ports but should carefully examine the conditions and risks involved in loading and unloading at the similar and open Ports lying on the coast of India where those operations have to be carried on in the open sea and through country boats. With regard to the method of legislation, the Committee observed that such modifications as were necessary should be secured by amendments of the Indian and Local Port Acts and that they did not require the enactment of any special and comprehensive legislation on the lines of the British Factory Act unless a case was established for it by overwhelming evidence regarding the character and frequency of accidents.

**The Indian Merchant Shipping Act XXI of 1923.**—The Government of Bengal in the Marine Department forwarded to the Committee of the Chamber on the 13th November 1928 a copy of a letter from the Government of India, Commerce Department, dated the 5th October, regarding allotment of space to passengers on Native Passenger Ships and requested for the expression of the views of the Chamber on the same at an early date. The Government of Bengal in the Marine Department also invited the views of the Chamber regarding :—

- (1) Signals of distress ;
- (2) Fire extinguishing appliances ;
- (3) Provision of drinking water, sanitation etc. ;
- (4) Life saving appliances ; and
- (5) Allotment of space to passengers.

The letters from the Government of Bengal are receiving the attention of the Committee.

**Haj Pilgrim Ships.**—On the 5th September 1928 the Government of Bengal in the Political Department forwarded to the Committee of the Chamber a copy of a letter dated the 15th August 1928 from the Government of India, Department of Education, Health and Lands, regarding the proposed revision of the existing rules for Pilgrim Ships together with a draft notification and copies of Articles of the International Sanitary Convention of 1926 and requested for an expression of the views of the Chamber on the same at an early date. The opinion of the Chamber was invited specially on the following points :—

- (1) Whether it would be desirable and practicable to require that all pilgrims shall be rationed with cooked food by the ship during the voyage ;
- (2) Whether specific legislation should be undertaken to provide for the payment of compensation to pilgrims ;
- (3) Whether the Indian Merchant Shipping Act, 1923, should be amended so as to bring the penalties prescribed under that Act into line with the requirements of Article 152 to 159 of the Convention, taking Rs. 10/- as the equivalent of 25 gold francs ; and
- (4) Whether higher money penalties should be imposed under Section 167(1) and 201(2) of the Indian Merchant Shipping Act.

The Committee of the Chamber replied on the 17th September observing that they did not consider it practicable that all pilgrims should be rationed with cooked food during the voyage. The Committee approved of the idea underlying the second proposal that special legislation should be undertaken to provide for the payment of compensation to all the pilgrims in cases referred to in Article 152 of the International Sanitary Convention. Regarding the third and fourth points, the Committee did not approve of the proposal to amend the Indian Merchant Shipping Act so as to bring the penalties prescribed under that Act into line with the requirements of the International Sanitary Convention, as the Committee were of opinion that adequate and heavy money penalties had already been provided for in the Indian Merchant Shipping Act. The draft rules circulated with the letter under reference were generally approved by the Committee with a few suggestions in respect of some of them.

**Administration of the Port of Calcutta.**—A reference was made in the last Annual Report of the Chamber to the detailed representation addressed by the Chamber to the Government of Bengal re: the Administration of the Port of Calcutta and the necessity of granting concessions to coastal traffic in respect of Port Dues, Pilotage Charges, Berth Hire, Landing and Shipping Charges, River Dues etc. In the month of March, a letter was received from the Commissioners for the Port of Calcutta enclosing a copy of their letter dated the 28th March, 1928, addressed to the Secretary to the Government of Bengal, Marine Department, on the subject of Coastal Trade. The relevant extract from the letter is quoted below:—

“The discussion of this question at the meeting of the Indian Ports Association brought out the fact that both at Bombay and Karachi there was already a measure of differentiation in regard to coastal trade. At Bombay there are no concessions in Port Dues on coasting vessels as such, which like those engaged in the foreign trade are liable for Port Dues once in each month at the rate of 2 as. per registered ton, but a considerable advantage is enjoyed by coasting vessels in respect of pilotage charges, as the masters of all such coasting steamers are allowed to qualify for Pilots' certificates and thus escape payment of the ordinary pilotage fees. In addition, goods imported to or exported from the Bombay Port Trust Docks by coasting steamers plying between Bombay and ports on the west coast of India, from Karachi on the north to Mangalore on the south, enjoy concessional rates of wharfage. In the case of Karachi, pilots' certificates are given to Commanders of coasting steamers provided their tonnage does not exceed 1600 tons gross, and the coasting trade at Karachi is dealt with mainly at what are called 'bander' rates which are half the steamer wharf rates. The Madras Port Trust differentiates in respect of Port Dues in favour of vessels trading between that Port and the Straits Settlements and Ceylon.

“In the case of Calcutta, the only existing differentiation is that provided under Schedule I of the Indian Ports Act whereby coasting steamers are not asked to pay

the Port Due of 4 as. per ton more often than once in 60 days. The cost of keeping up the Port and Port Approaches at Calcutta is high and has shown considerable enhancement during recent years as the result of an increasing demand for greater depths, night navigation and other improved facilities for more rapid transit. The accounts for the year 1926-27 show that the total amount realised by the Port Due amounted to Rs. 8,86,178, while the working expenditure on the Port Approaches alone, exclusive of all interest and sinking fund charges, amounted to Rs. 16,45,853, or practically double the amount realised as Port Due, with no allowance for overhead expenditure. The concession referred to above means of course that coasting vessels already bear a lighter burden in respect of Port Dues than other vessels. It will thus be seen that any further differentiation in favour of coasting vessels by way of a reduction in the Port Due would be difficult to justify, and the Commissioners are not prepared to take any action in this direction.

“As regards the charges on goods carried by coasting vessels, the question resolves itself into that of the charges for services rendered such as landing, shipping and removal charges and rent on the one hand, and the fixed toll known as the River Due, on the other. The former class of charge is based primarily on the cost of services rendered with some small margin to most overhead charges and it is obvious that any concession given to coasting trade in this respect could only be effected by adding to the charges levied on longer distance traffic. The Commissioners are unable to see that such differentiation would be justified as a matter of equity and they are also advised that such differentiation would be *ultra vires* the terms of the Calcutta Port Act.

“The River Due is in certain cases fixed according to commodities and the Commissioners considered that there may be in regard to these grounds a case for further consideration. As in other cases, they would be prepared to accept some immediate loss of revenue if they were satisfied that any reduction in charges would be

likely to improve the amount of trade. In the hope that this would be so with Coal they agreed in the year 1925 to reduce their River Due on Coal from the already low figure of 8 as. per ton and this reduction appears to have played some small part in the important change which has been attained during last two years. Similarly, if those interested in the items of coasting cargo chiefly concerned can show reasonable grounds for such hope, the Commissioners would be prepared to consider some reduction in the existing River Due."

The Port Commissioners requested the Chamber with reference to the last paragraph of the above letter to furnish them with any facts or figures in regard to particular items of traffic for which they believed that any concessions made in the Commissioners charges would be likely to result in enhanced trade. The letter is receiving the attention of the Committee in consultation with the Transport Sub-Committee.

**The Indian Port Trustees Conference.**—A reference was made in the last Annual Report of the Chamber to the fact that a Conference was held of the Indian Port Trustees at Madras on the 26th of December under the Presidentship of Mr. Jamshed N. R. Mehta of Karachi. The Conference had passed a Resolution to start an Indian Port Trustees Association. A copy of the Indian Port Trustees Association's Report for the year 1928 has been received. It is stated in the Report that the Association interested itself chiefly in one question only viz., the Indianisation of Superior Services under the Port Trust at Calcutta. A copy of the Report as well as of the Proceedings of the First Port Trustees Conference can be seen by any member interested on application at the Office of the Chamber.

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## PUBLIC AFFAIRS.

**Indianisation of the Services in the Calcutta Port Trust.**—A reference was made in the last Annual Report to the fact that the Chamber had addressed the Government of India and the Government of Bengal conveying their most emphatic disapproval of the contemplated appointment of a European as an Assistant Accountant under the Calcutta Port Commissioners and requesting the Govern-



ment of India and the Government of Bengal to intercede in the matter. In the month of March, the Committee of the Chamber addressed the Government of India and the Government of Bengal in the Commerce Department inviting their attention to the representation addressed by the Indian members of the Board of Commissioners for the Port of Calcutta. The Committee narrated briefly the correspondence between them and the Government of India and the Government of Bengal on the subject and urged upon the Government to use this opportunity of redeeming their solemn pledge of Indianization by withholding sanction to the appointment of a European to the post of Assistant Accountant carrying a monthly salary of Rs. 1,000-50-1,250 as recommended by a majority of the Port Commissioners in the Port of Calcutta, in spite of the unanimous opposition of the Indian members. The Committee expressed the hope that the Government would rectify the grave injustice that was being done to the legitimate aspirations of Indians, by restricting the appointment in the present case to Indians only. The Committee were informed that various other Chambers also protested against the appointment of a European for this post under the Calcutta Port Commissioners. On the 19th of July, a letter was received from the Government of Bengal, Marine Department, stating that the question of the appointment of an Assistant Accountant under the Calcutta Port Trust had been disposed off by the appointment of Mr. J. G. Meyer and Mr. K. B. Roy to the two newly created posts of Assistant Accountant on Rs. 1,000-50-1,200 per mensem. On the 28th of August, the Government of India replied observing that they were informed that the appointment of the Assistant Accountant under the Commissioners at the Port of Calcutta had now been made in accordance with the unanimous resolution of the Commissioners in their meeting held on the 11th June, 1928. The Calcutta Port Commissioners, it may be explained here, created two appointments in place of one and while they retained the services of the European to whose appointment objection was taken by the Indian members of the Board of Port Commissioners, and by this as well as other Chambers, they also appointed the other Indian candidate recommended by the Indian members of the Calcutta Port Trust to the additional post thus created. While this was good in as far as the Indian candidate recommended by the Indian commissioners was appointed, the principle is yet to be recognised by the Government that in all such appointments, qualified Indians whenever available should be given preference to Europeans.

**International Convention for the abolition of Import and Export prohibitions and restrictions passed at Geneva in 1927.—**

With regard to the question of ratification of this International Convention by India, the Committee expressed their opinion stating that they did not think it advisable that India should at the present stage, be bound hand and foot to any definite practice or understanding in this behalf. The Committee pointed out that it seemed farcical to them that a country like India which had the poorest record of progress as understood in modern times should be asked to be party to Resolutions and Conventions which have a meaning and purpose only for the so-called Civilised States. Besides, the economic conditions of India were different from those of the European States and India was passing through peculiar crisis for which formulae of universal imports were inapplicâble. The Committee further stated that in not agreeing to the ratification of such a Convention, India need not be troubled by any qualms of conscience, because as has been repeatedly pointed out by every representative public body, India is represented at the Conference not by her accredited representatives but by the nominees of the Bureaucracy.

**Strike of Workers at Lillooah.**—On the 20th of April, 1928, the Committee of the Chamber addressed the Government of Bengal in the Commerce Department, inviting their attention to the necessity of a speedy termination of the strike at Lillooah on the East Indian Railway which was causing great loss and distress. The Committee suggested that the dispute should be referred for settlement to the Conciliation Panel appointed by the Government of Bengal to deal with industrial disputes affecting public utility services in Calcutta and its neighbourhood. As far as the Committee were aware, only one or no dispute was referred to the Conciliation Panel during the last several years. If the Government did not use the agency of the Conciliation Panel to deal with industrial disputes like the present one which affected public utility services, the Committee failed to find any justification for constituting such a Panel from year to year. In reply, the Government of Bengal in their letter dated Darjeeling, the 23rd April, informed the Committee that they regretted that they were unable to agree to their suggestion for referring the dispute to a small Committee from the Conciliation Panel. On the 28th of April, the Committee of the Chamber again wrote to the Government of Bengal in the Commerce Department expressing regret that their suggestion for referring the Lillooah strike to the Conciliation Panel should have been treated so lightly

by the Government in as much as they adduced no ground whatever for their inability to accept the Chamber's suggestion. The Committee requested the Government to explain the reason in not accepting their suggestion. On the 30th of April, the Committee of the Chamber addressed a telegram to His Excellency, the Governor of Bengal at Darjeeling, inviting His Excellency's attention to the serious situation of the Railway strike at Lillooah. It was stated that workers in Jessops, Burns, and Ludlow Jute Mills had also struck work in sympathy. The Chamber failed to understand the utility of the Conciliation Panel if its services were not availed of even on such critical occasions. The Chamber looked upon the spreading of the strike with great concern and strongly urged His Excellency to intervene in the matter. The Chamber also expressed its feeling that His Excellency's presence in Calcutta was very essential at that stage in order to bring about an early settlement of the strike which, if neglected, might lead to serious consequences. On the 1st of May, His Excellency replied stating that he was deeply interested in the present situation in the strike area, but that the Railway strike was primarily the concern of the Railway Board and that he was unable to refer this dispute to the Bengal Conciliation Panel. As regards disputes between Jessops and Burns and their workers and at Ludlow Jute Works, His Excellency stated that conditions of appointing the Panel had not been fulfilled. His Excellency received daily reports regarding conditions in the strike area and was watching the situation keenly and would not hesitate to return to Calcutta immediately he was satisfied that his presence would conduce in any way to restoration of peace and goodwill. On the 3rd of May, the Committee of the Chamber addressed a telegram to the Railway Board at Simla inviting their attention to the extremely serious situation caused by the prolonged strike of the workmen at Lillooah. The Committee referred to the fact that they requested His Excellency the Governor of Bengal to refer the Lillooah dispute for settlement to the Bengal Conciliation Panel, to which His Excellency replied on the 1st of May, stating that the matter was the primary concern of the Railway Board. The Committee, therefore strongly urged the Railway Board to utilise the agency of the Conciliation Panel appointed by the Government of Bengal and to refer to it the Lillooah dispute immediately in order to bring about an early termination of the strike and to prevent breach of public peace and safety in the city of Calcutta. On the 2nd of June, the Government of India issued a Press Communique

stating that the action of the Agent of the East Indian Railway in refusing the demands put forward by the strikers at Lillooah Workshop had had throughout their authority and complete approval and that neither the Government of India nor the Railway Board will be prepared to authorise any concessions to the men as an inducement to resume work. The strike has since ended.

**Cotton Mill Strike at Bombay.**—On the 28th of April 1928, the Committee of the Chamber addressed a telegram to the Commerce Department of the Government of India, inviting their attention to the extensive Mill Strike at Bombay involving 1,500,000 workers. The Committee could not help feeling that the strike was due to the bad condition of the cotton industry, consequent on Government neglect and apathy towards the welfare of the Mill industry. The Committee were sanguine that the present state of things would have been avoided if adequate protection as recommended by the Tariff Board was granted. The Committee strongly urged upon the Government of India to bring speedy relief to the cotton industry and bring about a termination of the strike which caused grave distress and imperilled the safety and peace of the city of Bombay. On the 1st of May 1928, the Government of India acknowledged the receipt of the telegram adding that the views of the Chamber had been noted by the Government of India. The Mill strike at Bombay has been called off at the moment of writing and an enquiry committee has been appointed.

**Police raid on the premises of the Bengal Jute Merchants' and Brokers' Association.**—The attention of the Committee of the Chamber having been drawn by the East India Jute Association a body affiliated to this Chamber and a member of the Chamber to the Police raid and arrest of about 125 merchants on the premises of the Bengal Jute Merchants' and Brokers' Association on charges of gambling in Jute, they addressed a letter to the Government of Bengal in the Commerce Department on the 7th June 1928. The Committee took strong exception to such sudden raids on such Associations which were worked under a set of rules and regulations generally known and whose operations were carried on publicly without any attempt at concealment. The Chamber urged upon the Government of Bengal the desirability of amending the present act by making it obligatory on the authorities who issued a warrant to issue a notice upon the members of the Associations against which information was lodged to show cause why they should not be pro-

secuted for gambling. If the Association concerned was able to prove by its records that the business carried on at its premises was not of a gambling nature no action should be taken by the authorities. As a body responsible for safeguarding Indian commercial interests the Chamber strongly desired to impress upon the Government desirability of remedying the present state of affairs by introducing suitable legislation which while affording protection to *bona fide* "Futures" markets which were an essential help to the trade, should seek to suppress Associations of a wagering nature. The Chamber also urged upon the Government the necessity of issuing a Communique stating clearly the statutory minimum requirements which should be satisfied by *bona fide* business exchanges.

In reply to the Chamber's letter, dated the 7th June inviting the attention of Government to the Police raid and arrest of about 125 merchants in the premises of the Bengal Jute Merchants' and Brokers' Association on charges of gambling in Jute and recommending to Government the necessity of issuing a Communique stating clearly the statutory minimum requirements which should be satisfied by *bona fide* exchanges, the Government of Bengal stated in their letter dated the 30th July 1928, that arrests were made only after a sworn statement had been made to the Commissioner of Police describing the facts which showed that gambling was carried on in a particular Association and that such statement was verified before an actual raid was decided upon. In reply to the contention of the Chamber that "owing to the Damocles' sword of Police raid hanging over their heads, the development and growth of even *bona fide* Futures Market which was so essential and helpful to trade was hampered", the Government observed that there need be no fear on the part of respectable merchants conducting legitimate business in "Futures" as long as they conducted their business under rules and regulations strictly enforced by the Association to which they belonged. Experience amply demonstrated that the action of the Police in instituting cases against gambling far from hampering the development of Futures Market was actually creating the conditions under which a legitimate Futures Market might develop and flourish. In reply to the request of the Chamber regarding the general question of legislation to regulate dealings in "Futures", the Government were of the opinion that the existing laws were sufficient to meet the situation as far as gambling was concerned and that the local commercial bodies should be left to

regulate their own affairs so far as "Futures Markets" were concerned.

**Imports of Vanaspati Ghee and Similar vegetable products.—**

The Government of Bengal addressed the Chamber on the 18th August 1928 enclosing copies of correspondence from the Government of India and the Government of Punjab on the subject of import of Vanaspati Ghee and similar vegetable products into India. The letter from the Government of Punjab recommended that the import of Vanaspati Ghee and similar vegetable products into India or the manufacture within British India should be prohibited unless they were coloured in such a way that they could not be mixed with or passed off as natural ghee without immediate detection. The recommendation was based on the ground that the products in question were being sold on a large scale, mixed or unmixed with natural ghee, as natural ghee. The Committee of the Chamber replied on the 21st September conveying their emphatic opinion that some of these vegetable products contained very harmful ingredients and being very deficient in vitamins had no food value. The Committee agreed with the observations made by the Punjab Government that ghee was the most nourishing portion of the food of the poor population of India, especially of the poor labouring classes and if they were deprived of the little nourishment they thus got by such substitutes as vegetable products, it would certainly undermine the general health and constitution of the people of India. The Committee quoted the opinion of the Commander-in-Chief and Colonel F. P. Mackie, Director, Bombay Bacteriological Laboratory, against the use of these vegetable substitutes which lacked vitamin "A" which was essential to physical growth. The suggestion of the Punjab Government that vegetable products might be coloured in such a way that they could not be mixed with or passed off as natural ghee without immediate detection did not appear to the Committee a practicable one, because it was not impossible to colour the substance in such a way that the colouring matter might be destroyed by the process of heating the substance to a high temperature or by keeping the same in store for a certain length of time. It was also possible to destroy the colouring matter by the addition of complementary colours.

With regard to the opinion of the Government that the price of ghee, the demand of which was understood to be far in excess of supply would be considerably increased, the Committee pointed out

that the ghee trade would automatically enlarge the production by increasing the number of cattle, by improving their present condition, by developing dairy farming on scientific principles etc. In the interest of the preservation of the health of the people of this country, in the interest of dairy-farming and cattle breeding and in the interest of the healthy development of the future generation of India, the Committee recommended that the imports of such vegetable products should be totally prohibited by legislation. If, however, the Government could not see their way to effect a total prohibition of vegetable products, for considerations of State, the Committee recommended the imposition of an adequately heavy specific duty on them in order to make their price approximate to the price of genuine *ghee*.

**Prohibition of Importation of White Oil.**—On the 24th September 1928, the Committee of the Chamber addressed the Government of India in the Commerce Department inviting their attention to the large increase in the importation of White Oil in British India and its adulteration with other edible oils. The Committee were informed that the bulk of this oil was used for adulteration with edible oils. Apart from the question of the deception practised in that manner on the public, such adulteration diminished the nourishing quality of the edible oil, particularly its vitamin contents and was fraught with serious danger to the health of the general public. The Committee, therefore strongly recommended to the Government that the importation of "White Oil," should be prohibited, so as to prevent the adulteration of edible oil except under license and for a specific purpose. Even when imported under license, the Committee agreed that a heavy specific duty should be imposed on it so as to make it unprofitable for the merchants to mix it with genuine edible oils which sold at a price far higher than the imported "White Oil". The Committee added that they were not unaware that the incidence of such a duty on "White Oil" would be heavy on the importers of such oil for toilet requisities, but they were of the opinion that articles of luxury could bear the additional cost, especially when the danger of adulteration of edible oils was so great to the welfare of the general public.

**Non-Indian character of the Indian Delegation to the League of Nations and other Conferences.**—On the 21st September, the Committee of the Chamber addressed the Government of India in the Commerce Department on the subject of India's re-

presentation on the League of Nations and other International or Imperial Conferences, conveying their emphatic protest against the policy pursued by the Government in that behalf. The Committee pointed out that in 1926 the Government of India accepted a resolution moved by Sir Pheorze Sethua urging that the Government should recognise the principle that the Indian Delegation to the Assembly of the League of Nations should be led by Indians. The virtual recognition of that principle was yet to come and that, the Committee observed, was not very creditable to the Government of India. Indian public opinion was insistent that India's delegation should, in accordance with Dominion practice, be ordinarily led by the High Commissioner for India in London who, in virtue of his exalted position ranked higher than the members of the India Council and whose status may be said to be almost equal to that of the Cabinet Members. Apart from the leadership of these delegations, their personnel should be such as would inspire confidence in its representative character and be able to interpret the demands of this country correctly at the Imperial and International Conferences. This could only be ensured by the acceptance of the principle that, while the leadership should invariably go to the High Commissioner, the personnel should be composed exclusively of such non-official members of its own as the members of the Legislative Assembly elected, for the purpose. The Committee also referred to the fact that India was an original signatory to the Treaty of Versailles and that she paid nearly 4.8% of the expense of the League of Nations. In spite of this, the Committee failed to understand why in the Secretariat establishment of the League of Nations consisting of 350 members not even half a dozen should be Indians. The Committee expressed the hope that the Government of India would recognise the constitutional importance of the subject and declare without further delay the definite recognition of the principle in consonance with the demands of the Indian public.

**Signing of Peace Pact on behalf of India by a Non-Indian.—**

On the 1st of September 1928 the Committee of the Chamber addressed the Government of India in the Commerce Department recording their emphatic protest against the signing of Peace Pact at Paris on 27th August 1928 by Lord Cushenden on behalf of India, a original member of the League of Nations. The Committee were of the considered opinion that the Peace Pact should have been signed on behalf of India by an Indian representative like the



High Commissioner. The Committee strongly condemned the decision of Government in not permitting an Indian to have the honour of being a signatory on behalf of India on such a historic occasion.

In reply to a question put by Mr. G. D. Birla in the Indian Legislative Assembly on the 13th of September 1928 on the subject, Sir Denis Bray, on behalf of the Government of India, stated that, when it was originally assumed that it would be most convenient for His Majesty's Secretary for Foreign Affairs to affix India's signature, it was not known that the Dominions intended to send their High Commissioners. When it became known, it was unfortunately too late to alter the arrangement.

**Serious allegations against Indian Capitalists and Industrialists in general and the Tatas in particular by Mr. Vernon Hartshorn M.P., Member, Simon Commission.**—The attention of the Committee having been drawn to a speech made by Mr. Vernon Hartshorn, M.P., at a meeting of Miners at Blaengarw, South Wales, in which he was reported to have alluded to Tatas as "the worst employers in the World" etc., they addressed a telegram to the Government of India in the Home Department, on the 23rd May 1928, protesting strongly and emphatically against the unjustified and unwarranted allegations made by Mr. Vernon Hartshorn, Member, Statutory Commission, against Indian capitalists generally and Tatas particularly. The Committee entirely endorsed the general opinion prevailing in this country that Tatas as employers were considerate and enlightened in their attitude to their employees. This glaring evidence of irresponsibility and bias in a member of the Statutory Commission was bound to remove the last vestige of faith that might have remained in certain quarters in the Simon Commission. The Committee were not in a position to know how exactly Sir John Simon, the Chairman of the Statutory Commission, was going to act in regard to this wanton indiscretion of his colleague, but they hoped that the Secretary of State would take steps to remove a member with such biased views from the Statutory Commission. Since then Mr. Vernon Hartshorn, M.P., has publicly and unreservedly withdrawn the remarks he made against the Tatas in the course of his speech at Blaengarw, South Wales.

**Urban Unit.**—A reference was made in the Annual Report of the Chamber for the year 1927 to a representation of the Committee

to the Government of India urging the necessity of the formation of an Urban Unit in Calcutta. On the 28th March, 1928, the Committee again addressed the Government of Bengal in the Commerce Department, inviting their attention to the immediate necessity of the formation of an Urban Unit of the Indian Territorial Force in Calcutta. The Committee stated that the subject of the formation of such an Unit was under discussion with the Government of Bengal and they hoped that the Government of Bengal would not lag behind other provinces in the formation of such an Urban Unit in Calcutta, especially when several widely representative associations like the Calcutta Corporation, Indian Association, British Indian Association and the Indian Chamber had insistently demanded for the immediate formation of such an Urban Unit in Calcutta.

On the 10th of April, the Government of Bengal in the Political Department replied stating that the question of the formation of an Urban Unit of the Indian Territorial Force in Calcutta was under consideration. On the 28th of April 1928, the Government of India in the Army Department, replied to the Chamber's letter dated the 28th March expressing regret that a reply was not sent earlier and referring the Chamber to address any further enquiry regarding the formation of the Unit to the Government of Bengal.

**Collection of Demand Drafts by the Imperial Bank.**—At the instance of the Indian Produce Association, the Committee of the Chamber addressed the Imperial Bank of India on the 16th March 1928 inviting their attention to certain difficulties that were being experienced in regard to the collection of the demand drafts by the Imperial Bank. The Imperial Bank of India had recently introduced a system, the Committee were informed under which a merchant should either pay cash immediately on presentation of Hundi or if he preferred to pay by cheque, the cheque so given should be cleared in the clearing of that very day. It often happened that Hundies were presented for payment at 2 P.M. or even later than 2 P.M. and in any case if a cheque was given in payment of the Hundi the cheque was naturally cleared on the following day. In the latter case, the Imperial Bank charged cost of the telegram and interest on the amount of Hundi for 1 day. The Committee suggested that the Imperial Bank should either arrange to present the Hundies not later than 12 noon or if the Hundies were presented after 12 noon, no interest or cost of telegram should be charged for payments made by cheques on that day.

The Committee also failed to understand why in view of the custom prevailing in the Calcutta market the sending of telegrams in such circumstances became necessary or interest became due. The Committee also expressed the fear that the present action of the Imperial Bank in regard to charging of interest was likely to hinder the development of the wholesome practice of the use of cheques. The Managing Governors of the Imperial Bank replied on the 18th April, stating that the procedure in force in regard to the collection of demand drafts was as follows :—

“Drafts for collection are usually sent out at 12-30 and if, in payment, a cheque is tendered which cannot be cleared on the day of presentation of the draft, no interest is charged unless the cheque is unpaid in which case advice of non-payment is sent by wire or letter having regard to the amount of the draft and distance at which the remitting branch is situated from Calcutta. Interest is also charged in the case of drafts for which cheques or cash are not rendered on the day of presentation.”

The Committee forwarded a copy of the letter to the Indian Produce Association for information.

**Proposed Establishment of an Indian Accountancy Board.—**

In the month of November 1928 the Government of Bengal in the Commerce Department forwarded to the Chamber a copy of a letter dated the 20th August 1928 from the Government of India, Commerce Department, containing certain proposals formulated by the Government of India for the establishment of an Indian Accountancy Board. The existing provisions regarding the appointment and qualifications of auditors are contained in Section 144 of the Indian Companies Act, 1913, which provides for three classes of auditors, viz., (1) Members of approved institutions and associations ; (2) Holders of unrestricted certificates from local Governments entitling them to practise throughout British India ; (3) Holders of Restricted certificates entitling them to act only within the limits of their respective provinces. The existing arrangements was never intended to be more than temporary and transitional. The Government of India are of opinion that the ideal system would be to build up in India an association or associations of the standing and reputation of the already “approved” associations and institutions. With that object in view it has been suggested to the Government of India

that they should begin by establishing an all-India Accountancy Board. The diploma given by this board would connote high professional attainments and would entitle the holders thereof to practise their profession anywhere throughout British India without further permission. This board would only be a temporary institution. The Government feel that this suggestion is attractive. It has therefore been proposed that there should be an Indian Register of Accountants, only those persons who are enrolled in the Register being granted auditor's certificates. It is also proposed that an Indian Accountancy Board should be constituted to advise the Governor-General-in-Council on all relevant matters and to assist him in maintaining the standards of qualification required of persons enrolled in the Indian Register of Accountants. Members of "approved" institutions and associations, persons holding the Government of India Diploma in Accountancy (G. D. A.) and persons holding unrestricted auditors' certificates, will be entitled to be enrolled on the Register on application. The views of the Chamber were invited on the scheme embodied in the Memorandum from the Government of India. The Committee replied on the 21st December 1928 stating that they generally approved of the scheme proposed by the Government of India of maintaining an Indian Register of Accountants. The Committee suggested that auditors' certificates granted once should hold good for all time to come unless the names of persons holding such certificates were removed from the Register for misconduct or non-payment of fees or some other reason to be specially laid down. With regard to the constitution of the Indian Accountancy Board, the Committee expressed their emphatic opinion that the appointments to the Board should not be made by nomination by the Governor-General-in-Council but by election. It was further suggested that the number of the members of the Board should be increased from 17 as proposed in the scheme, to 25 and of these 25 members, 20 should be elected and 5 nominated by the Government. Of these 20 members, 8 should be taken from Bengal. Of these 8 members, 4 should be professional practising auditors who should be elected from an electoral roll to be prepared from the present practising accountants and auditors. For filling up the remaining seats on the Board, the Committee suggested that the Indian Chamber of Commerce should be allowed to elect at least 2 representatives. With regard to the constitution of the Local Accountancy Board, the Committee suggested that one member should be allowed to be elected by the Indian Chamber of Commerce.

**Termination of Short-time Agreement by the Jute Mills in Calcutta.** —On the 30th October, 1928, the Gunny Trades Association, a body affiliated to this Chamber, addressed a letter to the Committee in connection with the rumours that were current in the Gunny market for some time past regarding the Jute Mills of Calcutta contemplating an increase in the number of their working hours. It was stated in the letter to the Indian Jute Mills Association of which they forwarded a copy to the Chamber, that during the last seven years the Jute mills of Calcutta according to an agreement entered into between them, had restricted their working to 54 hours a week and the consumers, the dealers, the shippers and in fact, all who dealt in gunnies were naturally accustomed to the present rate of production. Owing to the great uncertainty which prevailed at present in the Gunny trade regarding the policy of Jute mills in connection with the number of working hours, the market during the year had been upset from time to time. Such an element of uncertainty in the Gunny trade, the Association remarked, was the most undesirable, and in absence of any definite contradiction or confirmation of the rumours, the Gunny trade of Calcutta had lately been more of the nature of a gamble than of a legitimate business. The Association considered that it would be in the interest of every one concerned, if the Jute Mills Association of Calcutta could lay down a definite policy to be followed for at least a certain number of years. The Association had reasons to think that the world demand for Jute bags would not be sufficient to absorb the increased output of the mills in Calcutta, consequent on the large number of working hours, and was afraid that an increased output would have disastrous results on the welfare of the trade. If, however, it was at all found desirable to make a change in the existing number of working hours, the Association suggested that the change should not be abrupt but gradual so that the industry may not have to pass through a severe crisis before the supply and demand had adjusted themselves. The Association suggested that the Indian Jute Mills Association should give ample notice, say, of one year, of any proposed change in the amount of production to enable the traders to adjust their commitments to the changed conditions. The Association requested the Chamber to use its influence to get the Jute Mills Association to accept the suggestion put forward by it.

On the 3rd November, 1928, the Committee of the Chamber replied to the Gunny Trades Association stating that the Committee

observed from the letter addressed by the Association to the Indian Jute Mills Association that any sudden change in the termination of short time agreement was likely to react on the prosperity of the entire business of Calcutta and that in the opinion of the Association ample notice, say, of one year should be given to the trade of any proposed change in the amount of production or number of working hours to enable traders to adjust their commitments to the changed conditions. The Gunny Trades Association were informed by the Committee that a member of the Chamber who happens to be a member of the Indian Jute Mills Association and who, as such, is to attend the meeting of that Association to be held on 6th November, has been requested to press for the extension of the date of termination of short-time agreement by the Indian Jute Mills, as far as practicable, in order to safeguard the interests of the trade. The Committee requested Mr. G. D. Birla who was to attend the meeting of the Indian Jute Mills Association as a member of that Association to do the needful in terms of the letter addressed by the Chamber to the Gunny Trades Association on the 3rd November. Mr. Birla reported to the Committee that it was decided at the meeting that an increase in the number of working hours should not be brought about earlier than July 1929, i.e., eight months from the date of the meeting.

**Non-acceptance of Policies of Indian Insurance Companies by certain Banks.**—The attention of the Committee of the Chamber was drawn to the fact that the P. & O. Banking Corporation and certain other foreign Banks in Calcutta refused to accept the policies of Indian Insurance Companies. The Committee of the Chamber, thereupon, addressed a letter to the P. & O. Banking Corporation with a request to furnish them with a list of the names of the Indian and Foreign Insurance Companies whose policies the Corporation accepted. The P. & O. Banking Corporation replied expressing their regret at their inability to furnish the information required by the Committee. The Committee also addressed a letter on the subject to the Indian Insurance Companies' Delegation and other Indian Chambers of Commerce at Bombay, Madras, Karachi, Rangoon etc., stating that they felt that such an attitude by the foreign Banks trading in India towards the Indian Insurance Companies most of whom compared favourably in status and standing with foreign Insurance Companies—hampered Indian trade and commerce, and ought to be strongly resented. The Committee further inquired

whether such difficulties were experienced by the commercial community in other parts of the country also, and if so, what measures they would suggest for their removal. In reply to the letter written by this Chamber to other Chambers enquiring whether such difficulties were experienced by the commercial community in other parts of the country, letters were received to the effect that such difficulties were being experienced at some places and not at others. The Committee have addressed the Indian Insurance Companies Association in the matter suggesting that the Association should take up the question with the foreign banks in a suitable manner.

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### RAILWAYS.

**Through Service from Rajkot to Delhi.**—The attention of the Committee having been drawn by a member of the Chamber to several hardships experienced by passengers while travelling from Kathiawar, Cutchh and Gujrat to distant places in Bengal, Bihar, Orissa and U. P. as a result of frequent changes of trains at intermediate stations at all times of the day and night, the Committee of the Chamber addressed the Agent, B. B. & C. I. Railway, urging upon them the necessity of running a through composite bogey carriage on the Metre Gauge trains from Veraval on the Junagad Railway upto Delhi *via* Rajkot, Mehsana, Ajmer etc. The General Traffic Manager of the B. B. & C. I. Railway replied on the 17th May expressing his regret that the running of a bogey carriage between Veraval and Delhi was not possible just then for want of room on the Delhi Mail trains. He, however, added that the matter would be considered later when the question of re-introducing the Sird Mails which was under consideration was finally decided upon. The Committee of the Chamber also requested Mr. Nirmal Chunder Chunder, M.L.A., to do the needful in the matter at the Meeting of the Central Advisory Committee of the Railways.

**Inadequate supply of wagons on the E. B. Railway for movement of Jute crops.**—On the 11th of April, the Committee of the Chamber addressed the Agent of the Eastern Bengal Railway, inviting his attention to the serious difficulties and loss suffered by the Jute merchants as a result of the inadequacy of wagon supply over the Dacca section of the E. B. Railway. The Committee urged

upon him the necessity of providing a plentiful supply of wagons sufficient to meet the demands that existed therefor. The Agent of the E. B. Railway replied on the 12th May stating that every effort was being made to keep up the loading in that district.

**Distinguishing numbers to the Railway Crewmen.**—On the 22nd May, the Committee of the Chamber addressed the Agent of the East Indian Railway, inviting his attention to the great inconvenience suffered by the travelling public due to the fact that no distinguishing number was given to the crewmen on the East Indian Railway. It was pointed out that in the event of any complaint having to be lodged in respect of misbehaviour or negligence in the performance of his duties by any crewman, it was extremely difficult to identify the crewman in the absence of any distinguishing badge on his person. The Committee requested that early steps should be taken to supply the crewmen with distinctive badges. The Chief Operating Superintendent of the East Indian Railway replied on the 31st May, 1928, informing the Committee that steps had been taken to supply the crew staff with identification metal numbers etc.

**Harassment of Passengers at the Howrah Station.**—The attention of the Committee of the Chamber having been drawn by a member of the Chamber to the harassment of passengers on the Howrah station by the Railway Crewmen, they addressed the Agent of the E. I. Railway on the 7th August 1928, inviting his attention to the same and requesting him to take early action in the matter. The Committee also pointed out that the weighing scale on the Railway station was incorrect with the result that most of the poor, illiterate and unwary passengers were unnecessarily penalised. This was more despicable especially because most of the crewmen had knowledge of the fact that the scale was wrong and were thus knowingly subjecting the passengers to undeservedly harsh treatment and robbing them of their money without any justification. The Committee also pointed out that the crewmen on the station refused to give their numbers when asked for. The object of giving distinctive numbers to crewmen was only to facilitate the lodging of any complaint regarding the rude treatment and misbehaviour towards any of the travelling public, but that object was frustrated by the Railways not insisting that the numbers should be put on by the crewmen when on duty in a manner which made them visible to others. In reply, the Agent, East Indian Railway, informed the Committee on the 4th October stating that the incident complained of



was much regretted, and the staff to blame had been suitably punished. Regarding the Weighing Machines at Howrah Station, the Agent reported that special arrangements had been made to ensure that they were kept in good working order. The absence of identification numbers complained of was due, the Agent pointed out, to delay in the supply of these numbers which had since been supplied to all "crew" and staff concerned.

**Inadequate supply of wagons for the removal of rice.**—The attention of the Committee having been drawn by the Calcutta Rice Merchants' Association, a body affiliated to this Chamber, to the fact that very serious difficulties were being experienced by the merchants as a result of shortage in the supply of wagons at Kidderpore, Chitpore and other Ghats for the removal of the rice imported from Burma into up-country areas, the Committee of the Chamber addressed the Agents, B. N. and E. B. Railways on the 9th July requesting them to make prompt arrangements for supply of wagons for the removal of the huge stocks of rice lying in the various docks. The Committee pointed out that further large shipments of rice would continue to arrive from Burma till the end of October or beginning of November and that, therefore, the Railways should see to it that they supplied at an early date a quantity of wagons sufficient to meet the demand of the trade. Replies have been received from the various Railways that the provision of wagons for imported rice at docks and other points was receiving the attention of the Railways in conjunction with the Port Commissioners.

On the 18th of August, 1928, at the invitation of the Chairman of the Calcutta Port Commissioners, the Secretary of the Chamber discussed with him the remedy of relieving the situation of excessive stocks of rice lying at the Port Commissioners' Docks. The Chairman suggested double loading of wagons to relieve the stocks. The Secretary pointed out that it would become very inconvenient to the rice merchants to do so, especially as they had dealings with small traders who would not be able to make necessary arrangements for double loadings. The Chairman of the Port Commissioners was afraid of the fresh arrival of rice in large quantities and was not prepared to take the risk of not finding any space at all for unloading rice from new vessels, in the event of the present stock not being cleared from the sheds. The Secretary suggested to the Chairman to try as an experimental measure the loading of a full complement of 36 wagons and if it was found that larger quantities of rice were not

removed than came in, the rice merchants could perhaps be persuaded to give a trial to double loading even at some inconvenience. On the 20th July, the Chairman of the Calcutta Port Commissioners wrote to say that there was a great improvement in the rice position, that the buyers came to the docks early and some of the wagons were actually being loaded at 8 o'clock in the morning. The accumulation of stocks was thus avoided.

**Representation against the E. I. and E. B. Railways being members of the Bengal Chamber of Commerce.**—On the 11th of August, 1928, the Committee of the Chamber addressed the Government of India in the Commerce Department expressing their strong resentment at the fact that State Railways like the E. I. and the E. B. Railways should have been members of a Chamber of Commerce. The Committee were further informed that even in some Sub-Committees of the Bengal Chamber which formulated the views of the Chamber, high officials of the Railways, *e.g.* the Agents were members. This was very objectionable as it gave the Chamber concerned an undue advantage in several matters, as it was likely to have access to materials and information which were not available to the other commercial bodies. The Committee pointed out that it was extremely undesirable that the East Indian and the Eastern Bengal which were State Railways should lend their support to any Chamber by becoming members thereof. On the 21st September, the Government of India in the Railway Department informed the Committee of the Chamber that their letter dated the 11th August regarding representation of the E. I. and E. B. Railways being members of the Bengal Chamber of Commerce was transferred to that department and was under consideration. On the 12th September in reply to questions on the subject put by Mr. G. D. Birla and Mr. K. C. Neogy in the Legislative Assembly, Mr. Parsons observed that he was not aware that the Railways concerned had ever received an invitation from the Indian Chamber of Commerce, Calcutta, to become members. In reply to Mr. Birla's supplementary question whether if the Indian Chambers sent invitations to these Railways to become members, they would accept such invitation and join as members of the Indian Chambers, Mr. Parsons replied that the matter will be considered as part of the examination of the position which the Government were making owing to the representations received from the Indian Chamber of Commerce, Calcutta. In reply to Mr. G. D. Birla's question whether it was a sound policy for departments of Govern-

ment to become members of a private Association, Mr. Parsons observed that "as at present advised Government see no objection to that policy. It is desirable that the Agents of our big Railways should be in close touch with big commercial organizations". In reply to a further question of Mr. G. D. Birla whether in view of the reply given by the Honourable Member that Government did not see any objection to these departments becoming members of the Chamber of Commerce, the Government of India would consider the advisability of becoming a member of the Indian Chamber of Commerce in Calcutta, Mr. Parsons replied "I have stated that we would consider the suggestion of the Railways concerned becoming members." On the 15th of December, 1928, the Government of India in the Railway Department replied to the Committee stating that after giving their most careful consideration to the letter from the Chamber, dated the 11th August, the Government of India were of opinion that Railways being commercial organisations, it was desirable in their own interests as well as in those of trade generally that the Agents of Railways should be members of an Association such as the Bengal Chamber of Commerce which represented so many important interests in the commercial life of Bengal. It was added in their letter that the Agents of the East Indian and Eastern Bengal Railways were members of the Bengal Chamber of Commerce by invitation and that similar invitations from the other representative associations of importance would always receive the cordial consideration of the Railway Board. The letter is engaging the attention of the Committee of the Chamber

**Delayed issue of Railway Receipts for goods booked.—**

The attention of the Chamber having been drawn by a member of the Chamber to the fact that there was a delay of two to three days in the issuing of Railway receipts after the goods were booked at both Howrah and Sealdah stations, the Committee addressed the Agent of the East Indian and Eastern Bengal Railways inviting their attention to this fact and requesting them to investigate into the question with a view to minimise the delay. The Agent of the East Indian Railway replied on the 1st November enquiring for definite instances where Railway receipts at Howrah were not issued until three days after the goods had been booked. On the 8th December, the Committee gave definite instances of delayed delivery of Railway receipts and invited the Agent's attention to the serious nature of the grievances. On 21st December, 1928, the Agent of E. B. Railway replied

stating that matters have been put right, and that the E. B. Railway will see that the delays are minimised and that there will be no more cause for complaints.

**Compulsory minimum of 20 Maunds freight on Inward Consignments at Howrah charged by the East Indian Railway.—**

The attention of the Committee having been drawn to the fact that the East Indian Railway charged a minimum of 20 maunds freight on any consignment received at Howrah although all outward consignments from Howrah were charged on *actual* weight, they addressed the Agent of the East Indian Railway pointing out the iniquitousness of the charges levied by the Railway. The mercantile community would lose a great deal, it was pointed out, in cases where goods would have to be re-booked to Howrah due to deliveries being refused by outside stations. Under the present rules such goods became chargeable for a minimum of 20 maunds freight even though their actual freight was less and even though the same goods had paid less at the time of their being booked outside from Howrah station. The Committee hoped that the East Indian Railway will take early steps for removing such difference in charges between Inward and Outward consignments. On the 18th December, the Chief Commercial Manager of the East Indian Railway replied requesting the Chamber to furnish him with full particulars of bookings of such consignments together with the name of the commodity for which charges had been realised as for 20 maunds instead of the actual weight. On the 9th January, 1929, the Committee replied to the Chief Commercial Manager mentioning the full booking particulars asked for in his letter and requesting his early attention to the matter.

**Railway Local Advisory Committees.—**Mr. Anandji Haridas, a member of the Bengal Nagpur Railway Advisory Committee submitted to the Chamber a draft report of the work done by him on that Committee during the year 1927-28. Mr. Anandji Haridas brought up the following matters for discussion at the Railway Advisory Committee :—

- (1) Arrangement of berths in Second Class compartments ;
- (2) Reservation of berths ;
- (3) Return tickets and their period of validity ;

- (4) Arrangements for supply of Indian meals at Gondia and Dongargarh stations etc.;
- (5) Supply of drinking water.

**The Publication of a Pamphlet by the B. N. Railway of Principal Commodities, Location and Names of Traders.**—The Commercial Traffic Manager of the Bengal Nagpur Railway addressed the Chamber intimating that the Bengal Nagpur Railway was contemplating the distribution of a pamphlet prepared by it regarding principal commodities, location and the names of traders etc. on the B. N. Railway stations, and invited the opinion of the Chamber as to whether such pamphlet should be published both in English and Hindi. The Committee replied that in their opinion such pamphlets should be published both in English and Hindi.

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## POSTS & TELEGRAPHS.

**Payment of Money Orders by Cheque.**—On the 5th of May, the Post-Master General of Bengal & Assam Circle forwarded to the Chamber a copy of a letter dated the 31st March regarding payment of Money Orders by Cheque for the expression of the views of the Chamber. In the course of the letter it was stated that the Postmaster-General proposed to modify the procedure then prevailing regarding the payment of Money Orders by Cheque. The system of payment of Money Orders by Cheque was followed in Calcutta, Bombay, Madras and other important places in the case of persons or firms receiving more than a certain number of Money Orders daily and desirous of their payments by Cheque instead of in cash. Under the present procedure, a Cheque was issued by the Post Office before it was known that the payee had accepted all the Money Orders, and a payee could refuse to accept the Money Order even after signing the acknowledgment and further he was at liberty to ask the Post Office to correct the list any time before he cashed the Cheque. There was nothing to prevent the paying Postmaster from sending the signed acknowledgment to the remitters before the payee had cashed the Cheque, i. e., before it was known that the payee had accepted all the Money Orders. To remove these defects it was proposed to modify the procedure so as to provide that a Cheque should not be given to the payee of the Money Orders until he had acknowledged

the correctness of the list and accepted all the Money Orders entered in it. To this end it was proposed that the list and the Money Orders (without the Cheque) should be left with the payee by the postman who on the next day should bring the Cheque and take away the receipted list and Money Order acknowledgments. In the meantime, *i.e.*, before the postman was due to call with the Cheque, the payee should have his list checked and alterations made, if any, in the list. On the 21st of May, the Committee of the Chamber replied stating that they took no exception to the proposed change. They, however, suggested that, in the event of there being a difference in the total amount of the Cheque to be paid to the payee as a result of his refusing to accept a certain Money Order, the postman should call on the payee with a Cheque for the corrected amount on the same day (not the next day).

**Reduction of Telephone Charges in Calcutta.**—On the 9th January, 1928, the Committee of the Chamber addressed a lengthy representation to the Government of India in the Department of Industries and Labour, reviewing the present position of the finances of the Bengal Telephone Corporation Ltd., and suggesting a reduction of the costly telephone charges in Calcutta which operated heavily on the Commercial Community. The Committee carefully considered the financial position of the Company and were of the opinion that it would be possible for the Telephone Corporation to cheapen the service by increasing the number of calls from 12 per rupee as at present to 18. The Committee further observed that the Corporation would still be able to declare a dividend of 6% which was quite a fair return, looking to the fact that it was a monopolistic concern and had to face no competition. A copy of the above letter was also forwarded to the Bengal Telephone Corporation on the 10th January, asking them to forward to the Committee any observations it had to make on the subject.

On the 31st January, the Government of India replied stating that the matter was under their consideration and that a reply would be sent in due course.

On the 18th January, the Bengal Telephone Corporation replied stating that in view of the expansion of the telephone system, it was likely to be faced with heavy recurring capital expenditure and in order to add to its capital it must establish itself in the confidence of the investing public. The Corporation also stated that

the average dividend paid by them during the last 5 years was only 3.7%, and that the figures mentioned by the Chamber in their calculations were not correct. They further stated that in their opinion, suggestion of the immediate revision of the Company's rates was premature.

On the 21st of January, the Committee wrote a letter to the Corporation requesting them to point out where the figures which were taken from their own reports were wrong and to supply correct figures. On the 22nd January, the Corporation replied pointing out the inaccuracies in the figures used by the Chamber. On the 25th February, the Government of India replied to say that the representations on the subjects of telephone charges in Calcutta should be made in the first instance to the Bengal Telephone Corporation and that if the reply of the latter was unsatisfactory, the Government of Bengal should then be addressed.

On the 23rd March, the Committee of the Chamber addressed a long letter to the Bengal Telephone Corporation stating that the inaccuracies in figures pointed out made practically no difference in the argument advanced by them. It was also pointed out that the capital to be raised for the new extension should come from shareholders and not subscribers. A cheapening of the service would make the telephone more popular and therefore compensate for the cheapness in the rate by the increase in the number of lines, and calls put through.

The Corporation replied on the 28th March, repeating their old arguments stating that in future they will even have to find money for income-tax and super-tax which they had so far escaped, and which would now be so heavy as to materially affect their financial position. The Corporation was therefore unwilling to reduce its rates.

The Telephone Subscribers' League, a body which represents about 20 commercial bodies, wrote to the Government of Bengal, requesting that a deputation of the League should be allowed to wait upon the Hon'ble the Commerce Member to discuss with him the question of the reduction of the telephone charges. The Hon'ble the Commerce Member, Mr. A. Marr, agreed to receive the deputation in July. At the request of the Telephone Subscribers' League, the Chamber nominated Messrs. Faizulla Gangjee and Sheokissen Bhattar as its representatives to accompany the deputation.

On the 12th April, the Committee requested the Telephone Corporation to make an appointment for meeting a Sub-Committee of the Chamber to discuss the possibility of reduction in telephone charges and to elicit such other information as was relevant in this connection. Messrs. Faizulla Gangjee, H. P. Bagaria, and M. P. Gandhi (Secretary) were nominated by the Chamber to constitute the Sub-Committee to meet the Secretary of the Bengal Telephone Corporation.

Mr. Faizulla being unable to attend, Messrs. H. P. Bagaria and M. P. Gandhi (Secretary) met the Secretary of the Telephone Corporation on the 18th April as previously arranged. The Secretary of the Telephone Corporation was not at all disposed to supply the information wanted by the Chamber, and the members of the Chamber immediately withdrew from the meeting.

On the 23rd July, a deputation of the Telephone Subscribers' League waited on the Commerce Member. Amongst those present were Messrs. J. N. Basu, T. B. Roy, Faizulla Gangjee, A. L. Ojha, and H. P. Bagaria and M. P. Gandhi (Joint Secretaries of the Telephone Subscribers' League). The question of the reduction of Telephone charges was discussed with the Hon'ble Mr. Marr who promised his sympathetic attention, pointing out, however, that the Government of Bengal had nothing to do in the matter.

At the invitation of the Public Utility and Markets Committee of the Calcutta Corporation, the Secretary of the Chamber attended a meeting of the Committee held on Tuesday, the 14th August, 1928, to consider the question of the reduction of the existing scale of charges for telephone services in Calcutta. Mr. Prance, Chief Engineer and Joint-Manager of the Bengal Telephone Corporation, was also present at the meeting. The question was discussed in great detail, but as Mr. Prance pointed out that there were some errors in the note submitted by Mr. Ramchandra Sett, a Councillor, he was requested by the Committee of the Corporation to submit a statement for the consideration of the Committee at a future meeting. Another meeting of the Public Utility and Markets Committee was held on the 11th September after the note from Mr. Prance was received when the Secretary of the Chamber attended the meeting by invitation. After considerable discussion, the Public Utility and Markets Committee passed a resolution in favour of reduction of the message rate charges from 12 calls per Rupee to 18 calls per Rupee



and in the rate of the hire of the telephone machine from Rs. 12 to Rs. 10 per month.

**Weekly Telegrams—Average transit time taken by telegrams from places in India to London via Indo.**—On the 10th of July, the Committee of the Chamber addressed the Indo-European Telegraph Department, Karachi, requesting them to send to the Chamber a copy of the Weekly telegrams of the average transit time from places in India to London *via* Indo, as the information contained therein was found to be very useful. The Committee also enquired whether the average transit time was calculated on urgent messages or ordinary messages only or combined. On the 21st of July, 1928, the Director of the Indo-European Telegraph Department, Persian Gulf Section, replied stating that a copy of the weekly telegrams will be regularly supplied to the Chamber in future. In reply to the other query made by the Chamber, it was stated that the average transit time was calculated on combined urgent and ordinary full rate traffic.

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## MUNICIPAL.

**Proposed Industrial Hospital at Garden Reach.**—In the month of December, 1927, the Calcutta Corporation invited the views of the Chamber on a proposal that a scheme be prepared for a hospital with 200 beds at Garden Reach and that the authorities of all industrial works of Kidderpore and the Port Commissioners be approached for a contribution towards the cost of construction, fitting and maintenance of the hospital.

On the 2nd February in their reply to the Corporation, the Committee stated that while welcoming the suggestion for a hospital in Garden Reach area which was in great need of it, they did not consider it appropriate to tax industrial works for the construction and maintenance of a hospital especially as most of the large industrial works provided medical treatment for their workers.

**Proposed Levy of a Medical Cess from all Industrial Works.**—In the month of December, 1927, the Calcutta Corporation invited the expression of the views of the Chamber on a proposal for amending the Calcutta Municipal Act so as to allow the Corporation to raise a medical cess from all industrial works in the city to be

spent for medical purposes for the benefit of the workers in those industrial concerns.

The Committee of the Chamber replied stating that the suggestion of providing medical relief to industrial workers was indeed worthy of adoption. They, however, did not agree with that part of the proposal which related to the raising of the money required for the purpose from all Industrial Works in the city. The Committee failed to understand which industries were meant by the word "Industrial Works". Besides, almost all the large industries provided facilities for the medical treatment of their workers and it was unfair to tax them again for the purpose. Further, any new taxation on the industries of Calcutta would retard their growth in the city.

**Sanction of Market plans.**—In the month of January, the Calcutta Corporation addressed the Chamber inviting the expression of its opinion on a proposal that no sanction for the establishment of any new market or bazar be given unless the plan of such market or bazar had been approved by the Chief Officer, Fire Brigade, and that plans of all licensed markets and bazars be sent to the Chief Officer, Fire Brigade, for his examination and that no such license be renewed unless the owner agreed to carry out the improvements suggested by the Chief Officer, Fire Brigade. The Committee in reply stated that the final authority for the sanction of plans for markets should not be left with the Chief Officer, Fire Brigade, but that he should be asked to submit his opinion regarding the same, for the consideration of the Committee of the Corporation who should finally approve or disapprove of such plans.

**Victoria Memorial Gardens—Early closing hours and other inconveniences.**—A reference was made in the last year's report to the early closing hours of the Victoria Memorial Gardens in the evenings and the sudden entry of the motor cars in the premises of the Gardens during the hours when the Gardens were open to the public. The matter is still engaging the attention of the Executive Committee of the Victoria Memorial Gardens.

The attention of the Committee having been drawn by a member of the Chamber to the very rude behaviour of the policemen in charge of the Gardens, with the public, during the hours when the Gardens were open, the Committee of the Chamber addressed the Trustees of the Victoria Memorial Gardens on the 18th August inviting their

attention to this grievance with a request for its early redress. The Committee also repeated the suggestion previously made by them that the Gardens should be kept open to the public upto 8-30 P.M. in the hot weather and 7-30 P.M. in the cold weather. A reply has been received intimating that the matter will receive the attention of the Executive Committee at their next meeting in the cold weather.

**Cancellation of Registration of Old Taxi-Cabs.**—The attention of the Committee having been drawn to the recent order issued by the Deputy Commissioner of Police declaring all taxi-cabs, 5 years old or more, as unfit for further service as taxi-cabs, they addressed the Commissioner of Police on the subject on the 6th December, 1928. The Committee were of the opinion that it was unreasonable to enforce an age limit for declaring taxi-cabs unfit for further service, without examination in respect of their condition, mechanism, etc. They therefore suggested that an efficiency test should be laid down for granting licenses to cabs for plying as taxi-cabs, and that only such cabs should be granted licences as were found fit after individual examination of their condition irrespective of any consideration as to the duration of the period they had been plying as taxi-cabs. On the 8th December, 1928, the Deputy Commissioner of Police replied stating that it was not proposed to cancel the registration of any taxi-cabs solely on account of their number of years on the road. Each cab would be examined by competent Engineers in the Motor Vehicles Department and judged on its own merits before any orders were passed.

**Buffalo Cart Traffic.**—In the month of January, the Calcutta Corporation addressed the Chamber inviting the expression of its views on a proposal of the Calcutta Society for the Prevention of Cruelty to Animals for reduction of loads allowed for buffalo carts from 60 mds. as at present to 45 mds. A letter was also received from the Calcutta Society for the Prevention of Cruelty to Animals, stating that the use of buffaloes for draught purposes in the City, constituted cruelty to the animals as they were not suited by their nature and habits for such work, and requesting the Chamber to support this motion for humanitarian reform. In reply the Committee of the Chamber stated that on various considerations they had every sympathy with the movement for the reduction of maximum loads allowed to be drawn by the buffaloes from 60 mds. as at present to 45 mds.

In the month of February, the Government of Bengal in the Police Department addressed the Committee of the Chamber with a request for the expression of their views on the restriction in the period of employment of buffaloes for draught purposes during hot weather. It was stated that under the rules prescribed last year the employment of buffaloes was prohibited during the months of April, May and June between the hours of 12 noon and 3 P.M., and that it had been represented to the Government that during the present year the rules should not only be re-introduced, but that the period of restriction should be extended and fixed from 10 A.M. to 4 P.M. during the months of March to June. An enquiry was also made as to whether in the event of there being any objection to the period being fixed from 10 A.M. to 4 P.M., the Chamber considered that any extension of the hours during which buffalo traffic was stopped, was feasible. In reply, the Committee expressed their opinion that the rules that were prescribed last year prohibiting the employment of buffaloes during the months of April, May and June between the hours of 12 noon and 3 P.M. had not been given a trial for a sufficiently long period to justify consideration of any extension or otherwise of the hours of restriction and the period of months during which the restriction was to be enforced. The Committee considered likewise that it was not yet time for considering whether any extension of the hours of restriction on buffalo traffic was feasible.

The Government of Bengal have issued a notification prohibiting the employment of buffaloes as draught animals during the months of April, May and June between the hours of 12 noon and 3 P.M., just as in the year 1927.

#### **Overloaded Carts—Charges levied on, by the C. S. P. C. A.—**

A complaint having been received by the Committee from a member of the Chamber about an officer of the C. S. P. C. A. seizing a cart belonging to him at Chitpore Ghat, alleging that its total weight was more than 45 maunds, and taking away 2 bags of broken rice, the Committee addressed the Calcutta Society for the Prevention of Cruelty to Animals requesting their explanation in the matter. The Secretary, C. S. P. C. A., replied on the 31st August stating that the cart under reference was found to weigh 64 mds. 30 seers and therefore the excess amount was removed from the cart and a notice in writing was sent to the owner through the carter requesting him to take delivery of the excess goods within the specified period, free of all charges. On the 8th September the

Committee addressed the C. S. P. C. A. enquiring how merchants, who had occasion to load carts, could find out the actual weight of the carts to enable them to ascertain how much extra load can be put, as permitted under the rules. The Committee pointed out that it was possible to overload a cart in absence of knowledge of the actual weight of each cart. The Committee enquired whether all carts were of equal weight. The Committee further enquired how much time was allowed to persons to take delivery of the excess goods removed from a cart. In reply, the Secretary of the C. S. P. C. A. observed on the 12th September that the proposal of branding each cart with its weight made by the Society to the Calcutta Corporation was turned down by the Calcutta Corporation as unpracticable. The Society also requested the Chamber to urge the Corporation to consider the proposal of branding each cart with its weight. The C. S. P. C. A. observed in course of their correspondence with the Chamber on the subject that their weighing scales were regularly tested by Messrs. Avery and Co., and that they had two Central Store Houses where the goods were kept, if not removed from the weigh-bridge within the specified time.

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## SUBSIDIARY ACTIVITIES & MISCELLANEOUS.

**Collaboration of other bodies with this Chamber.**—A noteworthy and encouraging feature of the working of the Chamber during the year under review has been the increasing co-operation it has received from other commercial bodies in the city and the province of Bengal and the number of commercial bodies who have expressed their desire to be affiliated to it. The Chamber has thus not only justified its existence but has given the greatest evidence of its usefulness as an institution which serves the interests of commercial firms not only in the city of Calcutta and the province of Bengal, but over the whole of India by the live interest it evinces on all questions affecting trade, commerce and industry, and by the ready co-operation with which it acts with other associations in all matters which affect the well-being of the commercial community. The most valuable co-operation which the Committee have received in this direction during the year has been from the East India Jute Association, Ltd.—an institution brought into existence only last

year to guard the interests of the Indian commercial community interested in jute, and to organise a proper jute "Futures Market" in India.

The East India Association is affiliated to the Chamber, and the Chamber has appointed a Board of Control to supervise the working of this Association. The Board of Control consists of 9 members, 5 being appointed by the Chamber and 4 by the East India Jute Association. Messrs. G. D. Birla, N. Rajabally, Ahsan-ulla Moola, J. M. Sen-Gupta, M.L.C., and E. P. Guzder represent the Chamber on the Board of Control. The Secretary of the Chamber is *ex-officio* Secretary to the Board of Control. The offices of the Board of Control are located at the premises of the Chamber.

In the month of February, the Calcutta Kirana Association made a proposal for its affiliation with the Chamber. The Committee expressed their approval to such affiliation.

In the month of March, the Gunny Trades Association made a proposal for its affiliation with the Chamber. The Committee agreed to the proposal of the Gunny Trades Association for its affiliation.

In the month of May, the Bengal Jute Dealers' Association made a proposal for its affiliation with the Chamber. The Committee expressed their approval to such affiliation. The offices of the Bengal Jute Dealers' Association are located at the premises of the Chamber.

The Chamber received a great deal of assistance from the following Associations which are affiliated to it, *viz.* :—

The East India Jute Association, Ltd.,  
The Indian Steel Agents' Association,  
The Calcutta Kirana Association,  
The Gunny Trades Association,  
The Calcutta Rice Merchants' Association and  
The Bengal Jute Dealers' Association.

Other Associations which are working in close co-operation with the Chamber, *viz.*, the Iron Merchants' Association, the Calcutta Fx-

change & Bullion Brokers' Association, and the Indian Produce Association, and other leading commercial bodies of Calcutta *viz.*, the Marwari Association, the Marwari Chamber of Commerce and the Bengal National Chamber of Commerce have also assisted the Chamber in several ways in deliberations of matters of interest to the commercial community. The Committee take this opportunity to express their sense of gratefulness to all those associations.

**Loss of Manchester Piece-goods Trade.**—On the 19th of July, the Marwari Association addressed the Chamber stating that the trade in Manchester Piece-goods and yarn had much gone down in recent times and was still showing a marked tendency to decrease. It had also been noticed, the Association observed, that businessmen were not taking at present as keen an interest in the trade as they used to do formerly. As a result of this indifference the countrymen were steadily losing a source of great profit and income to them. The Marwari community along with other commercial communities being very greatly interested in the piece-goods and yarn trade, the Committee of the Association proposed to call a Conference in order to investigate into the causes of its depression with a view to take definite steps for the rehabilitation of such an important branch of trade. It was decided that, if their proposal of convening a Conference met with the acceptance of the Chamber, as the Committee of the Association hoped it would, they would be glad to arrange for a Conference of the representatives of different Public bodies as soon as possible. In reply, the Committee of the Chamber informed the Association on the 4th August that a Conference of the character proposed by the Association would not serve any useful purpose.

**Competitive Prize Essays.**—A reference was made in the last Annual Report of the Chamber to the invitation of Competitive Prize Essays on "Village Local Self-Government in British India" and the award of a prize of the value of not less than Rs. 500 for the successful prize essay. On the 31st of March, in view of the numerous requests received from the intending competitors for the extension of the date of submission of the Competitive Essay, the Committee extended the last date from the 31st March 1928 to 31st July 1928. The Essays having been received, were adjudged by a Board of Examiners appointed by the Committee of the Chamber for that purpose. In accordance with the report of the Examiners, the Committee of the Chamber announced two prizes

of the value of Rs. 500 and Rs. 100 for the 1st and 2nd best essay to be awarded to Mr. M. K. Muniswami Aiyar, Poonamalli, Madras, and Mr. P. Bhaumik, Moulmein, respectively. The Chamber is making arrangements for the publication of the 1st successful Prize Essay in book form.

**Supply of Weekly Weather & Crop Reports.**—At the request of the East India Jute Association, the Committee of the Chamber addressed the Director of Agriculture requesting him to send to the Chamber for the information of the members a few copies of the Weekly Weather & Crop Reports of Bengal. The Director of Agriculture replied on the 25th July stating that he had made arrangements to supply 100 copies of the Weekly Weather & Crop Reports to the Chamber. Members interested can get a copy on Friday afternoon from the office of the Chamber.

**Supply of Complimentary Literature.**—The Committee have pleasure in acknowledging with thanks the various publications and statistical reports supplied to them by the various departments of the Government of Bengal, the Government of India, H. M.'s Trade Commissioner and the Director General of Commercial Intelligence. The Committee are also under a similar obligation for courtesy extended to the Chamber by the Consuls of America, Germany, Denmark, Japan, Italy and Sweden who forwarded to the Chamber interesting literature bearing on the commercial, economic, and industrial problems of their respective countries.

**Indian Insurance Companies' Association.**—A reference was made in the last year's Report to the fact that the Indian Insurance Companies' Association was formed with the object of strengthening the Indian Insurance Companies and helping them to obtain insurance business in India. The offices of the Association are located in the premises of the Chamber. At the request of the Indian Insurance Association, Bombay, the Committee addressed circular letters twice to the members of the Chamber inviting their attention to the necessity of insuring with Indian Insurance Companies for furthering the industrial development of the country. The Indian Insurance Companies' Association, the Committee are informed, conducted a propaganda during the month of December by engaging a stall at the Indian National Congress Exhibition grounds for distributing literature pertaining to the backwardness of Indian Insurance Companies and showing striking statistics regarding the



same, with a view to appealing to the visitors to patronize Indian Insurance Companies by placing all insurance business with only Indian Companies.

**Condolences.**—The Committee learnt with great regret of the sad demise of Mr. M. N. Mehta, an esteemed member of the Chamber, at his residence in Calcutta in the month of July, 1928. The Committee addressed a letter of condolence to Mr. P. M. N. Mehta, son of Mr. M. N. Mehta, conveying their heart-felt condolence in his sad bereavement.

In the month of November, the Committee heard with great grief the news of the sad death of Lala Lajpat Rai at Lahore. The Committee addressed a telegram on the 17th November to Mr. Amrit Rai, son of Lala Lajpat Rai, expressing their heart-felt condolence in his sad bereavement. In Lalaji, the Committee observed, the country lost a devoted, fearless and sincere leader whose place it would be impossible to fill.

**Indian Chamber of Commerce in Great Britain.**—In the month of January, the Committee of the Chamber sent a cable to the newly started Indian Chamber of Commerce in Great Britain, London, expressing their best wishes for its success.

**Portrait of Mr. D. S. Erulkar.**—In the month of February, the Committee learnt that Mr. D. S. Erulkar, a member of the Chamber, was to be transferred to Rangoon. As a mark of appreciation of the unique service rendered by Mr. D. S. Erulkar to the Chamber from its very inception, the Committee resolved to have a life size bust in oil painting of the portrait of Mr. Erulkar in the rooms of the Chamber. The portrait of Mr. Erulkar was unveiled at the Annual General Meeting of the Chamber held in the month of February, 1928.

**All Parties National Convention.**—The All-Parties National Convention which met at Calcutta in the month of December 1928 invited the Chamber to nominate 5 representatives to attend the meeting of the Convention. The following 5 gentlemen attended the meeting of the Convention on behalf of the Chamber :—

Mr. Faizulla Gangjee,  
Mr. G. D. Birla,  
Mr. D. P. Khaitan,  
Mr. Anandji Haridas, and  
Mr. K. J. Purohit.

**Tribunal of Arbitration.**—A reference was made in the last Annual Report about the appointment of a Tribunal of Arbitration by the Chamber for the determination, settlement and adjustment of disputes and differences between parties who refer to it matters in dispute for arbitration. With a view to cover the varying nature of disputes arising in different trades and in order that the work may be placed in the hands of gentlemen selected for their expert knowledge of the branch of trade or industry with which the dispute is concerned, separate panels have been appointed for each of the following trades on the Tribunal of Arbitration, viz., (1) Jute, (2) Gunny, (3) Piecegoods and Yarn, (4) Iron and Steel, (5) Coal and Minerals, and (6) General. The arbitrations are conducted at a minimum charge for the facility of the commercial community, no distinction being made in the charges in respect of arbitrations between the Chamber members, or a member and non-member. The Tribunal of Arbitration of the Chamber have made awards in 27 cases since its appointment and 13 cases are now pending.

**Federation of Indian Chambers of Commerce.**—The Federation of Indian Chambers of Commerce was brought into existence in January 1927 during the session of the Indian Industrial and Commercial Congress held at Calcutta in December 1926, when a provisional Executive Committee was also formed. The First Annual Meeting of the Federation was held at Madras in December 1927 when it was decided that the next Annual Meeting of the Federation should be held at Calcutta in December 1928. In accordance therewith the Second Annual Meeting of the Federation was held at Calcutta on the 28th and 29th December, 1928. It may be observed here that no session of the Indian Industrial and Commercial Congress was held as in the previous years.

In the month of August, the Federation requested the Chamber to communicate names of 4 persons who would represent the Chamber at the Annual Meeting of the Federation to be held at Calcutta in December 1928. The Committee replied on the 8th September intimating that Messrs. Faizulla Gangjee, G. D. Birla, D. P. Khaitan and K. J. Purohit had been nominated to attend the next Annual Meeting of the Federation as the representatives of the Chamber.

In the month of October, the Federation invited the Chamber to submit draft resolution proposed to be discussed at the Annual

Meeting of the Federation at Calcutta. A special request was made by the Federation to the Chamber to send out only a few selected resolutions dealing with subjects of vital importance to the commercial community. On the 18th October, the Committee replied stating that suitable resolutions should be drafted by the Committee of the Federation for discussion at the Annual Meeting of the Federation, on the following subjects :—

- (1) Oil Industry Enquiry, (2) Reference of the Salt Industry to the Tariff Board, (3) Reservation of Coastal Trade for India, (4) Employers' Delegation to the International and Maritime Conferences, (5) Industrial Disputes Legislation, (6) Railways Rates Tribunal—Necessity of, (7) Appointment of a Banking Commission, and (8) Decentralization of Railway Management suggested at the recent Railway Conference.

The Committee have pleasure to record that Mr. G. D. Birla, M.L.A., a member of the Chamber, has been elected as the President of the Federation for the year 1929, and that Messrs. D. P. Khaitan and Faizulla Gangjee, members of the Chamber, have been elected as members of the Executive Committee of the Federation. Mr. M. P. Gandhi (*Secretary*) has been appointed as the Honorary Secretary of the Federation of Indian Chambers of Commerce and Industry. The office of the Federation has been located at the premises of the Chamber.

The Federation of Indian Chambers of Commerce will in future be styled Federation of Indian Chambers of Commerce and Industry, the necessary amendment in the Rules having been passed at the last Annual General Meeting of the Federation.

**Indian National Committee.**—The Indian National Committee of the International Chamber of Commerce was established by a resolution passed unanimously at the last Annual Meeting of the Federation of Indian Chambers of Commerce. The members of the Federation of the Indian Chambers were elected as organisation members of the Indian National Committee. This Chamber, being a member of the Federation of Indian Chambers of Commerce, has thus been elected an organisation member of the Indian National Committee of the International Chamber of Commerce. The Committee have pleasure to record that Mr. D. P.

Khaitan, a member of the Committee of the Chamber, has been elected Vice-President of the Indian National Committee. Mr. M. P. Gandhi (*Secretary*) has been appointed as Hon'y. Secretary of the Indian National Committee of the International Chamber of Commerce. The Office of the Indian National Committee of the International Chamber of Commerce has been located at the premises of the Chamber.

**Library.**—The Committee thankfully appreciate the munificence of Mr. D. S. Erukhar, a member of the Committee of the Chamber, in presenting a large number of valuable books, bearing on commercial and industrial subjects, to the Library of the Chamber.

The Committee are also thankful to Mr. R. L. Nopany for his donation of Rs. 24/- towards the Library Fund of the Chamber.

**Membership.**—The membership of the Chamber stood on the 31st December, 1928, at 213. A separate motion will be brought forward before the Annual General Meeting for the confirmation of election of all members who are provisionally elected by the Committee under the provisions of Article 9 of the Articles of Association. The members elected during the current year help to augment the representative character of the Chamber, representing as they do, diverse interests of trade and industry, like Cotton and Coal, Steel, Imports-Exports, Insurance, Banking etc.

As Chambers of Commerce are the most representative and authoritative organisations throughout the country for dealing with all questions affecting the commercial and trading community—whether manufacturers, merchants, retail distributors or professional and business men—the Committee would greatly appreciate the assistance and influence of members in increasing the membership. Moreover, the Committee hope that local associations representing specific trades or professions who are not already affiliated to the Chamber, will realise the mutual benefits that may be derived from adopting a policy which is followed in other advanced cities throughout India, namely, by affiliating their organisation to the Chamber and thus securing beneficial unification of effort.

**Finances.**—A Statement of the Revenue and Expenditure of the Chamber for the year ending 31st December, 1928, together with the Balance Sheet as at 31st December 1928 are appended to the Report. The mainstay of the finances of the Chamber, it need hardly

be said, is the subscription received from the members. The receipt under this head amounted to Rs. 16,100/- only during the year under review. The outstanding subscription is large and steps are being taken to collect the same. It may be also explained here that the subscriptions payable by several members elected during the last month of the year take effect, only from the year 1929. The donations received from members towards meeting the deficit in the income of the expenditure amounted to Rs. 2,843/-, the amounts received being Rs. 1,000/- from Messrs. Chhaju Ram & Sons, Rs. 500/- from The Central Bank of India, Ltd., Rs. 250/- from Mr. Faizulla Gangjee, Rs. 250/- from Mr. Sajjan Kumar Chowdhury, Rs. 168/- from Mr. B. Kanoria, Rs. 150/- from Mr. D. P. Khaitan, Rs. 100/- from Mr. P. M. N. Mehta, Rs. 100/- from Mr. Anandji Haridas, Rs. 101/- from Mr. Habib Mohamed, Rs. 100/- from Mr. Bansidhar Jalan, Rs. 100/- from Mr. R. L. Nopany and Rs. 24/- from Mr. Johormull Jalan. The Committee welcome this opportunity of recording their deep sense of gratitude to the various donors for their munificence.

M. P. GANDHI

*Secretary*

FAIZULLA GANGJEE

*President*

*10th February, 1929*

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# **STATEMENT OF ACCOUNTS**

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## Indian Chamber of

BALANCE SHEET as at

<i>LIABILITIES.</i>	Rs.	A.	P.	Rs.	A.	P.
SUSPENSE :—						
Subscription in advance ... ..				250	0	0
LIBRARY SPECIAL FUND ... ..				875	0	0
BENGAL TELEPHONE SUBSCRIBERS' LEAGUE Fund ... ..				53	13	0
Fund for the reception of delegates to the Annual Meeting of the Federation				600	15	0
OUTSTANDING LIABILITIES ... ..				623	12	0
SURPLUS :—						
As per last account ...	8,462	3	11			
Amount transferred from Revenue Ac- count this period	965	0	1			
				9,427	4	0
Total Rs. ...	.....			11,830	12	0

**AUDITORS' REPORT.**

We beg to report that we have audited the Balance Sheet of the Indian Chamber of Commerce, Calcutta, dated the 31st December, 1928, as above set forth and have obtained all the information and explanations we have required. In our opinion such Balance Sheet is drawn up in conformity with the law and exhibits a true and correct view of the state of the Chamber's affairs according to the best of our information and explanations given to us and as shown by the Books of the Chamber.

S. R. BATLIBOI & CO.  
Incorporated Accountants

} *Honorary Auditors*

Calcutta, 5th February, 1929

## Commerce, Calcutta.

31st December, 1928

ASSETS.	Rs.	A.	P.	Rs.	A.	P.
<b>FURNITURE :—</b>						
As per last account ...	Rs. 6,808	0	0			
Add—additions ...	„ 784	8	0	7,592	8	0
Less—Depreciation @ 5% ...				379	8	0
						7,213 0 0
<b>LIBRARY (General) :—</b>						
As per last account ...	Rs. 397	11	0			
Add—additions ...	„ 881	15	4	1,279	10	4
Less—Amount received ...				24	0	0
				1,255	10	4
<b>LIBRARY (Special Fund as per contra) :—</b>						
As per last account ...	Rs. 300	5	0			
Add—additions ...	„ 20	14	0	321	3	0
				1,576	13	4
Less—Depreciation @ 5%				78	13	4
						1,498 0 0
<b>SECURITY DEPOSIT :—</b>						
Calcutta Electric Supply Corporation ...				.....		100 0 0
Deposit in the Imperial Library ...				.....		20 0 0
Advance to Secretary, Federation of Indian Chambers of Commerce ...				.....		600 0 0
Affiliation Fee receivable ...				.....		500 0 0
<b>CASH AND BANK BALANCES :—</b>						
With Bank ...				1,796	14	0
In hand as per Cash Book ...				40	0	0
Imprest Cash at Office ...				62	14	0
						1,899 12 0
<b>Total Rs.</b> ...				.....		11,830 12 0

M. P. GANDHI  
Secretary

FAIZULLA GANGJEE  
President



**Indian Chamber of**  
**REVENUE ACCOUNT for the**

<i>EXPENDITURE.</i>	Rs.	A.	P.	Rs.	A.	P.
To Establishment ... ..	9,278	4	3			
„ Rent ... ..	4,195	0	0			
„ Printing charges ... ..	3,515	4	3			
„ Stationery ... ..	1,403	13	3			
„ Travelling Expenses ... ..	388	12	9			
„ Postage and Telegram ... ..	469	2	0			
„ Charges General ... ..	641	13	9			
„ Telephone Charges ... ..	416	14	2			
„ Subscriptions to Journals and News- papers ... ..	399	3	8			
„ Repairs to Furniture ... ..	31	15	3			
„ Advertisement ... ..	8	8	0			
„ Law Charges ... ..	3	0	0			
„ Electric Charges ... ..	78	4	3			
„ Publicity ... ..	112	0	0			
„ Subscription to Federation of Indian Chambers of Commerce ... ..	150	0	0			
„ Contribution to Indian Chamber of Commerce in Great Britain ... ..	14	8	0			
„ Delegation Fee ... ..	10	0	0			
„ Propaganda Work ... ..	100	0	0			
„ Mr. D. P. Khaitan's Party Fund ... ..	29	11	0			
„ Village Local Self-Government Prize Essay Fund ... ..	39	2	0			
„ Suspense written off ... ..				21,285	4	7
„ <i>Depreciation on:—</i>				469	9	0
Furniture at 5% ... ..	379	8	0			
Library at 5% ... ..	78	13	4			
				458	5	4
„ Balance transferred to surplus fund in the Balance Sheet ... ..				965	0	1
Total Rs. ... ..	.....			23,178	3	0

S. R. BATLIBOI &amp; CO.

Incorporated Accountants

} *Honorary Auditors*

Calcutta, 5th February, 1929

## Commerce, Calcutta.

year ending 31st December, 1928

<i>INCOME.</i>	Rs.	A.	P.	Rs.	A.	P.
By Subscription from Members ...	.....			16,100	0	0
„ Donation ... ..	.....			2,843	0	0
„ Affiliation Fees ... ..	.....			2,400	0	0
„ Arbitration Fees ... ..	.....			1,413	6	0
„ Institution Fees ... ..	.....			8	0	0
„ Fees for Survey ... ..	.....			8	0	0
„ Fees for Certificates of Origin ...	.....			36	0	0
„ Contribution from the Exchange and Bullion Brokers' Association ...	.....			150	0	0
„ Interest ... ..	.....			140	0	6
„ Mr. D. S. Eulkar's Portrait Fund ...	.....			79	12	6
Total Rs. ...	.....			23,178	3	0

M. P. GANDHI  
*Secretary*

FAIZULLA GANGJEE  
*President*

## APPENDIX I.

### REPRESENTATION OF THE CHAMBER ON PUBLIC BODIES.

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CALCUTTA PORT COMMISSIONERS.

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Letter No. 8484 dated the 5th July 1928.

From the Commissioners for the Port of Calcutta to Chamber.

With reference to the correspondence ending with your letter No. Mn. 1/26, dated the 6th February 1928, I beg to inform you that the leave of Mr. D. S. Erulkar will expire on the 5th August 1928 and that the temporary office of Mr. K. J. Purohit who was appointed in this leave vacancy, will therefore also expire on that date.

I shall be much obliged if you will arrange for the vacancy to be filled.

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No. Mn. 1/26, dated, Calcutta, the 28th July 1928.

From Chamber to the Commissioners for the Port of Calcutta.

I am directed to refer to your letter dated the 5th July, and to inform you that Mr. K. J. Purohit, having been the only candidate for election in the vacancy caused by the further leave of absence taken by Mr. D. S. Erulkar from the 5th August 1928 to 30th November 1928, was declared unanimously elected as a Commissioner to the Calcutta Port Trust by the Committee of the Chamber at their meeting held on the 27th July 1928 under provisions of Rule 7 of the Rules governing the election.

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Letter No. 12108 dated the 18th September, 1928.

From Commissioners for the Port of Calcutta to Chamber.

With reference to your letter No. Mu.-1/26 dated the 28th July, 1928, I beg to inform you that Mr. D. S. Erulkar has resigned his appointment as a Port Commissioner.

I shall be obliged if you will arrange for the election of a representative to fill the vacancy.

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Circular No. 29 of 1928, dated the 19th September 1928.

From Chamber to all Members.

SUBJECT:—*Election of a Commissioner by the Chamber to the Calcutta Port Trust in the vacancy caused by the resignation of his seat by Mr. D. S. Erulkar with effect from the 30th September 1928.*

Mr. D. S. Erulkar, a representative of this Chamber on the Calcutta Port Commissioners, having tendered resignation of his appointment from the Port Commissioners with effect from the 30th September 1928, this Chamber has been called upon to fill this vacancy. I am accordingly directed by the Committee of the Chamber in terms of Rule 1 of the Rules framed by the Committee in this behalf, under provisions of Art. 42(a) of the Articles of Association of the Chamber, to invite members to communicate their intention to offer themselves for the said election of a Commissioner, in the vacancy.

2. Such intention is in accordance with the provisions of Rule quoted above, to be communicated within 7 clear days from the date of the issue of this notice, *i.e.*, by 5 P.M. on the 28th September 1928.

3. The term of the appointment will be for 2 years.

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Letter No. nil, dated the 26th September, 1928.

From Mr. K. J. Purohit to Chamber.

With reference to your Circular No. 29 of 1928 dated the 19th September, 1928, kindly note that I intend to offer myself for the election of a Commissioner for the Port of Calcutta, in the vacancy caused by the resignation of Mr. D. S. Erulkar.

Letter No. Mn.1/26 dated the 29th September 1928.

From Chamber to the Government of Bengal, Marine Department,  
Darjeeling.

I am directed to refer to letter No. 12108 dated the 18th September 1928, from the Commissioners for the Port of Calcutta, informing my Committee of the resignation of his appointment as a Port Commissioner by Mr. D. S. Erulkar, a representative of this Chamber on the Port Commissioners, and requesting them to arrange to fill the vacancy by the election of a representative in his place.

I am now to inform you that Mr. K. J. Purohit of Messrs. Batliboi & Purohit having been the only candidate for election, was declared duly elected as a Commissioner to the Calcutta Port Commissioners, by the Committee of the Chamber, at their meeting held on the 28th September 1928, under provision of Rule 7 of the Rules governing the election.

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No. 721-T/Mne., dated, Darjeeling, the 10th October 1928.

From the Government of Bengal, Commerce & Marine Departments  
to Chamber.

With reference to your letter No. Mn. 1/26, dated the 29th September, 1928, I am directed to forward herewith for the information of the Chamber a copy of this Department Notification No. 89-Mne., dated the 12th October, 1928, regarding the election of Mr. K. J. Purohit, as a Port Commissioner, Calcutta, *Vice* Mr. D. S. Erulkar, who has resigned.

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GOVERNMENT OF BENGAL.

Marine Department.

*Calcutta, the 12th October 1928.*

No. 89. Mne.—It is hereby notified under the provisions of Section 6, of the Calcutta Port Act, 1890, as amended by the Calcutta Port (Amendment) Act, 1926, that Mr. K. J. Purohit of Messrs.

Batliboi & Purohit has been elected by the Indian Chamber of Commerce, Calcutta, to be a Commissioner for the Port of Calcutta, *Vice* Mr. D. S. Erulkar, who has resigned.

Sd. A. CASSELS,  
*Secretary to the Govt. of Bengal.*

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REPRESENTATION OF COMMERCIAL INTERESTS ON THE  
RAILWAY RATES ADVISORY COMMITTEE.

Letter No. 1679-T dated the 26th October 1928.

From Railway Board, Simla, to Chamber.

With reference to the correspondence ending with your letter No. R. 2/26, dated 3rd September 1928, I am directed to state that a revised list showing names and addresses of the commercial representatives for service on the commercial panel of the Railway Rates Advisory Committee will be published shortly in the Gazette of India and to request that the Railway Board may be furnished with any alteration to be made in the list of members representing your Chamber, by November 15th.

2. I am to add that as it is the intention of the Board to publish a revised list annually, information regarding changes in the list should, in future, be communicated by you to this Office by the 15th of October every year. In the event of no intimation being received from you it will be assumed in future that the list of your representatives is correct.

3. Please acknowledge receipt of this letter, at the same time notifying any changes in the present list.

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Letter No. R. 2/26. d/- 2nd November, 1928.

From Chamber to Railway Board, Simla.

Sir,

I am directed to acknowledge receipt of your letter No. 1679-T dated the 26th October, 1928, intimating that a revised list showing names and addresses of the commercial representatives for service on the commercial panel of the Railway Rates Advisory Committee

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will be published shortly in the Gazette of India and requesting that the Railway Board may be furnished with any alterations to be made in the list of members representing this Chamber by November 15th. As desired by you I am forwarding to you a revised list of the members selected by my Committee to represent this Chamber on the Commercial Panel of the Railway Rates Advisory Committee.

1. Mr. Faizulla Gangjee (Gangjee Sajun & Co.), 71, Canning Street, Calcutta.
  2. Mr. G. D. Birla, M.L.A., 8, Royal Exchange Place, Calcutta.
  3. Mr. Anandji Haridas, 20, Durmahatta Street, Calcutta.
  4. Mr. D. P. Khaitan, 8, Royal Exchange Place, Calcutta.
  5. Mr. H. P. Bagaria, 8, Royal Exchange Place, Calcutta.
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CALCUTTA SOCIETY FOR THE PREVENTION OF  
CRUELTY TO ANIMALS.

Letter No. nil, dated the 1st March, 1928.

From C. S. P. C. A. to Chamber.

I have pleasure in informing you that the Indian Chamber of Commerce was elected to the General Committee of this Society for a further period of 3 years at the Annual Meeting held on 28th February, 1928.

Will you kindly let me know at your earliest convenience the name of your Representative who will serve on the Committee for the current year?

Will you also kindly inform me whether the subscription of Rs. 12/- entitling members to vote will be paid by the Indian Chamber of Commerce or by your Representative personally?

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Letter No. Nil from C. S. P. C. A., Calcutta,  
dated the 7th March, 1928 to Chamber.

The Quarterly General Committee Meeting of the Society will be held in this Office on Thursday the 15th March at 6 P.M.

As the chief business of this meeting will be the election of members to serve on the Executive and other Standing Committees it is important that your Representative should attend.

Will you therefore, kindly forward this notice to your nominee and if you will be good enough to let me know the name of your Representative on or before the 12th instant the Agenda and other papers will be sent direct to this member.

Letter No. P. A. 5/27 dated 10th March 1928.

From Chamber to the Calcutta Society for the Prevention of  
Cruelty to Animals, Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce to acknowledge receipt of your letters dated the 1st March and 7th March 1928.

My Committee are glad to note that the Indian Chamber of Commerce is elected to the General Committee of the Society for a period of three years.

In reply to para. 2 of your letter dated the 1st instant, I am directed to inform you that my Committee have nominated Mr. E. P. Guzdar (P. E. Guzdar & Co.) to serve as this Chamber's representative on the General Committee of the Society.

The subscription of Rs. 12/- will be paid by this Chamber.

The address of Mr. E. P. Guzdar is 44, Ezra Street, Calcutta.

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Letter No. P.A.-5/27 dated the 11th December 1928.

From Chamber to C. S. P. C. A., Calcutta.

In continuation of my letter No. P.A.-5/27 dated the 10th March, 1928, communicating the nomination of Mr. E. P. Guzdar,



to serve on the General Committee of the C. S. P. C. A., as this Chamber's representative, I am directed by my Committee to inform you that Mr. E. P. Guzder has just now tendered his resignation of the said seat, and that having accepted Mr. Guzder's resignation, they have been pleased to nominate Mr. G. L. Mehta to serve on the General Committee of your Society, for the residue of his term of office.

I shall feel obliged if you will kindly acknowledge receipt of this letter, and address all relevant papers to Mr. G. L. Mehta direct, C/o Messrs. Scindia Steam Navigation Co., Ltd., 100, Clive Street, Calcutta.

GOVERNMENT COMMERCIAL INSTITUTE.

Letter No. P.A.-7/27 dated the 26th March 1928.

From Chamber to the Government of Bengal, Education Department.

I am directed to refer to your letter No. 2646 Edn. dated the 8th April 1927 in reply to my letter No. P.A.-7/27 dated the 23rd March 1927, on the subject of the representation of this Chamber on the Board of Management of the Government Commercial Institute.

You are doubtless aware that this Chamber was brought into existence in the year 1925 and that the Government of Bengal have recognised the representative character of this Chamber by giving it representation on the Calcutta Port Trust in the year 1927. Besides, this Chamber has also been able to secure representation on the following other Bodies :—

1. B. N. Ry. Advisory Committee.
2. Railway Rates Advisory Committee.
3. Bengal Pilot Service Advisory Committee.
4. Government of Bengal Conciliation Panel.
5. Calcutta Society for the Prevention of Cruelty to animals.

I am further directed to invite your attention to the fact that there is not a single trade which is not represented by this Chamber, and that all the leading Indian gentlemen or firms of all communities are members of this Chamber. Another important feature of the representative character of the Chamber is that it can claim

on its roll no less than 18 Muhamadan members, all of whom represent big industrial or commercial firms. A cursory examination of the list of members (copy enclosed) will also reveal that other communities such as Parsees, Marwaris, Gujeratis and Bengalis are also influentially and largely represented. This Chamber has a registered membership of 239.

Several Trade Associations, important and influential in themselves like the East India Jute Association Ltd., the Indian Steel Agents Association, the Calcutta Rice Merchants' Association, the Calcutta Kirana Association and the Gunny Trades Association are affiliated to it and several others like the Iron Merchants Association, the Calcutta Exchange & Bullion Brokers' Association, the Indian Produce Association are working in concert with this Chamber in all matters of Industrial and Commercial importance.

I may mention here that ever since this Chamber was established in 1925, it has been granted representation on several bodies whose constitution has been revised (Vide para 2 of this letter) to permit representation to this Chamber, and on all new bodies, concerning trade, commerce, and industry that have sprung into existence since that date.

From the facts cited in the previous paragraphs, it would be manifest that this Chamber has an indisputable claim to representation on the Board of Management of the Government Commercial Institute and I am to express a hope that you will be pleased to allot at least 2 seats to the Indian Chamber of Commerce on the Board of Management of the Government Commercial Institute.

Letter No. 1215 Edu. dated the 28th March 1928.

From the Govt. of Bengal, Education Department, to Chamber.

I am directed to acknowledge the receipt of your letter No. P.A.-7/27 dated the 16th March 1928, on the subject of the representation of the Chamber on the Board of Management of the Government Commercial Institute and to say that the matter will receive due consideration by Government in the Ministry of Education.

Letter No. P.A.-7/27 dated the 6th June 1928.

From Chamber to the Government of Bengal, Education Department.

I am directed to refer you to your letter No. 1215-Edn. dated the 28th March 1928, intimating that the request of this Chamber for a representation on the Board of Management of the Government Commercial Institute will receive due consideration by Government in the Ministry of Education, and to enquire when a final reply may be expected to my letter No. P.A.-7/27 dated the 16th March 1928.

Letter No. 2019-Edn., dated 7th July 1928.

From the Government of Bengal, Education Department to Chamber.

With reference to the correspondence resting with your letter No. P.A.-7/27, dated the 6th June 1928, on the subject of the representation of the Chamber on the Board of Management of the Government Commercial Institute, I am directed to say that the matter is now under the consideration of the Director of Public Instruction, Bengal, and a final order will be passed on receipt of his report.

No. P.A.-7/27, Calcutta, 16th August 1928.

From Chamber, to the Government of Bengal, Education  
Department.

*Subject—Representation of the Chamber on the Board of Management of the Government Commercial Institute.*

I am directed to refer you to your letter No. 2019-Edn., dated the 7th July, intimating to me that the above subject is under the consideration of the Director of Public Instruction, Bengal, and a final order will be passed on receipt of his report. I shall thank you to let me know whether you have received a report from the Director of Public Instruction and if so, any final order has been passed on the matter.

An early reply will be very much appreciated by my Committee.

Letter No. 2535-Edin., Calcutta, 24th August 1928.

From the Government of Bengal to Chamber.

With reference to the correspondence resting with your letter No. P.A.-7-27, dated the 16th August 1928, on the subject of the representation of the Chamber on the Board of Management of the Government Commercial Institute, Calcutta, I am directed to say that the matter is still under consideration.

COMMITTEE TO REPORT ON THE PRESENT METHOD  
OF LEVYING PILOTAGE FEES.

Letter No. 2731-Mne., dated Calcutta, the 7th September 1928.

From the Government of Bengal, Commerce and Marine  
Departments to Chamber.

I am directed to forward herewith for the information of the Chamber a copy of this Government's Resolution No. 2728-Mne. dated the 7th September 1928, constituting a Committee to examine and report on the present method of levying pilotage fees, and, if considered advisable, to submit proposals for revision.

2. I am to request that you will be so good as to report the name of the gentleman selected by your Chamber to represent them on the Committee.

GOVERNMENT OF BENGAL.

MARINE DEPARTMENT.

RESOLUTION.

Dated, Calcutta, the 7th September '28.

No. 2728-Mne.—The Advisory Pilot Committee at their 13th meeting held in January 1928, recommended *inter alia*, that after the introduction of the Pilots Re-organisation scheme, under which the Bengal Pilot Service were placed, with effect from the 1st March 1928, on a fixed time-scale of pay, a committee should be appointed by Government to examine and report on the present method of levying pilotage fees at the Port of Calcutta and, if considered

advisable, to submit proposals for revision. The Advisory Pilot Committee suggested the following personnel for the proposed Committee :

1. The Deputy Chairman, Port Commissioners,  
Calcutta ... .. *Chairman.*
2. A Branch Pilot. } *Members.*
3. A representative of the Indian Chamber of  
Commerce. } *Members.*
4. Two representatives of the Bengal Chamber  
of Commerce. } *Members.*
5. Deputy Port Officer, (Pilotage) ... *Member  
and  
Secretary.*

Government have accepted the suggestion of the Advisory Pilot Committee and are pleased to constitute the Committee accordingly. The Committee will submit its report to Government. The dates and place for the meetings of the Committee will be fixed by the Chairman.

(Sd.) R. N. GILCHRIST,  
*Deputy Secy. to the Govt. of Bengal.*

Letter No. MN. 6/27, dated the 17th September 1928.

From Chamber to the Government of Bengal, Commerce  
and Marine Departments, Calcutta.

I am directed to refer to your letter No. 2731-Mne. dated the 7th instant, requesting my Committee to nominate their representative on the Committee appointed by the Government of Bengal to examine and report on the present method of levying Pilotage fees at the Port of Calcutta.

2. In reply I am to inform you that my Committee have selected Mr. K. J. Purohit to serve on the Committee as their representative.

THE BENGAL CONCILIATION PANEL.

Letter No. 397-404-Com., dated 24th January 1928.

From the Government of Bengal, Commerce and Marine  
Departments to Chamber.

I am directed to refer to this department letter No. 892-98-Com., dated the 4th February 1927, on the subject of constituting a conciliation panel to deal with industrial disputes affecting public utility services in Calcutta and its neighbourhood.

2. The period for which the present panel was constituted will expire on the 1st April 1928, and Government propose to reconstitute the panel for a further period of one year. The Governor in Council would be glad to receive the names of three members of your Chamber, who would be prepared to serve on the new panel.

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Letter No. I-6/28 dated the 11th February 1928.

From Chamber to the Government of Bengal, Commerce  
Department, Commerce Branch, Calcutta.

I am directed to acknowledge the receipt of your letter No. 397-404-Com. dated the 24th ultimo, on the subject of constituting a conciliation panel to deal with industrial disputes affecting public utility services in Calcutta and inviting the Chamber to nominate three members of the Chamber who would be prepared to serve on the panel.

In reply, I am to state that my Committee have nominated the

1. Mr. D. P. Khaitan, 137, Canning St., Calcutta.	} marginally noted three members for service on that panel.
2. Mr. N. Rajabally, Himalayan Assurance Co., 8, Dalhousie Square, Calcutta.	
3. Mr. Anandji Haridas, c/o Messrs. Anandji Haridas & Co., Ltd., 20, Durmahatta Street, Calcutta.	

## APPENDIX II.

### INTERVIEWS AND MEETINGS.

*Interview with the Hon'ble Mr. V. J. Patel, M.L.A. :—*On Tuesday the 14th August the Committee of the Chamber met the Hon'ble Mr. V. J. Patel, M.L.A., President, Legislative Assembly, in the Committee Room of the Chamber.

Amongst those present were :—

Messrs. Faizulla Gangjee, Sheokissen Bhattar, A. L. Ojha, G. D. Birla, B. M. Birla, N. L. Puri, Habib Mahomed, R. L. Nopany, A. D. Madgaokar, G. L. Mehta, S. G. Trivedi, M. P. Mehta, Chandoolal B. Modi, M. G. Mody, K. Kumar, R. M. Purkait, B. Gupta, Anandji Haridas, Ramjee Hansraj, Valli Mohamed, Jeewanlal, Rai Bahadur Jagmull Rajah, Narhar Shivram Paranjpe, K. J. Purohit and M. P. Gandhi (Secretary).

Mr. Faizulla Gangjee offered a cordial welcome to the Hon'ble Mr. Patel. In welcoming him, Mr. Faizulla made the following speech :—

“Your record of public work is so well-known that you need no introduction at my hands with the members of my Chamber. Your office as the President of the Bombay Municipality, your sacrifice at the time of the disastrous floods in Gujrat last year and your keen interest in seeing to the welfare of the people of your country cannot be brushed out of the memories of your countrymen.

“Before attaining your present high office, we are all well aware of the hard battles you have fought for the economical and political welfare of your country. We are prouder still to find that you have proved no less capable a President of the Legislative Assembly than your distinguished predecessor, Sir Frederick Whyte, and thus you have shown to the Government how an Indian can shine in any department of life and I should say, outshine the best of the most illustrious foreigners.

“The record of your ruling not to permit the introduction of the new Reserve Bank Bill when the old Bill was before the House will remain a noteworthy feature in the history

of the Legislative Assembly. Your memorable speech in London reviewing the history of Indian shipping on the occasion of the floatation of the "Jalabala", a new steamer, of an Indian Shipping Company, still rings in our ears as the fearless, candid and correct criticism of the destructive policy pursued by the British Government in this behalf, by a patriotic and sincere well-wisher of the country.

"With these few words, we now wish you increasingly greater success in your activities for the uplift of the nation.

"I offer you again, Mr. Patel, a very cordial invitation to our Rooms on behalf of myself and my Chamber."

In reply the Hon'ble Mr. V. J. Patel thanked the members of the Chamber for presenting him with this address of welcome. The Hon'ble Mr. Patel made a few remarks regarding the utility of the Indian Chambers of Commerce to this country.

A summary of his speech is given below :—

Mr. President and Members of the Indian Chamber of Commerce, Calcutta.

I was not prepared for a speech this afternoon. Your Secretary Mr. Gandhi wrote to me that the members of the Chamber would like to meet me in their rooms and I gladly accepted the invitation. I thought the procedure would be that there would be some questions put to me and I should answer them. It happened otherwise. You have chosen to read an address of welcome. I heartily thank you for the honour you have done me. I think it is not out of place here for me to say that Indian Chambers of Commerce can do a lot of good to this country if they set up their business in the right way and in the right spirit. What is necessary for us, apart from politics, is to see that our country develops its resources and adds to the wealth of the country, as I stated in another place in Rangoon. What is still more necessary is that our people should encourage indigenous industries by the use of indigenous articles. These two things are absolutely necessary. One adds to the wealth of the country and the other prevents the drain of wealth from going out of the country. One helps the other. I hope the Chamber will work in these two directions. I have great hopes in the future of Indian Chambers of Commerce in this country, and there is no doubt that if big merchants put their heads together



and decide and further the cause of the country they can no doubt do it. I find Mr. Adamjee doing splendid work in Rangoon. If two dozen Adamjees put their heads together and work in a sort of combine—but some people may hate the word 'combine'—and take up the work of starting industries, I dare say,—they may fail in some—with the backing of the Swadeshi Movement and with the help of the Indian National Congress, they will do a world of good for this unfortunate country. Let me thank you once more for the honour that you have done me."

After some informal discussions and partaking of tea the meeting terminated.

*Statement made by Mr. Faizulla Gangjee, President, Indian Chamber of Commerce, Calcutta, on behalf of the Committee before Mr. A. R. L. Tottenham, M.A., C.I.E., I.C.S., Member, Central Board of Revenue, on Friday, the 24th August, 1928, at 3 p.m.*

I am to invite your attention to the fact that the appointment of an officer connected with the Income-tax Department to hear appeals and revisions against the orders of an Income-tax officer is against the basic principles of law and justice and extremely prejudicial to the best interests of the appellants. The ends of justice could only be met if the appellate authority was an independent Judicial Officer connected in no way with the Income-tax Department. Further, the appeals should also be allowed on questions of facts as well as law to the High Court. I would also make the suggestion that in cases where the tax payable was less than Rs. 2,000/-, the appeal ought to lie in the Small Causes Court in order that it may not be too expensive for the assessees.

It has also been brought to the knowledge of the Committee that in some cases, the Income-tax Officer declares the return made by an assessee as not genuine and proceeds to impose a heavy summary assessment on him. In this connection, my Committee are of the opinion that Income-tax Officers should have clear instructions to proceed very cautiously before declaring any accounts as not genuine. In all cases, the officers should be asked to give specific reasons for rejecting the genuineness of the returns or accounts of assessees and in no case should the books for previous years be called for, as is often done, without stating specifically the points on which information is required. Further, opportunity should also

be given to the assessee to prove the correctness of his return with the help of his books or otherwise under section 23 (2) and 23 (3).

When an assessment is made under Section 23 (4) by an Income-tax Officer inspite of the fact that a return has been filed and duly submitted by an assessee, on the ground that he failed to comply with all the terms of a notice issued under Sub-Section (2) of Section 23, he should state the specific points under Section 22 (4) in respect of which the assessee has failed to comply with the terms of the notice and the assessee should be allowed an opportunity to prove his case. The Income-tax Officer must cancel the assessment made under Section 23 (4) and proceed to make a fresh assessment in accordance with the provisions of Section 23. The application of section 27 should not be left to the arbitrary decision of the Income-tax Officer, but a full relief should be given under this section to assesseees. The section should not be treated, as at present, as if it did not exist at all.

My Committee are further informed that assesseees who are forced to file appeals for revision in cases where they are summarily assessed or assessed for any amount not justified by the statement of returns, accounts or facts, have to incur a lot of expenses before they can obtain justice. It is a matter of regret that in cases where the decision of the Income-tax Officer is set aside in full or in part, no expenses incurred by the assesseees *viz.*, litigation fees, cost of stamps, etc., are allowed to the appellants. Even in actions against the Secretary of State, costs are allowed to the successful appellants. This has the only practical effect of making the people suffer on account of the erroneous judgment of the Income-tax Officer in over-assessing them. My Committee would suggest that in such cases the assesseees should be compensated to the extent of the actual expenses incurred by them. Further, my Committee find that where orders are passed for the entire or partial refund of tax already recovered from the assesseees, no interest is allowed to the assesseees even though their money has been deposited with the department for months together. It is only fair and just that interest on such sums should be allowed to the assesseees.

It has also been brought to the notice of my Committee that bad debts incurred by assesseees in connection with their house property are not allowed to be deducted by the department for purposes of Income-tax, while the same are allowed in connection

with business. It would be extremely unfair to subject an assessee to Income-tax, where for instance, his tenant went bankrupt or for any other reason did not pay the rent for any period of time during which he occupied the house.

The attention of my Committee has also been drawn to draft Notification No. 23 of the Central Board of Revenue containing a proposed amendment in Rule 36 of the Income-tax rules. The new draft rule 36a sets out a procedure for the application for refund of income-tax by a person not resident in British India. According to this new draft rule, a person not resident in British India desirous of making an application for a refund of income-tax under Section 48 of the Act is obliged to swear before a Notary Public or other functionary or official authorised to administer oaths, that the application for refund of income-tax made by him is correct. Such an obligation of swearing before a Notary Public or any other official is objectionable in principle and my Committee take strong exception to it. They fail to understand why such a procedure should be adopted only for persons non-resident in British India. They should only be asked to fill in the proposed declaration form just as individuals and Joint-Stock Companies are required to do. My Committee would, therefore, recommend the deletion of that note in the new rule 36a.

My Committee are also informed that only 6% is permitted to be deducted as the actual collection charge from the house property income. This is too small a deduction and they are of the opinion that it should be raised to at least 10%. If an amendment is necessary for giving effect to this suggestion, my Committee would desire such an amendment to be made as soon as practicable.

You were pleased to assure us last year when you met us here that no harassment will be caused to assesseees by action being taken "in a fishing way" under Section 34 of the Income-Tax Act. Assessment once made should ordinarily be taken as final, and assesseees should be subjected to no harassment on trivial grounds, or on basis of information supplied by informers, for various reasons. We would only reiterate here the necessity of issuing stricter departmental instructions to officers on the subject.

We also represented to you on the last occasion the grave hardship experienced by merchants having to pay both interest and income-tax on "Stridhan" income. It is a well-known custom that in an Indian marriage the bride gets a dowry from her father which the

married lady generally deposits on interest in her husband's or father's business as her own "Stridhan." There are also other occasions when gifts are made to ladies. In spite of this "Stridhan" is being assessed, on the suspicion that Indian merchants use it as a method of evasion of tax. I would again urge your sympathetic consideration of this genuine grievance.

Income-tax is levied on profits in all years when profits are made, while no provision exists for the setting off of losses against profits of subsequent years. This is not based on principle of fairness and justice. The Taxation Enquiry Committee have recommended the adoption of the principle of allowing assesseees to set off losses of one year against profits made in a subsequent year. We would suggest that the law should be amended so as to permit assesseees to carry forward losses for a period of three years and assessments to be made on the basis of the average income for 3 years.

I would also request you to look into one other easily remediable grievance of assesseees. Frequently, a number of assesseees are called to be present at the Income-tax Office at the same hour and thus a lot of time is wasted and inconvenience felt by the mercantile community. When we met you last, you promised to issue instructions that more than one notice should not be issued to assesseees for being present at the Income-tax Office returnable at the same time. We would only request that a list be put up indicating the day and the approximate time when cases will be taken up and that the cases be taken in their proper order. If any adjournment seems to be necessary, the assesseees concerned should be informed about it without any delay. The hours of work should be limited from 11 A.M. to 5 P.M. and there should be a properly equipped Waiting Room in all Income-tax Offices for the convenience of the assesseees who have to be present there.

Mr. Tottenham promised a careful consideration to all these questions raised.

*Interview with Mr. N. B. Saklatwala, C.I.E. :—*The Committee of the Indian Chamber of Commerce, Calcutta, had an interview with Mr. N. B. Saklatwala, C.I.E., Chairman, Board of Directors, Tata Iron and Steel Co. Ltd. on Thursday 30th August, 1928.

Mr. Faizulla Gangjee, President of the Chamber, offered a cordial welcome to Mr. N. B. Saklatwala, and requested him to inform the Committee of the Chamber about the actual position of the strike at

Jamshedpur. Mr. Faizullahai also stated that strikes like these all over the country were not only detrimental to Capital and Labour but also a great hindrance to advancement of India industrially. He also offered the assistance of the Chamber if it would be useful in bringing about an early termination of the strike.

Mr. Saklatwala expressed his obligation to the Committee for giving him this opportunity to meet them and discuss the situation *re.* the Jamshedpur Strike. He referred to the Tata Iron and Steel Industry as a great national industry which received a measure of protection of the Government. The Board of the Company, he said, was purely Indian and 80% of the shareholders were Indians. Prominent hard-headed Indian businessmen were on the Directorate of the Board. Regarding the strike, he assured the Committee that the Directors were not carrying out the strike out of sheer cussedness, or a sense of false prestige or vindictiveness. But for valid and cogent reasons for the continuance of the strike, it would not be in their interest to carry on the strike because even as large shareholders it meant a loss of no mean size to them.

He also explained to the Committee how the Board of Directors were trying to meet the legitimate demands of labour at Jamshedpur. They had given due increments to labour from time to time, had provided amenities of life there, had only lately introduced a Bonus scheme conditional on conditions of production etc. He had always been prepared to give concessions as far as it was possible to do so, but he observed that at the present stage he could not be intimidated into giving more concessions.

Mr. Saklatwala then went on to explain briefly the two fundamental or principal matters at issue in regard to the strike. The first was *Retrenchment*, and the second was the *Pay to Strikers during the strike period*. Regarding the first, he stated that the Tariff Board had reported that labour was employed on an extravagant scale at Jamshedpur and had recommended retrenchment. The Company had desired to effect a retrenchment as slowly as possible, as long as profits were being made. To-day however there was no other alternative but to effect a big retrenchment. He further observed that the management alone could say how many men they should employ and no outside agency could possibly dictate to them that they must employ a larger number than necessary. With regard to the second demand he at once stated that the pay for the strike period could not possibly be given. Except in the case of the recent

Kharagpur Strike, pay for the strike period was never given, and Mr. Saklatwala characterised it as an evil day, adding that such an exception made at Kharagpur prejudiced the settlement of strikes elsewhere. He also contradicted the allegation made by labour that Tatas declared a lock-out. If the Boiler Departments for instance, stopped working, he said, other departments must be stopped, for there was nothing to be done there. The case of this industry was peculiar. If furnaces go cold once, work can not be resumed till a week after the starting of the furnaces. He deplored the attitude taken up by several irresponsible labour leaders of exciting labour and holding out false hopes of a favourable settlement. Several so-called leaders had their own axe to grind; and some had old grudge against the Company and wanted to take vengeance. Such irresponsible leaders who were unable to understand the full implication of the present situation and their actions, were enemies of the country, observed Mr. Saklatwala.

There was then a discussion regarding the strike situation.

Mr. Faizulla enquired whether the Committee of the Chamber could be of any help in bringing about an early termination of the strike. Mr. Saklatwala was of the opinion that the intervention of the Chamber with the best of intentions, to terminate the situation resulting in colossal loss to the nation, would do perhaps great harm and might affect the situation adversely, by inducing the men to stay out.

Mr. Saklatwala thanked the Chairman for his proffered assistance, and assured him that he will not fail to take advantage of the same if and when he felt that such intervention will be of any use in relieving the situation.

Among those present, besides the guests who included Mr. N. B. Saklatwala, Sir Lalubhai Samaldas, Mr. Alexander, Mr. Mather and Mr. K. P. Padshah, were Mr. Faizulla Gangjee (President), Mr. Sheokissan Bhattar, Mr. A. L. Ojha, Mr. Habib Mahamed, Mr. K. J. Purohit, Mr. Anandji Haridas, Mr. A. D. Madgaokar, Mr. G. B. Trivedi, Mr. G. L. Mehta and M. P. Gandhi (Secretary).

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### APPENDIX III.

#### LAW AND LEGISLATION.

##### MICA BILL.

Telegram dated 13th February, 1928.

From Chamber to Hon'ble Mr. J. D. Sifton, Member, Executive Council, Bihar & Orissa Government, Patna.

“Committee Indian Chamber of Commerce, Calcutta, lodge their emphatic protest against Mica Bill introduced in Council. Statement of objects and reasons unconvincing and what is more not borne out by facts Industry not declining as made out by you because quantity exported in 1925-1926 highest in the decade. Committee consider proposed drastic measure unwarranted by facts and unjustifiable as it interferes with personal liberty of individuals, freedom of trade, choice of occupation and adversely affects values of lands of Zamindars, gives to Government officials and police wide and arbitrary powers liable to be abused. Committee surprised to find that the Deputy-Commissioner is also the Ex-Officio President of the Kodarma Mining Association and is proposed to be Licensing Officer. Committee further amazed that present Bill originated with a Deputy Commissioner in his capacity as Ex-Officio President of Kodarma Association. If Bill passed, in addition to hardships enumerated before, trade and industry liable to become monopoly of the already predominant foreign interests, will result in great harm to national interests and will be a direct negation of the principles of the External Capital Committee with regard to the exploitation of Mineral concessions by foreigners. Committee consider matter of All-India importance affecting vital and national key industry and request eliciting public opinion of the country before reference to Select Committee.”

#### MERCHANT SHIPPING ADVISORY COMMITTEE UNDER INDIAN MERCHANTS' SHIPPING ACT 1928.

Letter No. 478. T/Mne dated, Darjeeling, 15th June 1928.

From the Government of Bengal, Commerce and Marine Departments to Chamber.

I am directed to forward herewith copy of a letter from the Government of India, Department of Commerce No. 186-S (47) dated the 17th May 1928 and enclosures regarding a proposal for the consti-

tution of Merchant Shipping Advisory Committee or Committees and to request the favour of an expression of the Indian Chamber of Commerce's opinion on the points mentioned in the Government of India's letter.

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Letter No. 186-S (47) dated, Simla, the 17th May, 1928.

From Government of India, Commerce Department to All  
Maritime Local Governments.

I am directed to forward a copy of the papers specified on the

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|--|--|
| 1. The Indian Merchant Shipping (Amendment) Act, 1928. | margin relating to the Indian Merchant Shipping (Amendment) Act, 1928, which was passed by the Indian Legislature in March last. |
| 2. Report of the Select Committee on the Bill.         |  |

2. Section 8 of the Amending Act empowers the Governor General in Council to "appoint Committees for the purpose of advising him when considering the making or alteration of any rules or scales under the Act, consisting of such persons as he may appoint representing the interests principally affected, or having special knowledge of the subject matter". The Hon'ble the Commerce Member, when moving that the Indian Merchant Shipping (Amendment) Bill be taken into consideration, undertook to consult commercial opinion on the question of the composition and functions of the Committee or Committees, and to consider in the light of the opinion received whether it was desirable to define those by statute. I am accordingly to request that the Government of India may be favoured with the views of the Government of Bengal after consulting such commercial opinion as they think desirable, on the following questions :—

- (i) whether there should be only one Advisory Committee, dealing possibly through sub-committees with various aspects of merchant shipping, or whether there should be a series of Committees ;
- (ii) what should be the composition of the Committee, or Committees as the case may be ;
- (iii) what should be their functions ; and
- (iv) whether a specific provision should be embodied in the law regulating the composition and functions of the



Committee or Committees, or whether the present provision, which permits a more elastic procedure, is preferable.

[AS PASSED BY THE INDIAN LEGISLATURE.]

A BILL

*Further to amend the Indian Merchant Shipping Act, 1923, in order to vest in the Governor General in Council the control of matters covered by that Act.*

WHEREAS, by the Devolution Rules, made under section 45A of the Government of India Act, subjects, in relation to the functions of government, have been classified as central and provincial subjects, for the purpose of distinguishing the functions of Local Governments and the functions of the Governor General in Council ;

AND WHEREAS the Indian Merchant Shipping Act, 1923, relates to matters falling within the scope of subjects classified as central, but vests the control of many of the said matters in Local Governments ;

AND WHEREAS it is expedient to vest the control of all such matters in the Governor General in Council,

It is hereby enacted as follows :—

Short title and commencement.      1. (1) This Act may be called the Indian Merchant Shipping (Amendment) Act, 1928.

(2) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint.

2. In the sections, sub-sections and clauses of the Indian Merchant Shipping Act, 1923 (hereinafter referred to as the said Act), which are shown in the first three columns of the Schedule\* as being amended in accordance with this section, for the words "the Local Government", or "a Local Government", or "any Local Government", as the case may be, wherever they occur, the words "the Governor General in Council" shall be substituted.

Substitution of the Governor General in Council for the Local Governments.

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\* Schedule not printed.

3. In the sections, sub-sections and clauses of the said Act, which are shown in the first three columns of the Schedule\* as being amended in accordance with this section, for the word "it" wherever it occurs signifying a Local Government, the word "he" shall be substituted.

Substitution of "he" signifying the Governor General in Council for "it" signifying a Local Government.

4. In the sections, sub-sections and clauses of the said Act, which are shown in the first three columns of the Schedule\* as being amended in accordance with this section, the words "with the previous sanction of the Governor General in Council", or "and the sanction of the Governor General in Council", or "subject to the control of the Governor General in Council", or "with the previous approval of the Governor General in Council", or "with the approval of the Governor General in Council", as the case may be, shall be omitted.

Omission of phrases relating to the sanction, approval or control of the Governor General in Council.

5. In the sections, sub-sections and clauses of the said Act, which are shown in the first three columns of the Schedule\* as being amended in accordance with this section, for the words "local official Gazette" wherever they occur, the words "Gazette of India" shall be substituted.

Substitution of "Gazette of India" for "local official Gazette."

6. In addition to the amendments to be made under sections 2, 3, 4 and 5, the amendments shown in the fourth column of the Schedule\* shall be made in the sections, sub-sections, or clauses of the said Act shown against them in the first two columns of the Schedule.

Further amendments to be made.

Insertion of new section 4A in Act XXI of 1923.

7. After section 4 of the said Act the following section shall be inserted, namely :—

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\* Schedule not printed.

“4A. The Governor General in Council may, by notification in the Gazette of India, delegate to any Local Government any or all of his powers under this Act, either absolutely or subject to such conditions or restrictions as he may think fit.”

Power of the Governor General in Council to delegate his powers to Local Governments.

Insertion of new section 294A in Act XXI of 1923.

8. After section 294 of the said Act, the following section shall be inserted, namely :—

“294A. (1) The Governor General in Council may, if he thinks fit, appoint Committees for the purpose of advising him when considering the making or alteration of any rules or scales under this Act,

Power to appoint committees to advise on rules and scales.

consisting of such persons as he may appoint representing the interests principally affected, or having special knowledge of the subject-matter.

(2) There shall be paid to the members of any such Committee such travelling and other allowances as the Governor General in Council may fix.

(3) Committees may be appointed under this section to advise the Governor General in Council especially as regards any special rules or scales, or generally, as regards any class or classes of rules or scales which the Governor General in Council may assign to them.”

9. Where anything done under the said Act is in force immediately prior to the commencement of this Act, it shall be deemed, as from the commencement of this

Saving of things done under Act XXI of 1923.

Act, to have been done under the said Act as hereby amended.

AS AMENDED BY THE SELECT COMMITTEE.

**[Words printed in italics indicate the amendments suggested by the Committee.]**

A BILL

*Further to amend the Indian Merchant Shipping Act, 1923, in order to vest in the Governor General in Council the control of matters covered by that Act.*

WHEREAS, by the Devolution Rules, made under section 45A of the Government of India Act, subjects in relation to the functions of government have been classified as central and provincial subjects for the purpose of distinguishing the functions of Local Governments and the functions of the Governor General in Council ;

AND WHEREAS the Indian Merchant Shipping Act, 1923, relates to matters falling within the scope of subjects classified as central, but vests the control of many of the said matters in Local Governments ;

AND WHEREAS it is expedient to vest the control of all such matters in the Governor General in Council ;

It is hereby enacted as follows :—

Short title and commencement.

1. (1) This Act may be called the Indian Merchant Shipping (Amendment) Act, 1928.

(2) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint.

2. In the sections, sub-sections and clauses of the Indian Merchant Shipping Act, 1923 (hereinafter referred to as the said Act), which are shown in the first three columns of the Schedule\* as being amended in accordance with this section, for the words "the Local Government", or "a Local Government", or "any Local Government", as the case may be, wherever they occur, the words "the Governor General in Council" shall be substituted.

Substitution of the Governor General in Council for the Local Governments.

3. In the sections, sub-sections and clauses of the said Act, which are shown in the first three columns of the Schedule\* as being amended in accordance with this section, for the word "it" wherever it occurs signifying a Local Government, the word "he" shall be substituted.

Substitution of "he" signifying the Governor General in Council for "it" signifying a Local Government.

4. In the sections, sub-sections and clauses of the said Act, which are shown in the first three columns of the Schedule\* as being amended in accordance with this section, the words "with the previous sanction of the Governor General in Council", or "and the sanction of the Governor General in Council", or "subject to the control of the Governor General in Council", or "with the previous approval of the Governor General in Council", or "with the approval of the Governor General in Council", as the case may be, shall be omitted.

Omission of phrases relating to the sanction, approval or control of the Governor General in Council.

5. In the sections, sub-sections and clauses of the said Act, which are shown in the first three columns of the Schedule\* as being amended in accordance with this section, for the words "local official Gazette" wherever they occur, the words "Gazette of India" shall be substituted.

Substitution of "Gazette of India" for "local official Gazette."

6. In addition to the amendments to be made under sections 2, 3, 4 and 5, the amendments shown in the fourth column of the Schedule\* shall be made in the sections, sub-sections or clauses of the said Act shown against them in the first two columns of the Schedule.

Further amendments to be made.

Insertion of new section 4A in Act XXI of 1923.

7. After section 4 of the said Act, the following section shall be inserted, namely :—

"4A. The Governor General in Council may, by notification in the Gazette of India, delegate to any Local Government any or all of his powers under this Act, either absolutely or subject to such conditions or restrictions as he may think fit."

Power of the Governor General in Council to delegate his powers to Local Governments.

Insertion of new section 294A in Act XXI of 1923.

8. After section 294 of the said Act, the following section shall be inserted, namely :—

“294A. (1) The Governor General in Council may, if he thinks fit, appoint Committees for the purpose of advising him when considering the making or alteration of any rules or scales under this Act, consisting of such persons as he may appoint representing the interests principally affected, or having special knowledge of the subject-matter.

(2) There shall be paid to the members of any such Committee such travelling and other allowances as the Governor General in Council may fix.

(3) Committees may be appointed under this section to advise the Governor General in Council especially as regards any special rules or scales, or, generally, as regards any class or classes of rules or scales which the Governor General in Council may assign to them.”

9. Where anything done under the said Act is in force immediately prior to the commencement of this Act, it shall be deemed, as from the commencement of this Act, to have been done under the said Act as hereby amended.

Saving of things done under Act XXI of 1923.

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## GOVERNMENT OF INDIA.

### LEGISLATIVE DEPARTMENT.

We, the undersigned Members of the Select Committee, to which the Bill further to amend the Indian Merchant Shipping Act, 1923, in order to vest in the Governor General in Council the control of matters covered by that Act was referred, have considered the Bill and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. We have inserted a new clause between clauses 7 and 8 of the Bill as introduced. This clause inserts after section 294 of the Act a section based on section 79 of the Merchant Shipping Act, 1906, giving power to the Governor General in Council to appoint Advisory Committees. We consider this to be a suitable provision to introduce into a Bill which removes the control of merchant shipping from various Local Governments, and centralises it in the hands of the

Governor General in Council. The maritime Local Governments are in a position to keep in touch with mercantile opinion, and the proposed machinery of Advisory Committees is designed to secure this advantage to the Central Government.

3. We discussed the question of including provisions governing the composition and powers of these Advisory Committees, but decided to adopt the model of section 79 of the Merchant Shipping Act, 1906, which will enable Government to consult mercantile opinion and to constitute these Committees in a manner conformable thereto. If mercantile opinion should be in favour of defining the composition and powers of these Committees by statute, Government could consider the question of further legislation.

4. We have made small drafting amendments in the items of the Schedule relating to sections 101 and 254 of the Act.

5. The Bill was published in the Gazette of India, dated the 4th February, 1928.

6. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

K. C. NEOGY.

G. RAINY.

PURSHOTAMDAS THAKURDAS.

B. S. MOONJE.

SARABHAI N. HAJI.

M. A. AZIM.

T. COUPER.

B. DAS.

W. S. J. WILLSON.

ABDUL HAYE.

*The 1st March, 1928.*

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Letter No. L.-8/27, dated the 14th July, 1928.

From Chamber to Government of Bengal, Commerce & Marine  
Departments, Calcutta.

I am directed to refer to your letter No. 478-T/Mne. dated the 9th/15th June, 1928, forwarding therewith a copy of a letter from the Government of India, Department of Commerce, No. 186-S(4)

dated the 17th May, 1928, and enclosures regarding a proposal for the constitution of Merchant Shipping Advisory Committee or Committees and requesting the favour of an expression of the views of my Chamber on the points mentioned in the Government of India's letter. I send you hereby the views of my Committee on the same.

My Committee would suggest that the Advisory Committee proposed to be set up in connection with the administration of the Indian Merchant Shipping Act should follow in respect of its composition and functions the model of the British Merchant Shipping Advisory Committee with such modifications as are necessary to suit the peculiar conditions prevailing in India. The British Merchant Shipping Advisory Committee consists only of the nationals of that country and no non-British interests are represented on it. My Committee trust that the Indian Advisory Committee will also be constituted on similar lines and that whatever representation of non-Indian interests is considered essential in view of the existing circumstances will be of a purely temporary character, while the aim should be to have eventually on the Committee only Indians representing the various shipping, commercial and other interests. With a view to realise this purpose and make it clear from the beginning, my Committee would suggest that so far as the representation of shipowners on the Committee is concerned, only Indian shipping should be represented. Non-Indian Shipping whether of British, Japanese or other nationality should not be represented as such. The interests of non-Indians and shipping as of European commerce will be provided for through the representation of the Associated Chamber of Commerce which will be able to send a non-Indian shipowner if it so desires.

My Committee favour the proposal of setting up only one Advisory Committee dealing with the various problems of merchant shipping through Sub-Committees whenever necessary. This is essential to co-ordinate the different aspects of shipping and maintain a comprehensive and uniform policy in respect of merchant shipping.

As regards the composition of the Committee, the matter has been dealt with above so far as representation of Indian interests is concerned. My Committee emphatically insist that in the composition of the Committee, the Indian character of the body should be maintained and that whatever the total number of the Committee and the individual representation of the various interests there should



be a substantial Indian majority. Apart from this fundamental principle, the Committee should, following the model of the British Shipping Advisory Committee, be so constituted as to represent the following interests :—

1. Representatives of the Federation of Indian Chambers of Commerce.
2. „ „ Associated Chambers of Commerce.
3. „ „ Indian Shipowners.
4. „ „ Underwriters.
5. „ „ Indian Deck and Engineer Officers.
6. „ „ Indian Deck, Saloon and Engine Crew
7. „ „ Wireless Operators.
8. „ „ Port Officers.
9. „ „ Nautical Adviser to the Government of India.
10. „ „ Chief Surveyor.
11. „ „ Marine Surveyors.

As regards the functions of the Advisory Committee, my Committee suggest that it should deal with all the matters which come within the purview of the Indian Merchant Shipping Act, following the example of the British Merchant Shipping Act Advisory Committee, with the necessary changes to suit Indian conditions.

My Committee hold that the composition and functions of the proposed Advisory Committee should be specified in the statute *viz.*, by a clause in the Indian Merchant Shipping Act.

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RESERVATION OF COASTAL TRAFFIC BILL & REPLY TO  
VICEROY'S CRITICISM.

Letter No. 174-T/Muc. dated, Darjeeling, the 30th April, 1928.

From Government of Bengal, Commerce & Marine Departments,  
to Chamber.

I am directed to forward herewith a copy of a Bill to Reserve the Coastal Traffic of India to Indian vessels together with a printed copy of the Debates\* in the Legislative Assembly regarding the

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\* Not printed.

provisions of the Bill and to request that you will be so good as to favour Government by 1st June, 1928, with an expression of the Chamber's views on the provisions of the Bill. I am to add that the Bill was republished in the *Calcutta Gazette* of the 15th March, 1928.

**[As introduced in the Legislative Assembly.]**

A BILL TO

*Reserve the Coastal Traffic of India to Indian Vessels.*

WHEREAS it is expedient to provide for the rapid development of an Indian Merchant Marine ;

And whereas for this purpose it is expedient to reserve the Coastal Traffic of India to Indian vessels ; It is hereby enacted as follows :—

Short title, extent and commencement.	1. (1) This Act may be called the Reservation of the Coastal Traffic of India Act, 192 .
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(2) It extends to the whole of the Coastal traffic of British India and of the Continent of India.

(3) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint.

Definitions.	2. In this Act, unless there is anything repugnant in the subject or context,—
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(1) "A common carrier by water" means a common carrier by water engaged in the cargo and passenger traffic between any two ports in British India, or between any port in British India and any port or place on the Continent of India.

(2) "A subject" means a person and includes a joint stock company, corporation, partnership or association existing under or authorised by the laws of British India.

(3) "Controlling interest" means—

(a) that the title to not less than 75 per cent. of the stock is vested in British Indian subjects free from any trust or fiduciary obligation in favour of any person other than a British Indian subject,

- (b) and that in the case of a joint stock company, corporation or association, the Chairman of the Board of Directors and not less than 75 per cent. of the number of members of the Managing firm of and of the Directors of the Board are British Indian subjects,
- (c) and that not less than 75 per cent. of the voting power is vested in British Indian subjects,
- (d) and that through any contract or understanding, it is not arranged that more than 25 per cent. of voting power may be exercised, directly or indirectly, on behalf of any person who is not a British Indian subject,
- (e) and that by any other means whatsoever, control of any interest in excess of 25 per cent. is not conferred upon, or permitted to be exercised by, any person who is not a British Indian subject.
- (4) "The coasting trade of India" means the carriage by water of goods or passengers between any ports in British India, or between any port in British India and any port or place on the Continent of India.

**3.** No common carrier by water shall engage in the coasting trade of India unless licensed to do so.

**Licence for coasting trade.**

**4.** The license for engaging in the coasting trade of India shall, on applications, be issued by the Governor General in Council, subject to such rules and conditions as may be prescribed in that behalf by the Governor General in Council.

**Issue of license.**

**5.** Before granting a license, the Governor General in Council may require security to be given to his satisfaction by the master, owner, charterer or agent of the vessel for compliance with the conditions of the license.

**Security for license.**

**6.** The amount of security required under section 5 shall not exceed Rs. 50,000.

**Amount of security.**

Duration of license.

7. Every such license shall be for the duration of three years only.

Renewal of license.

8. Every such license shall, on its expiry, be renewable on application to the Governor General in Council.

9. A proportion of not less than 20 per cent. of the tonnage licensed for the first year, not less than 40 per cent. of the tonnage licensed for

the second year, not less than 60 per cent. of the tonnage licensed for the third year, not less than 80 per cent. of the tonnage licensed for the fourth year and all the tonnage licensed for the fifth and subsequent years shall have the controlling interest therein vested in British Indian subjects.

10. The penalty for the contravention of this Act shall be a

Penalty. fine not exceeding Rs. 10,000, or simple imprisonment for a period not exceeding six months, or both.

11. In addition to or in lieu of any penalty otherwise provided,

Cancellation of license. the Governor General in Council may cancel any license for engaging in the coasting trade of India if he is satisfied that a breach of any of the conditions of the license, as may from time to time be prescribed by the Governor General in Council, has been committed.

12. No license for engaging in the coasting trade of India shall

Opportunity to show cause. be cancelled, unless an opportunity has been given to the master, owner, charterer or agent of the vessel to show cause against such cancellation.

#### STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to provide for the employment of Indian tonnage in the coastal traffic of British India and of the Continent of India. This Bill is intended to serve as a powerful aid to the rapid development of an Indian Merchant Marine. Several attempts made in this direction in the past have all practically failed owing, it is believed, to the existence of powerful non-Indian interests in the coasting trade of India. There can be no doubt that the growth of an Indian Merchant Marine would prove a powerful factor in the

employment of Indian talent and the further extension of Indian trade in various directions in a manner calculated to advance the national interests of India.

SARABHAI N. HAJI.

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Letter No. L.-15/28, dated the 1st June, 1928.

From Chamber to Government of Bengal, Commerce & Marine  
Departments, Darjeeling.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge receipt of your letter No. 174-T/Mne., dated Darjeeling, the 30th April, 1928, forwarding therewith a copy of a Bill to reserve the Coastal Traffic of India to Indian Vessels, for the expression of the views of my Chamber on the provisions of the Bill, and to send to you hereby their views on the same.

My Committee have carefully considered the provisions of the Bill and I am directed to say that they concur with the object of the Bill as stated in the statement of objects and reasons and wholeheartedly support the provisions of the Bill to reserve the Coastal Traffic of India to Indian Vessels.

The desire of the people to have a Mercantile Marine of their own is a perfectly natural and legitimate desire as Sir Charles Innes has recognised on behalf of the Government more than once. An Indian Mercantile Marine is indispensable for the economic and industrial development of the country and forms a second line of defence in times of emergency. Reservation of Coastal Trade is one of the universally recognised methods of building up such a marine, as evinced by the example of all important maritime countries. While my Committee appreciate the establishment by the Government of a "Training Ship" as recommended by the Mercantile Marine Committee for the training of Indian boys for a nautical career, they would invite the Government's attention to the inadequacy of such a step by itself to achieve the desired object as pointed out by the Indian Mercantile Marine Committee in paragraph 41 of their Report wherein they observed, "It is our considered opinion that the provision of facilities for the training of Indian officers and engineers alone is not sufficient to meet the requirements

of the case and that some further steps are required to achieve the object in view. These further steps we recommend should be in the form of the eventual reservation of the Indian Coastal Trade for ships, the ownership and controlling interests in which are predominantly Indian”.

My Committee endorse the scheme outlined in the Bill, whereby the Reservation of Coastal Traffic to Indian vessels is to be brought about gradually through a system of control by means of licenses to be issued to steamers whose ownership and controlling interests are predominantly Indian. This scheme of Coastal Traffic is based on the recommendation of the Indian Mercantile Marine Committee and follows the model of the Australian Navigation Act.

My Committee desire me to refer here to the various difficulties and objections raised by Sir Charles Innes against the Reservation of Coastal Traffic to Indian Vessels in his speech in the Legislative Assembly on 19th March, 1926. Sir Charles' argument that the necessity felt by other countries for having a national mercantile marine is not felt in India is preposterous, for it is impossible to contemplate a self-governing India that is dependant on some one else for her national defence. The British Mercantile Shipping Act permits in fact every component part of the British Empire to undertake any legislation it chooses with regard to its own coastal trade. Australia and Canada have sought to develop mercantile marines of their own and Australia has also reserved its coastal traffic for its own bottoms and there is no reason, therefore, why India should not desire and endeavour to have a mercantile marine of its own. Sir Charles has raised another objection that reservation introduces the principle of expropriation. My Committee would, however, point out that the proposed measure does not contemplate any immediate expropriation of foreign shipping but seeks to introduce gradual reservation during which period the existing vested interests will have time to adjust themselves to the changing conditions. Moreover, it must be emphasised that such measures of immediate expropriation in national interests have not been uncommon in other countries, particularly because the coasting trade is recognised as the domestic preserve of each nation. As regards Sir Charles' argument that coastal reservation admits the principle of flag discrimination, it is only necessary to observe that the Third International Shipping Conference held in London in 1926 decided that the question of flag discrimination does not limit the control of any nation over its coast-

wise trade. As the Indian Mercantile Marine Committee observed in Para. 39 of their Report, the coastal trade of a country is regarded universally as a domestic trade in which foreign flags cannot engage as of right but to which they may be admitted as an act of grace.

Sir Charles has also referred to the danger of enhancement of freights as a result of reservation of coast. My Committee would point out that the enhancement of freight is due not to reservation but to the existence of various factors which are independent of a policy of reservation. As it is, even to-day without there being any reservation the freight rates on the Indian coasts are rather high, owing to the practical monopoly of a foreign shipping concern. Even assuming for the sake of argument that freight rates would be slightly enhanced in the initial stages of reservation, such enhancement is only a practice paid for the establishment of an infant merchant marine, the economic advantages of which to a nation cannot be over-emphasised. My Committee are afraid that Sir Charles has evidently made a wrong assumption that Coastal Reservation will necessarily mean monopoly, since it is extremely likely that indigenuous enterprises will spring up and begin to compete as soon as the foreign monopoly will cease to exist.

Sir George Rainy in his speech at the time of the motion for circulation of the Bill for eliciting public opinion raised another difficulty, *viz.*, that the Reservation of Coastal Traffic to Indian Shipping would involve a breach of International agreement and in particular of the convention on International regime of maritime ports to which India is a signatory, if the French and Portugese Ports on the Indian Coastline were included in such reservation. On the other hand, if these ports are not thus included, it would, he contended, lead to a diversion of trade to such foreign ports. My Committee desire me to point out that the maritime ports' convention, to which Sir George referred, does not cover the question of coastal reservation which was specifically left outside its purview. As for the question of French and Portugese ports, my Committee do not consider the technical difficulty to be an insuperable one, since the interests of French and Portugese shipping are not involved in the question of Reservation. It should not be difficult for the Government of India to arrive at a satisfactory solution of the question by negotiations with the French and Portugese Governments, particularly because both the countries have reserved their coasts for their own vessels. In case, however, these Governments are un-

willing to come into line with British India in this respect, it would be perfectly legitimate for the Government of India to take steps to enhance customs duties at the land customs frontiers round Pondicherry, Karikal, Goa, Daman and other ports or erecting customs cordons where there are none in order to effect any possibility of diversion of trade to ports outside the area of Reservation. After all, Sir George Rainy's contention about diversion of trade is based on the assumption that reservation will involve high freights owing to monopoly, and that foreign ports on the coast, which will be open to foreign shipping, will attract tramp tonnage. But as pointed out above, the possibility of high freights as a result of coastal reservation cannot be accepted without considerable qualifications, both because competition between indigenous concerns is almost certain to keep down freight rates and because the policy of Reservation is designed to be only a gradual one. Unless, therefore, the freights in the reservation area are unusually high, tonnage is not likely to be diverted to earn uneconomic freights at the foreign ports on the coast where port conditions and landing facilities would hardly be the same as at the more developed ports, while the Railway rates from such foreign ports on the coast to British India would make such traffic prohibitive in cost.

My Committee would point out here that Reservation of Coastal Traffic to Indian-owned vessels would save to the country a large amount of money now drained away in the shape of coastal freights by foreign shipping. It will result in the rates of coastal freights being fixed under really competitive conditions instead of arbitrarily as now by monopolistic combine and ring. This will reduce the cost of commodities to the consumers of articles carried by coastal steamers. Moreover, trade between small ports will be encouraged by the policy of Reservation and more terminal ports are likely to be opened out. Besides, new avenues of employment will be available for the youth of the country, who are now denied any opportunity of learning the technique of navigation owing to the policy of racial exclusion on the part of foreign shipping companies who practically monopolise the coastal traffic to-day.

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COASTAL TRAFFIC RESERVATION BILL.

*Criticism by H. E. the Viceroy.*

No. L.-15/28, dated 22-12-28.

From Chamber to the Private Secretary to His Excellency  
the Viceroy, Belvedere, Calcutta.

The Committee of the Indian Chamber of Commerce, Calcutta, regret the reference made by His Excellency the Viceroy in his speech before the Associated Chambers of Commerce on the 17th December, 1928, to the Coastal Reservation Bill which is now before the Legislative Assembly. My Committee are of the opinion that any criticism of a measure which is being considered by the Legislature by the head of the Government of India is constitutionally improper being tantamount to an attempt to influence the opinion of the Assembly, particularly in view of the fact that the measure is to be considered from all its aspects both in the Select Committee and the Assembly at its next Session, and that the Governor-General has in the last instance the power of vetoing legislation. My Committee emphasise their previous opinion that the Coastal Reservation Bill is neither discriminatory nor confiscatory in its character, and that its provisions are economically advantageous to India.

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INLAND STEAM VESSELS ACT, 1917.

Letter No. 1061-70-Mne., dated Calcutta, the 9th March, 1928.

From the Government of Bengal, Commerce and Marine  
Departments, to Chamber.

I am directed to forward herewith, for an expression of the views of the Chamber, a Bill introduced in the Legislative Assembly, further to amend the Inland Steam Vessels Act, 1917, with Statement of Objects and Reasons. An extract\* from the Legislative Assembly debates on the subject will be sent to you as soon as received from the Government of India. I am to request that the reply to this letter may be sent not later than the 1st May, 1928.

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\* Not printed.

[As introduced in the Legislative Assembly]

A BILL

Further to amend the Inland Steam Vessels Act, 1917.

WHEREAS it is expedient further to amend the Inland Steam Vessels Act, 1917 ; It is hereby enacted as follows :--

1. (1) This Act may be called the Inland Steam Vessels (Amendment) Act, 1927.

(2) It shall come into force on the first day of January, 1928.

2. In Chapter VI of the Inland Steam Vessels Act, 1917, after section 54, the following sections shall be inserted, namely :--

54A. The Governor General in Council may, by notification in the Gazette of India, prescribe the maximum and minimum rates of freights and fares which it shall be lawful for the owner of an inland steam vessel to charge for the conveyance of goods and passengers.

54B. The Local Government may make rules for the appointment of Advisory Committees to advise the owner of an inland steam vessel on questions affecting the interests of passengers, and may prescribe by rules the constitution and functions of such Committees."

STATEMENT OF OBJECTS AND REASONS.

The control exercised by Government over inland steam vessels carrying on goods and passenger service in this country does not extend to fixing the rates at which they can levy charges on the public. Virtually in the position of monopolists, the inland steamer organisations enjoy unfettered freedom in this matter. In Bengal and Assam where they supply very considerable facilities for transport, their charges are considered to be unduly high. There has been for sometime a good deal of local public agitation against this state of things, but to no effect. It seems reasonable that, when Government exercise a certain amount of control over Railways owned and managed by private companies, in the matter of regulation of freights and fares, similar control should be assumed in respect of inland steam vessels also. It is proposed in this Bill to invest Government

with authority to fix maximum and minimum freights and fares that can be lawfully charged by inland steamer services, on the analogy of similar authority in regard to Company-managed Railways. While the maximum rates would protect the public against exorbitant demands, the minimum scales to be fixed under the Bill would prevent unfair rate-wars which have in the past defeated indigenous efforts at organising inland steamer service in competition with powerful combines in Bengal.

A second provision in this Bill is to enable Advisory Committees to be constituted and attached to the inland steamer concerns at different important stations, more or less on the lines of Railway Advisory Councils. As matters stand at present, the agents of the monopolist companies running inland steamer services are not in touch with public opinion, and do not pay adequate attention to the grievances of the travelling public.

K. C. NEOGY.

*The 23rd December, 1926.*

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Letter No. L.-15/28, dated the 2nd June, 1928.

From Chamber to Government of Bengal, Marine Department,  
Darjeeling.

I am directed to acknowledge the receipt of your letter No. 1061-70-Mne. dated the 5th/9th March 1928 and to forward to you hereby the views of my Committee on the Bill to amend the Inland Steam Vessels Act.

My Committee concur with the statement of objects and reasons attached to the Bill and whole-heartedly support the purpose of the measure which seeks to meet only one of the many grievances of Inland Water Transport. They are, however, of the opinion that the provisions of the Bill should be made to apply at present only to the provinces of Bengal, Bihar & Orissa, Assam and Burma, where powerful vested interests and monopolistic combines hamper or thwart the growth of indigenous and small concerns.

With regard to the fixing of minimum and maximum rates of freights and fares, my Committee would suggest that the Government should set up a Committee representing the Legislatures, the Shipping Companies and the public, to fix the minimum and maximum freight rates initially after taking into consideration the various factors involved in the whole question. The terms of reference to

such a Committee should clearly stipulate that the rates should not be fixed so low as to make it difficult for new enterprises to enter the field.

With a view to investigate into the complaints received from the interests concerned regarding the rates of freights and fares, my Committee would suggest that the Government should appoint a Tribunal which should have powers to investigate into such complaints and to revise the rates, if necessary. The decisions of such a body should be made binding on the parties concerned.

With regard to the appointment of Advisory Committees to advise owners of Inland Steam Vessels on questions affecting the interests of passengers and trade, my Committee strongly support the appointment of such Advisory Committees as in the case of Railways with a substantial majority of Indians nominated by various commercial bodies to investigate into, and remove the grievances and complaints of, passengers and merchants.

#### INDIAN MERCHANDISE MARKS ACT AMENDMENT BILL.

Letter No. 1465-1473-Com., dated Calcutta, the 8th March, 1928.

From the Government of Bengal, Commerce and Marine Departments, Calcutta, to Chamber.

In forwarding the accompanying copy of a Bill further to amend the Indian Merchandise Marks Act, 1889 (IV of 1889) with the statement of objects and reasons, I am directed to request that your Chamber will favour Government not later than 1st May, 1928, with an expression of its opinion on the provisions of the Bill.

#### GOVERNMENT OF INDIA.

##### LEGISLATIVE DEPARTMENT.

[To be introduced in the Legislative Assembly.]

*A Bill further to amend the Indian Merchandise Marks Act, 1889.*

WHEREAS it is expedient further to amend the Indian Merchandise Marks Act, 1889, for the purpose hereinafter appearing ; it is enacted as follows :—

Short title and commencement.

1. (1) This Act may be called the Indian Merchandise Marks (Amendment) Act, 1927.

(2) It shall come into force on the first day of January, 1928.

2. After section 12 of the Indian Merchandise Marks Act, 1889, the following section shall be inserted namely :—  
Insertion of new section 12A in Act IV of 1889.

“12A. (1) The Governor General in Council may, by notification in the *Gazette of India*, prescribe the kind, description or class of goods brought into British India, to which a trade description giving the place or country in which they were made or produced shall be applied.  
Indication of local origin of imported goods.

(2) The Governor General in Council may, after previous publication, make regulations, either general or special, prescribing—

- (a) the form in which the trade description shall be applied ;
- (b) the manner in which the trade description shall be applied, whether by a mark to be placed upon the goods, or in some other manner ; and
- (c) the time or occasion when the trade description shall be applied, and, in particular, whether the trade description shall be applied on importation only, or also on sale of the goods, either by wholesale or retail, in British India.

(3) If a person who is required under this section to apply a trade description to any goods fails to do so or contravenes any regulation made under sub-section (2), he shall be punished in the same manner as if he had been guilty of applying a false trade description to goods.”

#### STATEMENT OF OBJECTS AND REASONS.

There is no provision in the existing law in India which can compel the application of a trade description to imported goods. The result is that articles made in foreign countries, without any indication as to their local origin, are sometimes palmed off as Indian manufactures. It is a well known fact that a kind of piece-goods especially manufactured abroad is sometimes sold in India as hand-woven *Khaddar*. Again cheap hosiery, particularly cotton undershirts, are imported from Japan without any trade description and sold in this country as local manufacture. In such cases, the local origin of goods should be indicated so as to prevent fraud on the consumers, and protect some of the struggling industries of India from unfair com-

petition. It is proposed in this Bill to arm the Governor General in Council with power to specify any imported goods in respect of which the importer, or the wholesale or retail dealer, shall be called upon to affix a trade description giving the place of origin thereof. It may be mentioned that the provisions are mainly adapted from the recommendations of a Departmental Committee of the British Government regarding legislative action in the United Kingdom in the interest of certain Empire or British Goods.

... K. C. NEOGY.

*The 23rd December, 1926.*

Letter No. 2454-59-Com., dated Calcutta, the 4th May 1928.

From the Government of Bengal, Finance, Commerce and Marine Departments, Calcutta, to Chamber.

I am directed to refer to this Department Letter No. 1465-73-Com., dated the 8th March, 1928, forwarding a copy of a Bill further to amend the Indian Merchandise Marks Act, 1889 (IV of 1889), and to request that, as the Government of India desired to be furnished with the opinion of this Government thereon by the 1st June, 1928, the views of the Chamber be submitted with the least possible delay, and not later than the 15th instant.

Letter No. L.-14/26, dated the 7th May, 1928.

From Chamber to Government of Bengal, Commerce Department, Darjeeling.

I am directed to acknowledge receipt of your letter No. 1465-1473-Com., dated Calcutta, the 8th March, 1928, forwarding a copy of a Bill further to amend the Indian Merchandise Marks Act, 1889 (IV of 1889) for an expression of the opinion of this Chamber on the provisions of the Bill.

As stated in the statement of objects and reasons attached to the Bill, there is no provision in the existing law in India which can compel the application of a trade description to imported goods, with the result that articles made in foreign countries, without any indication as to their local origin, are sometimes palmed off as

Indian manufactures. It is proposed in this Bill "to arm the Governor-General in Council with power to specify any imported goods in respect of which the importer, or the wholesale or retail dealer shall be called upon to affix a trade description giving the place of origin thereof."

My Committee wholeheartedly accord their strong support to the provisions of the Bill, which would at once check the fraudulent practice of selling foreign goods as indigenous goods in absence of any compulsion as to the indication of the local origin of the goods, and give a stimulus to the indigenous industries.

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INDIAN MERCHANT SHIPPING ACT, 1923.

[To be introduced in the Legislative Assembly.]

A BILL

*Further to amend the Indian Merchant Shipping Act, 1923, for certain purposes.*

XXI of 1923. WHEREAS it is expedient further to amend the Indian Merchant Shipping Act, 1923, for the purposes hereinafter appearing; It is hereby enacted as follows:—

Short title and commencement. 1. (1) This Act may be called the Indian Merchant Shipping (Amendment) Act, 1923 .

(2) It shall come into force on such date as the Governor General in Council may, by notification in the *Gazette of India*, appoint.

XXI of 1923. 2. For section 24 of the Indian Merchant Shipping Act, 1923 (hereinafter referred to as the said Act), the following shall be substituted, namely:—

Substitution of new section for section 24, Act XXI of 1923.

"24. (1) Employment Bureau shall be established and maintained, at the ports of Calcutta and Bombay and such other ports as the Governor General in Council may deem necessary, to engage or supply seamen for merchant ships in British India.

(2) For every such Bureau, there shall be a Bureau Officer with such Deputy Bureau Officers, clerks, and servants (if any) as the Governor General in Council may consider necessary".

Amendment of section 25, Act XXI of 1923. 3. In section 25 of the said Act,—

- (i) in sub-section (1), for the words “either holds a licence under this Act for the purpose”, the words “is the Bureau Officer or Deputy Bureau Officer” shall be substituted ; and the words “or is *bonâ fide* the servant and in the constant employ of the owner” shall be omitted.
- (ii) in sub-section (2), for the words “either holds a licence under this Act for the purpose” the words “is the Bureau Officer or Deputy Bureau Officer” shall be substituted ; and the words “or is *bonâ fide* the servant and in the constant employment of the owner” shall be omitted ;
- (iii) in sub-section (4), for the word “hundred” the word “thousand” shall be substituted ; and the words “and, if a licensed person, shall forfeit his licence” shall be omitted.

Amendment of section 26, Act XXI of 1923. 4. In sub-section (2) of section 26 of the said Act, for the words “a fine of fifty rupees” the words “a sentence of rigorous imprisonment which may extend to two years”, shall be substituted ; and the words “and, if a licensed person, shall forfeit his licence” shall be omitted.

#### STATEMENT OF OBJECTS AND REASONS.

The present system of recruitment of seamen through the licensed brokers and ghat serangs and ghat butlers, which pre-eminently lends itself to extensive practice of bribery and corruption, has been unreservedly condemned by the Seamen's Recruitment Committee, appointed by the Government of India in 1922. The Committee recommended the abolition of the present system and its substitution by the Employment Bureau, organised and maintained, either by the representative associations of shipowners and seamen in co-operation or by the State, as suggested in the draft Convention for establishing facilities for finding employment for seamen, framed and adopted by the General Conference of the International Labour Organisation of the League of Nations, in its Session at Geneva in June, 1920. This Bill is intended to give effect to the unanimous recommendation of the Committee for the establishment of the Employment Bureau by the State and the abolition of the system of recruitment through the



licensed brokers, ghat serangs and ghat butlers. The penal provisions with regard to the receipt of unauthorised remunerations for securing employment for seamen has been further stiffened in accordance with the recommendations of the Committee.

ABDUL MATIN CHAUDHURY.

*The 1st July, 1927.*

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Letter No. L.-8/27, dated the 14th July, 1928.

From Chamber to Government of Bengal, Commerce & Marine  
Departments, Calcutta.

I am directed to refer to the Bill introduced by Mr. Abdul Matin Chaudhury in the Legislative Assembly to further amend the Indian Merchant Shipping Act, 1923 (XXI of 1923), and to send to you hereby the views of my Committee on the same.

My Committee approve of the above Bill and are generally in agreement with the statement of objects and reasons attached thereto. The measure seeks to remedy grave abuses like bribery, corruption and victimisation prevailing in the present system of recruitment of seamen through licensed brokers, ghat serangs and ghat butlers. The first three paragraphs of the report of the Seamen's Recruitment Committee of 1922 dealing with the existing system of recruitment and the abuses to which it is liable were withheld from publication. There is no reason to believe that these abuses have ceased to exist now since they depend not on the conditions of trade and employment but are an outcome of an undesirable system of recruitment which ought to be reformed.

My Committee would point out, however, that an Employment Bureau of the character proposed in the Bill, organised and maintained by the State might be as powerless to prevent the prevailing abuses as the existing organisation of the Shipping Office unless proper safeguards are taken to represent and protect the interests of seamen. For example, the Seamen's Recruitment Committee rightly observed in their report that "the success of the scheme will depend largely on the personality of the head of the Bureau and his selection will, therefore, be a matter of highest importance". My Committee would, therefore, emphasise the necessity of appointing only an Indian as the head of the Bureau since he alone would be conversant with the

vernacular of the Indian seamen and would have the requisite knowledge of their needs and desires. In selecting such an Indian, the Government should see that he had had some experience of labour organisation and is acquainted with the peculiar conditions and needs of this kind of labour in particular. Secondly, in order to safeguard the interests of seamen, the Head of the Bureau should be assisted by an Advisory Committee consisting of an equal number of representatives from both the shipowners and the Seamen's Recruitment Committee. My Committee would point out that the formation of such Advisory Committee is most essential if the principle enunciated by the Draft Convention of the International Labour Organisation of 1920 *viz.*, "Freedom of choice of ship shall be assured to seamen and freedom of choice of crew shall be assured to shipowners" is to be effectively carried out.

As for the question of advances to seamen in case of recruitment through the Employment Bureau, my Committee do not believe that the difficulty would be an insuperable one. The Seamen's Recruitment Committee recommended in their report that private agencies could be made to undertake the work of advancing money and suitable agencies for this purpose would be Seamen's Unions, Co-operative Societies and similar other organisations. As regards the possible risk of desertion in the system of recruitment through the Employment Bureau, my Committee would refer to paragraph 11 of the report of the Seamen's Recruitment Committee wherein they have outlined the method to be adopted following the procedure in England. My Committee have no doubt that this will remove the risk of desertion.

My Committee also agrees with Clause 4 of the Bill, whereby the penal provisions with regard to the receipt of unauthorized remuneration for securing employment is sought to be stiffened in accordance with the recommendations of the Seamen's Recruitment Committee as the evils of bribery and corruption need to be put down with a firm hand in the case of those dealing with the poor and illiterate seamen in India.

Letter No. L.-8/27, dated Calcutta, the 14th July, 1928.

From Chamber to the Government of India, Commerce Department,  
Simla.

I am directed to forward to you herewith a copy of a letter addressed to the Government of Bengal *re.* the Bill introduced in the Assembly by Mr. Abdul Matin Chaudhury.

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THE CALCUTTA UNIVERSITY BILL.

A BILL

*to amend the law relating to the University of Calcutta.*

WHEREAS it is expedient to amend the law relating to the Calcutta University ; It is hereby enacted as follows :

1. (1) This Act may be called the Calcutta University Act, 1928.

(2) It extends to the whole of Bengal.

(3) It shall come into force on the first day of March, 1928.

2. The Indian Universities Act, 1904, hereinafter referred to as the said Act, shall, in its application to Bengal, be amended in the manner hereinafter provided.

3. To section 4, sub-section (1), clause (d), the following shall be added after sub-clause (iii), namely :—

“and in the case of the University of Calcutta,

(iv) elected by the Professors and Lecturers in Colleges affiliated to the University ;

(v) elected by the Professors and Lecturers appointed and paid by the University ;

(vi) elected by the graduate teachers in schools recognised by the University ;

(vii) elected by the members of the Bengal Legislative Council;  
and

(viii) elected by the members of the Municipalities and District  
Boards in the Presidency of Bengal.

4. In section 4, sub-section (4) of the said Act, after the word  
“either” and before the word “class”, the following words shall be  
inserted, namely :—“(or any).”

5. To section 5, after sub-section (2) Proviso of the said Act,  
the following words shall be added, namely :—“This sub-section and  
Proviso shall not apply in the case of the University of Calcutta.

6. In section 6, sub-section (1), after the words “of such num-  
ber,” the following words shall be inserted, namely :—“except in the  
case of the University of Calcutta.”

7. The section 6, sub-section (1), of the said Act, the following  
shall be added, namely :—

“(1A) In the case of the University of Calcutta, of such number  
(not exceeding one hundred)—

(a) twenty-five shall be elected by registered graduates ;

(b) fifteen shall be elected by the Faculties ;

(c) fifteen shall be elected by the Professors and Lecturers in  
Colleges affiliated to the University, of whom not less  
than five shall be Principals of such Colleges ;

(d) ten shall be elected by the Professors and Lecturers  
appointed and paid by the University ;

(e) five shall be elected by the teachers in schools recognised  
by the University ;

(f) four shall be elected by the non-official members of the  
Bengal Legislative Council ;

(g) one shall be elected by the Aldermen and elected Councillors  
of the Corporation of Calcutta, and five shall be elected  
by the elected members of the Municipalities and District  
Boards in the Presidency, Burdwan, Dacca, Rajshahi  
and Chittagong Divisions of Bengal;

(h) and the remainder shall be nominated by the Chancellor.

(i) 5 shall be elected by the commercial bodies in Calcutta, each Association electing as follow :

8. In section 7, sub-section (2), clause (b) of the said Act, for the words "such amount as may be prescribed by the regulations," the words "*two rupees*" shall be substituted.

9. In section 7, sub-section (2), clause (b) Proviso of the said Act, for the words "and of such further sum as may be prescribed by the regulations," the words "and of the further *payment of two rupees*" shall be substituted.

10. In section 7, sub-section (3), of the said Act for the words "of such amount as may be prescribed by the regulations," the words "two rupees" shall be substituted.

11. In section 7, sub-section (3), Proviso of the said Act for the words "prescribed in this behalf by the regulations" the words "of fifty rupees" shall be substituted.

12. After section 9 and before section 10 of the said Act, the following shall be inserted :

9A. In the case of the University of Calcutta, the election of Ordinary Fellows by the constituencies mentioned in 7 (1A) (c), 7 (1A) (d), 7 (1A) (e), 7 (1A) (f), and 7 (1A) (g) shall be held in accordance with regulations to be framed in this behalf.

13. In the First Schedule to the said Act, under the sub-head University of Calcutta, for the words "The number of the Executive Council.....Department of Education," the following words shall be substituted, namely :—"The Ministers appointed by the Governor to be in charge of the Transferred Departments."

14. To the First Schedule to the said Act, under the sub-head University of Calcutta, after the words "The Principal, Presidency College," the following shall be substituted, namely :—

The Principal, Scottish Churches College, Calcutta.

The Principal, St. Xavier's College, Calcutta.

The Principal, Vidyasagar College, Calcutta.

The Principal, City College, Calcutta.

The Principal, Ripon College, Calcutta.

- The Principal, Bangabasi College, Calcutta.  
The Principal, Asutosh College, Calcutta.  
The Principal, Sanskrit College, Calcutta.  
The Principal, Islamia College, Calcutta.  
The Principal, St. Paul's College, Calcutta.  
The Principal, University Law College, Calcutta.  
The Principal, Medical College, Calcutta.  
The Principal, Carmichael Medical College, Calcutta.  
The Principal Bengal Engineering College.  
The Principal, Hughli College.  
The Principal, Serampore College.  
The Principal, Wesleyan Mission College, Bankura.  
The Principal, Krishnath College, Berhampore.  
The Principal, Rajshahi College.  
The Principal, Chittagong College.  
The Principal, Anandomohan College, Mymensingh.  
The President, Council of Post-Graduate Teaching in Arts,  
Calcutta University.  
The President, Council of Post-Graduate Teaching in Science,  
Calcutta University.  
The member of the Bengal Legislative Council representing the  
Calcutta University Constituency.

STATEMENT OF OBJECTS AND REASONS.

The present constitution of the Calcutta University is based mainly on Act VIII of 1904. This measure evoked a great deal of opposition at the time of its enactment. Since then, considerable progress has been achieved in all the branches of educational activity. The conditions in this province have also undergone change in various respects. It is now felt that the Indian Universities Act of 1904 is wholly unsuited to the needs of the present day. Evidence of this is furnished by the fact that it has been found necessary to amend the law relating to Universities in several of the provinces. It can hardly be denied that the existing constitution of the Senate of the University is not representative. The law provides for eighty per cent of its members being nominated by the Chancellor. Only ten per cent of the total strength of the Senate is elected by the registered

graduates. Even this limited right is, on account of the high fee payable for registration, availed of by a small proportion of the educated community. There is no scope for the adequate representation of the general public interested in education or of teachers in non-Government colleges and schools. This Bill seeks to remedy these defects. It also attempts to provide a constitution for the University which is calculated to enable this body to perform its functions independently of outside control and promote the best interests of the people of the province.

CALCUTTA :  
*The 15th November, 1927.*

PRAMATHANATH BANERJEA,  
*Member-in-charge.*

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Letter No. L. 12/28, dated the 11th August, 1928.

From Chamber to the Government of Bengal, Legislative  
Department, Calcutta.

I am directed to refer to the Calcutta University Bill 1927, introduced in the Bengal Legislative Council by Dr. Pramathanath Banerjea to amend the law relating to the University of Calcutta and to forward to you hereby the views of my Committee on the same.

My Committee are in general agreement with the objects and reasons attached to the Bill. They are also of the opinion that the democratisation of the constitution of the University is overdue and should be effected as soon as practicable in order to enable it to perform its functions independently of any official interference and in the best interests of the people. My Committee also appreciate the fact that the limited right given to registered graduates to elect members to the Senate is not availed of by many graduates owing to the high registration fees..

The one defect in the Bill which my Committee desire me to point out is that trade, commerce and industry have not been given any representation on the Senate. For the imparting of commercial education suited to the needs of trade, commerce and industry, it is highly desirable that trade and commerce should have a voice in the control of the University. The business community is also interested in the general education given to graduates turned out by the University in various faculties of Arts, Science, Engineering etc. I may point out here that 2 representatives are returned by the Southern

India Chamber of Commerce, Madras, on the Senate of the Madras University.

My Committee would, therefore, suggest that 5 seats should be allotted to Indian bodies representing trade, commerce and industry in Bengal and if no other way is found to include 5 representatives of trade and commerce on the Senate, they would suggest that the number of members to be elected by the registered graduates should be decreased from 25 to 20 and that these 5 seats should be allotted to the Indian commercial bodies in Calcutta.

My Committee would suggest that out of the 5 seats allotted to the Indian commercial bodies, 2 should be allotted to the Indian Chamber of Commerce, Calcutta, which represents the interests of all persons actively engaged in trade, industry and commerce.

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TRADE DISPUTES BILL.

L. A. BILL NO. 25 OF 1928.

*A Bill to make provision for the investigation and settlement of trade disputes, and for certain other purposes.*

WHEREAS it is expedient to make provision for the investigation and settlement of trade disputes, and for certain other purposes hereinafter appearing ; It is hereby enacted as follows :—

Short title, extent and commencement.

1. (1) This Act may be called the Trade Disputes Act, 1928 .

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint.

Interpretation.

2. In this Act, unless there is anything repugnant in the subject or context,—

(a) "Board" means a Board of Conciliation constituted under this Act ;

(b) "Court" means a Court of Inquiry constituted under this Act ;



- (c) "employer" means, in the case of any industry, business or undertaking carried on by any department of the Government, the authority prescribed in this behalf or, where no authority is prescribed, the head of the department ;
- (d) "lock-out" means the closing of a place of employment, or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him, where such closing, suspension or refusal occurs in consequence of a dispute and is intended for the purpose of compelling those persons, or of aiding another employer in compelling persons employed by him, to accept terms or conditions of or affecting employment ;
- (e) "prescribed" means prescribed by rules made under this Act ;
- (f) "public utility service" means—
- (i) any railway service which the Governor General in Council may, by notification in the Gazette of India, declare to be a public utility service for the purposes of this Act ; or
  - (ii) the postal, telegraph or telephone services ; or
  - (iii) any industry, business or undertaking which supplies light or water to the public ; or
  - (iv) any system of public conservancy or sanitation ;

and includes any other industry, business or undertaking which the Governor General in Council may, after giving by notification in the Gazette of India not less than three months' notice of his intention so to do, by a like notification, declare to be a public utility service for the purposes of this Act ;

(g) "railway company" means a railway company as defined in section 3 of the Indian Railways Act, 1890 ;

(h) "strike" means a cessation of work by a body of persons employed in any trade or industry acting in combination or a concerted refusal, or a refusal under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment ;

- (i) "trade dispute" means any dispute or difference between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of the employment, or with the conditions of labour, of any person ; and
- (j) "workman" means any person employed in trade or industry for hire or reward, but does not include any person employed in the naval, military or air service of the Crown.

*Reference of Disputes to Courts and Boards.*

3. If any trade dispute exists or is apprehended between an employer and any of his workmen, the Local Government, or where the employer is the head of a department under the control of the Governor General in Council or is a railway company, the Governor General in Council may, by order in writing,—

Reference of disputes to  
Courts or Boards.

- (a) refer any matters appearing to be connected with or relevant to the dispute to a Court of Inquiry to be appointed by the Local Government or the Governor General in Council, as the case may be ; or
- (b) refer the dispute to a Board of Conciliation to be appointed by the Local Government or the Governor General in Council, as the case may be, for promoting a settlement thereof.

*Courts of Inquiry.*

4. (1) A Court shall consist of a chairman and such other persons as the appointing authority thinks fit, or may, if such authority thinks fit, consist of one person.
- Constitution of Courts.
- (2) A Court, having the prescribed quorum, may act notwithstanding any vacancy in the number of its members other than the chairman.
5. (1) A Court shall, either in public or in private, at its discretion, inquire into the matters referred to it and report thereon to the authority by which the Court was appointed.
- Duties of Courts.
- (2) A Court may, if it thinks fit, make interim reports.

*Boards of Conciliation.*

6. (1) A Board shall consist of a chairman and two or four other members, as the appointing authority thinks fit, or may, if such authority thinks fit, consist of one independent person.

Constitution of Boards.

(2) Where the Board consists of more than one person, the chairman shall be an independent person and the other members shall be either independent persons or persons appointed in equal numbers to represent the parties to the dispute ; all such persons shall be appointed on the recommendation of the parties concerned :

Provided that, if any party fails to make the necessary recommendation within the prescribed time, the appointing authority shall select and appoint such persons as it thinks fit to represent that party.

(3) A Board, having the prescribed quorum, may act notwithstanding any vacancy in the number of its members other than the chairman :

Provided that, where a Board includes an equal number of persons representing the parties to the dispute and any of such persons resigns from the Board before it has completed its work, the authority appointing the Board shall appoint, in the manner specified in sub-section (2), another person to take his place, and the proceedings shall be continued before the Board so re-constituted.

7. (1) Where a dispute has been referred to a Board under this Act, it shall be the duty of the Board to endeavour to bring about a settlement of the same, and for this purpose the Board shall, in such manner as it thinks fit and without delay, investigate the dispute and all matters affecting the merits thereof and the right settlement thereof, and in so doing, may do all such things as it thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement of the dispute, and may adjourn the proceedings for any period sufficient in its opinion to allow the parties to agree upon terms of settlement.

Duties of Boards.

(2) If a settlement of a dispute is arrived at by the parties thereto after it has been referred to a Board and during the course of the investigation thereof, a memorandum of the settlement shall be drawn up by the Board and signed by the parties, and the Board shall

send a report of the settlement, together with the memorandum, to the authority by which the Board was constituted.

(3) If no such settlement is arrived at during the course of the investigation, the Board shall, as soon as possible after the close thereof, send a full report regarding the dispute to the authority by which the Board was constituted, setting forth the proceedings and steps taken by the Board for the purpose of ascertaining the facts and circumstances relating to the dispute and of bringing about a settlement thereof, together with a full statement of such facts and circumstances and its findings thereon and the recommendation of the Board for the settlement of the dispute.

(4) The recommendation of the Board shall deal with each item of the dispute, and shall state in plain language what in the opinion of the Board ought and ought not to be done by the respective parties concerned.

*General.*

8. No order of the Governor General in Council or of a Local Government appointing any person as a member of a Court or a Board shall be called in question in any manner.

Finality of orders constituting a Court or Board.

9. (1) Courts and Boards shall follow such procedure as may be prescribed.

Procedure and powers.

(2) Courts and Boards shall have the same powers as are vested in Courts under the Code of Civil Procedure, 1908, when trying a suit in respect of the following matters :—

V of 1908.

(a) enforcing the attendance of any person and examining him on oath ;

(b) compelling the production of documents and material objects ; and

(c) issuing commissions for the examination of witnesses ; and shall have such further powers as may be prescribed ; and every inquiry or investigation by a Court or Board shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 XLV of 1860 of the Indian Penal Code.

10. (1) If the services of the chairman or of any other member of a Court or Board cease to be available at any time for the purposes of the Court or Board, the appointing authority shall appoint another chairman, or may appoint another member, as the case may be, and the proceedings shall be continued before the Court or Board so re-constituted.

Filling of vacancies.

(2) Where the Court or Board consists of one person only and his services cease to be available as aforesaid, the appointing authority shall appoint another person in his place, and the proceedings shall be continued before the person so appointed.

11. The report of a Court or Board shall be in writing and shall be signed by all the members of the Court or Board :

Form of report.

Provided that nothing in this section shall be deemed to prevent any member of a Court or Board from recording a minute of dissent from a report or from any recommendation made therein.

12. The authority appointing a Court or Board shall publish its report in such manner as such authority thinks fit, and may publish or cause to be published from time to time, in such manner as such authority thinks fit, any information obtained, or conclusions arrived at, by the Court or Board as the result of its inquiry or investigation.

Publication of results of inquiry.

13. (1) Notwithstanding anything contained in section 12, there shall not be included in any report or publication made or authorised by a Court or Board or the authority appointing a Court or Board any information obtained by the Court or Board in the course of its inquiry or investigation as to any Trade Union or as to any individual business (whether carried on by a person, firm or company) which is not available otherwise than through evidence given before the Court or Board, except with the consent in writing of the secretary of the Trade Union or of the person, firm or company in question ; nor shall any individual member of the Court or Board or any person concerned in the proceedings before it disclose any such information without such consent.

Certain matters to be kept confidential.

(2) If any member of a Court or Board or any person present at or concerned in the proceedings before a Court or Board discloses any information in contravention of the provisions of sub-section (1), he shall, on complaint made by or under the authority of the Trade Union or individual business affected, be punishable with fine which may extend to one thousand rupees :

Provided that nothing in this sub-section shall apply to the disclosure of any such information for the purposes of a prosecution under section 103 of the Indian Penal Code.

XLV of  
1860.

14. Save as may be otherwise prescribed, no person shall be entitled to be represented by a legal practitioner before a Court or Board.  
Representation of parties.

*Special provision regarding Public Utility Services.*

15. (1) Any person who, being employed on monthly wages in a public utility service, voluntarily withdraws from the duties of his office without permission or without having given to his employer one month's previous notice in writing shall be punishable with imprisonment which may extend to one month, or with fine which may extend to fifty rupees, or with both.  
Sudden strikes in utility services.

(2) Any person who abets the commission of an offence under sub-section (1) shall be punishable with imprisonment which may extend to three months, or with fine which may extend to five hundred rupees, or with both.

(3) No Court shall take cognisance of any offence under this section save on complaint made by, or under authority from, the Governor General in Council or the Local Government.

(4) No Court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence under this section.

*Special provision for Illegal Strikes and Lock-outs.*

16. (1) A strike or a lock-out shall be illegal which—  
Illegal strikes and lockouts.

(a) has any object other than, or in addition to, the furtherance of a trade dispute within the trade or industry in

which the strikers or employers locking out are engaged ; and

(b) is a strike or lock-out designed or calculated to coerce the Government either directly or by inflicting hardship upon the community.

(2) It shall be illegal to commence or continue, or to apply any sums in furtherance or support of any such illegal strike or lock-out.

(3) For the purposes of this section, a trade dispute shall not be deemed to be within a trade or industry unless it is a dispute between employers and workmen, or between workmen and workmen, in that trade or industry, which is connected with the employment or non-employment or the terms of the employment, or with the conditions of labour, of persons in that trade or industry.

(4) A strike or a lock-out shall not be deemed to be calculated to coerce the Government unless such coercion might reasonably be expected as a consequence thereof.

17. (1) If any person declares, instigates, incites others to take part in, or otherwise acts in furtherance of, a strike or lock-out which is illegal under the provisions of section 16, he shall be punishable with imprisonment which may extend to three months, or with fine which may extend to five hundred rupees, or with both :

Provided that no person shall be deemed to have committed an offence under this section by reason only of his having ceased work or refused to continue to work or to accept employment.

(2) No Court shall take cognisance of any offence under this section save on complaint made by, or under authority from, the Governor General in Council or the Local Government.

(3) No Court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence under this section.

18. The provisions of sections 17 and 18 of the Indian Trade Unions Act, 1926, shall not apply to any act done in contemplation or furtherance of a strike or lock-out which is illegal under section 16, and any such act shall not be deemed for

XVI of 1926.

Certain provisions of Act XVI of 1926 not to apply to illegal strike or lock-out.

the purposes of any enactment to be done in contemplation or furtherance of a trade dispute.

19. (1) No person refusing to take part, or to continue to take part, in any strike or lock-out which is illegal under the provisions of section 16 shall, by reason of such refusal or by reason of any action taken by him under this section, be subject to expulsion from any trade union or society, or to any fine or penalty, or to deprivation of any right or benefit to which he or his legal representatives would otherwise be entitled, or be liable to be placed in any respect, either directly or indirectly, under any disability or at any disadvantage as compared with other members of the union or society, anything to the contrary in the rules of a trade union or society notwithstanding.

Protection of persons withholding from illegal strike or lock-out.

(2) Nothing in the rules of a trade union or society requiring the settlement of disputes in any manner shall apply to any proceeding for enforcing any right or exemption secured by this section and in any such proceeding the Court may, in lieu of ordering a person who has been expelled from membership of a trade union or society to be restored to membership, order that he be paid out of the funds of the trade union or society such sum by way of compensation or damages as the Court thinks just.

20. Without prejudice to the right of any person having a sufficient interest in the relief sought to sue or apply for an injunction to restrain any application of the funds of a trade union in contravention of the provisions of section 16, an injunction restraining any application of the funds of a trade union in contravention of the provisions of that section may be granted at the suit or upon the application of the Governor General in Council or a Local Government.

Injunctions for restraint of application of funds.

#### *Rules.*

21. (1) The Governor General in Council in respect of industries, businesses and undertakings carried on by him or under his authority, or by a railway company, and the Local Governments in respect of other businesses,

Power to make rules.



industries, or undertakings within their respective provinces, may make rules for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(a) the powers and procedure of Courts and Boards, including rules as to the summoning of witnesses, the production of documents relevant to the subject-matter of an inquiry or investigation and the number of members necessary to form a quorum ;

(b) the allowances admissible to members of Courts and Boards and to witnesses :

(c) the ministerial establishment which may be allotted to a Court or Board and the salaries and allowances payable to members of such establishments ;

(d) the occasions and manner in which persons may be represented by legal practitioners in proceedings under this Act before a Court or Board ;

(e) any other matter which is to be or may be prescribed.

(3) All rules made under this section shall be published in the Gazette of India or the local official Gazette, as the case may be, and shall, on such publication, have effect as if enacted in this Act.

#### STATEMENT OF OBJECTS AND REASONS.

The outbreak of industrial unrest on a large scale was a feature of the period succeeding the close of the War and led the Government of India to explore the possibility of providing some machinery for the settlement of industrial disputes. The inquiries made with this purpose in 1920 led to the conclusion that in the conditions then existing, legislation for this purpose was not likely to be effective.

2. The succeeding years saw a distinct change in the position by reason of the growth of organizations of industrial workers and of the increasing influence exercised by public opinion in the course of disputes. And in 1924, the Government of India prepared a draft Bill "for enabling the investigation and settlement of trade disputes"

and circulated it in order to ascertain the views of those directly interested and of the public generally on the subject. As a result of the inquiries made in 1924-25 and the experience which has become available since that period, the Government of India are satisfied that legislation for the prevention and settlement of trade disputes is likely to prove of considerable value ; and the present Bill has been prepared for this purpose.

3. The main part of the Bill falls into three parts. Clauses 3 to 14 relate to the establishment of tribunals for the investigation and settlement of trade disputes. This part of the Bill is based generally on the British Industrial Courts Act of 1919, and its detailed provisions are adopted for the most part from clauses in that Act. The main difference is that, whereas the British Act sets up a Standing Industrial Court, the Conciliation Boards which the Bill proposes to establish are intended to be appointed *ad hoc* like the Courts of Inquiry, in order to deal with particular disputes. The object of Courts of Inquiry which will ordinarily be composed of persons having no direct interest in the dispute will be to investigate and report on such questions connected with the dispute as may be referred to them. The object of Boards of Conciliation, which will ordinarily include representatives of the parties to a dispute, will be to secure a settlement of the dispute. Both Courts of Inquiry and Boards of Conciliation will be able to enforce attendance of witnesses and the production of documents, and their reports are to be published. Neither party will be under any obligation to accept the findings of the Court or the advice of the Board ; and in cases where the dispute is not brought to an end during the deliberations of the tribunal that has been appointed, reliance is placed on the force of public opinion which will be enabled by the publication of the report of the tribunal to arrive at just conclusions on the merits of the dispute.

4. The second part of the Bill consists of clause 15 which relates to public utility services. "Public utility services" is defined in clause 2 (f), and it will be observed that, in accordance with this definition, clause 15 is only applicable to such railway services as have been notified by the Governor General in Council. The clause makes it a penal offence for workers employed on monthly wages in public utility services to strike without previous notice, and also provides heavier penalties for persons abetting such an offence. The clause is based on the principle that persons whose work is vital to

the welfare of the community generally should not be entitled to enter into a strike before sufficient time has been given to examine the merits of their grievances and to explore the possibilities of arriving at a peaceful settlement. Provisions of a somewhat similar type already exist in the Indian Post Office Act and in a number of Municipal Acts in India, and the principle is one which is widely accepted in other countries.

5. Clauses 16 to 20 contain certain special provisions relating to illegal strikes and lock-outs. These clauses follow closely the provisions of sections 1, 2 and 7 of the British Trade Disputes and Trade Unions Act, 1927. They are applicable only in the case of strikes and lock-outs which satisfy both of two conditions ; in the first place, the strike or lock-out must have other objects than the mere furtherance of a trade dispute within the industry to which the strikers or employers belong, and, in the second place, the strike or lock-out must be designed to coerce Government either directly or by inflicting hardship on the community. If these conditions are satisfied, the strike or lock-out becomes illegal. Persons furthering the strike or lock-out are liable to punishment and are deprived of the protection granted to them by the Indian Trade Unions Act, while persons refusing to take part in it are protected from trade union disabilities to which they might otherwise be subjected.

*The 22nd August, 1928.*

A. C. McWATTERS.

L. GRAHAM,  
*Secy. to the Govt. of India.*

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No. L. 17/28, Calcutta, 15th September, 1928.

From Chamber to the Secretary to the Government of India,  
Department of Industries and Labour, Simla.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the Trade Disputes Bill, 1928, introduced in the Legislative Assembly, on the 4th September, 1928, and to send to you hereby the views of my Chamber on the same.

While my Committee welcome the effort on the part of the Government of India of introducing legislation for the prevention

and settlement of trade disputes in India, they find that the present Bill introduced by the Government is of such a character that they cannot lend their support to it. The Bill invests the Government with very large powers which are liable to be abused for coercing the people, and therefore the various objectionable features of the Bill ought to be stripped, before it is placed on the Statute Book.

Without prejudice to this view of theirs, if the present Bill is to be at all proceeded with, my Committee would suggest several alterations therein. There is nothing they would take exception in the first part of the Bill making provision for the investigation and settlement of trade disputes. There is, however, one point which they would like the Government to elucidate in regard to Section 3 of the Bill which authorizes the Local Government or the Governor-General in Council, as the case may be, to refer any matters appearing, to be connected with or relevant to the dispute to a Court of Inquiry or to a Board of Conciliation for settlement thereof. My Chamber would like to know at whose instance the dispute is to be referred for settlement, whether it is at the instance of the employer, or workman, or both, or only at the instance of the Government. My Committee would make a suggestion here that the Government should appoint a Court of Inquiry or Board of Conciliation, if one of the parties approaches them with a request to do so.

With regard to Part II of the Bill, making special provision in respect of Public Utility Services, my Committee take strong exception to sub-Section (2) of Section 15 empowering the Government to punish persons abetting the commission of an offence under Sub-Section (1) of advising or inducing persons engaged in Public Utility Services from withdrawing from their duties as this is a very dangerous handle in the hands of the Government, capable of being abused at any moment. Such a provision constitutes a real hardship to a large section of the public who take any interest in public welfare, as they would always be in the danger of being thus harassed and punished. Besides, it is not easy to decide whether a person has been an abettor or not, and this leaves very wide powers in the hands of the Government. My Committee are, therefore, emphatically of the opinion that Sub-Section (2) of Section 15 should be removed from the Bill.

My Committee take the strongest exception to Part III of the Bill containing special provision relating to illegal strikes and lock-outs. The conditions contained in Sub-Sections (a) and (b) of

Section 16 for determining strikes and lock-outs illegal, *viz.*; that the strike or lock-out must have any object other than the mere furtherance of a trade dispute within the industry in which the strikers or employers looking out are engaged, or that the strike or lock-out must be designed or calculated to coerce the Government either directly or by inflicting hardships upon the community, place in the hands of the Government a very dangerous weapon for inflicting punishment on innocent persons who may be striking on economic or otherwise just grievance. Section 17 prescribes a heavy punishment for any person declaring, instigating or inciting others to take part in the furtherance of a strike or lock-out which has been declared illegal. My Committee are emphatically of the opinion that these clauses arm the Government with too much powers and this imperils the safety of the Community in India. My Committee are, therefore, of the confirmed opinion that Part III of the Bill making special provision in respect of illegal strikes and lockouts should be deleted from the present Bill.

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INDIAN INSURANCE COMPANIES' ACT  
AMENDMENT BILL.

[*To be introduced in the Legislative Assembly.*]

A  
BILL

*Further to amend the Indian Life Assurance Companies Act, 1912, for certain purposes, and to provide for the collection of statistical information in respect of insurance business other than life assurance business.*

VI of 1912. WHEREAS it is expedient further to amend the Indian Life Assurance Companies Act, 1912, for certain purposes hereinafter appearing, and to provide for the collection of statistical information in respect of insurance business other than life assurance business ; It is hereby enacted as follows :—

PART I.

*Preliminary.*

1. (1) This Act may be called the Indian Insurance Companies Act, 192 .

Short title, extent and commencement.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint.

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PART II.

*Amendments to the Indian Life Assurance Companies Act, 1912.*

2. (1) Section 7 of the Indian Life Assurance Companies Act, 1912 (hereinafter in this Part referred to as the said Act), shall be re-numbered as sub-section (1) of that section, and to that sub-section, as so re-numbered, after clause (d) the following clauses shall be added, namely :—

“(e) a statement showing—

(A) as regards new policies of life assurance in respect of which a premium has been paid in the year of account,—

- (i) the number of policies,
- (ii) the sums assured,
- (iii) the amount received by way of single premiums (including all premiums paid at the outset where no subsequent premium is payable), and
- (iv) the amount of yearly renewal premium income ;

(B) as regards total life assurance business,—

- (i) the number of policies in force at the end of the year of account,
- (ii) the sum assured (including reversionary bonus additions thereto) under policies in force at the end of the year of account, and
- (iii) the premium income for which credit is taken in the revenue account ;

(C) as regards claims, the amount of the claims paid in the year of account under policies effected in British India—

- (a) to claimants in British India, and

(b) to claimants outside British India ;

(f) a statement showing, in such forms as the Governor General in Council may prescribe, a classified summary of the investments of the company in India in government securities and in Indian concerns and the other Indian assets held by the company.”

(2) To the same section as re-numbered the following sub-section shall be added, namely :—

“(2) For the purposes of clause (c) of sub-section (1), all items required to be stated shall be net amounts after deduction of the re-insurances of the company’s risks, and for the purposes of sub-clauses (A) and (B) of that clause—

(a) the statement shall show separately the numbers and amounts in respect of policies effected in, and policies effected outside of, British India ;

(b) where a sum assured is payable periodically, whether by way of an annuity or otherwise, it shall be stated separately from lump sum payments ; and

(c) policies of assurance upon the lives of a group of persons whereby sums assured are payable in respect of several persons included in the group shall be excluded from the statement and be shown in a separate statement containing the like particulars.”

3. After section 26 of the said

Insertion of new section  
26A in Act VI of 1912.

Act the following section shall be inserted, namely :—

“26A. In the winding up of a life assurance company in a case where any proportion of the profits of the company was before the commencement of the winding up allocated to policy-holders, if, when the assets and liabilities of the company have been ascertained, there is found to be a surplus of assets over liabilities (hereinafter referred to as a *prima facie* surplus), there shall be added to the liabilities of the company in respect of its life assurance business an amount equal to such proportion of the *prima facie* surplus as is equivalent to such proportion of the profits allocated to shareholders and policy-holders as was allocated to policy-holders during the ten years immediately

preceding the commencement of the winding up, and the assets of the company shall be deemed to exceed its liabilities only in so far as those assets exceed those liabilities after such addition as aforesaid :

Provided that, if in any case there has been no such allocation, or if it appears to the Court that by reason of special circumstances, it would be inequitable that the amount to be added to the liabilities of the company in respect of the life assurance business should be an amount equal to such proportion as aforesaid, the amount to be so added shall be such amount as the Court may direct."

4. In section 33 of the said Act, for the words and figures "sections 7. to 12" the words, figures and letters "clause (a), (b), (c) or (d) of sub-section (1) of section 7, sections 8 to 12," shall be substituted.

Amendment of section 33,  
Act VI of 1912.

5. Statement (D) in the First Schedule to the said Act shall be omitted.

Amendment of the First  
Schedule, Act VI of 1912.

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### PART III.

#### *Provisions as to Insurance Business other than Life Assurance Business.*

6. In this Part, unless there is anything repugnant in the subject or context,—

Definitions.

(a) "certified", in relation to any copy or translation of a document required to be furnished by or on behalf of an insurance company, means certified by a responsible officer of the company to be a true copy or a correct translation, as the case may be ;

(b) "insurance company" means any person who transacts in British India the business of effecting contracts of insurance against any risk ;

(c) expressions used in this Act and defined in the Indian Life Assurance Companies Act, 1912, shall have the meanings VI of 1912. assigned to them respectively in that Act.



7. Every insurance company which does not transact life assurance business in British India shall, within six months after the close of each financial year or within such further period as the Governor General in Council may in any case for special reasons allow, deposit with the Governor General in Council four copies of every report on the affairs of the company, and of every balance sheet, revenue account and profit and loss account, in respect of that year, which has been submitted to its shareholders or policyholders, and also, in the case of a company whose head office is situated outside British India, four copies of such of the aforementioned documents as are required by law to be submitted to the Government of the country in which the head office is situated.

8. The following statements shall be appended to every revenue account (other than a life assurance revenue account) deposited by an insurance company with the Governor General in Council in compliance with section 7 or with the provisions of the Indian Life Assurance Companies Act, 1912, as respects the year and the class of insurance business to which the revenue account relates, namely, statements showing—

- (1) in respect of premium income for which credit is taken in the revenue account, the amount of premiums derived from business effected in British India,
- (2) in respect of claims, the amount of the claims paid in the year of account under policies effected in British India—
  - (a) to claimants in British India, and
  - (b) to claimants outside British India.

9. There shall be appended to every balance sheet deposited by an insurance company with the Governor General in Council in compliance with section 7 a statement showing, in such form as the Governor General in Council may prescribe, a classified summary of the investments of the company in India in government securities and in Indian concerns and the other Indian assets held by the Company.

10. At least one copy of every document deposited by an insurance company with the Governor General in Council in accordance with the requirements of section 7, section 8 or section 9 shall be signed in the manner provided in section 11 of the Indian Life Assurance Companies Act, 1912.

VI of 1912.

11. If any portion of any document required to be deposited under section 7, section 8 or section 9 by an insurance company with the Governor General in Council is not written in the English language, a certified translation thereof shall be furnished along with each copy of the document.

12. Every insurance company which does not transact life assurance business in British India shall, within one month from the commencement of this Act or before it begins to carry on business, whichever is later, furnish to the Governor General in Council -

- (a) the full address of the principal office of the company in British India ;
  - (b) the names of the directors, the principal officer and the auditor of the company in British India ;
  - (c) a statement of the classes of insurance business carried on or intended to be carried on by the company in British India ;
  - (d) a certified copy of the charter, statutes, deed of settlement or memorandum and articles of the company, or other instrument constituting or defining the constitution of the company, and, if the instrument is not written in the English language, a certified translation thereof ;
  - (e) in the case of any such company established outside British India, the names and addresses of some one or more persons resident in British India, authorised to accept on behalf of the company service of process and any notice required to be served on the company ;
- and, in the event of any alteration being made in the address of

the principal office or in such classes of business or in any such person, the company shall forthwith furnish to the Governor General in Council particulars of the alteration.

13. Every document deposited with the Governor General in Council, in compliance with section 7, section 8 or section 9, or a certified copy of such document, shall be kept by the Registrar, and any such documents or copies shall be open to inspection, and any person may procure a copy of any such document or of any part thereof on payment of a fee of six annas for every hundred words or fractional part thereof required to be copied.

14. (1) Every document deposited with the Governor General in Council in compliance with section 7, section 8 or section 9 which has been certified by the Registrar to be a document so deposited shall be deemed to be a document so deposited.

(2) Every such document purporting to be certified by the Registrar to be a copy of a document so deposited shall be deemed to be a copy of that document, and shall be received in evidence as if it were the original document, unless some variation between it and the original document be proved.

15. The Governor General in Council shall, from time to time, cause to be published, in such manner as he may direct, a summary of the accounts, balance sheets and statements deposited with him in compliance with section 7, section 8 or section 9, and may append to such summary any note of the Governor General in Council thereon and any correspondence in relation thereto.

16. Any insurance company which makes default in complying with any of the requirements of this Part, and every director, manager or secretary, or other officer or agent of, or partner in, the company who is knowingly a party to the default, shall be punishable in the manner provided in section 34 of the Indian Life Assurance Companies Act, 1912.

17. If any account, balance sheet, statement or other document required by the provisions of section 7, section 8 or section 9 is false in any particular to the knowledge of any person who signs it, such person shall be punishable in the manner provided in section 35 of the Indian Life Assurance Act, 1912. VI of 1912.

18. No Court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence under this Act. Cognizance of offences.

19. A person transacting the business of reinsuring contracts of insurance effected by any other person in the course of any class of business other than life assurance business shall not, by reason only of that fact, be deemed to be transacting insurance business of that class. Application of Part III to re-insurance business.

20. The Governor General in Council may, by notification in the Gazette of India and subject to such restriction and conditions as he thinks fit, exempt from all or any of the provisions of this Act any provident insurance society registered under the Provident Insurance Societies Act, 1912. V of 1912.

#### STATEMENT OF OBJECTS AND REASONS.

The objects of this Bill are (1) to remove a defect in the Indian Life Assurance Companies Act, 1912, in regard to the distribution of the assets of a life assurance company in liquidation ; and (2) to provide for the collection of certain statistical information in respect of all classes of insurance business.

2. Under the law as it now stands, it would be possible for the shareholders of a solvent life assurance company, by putting it into voluntary liquidation, to obtain possession of the surplus in the life fund and thereby deprive the policy-holders of what should be regarded as part of the real value of their policies. This is possible because the liability of the company to the policy-holders would be determined by a procedure which does not take into account the surplus held by a solvent company, which has been contributed by the policy-holders. The Bill inserts a section in the Act to provide that the surplus shall be allocated to shareholders and to policy-

holders in the proportion in which the profits were allocated during the ten years immediately preceding the commencement of the winding up.

3. The Bill also requires every insurance company transacting any class of insurance business in British India to submit annual statements showing details of its business both in and outside British India.

G. RAINY.

SIMLA ;

*The 22nd August, 1928.*

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Letter No. L.-1/26 dated 15th September, 1928.

From Chamber to the Government of India,  
Commerce Department, Simla.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the Indian Insurance Companies Amendment Bill, 1928, and to send to you hereby the views of my Committee on the same.

My Committee concur with the objects of the Bill viz., (1) to remove a defect in the Indian Life Insurance Companies Act, 1912 in regard to the distribution of the assets of a Life Assurance Company in liquidation ; and (2) to provide for the collection of statistical information in respect of all classes of Insurance business, and they approve of the bill as a whole. They would, however, point out that the statistics to be submitted by "every Insurance Company", as defined in sub-section (b) of section 6 of Part III of the Amendment Bill will not be complete if the definition of "Insurance Company" does not include Brokers for foreign Principals of Lloyds and such other Insurance Concerns who, while transacting underwriting business in India issue Policies direct in London.

My Committee are informed that such brokers or foreign Principals of Lloyds write a large amount of business in India and under the definition of "Insurance Company" as in the present Bill, they will not be required to comply with any of the requirements

of this Bill, and the details of the insurance business done by them will not, therefore, be submitted, and to that extent, the statistics will be incomplete.

My Committee would, therefore, suggest the necessary modification in the definition of "Insurance Company" in the Amendment Bill.

STAMPING OF LIFE INSURANCE MORTGAGE  
BONDS WITH ADHESIVE STAMPS.

*Copy of letter No. 730-S.R. dated, Calcutta, the 3rd September, 1928, from the Deputy Secretary to the Government of Bengal, Finance Department, Separate Revenue, to the Secretary, Indian Chamber of Commerce, Calcutta.*

I am directed to forward for the information of the Indian Chamber of Commerce a copy of a letter from the Government of India, Finance Department (Central Revenues) C No. 91 Stamps/28 dated 20th June, 1928, with its enclosure, regarding a proposal to stamp Life Insurance mortgage bonds with adhesive stamps, and to request that the Government of Bengal may be favoured with an expression of the views of your Chamber on the proposal at an early date.

*Copy of letter No. 91-Stamps/28, dated, Simla, the 20th June, 1928, from the Deputy Secretary to the Government of India, Finance Department (Central Revenues), to the Secretary to the Government of Bengal, Finance Department, Calcutta.*

Life Insurance mortgage bonds—stamping of  
—use of adhesive stamps.

Letter from the Association of Life Assurance  
Offices in India, dated the 22nd May, 1928.

I am directed to enclose a copy of the letter from the Association of Life Assurance Offices in India quoted above, and to request that, with the permission of His Excellency the Governor in Council, the views of the Government of Bengal may be furnished to this Department on the proposal made by the Association.

*Copy of letter dated the 22nd May, 1928, from the Association of Life Assurance Offices in India, Calcutta, to the Secretary to the Government of India (Finance Department), Simla.*

I am directed by this Association to address you with reference to a proposal for a modification of the Rules made under the Indian Stamp Act, 1899.

Chapter III of those Rules provides for certain instruments to be stamped with adhesive stamps, and in your Department's Notification No. 901 F of the 21st March, 1921, No. 13 of the said Rules was amended to include Policies of Insurance.

This Association now submits to you that the Rule mentioned may be further extended to include the bonds under which Policies of Life Insurance are mortgaged to the Insurance Companies for loans granted by the Companies on the security of their Policies. These bonds are required to be submitted to the local Stamp Office for stamps to be impressed thereon, and it is found that this is a hindrance to the daily course of business, inasmuch as it delays the issue of the bonds to the public.

The stamp issue procedure at the Stamp Office takes up an appreciable amount of time, the public hours at the Stamp Office are limited, and in consequence, the public are kept waiting for two or three hours and sometimes until next day before they can obtain their loans from the Insurance Offices. A very large number of these bonds are executed, the records of the leading Life Insurance Companies showing the annual number to be approximately equal to the number of Policies issued, and as the money advanced under them is frequently needed urgently, it will be understood that the delay caused by the present method of stamping the bonds is an inconvenience that is very widely felt.

This Association knows of no reason why the privilege of using adhesive stamps should not be extended to these mortgage bonds, which are subsidiary to the original Policies of Insurance, on which the adhesive stamps are already permitted.

The adhesive stamps would be affixed by the Insurance Companies when issuing the mortgage bonds. It is realised that there are dangers attendant on the use of adhesive stamps, but it is submitted that these need not be apprehended in respect of the Insurance Companies and that reliance may be placed on the Companies to see, in their own interests, that the bonds are sufficiently stamped. It is also submitted that the cancelling of the stamps as required by Sections 12 (1) and (3) of the Indian Stamp Act, 1899, may be left to

the Companies as was arranged in connection with Insurance Policies in letter No. 1229F dated 16th April, 1921, from your Department to the Secretary, Government of Bengal, Finance Department, a copy of which was forwarded to the Bengal Chamber of Commerce by the Deputy Collector of Stamps, Calcutta.

This Association feels confident that this proposal to extend the adhesive stamping facility to Life Insurance Mortgage bonds, which will be of advantage to the insuring public and to the Government Department concerned, is one that will receive the sympathetic consideration of your Department.

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No. L-13/28, Calcutta, 17th September, 1928.

From Chamber to the Government of Bengal, Finance Department  
(Separate Revenue), Calcutta.

I am directed to refer to your letter No. 730-S.R. dated, Calcutta, the 3rd September, 1928, inviting the views of my Chamber on a proposal made to the Government of India by the Association of Life Assurance Offices in India, relating to the stamping of Life Insurance mortgage bonds with adhesive stamps.

My Committee have carefully considered the proposal and they agree with the observation of the Life Insurance Association that this proposal to extend the adhesive stamping facility to Life Insurance mortgage bonds will be of advantage to the insuring public. They, therefore, are of the opinion that the Government of India should accept the suggestion.

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### **PRIVATE PROVIDENT FUNDS**

No. F.92/1-F.E./26., dated, Simla, 4th October, 1928.

From Additional Deputy Secretary to the Government of India,  
Finance Department, to the Secretary, Indian Chamber of  
Commerce, Calcutta.

Proposed amendment of the Provident Funds  
Act, 1925, so as to extend the benefits of



exemption from income-tax to provident funds established for their employees by private firms or companies.

I am directed to refer to the correspondence ending with Mr. Rau's letter No. 204-F.E., dated the 30th January, 1923, to the Bombay Chamber of Commerce, a copy of which was forwarded with his endorsement No. 205-F.E. of the same date, and to forward a copy of a letter now addressed to local Governments and Administrations, and of its enclosures.

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No. F.92/1-F.E./26., dated, Simla, 4th October, 1928.

From Additional Deputy Secretary to the Government of India,  
Finance Department, to the Local Governments  
and Administrations.

Proposed amendment of the Provident Fund Act, 1925, so as to extend the benefits of exemption from income-tax to provident funds established for their employees by private firms or companies.

I am directed to refer to Mr. Rau's letter No. 204-F.E., dated the 30th January, 1923, to the Bombay Chamber of Commerce, a copy of which was sent to the Government of Madras etc., with his endorsement No. 205-F.E., of the same date, communicating the decision of the Government of India not to proceed with the proposal to extend the benefits of the Provident Funds Act to provident funds established by firms or companies.

2. The Associated Chambers of Commerce of India and Ceylon passed a Resolution at their 8th Annual General Meeting held at Cawnpore in December, 1926, recommending that the Provident Funds Act, 1925, should be amended so as to extend its provisions to properly constituted provident funds of firms, companies and associations. Sir Basil Blackett, then Finance Member of the Governor-General's Council, who was present at the discussions leading up to the adoption of the Resolution, promised to re-examine the matter.

Consideration of the question was then resumed. At their next Annual General Meeting held at Calcutta in December, 1927, the Associated Chambers re-iterated their previous proposal.

3. The Government of India after careful reconsideration have formed the opinion that it would be justifiable to confer upon such private provident funds immunity from income-tax on the subscriptions of individuals and on the interest on securities held by the trustees of a fund provided that the provident funds are of such a nature that

- (a) the regulations are approved by Government and the accounts are open to inspection by Income-Tax authorities ;
- (b) the subscriptions of employees cannot be finally withdrawn from the Fund, except in the event of dismissal, retirement or death, or in compliance with a process of law ;
- (c) the employers' contributions are irrevocable save in the event of the misconduct of the employee ;
- (d) the employer is in no circumstances permitted to forfeit the employee's subscriptions ; and
- (e) the Funds are created as trusts. They are still not prepared to extend to such private provident funds the benefits of the Provident Funds Act. I am to enclose a copy of the Resolutions, and of the connected proceedings.

4. The Government of India have also received suggestions that all the privileges conferred by the Provident Funds Act, 1925, should be extended to certain quasi-Government Provident funds, for instance, the Indian Central Cotton Committee's Provident Fund and the United Provinces Court of Wards Provident Fund. I am to enquire whether the Government of Madras etc. <sup>you</sup> consider that action in this direction is desirable and, if so, whether the Government of Madras etc. <sup>you</sup> would recommend (a) the grant of full privileges or (b) the grant of immunity from income-tax only. I am also to request that the quasi-Government institutions for which any concession is recommended may be specified. The Government of India are disposed to give the full concessions in the case of the Provident Fund of the Indian Central Cotton Committee.

5. The Government of India would be prepared to legislate so as to grant concessions on the lines indicated above. Before, however, undertaking legislation, they will be glad to be furnished with the opinion of the Government of Madras, etc. <sub>your opinion</sub> on the matter, at an early date.

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No. F.19/28, dated the 30th November, 1928.

From Chamber to Govt. of India, Finance Department, Delhi.

I am directed to acknowledge receipt of your letter No. F.92/1. F.E./26 dated Simla, the 4th October, 1928, re : Proposed amendment of the Provident Funds Act, 1925, so as to extend the benefits of exemption from Income-tax to Provident funds established for their employees by private firms or companies, with the enclosures stated therein.

2. My Committee note with satisfaction from your letter of the 4th October, 1928, addressed to the Local Governments that the Government of India have formed the opinion that it would be justifiable to confer upon properly constituted Provident funds of firms, companies and Associations immunity from Income-tax on the subscriptions of individuals and on the interest on Securities held by the trustees of a fund, subject to the following conditions regarding their constitution, rules etc. :—

- (a) the regulations are approved by Government and the accounts are open to inspection by Income-tax authorities,
- (b) the subscriptions of employees cannot be finally withdrawn from the Fund, except in the event of dismissal, retirement or death or in compliance with a process of law ;
- (c) the employers' contributions are irrecoverable save in the event of the misconduct of the employee ;
- (d) the employer is, in no circumstances, permitted to forfeit the employee's subscriptions ; and
- (e) the Funds are created as trusts.

The concessions thus proposed to be conferred on private Provident Funds, while satisfactory in themselves, are not sufficient, as they do not include the following benefits conferred by the Provident Funds Act, 1925, viz.,

- (1) Immunity from attachment of compulsory deposits in the fund ;
- (2) Handing over to the widow of a deceased subscriber the amount standing to his credit, free from any debt or liability incurred by the deceased or the widow before the subscriber's death ;
- (3) The right of a member of a fund to nominate a person to whom his Provident Fund amount shall be paid in the event of his death.

My Committee regret to observe the remark of the Government of India that they are not still prepared to extend the full benefits of the Provident Fund Act, 1925, to the private Provident Funds, as they fail to understand why a private employee should be at such a great disability as compared with an employee of the Government. My Committee are aware of the remarks made by Sir Basil Blackett, the then Finance Member, in his speech before the Associated Chambers of Commerce in 1925, wherein he observed that "concessions cannot be given in regard to funds where the employers' contribution is not irrevocable" and alluded to other difficulties viz., of admission of firms to the new Act.

My Committee do not for a moment suggest that the benefits of the Provident Funds Act, 1925, should be extended to each and every fund. They would, however, insist that all the benefits of the Provident Funds Act should be extended to such funds as are duly registered, and comply with the rule laid down by the Government in that behalf. These rules should include provisos to the effect that :

- (a) A member or his estate has no claim on the Fund except in the event of his dismissal or retirement from service or on his death ;
- (b) The employers' contributions are irrecoverable, save in the event of the misconduct of the employee.

My Committee hope that the Government will recognize the **justness** of the claims of private employees for being granted all the

privileges now accorded to Government employees, with regard to their provident funds and be prepared to amend at an early date the Provident Funds Act, 1925, in order to give the beneficiaries of private Provident funds the same advantages as are enjoyed by the beneficiaries of Government Provident Funds.

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INDIAN PATENTS AND DESIGNS (AMENDMENT) BILL, 1928.

No. 1978-87T/Com., dated, Darjeeling, 19th October, 1928.

From Deputy Secretary to the Government of Bengal, Commerce and Marine Departments, to the Secretary, Indian Chamber of Commerce, Calcutta.

In forwarding copies of the papers noted on the margin, I am directed to request that the Government of Bengal may be favoured with an early expression of the opinion of your Chamber on the provisions of the Indian Patents and Designs (Amendment) Bill, 1928, introduced in the Legislative Assembly in September last.

1. The Indian Patents and Designs (Amendment) Bill with statement of Objects and Reasons.

2. Extracts from the Legislative Assembly debates dated 25th Sept. 1928 regarding the Bill.\*

2. The reply to this letter should be sent in by the 1st December, 1928.

**[As introduced in the Legislative Assembly.]**

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**BILL**

*Further to amend the Indian Patents and Designs Act, 1911,  
for certain purposes.*

**WHEREAS** it is expedient further to amend the Indian Patents and Designs Act, 1911, for the purposes hereinafter appearing ; It is hereby enacted as follows :—

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\* Not printed.

Short title and commencement.

1. (1) This Act may be called the Indian Patents and Designs (Amendment) Act, 192 .

(2) It shall come into force on the 1st day of January, 1930.

Amendment of section 2, Act II of 1911.

2. In section 2 of the Indian Patents and Designs Act, 1911 (here- II of 1911, inafter referred to as the said Act),—

(a) for clause (5), the following clause shall be substituted, namely :—

“(5) ‘design’ means only the features of shape, configuration, pattern or ornament applied to any article by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which, in the finished article, appeal to and are judged solely by the eye ; but does not include any mode or principle of construction or anything which is, in substance, a mere mechanical device, and does not include any trade mark as defined in section 478, or property mark as defined in section 479 of the Indian Penal Code ;”

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(b) for clause (12), the following clause shall be substituted, namely :—

“(12) ‘patentee’ means the person for the time being entered on the register of patents kept under this Act as the grantee or proprietor of the patent ;” and

(c) in clause (14), for the words “new and original” the words “new or original” shall be substituted.

Amendment of section 5, Act II of 1911.

3. In sub-section (1) of section 5 of the said Act,—

(1) in clause (b), the words “or relate to more than one invention” shall be omitted ;

(2) after clause (e), the following shall be inserted, namely :—

“or

(f) the specification relates to more than one invention ;” and

(3) the following proviso shall be added to the sub-section, namely :—

“Provided that, when a specification comprises more than one invention and the Controller or the applicant considers that the application should be restricted to one invention, the additional inventions may be made the subject-matter of additional applications ; and any such applications made before the acceptance of the original application may, at the discretion of the Controller, bear date of the original application and be proceeded with as substantive applications of that date.”

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Omission of section 8 from Act II of 1911.

4. Section 8 of the said Act shall be omitted.

Amendment of section 9, Act II of 1911.

5. To section 9 of the said Act, the following sub-section shall be added, namely :—

“(4) In computing a period of three months for the purposes of this section, the time requisite for obtaining a copy of the specification shall be excluded.”

Amendment of section 10, Act II of 1911.

6. (1) After sub-section (1) of section 10 of the said Act, the following sub-section shall be inserted, namely :

“(1A) Notwithstanding anything contained in sub-section (1), where—

(a) an applicant has agreed in writing that on the grant to him of a patent, he will assign it to another party or to a joint applicant and refuses to proceed with the application, or

(b) disputes arise between joint applicants as to proceeding with an application,

the Controller, if he is satisfied of the existence of such agreement or, in any other case, that any joint applicant or applicants ought to be allowed to proceed alone, may allow such other party or joint applicant or applicants to proceed with the application accordingly and may grant a patent to him or them, as the case may be :

Provided that—

(i) the Controller shall not give any such decision until every

party interested has had an opportunity of being heard by him, and

(ii) an appeal from any such decision shall lie to the Governor General in Council."

(2) In sub-section (2) of the same section—

(i) in clause (b) of the proviso, the words "or by a reference under section 8" shall be omitted ; and

(ii) in clause (d), for the words "in consequence of the neglect or failure of the applicant to pay any fee" the words "for any reason" shall be substituted ; and for the words "to such an extent as may be prescribed" the words "to the extent applied for but not exceeding three months" shall be substituted.

7. In section 11 of the said Act, for the words "publication of the specification" the words "advertisement of the acceptance of the application" shall be substituted.

Amendment of section 11,  
Act II of 1911.

8. For sub-section (2) of section 13 of the said Act, the following sub-section shall be substituted, namely :—

Amendment of section 13,  
Act II of 1911.

"(2) Where a patent has been revoked by the High Court on the ground that it has been obtained in fraud of the true and first inventor, or where the grant of a patent has been refused by the Controller under section 9 on the ground stated in clause (a) of sub-section (1) of that section, the Controller may, on the application of the true inventor or his legal representative or assign made in accordance with the provisions of this Act, grant to him a patent for the whole or any part of the invention, and the patent so granted shall bear the same date as the patent so revoked or, in the case of a patent the grant of which has been refused, the same date as would have been borne by the patent if it had been granted :

Provided that no suit shall be brought for any infringement of the patent so granted committed before the actual date when such patent was granted."



**9.** In section 14 of the said Act,—  
Amendment of section 14,  
Act II of 1911.

- (a) in sub-section (1), for the word “fourteen” the word “sixteen” shall be substituted ; and
- (b) after the same sub-section the following sub-sections shall be inserted, namely :—

“(1A) Any patent, the original term of which had not expired on or before the 1st day of January, 1930, shall have effect as if the term mentioned therein was sixteen years instead of fourteen years, and any license existing at that date which has been granted for the term of the patent shall be treated as having been granted for the term as so extended if the licensee so desires.

(1B) Where any party to a contract with the patentee or any other person entered into before the 1st day of January, 1930, is subjected to loss or liability by reason of the extension of the term of any patent under this section, any District Court having jurisdiction may determine in what manner and by which parties such loss or liability shall be borne.”

**10.** In section 15 of the said Act,—  
Amendment of section 15,  
Act II of 1911.

- (a) in sub-section (1), the words “after advertising in the prescribed manner his intention to do so,” shall be omitted ; and after the words “prescribed fee” the following shall be added, namely :—

“and must be advertised by the patentee within the prescribed time and in the prescribed manner ;”

- (b) in sub-section (2), after the word “may” the words “within such time as may be prescribed and on payment of the prescribed fee,” shall be inserted ; and
- (c) in sub-section (6), for the words “seven” and “fourteen” the words “five” and “ten” shall be substituted, respectively.

Insertion of new section  
15A in Act II of 1911.

11. After section 15 of the said Act, the following section shall be inserted, namely :—

“15A. (1) Where a patent for an invention has been applied for or granted, and the applicant or the patentee, as the case may be, applies for a further patent in respect of any improvement in or modification of the invention, he may, in his application for the further patent, request that the term limited in that patent for the duration thereof be the same as that of the original patent or so much of that term as is unexpired, and, if he does so, a patent (hereinafter referred to as a patent of addition) may be granted for such term as aforesaid.

(2) Save as otherwise expressly provided by this Act, a patent of addition shall remain in force as long as the patent for the original invention remains in force, but no longer, and in respect of a patent of addition no fees shall be payable for renewal :

Provided that if the patent for the original invention is revoked, then the patent of addition shall, if the authority by which it is revoked so orders, become an independent patent, and the fees payable, and the dates when they become payable, shall be determined by its date, but its duration shall not exceed the unexpired term of the patent for the original invention.

(3) The grant of a patent of addition shall be conclusive evidence that the invention is a proper subject for a patent of addition, and the validity of the patent shall not be questioned on the ground that the invention ought to have been the subject of an independent patent.”

12. In section 18 of the said Act, after the word “disclaimer” the words “correction or explanation” shall be inserted.

Amendment of section 18,  
Act II of 1911.

13. In section 19 of the said Act, for the words “before the disclaimer, correction or explanation”, the words “before the date of the decision allowing the amendment” shall be substituted.

Amendment of section 19,  
Act II of 1911.

**14.** In sub-section (4) of section 20 of the said Act, the words  
“and, unless such copies have been so  
supplied, such deeds, licenses or other  
documents shall not be received as  
evidence of any transaction affecting a patent” shall be omitted.

Amendment of section 20,  
Act II of 1911.

**15.** For section 21 of the said Act,  
the following sections shall be substituted, namely :—

Substitution of new sections  
for section 21, Act II of 1911.

“21. (1) Subject to the other provisions of this section, a patent shall have, to all intents, the like effect as against His Majesty the King as it has against a subject.

Patent to bind Crown.

(2) Any Government department may, by itself or by such of its agents, contractors or others as may be authorised in writing by it at any time after the application, make, use or exercise the invention for the services of the Crown on such terms as may, either before or after the use thereof, be agreed on, with the approval of the Governor General in Council, between the department and the patentee, or, in default of agreement, as may be settled in the manner hereinafter provided. And the terms of any agreement or license concluded between the inventor or patentee and any person other than a Government department, shall be inoperative so far as concerns the making, use or exercise of the invention for the service of the Crown.

(3) Where an invention which is the subject of any patent has, before the date of the patent, been duly recorded in a document by, or tried by, or on behalf of, any Government department (such invention not having been communicated directly or indirectly by the applicant for the patent or the patentee), any Government department, or such of its agents, contractors, or others, as may be authorised in writing by it, may make, use and exercise the invention so recorded or tried for the service of the Crown, free of any royalty or other payment to the patentee, notwithstanding the existence of the patent. If, in the opinion of the department, the disclosure to the applicant or the patentee, as the case may be, of the document recording the invention, or the evidence of the trial thereof, if required, would be detrimental to the public interest, it may be made confidentially to counsel on behalf of the applicant or patentee, or to any independent expert mutually agreed upon.

(4) In the event of any dispute as to the making, use or exercise of an invention under this section, or the terms therefor, or as to the existence or scope of any record or trial as aforesaid, the matter shall be referred to the High Court for decision, who shall have power to refer the whole matter or any question or issue of fact arising thereon to be tried before a special or official referee or an arbitrator upon such terms as it may direct. The Court, referee or arbitrator, as the case may be, may, with the consent of the parties, take into consideration the validity of the patent for the purposes only of the reference and for the determination of the issues between the applicant and such Government department. The Court, referee, or arbitrator, further, in settling the terms as aforesaid, shall be entitled to take into consideration any benefit or compensation which the patentee, or any other person interested in the patent, may have received directly or indirectly from the Crown or from any Government department in respect of such patent :

Provided that, if the inventor or patentee is a Government servant and the subject-matter of the invention is certified by the Governor General in Council or Local Government to be connected with work done in the course of such service, any such dispute shall be settled by the Governor General in Council after hearing the inventor or patentee and any other person having an interest in the invention or patent.

(5) The right to use an invention for the services of the Crown under the provisions of this section, or any provisions for which this section is substituted, shall include, and shall be deemed always to have included, the power to sell any articles made in pursuance of such right which are no longer required for the services of the Crown.

(6) Nothing in this section shall affect the right of the Crown or of any person deriving title directly or indirectly from the Crown to sell or use any articles forfeited under any law for the time being in force relating to customs or excise.

**21A.** (1) The inventor of any improvement in instruments or munitions of war may (either for or without valuable consideration) assign to the Secretary of State for India in Council, on behalf of His

Assignment of patent to the  
Secretary of State for India  
in Council.

Majesty, all the benefit of the invention and of any patent obtained

or to be obtained for the invention ; and the Secretary of State for India in Council may be a party to the assignment.

(2) The assignment shall effectually vest the benefit of the invention and patent in the Secretary of State for India in Council on behalf of His Majesty, and all covenants and agreements therein contained for keeping the invention secret and otherwise shall be valid and effectual (notwithstanding any want of valuable consideration), and may be enforced accordingly by, or on behalf of, the Secretary of State for India in Council.

(3) Where any such assignment has been made, the Governor General in Council may, at any time before the publication of the specification, certify to the Controller that, in the interest of the public service, the particulars of the invention and of the manner in which it is to be performed should be kept secret.

(4) If the Governor General in Council so certify, the application and specifications, with the drawings (if any) and any amendment of the specification and any copies of such documents and drawings, shall, instead of being left in the ordinary manner at the Patent Office, be delivered to the Controller in a packet sealed by authority of the Governor General in Council.

(5) The packet shall, until the expiration of the term during which a patent for the invention may be in force, be kept sealed by the Controller, and shall not be opened save under the authority of an order of the Governor General in Council.

(6) The sealed packet shall be delivered at any time during the continuance of the patent to any person authorised by the Governor General in Council to receive it, and shall, if returned to the Controller, be again kept sealed by him.

(7) On the expiration of the term of the patent, the sealed packet shall be delivered to the Governor General in Council.

(8) Where the Governor General in Council certifies as aforesaid after an application for a patent has been left at the Patent Office but before the publication of the specification, the application and specifications, with the drawings (if any), shall be forthwith placed in a packet sealed by authority of the Controller, and the packet shall be subject to the foregoing provisions respecting a packet sealed by authority of the Governor General in Council.

(9) No proceeding by petition or otherwise shall lie for revocation of a patent granted for an invention in relation to which a certificate has been given by the Governor General in Council as aforesaid.

(10) No copy of any specification or other document or drawing, by this section required to be placed in a sealed packet, shall, in any manner whatever, be published or open to the inspection of the public, but, save as otherwise provided in this section, the provisions of this Act shall apply in respect of any such invention and patent as aforesaid.

(11) The Governor General in Council may at any time waive the benefit of this section with respect to any particular invention, and the specifications, documents and drawings shall be thenceforth kept and dealt with in the ordinary way.

(12) The communication of any invention for any improvement in instruments or munitions of war to the Secretary of State for India in Council or the Governor General in Council or to any person or persons authorised by the Secretary of State for India in Council or the Governor General in Council to investigate the same or the merits thereof, shall not, nor shall anything done for the purposes of the investigation, be deemed use or publication of such invention so as to prejudice the grant or validity of any patent for the same."

Amendment of section 22,  
Act II of 1911.

**16.** In section 22 of the said  
Act,—

(a) in sub-section (1), for the words "the reasonable requirements of the public with respect to a patented invention have not been satisfied", the words "the demand for a patented article in British India is not being met to an adequate extent and on reasonable terms" shall be substituted ;

(b) in sub-section (4), for the words "the reasonable requirements of the public with reference to the patented invention have not been satisfied", the words "the demand for the patented article in British India is not being met to an adequate extent and on reasonable terms" shall be substituted ; and for the words "the reasonable requirements of the public will not be satisfied", the words "the demand will not be adequately met" shall be substituted ;

(c) in sub-section (5),—

(i) for the words "the reasonable requirements of the public

shall not be deemed to have been satisfied", the words "the demand for a patented article shall not be deemed to have been met to an adequate extent and on reasonable terms" shall be substituted ;

(ii) in clause (a), the words "or the demand for the patented article or the article produced by the patented process is not reasonably met" shall be omitted ; and

(iii) in clause (b), the words "before or after the commencement of this Act" shall be omitted ; and

(d) sub-section (6) shall be omitted.

Amendment of section 23,  
Act II of 1911.

17. In section 23 of the said Act,—

(a) in sub-section (1), for the words "for the revocation of the patent" the words "for relief under this section" shall be substituted ; and

(b) in sub-section (2), after the words "may make an order" the letter and brackets "(a)" shall be inserted, and after clause (ii) the following shall be added, namely :—

"or

(b) ordering the patentee to grant a license to the applicant which may be a license exclusive to him or otherwise as the Governor General in Council may direct."

Insertion of new section 23A  
in Act II of 1911.

18. After section 23 of the said Act, the following section shall be inserted, namely :—

"23A. An order of the High Court under section 22 or of the Governor General in Council under section 22 or section 23 directing the grant of any license shall, without pre-

Operation of order under  
section 22 or section 23.

judice to any other method of enforcement, operate as if it were embodied in a deed granting a license and executed by the patentee and all other necessary parties."

19. In clause (g) of sub-section (1) of section 26 of the said Act, for the words "a part", in both places where they occur, the words "the whole or a part" shall be substituted.

Amendment of section 26,  
Act II of 1911.

**20.** In sub-section (1) of section 35 of the said Act, for the words "either of" the word "all" shall be substituted.

Amendment of section 35,  
Act II of 1911.

**21.** After section 35 of the said Act, the following section shall be inserted, namely :—

Insertion of new section 35A  
in Act II of 1911.

“35A. Notwithstanding anything contained in section 19, if the Court in any action for infringement of a patent finds that any one or more of the claims in the specification in respect of which the infringement is alleged are valid, it may, subject to its discretion as to costs and as to the date from which damages should be reckoned and to such terms as to amendment as it may deem desirable, grant relief in respect of any of such claims which are infringed without regard to the invalidity of any other claim in the specification. In exercising such discretion the Court may take into consideration the conduct of the parties in inserting such invalid claims in the specification or permitting them to remain there.”

Grant of relief in respect of  
particular claims.

**22.** In section 36 of the said Act,—

Amendment of section 36,  
Act II of 1911.

(1) for the words "to be the patentee of an invention", the words "to have an interest in a patent" shall be substituted ;

(2) for the words "any legal rights of the person making such threats", the words "the patent" shall be substituted ; and

(3) for the proviso the following shall be substituted, namely :—

“Provided that this section shall not apply if an action for infringement of the patent is commenced and prosecuted with due diligence.”

**23.** In section 44 of the said Act,—

Amendment of section 44,  
Act II of 1911.

(1) in clause (a), for the words "new and original design", the words "new or original design" shall be substituted ; and

(2) after clause (b) the following proviso shall be added, namely :—



“Provided that such subsequent registration shall not extend the period of copyright in the design beyond that arising from previous registration.”

Insertion of new sections  
51A and 51B in Act II of 1911.

24. After section 51 of the said Act, the following sections shall be inserted, namely :—

“51A. (1) Any person interested may present a petition for the cancellation of the registration of a design—

(a) at any time after the registration of the design to the High Court on any of the following grounds, namely :—

(i) that the design has been previously registered in British India ; or

(ii) that it has been published in British India prior to the date of registration ; or

(iii) that the design is not a new or original design ; or

(b) within one year from the date of the registration, to the Controller on either of the grounds specified in sub-clauses (i) and (ii) of clause (a).

(2) An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time move the Governor General in Council to refer any such petition to the High Court, and the High Court shall decide any petition so referred.

51B. The provisions of section 21 shall apply to registered designs as if those provisions were re-enacted herein and in terms made applicable to registered designs.”

Registration of designs to  
bind the Crown.

Amendment of section 62,  
Act II of 1911.

25. In section 62 of the said Act, clause (b) shall be omitted.

Amendment of section 63,  
Act II of 1911.

26. In section 63 of the said Act,—

(a) for sub-sections (1) and (2) the following sub-sections shall be substituted, namely :—

“(1) Where a person becomes entitled by assignment, transmission or other operation of law to a patent or to the copyright in a registered design, he may make application to the Controller to register his title, and the Controller shall, on receipt of such application and on proof of title to his satisfaction, register him as the proprietor of such patent or design, and shall cause an entry to be made in the prescribed manner in the register of the assignment, transmission or other instrument affecting the title.

(2) Where any person becomes entitled as mortgagee, licensee or otherwise to any interest in a patent or registered design, he may make application to the Controller to register his title, and the Controller shall, on receipt of such application and on proof of title to his satisfaction, cause notice of the interest to be entered in the prescribed manner in the register of patents or designs, as the case may be, with particulars of the instrument, if any, creating such interest” ; and

(b) after sub-section (3), the following sub-section shall be added, namely :—

“(4) Except in the case of an application made under section 64, a document or instrument in respect of which no entry has been made in the register in accordance with the provisions of sub-sections (1) and (2) shall not be admitted in evidence in any Court in proof of the title to a patent or to copyright in a design or to any interest therein, unless the Court, for reasons to be recorded in writing, otherwise directs”.

Amendment of section 64,  
Act II of 1911.

27. In section 64 of the said  
Act,—

(a) in sub-section (1), for the words “A High Court” the words “The Controller” and for the words “as it may think fit” the words “as he thinks fit and rectify the register accordingly” shall be substituted, respectively ;

(b) in sub-section (2), for the word "Court" the word "Controller" shall be substituted ;

(c) for sub-section (3) the following sub-section shall be substituted, namely :—

“(3) An appeal shall lie to the High Court from any order of the Controller under this section ; and the Controller may move the Governor General in Council to refer any application under this section to the High Court for decision, and the High Court shall dispose of any application so referred”; and

(d) for sub-section (5) the following sub-section shall be substituted, namely :—

“(5) Nothing in this section shall be deemed to empower the Controller—

(a) to rectify the register of patents, or to decide any question relating to a patent, otherwise than for the purpose of correcting a mistake of fact apparent from a reference either to the patent itself or to some order of a competent authority made under any other provision of this Act, or

(b) to make any such order cancelling the registration of a design as is provided for in section 51A”.

28. Section 69 of the said Act shall be re-numbered as sub-section (1) of that section, and to that section as so renumbered the following sub-section shall be added, namely :—

Amendment of section 69,  
Act II of 1911.

“(2) An appeal shall lie to the Governor General in Council from an order of the Controller under this section.”

Insertion of new section 74A  
in Act II of 1911.

29. After section 74 of the said Act, the following section shall be inserted, namely :—

“74A. Where a person giving notice of any opposition under this Act or giving notice to the Court of appeal from any decision of the Controller under this Act, neither resides nor carries on business in British India, the Controller or the Court, as the case may be, may require such person to give security for the payment of all costs incurred and likely to be incurred in the proceedings or appeal, as the case may be, and, in default of such security being given, may disallow the opposition or dismiss the appeal”.

Amendment of section 77,  
Act II of 1911.

**30.** In section 77 of the said Act,—

(1) after clause (c) of sub-section (1), the following clauses shall be inserted, namely :—

“(cc) for the manner in which fees leviable under this Act may be paid ;

(ccc) for ensuring secrecy with respect to patents to which section 21A applies ;” and

(2) after sub-section (2) the following sub-section shall be inserted, namely :—

“(2A) Nothing in sub-section (2) shall apply in the case of rules made for the purpose specified in clause (ccc) of sub-section (1) ; and any such rules may modify any of the provisions of this Act so far as may be necessary for that purpose.”

Amendment of section 78A,  
Act II of 1911.

**31.** In section 78A of the said Act,—

(1) in clause (a) of the proviso to sub-section (1), for the word “four” the word “six” shall be substituted ; and

(2) in sub-section (4), after the words “His Majesty’s dominions”, where they first occur, the words “or of any State in India”, and after those words, where they occur for the second time, the words “or in that State, as the case may be,” shall be inserted.

**32.** In the Schedule to the said Act in the entry specifying the fee payable before the expiration of the 8th year from the date of a patent, for the figure “50” the figure “100”

Amendment of the Schedule  
to Act II of 1911.

shall be substituted, and for the last five entries the following shall be substituted, namely :—

	Rs.
“Before the expiration of the 12th year from the date of the patent ... ..	150
Before the expiration of the 13th year from the date of the patent ... ..	150
Before the expiration of the 14th year from the date of the patent ... ..	150
Before the expiration of the 15th year from the date of the patent ... ..	150
Provided that the fees for two or more years may be paid in advance.	
On application to extend the term of a patent ...	50
Before the expiration of each year of the extended term of a patent or of a new patent granted under section 15 ... ..	150
On application for registration of a design ...	3”

#### STATEMENT OF OBJECTS AND REASONS.

The existing Indian Patents and Designs Act, 1911 (II of 1911) was passed in 1911 and came into effect in 1912. Experience has indicated a number of directions in which amendments are required, and it is now proposed to revise it. The amendments which it is desired to make are drawn from several sources. A few of them are taken from the British Act of 1907 (on which the present Indian Act is based) and were omitted from the Indian Act as they were not considered necessary in the conditions then existing in India. A considerable number are based on the provisions of the British Patents and Designs Act of 1919 which represented a fairly general revision of the 1907 Act in the light of the experience gained from its working. Others are designed to remove defects which experience in India has revealed and a few drafting amendments have been added. The amendments are explained in the detailed notes on clauses below.

#### *Notes on Clauses.*

*Clause 2 (a).*—The existing definition admits of some ambiguity ; the proposed definition is based on that adopted in the British Act of 1919.

(b).—The revised definition of “patentee” substitutes the registered owner for the beneficial owner, and follows the definition adopted in the United Kingdom in 1919.

(c).—The amendment is designed to bring the definition into line with section 43(1) of the Act.

*Clause 3.*—In the case of applications comprising more than one invention it is sometimes necessary to submit amended applications for each invention and the Controller has discretion under section 5(1) to grant to such separate applications the date on which they are amended. If the sub-section is revised in the manner proposed, the Controller will have the power to grant the date of the original application to the separate subsequent applications.

*Clause 4.*—Under section 8 of the Act the Governor General in Council can direct the Controller to refer the specification for enquiry after the acceptance of an application and before sealing a patent, but in the absence of opposition a patent cannot be refused as a result of such enquiry. The section has therefore proved to be valueless.

*Clause 5.*—Section 3(1) of the Act allows a period of 3 months within which a notice of opposition can be entered. This period has proved inadequate in some cases, and it is proposed to add to this period the time required to supply a copy of the specification. The amendment proposed follows a general legal principle.

*Clause 6 (1).*—The amendment will enable the Controller to proceed with an application for a patent when the applicant has assigned it to another party and refuses to proceed with the application or when disputes arise between joint applicants. It follows in substance the provision made in the United Kingdom Act of 1919.

*Clause 6 (2) (i).*—This is consequential to the amendment in clause 4.

*Clause 6 (2) (ii).*—The first amendment makes clause (d) of section 10(2) applicable to any case where a patent cannot be sealed within the time ordinarily allowed. The second amendment is based on an existing provision in the Patents and Designs Rules which has proved satisfactory.

*Clause 7.*—The object is to make the time when proceedings can be taken in respect of an infringement more definite.

*Clause 8.*—The object is to enlarge the provision contained in section 13(2) so as to enable a patent to be given to the true inventor not merely in cases where the Court has revoked the patent, but also in cases where the Controller has refused a patent on account of the opposition of the true inventor.

*Clause 9.*—(a) This amendment will extend the period of future patents from 14 years to 16 years, following the recommendations of the Empire Patents Conference and the alteration made in the British law in 1919.

(b) This amendment has the effect of extending the period of existing patents from 14 to 16 years. It also makes necessary provision for the protection of licensees and other parties who might be adversely affected by the change.

*Clause 10.*—(a) The advertisement of a petition for extension of a patent before actually filing it as provided in section 15(1) of the Act is unnecessary. The amendment will make it possible to call on the patentee to advertise his application after filing his petition.

(b) Fees are already charged for opposition to grants, amendments or restoration of patents, and it is desirable that a fee should be levied for opposition to an extension of a patent. A fee is levied in similar cases in the United Kingdom.

(c) In view of the enlargement of the original period of patents from 14 to 16 years, it is proposed, following the British Act of 1919, to reduce the terms for which extensions can be granted.

*Clause 11.*—This amendment introduces a new provision which will enable a patentee to add to his original patent improvements having the same term as the original patent without incurring the expense involved in taking out separate patents.

*Clause 12.*—Under section 18 a Court can permit a patentee to amend his specification only by way of disclaimer. It is proposed to extend the power of the Court so as to permit it to allow a patentee to amend his specification also by way of correction or explanation.

*Clause 13.*—This is a verbal amendment which follows the British Act, and makes the time for the grant of relief under section 19 of the Act more precise.

*Clause 14.*—The words deleted appear in a modified form in the proposed new sub-section (4) of section 63 (see clause 26).

*Clause 15.*—Under the existing Act Government have the right to use any invention either without payment or on such terms as they may consider reasonable. The new provision maintains the existing position where the patentees are Government servants and the patent is related to their official work, but gives patentees in other cases the right of reference to a Court of law for the settlement of the terms that are to be applicable when Government use their patent.

A new section has been introduced on the lines of section 30 of the United Kingdom Act of 1907 for the assignment of inventions relating to instruments, or munitions of war to Government, and for the maintenance of secrecy where necessary in respect of inventions and patents so assigned.

*Clause 16.*—The object of the first amendment is to make the main ground of application for the grant of compulsory license or the revocation of a patent more clear.

The amendment to section 22(4) and the first two amendments to section 22(5) are consequential to the amendment to section 22(1).

As the present Act came into force in 1912, the words “before or after the commencement of this Act” in section 22(5) are no longer necessary.

It is proposed to delete sub-section (6) of section 22 and add a new section in similar terms but applicable both to sections 22 and 23 ; *vide* clause 18.

17.—Under section 23(2) if the Governor General in Council is satisfied that the allegations contained in an application for the revocation of a patent are correct, he can make an order revoking the patent. The amendment is intended to empower him to grant a license or an exclusive license to the applicant if such remedies are justified in the circumstances of the case. The British Act also provides for such remedies.

*Clause 18.*—The amendments to section 23 (2) necessitate the enlargement of the provision at present contained in sections 22 (6) so as to apply also to the grant of licenses under section 23.



*Clause 19.*—This is a drafting amendment.

*Clause 20.*—Under the existing law the Court is required in a suit for infringement to call in the aid of an assessor on the request of either of the parties to the proceedings. The effect of the amendment will be that the Court will not be required to call in assessors unless all the parties agree, but it may, if it thinks fit, call in an assessor on the application of either party or without any application.

*Clause 21.*—The amendment provides for the possibility of granting relief in infringement actions in respect of void claims in spite of the inclusion in the patent of invalid claims. The object is to prevent patentees from being penalised for *bona fide* mistakes. The amendment follows the provisions of the British Act of 1919.

*Clause 22.*—The object of these amendments is to extend the liability imposed on patentees to persons who have a beneficial interest in patents. The amendments follow the English law.

*Clause 23.*—The amendment to clause (a) of section 44 brings the section into line with section 43 (1).

The existing section 44 can be used to extend the copyright of a design if supplementary registration is effected in another class for the same design. This was obviously not the intention. The duration of the supplementary registration of a design should not exceed that of the original design, and the amendment to clause (b) of section 44 provides for this.

*Clause 24.*—The existing law is obscure as to the extent to which parties are entitled to secure cancellation of designs. The proposed section 51A, which is based on the analogy of patents, will make the position clear.

The object of the new section 51B is to bring the law relating to designs in so far as rights against the Crown are concerned into line with the law relating to patents.

*Clause 25.*—This is consequential on the insertion of the new section 51A.

*Clause 26 (a).*—The alterations in sub-sections (1) and (2) of section 63 are essentially of a drafting character.

The object of the new sub-section (4) of section 64 is to prevent the admission in evidence, save in exceptional circumstances, in proof of the title to a patent or design, of a document or instrument not entered in the register of the Patent Office. This sub-section follows the provisions of the English law of 1919 and replaces the provision at present contained in section 20 (4). (See note on clause 14.)

*Clause 27.*—The object of the amendment is to make it clear that the section provides only for applications which relate to the rectification of errors in the register and that questions regarding the merits of patents or designs cannot be raised in connection with applications under it. It is undesirable that applications of this character should go before the High Court in the first instance, and it is proposed to make the Controller the competent authority to dispose of them, an appeal lying from his order to the High Court.

*Clause 28.*—This is based on the British Act and provides for an appeal to the Governor General in Council against the Controller's decision.

*Clause 29.*—Under section 65 of the Act the Controller has power to award costs in any proceedings before him. The clause will enable the Controller or the Court dealing with parties offering opposition or applying for revocation or preferring appeals to require security for the cost of proceedings, where they do not reside or carry on business in British India.

*Clause 30 (1).*—Under the existing Act fees are payable in cash. The clause will enable fees to be paid through treasuries or the Imperial Bank, if necessary.

The new sub-clause (*eee*) is consequential on the insertion of the new section 21A ; *vide* clause 15.

*Clause 30 (2).*—Under section 77 (2) of the Act all rules are made after previous publication. This is not considered desirable in the case of rules made for ensuring secrecy of patents relating to munitions of war. The new provision follows the British Act.

*Clause 31.*—The first amendment which extends the period for applications under reciprocal arrangements in the case of designs is based on a recommendation made by the last International Conference at the Hague. A similar change has recently been made in Great Britain.

The second amendment will enable reciprocal arrangements to be made between British India and Indian States.

*Clause 32.*—The existing scale of fees has remained unchanged since 1912. Only valuable patents are kept on for a long number of years, and in such cases the amount of the fees is normally small compared with the profits earned. A slight increase in the fees has been proposed for the 9th, 13th and 14th years of a patent. It is proposed to fix the fees for the 15th and 16th years of patents at Rs. 150 (*vide* clause 9). A similar rate has been prescribed for extended patents and for new patents granted after the original patents have expired.

A. C. McWATTERS.

The 12th September, 1928.

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## APPENDIX IV.

### CUSTOMS.

#### PROTECTION TO SALT INDUSTRY.

*Government of India, Finance Department (Central Revenues).*

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#### RESOLUTION.

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##### SALT.

Simla, the 12th May, 1928.

*Salt—Taxation Enquiry Committee's Report—Indian Salt manufacture—encouragement of—Imported salt—differential duty on—Tariff Board—Decision not to make a reference to, concerning.*

No. 20.—The Taxation Enquiry Committee made certain recommendations regarding the encouragement of the manufacture of salt in India and the desirability and possibility of making India self-supporting in respect of its salt supply. The Government of

India called upon the Central Board of Revenue to examine and report upon these recommendations and for this purpose placed at the Board's disposal the services of Mr. D. N. Strathie, I.C.S., an officer who had had considerable experience of salt administration in Madras. The materials gathered by Mr. Strathie and the detailed suggestions made by him have been examined by the Central Board of Revenue in its report which is annexed to this Resolution.

2. The detailed recommendations made by the Taxation Enquiry Committee were as follows :—

- (1) that an enquiry should be made as to the extent to which the handicaps on the Indian manufacturer in the Calcutta market can be removed by altering the existing rule under which salt cannot be carried from Madras or Bombay to Calcutta in vessels of less than 1,000 tons and by modifying and making uniform in the provinces of Madras and Bombay the regulations regarding transport in bond and the charge of duty for losses on the voyage :
- (2) that the possibility should be examined of giving lower rates of railway freight for salt loaded in returning coal wagons and opening inland bonded warehouses for salt imported by rail :
- (3) that every encouragement should be given to the manufacture in the provinces of Madras and Bombay of salt suitable for consumption in Bengal and among the means adopted to that end should be the pioneering of such manufacture by Government, the leasing of Government pans to capitalists who are prepared to develop such manufacture and the grant of an allowance to the local manufacturer of a sum equal to the cost to which the licensee is put by reason of Government control :
- (4) that it is desirable that India should be made self-supporting in the matter of salt supply, if this end can be secured by the granting of a strictly temporary advantage to the local manufacturer, whether by way of rebate of duty or of a differential duty on imports,

or both, and that an enquiry should be made into this aspect of the question by the Tariff Board.

3. As regards the first recommendation, the Government of India agree with the Central Board of Revenue that the action already taken is adequate ; and as regards the second recommendation, it is clear from the facts stated in the Board's report that no reduction in freight that would not be flagrantly uneconomic could assist the salt industry. As regards the third recommendation, the Board has shown that the department has not failed to take pioneer action where such action could usefully be undertaken, that capitalists are given ample facilities for enterprise and that licensees are seldom put to any expense by reason of Government control. There remains for consideration the fourth and by far the most important recommendation, involving a suggested reference to the Tariff Board.

4. So far as India outside Burma is concerned, the Board's conclusions are:—(1) that no attempt can reasonably be made to compel the consumer in Bengal and neighbouring territories to take the ordinary Madras or Bombay salt and (2) that although salt of a quality fit to compete with the white salt to which those markets are accustomed can be made in India, this cannot at present or in the near future be done on such a scale or at such a price as to offer a prospect of successfully displacing foreign salt. Moreover, the Central Board of Revenue holds that such a development, even if effective, would fail as an insurance against the danger of short supplies in war time and that the amount of the benefit to be obtained by certain producers and merchants would be incommensurate with the burden laid upon the consumers.

5. As regards Burma, the Central Board of Revenue recognises that, if that Province stood entirely by itself, there would be a *prima facie* case for reference to the Tariff Board, but takes the view that no recommendation for protection made as a result of such a reference could be accepted without the violation of important principles governing tariff policy.

6. The Government of India have carefully considered the report of the Central Board of Revenue and have accepted all its conclusions upon the points mentioned above. With reference to the Salt industry in Burma, however, the Government of India must not be supposed to have dismissed as impracticable the idea of

assisting it to secure the local market, to the extent indicated in the report of the Central Board of Revenue, by other means than a differential duty, and possible measures to secure this end are now under their examination.

C. No. 684-Salt/26.

Ordered also that a copy of the above Resolution be communicated to all Local Governments and minor Administrations ; to the Finance, Commerce and Industries and Labour Departments ; to the Secretary, Tariff Board ; to the Commissioner, Northern India Salt Revenue Department ; and to the Collectors of Salt Revenue, Bombay and Madras, and to the Commissioner of Salt Revenue, Burma.

V. S. SUNDARAM,

*Deputy Secy. to the Govt. of India.*

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Letter No. C.4/26 dated 20th August, 1928.

From Chamber to Central Board of Revenue, Simla.

The attention of my Committee has been drawn to the resolution of the Government of India, Finance Department (Central Revenues) No. 20, dated the 12th May, 1928, turning down the recommendations of the Taxation Enquiry Committee for referring the case of the Indian Salt Industry to the Tariff Board for investigation as to whether India could be made self-supporting in respect of its salt supply, by the granting of a strictly temporary advantage to the local manufacturers, by any means.

The Taxation Enquiry Committee recommended in the year 1926 that it is desirable that India should be made self-supporting in the matter of its salt supply, if this end can be secured by the granting of a strictly temporary advantage to the local manufacturers either by way of rebate of duty or of a differential duty on imports or both and that an enquiry should be made into this aspect of the question by the Tariff Board. This recommendation of the Taxation Enquiry Committee, it is now clear beyond any shadow of doubt, did not find favour with the Government and apparently with a

view to turn down this suggestion, the Government adopted a novel method of appointing a special officer of the Government to examine this proposal of the Taxation Enquiry Committee and by so doing conveniently shelved the problem for about 2 years. When requests were made by my Chamber and other commercial bodies for referring its case to the Tariff Board, they were told that, should it appear to the Government who were conducting a departmental enquiry that there were *prima facie* grounds for the submission of the case to the Tariff Board, the Government would do so.

That such a method should have been followed by Government after the Taxation Enquiry Committee had made a definite recommendation on the subject, indicates that the Government were even afraid of referring the matter to an impartial body like the Tariff Board, who might, relying on the evidence and data collected by them, perhaps have advocated grant of protection to this industry, and also afraid of the light of public opinion being thrown on the enquiry. It appears further that it was only to disarm public criticism of a total neglect of a specific recommendation of this Committee, that the Government set up this enquiry and appointed a Departmental Officer whose report my Committee presume, being on the lines of the decisions already arrived at by the Government, was accepted. My Committee cannot too strongly condemn the adoption of such a procedure. The alacrity, expedition and the almost indecent haste with which the Government took action recently in referring the case of the Oil Industry to the Tariff Board, against the unanimous opposition of the commercial community in India, and ordered the Tariff Board to submit their report within three months of the date of starting the enquiry, stands in bold contrast to their attitude in the present case. Such a striking contrast in the Government's treatment of these two industries cannot but create the unfortunate treatment that while the Government evinced a great anxiety and solicitude for the Oil Industry in which foreign capitalists have a very predominant interest, they deliberately delayed a proper investigation in the Salt Industry by at least 2/3 years apart from the fact that they thus prejudiced to some extent the mind of the Tariff Board to whom the question might be referred for investigation.

My Committee would now turn to an examination of the various grounds adduced in the Report of the Central Board of Revenue, in coming to the conclusion that there is no *prima facie* case for

protection to this industry. The chief consideration before the Board was the investigation into the desirability and feasibility of making India self-sufficient in the matter of its salt-supply and the arguments advanced by the Central Board of Revenue for making out a case against the practicability of making India self-sufficient in this respect are unconvincing and cannot bear scrutiny.

The Central Board of Revenue state that the problem of making India self-supporting in the matter of its salt supply resolves itself into that of capturing for Indian salt the market for crushed white salt in Bengal (the uncrushed salt being only 1/9th of the quantity of crushed salt). They point out that there are three possibilities by means of which foreign salt could be replaced by Indian salt. Firstly, either the price of foreign salt must be raised by the imposition of a differential duty to a point at which the present consumers will find it too dear and will, therefore, be prepared to put up with the ordinary Madras and Bombay salt, in spite of its inferiority, on account of its cheapness; or secondly, Indian salt of the same, or approximately the same, quality as the imported white crushed salt must be placed on the Calcutta market whether under the shelter of a differential duty or not, at a price that will render it more attractive than the imported salt; or thirdly, the price of the ordinary Madras or Bombay salt should be reduced by rebate of duty or a bounty so as to render it more attractive to the consumer on account of its cheapness. The third possibility is at once dismissed as impracticable, because the Central Board of Revenue feel absolutely certain so long as the classes of people who now use foreign salt can afford to buy it they will never transfer their custom on any large scale to the Madras or Bombay salt, however cheap it may be.

With this presumption of the Central Board of Revenue, my Committee are not in agreement. On the contrary, they feel that much capital has been sought to be made of the so-called "salt-prejudice" in Bengal. What with the growing feeling and sentiment of the people for a self-sufficient India and what with a sharp disparity in the price of the foreign and home-made salt as a result of a rebate of duty or bounty to the Indian salt, my Committee are confident that the people will be attracted to the cheaper Indian salt especially if it were supplied to them in a crushed form. As the Government themselves observe, salt can no doubt be produced at other places in India of a quality which would be acceptable to the present consumers of the white grained foreign salt. The ques-



tion, therefore, only remains as to whether it could be placed in the Calcutta market at a reasonable price and whether it could be produced in sufficient quantity. Only recently salt from Okha of a quality which can compare favourably with foreign salt entered with ease into the Calcutta market. Karachi can also supply a very handsome quantity of salt, say 55-65 lakhs of maunds, per annum, as reported by Mr. J. A. Dunn who was deputed by the Government to investigate the supply of salt in the neighbourhood of Karachi (Vide Vol. 58, Page 32, of the Records for 1924, of the Geological Survey of India). This should dispel the fear of the Government regarding the possibility of Indian made salt being unable to compete with the foreign salt in price eventually. In connection with a market for salt in Bengal, it is worthwhile pointing out here a fact which is not generally known that Calcutta is the largest port in the world, from the point of view of the extent of its imports of salt.

With regard to the possibility of manufacturing salt in sufficient quantity in India, my Committee would observe that if the Indian manufacturers are assured of a good margin and given the necessary facilities it is only a question of time when Karachi, Tuticorin and Okha will be able to replace foreign salt by producing salt of a quality that would be acceptable to that section of the consumers in Bengal who are said to be inalienably attached to the foreign salt. My Committee are further informed that Pachbhadra, Didwana, Dhoronoro in Rajputna produce salt in large quantity and of a quality which can compare favourably with foreign salt. It is a deliberate perversion of facts to say that a tropical country like India which is surrounded on all sides by salt seas, which has got salt mines and salt lakes should be incapable of producing salt sufficient for her own requirements.

The Hon'ble Mr. Andrew Ramsay giving evidence before the Select Committee of the House of Lords in 1830 made the following observation re : Indian Salt :

*Q.* What is the quality of salt? It is refined?

*A.* No, it is not refined, it only undergoes one boiling.

*Q.* Is it to be compared to the salt eaten in this country?

*A.* I think it is very far superior.

Q. In what respects?

A. It is not so bitter as the English salt.

Q. Is it better than our refined salt?

A. I should think better than any European salt.

Q. Are the crystals large?

A. It is very fine ; it is not in crystals at all.

In view of this, my Committee are optimistic and hopeful as to the possibility of Indian's ability to produce all the salt necessary for her consumption.

The Central Board of Revenue have also discussed the question as to how much differential duty will be required for Tuticorin salt to enter Bengal and have arrived at the conclusion that a differential duty of  $4\frac{1}{2}$  as. would be required in ordinary times for that salt to sell profitably in competition with the foreign salt. Without entering into an examination of the correctness of the premises, my committee would observe that the possibility of reduction in the manufacturing costs that comes with large-scale production and gaining of experience has been altogether overlooked and it has been assumed that the prices will remain at their present level in perpetuity. It would perhaps be also possible, if a return cargo were found, to reduce the freight rate per maund for salt carried by sea from Tuticorin to Bengal. With regard to Karachi salt, the Central Board of Revenue admit after some calculation, into the details of which my Committee do not at present desire to enter, that it can successfully compete with the foreign salt if the foreign manufacturer would not cut his prices. But in this case, the Central Board of Revenue argue that they have reason to believe that the foreign manufacturer will substantially reduce his price and that the Karachi salt will require a considerable degree of assistance or protection to enable it to compete successfully and capture the Calcutta market entirely. Here again the above-stated possibility of reduction in cost due to mass production and experience is lost sight of conveniently. Besides, if we can reduce the profits of the foreign manufacturers and secure some revenue by means of a differential duty, it will be almost an ideal method of taxation and there is no reason why that course should not be adopted. There is also a possibility again of reduction in the freight, harbour dues, etc. on the

salt from Karachi to Bengal and this would also make for a reduction in price.

Thus both the grounds advanced by the Central Board are unacceptable and therefore also their conclusion that it is impossible in the near future, so to expand the output of salt in India as to render the country self-supporting, that is to say, to enable uncrushed salt from Tuticorin and Karachi and crushed salt from Karachi to expel foreign salt from the Calcutta market. The Central Board of Revenue, however, observe that, even assuming that this result could be attained by imposing a differential duty on foreign salt or by subsidising Indian salt in any manner, they have still to consider whether such a consummation would in fact be beneficial and whether the whole subject should be referred to the Tariff Board for investigation.

The arguments advanced by the Central Board of Revenue in this connection are frivolous and betray, to say the least, a lack of appreciation of the value to be attached to the national sentiment of self-sufficiency in regard to an article which is a prime necessity of life, and the advantage of having a home industry from which many can eke out their existence. The dislocation of the salt supply and the rise in its price during the Great War, the Central Board of Revenue proceed to argue, were due far more to the disorganisation of Railways than to the shortage of shipping. With the development of the Steel industry in India, the danger of shortage of rolling stock also has decreased. My Committee would only mention here a fact of common knowledge that during the war the tonnage difficulty was of a very serious nature, nearly all the available tonnage being diverted to war purposes. From the figures supplied by the Central Board themselves, it will be seen that the import of salt fell down from 500 thousand tons in 1913, the pre-war, to 342 thousand tons in 1917 and 389,000 tons in 1918, due in a large measure, it will be admitted, to scarcity of tonnage. The Board go to the length of arguing that in fact the shortage of the internal and coastal transport, the dislocation of the salt supply and the rise in prices during the war would actually have been aggravated, had India been dependant entirely on Indian salt, and conclude that the policy of rendering India self-sufficient does not, therefore, appear to be justifiable as a form of war insurance. Further, the arguments advanced by the Central Board of Revenue regarding the railway disorganisation and tonnage difficulty appear to be contradictory. The Central Board have also drawn from this the conclusion

that if India were rendered self-sufficient in time of peace, in time of war it might again become essential to obtain salt from abroad. With this conclusion of the Central Board also, my Committee cannot agree. Without prejudice, however, to this opinion of theirs, my Committee would reply that even if it were so and even if India could be rendered self-sufficient with respect to its supply of salt only in times of peace, that constitutes a sufficiently reasonable and rational ground for the establishment of this industry in India.

Another very hollow argument advanced by the Central Board is that if Bengal can in normal times secure cheap good salt from abroad, it would appear to be inadvisable to divert labour and capital from the productions of articles of great value. In regard to this, my Committee would only draw the attention of the Government to the acute unemployment problem facing the country. It is far from truth even to suggest that the labour and capital to be employed here should have to be necessarily diverted from industries where they are engaged in production of articles of greater value. There are admittedly millions of agricultural labourers who have no work to engage themselves in at all times of the year and whose productive energy is therefore running to waste for many months in the year for want of any occupation whatsoever. They could be suitably employed in this industry. This will, therefore, far from diverting labour and capital engaged in more lucrative spheres, create employment for a large number of labourers and assist them to get a little money to prevent them from starvation and ruin. Is it not also a matter of common knowledge that there are far too many people in India working on a small plot of land than can be supported by it and would this industry not afford a suitable outlet for such surplus labour? The Taxation Enquiry Committee also observed on page 143 of their report :

“The manufacture takes place in the hot weather and gives employment to agricultural labourers at a time when there is little work in the fields. The necessity for such subsidiary employment is constantly being insisted upon as one of the chief economic necessities of India, and the existence of an industry that supplies it is a matter to be taken seriously into consideration.”

In this connection, my Committee would also invite the attention of the Government to the following observation of the Royal Com-

mission on Agriculture which also points to the necessity of relieving the pressure of population on the land:—

“The labour problem is to-day the same from the agricultural point of view as it was when the Famine Commission reported in 1880 viz., *to lessen the pressure of population of land.*”

The establishment of the salt industry should, therefore, be encouraged if only as a means of diverting labour which is now uneconomically employed or not employed at all, into economic channels.

The Royal Commission further observed on page 566 of their report that one of the most promising solutions of relieving the pressure of population appears to be the diversion of surplus agricultural labour to such industrial pursuits as can be suitably undertaken by the cultivators or their family in their spare time and without detriment to the cultivation of their land. The salt industry promises to be such a suitable industry in many places along the long coast line of India.

The Central Board of Revenue further argue that the total sum “kept in the country” by making India self-sufficient with regard to her salt supply amounts to about Rupees One Crore, that the beneficiaries would be the relatively small class of salt dealers and manufacturers and their employees and that a portion of this sum which represents profit would be pocketed by them, and for their benefit many millions of consumers would be laid under contribution. Here again, my Committee would invite the attention of the Government to the appealing poverty of the nation and the average income of an Indian. The addition of even a crore of Rupees to the purse of a poor country like India will be no small boon. It should not be forgotten also that the prosperity of any industry trickles down to the whole population (witness the example of the Bombay Textile Industry).

My Committee regret to note that here again as usual the Government have put forward the interests of the masses as a bogey to protection and have also tried to play off the consumers against the manufacturers and middlemen by the alarming picture they have drawn of a rise in the price of salt for a large number of people for over a generation, only to swell the pockets of a few industrialists. It is surprising to understand such an attitude of the Government

towards this industry after they have accepted the policy of discriminate protection to indigenous industries. The sufficiency of a country with respect to the supply of such a commodity which is a prime necessity of life and is almost indispensable for existence cannot be over-stressed. Even if for a temporary period a price has to be paid for ensuring such a position, the advantage to the country is so great that the enhanced price would not have been paid in vain.

In para 28 of their Report, the Central Board of Revenue have assumed the role of the Tariff Board and begun to examine whether this industry satisfies the conditions laid down by the Fiscal Commission as justifying protection to any industry. My Committee have already pointed out that it is impossible to accept any of the above conclusions to which the Board have arrived and they do not endorse the findings of the Board in this behalf also. It is too much to presume, as pointed out by the Central Board of Revenue, that the Indian Salt Industry when developed will not be able to supply the whole needs of this country, or that it will never reach a stage when it cannot do without protection. One other argument found out by the Central Board of Revenue is that the industry is not a basic industry and does not deserve protection. Apart from the question as to whether the salt industry is basic or not, no one will dispute the fact that salt is indispensable for the economic well-being of the nation and too much expense cannot be incurred in ensuring a home supply of salt, an article of universal consumption and daily use, even at a little sacrifice, for a temporary period. To the suggestion of the Central Board that the reference to the Tariff Board would be premature since it would relate to a non-existent industry and that salt of a quality corresponding to the bulk of the imported salt is not, as a matter of fact, manufactured in India on a commercial scale, my Committee would only point out that it is like placing the cart before the horse. No industry can be brought into existence with this sort of mentality of the Government. Protection or concessions are necessary and are usually being given to rear up and develop an industry.

In conclusion, my Committee would strongly urge upon the Government to refer without any further delay the case of the Salt Industry to the Tariff Board, as recommended by the Taxation Enquiry Committee, for investigation into the possibility of making India self-sufficient with respect to its salt supply, by the grant of protection in any form.

PROTECTION TO STEEL CASTINGS INDUSTRY.

Department of Commerce.

RESOLUTION.

TARIFFS.

New Delhi, the 25th February, 1928.

No. 260-T. (92).—The Report of the Tariff Board regarding the grant of protection to the manufacture of railway wagons and under-frames, component parts thereof and wire and wire-nails, which concludes the statutory enquiry into the steel industry, was published for general information to-day the 25th February, 1928.

2. The Government of India accept the findings of the Board that, given a sufficiency of orders, the railway wagon and under-frame industry no longer requires any assistance beyond the existing revenue duty, and that the continuance of the bounty scheme, which has been in force during last three years, is unnecessary. They also agree with the Board that, owing to the probable restriction in the normal demand for wagons during the next two or three years consequent on improvements in railway administration, assistance should be given to the industry during this period by taking special steps to secure that, if possible, all the available orders are placed in India.

3. The Board recommend that until the demand for wagons again becomes normal, tenders should be called for only in India and accepted if within a certain maximum price. The maximum price proposed for each type of wagon is the lowest approved price as shown in the tenders for wagons in November, 1925, and for under-frames in April, 1926, *plus* an addition of 12½ per cent. and the appropriate charges for landing, wharfage, etc., and erection. The Government of India are unable to accept this recommendation as it stands. The 12½ per cent. addition is appropriate only if the total orders to be placed during the year are sufficient to keep the wagon building firms working to 60 per cent. of capacity, and would be too low if the orders fell short of this figure. For this reason and also on account of certain practical difficulties the Government of India have decided to adopt the following modified arrangement. Tenders in the first instance will be called for only in India, and the lowest tender accepted provided it is regarded as reasonable. In determining whether the price tendered is reasonable, comparison will be made with the basic price of 1925 in respect of wagons and of 1926

in respect of underframes and allowances will be made either upwards or downwards for variations in steel prices and for the size of the orders to be placed. If the prices tendered are found to be unreasonably high for any type of wagon, the wagon building firms will be informed of the maximum price which the Government of India are prepared to pay and will be given an opportunity of accepting the order at that price. If they are unwilling to do so, simultaneous tenders will be called for in England and in India.

4. The necessity for assisting the industry, however, arises from the fact that with simultaneous tenders and a ten per cent. duty, there is a serious danger that the orders will be lost to Indian firms. The Government of India have, therefore, decided that the rate of duty on wagons and underframes and their component parts, other than wheels, axles, vacuum brakes and certain other component parts which are not made in India, should be raised to the rates applicable to fabricated steel generally, namely, 17 per cent. *ad valorem* if of British manufacture, and 17 per cent. *ad valorem plus* Rs. 15 per ton if not of British manufacture. It is proposed that the increase in the duty should have effect for three years only, as it is hoped that at the end of that period it may again be possible to place orders on a normal scale.

5. The Tariff Board consider that the manufacture of forgings should be regarded at present as merely a process incidental to the construction of wagons and not as a separate industry. The Government of India accept this finding, and have accordingly decided that forgings other than those mentioned in paragraph 4 above should be subject to the proposed increased duty as component parts of wagons and underframes.

6. The Tariff Board recommended the payment of a bounty of Rs. 2-8-0 per cwt. on steel castings manufactured by the Hukumchand Electric Steel Works for railway rolling stock. It has been ascertained, however, that besides the Hukumchand Electric Steel Works there is at least one firm, namely, the Kumardhubi Engineering Works, which is equipped to produce steel castings from indigenous materials and is thus not disqualified from earning the bounty proposed. It also appears from the Board's own figures that the effective railway demand is barely sufficient to keep one firm fully employed, so that with two firms in the field, it would not be possible for either to obtain sufficient orders to bring down costs an



economic level, especially as some of the railways manufacture in part their own requirements. In these circumstances, the Government of India are of opinion that the conditions justifying protection for the manufacture of steel castings do not yet exist, and they are, therefore, unable to accept the bounty scheme recommended by the Board. The higher duty on the component parts of wagons and underframes will in fact give the makers of steel castings for the next three years a large part of the protection considered necessary by the Tariff Board. But the Government of India wish to make it clear first that the increase in the duty on castings is incidental to the increase in the duty on wagons and underframes and would not have been proposed on its own merits ; secondly, that steel castings have been made in the railway workshops for a number of years and that it is not intended to discontinue their manufacture ; and thirdly, that it is not the intention of Government to continue the protective duty on wagon castings when it again becomes possible to place normal orders for wagons.

7. The Tariff Board have no recommendation to make in respect of spring steel as it is not manufactured on a commercial basis, and reliable information is not available, on which an estimate of the protection necessary could be based. The Government of India accept this finding.

8. The Government of India accept the recommendation of the Board that on all bolts and nuts falling under Article 61 of the Statutory Tariff Schedule a specific duty of Rs. 2 per cwt. should be levied in place of the existing *ad velorem* duty of 10 per cent.

9. The Government of India accept the recommendation of the Board that the protective duty on wire and wire-nails should be discontinued.

10. It is proposed to introduce legislation during the current Session to give effect to the decisions mentioned above.

**ORDER.**—Ordered that a copy of the above Resolution be communicated to all Local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence and Statistics, the Central Board of Revenue,

the Indian Trade Commissioner in London, the Secretary, Tariff Board, the Secretary to the High Commissioner for India, London, His Majesty's Trade Commissioner in India and the Canadian Government Trade Commissioner in India.

Ordered also that it be published in the *Gazette of India*.

J. A. WOODHEAD,

*Joint Secy. to the Govt. of India.*

Telegram No. C.3/26 dated the 2nd March, 1928.

From Chamber to the Secretary to the Government of India,  
Commerce Department, Delhi.

Committee of Indian Chamber of Commerce Calcutta consider decision of Government refusing to grant protection for manufacture of steel casting extremely disappointing in view of recommendation of Tariff Board who are perfectly satisfied in every respect that the Industry deserves protection stop Sir George Rainy's statement that demand for steel castings is not sufficient to keep even one firm fully employed is not correct stop demand in India sufficient to keep fully employed Manufacturers of Steel Castings demand eligible for protection by Tariff Board stop this years Railway Boards requirements for wagons and underframes alone sufficient to keep such manufacturers of castings fully employed stop Committee emphatically protest against the rejection of Tariff Board's recommendation for protection to steel castings and urge reconsideration and acceptance of the Tariff Board's recommendations.

REFERENCE OF THE OIL INDUSTRY TO THE  
TARIFF BOARD FOR ENQUIRY  
INTO PROTECTION.

The Government of India Resolution No. 141-T. (39), dated the 26th March, 1928, which runs as follows:—

“ I. The Government of India have received representations from a number of companies engaged in the production of petrolum

in India asking for protection against the injury inflicted on them by the kerosene price war now in progress in India between the Standard Oil Company of New York and the Royal Dutch Shell Group. The immediate cause of the price war is said to be the purchase by the Standard Oil Company of New York from the Soviet Government of Russia of kerosene which, as the Royal Dutch Shell Group claim, rightfully belongs, wholly or in part, to them. The companies state that as a result of the price war, kerosene is being sold at prices well below world parity, and it is from the serious losses consequent on these uneconomic prices that they ask for protection. The representations indicate that, while some of the producers do not regard their existence as threatened by the dispute, the position of the weaker companies is such that a continuance of the price war might lead to their extinction.

2. The Government of India are not prepared to agree to any scheme of protection which would lay a heavy burden on the consumers, if the result must be, so far as the principal producers are concerned, not to secure a moderate return on the capital invested in the business but to increase profits unnecessarily. It is possible, however, that measures could be devised by which substantial relief could be given to those companies which are most in need of it, while at the same time disproportionate share of the higher price paid by the consumer would not pass into the hands of the stronger firms. In order that this question may be examined, the Government of India consider that an immediate enquiry should be held by the Tariff Board with the following terms of reference :—

- (1) To determine what price for kerosene should be taken to be equivalent to world parity in Indian Ports, and the extent to which current prices in India are below that level,
- (2) To report whether it is in the national interest that protection against the dumping of imported kerosene should be given, and if so, in what form and for what period, and
- (3) To report whether it is likely that the price war will extend to petrol, what the consequences to the Indian producers are likely to be if it does, and in that case, what measures they would recommend.

3. The question to be investigated in the enquiry is the advisability of taking steps to safeguard an Indian industry from injury inflicted by dumping, that is, the sale of imported kerosene in India at prices below world parity. In these circumstances, the Government of India consider that no detailed examination of the costs of production will be necessary, and that it will suffice to ascertain by more summary methods the probable effect of the price war on the financial position of the Indian producers. The report of the Tariff Board should reach the Government of India at the earliest possible date, and in any case not later than the 1st July, 1928.

4. Firms or persons interested, who desire that their views should be considered by the Tariff Board, should address their representations to the Secretary to the Board."

Telegram dated 12th April, 1928

From Chamber to Commerce Department, Delhi.

Committee Indian Chamber of Commerce, Calcutta, strongly protest reference Oil question to Tariff Board. Burma Oil Company is a Foreign Company, is rolling in prosperity and does not train Indians to higher appointments. There is every justification for a drop in the rates of Kerosene and Petroleum and if protection is allowed or contemplated in any form consumers' interests will greatly suffer. Present action of Government shows strong contrast to their attitude to Textile, Coal and Steel Castings industries which are predominantly controlled and financed by Indians and are passing through acute depressions and are of great national importance. Conclusion irresistible Government anxious to protect foreign interests at country's cost and be studiously apathetic towards Indian Industries when they at all compete with British or Dominion industries. Committee further shocked at costs of production being deliberately excluded from Tariff Board's enquiry. Committee hope Government in deference to strong public opinion will stop enquiry proceeding further.

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No. C.14/28. Dated the 22nd April, 1928.

From Chamber to Tariff Board (Oil Industry Enquiry),

Rangoon.

With reference to your Press Communique dated the 10th April, I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to communicate to you hereby their views on the Oil Industry Enquiry.

At the outset, my Committee take strong objection to the extraordinary haste with which the question has been referred to the Tariff Board and to the absolutely insufficient time of 2 weeks given to the interests concerned to submit their case, so as to reach the Tariff Board in Burma by the 24th April and to the strictly limited period—the maximum being 68 days—by which the Tariff Board are ordered to enter upon the enquiry and to submit their considered recommendations to Government, as such a great haste cannot but make the enquiry superficial in character and will consequently decrease the confidence of the country in the recommendations of the Tariff Board.

Even in the case of the textile and coal industries which were in the throes of depression and which needed immediate relief of a substantial character, the Government did not order the enquiry to be finished in such a short time. The novel departure on this occasion for the oil industry, the demand for protection to which has been strongly objected to by the commercial community in India, and which does not stand in immediate danger, should not lead you to believe that the industry is one which demands such precipitate haste in investigation. What my Committee would desire is that, as in the Steel industry, the Tariff Board should collect the representations from Oil Companies, consumers and other interested parties, frame the questionnaire and then publish them both for the light of commercial and public opinion to be thrown on them.

Further, my Committee are of the opinion that the Tariff Board should take all measures to ensure a full study and investigation of the case under enquiry in all its aspects, if only to maintain the high standard of their judgment which would command the confidence of all shades of public opinion on the questions referred to them for enquiry.

Coming to the terms of reference, my Committee regret to find that the enquiry is very much limited in scope. Indeed, my Committee fail to understand the utility of conducting an enquiry into the grant of protection when the one most essential and vital factor viz., a detailed examination of the costs of production, is excluded from the terms of the enquiry. It is absolutely impossible for the Tariff Board to make any recommendations unless it can investigate to its satisfaction into the costs of production and financial resources etc. of the Oil Companies and find out whether there is any possibility of reduction in such working cost by improved methods, by curtailment of overhead and other charges etc. I am to point out here that in connection with the enquiry for the grant of protection to the Steel Industry, the entire costs of the Steel Industry were analysed and also published. The Burma Oil Company, however, has even expressed its unwillingness to disclose its costs of production and is even prepared to forego any assistance from Government rather than disclose its working cost. This makes my Committee suspect that the industry is making large profits and is unable to make out any case whatsoever for protection.

In fact, the following extract from the stock Exchange Year-Book by Skinner for 1925 (Page 2311) regarding the Burma Oil Company Ltd., makes one feel that the industry is rolling in prosperity :—

“The accounts are made up annually to December 31, and submitted in June. Ordinary dividends were paid free of tax to December 31, 1923. In July, 1910, ordinary shareholders received a share bonus of 59 per cent. out of the reserve fund. For 1910, a dividend of 20 per cent. was paid ; for 1911, 15 ; for 1912, 20 ; for 1913, 1914 and 1915, 27-½ each year ; for 1913, 30 ; for 1917, 32½ ; while a bonus of 50 per cent was distributed to the ordinary shareholders in July, 1918, out of the reserves ; for 1918, 30 per cent was paid on the increased capital ; for 1919, 50 on an issued capital of £1,897,500 while a share bonus of 80 per cent was distributed to the ordinary shareholders in July 1920 out of the reserve fund ; 1920, 1921, 1922 and 1923, 30 per cent on increased capital. General reserve fund £800,000 insurance reserve £420,000 fire and marine insurance fund £613,106, carried forward £382,133, subject to corporation profits

tax. Depreciation written off to December 31, 1923 was as follows:—Refineries, buildings, etc., £1,333,395 (against expenditure (£1,897,629); pipelines £455,741 (against expenditure £849,560) fields electrification £100,000 (against expenditure £806,644) and tankers, boats etc. £1,013,000 (against expenditure £1,930,318) while oil wells boring plant purchased oil lands, tanks, buildings etc., have been written down to £372,689. Interim dividend 1924, 12½ per cent. (less tax) in November. Dividend on all classes of preference shares payable April 30 and October 31.”

It appears from an analysis of the above that a shareholder who invested Rs. 100/- by purchase of shares in the Burma Oil Company at par finds himself now in possession of stock of the face value of Rs. 405/- which will fetch at current prices nearly 1800 Rupees. On this investment he has already earned Rs. 966/- in cash dividends, in addition to the stocks as stated above. On his original investment of Rs. 100/- a shareholder got Rs. 121/8/- in 1923. His earnings in 1924, 1925 and 1926 were also of no mean size.

Another producer of the oil industry earned during the year 1926 about Rs. 25 Lakhs on a paid up capital of about Rs. 68 Lakhs, and declared a dividend of Rs. 11/- on each share on which Rs. 40/- only were paid up.

My Committee are further informed that the Burma Oil Company represents at least 80% of the oil interests in India and that it holds a large percentage of shares in the other 20%. In face of the fact that the Burma Oil Company which has a predominant share in the oil producing interests of India is even prepared to forego any assistance of the Government rather than disclose its working cost, there appears hardly any justification for even pursuing the enquiry for the grant of protection. For, the interests represented by the other concerns are small and need not weigh at all in comparison with the interests of consumers at large who would be very adversely affected by any increase in the price of kerosene. The production of oil has been expanding in many areas of the world and the result has been a downward trend of prices. It is only appropriate, therefore, that the interests of the poor consumer in India, which have always been trotted forward as a bogey whenever protection to the

Indian Industries has been in contemplation, should, in this instance, be really safeguarded and they should be allowed to benefit as much as possible by such a universal reduction in the price of oil. Besides, the oil industry, even today, enjoys a high protection of Rs. 0-1-6 per gallon, being the difference in the excise duty on home production of oil and the tariff duty on imported oil. The imported duty of Rs. 0-2-6 per gallon works out roughly to 25% *ad valorem*, the price of kerosene being about Rs. 0-10-9 per gallon.

In the opinion of my Committee, there is no justification for such a high rate of taxation also and in the interests of the consumers, such a high tariff duty should be abolished. If, however, the Government anticipate any deficit in the revenue as a result of the decrease in the yield of income, Royalty, license and other taxes now paid by the industry, the excise duty on home production of oil should be increased and fixed at Rs. 0-2-6 per gallon, the duty now subsisting on imported oil. It may be that the advent of the cheap oil from abroad will curtail the present enormous profits of the Burma Oil Company and other companies in India, but it will be conceded that there is no justification for the grant of protection to this industry at the cost of, and detriment to, the interests of the consumers.

Kerosene oil, it may be mentioned here, is not an article of luxury, but a necessity of life and even a slight increase in the price of kerosene will result in putting it beyond the buying capacity of hundreds of thousands of people and in appreciation of this fact, the Tariff Board should do nothing which is calculated to enhance the price of kerosene to the masses, unless the industry stands in immediate danger of extinction. Taking into consideration the magnitude of the Reserves of the Oil Companies in India and the fact that the Anglo-Persian Oil Company (in which the British Government has a controlling interest) has substantial holdings in the Burma Oil Company which is by far the largest producer of oil in India, there is no possibility whatsoever of the extinction of this industry (vide Chapter 29, pp. 456-457 of "The United States Oil Policy") by John Ise.

Coming to the three conditions laid down by the Fiscal Commission in para 97 of their Report which should be fulfilled by all industries which are claimants to protection, my Committee would observe that India, possessing as it does natural advantages for the



development of the oil industry, fulfills the first condition. They would, however, point out that these natural advantages which have been almost exclusively exploited by foreigners till now are not enough to meet the increasing demand of oil in the country. Regarding the second condition, my Committee would point out that the industry has never been hampered in its progress in the past for want of protection as can be seen from the fact that the industry has attracted enormous capital, and has had large returns on the capital in addition to the building up of the large-sized Reserves. It is not likely to be hampered in the future due to the powerful financial interests with world-wide ramifications that have come to be associated with it. As is natural under the circumstances stated above, the industry has developed to its fullest possibilities and is at a stage of expansion beyond which it cannot go, as can be seen from the speech of Mr. W. T. Howison (Chairman) at the Annual General Meeting of the Indo-Burma Petroleum Company held this year. Even supposing it were possible, it would be desirable for India to conserve her irreplaceable mineral asset and not exploit it all at once, in view of the apprehended oil famine all over the world. Coming to the third condition, my Committee would only say that the oil industry has been able to face world competition without protection even in the past so that it cannot be put forward as any ground for grant of protection. The fact of the greatest moment, however, is that the industry seeking protection is hardly Indian in any sense of the term, save that it is geographically situated in India. The oil industry has foreign capital, foreign control, foreign directorate, foreign investments, and does not even grant facilities for training Indians to higher posts.

In this connection, it will be worth while for the Board to enquire into the history of the one-sided contract by which all these Oil Companies are bound to the Royal Dutch Asiatic Pool. If these Oil Companies had not this contract with this pool, there would not have been any necessity for them for entering into this price war with the imported kerosene, which has been initiated at the instance of the Pool. But, as is well-known, negotiations are still going on between the Standard Oil Company and the Royal Dutch Asiatic Pool, for a settlement and for the division of profits over the purchase of the Soviet Oil, and at any time the negotiations may bear fruit and the rate cutting war may come to an end. These companies in the past had fought amongst themselves for shares in different oil-fields, or in oil, or for profits in distribution,

but in the end they have always come to an agreement. In this case also, there is every likelihood of their coming to an agreement at no distant date. Under these circumstances, the Indian Chamber of Commerce is afraid that this Tariff Board Enquiry on the grant of protection to the Oil Industry of India may result in huge waste of energy, money and time.

One of the terms of reference is the enquiry into the likelihood of the price war extending to petrol, and the consequences to the Indian producers in that event. In this connection, it would be worth while to note the anomaly that prevails regarding the price of petrol which is lower in purely importing and non-producing countries, like England, in spite of the transportation and other charges, than at the sea-ports and distributing centres in India which produces petrol herself. The Indian Oil Companies have been enjoying and will continue to enjoy, for some time to come, a monopoly which gives them the liberty to fix the price for petrol at their own sweet will. They will thereby distribute profits among their shareholders at the cost of the consumers and the high prices of petrol will also retard the progress of Motor transport in India. The Burma Oil Company in a brochure recently issued by them state that the Indian production of petrol is now hardly able to meet the Indian demands. Considering this, as well as the great increase in the consumption of petrol in India in spite of higher costs, it will be seen that it is impossible for India to meet her own increasing demand in the future from internal production, and it will have to import foreign petrol in increasing quantities every year. For creating a suitable marketing organisation, it would require a long time and big outlay of capital. It would be much better if this vexed question of protection to the oil industry which will retard such imports is settled once and for all time to come so that foreign producers of oil may know the conditions under which they will have to work in India. The Agricultural Commission has already finished its labours and even made its recommendations. The Road Enquiry Committee is now conducting its enquiry. Their reports will doubtless contain recommendations for the extended use of machinery for agricultural purposes and for more scientific methods of mechanical transport for marketing of Indian produce and for internal traffic, which will again mean the increased use of petrol. In these circumstances, the benefits which would accrue to India from a cheap supply of petrol cannot be over emphasized.

My Committee would, therefore, suggest that in the light of these weighty considerations, the Tariff Board should only make such recommendations as would ensure a cheap supply of petrol to India which is only possible if the forces of full and free competition are allowed to run their natural course, unimpeded by tariff barriers. My Committee further fail to understand the reason of this enquiry being confined to Burma alone. The field of competition of the Indigenous Oil with the foreign oil is not in Burma at all, but in India only (particularly in Bombay and Bengal). It is only fair therefore that the interests concerned, especially the consumers in India, should be allowed more time to submit their case, and should be given an opportunity to appear before the Tariff Board to substantiate their statement at some places in India. Hearing oral evidence at Maymyo only, which besides being not easily accessible, is beyond the seas and is difficult to reach without great inconvenience, loss of time etc., will have the effect of discouraging the representatives of the consumers whose interests are bound to be affected by the decision of the Government, from appearing before the Board and submitting their case. My Committee, therefore, request you to make arrangements for taking oral evidence at some places in India. However, if the Tariff Board do not see their way to examine the representatives of the Chamber in India, my Committee will consider the question of sending their representatives to tender oral evidence in Burma.

I am to express a hope that the Tariff Board will give their careful consideration to the various suggestions herein made by my Committee, and endeavour to accept them.

TARIFF BOARD'S REPORT ON THE OIL INDUSTRY  
ENQUIRY.

No. 141-T. (48), Government of India, Department of Commerce.

TARIFFS.

Simla, the 12th September, 1928.

RESOLUTION.

1. On the representation of a number of companies engaged in the production of petroleum in India asking for protection against the serious injury inflicted on them by the kerosene price war, then in progress, between the Standard Oil Company of New York and

the Royal Dutch-Shell Group, the Tariff Board was directed to investigate the question of safeguarding the oil industry in India from injury inflicted by the sale of imported kerosene at prices below world parity. The report of the Board has been received and has been published for general information to-day.

2. The majority of the Board finds that the sale of imported kerosene at prices below world parity has been established, but the President in his minority report dissents from this finding. The Government of India recognise that the determination of world parity in respect of kerosene prices presents difficulties and that various views may be taken. But after careful examination of the evidence taken by the Board, they consider that the following points have been established :—

- (1) The average price realised by the Standard Oil Company for all kerosene imported by it into India between September, 1927, and March, 1928, was Rs. 4-15-2 per unit, and this price was above world parity, whatever criterion is adopted to determine its level. The Standard Oil Company imports only superior kerosene.
- (2) There is no evidence that the Standard Oil Company took the initiative anywhere in India in cutting prices or did more than follow, to an extent which varied in different localities, the cuts made by the Burmah Shell Company, which is the selling agency of the Asiatic Petroleum Company (representing the Royal Dutch-Shell Group) and of the companies in India which were members of the Kerosene Pool, and also of the Anglo-Persian Oil Company.
- (3) The average price realised by the Asiatic Petroleum Company for superior kerosene imported by it into India during the same period was Rs. 3-13-6 per unit. This price was lower, by more than one rupee per unit, than the average price realised by the Standard Oil Company, and was below world parity whatever criterion is adopted, unless the very low price said to have been paid by the Standard Oil Company for Russian kerosene is taken as the basis.
- (4) It follows that the only company that could be considered to have sold imported kerosene at prices below world

parity was the company which was working in closest alliance with the principal producer in India, and not the company against which the application for protection was originally directed.

3. Both the majority and minority reports comment on the failure of the applicant companies who were members of the Kerosene Pool to disclose in their representation to the Government of India the important fact that the Royal Dutch-Shell Group had recognised their claim to compensation for losses suffered as a result of the price war. It appears that this question was discussed at the beginning of the struggle, and an agreement on the subject was apparently reached prior to the date on which the Government of India made the reference to the Tariff Board. But this important fact, although it was material to the issue whether there was a *prima facie* case for an enquiry or not, was not brought to the notice of the Government of India at any time. It is imperative that a complete statement of the relevant facts within their knowledge should be made by applicants for protection, and the case for protection may be irretrievably damaged if it is subsequently found that essential facts have been withheld.

4. By a subsequent agreement, which was disclosed at the end of the enquiry, the Burmah Oil Company undertook to make good to the other Indian members of the Pool the remainder of their losses as measured by the difference between Indian and Chinese prices. In face of these agreements, it would have been impossible for the Government of India to consider the grant of public assistance to the companies which are members of the Pool. If, however, the price war had not come to an end, it would have been necessary to examine the question whether any steps should be taken on national grounds to safeguard the two companies which were not members of the Pool, that is, the Indo-Burma Petroleum Company and the Attock Oil Company. The price war having ended, it is unnecessary for the Government of India to arrive at any conclusion on this point, but they see no reason for rejecting the considered opinion of the Board that no case was made out for safeguarding any company against the sale of imported kerosene below world parity.

5. The Government of India accept the finding of the Board that petrol is not likely to be imported into India on any considerable scale for the next two years, and that no action is called for.

ORDER.—Ordered that a copy of the above Resolution be communicated to all Local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence and Statistics, the Central Board of Revenue, the Indian Trade Commissioner in London, the Secretary, Tariff Board, the Secretary to the High Commissioner for India, London, His Majesty's Trade Commissioner in India and the Canadian Government Trade Commissioner in India.

Ordered also that it be published in the *Gazette of India Extraordinary*.

J. A. WOODHEAD,  
*Joint Secy. to the Govt. of India.*

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Letter No. C. 14/28. Dated the 19th October, 1928.

From Chamber to Commerce Dept., Govt. of India, Delhi.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the Report of the Tariff Board regarding grant of protection to the Oil Industry, containing the following observations made by Sir P. Ginwala, the President of the Tariff Board.

“There is evidence which suggests that all petroleum products are being sold in India at exorbitant price owing to oil business being in the hands of Oil Trusts, and that the consumer has to pay a sum which may amount to Rs. 5 crores per annum in excess of economic prices.”

“It is in the national interest that the subject should be further explored with the object of bringing about a reduction in the exorbitant prices of petroleum products. The importation of crude oil and the erection of refineries by Rupee Companies particularly in Bombay or the control by Government of prices is suggested as a possible line of action which might result in the lowering of prices.”

Both these observations of Mr. Ginwala are of great importance to the consumers and deserve very careful consideration at the hands

of the Government. My Committee would, therefore, be glad to know what action the Government are taking on them.

PROTECTION TO THE INDIAN MATCH INDUSTRY.

946 A.

Tariff Board.

Sir Cowasjee Jahangir Buildings,

Letter No. 946 A, dated, Bombay, 5th December 1927.

From Secretary, Tariff Board, to the Chamber.

I am directed to forward for the information of your Chamber Association, a copy of the remarks made by Sir Padamji P. Ginwala, President of the Indian Tariff Board, in resuming the enquiry into the Match Manufacturing Industry in India.

2. The Board is anxious to obtain as full and complete an expression of commercial opinion as is possible on the problems which are now engaging its attention. From the president's remarks, it will be observed that there are certain aspects of the enquiry which have not yet been brought specifically to the notice of your Chamber Association. Further, certain of the proposals which have been received, involve considerations of general policy on which it is desirable that your Chamber Association should have an opportunity of expressing an opinion, while the future organization of an Industry engaged in the manufacture of a commodity in such common use as matches is a matter of considerable general interest.

3. An important aspect of the case which has been pressed on the notice of the Board concerns the activities of the Swedish Trust. As your Chamber Association is aware, this trust has in recent years obtained a dominating interest in the match trade of almost every country and its policy is avowedly aimed at securing a controlling interest in the match trade of the world. In pursuance of this policy, it is alleged, the Trust aims at securing a dominating position in India, partly by eliminating the smaller Indian concerns by means of unfair competition, partly by working arrangements

with the larger Indian Factories, should this appear to be the most feasible course. Having acquired that control, it is alleged that the Trust will raise prices in India, thereby exploiting the country for the benefit of foreigner. The remedy which has been most commonly proposed is the imposition of a special excise duty on matches manufactured by firms or companies financed by foreign capital.

4. The case as it has been presented to the Board combines two points of view. First, objection is taken to the employment of foreign capital in Indian industries and the demand is advanced that such enterprises should be specially taxed. The question has already been considered by the External Capital Committee appointed by the Government of India in 1925 and it is unnecessary to deal at length with the matter here. It is sufficient to point out that considerable difficulty must be anticipated in determining whether a firm is or is not financed by foreign capital and that the possibility of evasion of any such form of taxation is a serious consideration which must not be overlooked. The other aspect of the case concerns the possibility of the establishment of a monopoly. It is urged that it is undesirable, in the interests of the country, to allow the smaller Industrialists to be crushed, thereby enabling a single firm or group of firms to fix prices considerably in excess of the cost of production. The objection applies equally to a monopoly whether engineered by an Indian or foreign firm but an excise duty on foreign capital is proposed as an *ad hoc* measure, since the danger of monopoly at present threatens from a foreign firm. It is, however, by no means clear that this proposal would be effective. Apart from the fact that no data have been put forward on which it would be possible to estimate the amount of excise duty sufficient to prevent unfair competition, it appears not impossible that the measure may precipitate the crisis which it is designed to prevent. The Swedish Trust has at its command exceedingly large capital resources and faced with the prospect of closing its factories in India as a result of the excise duty, it may resolve, on the one hand, to initiate a price war regardless of cost or, on the other hand, to buy out the larger factories in this country. In either event, it might be argued that a corporation of this size would have no great difficulty in effecting a practical monopoly, when the special excise could be passed on to the consumer. Another possibility which must not be overlooked is that the Swedish Trust would comply with all the requirements of the law regarding Indian capital and would thus not be liable



to the special excise duty. Practical control of the policy might still remain in Swedish hands and the danger of monopoly would remain.

5. The risk of the country being exploited by a single firm or combination of firms of match manufacturers could, however, be met by the establishment of a regulated monopoly. It is in this direction that European countries have generally sought for a solution of the problem created by the Swedish Match Trust. There are several methods by which in existing circumstances this effect could be attained. The first and perhaps the most obvious method is by establishing a monopoly both in manufacture and sale. The Swedish Trust controls the largest and best equipped group of factories in the country and with its long experience of manufacture, it is indisputable that it could produce a standard article of good quality at a low price. From a purely financial point of view, it might be considered a good proposition to hand over the monopoly both of manufacture and of sale of matches in India to this Trust on payment of an annual sum to Government. Conditions might be made regarding the employment of Indians, the issue of Rupee capital, the quality of the goods and the price at which they were to be sold. A system of this kind is in force in Greece and Poland, where the Swedish Trust holds a monopoly. This, however, would mean that match manufacture would cease to be a national industry, and on grounds of sentiment alone, such a proposal affords no practical solution of the problem. A second method of securing control is by the establishment of a Government monopoly both of manufacture and of sale. This is essentially the system which is at present in force in France. There are, however, well known objections to state manufacture and it is generally accepted that Government is normally not in a position to manufacture either so well or so cheaply as a private firm or a company.

6. Another means of preventing exploitation is by establishing a monopoly in sale, manufacture being carried on by private agency but the production regulated by requiring that the manufacture of matches should be under license. The establishment of new factories or extension of existing factories would then be controlled. Sale could be entrusted either to a separate organization or retained in the hands of Government itself. In the former case, it would be necessary to form a separate sales syndicate, to which the monopoly would be entrusted. A system of this nature is in force in Germany,

where a sales organization has been formed, the capital being contributed by the match manufacturer who also forms the directorate of the corporation. Definite quotas of production are fixed for each manufacturer and all sales are effected by the sales organization. Government, however, retains the right of controlling the price at which the sales syndicate sells, should this appear excessive. Factories are licensed by Government and an increase in the production of matches either by the construction of new factories or extension of existing ones can thereby be prevented. At the present time, the number of match factories in India is large and their size varies from the large up to date factory employing the latest machinery to the small factory where all processes are carried out by hand. There is, therefore, great difficulty in securing any effective organization of manufacturers and the introduction of the German system in its entirety could be, by no means, easy. At the same time some development of this method of control may appear feasible. It might be possible to organize a sale corporation comprising interests independent of match manufacturers. In that event it would be necessary to fix the price at which such a corporation purchased its supplies, the price at which it disposed of them, and the proportion in which purchase was to be effected from each factory. The opinion of our Chamber Association is requested as to whether any such corporation could be formed and, if so, whether an arrangement on these lines could prove satisfactory.

7. There remains the system of Government monopoly of sales. Restriction of manufacture by means of licensing will still be necessary since Government could not undertake to purchase matches to an unlimited extent. It would also be necessary to fix the price at which Government would purchase from manufacturers. As regards selling arrangements, various methods are possible. Government wholesale depots might be established in the larger centres. But this would involve the organization of a new department on a somewhat extensive scale and might well be objected to on the ground of expenses. Financial control, however, might be secured on much the same lines as obtain in the Excise Department for the sale of country liquor in some provinces. Purchasers might be required to pay into the Treasury both the cost price and the excise duty on matches. On production of the Treasury voucher by the purchaser, the manufacturer would then supply the required quantity of matches and would obtain payment from the Treasury

on presentation of the voucher. This method, however, might be considered cumbrous and unsuited to the requirements of the trade.

8. If a monopoly in sales is considered desirable, the most satisfactory arrangement would appear to be to entrust it to an independent sales corporation. Till, however, the organization of such a corporation becomes feasible or if it is found impossible, Government may administer the monopoly through its own agency with the assistance of a committee representing manufacturers, traders and general commercial interests. The function of such a committee *inter alia* might be to advise from time to time as to the price, quality, amount and distribution of output among the various factories. The import of matches might be undertaken by the Government acting with the advice of the committee referred to above or might be controlled by a system of licence.

9. Any such system of monopoly presupposes that the factories undertaking manufacture are well equipped and of reasonable size and it would follow, therefore, that the smaller factories would disappear. The opinion of your Chamber Association is requested as to how far such a result is desirable. I am to point out that the concentration of match manufacture in a few factories organised on a large scale would probably result in a substantial reduction in the cost of production. Further, sales organization acting through a single agency would reduce the cost of distribution and the absence of competition would render unnecessary the very large number of different labels at present in use. With the kinds of labels reduced to a minimum, a still further reduction in costs could be effected while the elimination of competition would also result in the reduction of the profits of the middleman, which the board has been informed, are excessive. Further, mass production in well equipped factories may reasonably be expected to raise the quality of Indian matches while with a standardized product, the prejudice against Indian matches, based mainly on the out-put of the smallest factories established in unsuitable localities, is likely to disappear rapidly. I am also to point out that at present there exists a very real danger of over-production, specially in particular localities. The growth of the Match Industry around Bombay renders it increasingly difficult to secure a market for the goods produced. Competition is, therefore, intense and there has been a very rapid fall in price. A system of control on these lines will tend to prevent over-production and

wasteful competition and to ensure a reasonable standard of quality. It will also secure a fair profit to the manufacturer and generally help to stabilise prices and at the same time safeguard the Government revenues. It will further have the advantage of maintaining a substantial share of the production in the hands of Indian Manufacturers. I am now to request that your Chamber Association will favour the Board with its views on the various matches dealt with the enclosure and in particular, as to how far it considers a system of Government monopoly in matches is desirable both in the interest of the industry and of the country in general. If it considers such a system desirable, I am to enquire which of the methods outlined in this letter, it would consider, would secure the best results. The Board would esteem it a favour if your reply could be submitted at a very early date. I am to express regret that it has not been possible to consult the Chamber Association on this point before, but many of the considerations and suggestions which form the subject of this letter, could not be stated as definite issues until the examinations of witnesses had reached an advanced stage.

10. In conclusion, I am to explain that the Board has arrived at no conclusion as regards the various matters which form the subject of this letter and that any views which have been expressed must be regarded as illustrative only.

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Letter No. C. 8/26, dated the 11th February, 1928.

From Chamber to Tariff Board (Match Industry Enquiry) Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge receipt of your letter dated the 5th December, 1927, and to send to you hereby their views on the same.

My Committee have very carefully considered the various points raised in your letter referred to above, and have arrived at the conclusion that, in the interest of the progress and prosperity of the Indian Match Manufacturing Industry, the present import duty of Re. 1-8/- per gross on matches should be declared a protective duty, as in its absence, owing to the uncertainty of its continuance, the prospect of this promising industry will be seriously jeopardised.

My Committee further do not understand the anxiety of the Tariff Board with regard to finding out the ways and means of making up the deficiency in Governmental revenue likely to accrue from the diminished imports of matches owing to the progress of the Match Industry in India. What the Board should really devote their attention primarily to is the investigation into the extent, method and manner of the protection necessary for the development of this industry on sound lines. The question of the method of making good the revenue losses should not at all be an important consideration for the Tariff Board. Besides, even though temporarily the Governmental Revenues may be decreased, it is quite clear that, as the industry makes headway and becomes prosperous, it will yield revenue to Government in various other directions e.g. Income-Tax, and Super-Tax, Freight, Forest Revenue, etc., and above all, will increase subsidiary industries and the purchasing power of the people, which in turn will bring more revenue from indirect taxes. For these and other reasons, revenue considerations should not dissuade the Board from recommending adequate protection to the industry. My Committee would even then suggest that to make up any deficit in revenue, the Government may charge an excise duty, provided that the existing import duty on matches should be increased at least to the extent of the excise duty thus levied.

The President of the Tariff Board in the remarks made by him, while discussing the methods of establishing a monopoly in the manufacture and sale of matches, assumes that the Swedish Trust controlling the largest and best equipped group of factories backed by vast capital, resources and long experience of manufacture, can indisputably produce a standard article of good quality at a low price. My Committee do not agree with the view that such vast resources are *sine qua non* for the production of matches of good quality, as is evidenced by the fact that in India matches of satisfactory quality and at a fair price are produced by other factories who do not possess such vast resources. However, the case becomes all the stronger why we should try to get rid of such a powerful foreign combine which controls the production of matches in various other countries of the world, and which threatens the existence of the indigenous match manufacturing industry by various methods.

My Committee would, therefore, suggest that the Tariff Board should recommend the introduction of a licensing system by which all the existing match factories in India should be licensed and a

quota of production fixed in accordance with the present output and capacity of each individual factory. Similarly a quota shall have to be assigned to the factories belonging to the Swedish Trust also. In their case, however, it must be borne in mind that their quota should be fixed not on their present output, but on their average output for the last 3 years, because it is during the last 3 years that, by a systematic price cutting, they have compelled the Indian match factories to curtail their production whereas they have increased it. A provision should also be made for an annual reduction in the quota assigned to the Swedish Trust, so as to ensure its total elimination in a period of, say, 5 years. No new license should be given to any manufacturing concern, 75% of the capital of which is not owned by Indians and 75% of the Directorate of which is not composed of Indians.

My Committee are of the opinion that there ought to be a Central Sales Organization run by a Limited Liability Company which should be treated as a Public Utility Concern. They are definitely opposed to the State management of such Sales Organization. This organization should be entirely Indian in management and capital, and should control the manufacture and sales of matches, both local and imported. This Sales Organisation should fix a price for the purchase of the productions of manufacturers, such price being fixed separately for each manufacturer and on the basis of his cost price plus a percentage of depreciation and interest on capital employed, provided that such price shall not be unreasonable having regard to the average cost of manufacture by Indians. This price should ordinarily hold good for a period of five years, and the benefit of any cheapening in the cost of production that a manufacturer may bring about during this period should go to him.

The Sales Organisation should not be a profiteering Concern. The price of matches charged to consumers should be fixed on the expenses of distribution plus a certain percentage not exceeding 8% per annum.

My Committee would suggest that the Directorate of this Sales Organization should consist of :

- (1) One Government Officer,
- (2) Two representatives of Match Manufacturers,
- (3) Four representatives to be elected by Shareholders,

- (4) Two representatives to be elected by the Federation of Indian Chambers of Commerce.

provided, however, that the last named six shall be persons not interested in Match manufacture either as Agents or Directors.

The question of Indian Native States is complicated, involving as it does, various political and other considerations. But to guard against the heavy imports of manufactured matches being smuggled into British India from Indian States or Foreign States, my Committee would suggest that Government should devise necessary safeguards and, if need be, impose a duty on such imports from Native States into British India, equal in amount to the duty on foreign imported matches.

The Indian Merchants' Chamber, Bombay.

Indian Chamber of Commerce, Calcutta.

B.—Oral.

*Evidence of Messrs. Walchand Heerachand, Anandji Haridas, Hosseinbhoy Lalji, M.L.C., J. K. Mehta, M. N. Mehta and M. P. Gandhi, recorded at Calcutta on Monday, the 13th February, 1928.*

*President.* Mr. Walchand, you are appearing for the Indian Merchants' Chamber, Bombay?

*Mr. Walchand.* Yes.

*President.* Mr. Hosseinbhoy Lalji, whom are you representing?

*Mr. Lalji.* I am appearing on behalf of the Indian Merchants' Chamber, Bombay, with Mr. Walchand.

*President.* Mr. Meththa?

*Mr. Mehta.* I am also appearing on behalf of the Indian Merchants' Chamber.

*President.* Are you the Secretary of the Chamber?

*Mr. Mehta.* Yes.

*President.* Mr. Anandji, you are representing the Indian Chamber of Commerce, Calcutta?

*Mr. Anandji.* Yes. Mr. Mehta and Mr. Gandhi are also representing this Chamber with me.

*Mr. Walchand.* Before you begin, I may tell you that the Indian Merchants' Chamber, Bombay, has discussed the points raised in your circular letter with the Indian Chamber of Commerce, Calcutta, and we are more or less agreed. We are generally unanimous on almost all the points. You will find from both the statements that except in a few details we are more or less agreed.

*President.* After I put a question to you, when that has been answered, if Mr. Anandji wants to add any qualification or explanation, he may do so. That would be convenient, so that we don't have to go over the same ground again.

*Mr. Walchand.* That is the idea of my making a statement that we are more or less agreed.

*Dr. Matthai.* Is the Match Manufacturers' Association, Bombay, represented here?

*Mr. Lalji.* No.

*President.* I should like to draw the attention of all the Chambers who have written to us that there is a certain amount of misunderstanding as to the circular letter issued by us. Some of them have assumed that the opinions expressed therein were our opinions. That is not so. We have tried to make it perfectly clear that we were not expressing any opinion ourselves but that we were putting forward the arguments of those who came before us. We have to come to certain conclusions and we want to be enlightened on the various points by the Commercial Community both European and Indian. It is a pity that some of them have



understood some of the ideas contained in our letter. We expressed no opinion whatsoever on any of the points raised because we have not yet explored the subject sufficiently to form any opinion and it is not our practice to express any opinion except in our report which is officially published.

*Mr. Walchand.* We have understood the position correctly.

*President.* In answering our question you will remember that that is the idea we have in mind.

*Mr. Walchand.* We have understood the position correctly and we must thank the Board for putting before us the various alternatives, I should say, illustrations.

*President.* We are indeed very much obliged to the Indian Commercial Community for going through our communication so very carefully and giving us their considered opinion which I am sure will be of very great assistance to us in arriving at our decisions. Unfortunately we have not had much time to give publicity to all the representations that we have received from the various Chambers of Commerce, but the one impression that is created in my mind is that there is a complete cleavage of opinion on some of the most important points. So far as Indian opinion is concerned as far as I can gather, they think that the Swedish Match Trust is not desirable and that certain conditions must be imposed on them if they are to remain in the country. On the other hand the European opinion is that they may be a benefit to the country and that they are to be allowed to remain, I am just putting it generally.

*Mr. Walchand.* We have not seen the opinion of any European Chamber.

*President.* I am sorry, but we had no time to give publicity to these representations. But between these two, I think, we should try to arrive at some decision which is based not on any sentiment neces-

sarily, but purely on more or less economic grounds.

*Mr. Walchand.* Probably the European Chambers were waiting to see what the Indian Chambers had to say, but as the representations of the Indian Chambers were made public whilst theirs were not, we do not know what their views are.

*Dr. Matthai.* There was one chamber who had their communication published in the papers, and that was the Burma Chamber of Commerce, but it was a short one.

*Mr. Gandhi.* That was only a brief one—about ten or twelve lines.

*Mr. Walchand.* Neither the Bombay European Chamber nor the Calcutta Chamber have had their communication to the Board published.

*President.* The Bengal Chamber of Commerce, the Bombay Chamber of Commerce and also the Upper India Chamber of Commerce are rather important bodies and they have expressed their views to us.

*Mr. Anandji.* I may say our opposition to the Swedish Trust is not based on any sentiment but purely on economic grounds.

*President.* I am glad to hear that. But there is a feeling abroad that the question might be dealt with not on economic grounds but on other grounds and we should be very averse to create that impression, so that in giving evidence you will bear this in mind that we are concerned chiefly with the economic aspect of the question when we go through these various points.

*Mr. Walchand.* May I summarize the statements which probably have not been very logically or consequently drawn up?

*President.* Yes, if you like that. But I think it would be better if we go through the main points.

*Mr. Walchand.* Just as you like.

*President.* There are two important things to enquire into. The first is, what is the objection from the economic point of view, to the operations of the Swedish Match Company in the country from the Indian Community's point of view, and secondly, if the objections are upheld, then what remedies do you suggest to counteract their activities? I think, those two points would very nearly cover the most important issues as far as the Swedish Match Company are concerned.

*Mr. Walchand.* Yes. We have tried through the proposed sales organization to deal with the Swedish menace.

*President.* The sales organization is really a part of the remedies proposed.

*Mr. Walchand.* Yes.

*President.* The first thing is to find out in what way the Trust operates and in what way you consider it prejudicial to the economic interest of India and, secondly, what remedies you propose. I want to know in what respects you consider that the operations of the Trust are against the economic interest of the country? What is the main ground on which you base your opinion?

*Mr. Walchand.* Personally I should think the obvious ground is exploitation by non-nationals or non-Indians.

*President.* Exploitation does not mean anything. That is an expression which at least so far as we are concerned, we have never used and we do not know what that means. The first thing you have got to show is this, that there is a Trust. Well, I concede that it is a Trust in the sense that it is a big organization, doing business on a very large scale in different parts of the world and so on.

*Mr. Lalji.* And monopolizing this business.

*President.* The second point is, does the Trust act injuriously from the Indian economic point of view? How do you propose to establish that point?

*Mr. Walchand.* Need we go into the usual grounds against monopolistic tendencies? Everywhere in the world once a Trust gets a monopoly they take advantage of the consumer's position and

*President.* If you put it on abstract grounds, I don't think there can be any dispute that if there is a monopoly and if the monopoly takes advantage of its position unfairly and raises the price of the commodity to the consumer, then of course it is time for the State to consider whether any steps should be taken. But we have not got to that stage yet, so far as the evidence goes to show. We just want to see in what way you suggest that the Swedish Match Company has raised the prices. The evidence at present is rather the allegation that they have lowered the prices.

*Mr. Walchand.* That naturally is the initial stage. When they want to squeeze out the Indians from the business the tendency for this monopoly will be to lower the prices and create a sort of healthy competition. We have the examples of the cement combine and the Jute monopoly. By curtailing supplies and working 4 days instead of 6 days they have raised their prices. The cement combine has done the same. Each of them is making at least about 50 per cent on their turn over. They have done this although there are half a dozen cement manufacturers in the country.

*President.* Quite true, but I have never heard anybody suggest that Government should take any section as regards any of these industries.

*Mr. Walchand.* Because of what?

*President.*

Their answer is that overproduction is un-economic and therefore it is better for the consumer as well as the producer to bring production more or less into line with the demand.

*Mr. Walchand.*

They are bulk of them Indian concerns with rupee capital managed in India, not run by foreign people. Possibly some of them have to be tolerated because they have vested interests lasting over 50 or 60 years. The Swedish combine started only recently, three years back, because of this Rs. 1-8-0 duty, in order to take advantage of this duty. Their antecedents, their history in other parts of the world show that they have squeezed out the local industry of the country where they operate. The recent example is Ceylon. I was there last month. They have done the same there. They have squeezed out the local manufacturer by all means of competition, rate war, buying out their factories and so on.

*Dr. Matthai.*

Have they got their factories in Ceylon?

*Mr. Walchand.*

Yes, they have. They have taken over one works there and are probably running it in the name of the old company. They have a monopoly in Ceylon and in Japan, I hear, they control about 75 per cent.

*President.*

We are getting away from the point. On abstract grounds we may concede that, if these things happen there would be some reason for taking action. But have all these things arisen? That is what we are trying to investigate.

*Dr. Matthai.*

You have mentioned the analogy of jute. Would you as a businessman of great experience object to an industry which is passing through a period of depression taking steps to organize a proper relation between supply and demand? At the time when the Jute industry found it necessary to organize itself on the present short time

basis, the jute industry, like most other industries, was for the time being passing through a period of depression, but whether they are to continue now or not is another question.

*Mr. Walchand.* Is there not a limit to it? Yesterday we had two reports of two jute mills which have declared 80 per cent and 140 per cent dividend. Even on their present replacement value some of them show a return of 15 to 20 per cent.

*Dr. Matthai.* The situation would perhaps right itself. Supposing the profits that you get in the industry are sufficiently attractive for more people to come into the business, the short time arrangement won't work.

*Mr. Walchand.* For the last three years they have successfully kept outsiders from coming in.

*Dr. Matthai.* The point on which we would really need your assistance is this. So far judging by our experience of the Swedish Match Trust in India, is it possible for you to give us some instances of unfair competition by the Swedish Match Company?

*Mr. Lalji.* I will only confine myself to the match industry. First of all, it will be conceded that this is a very big trust.

*President.* That is conceded.

*Mr. Lalji.* If that is conceded, what is their object? Their object has been to capture the world's trade in matches. That is a big Trust out to capture the world trade and every Trust that goes out to capture world trade has to consider in the first instance the question of buying out or running down small factories that are existing in any part of the world. With regard to this Swedish Trust, these people have got their factories all over the world. They were dependent on import trade in India and as soon as this Rs. 1-8-0 duty was levied they put up factories in India and in the

very beginning they started their sales, as we have pointed out, at Rs. 1-14-0 per gross. Now the price has come down to Rs. 1-4-0.

*President.*

I am sorry to interrupt you. When they started with Rs. 1-14-0 that price of Rs. 1-14-0 was very high with reference to the cost.

*Mr. Lalji.*

Quite right.

*President.*

There is one thing which the manufacturers have not so far grasped. It has been alleged against them that they have cut down prices. Their case, however, is this,—I express an opinion on that at present—that every time they have made a reduction in price the reduction has nearly corresponded to reduction in their costs, and that there is no time at which they have sold their matches at a loss—loss in the sense that they don't cover works cost plus a certain amount.

*Mr. Lalji.*

May I take it that they contend that when they were selling at Rs. 1-14-0 their costs were at that level and that their costs have come down to the figure they now give, namely Rs. 1-2-0?

*President.*

That is their case.

*Mr. Lalji.*

If that is their case that is a point on which I want to say very strongly. So far as Indian factories are concerned this plea would hold good because in the beginning they had no experience. They were importing splints and boxes and their costs used to be something very near the price at which they were selling. At that time of course there was good profit as well. But for a syndicate which had experience of 100 years to start with 150 per cent. more cost with all their efficiency, modern machinery, etc. is a thing which I cannot conceive.

*President.*

As a Board, could we say that when they reduce their price to the consumer by producing

matches cheaply, they do a disservice to the country.

*Mr. Anandji.*

It was because of the competition of Indian factories that their action appeared beneficial. If there had not been Indian factories in existence they would have taken advantage of the position and made as much money as they could out of the country.

*President.*

We are not now discussing any abstract proposition.

*Mr. Anandji.*

This is a fact and not any abstract question. If there had not been this competition from Indian factories, their prices would not have come down to the level to which they have come now. It is only human to take as much profit as one can get. There is nothing abstract about it.

*Mr. Mathias.*

On this question of monopoly may I quote from the report of the American Industrial Commission as to whether a monopoly, if it is established, will always fix higher prices to the consumer—

“The testimony of substantiality all of the construction men is to the effect that unless a combination has some monopoly of the raw material or is protected by patent or possibly has succeeded in developing some very popular style of trade mark or brand, any attempt to put price at above competition rates will result eventually in failure, although it may be temporarily successful.”

Accepting this for the moment it does not appear that even if the Swedish Match Company obtained a monopoly they would put their prices very high.



*Mr. Walchand.* I don't think American conditions will apply to us.

*Mr. Lalji.* When their price was Rs. 1-14-0 and the price of the Indian manufacturers was about the same at that time the Indian manufacturers had to import splints and veneers. You will find from the records that even at that time the Swedish Match Company were getting Indian wood from the Bombay forests and other forests and at that time their cost was—

*Dr. Matthai.* What is the period you are referring to?

*Mr. Lalji.* 1924 and 1925. At that time they kept their prices at a level which would not give Indian factories good profit and they started with the proposal of buying out Indian factories. Then as the Indian factories started making their own boxes in India they reduced their prices and after that the Swedish again reduced their prices to cut down the Indian manufacturers. Further more, since the Indian factories also started making splints and brought down their costs, they also started cutting their rates. This clearly shows that they have been watching the progress and the costs of the Indian factories and not allowing them a fair margin but are trying to compete with them and ultimately if this policy goes on they can cut them down altogether, because they have money.

*President.* We don't want to get too far away from the point. First of all, we find out whether they were carrying on any unfair competition.

*Mr. Walchand.* Even if there are no concrete instances, I say, they are just spreading out their net. They have not got their monopoly yet as the shipping trade has got. As soon as they get if this is the result which will naturally follow.

*President.* True, but we will deal with the abstract proposition afterwards ; let us now deal with the present situation.

*Mr. Walchand.* May I submit that this is not an abstract proposition ; this is what has happened and this is what will happen.

*President.* There is another point too. I do not know what the position will be found to be by us, but just now the position is this. They are trying to establish this proposition that their reduction in price has corresponded to their reduction in costs. The second point is this. I think, I put to Mr. Hosseinbhoj Lalji some question in Bombay and said that there were not many big manufacturers who had reached a stage when they did not find it profitable.

*Mr. Lalji.* Yes.

*President.* Up till now, so far as profits are concerned, have you any reason to complain? They are in fact higher than the rates which under any scheme of protection you would get.

*Mr. Lalji.* Yes. But the question of questions is this. We want to protect ourselves and take action before we are ruined. This is a very small industry which is still in its infancy and we have to find out how we can protect it against this big combine which wants to crush us out of existence. We have raised this cry in order that action may be taken immediately before it is too late.

*Mr. Anandji.* Just as they have brought down their costs so have the Indian manufacturers. It may be that the Swedish Trust have brought down their price because of the Indian competition. Instead of saying that the Indian manufacturers have brought down their cost, you might just as well say that the Swedish Trust have done so and that has brought down the cost of the Indian manufacturers.

also and therefore the case being the same with regard to both, the question to be considered is what will happen in the future.

*President.* The position seems to be this, that so far the prices have been reduced by competition, whether they took the first step or you took the first step is immaterial. Prices have been reduced but prices have so far not been reduced below a point at which they have ceased to be profitable.

*Mr. Anandji.* I do admit that.

*President.* Supposing the position does not become any worse, then will the Indian manufacturers have any serious reason to complain?

*Mr. Lalji.* Supposing the position did not get any worse, then they would not have any reason to complain ; but you have to consider this. Do you believe for a moment that the prices will continue as they are?

*President.* We want to discuss that point. Are you agreed that up to the present stage on economic grounds it has not been established that the Indian industry has been damaged?

*Mr. Anandji.* The Indian industry would have expanded more but for the activities of the Swedish Trust.

*President.* I am just asking you as regards the position of the industry as it stands to-day.

*Mr. Anandji.* The factories in existence have not been hit thereby, but new factories could not come into existence.

*Mr. Lalji.* Some had to shut down in the meantime.

*President.* We will come to the new factories presently.

*Mr. Walchand.* My objection extends even to that portion of the business which they have got and which is in non-Indian hands. I want the industry to be entirely run as far as possible by Indians as such.

*President.* We will come to that presently.

*Mr. Walchand.* That objection is there.

*President.* That is different from what we are discussing now.

*Dr. Matthai.* We are just now on the question of unfair competition.

*Mr. Lalji.* At present the industry is also being hampered, and certain factories have reduced their production and certain factories have closed down, and why? The reason is quite clear, that they had certain stocks and they could not get finance to the extent that the Swedish Syndicate was financing the dealers in more ways than one, by giving them credit and giving them deferred rebates. If these deferred rebates are taken into consideration, then I submit that even at the present moment certain factories which have not developed can never run.

*Dr. Matthai.* On that question take your own factory which is one of the biggest in Bombay.

*Mr. Lalji.* Fairly big.

*Dr. Matthai.* On account of the activities of the Swedish Match Trust although your prices have come down, your prices have not come down to what might be called an uneconomic level.

*Mr. Lalji.* I admit that.

*Dr. Matthai.* My point is this, that there are certain factories in this country which have been pursuing exceedingly inefficient methods. For them it is necessary that the industry should provide a very extravagant rate of profit and if they don't get that rate of profit, they close down. Surely you are not going to suggest, are you, that the fact that a few industries have closed down because their costs have been unduly high is any argumen .

*Mr. Lalji.*

I admit that so far as my factory is concerned I had two years life and probably I was fortunate enough to have sufficient amount of finance, but our objective is that this industry should flourish and that those who have started and have not got sufficient funds should be given time to develop.

*President.*

Mr. Lalji, I think you have made a statement that some factories have closed down. We have been trying to ascertain whether that is a fact or not. We have not been able to find that any factories (operating on any considerable scale) have closed down. On the contrary most of the factories have increased their production.

*Mr. Lalji.*

I shall submit to you the names. I am making a difference between well organized factories and those who are in their infancy. The National Match Factory at Ghatkopar whose production is 8 to 9 cases of 100 gross each remained closed for about six months in the year.

*President.*

When did it start?

*Mr. Lalji.*

In 1924.

*President.*

It was working when we were there last year.

*Mr. Lalji*

It had just then re-started. It has stopped again because nobody would advance them money. I will give you another instance. There was a factory called the Asada factory at Kurla and it has been recently removed. It was producing about 1,500 gross a day.

*President.*

Was that not a purely Japanese concern?

*Mr. Lalji.*

No. It has got an Indian partner.

*Mr. Mathias.*

That has been removed from Kurla?

*Mr. Lalji.* Yes, but why has that been removed? Tomorrow we may have to remove to an Indian State where we can have some protection but we want to remain in British India.

*President.* So far as prices are concerned, I think we are agreed that they are not at a level where they cease to be profitable and therefore factories which have closed down must have done so for other reasons such as want of finance, want of management, want of interest and so on. That is not necessarily connected with the price.

*Mr. Anandji.* The future of the industry is a very considerable factor. After all, if the future is bad nobody would be prepared to invest money in it, but if the future of the industry is assured they can get money easily and run the industry on an economic basis.

*Dr. Matthai.* Even if these factories which were closed down were inefficient, to the extent that a certain number of factories had closed might upset the confidence of the investors in the industry?

*Mr. Lalji.* Yes.

*Mr. Anandji.* They had to close down because there is the Swedish Trust with its big factory at Ambarnath and people were afraid of investing money in the Match Industry.

*President.* So far the consequences have not been very serious, but if this Trust is allowed to continue then your case is that, that the Indian part of the industry will come to grief?

*Mr. Lalji.* Yes.

*Mr. Walchand.* We don't admit that in the past they have not done anything to squeeze us out or threaten the Indian industry or have not adopted methods to get rid of the Indian industry.

*Mr. Lalji.*

As you know there were affidavits from well known people in which they said that attempts were made to buy their factories and threats were put forward that if they did not close down or had over 51 per cent. interest in the factories there would be rate war. You have the evidence of the merchants also who were not connected with factories in Bombay, like Sheikh Adam, and Mr. Lalloobhai. They are wholesale dealers and they have said that they were given the impression that the Swedish Trust was going to cut down the rates and stop the Indian sales. That is independent evidence.

*President.*

As regards threats they have denied these threats.

*Mr. Walchand.*

Let us not use the word threat. It might be that they used persuasive sweet language.

*President.*

It has been admitted by them that they have attempted to buy out these factories.

*Mr. Walchand.*

They have attempted to squeeze us out or, to use your words, to buy out small Indian industries.

*President.*

They have attempted to purchase some of the factories as going concerns. That is their case.

*Mr. Walchand.*

We don't admit that they have not made any attempts in the past to get a monopoly. Our case is that some of the means—I am not speaking from first hand information—might be unfair, they might be threats, they might be the usual methods adopted by monopolists in every other trade such as deferred rebates and so on.

*Mr. Lalji.*

You had some evidence from merchants who were not manufacturers.

*President.*

We have had plenty of evidence.

*Mr. Lalji.*

I mean from merchants who are not manufacturers.

*President.* They were interested in the sales ; that comes to the same thing really.

*Mr. Lalji.* They are selling both Ambarnath matches as well as ours.

*President.* We have not had any disinterested evidence.

*Mr. Lalji.* What I wanted to convey was that independent merchants had given independent evidence.

*President.* I don't dispute for a moment that a man may be interested and yet may be very independent. When you say that they are persons who were not interested, I tell you that every person who came here before us was personally interested except of course the Chambers of Commerce.

*Mr. Lalji.* Two big firms who gave evidence did not want to come of their own accord. I gave you their names and they came at your request.

*President.* What is the point?

*Mr. Lalji.* What I want to say is that they were independent and they told you that the object of the Swedish Match Company was either to buy out the Indian concerns or reduce their rates and thus compel them to close down.

*President.* They denied that, and I don't think it is necessary for our purpose to go into that.

*Mr. Anandji.* They made offers to persons who owned factories.

*President.* As a matter of fact they did try to purchase these factories ; they wanted to acquire at least 51 per cent. interests. Is not that sufficient for your purpose? Now, let us get on to the next point. Your case is that, if they were allowed to continue, then the Indian industry might have to face such fierce competition from them that th



Indian factories would not be able to stand any longer. That is your case, is it not?

*Mr. Walchand.* Yes.

*President.* That being the position, you have certain proposals to make as to how to meet this.

*Mr. Walchand.* Yes.

*President.* Now as regards the foreign character of the company, we have published the earlier evidence that we took in this enquiry and you will find that there are documents in those two volumes which really set out the history of the Company, its capital, where the capital originated and so on. You will find from those documents that the bulk of its capital has been raised in England in London — at least a very large percentage—though the company has its domicile in Sweden. The Swedish capital is very small. Most of the capital has been subscribed by Great Britain. Further, they have, so far as India is concerned, a rupee capital. The Western India Match Company is a rupee capital company.

*Mr. Walchand.* It is a private limited company.

*President.* But with a rupee capital. Again the Assam Match company is a public company with rupee capital. They have offered shares to the Indian public. First of all, let us deal with the non-Indian part of the capital. It has, as I say, a very large percentage of British capital. What do you suggest when you say that foreign capital ought to be controlled. Do you mean foreign in the sense that it is non-Indian?

*Mr. Walchand.* Even British capital is foreign capital.

*President.* It is non-Indian external capital that you object to.

*Mr. Anandji.* Yes.

*Mr. Walchand.* If a war breaks out with Sweden, what happens?

*President.* We should be very rich. We would take hold of all their factories.

*Mr. Walchand.* You mean confiscate them and sell all their matches as Soviet oil is sold.

*Mr. Lalji.* Are you agreed that we can manufacture without the assistance of these Swedish experts.

*President.* Aren't you manufacturing them?

*Mr. Lalji.* We are.

*Mr. Anandji.* If we are killed now as a result of the operations of the Swedish Match Company in India, it will take years before we shall be again fit to run this match industry.

*Mr. Walchand.* Our main objection is this. Even if the bulk of the capital is British, we consider all that capital as foreign.

*Dr. Matthai.* We are now on the question of foreign capital and I should like to know your position. May I take it that it is your position that you would object to foreign capital in any form? Is that your position? For example, let us first make a distinction between proprietary and non-proprietary capital. Supposing you are in a position to run an industry with the aid of foreign capital that has come on a non-proprietary basis—debentures and so on—you would not object, would you? Your objection, I take it, primarily arises from the fact that the possession of capital means also possession of control?

*Mr. Walchand.* Yes.

*Dr. Matthai.* Therefore to non-proprietary capital, you would not object.

*Mr. Walchand.* To capital coming into the country in the form of debentures or that sort of thing, I don't object.

*Mr. Lalji.* We would not object to foreign capital coming in, provided the first shares are held by Indian.

*Dr. Matthai.* Secondly, your objection to proprietary capital arises where the use of that capital is connected either with a monopoly or with an anticipated monopoly.

*Mr. Walchand.* Not merely that.

*Dr. Matthai.* Where the business is done on the basis of proprietary capital on a perfectly free and open competition, would you object?

*Mr. Walchand.* It comes in even there. My objection is to all foreign, non-Indian capital.

*President.* How is it then, that in one part of your note you say your Committee are not opposed to any foreign capital as such but it must come on terms laid down by the Indian Legislative Assembly?

*Mr. Walchand.* Yes, provided it comes in the form of debenture capital. The shares must belong to Indians.

*President.* You are entitled to raise this question if you like and of course we will consider it, but I must tell you that this point has been twice considered already.

*Mr. Walchand.* By whom?

*President.* Once by the Fiscal Commission and once by the External Capital Committee.

*Mr. Anandji.* The External Capital Committee are not quite clear.

*Mr. Walchand.* In the report of the Fiscal Commission, there are two opinions.

*President.* When we talk of a Commission, we always talk of the majority report ; that is the ordinary convention. The fact remains that both the Fiscal Commission and the External Capital Committee

reported that we could not put any restrictions on foreign capital without injuring the economic interests of India except under one condition, that is to say, where the foreign capitalist has got some special benefit from Government such as bounty or some concession or a monopoly or some such thing, they thought that in accordance with the views of the Fiscal Commission certain limitation might be placed upon the investment of foreign capital in the country. But this is clearly not a case in which they have got any concession, other than the ordinary one that they are like anybody else allowed, to trade in the country.

*Mr. Walchand.* Is not the present import duty of Rs. 1-8-0 a concession ?

*President.* It is not a concession to them.

*Dr. Matthai.* It is not a concession to them. What they meant was protection in the form of bounty and not duty. Once you have a duty it applies to the just as well as the unjust.

*Mr. Walchand.* Personally I should consider Rs. 1-8-0 duty a big concession.

*President.* I am trying to point out what has been done before.

*Mr. Walchand.* The settled policy of the Government is, I think, what was mentioned by Mr. (now Sir) A. C. Chatterjee in the Legislative Assembly on the 2nd March 1922 :—

“The settled policy of the Government of India, as I think, we have mentioned more than once in this Assembly, is that no concession should be given to any firms in regard to industries in India, unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian direc-

tors, and unless such firms allow facilities for Indian apprentices to be trained in their works.”

As I say the duty of Rs. 1-8-0 is a big concession.

*Mr. Mehla.* It is the view of the President of the Fiscal Commission that a protective wall is a big concession.

*President.* They don't want the concession ; they say 'take it away.' It is not a concession to a foreign concern.

*Mr. Anandji.* It is a concession in this way that any Company which starts manufacturing in this country will get the benefit of this duty.

*President.* It is not a concession in the sense in which the Fiscal Commission meant it.

*Mr. Walchand.* This is what the minority of the Fiscal say in their minute of dissent :—

“We are unable to appreciate the distinction drawn between companies getting Government concession and companies establishing themselves behind the tariff wall erected under a policy of protection.”

The duty of Rs. 1-8-0 is really a big tariff wall.

*Mr. Mathias.* Yes, when it becomes a protective duty.

*Mr. Walchand.* For 50 years the industry has been struggling in the country. The minute the duty of Rs. 1-8-0 is imposed we find that the industry has been able to secure a footing and produce about 65 per cent. of the country's requirements of which more than 33 per cent. is entirely Indian. If that cannot be called protection, what else is it?

*President.* As far as their policy can be ascertained from what they have done in other countries, it is that they would comply with all the conditions laid down by you here except the one relating to 75 per cent. of the capital being held by Indian.

*Mr. Walchand.* That is the main thing.

*President.* You insist upon 75 per cent. of the capital being Indian.

*Mr. Walchand.* Yes.

*President.* I would advise you to read once more the report of the External Capital Committee. It is an ideal to be aimed at, but it is an ideal which cannot be given effect to without injuring all investors in the country.

*Mr. Walchand.* In this country?

*President.* Yes, because people will not invest in an industry where they cannot part with their shares in the open market under competitive conditions.

*Mr. Walchand.* Cannot the 75 per cent. give scope for free open competition?

*President.* Supposing the industry comes to grief, a non-Indian investor may be prepared to pay a higher price for the shares, but if he is not allowed to buy in the open market, the Indian investor will have to go to anybody and sell at any price. That will be the position.

*Mr. Gandhi.* Is India not big enough to afford scope for open competition?

*Dr. Matthai.* It depends entirely upon the conditions of the industry at the time.

*Mr. Gandhi.* I don't think the market will be at all affected.

*President.* This is the position. The recommendation as regards the percentage of capital was considered by

two committees and it was their view that this could not be enforced.

*Mr. Walchand.* All that we want is a predominant majority—call it 75, 60, 70 or anything you like. As we understand it, that majority should be held in their own right, not only in the original holding but also later on throughout by Indians on their own behalf, not as dummies.

*President.* We live in a country in which benami exists in perfection.

*Mr. Walchand.* We will find out if it is *benami*.

*Dr. Matthai.* It will simply mean an inquisitorial enquiry.

*Mr. Walchand.* The share registers and the accounts will have to come before the sales organisation at the end of a certain period and at that time the complete balance sheet and the share registers will reveal whether the shares are held *bona fide* or by a clerk or by an agent of the Swedish Match Company *benami*.

*Dr. Matthai.* What is the position under your scheme of a company registered in India? Supposing shares were held by a company or a corporation which is registered in India, would you call that an Indian shareholder?

*Mr. Walchand.* We would have to go into the share registers of that company.

*President.* How can you do that? Take the case of the Tata Iron and Steel Company. It wants its reserves invested in the Swedish Match Company; it buys a very large proportion of its shares. How are you going to know whether the shares of the Tata Iron and Steel Company are Indian or not?

*Mr. Walchand.* The share registers can be inspected by the Registrar of Joint Stock Companies. When I see

a share in the name of a company instead of an individual I will say.

*President.* Who will say?

*Mr. Walchand.* The Tariff Board or the sales organization or whoever gives the licence and fixes the quota and the prices. That is our Scheme. Under our scheme there should be a licencing system.

*President.* We are first dealing with the constitution of the Swedish Match Company.

*Mr. Walchand.* It is this organization which will look into that.

*President.* What I want to get at is this. Is it at all practicable to carry on this very intricate enquiry at very frequent intervals?

*Mr. Walchand.* I don't say it is frequent nor do I say it is intricate. Six businessmen moving about with open eyes in the country will at once tell you whether a particular transaction is *bona fide* or not.

*President.* Take a case like this. There are a number of private companies consisting of, say, one European member and two Indians. They are registered at a Company. They go and buy shares in the Swedish Match Company. What control would you have over a private Company?

*Mr. Walchand.* There might be smugglers, but because of that we need not run away from our proposition.

*Dr. Matthai.* If you look at it in relation to the facts of the industry you will find that a great majority of the Indian shareholders are partnership concerns. What is really the position of the partnership? Supposing you have two men running a concern, both of whom are nominees of the Swedish Trust, how are you going to deal with that?

*Mr. Walchand.* Such facts will never remain concealed. We can always find that out within 24 hours of the



transaction. It will be credited somewhere in the books because the Swedish Company is not going to make a gift of its capital to these two men.

*Dr. Matthai.*

You might know enough for you to form a sort of general conclusion, but you might not know enough to substantiate the thing in a formal manner.

*Mr. Walchand.*

If they are so clever or shrewd as to elude the vigilance of these six gentlemen and the Government, I for one, will say that they are welcome to have that small concession.

*Mr. Lalji.*

It is an easy thing if you ask ordinary bankers ; they will get this information themselves if you are a client. If bankers can get this information the non-official directors can also get it.

*Dr. Matthai.*

If as a banker I am going to give you a loan, it is only a matter between you and me ; it is to my personal interest to find out all about you, but in the case of a public utility concern it is a matter of public interest.

*Mr. Lalji.*

Just as banks can get any information through their men so can the sales organization get the information because it will be a part of their duty.

*Mr. Walchand.*

The sales organization can ask their men to find that out. Last week we had a concrete example ; a concealed partnership was revealed to us and we asked our bankers in confidence "will you please let us know all about this?" Their reply was a revelation because we never expected that these would be the gentlemen interested in the partnership. The bank at once told us in confidence so and so formed the partnership and there were so many men in it.

*President.*

Were these gentlemen clients of the bank ?

*Mr. Walchand.*

No. I asked my bankers about the partnership and they got us all the information through

their bankers. They gave us all information relating to the partnership and the standing of the partners, their antecedents and so on in confidence.

*President.*

That is all right in business. You may get the information confidentially and say 'I will not deal with you' but here you must remember that the enquiry must be public. the allegations must be proved and established and those people must be given an opportunity to show why the allegations should not be accepted. Is it possible for any public body to investigate thousands of cases every year? As soon as there is an alteration in the shareholders name or in the proportion they will have to enquire into it.

*Mr. Walchand.*

If it is suggested that the Sewish combine will entail thousands of enquiries because they, say, throw their money *benami* through clerks and their agents and so on—no respectable man would lend himself to that kind of thing—then I would rather get rid of the combine, the earlier the better.

*President.*

I don't say they are capable of that.

*Mr. Walchand.*

It is only a possibility or feasibility. If two Indians do that I have nothing to say. If Mr. Husseinbhoy Lalji, for instance, sells his shares *benami*, I have nothing to say. This is only with reference to the Swedish Trust.

*President.*

We are discussing a general principle. If we are to make this recommendation as regards the Swedish Match Company for the Match industry only, we, as a Tariff Board must be careful in laying down a precedent like that.

*Mr. Walchand.*

I say that under the peculiar circumstances of this case in view of the Swedish combine, their methods, their past history in various other countries and the various allegation that are made against them, even assuming that they are not substantiated, I say such a proceeding should be followed.

*Dr. Matthai.*

The whole scheme that you have suggested with regard to the regulation of foreign capital is based on the fact that under present conditions the Match industry in India is likely to become a monopolistic organization. It is because a monopoly is associated with the employment of foreign capital, that you object to foreign capital. If we are to make a special case for the Match Industry it is because there is the possibility of monopoly associated with foreign capital, is it not?

*Mr. Walchand.*

Quite. It is the Swedish Combine that has raised the whole situation.

*Mr. Anandji.*

In the External Capital Committees report, they say "No feasible suggestions for such discrimination have been suggested to us nor have any occurred to us during our discussions." Here is a good case which is feasible and is for the good of the country. They could not come to any conclusion because of lack of definite concrete suggestions. Here is a case in point.

*President.*

The point is this. If a case was made out that there was this monopoly and that it was in the economic interest of India that it should be allowed to be established, that is a different proposition. But apart from that, you are asking us to make a proposal on the ground that you don't want this foreign capital to be invested in this industry except under the conditions laid down by you. That is a different state of affairs.

*Mr. Anandji.*

There is nothing sentimental about it. It is for the economic good of the country.

*President.*

Then we must be satisfied that the safeguards you propose are practicable.

*Mr. Lalji.*

There is one point. We have just been told that there is a large amount of English capital in this company. Is it in the shape of debentures or is it in the shape of original shares?

*Dr. Matthai.* It is in the shape of share capital.

*Mr. Lalji.* The External Capital Committee has suggested that the Indian investors may be protected by purchasing their debentures in foreign countries. But here I presume the shareholders being Swedish and the English portion of the capital being guaranteed 8 per cent. interest, that means debentures.

*Dr. Matthai.* What they have done is to divide their shares into two classes, (A) and (B) shares. The (B) shares which remain outside Sweden carry reduced voting power, namely, only one-fifth.

*Mr. Walchand.* The control is in Sweden and that simplifies my contention that it is entirely alien or foreign.

*President.* The ordinary capital has been raised in London.

*Mr. Walchand.* Which has very little voting power.

*President.* Yes, but it is ordinary share capital and not debenture capital.

*Mr. Walchand.* We submit that in view of this definite case made out against the Swedish combine of their tendencies to monopolize, we have had in India bitter experience of the shipping monopoly and various other monopolies—we suggest that preventive measures should be taken to stop this combine from getting bigger and acquiring a greater vested interest.

*President.* Supposing the Swedish Match Company combined with the Indian manufacturers, I understand the shipping companies are in conference to a certain extent—

*Mr. Walchand.* Yes, if they want to exist. You will be astonished to hear to what extent the vested interest of the monopolies go. Lord Inchcape, an Empire builder, had the audacity to tell us, because we wanted a small portion of the Indian

mercantile marine trade to be reserved for us—he told us as if we were culprits before a court—‘It is you who attacked us. We are carrying on our business for so many years profitably and you fellows have no business to come and attack us’. This is what the vested interest told us and this is what the Swedish Trust is going to tell us, and that is why I say it is only 3 years now and it is time that we nip it in the bud.

*President.*

Supposing the Swedish Match Company combined with the Indian manufacturers and then formed a monopoly, then what proposal have you got to make? Supposing the Swedish Match Company say ‘we don’t want a monopoly we will stick to our business and you stick to yours and we two combine and fix prices’, what have you got to say to that?

*Mr. Walchand.*

That is why I suggest licensing, quota and sales organization to prevent consumers from being exploited or penalized by such a combination. We can foresee that and that is why we have suggested these remedies. The Swedish combine can well afford to buy out these small concerns: two or three lakhs or even million would not affect them; possibly they might do that. If they do that I have got this. We will say we will fix quotas and prices.

*Mr. Anandji.*

The Swedish combine should go out of the country in five years; that is the view of the Indian Chamber of Commerce, Calcutta.

*President.*

Your proposal is that they must be allowed to remain only for five years.

*Mr. Ananji.*

Yes.

*President.*

Do you think that they would care to remain for five years?

*Mr. Walchand.* If they want to go out earlier, well and good ! It will be a great relief to us.

*President.* Would it not be simpler for Government to say 'you clear out'? You make a proposition to them and say "you stay here for five years." It means their total extinction after five years.

*Mr. Walchand.* With my own Government I would have said that.

*President.* When you have your own Government you may not be here ! It is no use saying all that. The point is this that you want them to go.

*Mr. Anandji.* Yes.

*President.* It is no use asking them to take something which they can reject out of hand. Why should they remain here for five years and for whose benefit? Do you expect them to clear out of the country and leave their factories here, or what are they to do? Are they to lose the money that they invested in the business here?

*Mr. Anandji.* That is why I say that the Swedish Match Trust should remain here for five years to sell their property, just to enable them to clear out as economically as they can. If they were asked to go away at once their loss would be heavy but if they were allowed to remain in the country for five years their loss would be very small.

*President.* That would not enable them to get back their value.

*Mr. Lalji.* There are buyers for their factories at present.

*President.* You are asking Government to do that. In that case you want Government to confiscate their property without giving them any compensation, do you?

*Mr. Lalji.* Government need not confiscate their property.

*President.* That is what it comes to.

*Mr. Walchand.* They might sell their factories and get the full value.

*Dr. Matthai.* Your suggestion is that in the course of five years, the maximum is five years—they must be prepared to go but they have the option of going earlier if they want to. Is that your position?

*Mr. Anandji.* Yes.

*Dr. Matthai.* Five years is a sort of notice to quit, is it not?

*Mr. Walchand.* Yes. The mercantile Marine Committee recommended a similar course, that the quota should be reduced at the rate of 5 per cent. every year on that basis that a ship will be out of commission in 20 years. It was based on a very equitable basis.

*President.* Was it accepted by Government?

*Mr. Walchand.* No. That is my difficulty.

*President.* Would it be in the interest of the country for anybody, whether it is the Swedish Company or anybody else, to be told to clear out of the country on general grounds without any compensation.

*Mr. Walchand.* Certainly it would be.

*President.* Would it not come to the same thing as Soviet Russia did as regards oil?

*Mr. Walchand.* If they want to come to my country and take advantage of the duty of Rs. 1-8-0, and drive out the children of the soil from their legitimate trade, we say, 'gentlemen you have made mistake. You better go out.'

*President.* This is rather begging the question. You say hereafter they may do that. Supposing they don't do that?

*Mr. Walchand.* In the first place they have attempted to do it and I say they are quite capable of doing it. Their antecedents show that and I want to prevent that.

*Mr. Anandji.* They have done that in Japan, and in Greece.

*President.* There the Government has given them a monopoly.

*Mr. Walchand.* Possibly the British Chamber will say 'give them the monopoly' Greece had to do it.

*President.* We are not discussing that. Do you consider it really in the interest of our country that any foreigner, it does not matter who he is, should leave the country under circumstances in which he feels that he has been unjustly treated?

*Mr. Walchand.* Personally I don't think we are treating them unjustly.

*President.* The point is this. At the time when they came here, Government had put on this duty and that was an open invitation to anybody to come and establish himself in the country.

*Mr. Walchand.* Open invitation?

*President.* When Government put on a revenue duty anybody was entitled to take advantage of it.

*Mr. Walchand.* Quite, but at his own risk, with open eyes.

*President.* Supposing it was established that the Indian match manufacturers combined and formed a monopoly, would the Government be justified in cancelling the licence and confiscating their property?

*Mr. Walchand.* No, because that is a monopoly from my own people.

*Mr. Anandji.* What is the ultimate test of the economic good of the country?



*President.* Is the good of the country promoted by treating foreigners in this way?

*Mr. Anandji.* Yes, when they are out to crush an Indian industry.

*Dr. Matthai.* Supposing we were in a position to provide that the Swedish Match Trust in India would never acquire a position of monopoly in the industry and supposing it was possible to arrange that they remained in the industry in their present strength, in that case do you want them entirely to go out?

*Mr. Walchand.* Do you mean they restricted themselves to their present output?

*Dr. Matthai.* Supposing it was possible to make some such arrangement by which the Swedish Match Trust remained in the country in such a position that they are not enabled to start a monopoly—let us say they are restricted by some kind of arrangement to 25 per cent. of the total output and the rest was in indigenous hands—if that sort of arrangement was possible, why do you want to eliminate them altogether?

*Mr. Walchand.* The entire elimination I may point out, is the Calcutta Chamber's recommendation. We say that if they refuse to form a rupee capital public limited liability company, of which the shares are offered to the public, 75 per cent. of the capital being held by Indians, if they refuse to comply with these requirements, then only we want total elimination.

*Dr. Matthai.* What I want to know is this. Supposing they remained on their present basis, not with a rupee capital, but restricted to an output of 25 per cent. of the total consumption, in that case is it not to the interest of the consumer to keep them here?

*Mr. Walchand.* No.

*Dr. Matthai.* You are looking at the question entirely from the point of view of the Indian capitalist.

*Mr. Walchand.* The ultimate interest of the consumer and the country. Possibly the consumer will have to go through a period of inefficient manufacture of matches but only for a short period. Protection always means that. But it is to the interest of the consumer and the country at large that the whole of the profits go to the nationals of the country.

*Dr. Matthai.* How exactly would you meet this difficulty? Till the Swedish Trust started manufacturing matches here, the price of matches has been extraordinarily high.

*Mr. Walchand.* Even assuming your premise to be correct—I don't admit it is—the whole of the profit remained in the country.

*Dr. Matthai.* You are thinking of the country entirely in terms of producer. What I am asking you to remember is that the country is very largely composed of consumers.

*Mr. Anandji.* Is not the producer also a consumer?

*Mr. Walchand.* It is preferable to the profits leaving the shores of India. Even if that is unevenly distributed, it is better to have it in the pockets of Mr. Lalji, for instance, than being more equally distributed and being in Lombard Street.

*Dr. Matthai.* From the point of view of the manufacturer don't you think that the presence of a very efficient competitor as the Swedish Company whose output is restricted to 25 per cent. is of some advantage in the last resort?

*Mr. Walchand.* No. I would rather pay premium on efficiency to the Indian manufactures and allow them to have healthy competition between themselves and

gradually build up the industry than have this vested interest created and encouraged and given concessions. With a little suffering on the part of the consumer we are sure we shall be able to build up the industry.

*Dr. Matthai.* The difficulty of their position is this. Even if it were possible for us to restrict them to this output of 25 per cent. you would want them to be driven out.

*Mr. Walchand.* Yes, if they refuse to comply with those requirements.

*Dr. Matthai.* It comes to this, that in every industry in the country there must be only Indian capital.

*Mr. Walchand.* Only to the extent of 75 per cent. I am prepared to modify this to the extent that we must have a majority of the controlling interest both in capital and management of that industry in India.

*Mr. Lalji.* Am I to take it that every industry in India—there are few industries in the country—that applies for protection will have to keep always in view that a foreign concern must remain to check its growth and make healthy competition? Is that the basis always to be laid down?

*President.* We have never attached any importance to who is running the industry so far.

*Mr. Walchand.* The primary object is to see whether it is run by Indians, owned by Indians, whether the country at large is benefitted or whether the profits leave the country or not.

*Hr. Anandji.* In this particular industry there is no difficulty to the consumer or to the country.

*Dr. Matthai.* By difficulty what precisely do you mean?

*Hr. Anandji.* There is only one foreign company and there is no long vested interest; the Indian manufac-

turers are efficient and are able to produce what you require, and so there is no difficulty in eliminating the foreign capitalist from this particular industry.

*Mr. Walchand.* For protection it is an exceptionally good case. With this spasmodic revenue which may be changed any minute we have shown that in three years we have been able to produce 33 per cent. and possibly in three more we would produce the whole of the country's requirements. The cement industry has shown us that. There we have now overtaken the demand. Similarly I think we will be able to do that in the Match industry. Here is an ideal case. If the Fiscal Commission's policy is to be followed, here is only one obstacle and that is the Swedish Match Trust and let us eliminate that. It is a clear case; they have no business to be here. Eliminate it and in six years time we will have 100 per cent. of the country's demand manufactured by Indians.

*President.* Then you may be in the position of the cement industry and ask us to enquire again.

*Mr. Walchand.* In the cement industry they are making 100 per cent. profit.

*President.* What is your scheme? As regards the monopoly how to meet it? You propose the formation of a sales syndicate and you insist that it should be an Indian company with Indian capital?

*Mr. Walchand.* Purely Indian.

*President.* That company after it has been floated should have a board of directors?

*Mr. Walchand.* Yes.

*President.* And you propose that they should be all Indians?

*Mr. Walchand.* Yes.

*President.* At the same time you propose that the board shall contain representatives of the manufacturers.

*Mr. Walchand.* Two representatives of the manufacturers, 4 representatives of the shareholders not interested directly or indirectly in the manufacture or distribution of matches, and 2 from the Federation of Chambers who will also not be interested in the manufacture, and a representative of Government.

*President.* Supposing the Swedish Match Company remained in India and complied with all the conditions, would they be entitled to representation or do you mean by manufacturers, manufacturers who are not foreigners?

*Mr. Walchand.* We have said in our representation they will be all Indians. That automatically excludes the Swede, if he wants to be represented through a non-Indian. If the Swedish combine accepts our 75 per cent. scheme they will always find an Indian to represent them. But if they insist on having a non-Indian, they will have to go without representation.

*President.* In that case they will have to depend entirely on the views of the Indian board of directors.

*Mr. Walchand.* Yes.

*President.* Supposing we made a recommendation of 75 per cent. of the capital being owned by Indians and Government rejected that and the Swedish Match Company still remained in the country and a sales syndicate was formed, in that case could the Swedish Match Company be expected to accept the decisions of the Indian board of directors in the formation of which they had no say?

*Mr. Walchand.* You mean if Government is going to turn down all our proposals?

*President.* Not all, but only this one. Supposing they did not give effect to this proposal of yours and they said the Swedish Company can remain here 'but we will allow a sales syndicate to be formed', then do you think they will have sufficient confidence in the Indian board of directors?

*President.* If you are the Government and if you had everything in your own hands the question might not arise but I am just pointing out the difficulties.

*Mr. Walchand.* I could understand with due respect to you that there might be some sense in allowing a British company who are our Trustees, but I cannot understand the case for the Swedish combine where the controlling interest is entirely Swedish.

*President.* We have discussed that question long enough. The point arises, supposing a sales syndicate was formed and the Swedish Match Company was allowed to remain in the country do you suggest that they should be entirely excluded from the directorate?

*Mr. Walchand.* Our representation says that the whole of the directorate should be Indian and if there was 75 per cent. Indian capital the Swedish Company would have some Indians who could represent them on the directorate. As a businessman, I say in all such cases we will be open to discussion, but until a concrete proposal is made—

*President.* Government is not going to make any proposal.

*Mr. Walchand.* If they turn down ours and if they turn down yours—

*President.* I think you have misunderstood this part of our letter. The proposal was not that the Government was going to form the syndicate. We asked your opinion as to whether a syndicate would come forward. The syndicate will come forward.

with their proposals and then Government will examine those proposals and if the proposals are found to be feasible Government may accept them. The proposal must emanate from the sales syndicate formed by the Indian community who must say 'this is our proposal.' What we want to know is, could such a company be formed?

*Mr. Walchand.* To that we say yes.

*President.* Then that syndicate has to satisfy the Government that all interests would be impartially looked after, that is to say, if the Swedish Match Company remained or if any foreign capital came in, they would have a fair hearing.

*Mr. Mathias.* The selling agency would have to command the confidence of practically all the manufacturers.

*Mr. Walchand.* Yes. My Committee as such have not considered this eventuality but as a businessman I may assure the Board that we will consider the details of the sales organization when they are put forward on their own merits. If it is insisted that the Swedish combine should exist, I am sure the Indian commercial community as businessmen would consider how to deal with them. But at this stage I don't think I have got sufficient data nor have I discussed this question with my committee.

*Dr. Malthai.* Does the committee identify itself with the other suggestions that you have put forward? I am asking you about this question of fixing the price. The point that I want to raise is, does the committee adhere to the view that the price that is fixed would have to be fixed for each manufacturer separately?

*Mr. Walchand.* Not necessarily. There I think some amplification is necessary. We might put them into two or three categories, say, A, B and C. If the Swedish Match combine are to exist and their cost

of production is the lowest, we would put them in class A, and other semi-mechanized Indian Manufacturers in class B, and the last would be C. The C class would be for only a period of two or three years ; at the end of three or four years they would have to come up to B. If they did not, they would automatically be wiped out. Similarly the B class at the end of three years or whatever the period might be, would have to come up to the standard of class A.

*Dr. Matthai.* Your point is that the price is not fixed for each manufacturer but for each class of manufacturers.

*Mr. Walchand.* Yes.

*Dr. Matthai.* As I understand it, your classification is rather based on the degree of efficiency, equipment, etc.

*Mr. Walchand.* The C class is the cottage industry. We do understand that possibly ultimately it will go out, but it would take its own course.

*Dr. Matthai.* Supposing you fixed prices for the 3rd quality which is considered high enough for it, what is the inducement to come up to the quality of the second class?

*Mr. Walchand.* Supposing the cost of the C class is roughly 20 annas and we say we will allow them 10 or 12 per cent. or whatever it is and thus allow them 22 annas, if they reduced their cost during the period to 18 annas from 20 annas they are welcome, but they would be given to understand that at the end of three years they have got to come up to the B class whose cost will be 18 annas. If they don't do that they won't be licensed and they won't have any quota. We are not going to put any premium on inefficiency.

*President.* Will you be prepared to deal with the cottage industry as it is called in Calcutta?



*Mr. Walchand.* The idea is to give them an opportunity at the end of three years to come up to B class and at the end of six years, to come up to A. The B class in their own interest will then have to come up to the A class.

*Dr. Matthai.* Do you propose to give quotas to all the cottage factories?

*Mr. Walchand.* I don't say all. By cottage I don't mean entirely hand manufactured.

*President.* What would you do with them?

*Mr. Walchand.* I won't take them into consideration. They may take advantage of the Rs. 1-8-0 duty and of the peculiar local circumstances and needs and make a market for them. But I am afraid they would have to go out altogether ultimately, but that cannot be helped.

*Dr. Matthai.* I see an inherent difficulty in your scheme and that is this. You say that the B class man must in the course of five years be in a position to reach class A and you are suggesting a scheme of quotas. A very essential factor in the improvement of costs is increase in output. If your B class man is given the same output as a manufacturer belonging to the A class is there a sufficient scope in the country?

*Mr. Walchand.* I am told that we are manufacturing 65 per cent. or it might be 70 per cent. and about 30 per cent. is still imported. Of this 30 per cent., 5 per cent. will always come for luxury-wallas. So, there is scope for development to the extent of about 25 per cent.

*Mr. Mathias.* You have already a capacity of production exceeding the demand.

*Mr. Walchand.* The figures vary. The figures given to me are 23 million gross for consumption and 17 million gross for production. If your information is

correct that we have a capacity to manufacture more than we can consume, the country is absolutely safe.

*President.* That includes their 6 million gross.

*Mr. Walchand.* It does not matter. With that 6 million gross we will gradually be able to build up. It is not only increased production that will reduce their overhead charges but the introduction of machinery for operations which are now done by hand. The cost of these factories as compared with that of the Swedish is more now, because they are not doing all the operations mechanically which the Swedish people are doing. The introduction of more machines is a great factor in the reduction of costs. Their only difficulty has been uncertainty of protection. Every year in the month of February, every one has been thinking 'will the duty be there or will there be a sudden change'? This is because the present duty is a revenue duty. It must be made a protective duty as in the case of the Steel industry so that there would be an inducement to every manufacturer to invest money on machinery and reduce his cost and if necessary increase his production and look out for export if other countries will allow that.

*President.* I should like to tell you one thing. Supposing the Board comes to the view that some sort of a sales organization should be formed, it would not be ordinarily the Board's duty to find out how the sales organisation ought to be formed. That is a thing which is entirely for the industry to consider.

*Mr. Walchand.* No. If it is treated as a public utility company, it will have to be considered in the same way as the East India Cotton Association or the Stock Exchange. It will have to get a charter.

*President.* First of all, you must prepare your draft charter.

*Mr. Walchand.* Yes.

*President.* You must say that this is your draft charter and then go to the Government and say "give us this." It is for you to do that. I am just trying to point out that it is for the businessmen to evolve their scheme.

*Mr. Walchand.* The minute we know that the Tariff Board are inclined more favourably.....

*President.* How? There is no complete scheme before us. This is not a complete scheme. We are only discussing it just now. When it comes to doing business, you will find thousand and one other difficulties.

*Mr. Walchand.* As regards the first representation, we have gone much further than the report.

*President.* What we are concerned with is this. First of all, we must be satisfied that there is a need for such a sales organization ; that point we will consider ; secondly that a sales organisation can be formed—on that of course we may be informed by the business community that there is a possibility. Then of course the question would arise—what form the sales Organization will take? It is for the sales organization to come forward with a scheme and submit it to Government saying that the scheme may be explored.

*Mr. Walchand.* Might I suggest that in the case of the Stock Exchange it was the Committee who drafted the rules and sent them to Government?

*President.* That Committee was appointed for a different purpose.

*Mr. Walchand.* As regards the East India Cotton Association, the Government said "The Committee have recommended those rules. What have you to say to them?"

*President.*

The East India Cotton Association is not carrying on any business, and the Stock Exchange also is a body which is not as much carrying on any business. Here we are concerned with an actually trading concern. There is a distinction between the proposed sales organisation and the other bodies you have cited. It is for you to say "This is what we have agreed to and on these lines we can float a company, or have floated a company. What has the Government to say? Will the Government give us a monopoly on those conditions?"

*Mr. Walchand.*

In view of what you have said, I shall put it before my Committee. I think we will be able to give you some further details about the proposed sales organization.

*President.*

It requires to be considered from more points of view.

*Mr. Walchand.*

We have, as you can see, considered it from more points of view.

*Mr. Anandji.*

Unless we know what the intentions of the Tariff Board are with regard to foreign competition, we cannot form any organization. First of all, your report has to come out.

*President.*

I can tell you this much that the Board would not ordinarily go into a scheme like that. That would be a matter for subsequent consideration by Government. We simply wanted to ascertain from you two facts viz., whether you think that a sales organisation if formed, would meet the situation and whether a sales organization could be formed. As to the lines it should take in detail, we are not prepared to express any opinion.

*Mr. Walchand.*

We say that it could be formed and that it should be formed. Further details we will send you later.

*President.* . Take the case of Germany, where the same state of affairs arose. It is for you to put forward such a scheme. All the manufactures should arrange between themselves and say "this is our scheme."

*Mr. Walchand.* We appreciate the difficulty.

*Dr. Matthai.* Government would just confer the necessary legal states.

*President.* But all the earlier steps had to be taken by the industry itself. You will realise that is what is required. It is no use discussing with us on those lines because we are not the authority on that point.

*Mr. Walchand.* We will try to meet that requirement.

*President.* You say that the President of the Tariff Board appears to lay stress upon the revenue consideration. There again you have entirely misunderstood the position.

*Dr. Matthai.* The President of the Tariff Board did it only illustratively.

*President.* The President of the Tariff Board is not concerned with Government revenue except that Government may require it. They may say "we want this revenue and we shall have it." If you refer to our terms of reference you will find that they say this: "If the duty is declared to be protective and if Government still want this revenue, what form of taxation do you suggest? "Whether Government want that revenue or not we are not concerned with. Government may not want the revenue or Government may look for it somewhere else. If Government wanted revenue, what was the form in which they could take it from the Match Industry and whether it was a good form of revenue—that is all we would consider.

*Mr. Walchand.* To that we have replied. We say "the loss to the Government revenue will be made up in more ways than one. Thus the Government can get super-tax, income-tax and the like taxes from a prosperous industry which will also contribute largely to the increase in railway freight etc." There we have followed the lines adopted by the Fiscal Commission.

*President.* You have not appreciated the Government revenue point of view. Government say "we are going to get all the income-tax and so on still, we find a deficit of Rs. 5/- crores in our revenue which has to be made up. There is the match industry ; there is salt ; there is income-tax and so on and we want to take something from the Match Industry. Then only the question arises. Having taken into account every source of income Government find that they want Rs. 5 crores—this amount is only for the purpose of illustration—and then they look round for the source from which they could get this amount. Then they say "could we get anything from the Match Industry as they can get from the textile or steel industry." Then the question would arise "if that was so, what was the form it should take" and on that point you have not advised us at all.

*Mr. Walchand.* We have read that in this sense. The question is how could the loss in the import duty be replaced by the local Match industry itself? To that our reply is that the local industry will yield more revenue in the shape of income-tax super-tax and so on.

*President.* Could Government get income-tax equal to Rs. 1-8-0 per gross which is the present duty?

*Mr. Anandji.* My Chamber has recommended that Government may charge an excise duty provided that the existing import duty on matches should be

increased at least to the extent of the excise duty thus levied.

*President.*

I am glad that you suggest that. Supposing Government wanted any revenue from the Match Industry—we will put it that way—the protective duty must not be distributed, that is to say if an excise was levied, the protective duty must go up by the same amount.

*Mr. Anandji.*

Yes.

*Dr. Matthai.*

Mr. Walchand, would your Committee accept that suggestion I will put the Calcutta suggestion to my Committee.

*President.*

You must explain to your Committee the meaning of this. It does not necessarily follow that Government want the loss in the import duty to be made up. Mr. Anandji, your suggestion in such a case is that the import duty should go up by the amount of the excise duty.

*Mr. Anandji.*

What we want to say is that the protective effect must be there

*Dr. Matthai.*

You mean that the difference must be maintained.

*Mr. Anandji.*

Yes.

*Dr. Matthai.*

What exactly is your position with regard to cottage industries? You ascribe to the Tariff Board the opinion that on economic grounds the cottage industries will disappear. We have formed no opinion yet. You say that Japan may be cited as an instance. What I want to ask you is this. Supposing the Board suggested that there ought to be some kind of special assistance or concession or exemption allowed to cottage factories, what would be your position?

*Mr. Walchand.*

I will jump at it. My Committee has been under the impression that cottage factories cannot,

in view of mass production and its consequential effects, compete with big factories using machinery. The figures running in their heads have been 13 to 14 annas for big factories and 22 to 23 annas for cottage factories.

*Dr. Matthai.* You don't express any opinion on the general point whether there is or there is not a future for them.

*Mr. Walchand.* No. If they are to go, we simply sympathise with them and say we are sorry. But if any means could be devised for keeping them on, we would certainly welcome them.

*Dr. Matthai.* Where there is a local supply of wood, they may have freight advantage.

*Mr. Walchand.* Yes.

*Mr. Mathias.* Taking a long view on economic grounds, would you support any discrimination between the cottage industry and the larger industry which would make it probable that the cottage industry would take the place of the larger factory?

*Mr. Walchand.* It is a bit abstract for me.

*Mr. Mathias.* What I want to know is the extent of the consideration you would be prepared to show. Would you be prepared to show any discrimination between the two kinds of factories in the matter of the excise which would give cottage manufacturers such an advantage that they would multiply and take the place of the larger manufacturers? Would you support any suggestion of that kind?

*Mr. Walchand.* No. I thought that the case put to me by Dr. Matthai was that there might be some special circumstances where with some slight concession they might exist.



*Mr. Mathias.* Your reply to that is rather limited to the cottage factories in up-country villages where there may be local supply of wood.

*Mr. Walchand.* I would not restrict it to such narrow limits. If by some slight concession they could be kept up, they should be kept up. The opinion expressed in our letter was based on the impression that there was no chance for the cottage industries.

*President.* We have never been able to understand what is meant by a cottage industry. We know what are called home industries rather than cottage industries. What we have been of cottage industries is simply this that a man has a splint cutting machine and a veneer cutting machine in one place and he has got in another place a number of people dipping the splints by hand and completing the boxes.

*Mr. Walchand.* A full time occupation for the man ?

*President.* What we have seen only comes to that. Instead of manufacturing these three different things under one roof there are three roofs. That does not make it a cottage factory. Mr. H. Lalji, you know very well the conditions of the industry on the Bombay side anyhow. Could you tell us whether there is any instance in which a family buys splints, say, 50 gross of matches or 20 gross of matches and also veneers for the same amount of matches and takes these home and converts them into finished matches and sells to the consumer.

*Mr. Lalji.* • None.

*President.* In every case these people simply take the half manufactured stuff home and work it and bring it back to the factory in which splints and veneers are made.

*Mr. Lalji.* Yes.

*President.* That is hardly a cottage factory. It simply means that instead of using power they do the work by manual labour.

*Mr. Lalji.* With regard to this question, after the Tariff Board visited Bombay, there was an enquiry by the Government of Bombay. The Chief Inspector of Factories came to our factory and asked us about the number of people engaged in this kind of work and we said about 500 or 600. When he went round the villages he actually saw about 1100 people engaged in this work. We do not know all those people. We only know those who take the veneers from us.

*President.* The factories are not properly equipped and they have to use manual labour.

*Mr. Lalji.* They think that this work may be saved to those persons who are in villages—the work of pasting the veneers, etc.

*President.* But time must come when they will cease to compete.

*Mr. Lalji.* Yes.

*President.* It is not like the case of a handloom industry where a family may manufacture and use it for itself and it may also sell some of its production to other people.

*Mr. Walchand.* There might be cases as Dr. Matthai said where there might be local supply of wood.

*President.* At some stage or other you must use machinery. You cannot make splints by hand.

*Mr. Mathias.* The real home industry is in the making of boxes. That sort of occupation is afforded by large factories like Esavi's.

*Dr. Matthai.* You don't go so far to suggest that the employment of power makes a cottage industry cease to be one. If I can get electric power in my own home and use a little power, I don't cease to be a cottage industry on that account.

*Mr. Gandhi.* No.

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No. C.-8/26, Dated the 2nd March, 1928.

From Chamber to the President, Tariff Board  
(Match Industry Enquiry), Bombay.

As desired by you at the time of the examination of the representatives of this Chamber on the Match Industry question on the 13th February, 1928, I am directed to send you herewith the details of the Central Sales Organisation Scheme proposed to be formed for the control, production and sale of matches in India.

My Committee have not been able to go into the details of the Scheme with as great thoroughness as they would have desired to, but they hope that the scheme as submitted will, at any rate, serve as a basis for the establishment of such an Organisation.

*Details of the Central Sales Organisation for the control, purchase and sale of Matches in India.*

1. The proposed organization for the control, purchase and sale of matches shall be called the  
Name. "Central Sales Organization."
2. The Head Office of the Central Sales Organisation shall be located in the Presidency which has the largest production of matches in India.  
Head Office.

3. The Directorate of the Sales Organisation shall consist of  
Directorate. 1 Government officer, 2 representatives  
of Match Manufacturers, 4 representa-  
tives to be elected by the Shareholders and 2 representatives to be  
elected by the Federation of Indian Chambers of Commerce, pro-  
vided, however, that the last named six shall be persons not interested  
in match manufacture either as Agents or Directors.

4. (a) The original share capital of the Central Sales Organiza-  
tion shall be Rs. 75 lakhs.

(b) The original share capital shall be divided into shares of  
Rs. 10/- each and the shares shall be fully paid up.

(c) At the time of the original allotment, one share shall be  
allotted to each applicant qualified to hold shares and if the number  
of such applicants is greater than the total number of shares to be  
allotted, the allotment of shares between the applicants will be by  
lot. If the number of applicants is  
Capital. less than the total number of shares to  
be allotted, the remaining shares shall be allotted to applicants who  
have applied for more shares than one and if the number of shares  
so applied for exceeds the number of shares to be so allotted, the  
same shall be allotted among the various applicants in a fair and  
equitable manner.

5. 20% of the said share capital shall be allowed to be invested  
in by the licensed Match Manufacturing Concerns, 75% capital of  
which is owned by Indians and 75% of the Directors of which are  
Indians.

Qualification of share-  
holders.

6. (i) Only individuals will be quali-  
fied to hold shares in their names.

(ii) No person who is not an Indian and no private or Limited  
Companies of partnerships shall be registered as share-  
holders or be entitled to payment of any dividend in  
any share.

7. No transfer of the share capital of the Central Sales  
Transfer of Share Capital. Organisation to non-Indians will be  
recognised.

8. Every registered shareholder shall have one vote only  
irrespective of the number of shares  
held by him.  
Voting power.

PART II.

9. The Central Sales Organization shall classify the matches  
produced in India in 3 divisions, A. B. & C. Matches manufactured  
from Aspan or similar imported wood  
will be put in "A" class ; Matches  
manufactured from Indian wood e.g., Cangoa, Papita, and similar  
quality will be put in "B" class ; and others which do not come up  
to the standard required for class "A" or "B" will be put in class  
"C" which will also include matches made from rejection splints.  
Classification of matches.

10. The purchase price of matches of each class shall be fixed  
by the Central Sales Organisation on  
the basis of the average of the cost  
of production in that particular class which will mean the Factory  
cost plus 8%. Such factory cost shall include depreciation on  
machinery at 10%, but will exclude any interest on the capital  
employed.  
Purchase price.

11. The Central Sales Organisation shall fix quota for each  
licensed factory on the basis of its  
present output, except in the case of  
the Swedish Trust whose quota will be fixed not on the basis of their  
present output but on the average for the last three years ; and their  
quota shall in no case exceed 20% of the total production of matches  
in India today. The quota of the Swedish factories shall be reduced  
annually by 20% so as to bring about its complete elimination at the  
end of five years. The increased output thus set free by the pro-  
gressive reduction in the quota of the Swedish Trust shall be dis-  
tributed Pro Rata amongst the existing factories. Where, however,  
the increased output is set free as a result of the inability of a factory  
to supply the full quota assigned to it, the same shall be distributed  
amongst factories which are run with the greatest efficiency.  
Assignment of Quota.

12. Licenses shall be issued to all the existing factories and no  
new licenses shall be granted for the  
period the duty on matches remains  
protective.  
Licensing.

13. Whosoever produces matches or sells matches, whether indigenous or imported, without obtaining a license therefor shall be punished with fine and imprisonment according to the Laws of the land.
- Production and Sale of matches without license.
14. The quality of all matches supplied by the factories shall be valued once in every three years and manufacturers of matches, the quality of which fails to conform to the required standard shall, after due warning, be penalised by the Central Sales Organisation in such manner as they think fit.
- Appraising of quality of matches.
15. The Central Sales Organisation shall be at perfect liberty to fix prices of matches in a manner calculated to bring to it a profit of not more than 8% on its capital.
- Sale prices.
16. The Central Sales Organisation shall have depots for the stock and sale of matches in close proximity to the centres of production of matches.
- Depots.
17. Matches imported into British India through the Native or Foreign States shall have to pay the same duty as is applicable to imports of matches from abroad.
- Native States.

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From the Gazette of India, (Part I), dated the 1st September, 1928.

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Department of Commerce.

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RESOLUTION.

TARIFFS.

Simla, the 1st September, 1928.

No. 235-T. (24). 1. The report of the Tariff Board regarding the grant of protection to the match industry was published for general information this morning.

2. The Government of India accept the finding of the Board that the match industry in India fulfils the three conditions laid down by the Indian Fiscal Commission and should be protected. The Board recommend that the present duty of Rs. 1-8-0 per gross should be maintained and converted into a protective duty. The Government of India accept this recommendation and propose to introduce legislation during the coming session to give effect to this decision.

3. The Government of India agree with the Tariff Board that no limit should be fixed for the period of protection. They do not contemplate, however, the retention of the duty at the high rate of Rs. 1-8-0 per gross for any long period. This high rate of duty is necessitated mainly by the existence of an international combine with large financial resources and controlling the manufacture and sale of matches in a large part of the world, and partly by the preference displayed by the consumer for the imported article, a preference which should gradually diminish as the match made in India establishes its reputation. If it became evident that the Swedish Match Company had definitely adopted a policy of supplying the Indian market by matches made in India, and if it appeared that the prejudice against the Indian Match, similar in quality to the imported match, was disappearing, the amount of duty would be open to reconsideration.

4. The Tariff Board consider that the manufacture of matches is not a fit industry for development on cottage lines, and cannot recommend any special measures for the encouragement of cottage match factories. The Government of India accept this finding.

5. The Tariff Board recognise that in certain circumstances an excise duty may properly be levied on matches manufactured in India, and the Government of India agree that conditions may arise rendering the imposition of such a duty desirable. They do not, however, contemplate the imposition of an excise duty at present.

6. The Government of India accept the finding of the Board that in present circumstances no action is called for against the Swedish Match Company on the ground of unfair competition. The Board recommend that, should developments indicate that the Company is acquiring undue control to the detriment of the Indian industry, Government should take steps to safeguard this industry. The Government of India consider that if it appeared probable that the Swedish Match Company would obtain a monopoly of the manu-

facture and sale of matches in India, this would create a new situation which would necessitate a re-examination of the position.

Telegram No. C.-8/28, dated 14th September, 1928, from Chamber to Government of India, Commerce Department, Simla.

Committee Indian Chamber of Commerce Calcutta while welcoming the conversion of the present revenue duty on matches into protective duty are emphatically of the opinion that assurance must be given to the Industry regarding its retention for a period of ten years in the first instance when it may be reviewed. Committee regret Government have taken no action of eliminating the danger of Swedish interests to the Indian Industry. Committee suggest that an annual enquiry should be held to investigate whether the Swedish Trust has expanded its operation in India and to suggest measures, if necessary, to checkmate the same. Committee cannot help reiterating that it would be better if steps were taken immediately to eliminate Swedish Trust and nip the evil in the bud rather than allow them to have vested interests and acquire a monopoly which would be difficult to uproot afterwards. Government should also ensure before permitting the Swedish Companies to have the benefit of protection that Indian Industry is in no danger of extinction.

#### REVISION OF TARIFF-VALUATIONS—CONSULTATION OF THE CHAMBER FOR.

Letter No. 551-T., dated 30th August, 1928.

From the Joint Secretary to the Government of India,  
Commerce Dept., Simla, to Chamber.

I am directed to inform you that the Government of India have decided that Indian Commercial opinion in Calcutta should be consulted in future in connection with the annual revision of tariff valuation schedules. The Director-General of Commercial Intelligence and Statistics will accordingly hold a conference in November or December each year with the principal Indian Commercial Associations in Calcutta to which your Chamber is invited to send representatives not exceeding five in number. At this Conference, the Direc



General of Commercial Intelligence and Statistics will discuss with your representatives the provisional tariff valuations which he formulates in September or October each year for application during the following year, a copy of which you will receive before the Conference.

2. The following procedure will be followed :—

The Associations will be consulted both as regards changes in Tariff values and the classification of units to which the values are applied. The Director General will circulate all proposals affecting classification as they are received by him, in the course of the first 6 or 7 months of the year. The Associations will be requested to furnish him with their written views on these proposals by September or October, and these will be taken into consideration by him in formulating his provisional proposals covering changes both in classification and values. He will then consult the Associations again at the Annual Conference in November or December in regard to these provisional proposals. Proposals affecting classification which may be received by the Director General in the latter part of a year will generally be held over for circulation to the Associations in the following year, unless they are very simple or of an urgent nature, and in that case, they may be included in the provisional proposals without prior circulation to the Associations. These will, however, be treated as exceptional cases and the Director General will make a special point of discussing them at his meeting with the Associations.

3. I am to add that although the communications from the Director General of Commercial Intelligence and Statistics will be marked "Confidential", there would be no objection to your Chamber consulting its affiliated bodies in regard to the changes suggested.

#### ANNUAL REVISION OF THE TARIFF VALUES.

Letter No. 7963/C. I. C. dated CALCUTTA,  
the 22nd September, 1928.

From Director-General of Commercial Intelligence & Statistics,  
to Chamber.

#### ANNUAL REVISION OF THE TARIFF VALUES OF HIDES AND SKINS.

In accordance with the terms of letter No. 551-T, dated the 30th August, 1928, from the Government of India in the Department of

Commerce regarding consultation with your Chamber in connection with the annual revision of tariff valuation schedules, I write to say, for the confidential information of your Chamber, that it is proposed to revise the tariff values of hides and skins for export duty with effect from 1st January, 1929, and I enclose a statement showing the values which it is proposed to bring into effect from that date.

If you desire to put forward any criticisms of the rates proposed, I shall be glad if you will kindly let me have them at as early a date as possible—before the 22nd October next. In order to avoid misapprehension, I would add that these rates are intended to represent averages at the major Indian ports of all the grades under each heading exported from India.

Names of Articles.	Proposed tariff values.
	RS. A. P.
Raw Hides and Skins if exported from any place in British India other than Burma—	
(1) Arsenicated and air-dried hides—	
(a) Cows (including calf skins) Framed ...	lb. 0 10 0
Unframed ...	lb. 0 6 9
(b) Buffaloes (including calf skins) Framed	lb. 0 8 0
Unframed	lb. 0 5 0
(2) Dry salted hides—	
(a) Cows (including calf skins) ...	... lb. 0 7 9
(b) Buffaloes (including calf skins) ...	... lb. 0 4 6
(3) Wet salted hides—	
(a) Cows (including calf skins) ...	... lb. 0 5 0
(b) Buffaloes (including calf skins) ...	... lb. 0 2 9
(4) Goat and kid skins ...	... piece 1 10 0
(5) Sheep skins ...	... piece 1 1 0

No. C.-7/26, dated 18th October, 1928.

From Chamber to the Director-General of Commercial Intelligence and Statistics, India, Calcutta.

I am directed to refer to your letter No. 7963/C. I. C. dated the 22nd September, 1928, inviting criticisms on the proposed revision of tariff values on hides and skins for the year 1929.

My Committee are informed that during the last year the prices of raw hides and skins in the open market has been a little above double the proposed tariff valuations and if the godown charges and the profits of the middlemen shippers are added to these, the price of the hides and skins F.O.B. Calcutta will work out to more than double the scale of values which you have proposed. The collection of customs duty on the basis of the valuation now proposed by you would only mean that the shippers really pay a duty of  $1\frac{3}{4}$  per cent. *ad valorem* while the legislature has imposed a definite duty of 5 per cent.

You must be doubtless aware that the proposal for the repeal of the export duty on hides and skins was lost at the last sessions of the Assembly although the Government and the non-official European block voted for it, by the casting vote of the President. Levying such a low duty by lowering the tariff valuation would be, therefore, open to the interpretation that it is an insidious way of minimising the effect of the duty on shippers of raw hides and skins.

My Committee would, therefore, request you to consider these points before finally fixing the tariff valuations on hides and skins for the year 1929.

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Letter No. 8298/C. I. C. dated, Calcutta, the 3rd October, 1928.

From Director-General of Commercial Intelligence  
and Statistics to Chamber.

In accordance with the terms of letter No. 551-T dated the 30th August, 1928, from the Government of India in the Department of Commerce, regarding consultation with your Chamber in connection with the annual revision of tariff valuation schedules, I enclose, for the confidential information of your Chamber, a copy of the provisional import tariff rates for 1929. I am to add that although the provisional proposals are marked "confidential" there is no objection to your Chamber consulting its affiliated bodies in regard to the changes suggested. Additional proof copies of these rates will be sent to you as soon as they are received from the press.

I shall be glad to meet the representatives, not exceeding five in number, of your Chamber, along with those of Bengal National Chamber of Commerce, Marwari Association and Bengal Mahajan Sabha, for the discussion of these values at my office, No. 1, Council House Street, on Thursday, the 1st November next at 11 A.M., if that date and time will be convenient to the representatives of your Chamber.

Letter C.-7/26, dated 11th October, 1928.

From Chamber to the Director-General of Commercial Intelligence and Statistics, Calcutta.

I am directed to acknowledge the receipt of your letter No. 8298/C. I. C. dated Calcutta, the 3rd October, 1928, with enclosures.

You have also invited the representatives of this Chamber to meet you at your office for the discussion of the Provisional Tariff Valuations for 1929.

I am directed to inform you that representatives of this Chamber will be pleased to meet you at 11 A.M. on Thursday, the 1st November, 1928, at your office.

No. C. 7/26 dated 11th October, 1928.

From Chamber to Calcutta Kirana Association and Indian Produce Association.

I am forwarding to you herewith a copy of the provisional import tariff rates suggested by the Director-General of Commercial Intelligence for the year 1929. If you have any variations to suggest in the rate of the Tariff Valuations suggested by the Director-General, please let me have them immediately, if possible, before the 15th instant, for the consideration of the Sub-Committee appointed to discuss these values with the Director-General of Commercial Intelligence on the 1st of November, 1928.

In connection with the Tariff Valuations, I may explain that the tariff values are fixed by the Governor-General in Council under section III (2) of the Tariff Act 1894 as subsequently amended and

although it does not lay down any basis for these values, they are intended to approximate to the "real value" as defined in Section 30 (a) of the Sea Customs Act 1878, as subsequently amended.

These values are revised annually in October or November by the Director-General of Commercial Intelligence in the light of proposals received from the Collectors of Customs at the 5 major ports and after discussion at a Conference of Appraisers deputed by them. After consultation with the principal Chambers of Commerce, these are notified in the Gazette of India to take effect on the 1st January following. It must also be explained in this connection that Tariff values are intended to correspond not to the C. I. F. prices but to the wholesale market prices less customs duty.

There are various factors which enter into consideration in the revision of those tariff values among which are :—

- (1) Current market prices at the 5 major Indian ports ;
- (2) A retrospect of market prices as furnished by the average of the market prices recorded monthly by the Collectors of Customs at these ports for the 12 months, October to September preceding ;
- (3) The probable future tendency of the market;
- (4) The relative importance of the various varieties of an article and its total imports in India ;
- (5) The relative shares of the major ports in the total import of an article e.g., in fixing the Tariff value for betel nuts, more attention should be paid to the value at Calcutta where a very large share of the total imports is imported.

If you have any variations to suggest in the tariff valuations of any commodities in which you are interested, please explain fully in the light of the factors explained above your reasons for the same.

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Confidential.

For the information of Members only.

Circular No. 33 dated the 5th November, 1928.

From Indian Chamber of Commerce, 135, Canning Street, Calcutta.

TO—ALL MEMBERS OF THE CHAMBER.

I am directed to circulate for your information a copy of the Minutes of the Interview the representatives of the Indian Chamber of Commerce, Calcutta, had with the Director-General of Commercial Intelligence & Statistics, Calcutta, on Thursday, the 1st November, 1928, for the purpose of discussion of the provisional import Tariff Values for 1929 suggested by the Director-General.

Minutes of the Interview.

On behalf of the Chamber, the following gentlemen attended :—

- (1) Mr. Sheokissan Bhattar.
- (2) Mr. Anandji Haridas.
- (3) Mr. S. K. Trivedi (of Messrs. Hajee Shakoor Ganny).
- (4) Mr. Ramgopal Kajaria. (Calcutta Kirana Asscn.).
- (5) Mr. M. P. Gandhi (Secretary).

Suggestions were made, with reasons, for the reduction of Tariff Values for Item No. 34—Molasses, Item No. 70—Betel Nuts, raw or boiled whole from the Straits, Dutch East Indies and Siam, Item No. 74—Gambier, block and cube, and Item No. 88—Cassia-Lignea.

The Director-General assured us that in case of Molasses, in place of the Tariff Value now suggested to be levied at Rs. 1-12/- he would consider its reduction to Rs. 1-10-6 ; for Betel Nuts, in place of Rs. 16/- suggested by him, he would put it at Rs. 14/-; in case of Gambier, block & cube, in place of Rs. 22/-, he would put it at Rs. 20/-; in case of Cassia-Lignea, in place of Rs. 18-4/- he would put it at Rs. 17-8/-. Having had no other suggestions to make with regard to the alteration of Tariff Values of other articles in the Import Tariff Schedule, the representatives of the Chamber withdrew. The representatives were glad to find that all the suggestions made by them for reduction of Tariff Values on several articles were found acceptable by the Director-General of Commercial Intelligence.

Besides the Director-General of Commercial Intelligence, the Collector of Customs, Mr. Hardy was also present at the Meeting. No representative was present on behalf of the Bengal National Chamber of Commerce and Bengal Mahajan Sabha who were also invited while one representative who attended on behalf of the Marwari Association had practically no suggestion to make with regard to the revision of Tariff Values.

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PROTECTIVE DUTY ON STEEL HOOPS  $\frac{1}{8}$ "  $\times$  1"  
AND UP IN WIDTH.

Copy of letter No. 255 dated 18th February, 1928, from Messrs. The Buyers & Shippers Chamber, Karachi, to The Secretary, Indian Chamber of Commerce, Calcutta.

Subject :—

PROTECTIVE IMPORT DUTY ON 1" & OVER STEEL HOOPS.

I am directed by my Chamber to enclose herewith a copy of a letter dated 14-2-1928, received from a member on the above subject and to request the favour of your Chamber's views thereon, at your earliest convenience.

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Copy of letter dated 14-2-1928 from a member, Buyers & Shippers Chamber, Karachi, to the Hony. Secretary, Buyers & Shippers Chamber, Karachi.

RE : IMPORT DUTY ON STEEL HOOPS  $\frac{1}{8}$ " THICK.

We beg to bring it to your notice that the present Tariff Schedule rates of duty are as follows :—

On hoops that are not 1" in width and not over $\frac{1}{8}$ " in thickness	...	...	@ 10% <i>ad valorem</i> .
On hoops that are 1" and up in width and not under $\frac{1}{8}$ " in thickness of British manufacture	...	...	@ Rs. 26/- a ton.
do. not of British manufacture	...	...	@ Rs. 37/- a ton.

On the latter the Board has put protective duty on the ground that Tatas are manufacturing them or contemplate doing so.

As far as we are aware, Tatas are not manufacturing them at all up to now, nor will they do so in the near future. As this protective duty is fixed for as long as seven years, we think it necessary to bring this fact to the notice of the Board of Revenue at Simla, requesting them they should order an ad valorem duty of 10% on hoops of all width of  $\frac{3}{8}$ " thickness, just as they do for strips and hoops of  $\frac{1}{16}$ " thickness, as the burden of extra duty falls on poor class of consumers who are agriculturists, whose interests must be safe-guarded.

Thanking you in anticipation.

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Copy of a letter No. 418 dated the 28th March 1928 from the  
Hony. Secretary of the Buyers and Shippers Chamber,  
Karachi to the Secretary of the Indian Chamber  
of Commerce, Calcutta.

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Subject :—

PROTECTIVE DUTY ON STEEL HOOPS  $\frac{3}{8}$ "  $\times$  1" AND UP IN WIDE.

In enclosing herewith a copy of letter dated 27-1-1928 from the Tata Iron & Steel Co. Ltd., Bombay, to the Secretary, Indian Merchants' Chamber, Bombay, I am directed by my Chamber to state that my Chamber cannot realize what advantage the above tariff duty can do to the country, in view of the fact that the Indian manufacturers are not even now ready to produce the articles in question.

It means farmers—the Indian public—to pay to the Revenue an increased amount in shape of duty without giving any advantage to the manufacturers.

This Chamber would certainly support the tariff if there is any chance of manufacturers producing the articles at an early date.

I am, therefore, to request that you will please move your Chamber to favour mine with their opinion on this subject."

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Letter dated 27-1-1928 from the Tata Iron & Steel Co., Ltd., Bombay  
to the Chamber re: Duty on  $\frac{1}{8}$ " Flats:—

We regret that your letter No. G. 3037 dated the 13th December, 1927, has remained so long unanswered.

With regard to your first question, it is impossible to say that articles could be concerned as substitutes for  $\frac{1}{8}$ " thick bars or flats or strips unless you can inform us for what particular purpose these bars or flats or strips are being used. The correspondence which was enclosed with your letter of the 10th November, 1927, chiefly refers to hoops. We have every intention in the next two or three years of manufacturing hoops or strips at Jamshedpur and will certainly have introduced the manufacture of them in India within the period of seven years protection permitted by the present act but we cannot state definitely the exact date on which we shall start their manufacture. This answers your second question. As we have already stated, we would strongly oppose any suggestion that an attempt should be made to remove the existing duties on the ground that the material is not at present manufactured by us. One of the objects of the protection that has been granted is to encourage such manufacture at an early date and this will certainly be a result of the protection but if we are to be left in doubt as to whether the existing duties will not be altered from time to time on such grounds, it will be impossible for us to lay definite plans for extending our classes of manufacture. As we are sure, you will understand these plans cannot be made in a month or two and it is, in our opinion, essential that the steel industry should be able to rely on the present scheme of protection being retained unaltered for the period provided in the act.

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Letter No. PR. 7/26 dated, Calcutta, 2nd April, 1928.

From Chamber to the Hony. Secretary, The Buyers & Shippers  
Chamber, Karachi.

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I am directed to refer to your letter No. 418 dated the 28th March, 1928, inviting the expression of this Chamber on the advisability of removal of the Protective Duty on Steel Hoops  $\frac{1}{8}$ "  $\times$  1" and upwards in width.

My Committee have carefully considered the matter and they are of the opinion that in view of the fact that Tatas are contemplating the manufacture of Hoops before long, it would not be desirable to request the Government for removal of the existing duty.

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BENGAL STATE AID TO INDUSTRIES BILL, 1928.

Letter No. C. 12/26 dated 25th July, 1928.

From Chamber to Agriculture and Industries Dept.,  
Govt. of Bengal, Calcutta.

With reference to our telephonic message, I am sending my bearer and shall feel obliged if you will be good enough to supply 10 copies of the State Aid to Industries Bill.

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Letter No. 3787 dated Calcutta, the 25th July, 1928.

From Govt. of Bengal, Agriculture and Industries Dept.,  
to Chamber.

With reference to your letter, dated the 25th July, 1928, I am directed to forward herewith 10 copies of the Bengal State Aid to Industries Bill, 1928.

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A

BILL.

*to provide for the giving of State aid to industries in Bengal.*

WHEREAS it is expedient to make provision for the giving of State aid to industries in Bengal ;

AND WHEREAS the previous sanction of the Governor-General under sub-section (3) of section 80A of the Government of India Act has been obtained to the passing of this Act ;

5 & 6 Geo.  
V, c. 61 : 6  
& 7 Geo. V,  
c. 37 : 9 & 10  
10 Geo. V,  
c. 101.

It is hereby enacted as follows :—

Short title, local extent and commencement. 1. (1) This Act may be called the Bengal State Aid to Industries Act, 1928.

(2) It extends to the whole of Bengal.

(3) It shall come into force on such date as the Local Government may, by notification, direct.

2. In this Act, unless there is anything repugnant in the Definitions. subject or context,—

(1) "Board" means the Board of Industries established under section 3 ;

(2) "Chairman" means the Chairman of the Board ;

(3) "Director" means the Director of Industries, Bengal, and includes any person appointed by the Local Government to discharge the functions of the Director under this Act ;

(4) "industry" means any industrial business or enterprise, including agriculture, undertaken or conducted by any person ;

(5) "machinery" includes plant, apparatus, tools and other appliances required for carrying on any industrial operation or process ;

(6) "notification" means a notification published in the *Calcutta Gazette* ;

(7) "owner" means the person who owns any industrial undertaking, and includes the successors in interest of such person in respect of such undertaking ; and

(8) "prescribed" means prescribed by rules made under this Act.

3. The Local Government shall, as soon as possible after the commencement of this Act, establish a Board to be called "the Board of Industries," for carrying out the purposes of this Act, and consisting of the following members, namely :—

Establishment of a Board of Industries.

(a) the Director, *ex-officio* ;

(b) the Registrar, Co-operative Societies, Bengal, *ex-officio* ;

- (c) five members, not being Government servants, to be appointed by the Local Government ;
- (d) one member, being an employee of the Imperial Bank of India, to be appointed by the Local Government ;
- (e) one member to be elected in the prescribed manner by the Bengal Chamber of Commerce ;
- (f) one member to be elected in the prescribed manner by the Bengal National Chamber of Commerce ;
- (g) one member to be elected in the prescribed manner jointly by the Marwari Association and the Marwari Trades Association ;
- (h) one member to be elected in the prescribed manner by the Calcutta Trades Association.

4. If, by such date as may be fixed by the Local Government, any of the bodies referred to in clauses (e), (f), (g) and (h) of section 3 does not elect the member to be elected by it under the provisions of that section, the Local Government shall appoint a suitable person to be such member, and any person so appointed shall be deemed to be a member as if he had been duly elected by the body failing to elect a member under the said provisions.

Procedure in default of election of members.

[Cf. Ben. Act XII of 1923, s. 2 (3).]

Chairman and Vice-Chairman. 5. (1) The Director shall be Chairman of the Board.

(2) The Board may from time to time elect, for such period, as it thinks fit, one of its members to be Vice-Chairman.

6. The names of the Vice-Chairman and of the appointed and elected members of the Board or, in the case of an *ex-officio* member, the office by virtue of which he is a member shall be published by the Local Government in the *Calcutta Gazette*.

Elections and appointments to be notified in Gazette.

[Cf. Ben. Act XII of 1923, s. 2 (4).]

7. (1) The Vice-Chairman and any other appointed or elected member may resign his office by giving notice in writing to the Chairman ; and, on such resignation being accepted by the Chairman, shall be deemed to have vacated his office.

Term of office.

[Cf. Mad. Act VIII of 1920, s. 9 (1)].

(2) Subject to the provisions of this Act, the appointed or elected members shall hold office for a term of three years and may, on the expiration of such term, be re-appointed or re-elected.

(3) Notwithstanding the expiration of the term of three years mentioned in sub-section (2), an appointed or elected member shall continue to hold office until the vacancy caused by the expiration of the said term has been filled.

[Cf. Mad.  
Act VIII of  
1920, s. 10.]

8. (1) The Local Government may, by notification, remove the Chairman, Vice-Chairman or any member of a Board if he—

Removal of members.

- (a) is absent without leave for more than four months continuously from the jurisdiction of the Board ;
- (b) refuses to act or become incapable of acting as a member of the Board ;
- (c) is declared insolvent ;
- (d) is convicted of any such offence or is subjected by a criminal court to any such order as in the opinion of the Local Government implies a defect of character which unfits him to continue to be a Chairman, Vice-Chairman or member of a Board ; or
- (e) without excuse sufficient in the opinion of the Local Government, is absent without consent of the Board from more than four consecutive meetings of the Board.

(2) The Local Government may fix a period during which any person so removed shall not be eligible for re-appointment or re-election.

[Cf. Ben.  
Act V of  
1919, s. 13.]

9. When the place of an appointed or elected member of a Board becomes vacant by his removal, resignation or death, a new member shall be appointed or elected in the manner provided in section 3, and shall hold office so long as the member whose place he fills would have been entitled to hold office if such vacancy had not occurred :

Provided that no act of the Board, or of its officers, shall be deemed to be invalid by reason only that the number of members

of the Board at the time of the performance of such act was less than the number provided by section 3.

10. The members and staff of the Board shall be entitled to travelling and daily allowance of the prescribed amount for attending meetings of the Board or performing any duty assigned to them by the Board for the purposes of this Act.

11. (1) The Chairman, or, in his absence, the Vice-Chairman, shall preside at every meeting of the Board, and shall have a second or casting vote in all cases of equality of votes. [Cf. Ben. Act III of 1923, s. 62.]

(2) In the absence of both the Chairman and Vice-Chairman, the members present at any meeting may elect one of their number to preside, who shall have a second or casting vote in all cases of equality of votes.

12. No member of a Board shall vote on any question coming before the Board for consideration in which (otherwise than in its general application to all persons and properties within the province) he has a pecuniary interest. [Cf. Mad. Act VIII of 1920, s. 17 (4).]

13. (1) The Chairman with the consent of the Board may authorise the Vice-Chairman by an order in writing to exercise any of the powers conferred or to perform any of the duties imposed on the Chairman by this Act and thereupon the responsibility of the Chairman in respect of such powers and duties shall devolve upon the Vice-Chairman during the continuance of such order.

(2) When the office of the Chairman is vacant, the Vice-Chairman shall exercise the functions of the Chairman until a new Chairman is appointed.

14. (1) The Board may make regulations in regard to the following matters, namely :—

(i) the time and place of its meetings ;

(ii) the manner in which notice of meetings shall be given ;

- (iii) the conduct of proceedings at meetings ;
- (iv) the division of duties among the members of the Board ;
- (v) the appointment, duties and procedure of special committees consisting wholly of members of the Board or partly of such members and partly of other persons ; and
- (vi) generally, the carrying out of the purposes of this Act.

(2) Any regulation made under sub-section (1) which is repugnant to the provisions of any rule made under section 30 shall, to the extent of such repugnancy, but not otherwise, be void.

[Cf. Mad.  
Act VIII of  
1920, s. 23.]

15. (1) If at any time it appears to the Local Government that the Board is not properly performing the duties imposed upon it by or under this Act, the Local Government may, by an order in writing specifying the reasons for so doing, remove all appointed and elected members of such Board and direct that the vacancies shall thereupon be filled by election in the manner provided in section 3 in respect of elected members and by appointment in respect of appointed members or that all the vacancies shall be filled by appointment.

[Cf. Ben.  
Act V of  
1919, s. 57.]

(2) From the date of an order under sub-section (1) until the vacancies are filled, all powers and duties of the Board shall be exercised and performed by such person, in such manner, as the Local Government may direct.

16. It shall be the duty of the Board to receive and, after such inquiry, if any, as it deems necessary or may be required by this Act to report to the Local Government upon applications for State aid.

17. If the Local Government so directs, the Chairman shall forward to the Local Government any document and prepare and submit any report relating to the work of the Board.

Documents and reports to be furnished to the Local Government.

[Cf. Ben.  
Act V of  
1919, s. 36.]

18. (1) With the sanction of the Local Government, the Board may appoint such staff of officers and servants as it may consider necessary to carry out its duties under this Act, and, subject to the pres-

Power of Board to appoint, punish and dismiss its officers and servants.

cribed conditions, may fix the salaries of such staff which shall be paid by the Local Government.

(2) Subject to the prescribed conditions, the Board may punish or dismiss members of its staff.

19. (1) Subject to the provisions of section 20, the Local Government may grant State aid to an industry in all or any of the following forms, namely :—

Forms of State aid.

(a) the grant of a loan to be secured and repaid in the prescribed manner and upon such terms as may be fixed by the order granting it :

Provided that no such loan shall exceed seventy per cent. of the net value of the assets of the industry to which it is granted after deducting all encumbrances thereon existing at the time when an application is made under section 16. Such value shall be ascertained by the Board in the prescribed manner :

Provided also that every such loan shall, unless the Local Government, for reasons to be recorded in writing, otherwise directs, be repayable within not more than twenty years after the date of the advance of the loan or, where the loan is advanced in instalments, after the date of the advance of the last instalment :

Provided also that the Local Government, for reasons to be recorded in writing, may, on the application of the owner of an industry to which such loan has been granted, in exceptional cases, vary the terms fixed by the order granting the loan ;

(b) the guarantee of a cash credit, overdraft, or fixed advance with a bank to be secured and the amount realised thereunder by any industry to be repaid in the prescribed manner ;

(c) the taking of shares and debentures :

Provided that the amount paid by the Local Government for such shares and debentures shall not exceed the



amount already paid by other persons for shares and debentures in the same industry ;

- (d) the guarantee of interest on preference shares or debentures to be secured and the amount realised thereunder by any industry to be repaid in the prescribed manner ;
- (e) the guarantee of a minimum return on the whole or part of the capital of a joint stock company to be secured and the amount realised thereunder by any industry to be repaid in the prescribed manner ;
- (f) the grant on favourable terms of land, raw material, fire-wood, water or any other property of the Local Government ;
- (g) the payment of a subsidy for—
  - (i) the conduct of research ;
  - (ii) the purchase of machinery ; and
- (h) subject to the prescribed conditions, the supply of machinery on the hire-purchase system.

(2) In the case of the grant of any of the forms of State aid specified in clauses (f) and (g) of sub-section (1), the Local Government shall ordinarily, in the order granting such aid, fix a period of years and a rate of interest on the capital invested in the industry so aided, and, if within such period the industry pays a rate of interest or a dividend in excess of the rate so fixed, the value of the aid granted, as ascertained by the prescribed authority in the prescribed manner, shall be paid at the expiration of the said period by the owner of the industry to the Local Government.

(3) In no case shall the total value of all State aid granted to an industry as ascertained by the prescribed persons in the prescribed manner exceed the limit specified in the first proviso to clause (a) of sub-section (1).

Industries which may be aided. **20.** State aid may be given—

- (a) in any of the forms specified in sub-section (1) of section 19 to—

- (i) a new or nascent industry, [Cf. B. & O.  
Act VI of  
1923, s. 5.]
- (ii) an industry to be newly established in an area where such industries are undeveloped, and
- (iii) a cottage industry including industries conducted by groups or organisations of artisans ;
- (b) in the form specified in clause (h) of the said sub-section, to agriculture ; and
- (c) in the forms specified in clauses (b), (g) and (i) of the said sub-section to any industry except agriculture :

Provided that no State aid shall be given to any joint-stock company unless :—

- (a) the company is registered in India with a rupee capital, and
- (b) the prescribed proportion of the members of the Board of Directors of the company are Indians :

Provided further that every recipient of State aid shall make such provision for the training of apprentices as may be prescribed.

Inspection and returns.

**21. The owner of any industry—**

[Cf. B. & O.  
Act VI of  
1923, s. 11.]

- (i) when an application has been made for State aid to such industry ; or
- (ii) during the continuance of State aid to such industry in any of the forms specified in clauses (a), (b), (c), (d) and (e) of sub-section (1) of section 19 shall—
- (a) comply with any general or special order of the Local Government relating to the inspection of the premises, buildings or plant or stock-in-trade, employed, or to be employed, for the purposes of the industry ;
- (b) permit the inspection by the prescribed person of all accounts relating to the industry ;
- (c) submit the accounts relating to the industry to such audit as may be prescribed ;

(d) furnish in the prescribed manner to the prescribed person full returns of all products manufactured and sold both as regards description and quantity ;

(e) maintain such special accounts as may be prescribed ;  
and

(f) furnish such statements as the Local Government may require.

22. (1) During the continuance of State aid to any industry under section 19, the profits of such industry shall, if distributed, be distributed only after interest due on debentures and loans has been paid and a reasonable amount has been set aside for depreciation or obsolescence of plant and buildings and a further reasonable amount has been carried to reserve fund to be utilised in the prescribed manner.

Disposal of profits during continuance of State aid.

(2) No dividend shall be paid to shareholders and no profit shall be taken by the owner in excess of such percentage rate upon the amount of the paid-up capital invested in the industry as the Local Government may fix from time to time, during the continuance of State aid to the industry.

23. All arrears of monies payable to the Local Government under this Act, including any interest chargeable thereon and costs, if any, incurred, shall be recoverable as an arrear of land revenue.

Methods of recovery of money due.

24. If the Local Government decides for reasons to be recorded in writing to terminate aid in respect of an industry on any of the following grounds, namely :—

Power to Local Government to terminate aid on account of fault.

- (i) that any portion of the aid given has been misapplied, or
- (ii) that there has been a breach by the industry of the provisions of this Act or of any rule made thereunder or of any condition of the grant, or,
- (iii) that the application on which the aid has been granted contained, or was accompanied by, any material

statement by the owner which he knew to be false, or any intentional concealment by him of any material fact, which in the opinion of the Local Government it was his duty to disclose, or that any such false statement or concealment was intentionally made in any inquiry made under this Act by or, with the connivance of, the owner or in any return under this Act, or, in reply to any requisition for information under this Act, or

- (iv) that the industry is being managed in such a manner as to endanger the repayment of the value of State aid granted thereto repayable under this Act,

the Local Government may make an order that the aid be terminated and, notwithstanding anything contained elsewhere in this Act or in any other law, may proceed to recover from the owner as an arrear of land revenue—

(a) the whole amount of any loan outstanding together with such interest as may be due thereon, or

(b) in cases where the aid is given otherwise than by loan, the money value of the grant as fixed at the time when it was made, together with interest at a rate not exceeding twelve and a half per cent. from the date of the grant till the date of realisation, and

(c) in the cases mentioned in clause (a) or (b) the cost of recovery, and, if the Local Government so directs, the cost of any inquiry made in connection therewith,

and such order shall be final.

**25.** The Local Government may charge in respect of applications, inquiries, inspections and audit by whomsoever made under this Act, such fees, if any, as may be prescribed.

Fees.

Arrears of such fees shall be recoverable from the owner as a public demand.

**26.** During the continuance of State aid to an industry in any of the forms specified in clauses (a), (b), (d) and (e) of sub-section (1) of section 19 the Local Government may, by appointing directors or inspectors,

Supervision of assisted industry.

or otherwise, take such steps as it deems advisable so to control the conduct of the industry as to safeguard the interests of the Local Government therein.

27. All sums payable under this Act shall, unless otherwise provided therein, be recoverable as if they were public demands.

Recovery of sums due.

28. Every person who acts on behalf of the Local Government or the Board under this Act (including every person who conducts an inquiry under this Act) shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code, and no suit, prosecution or other legal proceeding shall lie against any such or any other person for anything which is in good faith done or intended to be done under this Act.

Powers and protection of persons acting under this Act.

Act XLV  
of 1860.

[Cf. B. & O.  
Act VI of  
1923 s. 31.]

29. The decision of the Local Government as to whether the conditions laid down by or under any of the provisions of this Act have been satisfied shall be final.

Finality of decision of Local Government.

30. (1) The Local Government may, by notification, make rules for carrying out the purposes of this Act ;

Power to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

- (a) the manner of election of the members of the Board referred to in clauses (e), (f), (g) and (h) of section 3 ;
- (b) the amount of travelling and daily allowance referred to in section 10 ;
- (c) the conditions of fixation of the salaries referred to in sub-section (1) of section 18 ;
- (d) the condition of punishment and dismissal referred to in sub-section (2) of section 18 ;
- (e) the manner of securing and repaying the loans referred to in clause (a) of sub-section (1) of section 19 ;

- (f) the manner of ascertaining the value of the assets referred to in clause (a) of sub-section (1) of section 19 ;
- (g) the manner of securing and repaying the amounts referred to in clauses (b), (d) and (e) of sub-section (1) of section 19 ;
- (h) the conditions of the supply of machinery on the hire-purchase system under clause (h) of sub-section (1) of section 19 ;
- (i) the authority by which and the manner in which the values referred to in sub-sections (2) and (3) of section 19 shall be ascertained ;
- (j) the proportion of members referred to in clause (b) of the first proviso to section 20 ;
- (k) the provision for training referred to in the second proviso to section 20 ;
- (l) the person referred to in clause (b) of section 21 ;
- (m) the audit referred to in clause (c) of section 21 ;
- (n) the person to whom and the manner in which the returns referred to in clause (d) of section 21 shall be furnished ;
- (o) the accounts referred to in clause (e) of section 21 ;
- (p) the manner of utilising the amount carried to reserve fund under sub-section (1) of section 22 ;
- (q) the fees referred to in section 25 ; and
- (r) generally, to regulate the conduct of its duties, the management of its proceedings, and the preparation and submission to the Local Government of the minutes thereof by the Board.

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**Statement of objects and Reasons.**

The object of the Bill is to obtain statutory power to enable State aid to be given mainly for the purpose of encouraging cottage industries and industries on a small scale, in the shape of loans,

guarantees, the provision of a hire-purchase system, etc. It is proposed to set up a Board of Industries to advise Government on applications for such aid.

The Bill is modelled on the Madras State Aid to Industries Act, 1923, and the Bihar and Orissa State Aid to Industries Act, 1923.

P. C. MITTER,  
*Member-in-charge.*

DARJEELING :  
*The 8th June, 1928.*

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### Notes on Clauses.

*Clauses 3 to 31* deal with the constitution and method of business of the Board.

*Clause 14.*—This clause authorises the Board to make regulations in regard to the carrying on of the work of the Board.

*Sub-clause (2)* provides that if any such regulation is inconsistent with the rules made by Government under clause 30, it shall be void.

*Clause 15* gives the government power to supersede the Board if it does not perform its duties properly and to appoint a person to exercise all the functions of the Board until it is reconstituted.

*Clause 16* provides that the Board must report to the Local Government, after inquiry, upon applications received for State aid.

*Clause 19.*—This clause specifies the various forms in which State aid to industries may be given and the limits of the value of such aid.

*Clause 20* enumerates the industries to which State aid may be given, and the provisos prescribe the conditions which must be fulfilled before such aid can be claimed.

*Clause 21* specifies the conditions subject to which applications for State aid shall be considered or the aid continued.

*Clause 22* provides that during the continuance of State aid, an industry shall dispose of profits in the manner laid down in this clause.

*Clause 23* gives power to the Local Government to recover all arrears of monies due to it as an arrear of land revenue.

*Clause 24* enumerates the grounds on which the Local Government can terminate State aid to an industry.

*Clause 25* authorises the Government to charge fees in respect of applications, inquiries etc.

*Clause 26* enables the Government to appoint directors or inspectors to control the conduct of an industry receiving State aid when necessary.

*Clause 27* is a general provision for the recovery of all sums payable under the proposed Act as public demands.

*Clause 28* is the usual indemnity provision and also gives every person acting under the Act the rights of a public servant in order to give him the necessary protection.

*Clause 29* makes the decision of the Local Government final in regard to the fulfilment of conditions laid down under the proposed Act.

*Clause 30* authorises the Local Government to make rules for carrying out the purposes of the Act.

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No. C.12/27. Dated 30th July, 1928.

From Chamber to The Hon'ble Minister-in-charge,  
Department of Agriculture & Industries,  
Government of Bengal, Calcutta.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the State-Aid to Industries Bill, 1928, to be introduced in the next session of the Bengal Legislative Council.

Before entering a detailed criticism of the Bill here, my Committee desires to invite your attention to Clause 3 of the Bill regarding the constitution of the Board of Industries for carrying out the purposes of this Act. They are surprised to find that the name



of the Indian Chamber of Commerce, Calcutta, representing, as it does, all sections of the Indian mercantile community actively engaged in trade, commerce and industry, is omitted in the list of bodies entitled to elect members to serve on the Board of Industries. You are no doubt aware that this Chamber was started in the year 1925 and that its representative character was recognised by the Government of Bengal in the year 1926, by selecting it as one of the bodies representing the interest of the Indian mercantile community to return a Commissioner to the Calcutta Port Trust. Since then, the Government of India have also granted recognition to this Chamber by giving it representation on the commercial panel of the Railway Rates Advisory Committee. Early this year, the Government of Bengal also called upon this body to nominate 3 members to the Bengal Conciliation Panel. The Chamber is also represented on the Bengal Nagpur Railway and the Bengal Pilot Service Advisory Committees.

One of the most relevant considerations in judging the representative character of a body is the extent to which its members are interested in the industry and the export and import trade passing through the Port of Calcutta. I may also point out here that this Chamber has, on its roll of members, a Shipping Company, the leading Indian shippers of jute, hessian and gunny, rice and country produce and also importers of piece-goods, hardware and other merchandise-industries like the Cotton Mills, Jute Mills, Iron & Steel Manufactures, Chemical & Pharmaceutical Works, Match Manufactures, Aluminium Works, Paints and Varnish Works, etc. My Committee have no hesitation in asserting that the Indian Chamber represents a volume of export and import trade passing through the Port of Calcutta which can, on a very modest calculation, be put at several Crores of Rupees annually, and that the interests represented by this Chamber can be stated to be in aggregate not less than those of the Indian commercial bodies of the city put together. Another important feature of the representative character of this Chamber is that it can claim on its roll not less than 16 Mohammadan members, all of whom represent big industrial or commercial firms. A cursory examination of the list of members would also reveal the fact that other communities such as Parsees, Marwaris, Gujaratis are also influentially and largely represented.

This Chamber's representative character, quite apart from its ordinary membership which is large, is apparent from the list of

mercantile Associations which are either affiliated to it or working in collaboration with it. During the short period of its existence, the following Associations have attached themselves to the Chamber :—

- |   |           |
|---|-----------|
| 1. The East India Jute Association,             | Calcutta. |
| 2. The Indian Steel Agents' Association,        | „         |
| 3. The Gunny Trades Association,                | „         |
| 4. The Calcutta Rice Merchants Association,     | „         |
| 5. The Bengal Jute Dealers' Association,        | „         |
| 6. The Calcutta Kirana Association,             | „         |
| 7. The Indian Produce Association,              | „         |
| 8. The Iron Merchants' Association,             | „         |
| 9. The Exchange & Bullion Brokers' Association, | „         |

You must be doubtless aware that it was this Chamber that drew the attention of His Excellency the Governor of Bengal, on the 13th July, 1927, on the occasion of the presentation of the welcome address to His Excellency, to the desirability of the immediate introduction of a State-Aid to Industries Bill. It was also then that His Excellency replied stating that a State-Aid to Industries Bill was being drafted and would probably be introduced in the Council early in 1928.

The promoters of the Indian Chamber have long realised the disorganised state of things prevailing in the matter of representation of the Indian commercial interests and in bringing the new body into existence, they set before them, from the very beginning, the ideal of making it a primary organisation in this province embracing every section and thoroughly representative of Indian trade and industry. It is the submission of my Chamber that by the work that it has put in during the time that it has been in existence, it has fully established its claim to the confidence of the Indian commercial community and, so far as usefulness goes, has outdistanced other commercial bodies. The Indian Chamber has also been honoured with interviews granted to it by high officials of the Government of India when on a visit to this City. The Indian Chamber may be younger in years than the organisations which enjoy legislative recognition, but its representative character based on a thoroughly national and influential membership, its

goahead policy in the discharge of its functions, and its record of services to the interests it stands for—all these go to make it the primary commercial organisation which ought to be recognised as such by the Government unfettered by considerations of the past which have been rendered obsolete by time.

I may also mention that ever since this Chamber was established in 1925, it has been granted representation on all new bodies that have come into existence concerning trade, commerce and industry and also on other bodies like the Calcutta Port Trust and the Railway Rates Advisory Committee at the time of a revision in their constitution.

From the facts set forth in the course of the letter, it would be manifest that this Chamber has an indisputable claim to representation on the proposed Board of Industries and I am to express a hope that you will be pleased to make the necessary alteration in Clause 3 of the Bill to include a representative of the Indian Chamber of Commerce, Calcutta, on the Board of Industries.

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Letter No. 2146-2216L, dated 22nd August, 1928.

From the Secretary to the Government of Bengal,  
Legislative Department, Calcutta,  
to the Chamber.

I am directed to forward herewith 3 copies of the Bengal State Aid to Industries Bill, 1928\* with Statement of Objects and Reasons and to request that you will be so good as to favour Government with an expression of opinion of your Chamber on the provisions of the Bill.

2. I am to request that the reply may be sent so as to reach this Office on or before the 30th November, 1928.

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No. C.12/27. Dated the 28th November, 1928.

From Chamber to the Government of Bengal,  
Legislative Department, Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the State-Aid to Industries Bill,

1928, recently introduced in the Legislative Council and to forward to you hereby their opinion on the same.

My Committte, after carefully considering the provisions of the Bill, have come to the conclusion that the State-Aid to Industries Bill, 1928, as now framed, is very restricted in its scope and halting in its conception, and as such, it does not seem to be capable of promoting even the narrowly conceived objects set forth in the Bill, viz., of encouraging the cottage industries and industries on a small scale in Bengal. My Committee have noted that the present Bill has been framed on the Model of the Madras State-Aid to Industries Act, 1923, and the Bihar and Orissa State-Aid to Industries Act, 1923. They are constrained to observe that the experience in regard to the working of these Acts shows that only a small amount of money has been spent annually for carrying out the purposes of those Acts. In so far as the monetary aid for the development of industries is concerned, my Committee are of the considered opinion that either from the very start or within a reasonable period of time, there should be an accumulated fund of a sufficiently large size from which any substantial help could be given for the encouragement of industries. This opinion of theirs is irrespective of the question as to whether the final authority to grant loans etc. is vested in the Local Government or the Board of Industries. In order to make available a fund of an adequate size, my Committee would suggest that either from the Revenue Account or from the Loan Fund of the Government of Bengal, there should be set apart every year a minimum amount which should be utilised for the purposes of this Bill. It should also be laid down that the capital of this minimum amount should not lapse to the general revenue of the Government at any time. Interest earned on that amount may, if considered necessary, be treated as revenue earned by the Government and may go to swell the revenue of the Government, but the capital amount should be left untouched and should be vested in a special fund either with the Government, earmarked for the purpose of development of industries, or should be vested in the Board of Industries, after eliciting the legal and administrative opinion. By way of illustration, I am to point out that if in every Annual Budget, 5 lacs of rupees are allotted for the purpose of the development of industries, and an amount smaller than that amount is disbursed in the shape of loans etc., the balance of the amount thus left, together with any amount recovered back on account of

the loans previously granted, should continue on account of the Special Fund. By this method, at the end of a period of 10 years, there would be, in the Special Fund, a sum of about 50 lacs of rupees, available to the Board of Industries for helping the development of Industries. It is only when a fund of a sufficiently big size has been thus built up, that real assistance can be given for the encouragement of industries. It is a patent fact that in the world of to-day, modern and up-to-date industries cannot be properly developed if concerns requiring Rs. 10 lacs or over are excluded from receiving State-Aid. Cottage industries and other industries on a small scale are more frequently supplemental to big industries than independent industries by themselves. If big concerns of the character referred to above are to be helped, as they should be, it is obvious that the object can only be achieved by having a fund of a sufficiently big size, at the disposal of the Board, for disbursement as necessary. Unless this is done, my Committee are afraid that the working of the Bill in this province will show as poor results as similar bills have done in the other provinces. In this connection, my Committee are not unaware of the specious plea sometimes put forward from some quarters that there are banks to help the big industries and that State-Aid is not necessary for them. I am, however, to point out that, while the Imperial and other Joint-Stock Banks do occasionally help some industries on their satisfying certain conditions, they are chiefly those that have got connections with the town of Calcutta and over the affairs of which, the Banks can easily keep an eye, owing to their vicinity. It is a very common experience that the industries in the interior do not easily get adequate assistance from the Banks. It is, therefore, essential that the Board of Industry should have adequate funds and should be delegated with wide powers.

My Committee do not view with favour the proposed constitution of the Board of Industries. They are of the opinion that the Board of Industries should include a larger element of non-officials than has been provided in the present Bill, and should also provide for representation of the Indian Chamber of Commerce, Calcutta, as suggested in my letter No. C. 12/27, dated the 30th July, 1928, addressed to the Minister-in-Charge, Department of Agriculture and Industries, Bengal. Provision ought also to be made for the representation of the Bengal Legislative Council in the Board of Industries.

My Committee are further of the opinion that the powers of the Board of Industries should be considerably enlarged and their duties and responsibilities largely increased in order to ensure a proper administration of the grant of loans etc., for the development of industries. In fact, it would be desirable that the Board of Industries should be constituted as a body corporate with powers to hold and disburse monies allotted to it by the Government and that the funds for the development of industries should be vested in the Board of Industries as in the case of the Calcutta Corporation, Improvement Trust, Calcutta Port Trust, etc.

My Committee would suggest that section 3 of the Bill re: the establishment of the Board of Industries should be amended as follows:—

“The Local Government shall, as soon as possible after the commencement of this Act, establish a Board called ‘The Board of Industries’ for carrying out the purposes of this Act under the powers delegated to it by the Local Government as set out in Section 16 and such Board shall be a body corporate with powers to hold and disburse monies allotted to it by the Local Government.”

The Board shall consist of the following members:—

- |  |                      |
|--|----------------------|
| (1) Director of Industries, Bengal   | } <i>Ex-officio.</i> |
| (2) Registrar of Co-operative Societies, Bengal  |                      |
| (3) One member to be appointed by the Local Government to represent Banking interests.             |                      |
| (4) One member to be elected in the prescribed manner by the Bengal Chamber of Commerce.           |                      |
| (5) One member to be elected in the prescribed manner by the Bengal National Chamber of Commerce.  |                      |
| (6) One member to be elected in the prescribed manner by the Indian Chamber of Commerce, Calcutta. |                      |
| (7) Three Non-official members to be elected by the Bengal Legislative Council.                    |                      |
| (8) }  |                      |
| (9) }  |                      |
| (10) } Three Non-official members to be nominated by the   |                      |
| (11) } Government of Bengal.   |                      |
| (12) }   |                      |

- (13) } Two Non-official members to be elected by the Board of  
(14) } Industries constituted under the Act to represent  
industrial and district interests.

Section 5 of the Bill should be amended to the effect that the Chairman of the Board shall be nominated by the Local Government from among the members of the Board.

Section 16 of the Bill should be deleted and the following subsection substituted in its place :—

(a) The Local Government may, with regard to industries generally or any particular class of industries, and subject to such conditions or restrictions as it may think further to impose, delegate to the Board of Industries its power to give State-Aid under the provisions of this Act and place the funds for this purpose at the disposal of the Board of Industries.

(b) All funds allotted or grants made to the Board shall be vested in the Board of Industries and shall be permitted to accumulate from year to year and shall not lapse at any time, and the local Government may charge interest thereon or on such portion thereof and at such rate as may be determined by the Local Government with the concurrence of the Board.

Section 17 should be amended to read as follows :—

“The Chairman shall from time to time forward to the Local Government the proceedings of the Board and shall annually submit a report relating to the work of the Board.”

My Committee would suggest that necessary changes should be made in the draft of the Bill for substituting the words “Local Government” by the “Board of Industries” wherever necessary, consequent on the amendment of Section 16 of the Bill for delegation of powers to the Board of Industries to give State-Aid.

My Committee would reiterate their opinion that if the State-Aid for the development of industries so ardently desired by the people of Bengal is to bear fruit, the machinery, requirements and provisions

of the Bill should be made so simple that they would not act as a deterrent to the industrial public, for whose benefit the Bill is intended, in seeking Government aid, and the Board of Industries should be given the full status of a corporate body with powers to carry out all the executive functions suggested for being embodied in the present bill, without any unnecessary interference from the Local Government in any form.

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CERTIFICATES OF ORIGIN—RECOGNITION OF THIS  
CHAMBER FOR THE ISSUE OF.—

Letter No. 205-C, dated the 21st February, 1928.

From—The Asst. Secretary to the Government of India,  
Commerce Department, New Delhi.

To—The Secretary to the Government of Bengal, Commerce  
Department.

*Designation of organizations in India for the purpose of delivering certificates of origin in accordance with the terms of the international convention relating to the Simplification of Customs Formalities.*

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I am directed to forward a copy of the papers specified in the margin on the above subject. I am

1. Article 11 of the International Convention relating to the Simplification of Customs Formalities, 1923.

2. Extract paragraph 1(d) of a letter from the Secretary General to the League of Nations to the India Office, No. 50/44599/41418 dated the 20th June, 1925.

3. Extract paragraph 5 of a letter from the Central Board of Revenue to the Secretary General to the League of Nations No. 43-Cus/25, dated the 6th August, 1926.

4. List of organisations referred to in (3) above.

to say that the list of organizations referred to in paragraph 5 of the Central Board of Revenue's letter to the Secretary General to the League of Nations dated the 6th August, 1926, has so far been approved by the Governments of Switzerland, Denmark and Rumania, and to request that the Chambers of Commerce etc., concerned may be informed accordingly. A further communication will be made to you on receipt of replies from the other States concerned.



No. 205-C.—Copy forwarded to other Local Governments and Administrations, the Director General of Commercial Intelligence and Statistics and the Indian Trade Commissioner, London.

Copy also forwarded to the Central Board of Revenue for information, and with the request that the India Office may be informed accordingly.

*Article II of the International Convention relating to the simplification of Customs Formalities, 1923.*

The Contracting States shall reduce as far as possible the number of cases in which certificates of origin are required.

In accordance with this principle, and subject to the understanding that the Customs Administrations will retain fully the right of verifying the real origin of goods and consequently also the power to demand, in spite of the production of certificates, any other proof they may deem necessary, the Contracting States agree to comply with the following provisions.

1. The Contracting States shall take steps to render, as simple and equitable as possible, the procedure and formalities connected with the issue and acceptance of certificates of origin, and they shall bring to the notice of the public the cases in which such certificates are required and the conditions on which they are issued.

2. Certificates of origin may be issued not only by the official authorities of the Contracting States but also by any other organizations which possess the necessary authority and offer the necessary guarantees and are previously approved for this purpose by each of the States concerned. Each Contracting State shall communicate as soon as possible to the Secretariat of the League of Nations a list or organizations which it has designated for the purpose of delivering certificates of origin. Each State retains the right of withdrawing its approval from any organisation which has been so notified to it, if it is shown that such organisation has issued certificates in an improper manner.

3. In cases where goods are not imported direct from the country of origin, but are forwarded through the territory of a third contracting country, the Customs Administrations shall accept the certificates of origin drawn up by the approved organisations of the third contracting country, retaining, however, the right to

satisfy themselves that such certificates are in order in the same manner as in the case of certificates issued by the country of origin.

4. The Customs Administrations shall not require the production of a certificate of origin.

(a) In cases where the person concerned renounces all claim to the benefit of a regime which depends for application upon the production of such a certificate.

(b) When the nature of the goods clearly establishes their origin, and an agreement on this subject has been previously concluded between the States concerned.

(c) When the goods are accompanied by a certificate to the effect that they are entitled to a regional appellation, provided that this certificate has been issued by an organization designated for this purpose, and approved by the importing State.

5. If the law of their respective countries permits, and subject to reciprocity, Customs Administrations shall :

(a) Except in cases where abuse is suspected, dispense with proof of origin in regard to imports which are manifestly not of a commercial nature, or which, although of a commercial nature, are of small value ;

(b) Accept certificates of origin issued in respect of goods which are not exported immediately, provided that such goods are despatched within a period of either one month or two months according as the exporting country and the country of destination are or are not continuous ; this period may be extended, provided that the reasons given for the delay in completing the transport of the goods appear satisfactory.

6. When, for any sufficient reason, the importer is unable to produce a certificate of origin when he imports his goods, the Customs Authorities may grant him the period of grace necessary for the production of this document, subject to such conditions as they may judge necessary to guarantee the charges which may eventually be payable. Upon the certificate being subsequently produced, the charges which may have been paid or the amount paid in excess, shall be refunded at the earliest possible moment

In applying the above provision, such conditions as may result from the exhaustion of the quantities which may be imported under a rationing system, shall be taken into account.

7. Certificates may be in either the language of the importing country or the language of the exporting country, the Customs Authorities of the importing country retaining the right to demand a translation in case of doubt as to the effect of the document.

8. Certificates of Origin shall not in principle require a consular visa, particularly when they originate from the Customs Administrations. If, in exceptional cases, a consular visa is required, the persons concerned may at their discretion submit their certificates of origin either to the Consul of their district or to the Consul of a neighbouring district for a visa. The cost of the visa must be as low as possible, and must not exceed the cost of issue, especially in the case of consignments of small value.

9. The provisions of the present Article shall apply to all documents used as certificates of origin.

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Extract para. 1(d) of a letter.

No. 50/44599/41418, dated the 20th June, 1925.

From the Secretary General to the League of Nations to the India Office.

(d) Paragraph 2 of Article 11 provides that "Each Contracting State shall communicate as soon as possible to the Secretariat of the League of Nations a list of organizations which it has designated for the purposes of delivering certificates of origin."

The above provision is applicable, in virtue of paragraph 9 of the same article, "to all documents used as certificates of origin." Thus the communication to be forwarded to the Secretariat of the League under paragraph 2 of the same Article should also include a list of organizations designated for the purpose of delivering certificates to the effect that goods are entitled to a regional appellation, these being the organisations referred to in Article 11, paragraph 4(c).

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No. 43-Cos/25, dated the 6th August 1926.

From the Central Board of Revenue to the Secretary General to the League of Nations.

Extract para. 5.

5. With regard to paragraph 1(d) of your letter, I am to say that the list referred to above should be regarded as the list of organizations competent to deliver certificates of origin. I am to request that this list may be communicated to each of the Contracting States with a view to obtaining their approval to it under Article II, Clause 2 and Clause 4(c) of the Convention.

**List of Chambers of Commerce in India and Burma.**

1. Bengal Chamber of Commerce, Royal Exchange, 2, Clive Street, Calcutta.
2. Bengal National Chamber of Commerce, 7, Swallow Lane or 233, Old China Bazar Street, Calcutta.
3. Marwari Chamber of Commerce, 203/1, Harrison Road, Calcutta.
4. Chittagong Chamber of Commerce, Chittagong
5. Bombay Chamber of Commerce, Graham's Buildings, Parsi Bazar Street, Fort, Bombay.
6. Indian Merchants' Chamber, Canada Building, 3, Home Street, Fort, Bombay.
7. Madras Chamber of Commerce, Madras.
8. The Southern India Chamber of Commerce, Indian Chamber Buildings, North Beach, Madras.
9. The Southern India Skin and Hide Merchants' Association, 33, Errabaloo Chetty Street, Madras.
10. Tuticorin Chamber of Commerce, Tuticorin, Madras Presidency.
11. Cocanada Chamber of Commerce, Cocanada, Godavari, Madras Presidency.

12. Godavari Chamber of Commerce, Cocanada, Madras Presidency.
13. Cochin Chamber of Commerce, Cochin, Madras Presidency.
14. Calicut Chamber of Commerce, Calicut, Madras Presidency.
15. Coimbatore Chamber of Commerce, Coimbatore, Madras Presidency.
16. Tellicherry Chamber of Commerce, Tellicherry, Madras Presidency.
17. South Coromandal Chamber of Commerce, Cuddalore, Madras Presidency.
18. Karachi Chamber of Commerce, Karachi.
19. Upper India Chamber of Commerce, Cawnpore
20. Punjab Chamber of Commerce, Delhi.
21. Northern India Chamber of Commerce, Lahore.
22. United Provinces Chamber of Commerce, Cawnpore.
23. The Burma Chamber of Commerce, Munnee's Buildings, Shafraz Road, Rangoon.
24. Burmese Chamber of Commerce, 3, York Road, Rangoon.

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No. C.-13/28, dated the 21st March, 1928.

From Chamber to the Government of India, Commerce Department,  
New Delhi.

With reference to your letter No. 205-C, dated New Delhi, the 21st February, 1928 addressed to the Government of Bengal, Commerce Department, a copy of which has been forwarded to this Chamber for information, I am directed to invite your attention to the fact that, in the list of organisations in India competent to deliver certificates of origin in accordance with the terms of the International Convention relating to the simplification of Customs Formalities, communicated by the Central Board of Revenue to the Secretary-General to the League of Nations in their letter No. 43-Cus/25, dated the 6th August, 1926, the name of the Indian Chamber of Commerce, Calcutta, does not appear. Such an omission, my Committee, presume, must be doubtless due to the fact that this Chamber came into existence only in November 1925.

I am now directed by my Committee to request the Central Board of Revenue through you to be pleased to communicate the name of the Indian Chamber of Commerce, Calcutta, to the Secretary-General to the League of Nations, as an organisation in India competent to deliver Certificates of Origin.

An early compliance in the matter will be very much appreciated.

Copy forwarded to the Secretary, Central Board of Revenue, New Delhi, for information and necessary action.

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No. C.-13/28, dated the 11th May, 1928.

From Chamber to the Government of India, Commerce Department,  
Simla.

Subject: Power for issuing Certificates of Origin to authorised  
Institutions.

I am directed to remind you of this office letter No. C.-13/28, dated the 21st March, 1928, drawing your attention to the omission of the name of this Chamber in the list of organisations in India competent to deliver Certificates of Origin, communicated by the Central Board of Revenue to the Secretary-General to the League of Nations, and shall thank you to let me know whether you have taken the necessary steps to communicate the name of this Chamber to the Secretary-General to the League of Nations.

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Letter No. 205-C, dated the 10th July, 1928.

From the Asst. Secretary to the Government of India, Commerce  
Department, Simla, to Chamber.

With reference to your letter No. C.-13/28, dated the 11th May, 1928, I am directed to say that the name of your Chamber has been included in the list of organizations competent to deliver certificates of origin and the Secretary-General to the League of Nations has

been informed accordingly with a view to his obtaining the approval of importing states.

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Letter No. C. 13/28, dated 30th July, 1928.

From Chamber to the various foreign Consuls in Calcutta.

I am directed to invite your attention to the accompanying letter No. 205-C dated, Simla, the 10th July, 1928 from the Government of India, Commerce Department, intimating that the name of the Indian Chamber of Commerce, Calcutta, has been included in the list of organizations competent to deliver certificates of origin.

Accordingly my Chamber will start issuing certificates of origin, and I am to request you to be good enough to legalise them when they are presented to you for legalisation.

Your early reply will be appreciated.\*

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## APPENDIX V.

### FINANCE.

#### INFLATION OF CURRENCY.

No. F.4/26. Dated the 14th January 1928.

From Chamber to the Government of India,  
Finance Department, New Delhi.

"In the Statement of remittances to the Home Treasury to 31st December last, my Committee notice a remark in the foot note that £1½ million had been remitted on account of the Paper Currency Department. My Committee will be much obliged if you

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\* The Consul for Gautamala (Letter dated 31st July, 1928), The Consul-General for France (Letter dated 24th September, 1928) and The Consul-General for Germany (Letter dated 26th October, 1928) have signified their assent to legalise certificates of origin issued by this Chamber.

will be good enough to let them know under what section of the Currency Act, 1927, such purchase has been made. It will not be disputed that this country being now on a Gold Standard, nothing should be done to interfere with the free inflow of Gold into the Reserves, and my Committee feel that such purchase of sterling must stand in the way of Exchange reaching the upper Gold Point at which Gold would automatically flow into the country under the operation of the Currency Act, 1927. This point seems to be very close to the present level of Exchange, because on account of the reduction of the price of Gold in South Africa to  $84/7\frac{1}{2}$ , Gold could not flow into India to be tendered to the Currency Department even at the level of  $1/6\frac{1}{4}$ . In other words this is today our upper Gold Point, and it needs only a rise of a further  $1/16$ th in Exchange to make it effective and bring Gold into the Reserves. Any purchases of Sterling by Government on account of the Currency Department are bound to divert the flow of Gold into our Reserves and would be detrimental to the best interests of this country if it really wishes to be on the Gold Standard. My Committee will be glad to have some light thrown on the position. They would also like to know why such sterling was considered as a purchase on account of the Currency Department when the amount budgetted for remittance to the Secretary of State during the current financial year has not yet been completed.

An early reply will be much esteemed.

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No. F.-4/26, dated the 17th January, 1928.

From Chamber to the Government of India,  
Finance Department, New Delhi.

I am directed by the Committee of the Indian Chamber of Commerce to address you on the subject of the recent currency inflation of 1 crore of Rupees.

From the Statement of the Currency Department for the week ending 7th January, 1928, my Committee find that one crore of further currency has been issued against 'ad hoc' securities. My Committee submit that this is the most undesirable form of currency inflation possible and they beg to record their strongest possible protest against it. In their letter No. F. 4/16 dated the 14th January, my Committee had already protested against the issue



of currency against deposit of sterling securities but that operation had at least the saving grace of being against quasi-gold securities if not against actual Gold. The issue of currency against "ad hoc" rupee securities is bare-faced inflation of the printing press kind, and my Committee are of opinion that it should not be permitted under any circumstances. They do not overlook the fact that many such issues of currency against ad hoc securities were made between 1920 and 1927 but they were due to the absence of an established ratio and Government had at least the excuse that as, in the absence of such Ratio, no expansion could come automatically except at 2 sh., they had to do the best they could to provide the currency that was absolutely needed. Today they have no such excuse. The Currency Act 1927 is on the Statute Book, and provides the necessary machinery for automatic expansion of currency to meet the requirements of trade. Under these circumstances, any issue against sterling securities was quite unjustified, and my Committee have already recorded their protest against the same. They, however, have to protest even more strongly against the present printing-press kind of inflation, and will be glad to learn why Government thought it necessary. Exchange is already at 1-6  $\frac{3}{32}$ . and there are indications that with a further rise of merely  $\frac{1}{32}$ nd Gold will flow into the Currency chest, and permit of automatic expansion of currency. There is, therefore, not even the excuse that unless something of the kind was done, a disaster would ensue. Government not only complacently looked on, but actively worked for the rise of full two pennies in exchange, and there is no reason why they should interfere to prevent a further rise of only  $\frac{1}{32}$ nds of a penny, and my Committee are therefore compelled to come to the conclusion that this like the last operation is intended to prevent exchange touching the upper Gold Point and thus drawing Gold to the Currency Reserves. If this is the case, my Committee submit that it is not a policy conceived in the best interests of this country.

This unnatural expansion of currency—not against Gold or Quasi-gold assets but against ad hoc securities—is proof positive of the fact that there was uncalled-for deflation of currency in the last twelve months, deflation to an extent that already necessitates expansion by such questionable methods. My Committee have already recorded their protests against such deflations in the past and do not wish to repeat what they had said, but think it their duty to

urge once more that Government should desist from further expansions and contractions of currency at the sweet will of the Finance Department and allow the Currency Act, 1927, to operate freely and lead to automatic expansion of Currency.

My Committee will feel thankful for an early explanation on the subject from you.

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No. D.-402-F, dated New Delhi, the 24th January, 1928.

From the Government of India, Finance Department to  
Chamber.

SUBJECT. CURRENCY POLICY OF GOVERNMENT.

I am directed to acknowledge the receipt of your letters No. F-4/26, dated the 14th January, 1928, and the 17th January, 1928, on the above subject and to say that the policy and the practice of the Government of India in the matters referred to have more than once been publicly explained, and the Government of India see nothing in their recent action in expanding the currency, which calls for further special explanation. They believe that the commercial community in India generally is fully satisfied with what has been and is being done to provide for the legitimate currency requirements of the country during the present busy season.

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THE GOLD STANDARD AND RESERVE BANK OF  
INDIA BILL, 1928.

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48. Auditors.  
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THE SCHEDULES.

*A Bill to establish a gold standard currency for British India and constitute a Reserve Bank of India.*

WHEREAS it is expedient to provide for the establishment of a gold standard currency for British India ; to constitute a Reserve Bank of India to control the working of that standard and regulate the issue of bank notes and the keeping of reserves with a view to securing stability in the monetary system of British India ; and generally to make provisions for matters incidental thereto ; It is hereby enacted as follows :—

CHAPTER I.

PRELIMINARY.

Short title, extent, commencement and duration.      1. (1) This Act may be called the Gold Standard and Reserve Bank of India Act, 1928.

(2) It extends to the whole of British India, including British Baluchistan and the Southal Parganas.

(3) This section shall come into force at once, and the remaining provisions of this Act shall come into force on such date or dates, not later than the 1st day of July, 1929, as the Governor General in Council may, by notification in the Gazette of India, appoint :

Provided that the Governor in Council may, by notification in the Gazette of India stating his reasons for such action, substitute for the year 1929 in this section the year 1930 ; and may, by like notifications, make two further successive substitutions of the years 1931 and 1932.

(4) Chapter III shall be in force for a period of twenty-five years and its operation may thereafter be extended for such further period or periods as the Governor General in Council may, by notification in the Gazette of India, direct.

Definitions.      2. In this Act, unless there is anything repugnant in the subject or context,—

- (a) "the Bank" means the Reserve Bank of India constituted by this Act ;
- (b) "the Banking Department" means and includes all departments of the Bank other than the Issue Department ;
- (c) "bank rate" means the rate published by the Bank under section 47 ;
- (d) "bank note" means paper money issued by the Bank ;
- (e) "the Board" means the Board of Directors constituted in accordance with section 9 ;

- (f) "general meeting" means a meeting of the registered shareholders of the Bank ;
- (g) "gold standard country" means any country, other than British India, from which any person is at liberty to export gold and in which any person may obtain gold on demand from the principal currency authority on payment of the equivalent thereof, as prescribed by law, in legal tender currency ;
- (h) "Issue Department" means that department of the Bank which is charged by section 23 with the conduct and management of the note issue ;
- (i) "provincial co-operative bank" means any society which is registered or deemed to be registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies and the sole business and object of which is the financing of the other societies in a province which are or are deemed to be so registered ; II of 1912.
- (j) "the Reserve" means the assets of the Issue Department as specified in section 31 ;
- (k) "the Reserve Fund" means the Reserve Fund referred to in section 46 ;
- (l) "rupce coin" means silver rupces which are legal tender under the provisions of the Indian Coinage Act, 1906 ; and III of 1906.
- (m) "scheduled bank" means a bank included in the First Schedule.

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## CHAPTER II.

### INCORPORATION, SHARE CAPITAL, MANAGEMENT AND BUSINESS.

#### *Establishment and incorporation of the Reserve Bank of India.*

3. (1) A Bank to be called the Reserve Bank of India shall be constituted for the purpose of taking over the management of the currency from the Governor General
- Establishment and incorporation of Reserve Bank.**



in Council and of carrying on the business of banking in accordance with the provisions of this Act.

(2) The Bank shall be a body corporate by the name of the Reserve Bank of India, having perpetual succession and a common seal, and shall by the said name sue and be sued.

*Share Capital.*

4. (1) The original share capital of the Bank shall be five crores of rupees divided into shares of one hundred rupees each, which shall be fully paid up.

Share capital, share registers and share-holders. regis-

(2) No amount in excess of twenty thousand rupees shall be issued to any one person or to any two or more persons jointly, and no person shall be allowed to acquire an interest in the share capital of the Bank, whether held in his own right, or held jointly with others, or held partly in his own right and partly jointly with others, to a nominal value in excess of twenty thousand rupees.

(3) Separate registers of shareholders shall be maintained at Bombay, Calcutta, Madras, Rangoon and Delhi, and a separate issue of shares shall be made in each of the areas served by those registers, as hereinafter defined, and shares shall not be transferable from one register to another save in accordance with conditions to be prescribed by the Governor General in Council.

(4) A shareholder shall be qualified to be registered as such in any area in which he is ordinarily resident or has his principal place of business in India, but no person shall be registered as a shareholder in more than one register or as a holder of an interest in the share capital of a total nominal value exceeding twenty thousand rupees ; and no person who is not—

(a) domiciled in India, or

(b) a British subject ordinarily resident in India, or

(c) a company registered under the Indian Companies Act, 1913, or a society registered under the Co-operative Societies Act, 1912, or a scheduled bank, or a corporation or company incorporated by or under an Act of Parliament or any law for the time being in force in

any of His Majesty's dominions and having a branch II of 1912.  
in British India,

shall be registered as a shareholder or be entitled to payment of any dividend on any share.

(5) The Board may, at its discretion, without giving any reason, decline to allot shares to any applicant or to register any transfer of shares.

(6) The areas served by the various registers mentioned in subsection (3) shall be as follows, namely :—

(a) by the Bombay register—the Presidency of Bombay (including Sind), and the Central Provinces ;

(b) by the Calcutta register—the Presidency of Bengal and the provinces of Bihar and Orissa and Assam ;

(c) by the Madras register—the Presidency of Madras and the province of Coorg ;

(d) by the Rangoon register—the province of Burma, and the Andaman and Nicobar Islands ;

(e) by the Delhi register—the remainder of India, including the territories of Indian Princes and Rulers in India.

(7) The nominal value of the shares originally assigned to the various registers shall be as follows, namely :—

(a) to the Bombay register—one hundred and fifty lakhs of rupees ;

(b) to the Calcutta register—one hundred and fifty lakhs of rupees ;

(c) to the Madras register—forty lakhs of rupees ;

(d) to the Rangoon register—forty lakhs of rupees ;

(e) to the Delhi register—one hundred and twenty lakhs of rupees :

Provided that, in the event of the shares assigned to any register not being fully taken up at the first allotment, the Board may, with

the previous sanction of the Governor General in Council, transfer a portion of such shares from that register to another.

(8) In allotting the shares assigned to a register, the Board shall, in the first instance, allot one share to each applicant qualified under sub-section (4) to be registered as a shareholder on that register ; and, if the number of such applicants is greater than the total number of shares assigned to the register, shall determine by lot the applicants to whom the shares shall be allotted.

If the number of applicants is less than the number of shares assigned to the register, the Board shall allot the remaining shares to applicants who have applied for more shares than one ; and if the number of extra shares so applied for exceeds the number of shares to be allotted, the Board shall allot them among the various applicants in such manner as it may deem fair and equitable :

Provided that such allotments shall in all cases be subject to the restrictions contained in sub-section (2).

If, after all applications have been met in accordance with the provisions of this sub-section, any shares remain unallotted, they shall, notwithstanding anything contained in this section, be allotted to Government, and shall be sold by the Governor General in Council, at not less than par, as soon as may be.

5. (1) The share capital of the Bank may be increased by the Board with the previous sanction of the Governor General in Council.

Increase, reduction and transfer of share capital.

(2) Every such increase shall be fully paid up, and the areas to which such further shares shall be allotted and the price at which they may be issued shall be fixed by the Board with the like sanction.

(3) The Board may determine the manner in which any increase of share capital shall be effected.

(4) The share capital of the Bank may be reduced by the Board, with the previous sanction of the Governor General in Council, to such extent and in such manner as may be determined by the Bank in general meeting.

*Offices and Branches.*

6. The Head Office of the Bank shall be established in Bombay, and the Bank shall, as soon as may be, establish branches in Calcutta, Madras, Rangoon, Delhi and London, and may establish branches or agencies in any other place in India or, with the previous sanction of the Governor General in Council, elsewhere.

*Management of the Bank.*

7. The general superintendence of the affairs and business of the Bank shall be entrusted to a Board of Directors which may exercise all powers and do all such acts and things as may be exercised or done by the Bank and are not by this Act expressly directed or required to be done by the Bank in general meeting.

Qualifications and disqualifications for Directorships.

8. (1) Save as expressly provided in this Act—

(a) no person may be a Director who is not or has not at some time been—

(i) actively engaged in agriculture, commerce, finance or industry, or

(ii) a director of any company as defined in clause (2) of section 2 of the Indian Companies Act, 1913, or VII of 1913, of a corporation or company incorporated by or under any law for the time being in force in any place outside British India ; and

(b) no person may be a Director who is—

(i) a government official, or

(ii) an officer or employee of any bank, or

(iii) a director of any bank, other than a registered society as defined in clause (e) of section 2 of the Co-operative Societies Act, 1912. II of 1912.

(2) The election or appointment as Director of any person who is a member of the Indian Legislature or of a local Legislature shall

be void, unless within one month of the date of his election or appointment he ceases to be such member, and if any Director is elected or nominated as member of any such Legislature he shall cease to be a Director as from the date of such election or nomination, as the case may be.

Composition of the Board,  
and term of office of Directors.

9. (1) The Board shall consist of the following Directors, namely :—

- (a) a Governor and two Deputy Governors to be appointed by Governor General in Council after consideration of any recommendation made by the Board in that behalf ;
  - (b) four Directors to be nominated by the Governor General in Council ;
  - (c) two Directors to be elected by the Associated Chambers of Commerce ;
  - (d) two Directors to be elected by the Federation of the Indian Chambers of Commerce ;
  - (e) one Director, representing the interests of agriculture, to be elected by provincial co-operative banks holding shares to the nominal value of not less than five thousand rupees ;
  - (f) eleven Directors to be elected on behalf of the shareholders on the various registers, in the manner provided in section 10 and in the following numbers, namely :—
    - (i) for the Bombay register—three Directors ;
    - (ii) for the Calcutta register—three Directors ;
    - (iii) for the Madras register—one Director ;
    - (iv) for the Rangoon register—one Director ;
    - (v) for the Delhi register—three Directors ; and
  - (g) one government official to be nominated by the Governor General in Council.
- (2) The Governor and Deputy Governors shall devote their whole time to the affairs of the Bank, and shall receive such salaries and

allowances as may be determined by the Board, subject to any minimum prescribed by the Governor General in Council.

(3) The Governor, a Deputy Governor and a Director nominated or elected under clause (b), (c), (d), (e), or (f) shall hold office for five years, or thereafter until his successor shall have been duly appointed, nominated or elected, and, subject to the provisions of section 8, shall be eligible for re-appointment, re-nomination or re-election, as the case may be.

The Director nominated under clause (g) shall hold office during the pleasure of the Governor General in Council. He may attend any meeting of the Board and take part in its deliberations, but shall not be entitled to vote.

(4) No act or proceeding of the Board shall be questioned on the ground merely of the existence of any vacancy in, or any defect in the constitution of, the Board.

10. (1) The shareholders registered on the various registers shall elect delegates for the purpose of electing Directors to represent them on the Board, and the numbers of delegates shall be as follows, namely :—

- (a) for the Bombay register—twenty-four members;
- (b) for the Calcutta register—twenty-four members ;
- (c) for the Madras register—ten members ;
- (d) for the Rangoon register—ten members ;
- (e) for the Delhi register—twenty-four members.

(2) Every shareholder who has been registered on a register for not less than six months immediately preceding the election shall be entitled to vote at the election of delegates for the shareholders on that register ; and no shareholder shall have more than one vote.

(3) The delegates for the shareholders on a register shall be elected from among those who are shown on that register as having held, for a period of not less than six months immediately preceding the election, unencumbered shares of the Bank of a nominal value of not less than five thousand rupees :

Provided that no person shall be elected as a delegate who is a government official or an officer or servant of the Bank :

Provided further that no candidate may stand for election, unless he has been nominated by not less than twenty of the shareholders entitled to vote at the election.

(4) The election of delegates for the shareholders on a register shall be held once in every five years, at a convenient time before the expiry of the term of office of the retiring Directors for the election of whose successors the delegates are to be elected.

(5) Delegates shall hold office for a period of five years :

Provided that, if a delegate ceases to be qualified for election under sub-section (3), he shall forthwith cease to hold office as a delegate.

(6) A casual vacancy in the office of delegate, in whatsoever manner arising, may be filled by the Board from among the shareholders for the time being qualified for election to that office under sub-section (3).

(7) The delegates for the shareholders on a register shall elect, from among those shareholders, the Directors to represent them on the Board, in accordance with this Act and the rules made under section 13.

**11.** (1) The Governor General in Council may remove from office the Governor, a Deputy Governor, or any Director nominated or any Director nominated or elected under clause (b), (c), (d), (e) or (f) of sub-section (1) of section 9, on a resolution passed by the Board in that behalf by a majority consisting of not less than fifteen Directors :

Provided that, in the case of a Director elected under clause (c), (d), (e) or (f), such resolution shall have been confirmed by a majority of not less than two-thirds of the persons present and voting at a general meeting expressly called for that purpose.

(2) A Director nominated or elected under clause (b), (c), (d), (e) or (f) of sub-section (1) of section 9 shall cease to hold office if, at any time after the expiry of one month from the date of his

nomination or election or of eighteen months from the date on which this Act comes into force, whichever is later, he is not registered as a holder of unencumbered shares of the Bank of a nominal value of not less than ten thousand rupees, or if he ceases to hold unencumbered shares of that value.

12. (1) If the Governor or a Deputy Governor by infirmity or otherwise is rendered incapable of executing his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Governor General in Council may appoint another person to officiate for him, and such person may, notwithstanding anything contained in clause (b) of sub-section (1) of section 8, be an officer of the Bank.

(2) A casual vacancy in the office of a Director, other than the vacancies provided for in sub-section (1), shall be filled in the manner in which, and by the authority by whom, the nomination or election of the Director vacating office was made ; and the Director so nominated or elected shall hold office for the unexpired portion of the term of his predecessor.

13. The Governor General in Council may, after previous publication, make rules to provide for all matters for which provision is in his opinion necessary or expedient for the holding and conduct of elections under this Act, and in particular and without prejudice to the generality of the foregoing power, may by such rules provide--

(a) for the holding of elections according to the principle of proportional representation by means of the single transferable vote or otherwise as he thinks fit in any case, and

(b) for the final decision of doubts or disputes regarding the qualifications of any candidate for election or regarding the validity of elections.

14. Meetings of the Board shall be convened by the Governor at least six times in each year and at least once in each quarter. Meetings of the Board.



shall ordinarily be held in Bombay, but at least two meetings of the Board shall be held in Calcutta in each year.

15. (1) A general meeting (hereinafter in this Act referred to as the annual general meeting) shall be held annually at Bombay within six weeks from the date on which the annual accounts of the Bank are closed, and a general meeting may be convened by the Board at any other time.

(2) Any shareholder shall be entitled to attend and vote at any general meeting, and no shareholder, whether present in person or voting through another shareholder as proxy, shall have more than one vote.

16. (1) The following provisions shall apply to the first constitution of the Board, and, notwithstanding anything contained in section 9, the Board as constituted in accordance therewith shall be deemed to be duly constituted in accordance with this Act.

(2) The first Governor and first Deputy Governors shall be appointed by the Governor General in Council on his own initiative, and shall receive such salaries and allowances as he may determine.

(3) The first four Directors nominated under clause (b) of sub-section (1) of section 9 shall hold office for three years.

(4) The first four Directors elected under clauses (c) and (d) of that sub-section shall hold office for four years.

(5) The first Director elected under clause (e) of that sub-section may be elected by all provincial co-operative banks notwithstanding that shares have not been allotted, and shall hold office for four years.

(6) The first eleven Directors representing the shareholders shall be nominated by the Governor General in Council after consultation with the Local Governments, and shall hold office for two years.

(7) The first elections of Directors under section 10 shall be held before the expiry of the term of office of the Directors nominated under sub-section (6), and the Directors so elected shall hold office as follows, namely:—

- (a) the Directors elected on behalf of the shareholders on the Bombay register—for four years ;
- (b) the Directors elected on behalf of the shareholders on the Calcutta register—for three years ;
- (c) the Director elected on behalf of the shareholders on the Madras register—for five years ;
- (d) the Director elected on behalf the shareholders on the Rangoon register—for five years ;
- (e) the Directors elected on behalf of the shareholders on the Delhi register—for two years.

*Business of the Bank.*

17. The Bank shall be authorised to carry on and transact the several kinds of business hereinafter specified, namely :—

Business which the Bank may transact.

- (1) the accepting of money on deposit without interest from, and the collection of money for, the Secretary of State in Council, the Governor General in Council, Local Governments, banks and any other persons ;
- (2) (a) the purchase, sale and rediscount of bills of exchange and promissory notes, drawn and payable in India and arising out of *bonâ fide* commercial or trade transactions, bearing two or more good signatures, one of which shall be that of a scheduled bank, and maturing within ninety days from the date of such purchase or rediscount, exclusive of days of grace ;
- (b) the purchase, sale and rediscount of bills of exchange and promissory notes, drawn and payable in India and bearing two or more good signatures, one of which shall be that of a scheduled bank, or a provincial co-operative bank, and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within six months from the date of such purchase or rediscount, exclusive of days of grace : provided that the total face value of bills or notes so purchased

or rediscounted shall not at any time exceed one-fourth of the total face value of all bills and notes purchased or rediscounted by the Bank up to that time ;

- (c) the purchase, sale and rediscount of bills of exchange and promissory notes, drawn and payable in India and bearing the signature of a scheduled bank, and issued or drawn for the purpose of holding or trading in securities of the Government of India or a Local Government, and maturing within ninety days from the date of such purchase or rediscount, exclusive of days of grace ;
- (3) the purchase from and sale to scheduled banks and persons approved by the Board, in amounts of not less than the equivalent of one lakh of rupees, of the currencies of such gold standard countries as may be specified in this behalf by the Governor General in Council by notification in the Gazette of India, and of bills of exchange (including treasury bills drawn in or) on any place in any such country, and maturing within ninety days from the date of such purchase, exclusive of days of grace ; and the keeping of balances with banks in such countries ;
- (4) the making of loans and advances, repayable on demand or on the expiry of fixed periods not exceeding ninety days against the security of—
  - (a) stocks, funds and securities (other than immoveable property) in which a trustee is authorised to invest trust money by any Act of Parliament or by any law for the time being in force in British India ;
  - (b) gold coin or bullion or documents of title to the same ;
  - (c) such bills of exchange and promissory notes as are eligible for purchase or rediscount by the Bank : provided that the total of the loans and advances against such securities as are referred to in sub-clause (b) of clause (2) shall not at any time exceed one-fourth of the total loans and advances made by the Bank up to that time ;

- (d) such bills of exchange as are eligible for purchase by the Bank under clause (3) ;
- (e) promissory notes of any scheduled bank or a provincial co-operative bank, supported by documents evidencing title to goods which have been transferred, assigned, hypothecated or pledged to any such bank as security for a cash credit granted for *bonâ fide* commercial or trade transactions, or for the purpose of financing seasonal agricultural operations or the marketing of crops : provided that no loan or advance shall be made on the security of any promissory note such as is referred to in this sub-clause after the expiry of five years from the date on which this section comes into force ;
- (5) the making of advances to the Governor General in Council repayable in each case not later than three months after the close of the financial year in respect of which the advance has been made ;
- (6) the issue of demand drafts and the making, issue and circulation of bank post bills made payable on its own branches ;
- (7) the purchase and sale of securities maturing within five years from the date of such purchase, of the Government of any gold standard country specified in this behalf by the Governor General in Council by notification in the Gazette of India ;
- (8) the purchase and sale of securities of the Government of India of any maturity, or of a Local Government or of a local authority in British India maturing within ten years from the date of purchase : provided that the amount of such securities held at any time in the Banking Department shall be so regulated that—
- (a) the total value of such securities shall not exceed the aggregate amount of the share capital of the Bank, the Reserve Fund and two-fifths of the liabilities of the Banking Department in respect of deposits ;

- (b) the value of such securities maturing after six months shall not exceed the aggregate amount of the share capital of the Bank, the Reserve Fund and one-fifth of the liabilities of the Banking Department in respect of deposits ;
- (c) the value of such securities maturing after one year shall not exceed the aggregate amount of the share capital of the Bank, the Reserve Fund and one-tenth of the liabilities of the Banking Department in respect of deposits ; and
- (d) the value of such securities maturing after ten years shall not exceed the aggregate amount of the share capital of the Bank and the Reserve Fund ;
- (g) the custody of monies, securities and other articles of value, and the collection of the proceeds, whether principal, interest or dividends, of any such securities ;
- (10) the sale and realisation of all property, whether moveable or immoveable, which may in any way come into the possession of the Bank in satisfaction, or part satisfaction, of any of its claims ;
- (11) the acting as agent for the Secretary of State in Council, the Governor General in Council or any Local Government in the transaction of any of the following kinds of business, namely :—
  - (a) the purchase and sale of gold or silver ;
  - (b) the purchase, sale, transfer and custody of bills of exchange, securities or shares in any company ;
  - (c) the collection of the proceeds, whether principal, interest or dividends, of any securities or shares ;
  - (d) the remittance of such proceeds, at the risk of the principal, by bills of exchange payable either in India or elsewhere ;
  - (e) the management of public debt ;
- (12) the purchase and sale of gold coin and bullion ;

- (13) the opening of an account with, and the acting as agent or correspondent of, any other bank which is the principal currency authority of a gold standard country under the law for the time being in force in that country or any of the Federal Reserve Banks in the United States of America ;
- (14) the borrowing of money for a period not exceeding one month for the purposes of the business of the Bank, and the giving of security for money so borrowed :

Provided that the total amount of such borrowings shall not at any time exceed the amount of the share capital of the Bank :

Provided, further, that no money shall be borrowed under this clause from any person in British India other than a scheduled bank ;

- (15) the making and issue of bank notes subject to the provisions of this Act ; and
- (16) generally, the doing of all such matters and things as may be incidental or subsidiary to the transaction of the various kinds of business hereinbefore specified.

18. When, in the opinion of the Board, it is necessary or expedient that action should be taken

Power of direct discount. under this section in the interests of Indian trade or commerce, or for the purpose of enabling the Bank to perform any of its functions under this Act, the Bank may, notwithstanding any limitation contained in sub-clauses (a) and (b) of clause (2) of section 17, purchase, sell or discount any bills of exchange or promissory notes drawn and payable in India and arising out of *bonâ fide* commercial or trade transactions, bearing two or more good signatures and maturing within ninety days from the date of such purchase or discount, exclusive of days of grace.

Business which the Bank may not transact.

19. Save as otherwise provided in sections 17, 18 and 45, the Bank may not—

- (1) engage in trade or otherwise have a direct interest in any commercial, industrial, or other undertaking, ~~except~~

such interest as it may in any way acquire in the course of the satisfaction of any of its claims : provided that all such interests shall be disposed of at the earliest possible moment ;

- (2) purchase its own shares or the shares of any other bank or of any company, or grant loans upon the security of any such shares ;
- (3) advance money on mortgage of, or otherwise on the security of, immoveable property or documents of title relating thereto, or become the owner of immoveable property, except so far as is necessary for its own business premises and residences for its officers and servants ;
- (4) make unsecured loans or advances ;
- (5) draw or accept bills payable otherwise than on demand ;
- (6) allow interest on deposits or current accounts.

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### CHAPTER III.

#### CENTRAL BANKING FUNCTIONS.

*Relations of the Bank with the Secretary of State in Council, the Governor General in Council and Local Governments.*

20. The Bank shall undertake to accept monies for account  
of the Secretary of State in Council  
and the Governor General in Council  
and such Local Governments as may  
have the custody and management of their own provincial revenues,  
and to make payments up to the amount standing to the credit of  
their accounts respectively, and to carry out their exchange,  
remittance and other banking operations, including the management  
of the public debt, on such conditions as may be agreed upon.

21. (1) The Governor General in Council and such Local Governments as may have the custody and management of their own provincial revenues shall undertake to entrust the Bank, on such conditions as may be agreed upon, with all their money, remittance, exchange and banking transactions in India and elsewhere and, in particular, to deposit free of interest all their cash balances with the Bank :

Bank to have the right to transact Government business.

Provided that nothing in this sub-section shall prevent the Governor General in Council or any Local Government from carrying on money transactions at government treasuries or sub-treasuries at places where the Bank has no branches or agencies, and the Governor General in Council and Local Governments may hold at such treasuries and sub-treasuries such balances as they may require.

(2) The Governor General in Council and each Local Government shall undertake to entrust the Bank, on such conditions as may be agreed upon, with the management of the public debt and with the issue of any new loans.

*Note Issue.*

22. (1) The Bank shall have the sole right to issue paper money in British India, and may, for a period of one year from the date on which this Chapter comes into force, issue currency notes of the Government of India supplied to it by the Governor General in Council, and the provisions of this Act applicable to bank notes shall, unless a contrary intention appears, apply to all currency notes of the Government of India issued either by the Governor General in Council or by the Bank in like manner as if such currency notes were bank notes, and references in this Act to bank notes shall be construed accordingly.

(2) On and from the aforesaid date the Governor General in Council shall not issue any currency notes or any other kind of paper money.

23. (1) The issue of bank notes shall be conducted by the Bank in an Issue Department which shall be separated and kept wholly distinct from the Banking Department, and the assets of the Issue Department.



Department shall not be subject to any liability other than the liabilities of the Issue Department as hereinafter defined in section 32.

(2) The Issue Department shall not issue bank notes to the Banking Department or to any other person except in exchange for other bank notes or for such coin, bullion or securities as are permitted by this Act to form part of the Reserve.

**24.** Bank notes shall be of the denominational values of five rupees, ten rupees, fifty rupees, one hundred rupees, five hundred rupees, one thousand rupees and ten thousand rupees, and of such other denominational values, if any, as may be directed by the Governor General in Council.

Denominations of notes.

**25.** The design, form and material of bank notes shall be such as may be approved by the Governor General in Council.

Form of bank notes.

**26.** (1) Subject to the provisions of sub-section (2), every bank note shall be legal tender at any place in British India in payment or on account for the amount expressed therein, and shall be guaranteed by the Governor General in Council.

Legal tender character of notes.

(2) The Governor General in Council may, by notification in the Gazette of India, declare that, with effect from such date as may be specified in the notification, any series of bank notes of any denomination shall cease to be legal tender save at an office or agency of the Bank.

**27.** Any bank note re-issued from any office of the Bank shall be sterilized and disinfected before re-issue, and the bank shall not re-issue bank notes which are torn, defaced or excessively soiled.

Re-issue of notes.

**28.** Notwithstanding anything contained in any enactment or rule of law to the contrary, no person shall of right be entitled to recover from the Governor General in Council or the Bank the value of any lost, stolen, mutilated or imperfect currency note of the Government of India or bank note :

Recovery of notes lost, stolen, mutilated or imperfect.

Provided that the Bank may, with the previous sanction of the Governor General in Council, prescribe the circumstances in, and the conditions and limitations subject to, which the value of such currency notes or bank notes may be refunded as of grace.

*Prohibition of issue of private bills or notes payable to bearer on demand.*

29. No person in British India other than the Bank or, as expressly authorised by this Act, the Governor General in Council shall draw, accept, make or issue any bill of exchange, hundi, promissory note or engagement for the payment of money payable to bearer on demand, or borrow, owe or take up any sum or sums of money on the bills, hundis or notes payable to bearer on demand of any such person :

Provided that cheques or drafts payable to bearer on demand or otherwise may be drawn on a person's account with a banker, shroff or agent.

30. (1) Any person contravening the provisions of section 29 shall, on conviction by a Presidency Magistrate or a Magistrate of the first class, be punishable with fine equal to the amount of the bill, hundi, note or engagement in respect whereof the offence is committed.

(2) No prosecution under this section shall be instituted except on complaint made by the Bank.

*Assets of the Issue Department.*

31. (1) the Reserve shall consist of gold coin, gold bullion, gold securities, rupee coin and rupee securities to such aggregate amount as is not less than the total of the liabilities of the Issue Department as hereinafter defined.

(2) Of the total amount of the Reserve, not less than two-fifths shall consist of gold coin, gold bullion or gold securities :

Provided that the amount of gold coin and gold bullion shall not at any time be less than thirty crores of rupees in value, and shall not be less than one-fifth of the total amount of the Reserve

after the end of the fifth year, or than one-quarter of the total amount of the Reserve after the end of the tenth year, from the date on which this Chapter comes into force.

(3) The remainder of the Reserve shall be held in rupee coin, Government of India rupee securities of any maturity and such bills of exchange and promissory notes drawn and payable in British India as are eligible for purchase by the Bank under sub-clause (a) or sub-clause (b) of section 17 or under section 19 :

Provided that the amount held in rupee coin shall not exceed—

(a) during the three years after the date on which this Chapter comes into force, ninety-five crores of rupees,

(b) during the next three years, seventy-five crores of rupees,

(c) during the next four years, sixty crores of rupees, and

(d) fifty crores of rupees thereafter,

or one-tenth of the total amount of the Reserve, whichever amount is greater :

Provided further that the amount held in Government of India rupee securities shall not at any time exceed one-fourth of the total amount of the Reserve or fifty crores of rupees, whichever amount is less.

(4) For the purposes of this section, gold coin and gold bullion shall be valued at 8·47512 grains of fine gold per rupee, rupee coin shall be valued at its face value, and gold and rupee securities shall be valued at the market rate for the time being obtaining.

(5) Of the gold coin and gold bullion held in the Reserve, not less than seventeen-twentieths shall be held in British India, and all gold coin and gold bullion forming part of the Reserve shall be held in the custody of the Bank or its agencies :—

Provided that gold belonging to the Bank which is in any other bank or in any mint or treasury or in transit may be reckoned as part of the Reserve.

(6) For the purposes of this section, the gold securities which may be held as part of the Reserve shall be securities of any of the

following kinds payable in the currency of any of such gold standard countries as may be specified in this behalf by the Governor General in Council by notification in the Gazette of India, namely :—

- (a) balances at the credit of the Issue Department with a bank which is the principal currency authority under the law for the time being in force of such country, or with any of the Federal Reserve Banks in the United States of America ;
- (b) bills of exchange bearing two or more good signatures and drawn on and payable at a place in any such country and having a maturity not exceeding ninety days ;
- (c) securities maturing within five years of the Government of any part of His Majesty's dominions which is a gold standard country or of any other gold standard country specified in this behalf by the Governor General in Council by notification in the Gazette of India :

Provided that, for a period of two years from the date on which this Chapter comes into force,—

- (i) any of such last-mentioned securities may be securities maturing after five years, and the Bank may, at any time before the expiry of that period, dispose of such securities notwithstanding anything contained in section 17, and
- (ii) sterling securities of the Government of India may be held as part of the Reserve.

*Liabilities of the Issue Department.*

**32.** (1) The liabilities of the Issue Department shall be an amount equal to the total of the liabilities. amount of the currency notes of the Government of India and bank notes for the time being in circulation and of an initial amount of forty crores of rupees for the purpose of providing for rupee redemption, which last-mentioned amount shall be reduced by one rupee for every five rupees delivered to the Governor General in Council under the provisions of section 34, and shall be increased by one rupee for every five rupees received from him under section 35.

(2) For the purposes of this section, any currency note of the Government of India or bank note which has not been presented for payment within forty years from the 1st day of April following the date of its issue shall be deemed not to be in circulation, and the value thereof shall, notwithstanding anything contained in sub-section (2) of section 23, be paid by the Issue Department to the Governor General in Council or the Banking Department, as the case may be ; but any such note, if subsequently presented for payment, shall be paid by the Banking Department, and any such payment in the case of a currency note of the Government of India shall be debited to the Governor General in Council.

*Initial Assets and Liabilities.*

33. On the date of which this Chapter comes into force, the Issue Department shall take over from the Governor General in Council the liability for all the currency notes of the Government of India for the time being in circulation, and the Governor General in Council shall transfer to the Issue Department gold coin, gold bullion, gold securities, rupee coin and rupee securities to such aggregate amount as is equal to the total of the amount of the liability so transferred and of a sum of forty crores of rupees. The coin, bullion and securities shall be transferred in such proportion as to comply with the requirements of section 31 :

Transfer of assets and liabilities to the Bank.

Provided that the total amount of the gold coin, gold bullion and gold securities so transferred shall not be less than one-half of the whole amount transferred.

*Supply of coin, and of different forms of legal tender currency.*

34. The Bank may deliver to the Governor General in Council all rupee coin held by it in excess of the amount which the Issue Department is permitted to hold as part of the Reserve under section 31, against payment of four rupees in bank notes, gold or gold securities for every five rupees so delivered.

Delivery to Government of surplus rupee coin.

35. When the amount of rupee coin for the time being held in the Reserve does not exceed twenty-five crores of rupees, or one-tenth of the total amount of the Reserve, whichever is greater, the Bank

Purchase of rupee coin.

may demand delivery of rupee coin from the Governor General in Council, on payment of four rupees in bank notes, gold or gold securities for every five rupees so delivered.

**36.** The Governor General in Council shall undertake not to re-issue any rupee coin delivered under section 34 nor to put into circulation any new rupees, except through the Bank and on the Bank's demand ; and the Bank shall undertake not to dispose of rupee coin otherwise than for the purposes of circulation or by delivery to the Governor General in Council under that section.

*Obligations of Government and Bank in respect of rupee coin.*

**37.** The Bank shall issue rupee coin on demand in exchange for currency notes of the Government of India, and shall issue currency notes or bank notes on demand in exchange for coin which is legal tender under the Indian Coinage Act, 1906, and it shall, in exchange for currency notes or bank notes of five rupees or upwards, supply currency notes or bank notes of lower value or rupees or other coins which are legal tender under the Indian Coinage Act, 1906, in such quantities as may, in the opinion of the Bank, be required for circulation ; and the Governor General in Council shall, subject to the provisions of section 35, supply such rupees or other coins to the Bank on demand. If the Governor General in Council at any time fails to discharge this duty, the Bank shall be released from its obligations to supply such coins to the public.

*Obligation to supply different forms of currency.*

*Obligations to sell gold and gold exchange.*

**38.** (1) The provisions of this section shall have effect from such date, not later than the 1st day of July, 1931, as the Governor General in Council may, by notification in the Gazette of India, appoint :

*Sale of gold.*

Provided that the Governor General in Council may, by notification in the Gazette of India stating his reasons for such action, substitute for the year 1931 in this section the year 1932 and may, by like notifications, make two further successive substitutions of the years 1933 and 1934.

(2) The Bank shall sell gold bullion for delivery in Bombay to any person who makes a demand in that behalf at its office at



Provided that no person shall be entitled to demand an amount of currency of less value than that of two hundred and fifty tolas of fine gold.

(2) For the purpose of determining the equivalent rate applicable to the sale of currency under this section, twenty-one rupees, three annas and ten pies shall be deemed to be equivalent to such sum in that currency as is required to purchase one tola of fine gold in that country at the rate at which the principal currency authority of that country is bound by law to give currency in exchange for gold, after deduction therefrom of an amount representing the normal cost per tola of transferring gold bullion in bulk from Bombay to that country, including interest on its value during transit.

(3) The Governor General in Council shall, from time to time, determine the equivalent rate in accordance with the provisions of sub-section (2), and shall notify the rate so determined in the Gazette of India.

*Obligation to buy gold.*

40. The Bank shall buy, from any person who makes a demand in that behalf at its office in Bombay, Calcutta, Madras, Rangoon or Delhi, gold bullion for delivery in Bombay at the rate of twenty-one rupees, three annas and ten pies per tola of fine gold, if such gold is tendered in the form of bars containing not less than two hundred and fifty tolas of fine gold :

Provided that the Bank shall be entitled to require such gold bullion to be melted, assayed and refined, by persons approved by the Bank, at the expense of the person tendering the bullion.

*Suspension of Reserve requirements and tax on note issue.*

41. (1) The Bank may, with the previous sanction of the Governor General in Council, for periods not exceeding thirty days in the first instance, which may, with the like sanction, be extended from time to time by periods not exceed-

*Suspension of Reserve requirements.*



ing fifteen days, hold in the Reserve gold coin, gold bullion or gold securities of less aggregate amount than that required by sub-section (2) of section 31 and, whilst the holding is so reduced, the proviso to that sub-section shall cease to be operative.

(2) In respect of any period during which the holding of gold coin, gold bullion and gold securities is reduced under sub-section (1), the Bank shall pay to the Governor General in Council a tax upon the amount by which such holding is reduced below the minimum prescribed by sub-section (2) of section 31 ; such tax shall be payable at the bank rate for the time being in force, with an addition of one per cent. per annum when such holding exceeds thirty-two and a half per cent. of the total amount of the Reserve and of a further one and a half per cent. per annum in respect of every further decrease of two and a half per cent. or part of such decrease :

Provided that the tax shall not in any event be payable at a rate less than six per cent. per annum.

42. The Bank shall not be liable to the payment of any stamp duty under the Indian Stamp Act, 1899, in respect of bank notes issued by it.

Bank exempt from further note tax.

*Duration of the privilege of note issue.*

43. If at any time the Bank fails to comply with any provision of this Chapter or with any other provision of this Act, the Governor General in Council may, by notification in the Gazette of India, declare that the Bank has forfeited the right of note issue, and shall thereupon take over the liabilities of the Issue Department, together with such portion of the assets of the Bank as is required to meet such liabilities, and thereafter the business of the Issue Department shall be carried on in the manner prescribed by this Act by such agency as the Governor General in Council may determine.

Powers of Government in respect of note issue and assets of the Bank in certain circumstances.

*Cash reserves to be maintained by banks.*

44. (1) Every scheduled bank shall maintain a balance with the Reserve Bank the amount of which shall at no time be less than seven and one-half per cent. of the daily average of the time liabilities of such bank in India.

Cash reserves of certain banks to be kept with the Bank.

(2) For the purposes of sub-section (1), the daily average of the amounts of the demand and time liabilities of each scheduled bank shall be computed in respect of each period ending on the fifteenth and on the last day of each month.

(3) Every such bank shall send to the Governor General in Council and to the Bank a monthly return, signed by two responsible officers of such bank, showing—

(a) the amounts of its demand and time liabilities respectively in India,

(b) the total amount held in India in currency notes of the Government of India and bank notes,

(c) the amounts held in India in rupee coin and subsidiary coin respectively,

(d) the amounts of advances made and of bills discounted in India respectively, and

(e) the balance held at the Bank, at the close of the month to which the return relates.

(4) Every such return shall be sent not later than fourteen days after the close of the month to which it relates, and shall state whether the bank has during that month maintained with the Reserve Bank the minimum balance required by sub-section (1).

(5) Any bank failing to comply with the provisions of sub-section (3) or sub-section (4) shall be liable, on application made by or on behalf of the Governor General in Council to the principal Civil Court having jurisdiction in a place where an office of the bank is situated, to a penalty of one hundred rupees for each day during which the failure continues.

(6) When it appears from any such monthly return or from a report of the Board that any scheduled bank has failed to maintain the minimum balance required by sub-section (1), the Governor General in Council may call for such further return, or make such inspection of the books and accounts of that bank, as may be necessary to ascertain the amount of the deficiency, if any, and the period during which it has continued ; and a bank so in default shall be liable, on application made by or on behalf of the Governor General in Council to the principal Civil Court having jurisdiction in a place where an office of the bank is situated, to a penalty at a rate per annum which shall be three per cent. above the bank rate on the amount of the deficiency for each day during which the default has continued, and shall be raised to five per cent. above the bank rate after the first seven days of the deficiency.

(7) The Governor General in Council shall, by notification in the Gazette of India, direct the inclusion in the First Schedule of any company, not already so included, which carries on the business of banking in British India and which—

(a) is a company as defined in clause (2) of section 2 of the Indian Companies Act, 1913, or a corporation or company incorporated by or under any law in force in any place outside British India, and

(b) has a paid-up capital and reserves of an aggregate value of not less than three lakhs of rupees ;

VII of 1913.

and shall, by a like notification, direct the exclusion from that Schedule of any scheduled bank the aggregate value of whose paid-up capital and reserves at any time becomes less than three lakhs of rupees, or which goes into liquidation or otherwise ceases to carry on banking business.

*Agreement with the Imperial Bank of India.*

45. The Bank shall enter into an agreement with the Imperial Agreement with the Imperial Bank of India which shall be subject to the approval of the Governor General in Council, and shall be expressed to come into force on the date on which this Chapter comes into force and to remain in force for twenty-five years, and shall further contain the provisions set forth in the Second Schedule.

CHAPTER IV.

GENERAL PROVISIONS.

*Reserve Fund and allocation of Surplus.*

**46.** After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds, and such other contingencies as are usually provided for by bankers, and after payment out of the net annual profits of a cumulative dividend at the rate of five per cent. per annum on the share capital, the surplus shall be allocated as follows :—

Allocation of surplus.

- (a) one-half to a Reserve Fund, until such Reserve Fund is equal to one-half of the share capital, and the remaining one-half to the Governor General in Council ;
- (b) thereafter, until the Reserve Fund is equal to the share capital, one-tenth to the Reserve Fund, and the balance to the Governor General in Council, and
- (c) when and for so long as the Reserve Fund is not less than the share capital, a portion to an additional dividend to the shareholders calculated on the scale set forth in the Third Schedule, and the balance to the Governor General in Council :

Provided that, so long as the Reserve Fund is less than the share capital, not less than fifty lakhs of rupees of the surplus, or the whole of the surplus if less than that amount, shall be allocated to the Reserve Fund.

*Bank rate.*

**47.** The Bank shall make public from time to time the minimum rate at which it is prepared to buy or rediscount bills of exchange or other commercial paper eligible for purchase under this Act.

Publication of bank rate.

*Audit.*

**48.** (1) Not less than two auditors shall be elected and their remuneration fixed at the annual general meeting. The auditors may be share-

Auditors.

holders, but Director or other officer of the Bank shall be eligible during his continuance in office. Any auditor shall be eligible for re-election on quitting office.

(2) The first auditors of the Bank may be appointed by the Board before the first annual general meeting and, if so appointed, shall hold office only until that meeting. All auditors elected under this section shall severally be, and continue to act as, auditors until the first annual general meeting after their respective elections :

Provided that any casual vacancy in the office of any auditor elected under this section may be filled by the Board.

49. Without prejudice to anything contained in section 48, the Governor General in Council may at any time appoint such auditors as he thinks fit to examine and report upon the accounts of the Bank.

Appointment of special auditors by Government.

50. (1) Every auditor shall be supplied with a copy of the annual balance-sheet, and it shall be his duty to examine the same, together with the accounts and vouchers relating thereto ; and every auditor shall have a list delivered to him of all books kept by the Bank, and shall at all reasonable times have access to the books, accounts and other documents of the Bank, and may, at the expense of the Bank if appointed by it or at the expense of the Governor General in Council if appointed by him, employ accountants or other persons to assist him in investigating such accounts, examine any Director or officer of the Bank.

Powers and duties of auditors.

(2) The auditors shall make a report to the shareholders or to the Governor General in Council, as the case may be, upon the annual balance-sheet and accounts, and in every such report they shall state whether, in their opinion, the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, and, in case they have called for any explanation or information from the Board, whether it has been given and whether it is satisfactory. Any such report made to the shareholders shall be read, together with the report of the Board, at the annual general meeting.

*Returns.*

51. (1) The Bank shall prepare and transmit to the Governor General in Council a weekly account of the Issue Department and of the Banking Department in the form set out in the Fourth Schedule or in such other form as the Governor General in Council may, by notification in the Gazette of India, prescribe. The Governor General in Council shall cause these accounts to be published weekly in the Gazette of India.

(2) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a copy of the annual accounts signed by the Governor, the Deputy Governors and the Chief Accounting Officer of the Bank, and certified by the auditors, and the Governor General in Council shall cause such accounts to be published in the Gazette of India.

(3) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a statement showing the name, address and occupation of, and the number of shares held by, each shareholder of the Bank.

*Liquidation.*

52. (1) Nothing in the Indian Companies Act, 1913, shall apply to the Bank, and the Bank shall not be placed in voluntary or compulsory liquidation save with the sanction of the Governor General in Council and in such manner as he may direct.

(2) In such event the Reserve Fund and surplus assets, if any, of the Bank shall be divided between the Governor General in Council and the shareholders in the proportion of seventy-five per cent. and twenty-five per cent., respectively.

*Regulations.*

53. (1) The Board may, with the previous sanction of the Governor General in Council, make regulations consistent with this Act to provide for all matters for which pro-

Power of the Board to make regulations.

vision is necessary or convenient for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing provision, such regulations may provide for all or any of the following matters, namely :—

- (a) the maintenance of the share register, the manner in which and the conditions subject to which shares may be held and transferred, and, generally, all matters relating to the rights and duties of shareholders ;
- (b) the manner in which general meetings shall be convened and the procedure to be followed thereat ;
- (c) the manner in which notices may be served on behalf of the Bank upon shareholders or other persons ;
- (d) the manner in which the business of the Board shall be transacted, and the procedure to be followed at meetings thereof ;
- (e) the establishment of Local Boards and the delegation to such Boards of powers and functions ;
- (f) the constitution and management of staff and superannuation funds for the officers and servants of the Bank ;
- (g) the manner and form in which contracts binding on the Bank may be executed ;
- (h) the provision of an official seal of the Bank and the manner and effect of its use ;
- (i) the manner and form in which the balance-sheet of the Bank shall be drawn up, and in which the accounts shall be maintained ;
- (j) the circumstances in which, and the conditions and limitations subject to which, the value of any lost, stolen, mutilated or imperfect currency note of the Government of India or bank note may be refunded ; and
- (k) generally, for the efficient conduct of the business of the **Bank.**

*Amendments and Repeal.*

Amendment of Act III of 1906. **54.** In the Indian Coinage Act, 1906, for section 11 the following section shall be substituted, namely :—

“11. Gold coins, coined at His Majesty's Royal Mint in England or at any mint established in pursuance of a proclamation of His Majesty as a branch of His Majesty's Royal Mint, shall not be legal tender in British India in payment or on account, but such coins shall be received by the Reserve Bank of India at its offices and agencies in India at the bullion value of such coins calculated at the rate of 8·47512 grains troy of fine gold per rupee.”

**55.** The Indian Paper Currency Act, 1923, and the Currency Act, 1927, are hereby repealed. X of 1923.  
IV of 1927.

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**THE FIRST SCHEDULE.**

[See section 2 (m).]

**SCHEDULE OF BANKS.**

Ajodhia Bank, Fyzabad.	Indian Bank.
Allahabad Bank.	Industrial Bank of Western India.
American Express Company Incorporated.	Jalpaiguri Banking and Trading Corporation.
Banco Nacional Ultramarino.	Karachi Bank, Karachi.
Bangalore Bank.	Karnani Industrial Bank.
Bank of Baroda.	Lloyds Bank.
Bank of Behar.	Lyallpur Bank.
Bank of India, Bombay.	Mercantile Bank of India.
Bank of Morvi.	Mitsui Bank.
Bank of Mysore.	Muffassil Bank, Gorakhpur.
Bank of Taiwan.	Mysore Industrial Bank.
Bari Doab Bank, Lahore.	Namboodiri Bank, Pallippuram.
Benares Bank.	National Bank of India.
Bhargava Commercial Bank.	National City Bank of New York.
Bhowanipore Banking Corporation, Calcutta.	Nederlandsche Indische Handelsbank.



Bombay Merchants' Bank, Bombay.	Nederlandsche Handel- Maatschappij.
Byopar Sahayak Bank, Meerut.	Nedungadi Bank, Calicut.
Canara Bank.	Oudh Commercial Bank.
Central Bank of India.	P. and O. Banking Corporation.
Chartered Bank of India, Aus- tralia and China.	People's Bank of Northern India.
Chota Nagpur Banking Asso- ciation.	Punjab and Kashmir Bank, Rawalpindi.
Coimbatore Town Bank.	Punjab and Sind Bank, Amritsar.
Comptoir National d'Escompte de Paris.	Punjab Co-operative Bank.
Dawsons Bank, Pyapon.	Punjab National Bank.
Eastern Bank.	Shilotri Bank, Bombay.
Equitable Eastern Banking Cor- poration.	Simla Banking and Industrial Company.
Grindlay and Company.	South India Bank, Tinnevely.
Hongkong and Shanghai Bank- ing Corporation.	Sumitomo Bank.
Imperial Bank of India.	Thomas Cook & Sons.
Imperial Bank of Persia.	Union Bank of India.
	U. Rai Gyaw Thoo and Co., Akyab.
	Yokohama Specie Bank.

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## THE SECOND SCHEDULE.

(See section 45.)

*Provisions to be contained in the agreement between the Reserve Bank of India and the Imperial Bank of India.*

1. The Imperial Bank of India shall be the sole agent of the Reserve Bank of India at all places in British India where there is a branch of the Imperial Bank of India and no branch of the Banking Department of the Reserve Bank of India.

2. In consideration of the performance by the Imperial Bank of India on behalf of the Reserve Bank of India of the functions which the Imperial Bank of India was performing on behalf of the Governor General in Council at the places referred to in clause 1 before the coming into force of the Reserve Bank of India Act, 1928, the Reserve Bank of India shall pay to the Imperial Bank of India a

commission calculated on the total of the receipts and disbursements dealt with annually on account of Government by the Imperial Bank of India on behalf of the Reserve Bank of India. Such commission shall be one-sixteenth of one per cent. on the first 250 crores of such total and one-thirty-second of one per cent. on the remainder.

3. Subject to the condition that the Imperial Bank of India shall keep open branches not less in number than those existing at the time of the coming into force of the Reserve Bank of India Act, 1928, the Reserve Bank of India shall allow the following balances to the Imperial Bank of India at the interest rates hereinafter specified, namely :—

- (a) during the first five years from that time—3 crores free of interest ;
- (b) during the next five years—2 crores free of interest and, at the option of the Imperial Bank of India, an amount not exceeding 1 crore at 2 per cent. per annum ;
- (c) during the next five years—1 crore free of interest and, at the option of the Imperial Bank of India, an amount not exceeding 2 crores at 2 per cent. per annum ; and
- (d) during the next five years—at the option of the Imperial Bank of India, an amount not exceeding 3 crores at 2 per cent. per annum.

4. The Imperial Bank of India shall not without the approval of the Reserve Bank of India open any branch in substitution for a branch existing at the time this agreement comes into force.

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#### THE THIRD SCHEDULE.

(See section 46.)

*Scale of additional dividend payable to shareholders.*

A. So long as the share capital of the Bank is five crores of rupees—

- (1) if the surplus does not exceed four crores of rupees—*Nil* ;

(2) if the surplus exceeds four crores of rupees—

- (a) out of such excess up to the first one and a half crores of rupees—a fraction of one-thirtieth ;
- (b) out of each successive additional excess up to one and a half crores of rupees—one-half of the fraction payable out of the next previous one and a half crores of excess :

Provided that the additional dividend shall be a multiple of one-eighth of one per cent. on the share capital, the amount of the surplus allocated thereto being rounded up or down to the nearest one-eighth of one per cent. on the share capital.

B. When the original share capital of the Bank has been increased or reduced, the additional dividend shall be calculated in the manner provided in clauses (1) and (2) above, but the fraction of one-thirtieth mentioned in sub-clause (a) of clause (2) shall be increased or diminished in proportion to the increase or reduction of the share capital.

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#### THE FOURTH SCHEDULE.

(See section 51.)

#### RESERVE BANK OF INDIA.

*An Account pursuant to the Gold Standard and Reserve Bank of India Act, 1928, for the week ending on the day of*

Issue Department.

<i>Liabilities.</i>	<i>Rs.</i>	<i>Assets.</i>	<i>Rs.</i>
Bank Notes held in the Banking Department . . . . .		Rupee coin . . . . .	
Total Bank Notes issued . . . . .		Government of India rupee securities	
Government of India Notes in circulation . . . . .		Internal Bills of Exchange and other commercial paper . . . . .	
Rupee redemption . . . . .		Gold securities . . . . .	
		Gold coin or bullion—	
		(a) held in India . . . . .	
		(b) held outside India . . . . .	
	_____		_____
	_____		_____

Ratio of gold and gold securities to liabilities, per cent.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 19 .

Banking Department.

<i>Liabilities.</i>	Rs.	<i>Assets.</i>	Rs.
Capital paid up . . . . .		Notes . . . . .	
Reserve Fund . . . . .		Rupee coin . . . . .	
Deposits—		Subordinary coin . . . . .	
(a) Government . . . . .		Bills discounted—	
(b) Banks . . . . .		(a) Internal . . . . .	
(c) Others . . . . .		(b) External . . . . .	
Bills payable . . . . .		(c) Government of India Treas- ury Bills . . . . .	
Other liabilities . . . . .		Balances held abroad . . . . .	
		Loans and advances to the Govern- ment . . . . .	
		Other loans and advances . . . . .	
		Investments . . . . .	
		Other assets . . . . .	
	_____		_____
	_____		_____
Dated the _____	day of _____	19 .	

STATEMENT OF OBJECTS AND REASONS.

PART I.

A Bill to give effect to the recommendations of the Royal Commission on Indian Currency and Finance, 1926, proposing the establishment of a Gold Standard for India and the constitution of a Reserve Bank of India to control the operation of the Gold Standard was introduced in the Legislative Assembly on the 25th January, 1927. The intention of this measure by the Government of India and the discussions which followed both inside and outside the Legislature revealed a general consensus of opinion that the establishment of a Central Bank is desirable in order to secure for India independent control, conducted with reference only to correct banking and commercial principles, of her financial and monetary policy, and revealed at the same time wide divergence of views as to the

best means by which, in removing the present governmental control, the risk of domination by sectional interests of one kind or another may be avoided.

The consideration of the aforesaid Bill clause by clause was entered upon during the last session of the Legislative Assembly in Simla. After the House had considered the first few clauses, the Government of India decided, for the reasons given by the Finance Member on the 8th September, 1927, not to proceed with the further consideration of the Bill during that session. The Finance Member stated that the Government had from the first held the opinion that the soundest arrangement would be that the constitution of the Bank should be founded upon the subscription of capital by shareholders and the consequent interest of shareholders to see that the affairs of the Bank are conducted in accordance with strict business principles and not otherwise. This is the one plan which has been found to be wholly satisfactory by practical experience of central banking in other countries: and the Finance Member further indicated that the alternative methods of constituting the Reserve Bank of India and forming its directorate which had been proposed during the discussions on the Bill had raised difficult and controversial questions which required time for further careful examination of the whole issue.

During the interval that has since elapsed the Government of India, in consultation with the Secretary of State, have carried out the further review for which postponement of the discussion of the Bill was found to be necessary: and in doing so, they have given full weight to the practical considerations which had been urged against the adoption of their own initial plan and to the alternative suggestions which had been made. In the end while they have come to the conclusion that share capital affords the only satisfactory basis for the constitution of a Reserve Bank for India, at the same time, they have found it possible to embody in the fabric of a shareholders bank the essence of the arrangements which opinion in the Legislative Assembly had claimed to be necessary in order to make it certain, so far as this is possible, that the Reserve Bank should ensue the interests of India as a whole and not the interests of one or other section of the community. The manner in which these requirements have been provided for is explained in the Notes on Clauses given in the second part of this statement.

Apart from the new dispositions referred to in the preceding recital, the revised Bill follows generally the provisions of the previous Bill as amended by the Joint Committee of the Legislature.

The new proposals are inconsistent with Clause 4 of the previous Bill which was actually passed by the Legislative Assembly, and it is therefore necessary to propound an entirely new Bill instead of proceeding with the previous Bill.

In view of the great importance attaching to the constitution of a central banking system in India—a point on which the Secretary of State, the Government of India and public opinion are agreed—and in view of the history of the legislation hitherto attempted, the Government of India consider it desirable to ensure that ample opportunity is given for study of their present proposals with a view to their being passed into law in the approaching session of the Legislature. For these reasons the Government of India have decided to publish the revised Bill before the commencement of the session and they will take the first opportunity of bringing it formally before the Legislative Assembly.

## PART II.

*Clause 1.*—It is proposed to give the Bank the sole right of note issue for a period of twenty-five years in the first instance and to provide for renewal as recommended in paragraph 141 of the Royal Commission's report. The provision that the Act shall come into force not later than 1st January, 1929, in the Bill circulated in January, 1927, was based upon the time-table recommended by the Commission in paragraph 165 of the report. The Bill as amended by the Joint Committee advanced the date for starting the Bank by six months. It has now for various reasons become impracticable to prescribe a fixed date and a proviso has been added to the effect that it should be open to the Governor General in Council, for reasons to be stated, to postpone the operation of this clause for a year at a time subject to a maximum postponement of three years.

*Clause 2.*—The definition of Provincial Co-operative Bank in the Bill as amended by the Joint Committee included companies registered under the Indian Companies Act, 1913, under a misapprehension that the Punjab Co-operative Bank registered under that Act was connected with the Co-operative credit system. In the new definition such companies have been excluded and additional

provision has been made to include provincial banks registered under Provincial Co-operative Acts.

*Clause 3.*—The name, the Reserve Bank of India, is that suggested in paragraph 92 of the Royal Commission's report.

*Clause 4.*—The Royal Commission recommended that the capital of the Bank should be rupees five crores fully paid up, and that the Imperial Bank's shareholders should be given the first opportunity of subscribing for the capital stock of the Bank as consideration for foregoing important privileges which the Imperial Bank now enjoys. A clear-cut division of functions between the Reserve Bank of India and the Imperial Bank of India is the essence of the proposal creating a Reserve Bank and it is undesirable to give the shareholders of the Imperial Bank of India a preponderant voice in deciding the currency policy of the Reserve Bank. It is, therefore, proposed, for this reason and in view also of the agreement contemplated by the Second Schedule, not to give the Imperial Bank of India the option of subscribing thirty per cent. of the capital. Sub-clauses (2), (3), (6), (7) and (8) provide for a broadbased distribution of the share capital both at the time of original allotment and subsequently, and is intended to be a safeguard against the control of the Bank by sectional interests of any kind. Sub-clause (4) is intended to meet the objection that the utility to India of a share capital bank might be endangered by a possible conflict of interest, within the management of the bank, between Indian and external capital. Provision has also been made for the transfer of portions of the share capital from one area to another in the event of the shares assigned to any area not being fully taken up at the time of original allotment.

It is necessary that the Government should be prepared to take up any unallotted shares, but it is not desirable that these should continue to be held permanently by Government. It is, therefore, proposed that the Governor General in Council should dispose of such shares as soon as possible.

*Clause 5.*—This is based on paragraph 101 of the Royal Commission's report. It is necessary to make provision for the contingent necessity of reducing the share capital and for the regional distribution of any increase in share capital, in regard to which the Commission have made no recommendation.

*Clause 6.*—The Head Office of the Bank will be located in Bombay as recommended by the Commission in paragraph 97 of the

report. Delhi has been added to the list of places where the Bank may establish branches in view of the proposed creation of the Delhi register under clause 4.

*Clause 8.*—This gives effect to the recommendations in paragraphs 95 and 96 of the Royal Commission's report. The Joint Committee omitted the original provision prohibiting members of the Indian or local Legislatures from being nominated or elected as directors of the Bank. This provision has been reintroduced by sub-clause (2) of this clause for reasons which have been fully explained in previous discussions. Sub-clause *a(i)* which was added to the previous Bill by the Joint Committee on the precedent of clauses contained in certain other enactments establishing central banks provides that no person may be a director who is not or has not at some time been actively engaged in agriculture, commerce, finance or industry.

*Clause 9.*—This is derived from paragraph 94 of the Royal Commission's report. The Commission recommended therein that the Reserve Bank should have Local Boards in Bombay, Madras and Calcutta, and that representatives from these Boards should constitute a majority on the Central Board. The Local Boards have now been replaced by the five bodies of delegates one for each of the five areas mentioned in Clause 4. Provision has been made for the representation of commercial and agricultural interests and the term of office of all directors has been fixed at five years. As it would be undesirable that all the directors should vacate office at the same time, varying periods of tenure have been fixed in Clause 16 for directors nominated or elected at the outset.

*Clause 10.*—This clause provides for the election of directors by the shareholders through a body of delegates elected for this purpose. Qualifications for election as delegates and directors are also prescribed and the provision that no shareholder shall have more than one vote is intended to ensure protection for the small shareholder.

*Clause 11.*—It is provided in this clause that the Governor, a Deputy Governor or any nominated or elected director may be removed by the Governor General in Council if a resolution to that effect is passed by a majority of the Board consisting of not less than 15 directors.

The additional provision for the removal of elected directors follows the lines of a similar provision in the Imperial Bank of India



Act. It seems undesirable that elected directors should be removable by a bare majority at a general meeting. It is proposed that directors other than the Governor, Deputy Governors and the nominated official shall cease to hold office if they do not obtain within a month of appointment or if subsequently they cease to possess the required number of shares. This restriction does not however come into force immediately as it is necessary to give sufficient time to directors to qualify themselves by purchase of shares in the open market.

*Clause 12.*—The fixation of a period of five years for the tenure of the directors makes it necessary to provide for casual vacancies.

*Clause 13.*—This clause introduces a necessary provision for the holding and conduct of elections and the final decision of doubts or disputes.

*Clause 14.*—The Joint Committee proposed in the previous Bill that the minimum number of meetings to be held by the Board in each year should be twelve. This has now been reduced to six in view of the new proposal that the Board must include directors from every part of India. It is also proposed to prescribe that as a minimum two meetings of the Board should be held each year in Calcutta, in view of the commercial importance of that city.

*Clause 15.*—This is an obviously necessary provision and is based on paragraph 98 of the Royal Commission's report. The power of voting by proxy has been rigorously limited in order to ensure that the policy of the Bank shall not be easily susceptible of control by any combinations of special interests.

*Clause 16.*—The temporary provisions introduced by this clause are necessary as the Board has to be constituted in advance of the raising of the share capital. The varying periods of tenure prescribed in this clause are intended to retain continuously in the Board a number of directors with previous experience.

*Clause 17.*—This embodies generally the proposals in Schedule II of the Royal Commission's report defining the functions and powers of the Bank. It is, however, proposed to modify the Commission's recommendations in certain respects.

*Sub-clause 1.*—The Commission did not propose to allow power to the Reserve Bank to receive non-interest-bearing deposits from

private persons. It is considered by the Government of India that like other central banks in the world the Reserve Bank of India should also be allowed to receive deposits from private persons provided no interest is paid.

*Sub-clause 2(a).*—The restriction to scheduled banks of the facilities provided in this section and elsewhere is intended to give to the scheduled banks some compensating advantage for the obligation which the Bill imposes upon them to maintain compulsory deposits free of interest in the Reserve Bank.

*Sub-clause 2(b).*—As India is predominantly an agricultural country, it is thought desirable to raise the limit of bills and notes which may be purchased or rediscounted under this provision to one-quarter of the total value of all bills and notes purchased or rediscounted by the Bank.

*Sub-clause 3.*—Schedule II of the Commission's report proposed that the Bank should have full discretion to purchase and sell the currencies of any foreign country having a gold standard. So wide a discretion is considered undesirable, and it is proposed that operations of this nature should be confined to such countries having a Gold Standard as the Governor General in Council may designate for the purpose.

*Sub-clause 4.*—The financing of industry and the movement of crops in India is at present erected by cash credits and as the provision recommended by the Commission stands, it would be difficult for the Reserve Bank to assist other banks in providing necessary credit facilities without considerable changes in banking methods. It is, therefore, proposed in sub-clause (4)(e) that for a period of five years the Bank should be authorised to advance money against promissory notes of scheduled banks under certain conditions.

*Sub-clause 8.*—It is considered undesirable to limit the amount of securities held at any time in the Banking Department to so low a figure as 25 per cent. of the liabilities as recommended by the Royal Commission in clause 3(d) of Schedule II to their report, since in view of the fluctuating character of deposits the limitation might on occasion force the sale of securities merely to bring the Bank within the provisions of its charter for a few days.

The Commission recommended in clause 7(a) of Schedule II to their report that the paid-up capital and reserve may be invested in securities of the Government of India having not more than five years to run. In view of the fact that the Government of India are now funding their short-term loans into long-term loans the limitation suggested might in the near future unduly restrict the power of the Bank to invest in Government securities. It is, therefore, proposed to modify the provision so as to permit of investment in Government of India securities of any maturity.

*Sub-clause 13.*—The power of the Reserve Bank to open accounts and act as agents of other banks is restricted by this provision. Such relations may be entered into only with central banks which are the principal currency authorities in their respective countries and among which the Federal Reserve Banks in the United States of America are included.

*Sub-clause 14.*—It is essential that the Bank should have power to borrow in London in view of the obligation imposed upon it to keep the Secretary of State in funds, and it is necessary also that the Bank should be able to borrow in India so as to facilitate the control of credit. The limitation which this clause provides will prevent the Bank from using its power of borrowing in order to compete with other banks for fixed deposits.

*Clause 18.*—This gives effect to the recommendation in paragraph 102 of the Royal Commission's report regarding open market operations. The Joint Committee considered it necessary to prescribe definitely that the Reserve Bank should not be entitled to enter into indiscriminate competition with commercial banks, and for this reason it has been provided that action under this clause must be approved by the Board of the Bank: and the purposes for which alone they should approve the undertaking of such operations have also been indicated.

*Clause 19.*—This is based upon Schedule II of the Commission's report defining the business which the Bank should not be authorised to carry on or to transact.

*Clauses 20 and 21.*—These give effect to the recommendation in paragraph 140 of the report regarding the relations of the Bank with the Government. As recommended by the Joint Committee it has

been provided that the Reserve Bank should have control of all Government balances not excluding those of such of the Local Governments as may have the custody and management of their own provincial revenues.

*Clause 22.*—This gives effect to the recommendation in paragraph 141 of the report. The Commission recommend that the right of note issue should be transferred to the Bank as soon as the Bank is in a position to issue its own notes. It is, however, thought to be undesirable to delay the exercise of this function of the Bank until it is able to arrange for the manufacture and issue of its own notes, and it is, therefore, proposed to allow the Bank to issue notes of the Government of India for a year from the date on which the Bank takes over the control of the currency.

*Clause 23.*—This gives effect to the recommendation in paragraph 143 of the Commission's report regarding the separation of the Banking and Issue Departments of the Bank.

*Clause 24.*—This gives effect to the recommendation in paragraph 142 of the Commission's report. Freedom is retained to postpone for a time the issue of one rupee notes if such postponement appears desirable with reference to the size of the holding of silver rupees in the Reserve. Provisions relating to a gold mohur introduced by the Joint Committee have been removed for reasons which have been fully explained in previous discussions.

*Clause 25.*—This gives effect to the recommendation in paragraph 155 of the Commission's report regarding the form and material of bank notes.

*Clause 26.*—This is based upon the recommendation in paragraph 149 of the Commission's report that the notes of the Bank shall be legal tender for the payment of any amount and shall be guaranteed by the Government of India. The guarantee ensures the confidence of the public in the bank notes.

The Commission recommended in paragraph 141 of their report that, not later than five years from the date of the Bank Charter becoming operative, the Government of India notes still outstanding should cease to be legal tender except at Government treasuries. It may be presumed that by the end of five years very few Government of India notes will remain outstanding: but it would be undesirable to take away the legal tender character of such note in the absence

of any very definite advantage to be gained by so doing. No provision to the effect suggested is therefore made. It is, however, proposed to take power for the Governor General in Council to call in notes of particular series if necessity arises.

*Clause 27.*—This is based on paragraph 155 of the Commission's report regarding the re-issue of bank notes.

*Clause 28.*—This is based upon a similar provision in the Indian Paper Currency Act, 1923, and is necessary to protect the Bank against a civil action in respect of notes lost, stolen, mutilated or imperfect. The present practice by which a note may be divided into two halves and the halves when joined together are accepted as legal tender remains unaffected.

*Clauses 29 and 30.*—These are based upon similar provisions in the Indian Paper Currency Act, 1923. The proviso in clause 29 has been altered from the form in which it stood for many years in order to make it clear that cheques upon a banking account are not prohibited by that clause, even though the account may be over-drawn.

*Clause 31.*—This gives effect to the recommendations in paragraph 145 of the Commission's report regarding the constitution of the Reserve.

*Sub-clause 2.*—The Joint Committee introduced in the previous Bill a provision requiring that after the end of ten years the amount of gold securities in the Reserve must never exceed one-half of the total gold assets. This has been omitted, as such a provision is likely to prove unduly hampering to the executive of the Bank in the management of the Reserve.

*Sub-clause 3.*—The amount of silver coin and bullion now held in the Paper Currency Reserve is 110 crores, or 25 crores more than the amount held at the time at which the Royal Commission made their recommendations. It is open to grave doubt whether it would be possible without a serious disturbance of the silver markets of the world to dispose of this surplus silver within a period of ten years. Partly for this reason and partly because of the obligation imposed on the Bank by clause 37 to supply rupees freely to the public in such quantities as may be required for circulation, the limits of

the amount of rupee coin which may be held at various periods in the Reserve have been increased by 25 crores each.

*Sub-clause 5.*—The proportion of the gold coin and gold bullion held in the Reserve which must be kept in British India has been raised to 85 per cent. The raising of the proportion to this extent has been rendered possible largely by the elimination of the provision for the sale of gold for delivery outside India which was recommended by the Commission.

*Sub-clause 6.*—The Joint Committee wished to prohibit the holding in the Reserve of bills of exchange drawn on foreign gold standard countries as an unnecessary and undesirable feature of a gold reserve. But the provision to which the Joint Committee objected appears in Statutes regulating the conduct of other central banks, and the Government of India are satisfied that the same liberty should be given to the Reserve Bank of India.

*Clause 32.*—This gives effect to the recommendation in paragraph 146 of the Commission's report defining the liabilities of the Issue Department. The initial amount of 50 crores of rupees for the purpose of providing for rupee redemption recommended by the Commission has, however, now been altered to 40 crores. The original figure was based on an estimate indicating the total amount of rupees that might be spared from circulation as about 250 crores. In view of the changes now proposed as regards the permissible silver holding in the Reserve and of the return of rupees from circulation since the Royal Commission reported, it is considered safe to reduce the figure for rupee redemption to 40 crores of rupees.

The provision in sub-clause (2) of this clause is similar to that in the proviso to sub-section (6) of section 18 of the Indian Paper Currency Act, 1923, although it differs in detail. Under the Indian Paper Currency Act, 1923, notes of denominational value exceeding Rs. 100 cannot be deemed to be not in circulation until 100 years after the date of issue, whereas notes of lower denominations are so deemed after 40 years. This distinction between the higher and the lower denominations of notes is undesirable. In practice notes of higher denomination are much less likely to be outstanding for a very long period than notes of lower denomination and the practice at the Bank of England is to treat all notes as not in circulation after 40 years. It is considered that the Reserve Bank might with advantage follow the practice of the Bank of England.

*Clause 33.*—This is based upon paragraph 144 of the report. The Commission recommended that coin and bullion and securities to be transferred to the Issue Department should be specified in a Schedule. The amount of notes in circulation at the time of inauguration of the Bank will not be known when the Bill is introduced and passed and also between the dates of introduction of the Bill and its passing into law and the inauguration of the Bank, there will be changes in the constitution of the Reserve held against note issue. It is, therefore, proposed to provide for the transfer to the Bank of assets of such a nature as to enable the Bank to constitute the Reserve in accordance with the requirements laid down in the Act. In order to give the new Bank the necessary margin over minimum requirements, it is proposed to include in the assets transferred, gold and gold securities equal to one-half of the liabilities of the Issue Department as suggested in clause 3(a) of Schedule III to the report.

*Clause 34.*—This gives effect to the recommendation in paragraph 147 of the report regarding the disposal of surplus rupees by the Bank.

*Clause 35.*—This gives effect to the recommendation of the Commission in paragraph 147 of the report. As it would be uneconomical to coin new rupees until the stock of silver rupees in the Reserve is reduced to a limit of 25 crores or one-tenth of the total amount of the Reserve whichever is greater, it is proposed to limit the right of the Bank to demand the delivery of rupee coins from Government.

*Clause 36.*—This gives effect to the recommendation in paragraph 148 of the report regarding the mutual obligations of the Government and the Bank in regard to rupee coin.

*Clause 37.*—This gives effect to the recommendation in paragraph 152 of the report. The provisions regarding mohurs introduced by the Joint Committee in this clause have been omitted.

*Clauses 38 and 39.*—These give effect to the recommendations in paragraphs 150 and 166 of the Commission's report regarding the sale of gold and gold exchange by the Bank. Certain modifications are however proposed. The obligation to sell gold for delivery at foreign mints has been replaced by a permanent obligation to sell gold exchange from the outset in any gold standard country notified

in this behalf by the Government of India. It is considered that the obligation imposed on the Reserve Bank to keep stable the value of the currency will be made capable of fulfilment by this provision, while at the same time it will make it possible for a greater proportion of gold to be held in India.

The latest date recommended by the Currency Commission on which the obligation to sell gold should have effect is 1st January, 1931. The Joint Committee advanced it by six months and for the reasons given under clause 1 it has been considered necessary that power should be taken to postpone the effective operation of this section in the manner provided in that clause.

The minimum amount of gold to be purchased or sold was originally fixed at 1,065 tolas based on the fact that the weight of commercial bars in London is 400 ozs. This original figure is in both cases now reduced to 250 tolas as being a figure more suited to Indian conditions.

The Commission recommended that during the transition period the Reserve Bank should be under an obligation to sell gold or gold exchange at its option. As the Bank must concentrate on building up its gold holdings in order to be in a position to undertake the definite obligation to sell gold prescribed for a later stage, the option to sell gold during the interim period has been replaced by the immediate permanent obligation to sell gold exchange already mentioned.

*Clause 40.*—This gives effect to the recommendation in paragraphs 15 and 166 of the Commission's report.

*Clause 41.*—This gives effect to the recommendation in paragraph 153 of the report regarding the suspension of reserve requirements.

*Clause 42.*—This gives effect to the recommendation in paragraph 154 of the Commission's report. But it is now made clear that the Bank is to be exempted only from the payment of stamp duty under the Indian Stamp Act, 1899, in respect of the bank notes issued by it. It is not the intention to give any wider exemption.

*Clause 43.*—The provisions in this clause are in accordance with the recommendations in paragraph 149 of the report. The



Commission recommended that the Governor General in Council should have the right to take over the assets of the Issue Department so far as they are required to meet the liability of the note or of rupee redemption. It is proposed to give the Governor General in Council the right to take over the assets not only of the Issue Department but of the Banking Department as well, as in theory such a necessity might arise if the Bank failed to keep sufficient assets in the Issue Department. A provision is also made for the carrying on of the note issue in such circumstances by some other agency determined by the Governor General in Council.

*Clause 44.*—This gives effect to the recommendation in paragraph 161 of the Commission's report with certain modifications. The percentages for minimum reserve balances recommended by the Commission appear somewhat high for India. It is, therefore, proposed to reduce these percentages to  $7\frac{1}{2}$  and  $2\frac{1}{2}$  per cent. of the demand and time liabilities, respectively.

The definition of 'Bank' or 'Banker' suggested in paragraph 162 of the Commission's report is imperfect, but it is difficult to arrive at any satisfactory definition. It is, however, considered that if the Reserve Bank is to exercise proper control over the credit system of the country, the obligation imposed by this clause must be extended as widely as possible and should fall upon every firm of any standing or importance doing banking business in British India. It is, therefore, proposed to exhibit in a Schedule attached to the Bill the banks to which the provisions in this clause should apply in the first instance, all banks being included which have a paid-up capital and reserve of an aggregate value of not less than three lakhs of rupees. For the future the Governor General in Council is required to include among the scheduled banks any bank which attains the necessary standing or importance and to exclude any bank which falls short of that standard.

The method of computing of the requisite proportion of the demand and time liabilities of the banks affected, follows the provisions made for the same purpose in the Federal Reserve System of the United States of America.

As the monthly return prescribed in paragraph 161 of the report will show only the position at the close of the month to which it relates, it is necessary to provide for the receipt of the information mentioned in sub-clause (3) of this clause.

It is also necessary that provision should be made to enable the Government to take action not only on the monthly report submitted by the Bank, but also on any report received from the Board of the Reserve Bank.

The provision in paragraph 161 of the Commission's report, which requires a summary of the monthly return of each bank to be published, has been omitted as the particulars required for the purpose of this clause furnish only a partial statement of the bank's affairs and their publication might mislead the public as regards the financial position of a bank.

*Clause 45.*—This follows the intention of paragraph 87 of the report.

*Clause 46.*—This is based upon the recommendation in paragraph 100 of the Commission's report. It is considered unnecessary to build up the reserve fund as quickly as the Commission suggest and a lower rate of accumulation has, therefore, been proposed. Also the additional dividend to be given to shareholders under certain circumstances has been reduced from a maximum of 3 per cent. recommended by the Commission to one of 2 per cent.

*Clause 47.*—This gives effect to the recommendation in paragraph 138 of the Commission's report.

*Clauses 48, 49 and 50.*—These give effect to the recommendation in paragraph 156 of the report.

*Clause 51.*—This gives effect to the recommendation in paragraph 157 of the report.

*Clause 52.*—It is necessary to make provision for the contingency of the liquidation of the Bank and the distribution of the reserve fund and surplus assets, if any, of the Bank.

*Clause 53.*—This is based upon the recommendation in paragraph 164 of the report. The Commission proposed that the Governor General in Council should be given absolute power to make regulations. It is thought preferable that regulations should be made by the Board with the previous approval of the Governor General in Council.

Local Boards are not to be constituted on the creation of the Reserve Bank, but it is proposed to give power to the Reserve Bank

Board to establish such Local Boards if considered necessary later on and to delegate to them such powers and functions as may be desirable.

*Clause 54.*—The obligation imposed on the Government by the Currency Act IV of 1927 to receive sovereigns and half-sovereigns from the public at their bullion value will be taken over by the Bank simultaneously with the transfer of the conduct of note issue to it.

*The First Schedule.*—The First Schedule in the Bill as amended by the Joint Committee has been brought up-to-date.

*The Second Schedule.*—The provisions contained in this Schedule involve no fresh charge on the tax-payer. They are designed to compensate the Imperial Bank of India for the agency work, done for the Reserve Bank and for the loss in respect of non-paying branches.

*The Third Schedule.*—This gives the scale of additional dividend payable to the shareholders and is so fixed as to give a maximum of 2 per cent. in addition to the ordinary dividend of 5 per cent.

*The Fourth Schedule.*—This is based upon Schedule IV to the report of the Commission. The gold coin or bullion held by the Bank in the Issue Department in India is proposed to be shown separately from that held outside India.

BASIL P. BLACKETT.

L. GRAHAM,

*The 11th January, 1926.*

*Secy. to the Govt. of India.*

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No. F.-15/27, dated Calcutta 21st January, 1928.

From Chamber to the Government of India,  
Finance Department, New Delhi.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to convey to you their general opinion on the Reserve Bank Bill published in the Gazette of India dated the 14th January, 1928.

My Committee after giving their full consideration to the Bill find that there is no escape from the conclusion that the Bill, if passed into Law, will be highly detrimental to the interests of the country. In the opinion of my Committee, the present Bill is no improvement on the Bill that was introduced in the Assembly last year.

It is quite apparent that the authors of the Bill look at the question from a different angle of vision from what my Committee think the interests of the country require. My committee have no hesitation in thinking that while the authors of the Bill pretend to establish a "Central Bank" for India, the objects they really want to achieve are different.

(1) They went to save Government from criticism regarding the Currency policy pursued by them, as such responsibility can be fathered upon the Board of Directors of the Central Bank.

(2) They intended to have a currency system in India which can be utilised for changing the value of the rupee as and when it suits them and in a manner which would pass the comprehension of the layman in economics.

(3) They intended to keep the Indian Currency system dependant on England, because there is no intention of accumulating actual gold in the reserve, and so long as that is done, India would necessarily have to depend on England.

(4) The composition of the Board of Directors is constituted in a manner calculated to preserve the control of Non-Indians on the currency system of India, so that India could be utilised for the purpose of strengthening the position of London as the financial centre of the world. A careful perusal of the classes would also reveal the intentions of the authors of the Bill to deprive India of a Gold currency.

(5) The advantages which my Committee would desire that India should derive from the establishment of a Central Bank would be :—

- (a) That a sound currency system should be ensured in India based on gold and for that purpose India should have an adequate quantity of gold in her reserves to meet any emergency that might arise.

- (b) The country should be given a visible symbol of the actual currency standard system viz., the gold standard and for that purpose we should have a well-defined gold coin, the notes should be denominated in terms of such coin and an appreciable quantity of such coins should be circulated in the country; so that people many know that the silver rupee is nothing but a token subsidiary coin in more or less the same manner as the nickel coin, and that there is a tangible and visible backing of gold.
- (c) That the Statute should contain provisions which would enable the establishment of an automatic system for the expansion and contraction of currency, according to the trade requirements without any artificial manipulation thereof. In other words, the system must be such as is both knave proof and fool proof. Suitable provisions should also be introduced for meeting emergency in the busy season and otherwise when necessary for the purpose of helping indigenous banks in India.
- (d) The Central Bank should also be made such as will be able to help the development of indigenous banking in India, including the growth of the Indian Joint-Stock Banks and through them to foster our industries, agriculture, internal trade and commerce.

It will be quite clear that for the purpose of enabling us to attain the above objects, it is necessary that, apart from Statutory provisions to carry out the above requirements, there should be a competent Board of Directors who would be careful and intelligent and who would not blindly endorse the suggestions made by the Bank's paid officials. In view of the past history of the currency system in India which is indeed a very chequered one, it is absolutely essential that if the Directors are not all Indian, there should at least be a preponderating element of independent-minded Indians on the Board.

My Committee have never been able to understand the necessity of a Share Capital Bank and have always held the opinion that such a Bank could not be in the best interests of the country. The Shareholders' scheme has already been condemned and there is no substantial improvement in the New Bill which would make

my Committee alter their opinion . On the contrary, they are of the opinion that the method of election proposed in the bill is not only intricate and allowing of manipulation on two occasions, but is made such as to make it difficult for capable Indians to be elected. The introduction of the delegate system is bound to throw the election into the hands of a small clique and the removal of the provision for the elected members of the Central Legislative being associated in the election of Directors of the Board has removed the one little safeguard that existed in the Stock-holders scheme for some independent-minded Indians being elected.

My Committee regret to point out that the deliberate deletion of the valuable recommendation of the Joint Select Committee about the coinage of Gold Mohurs will have the effect of excluding Gold from active circulation and will be viewed with considerable prejudice.

The Joint Select Committee also recommended the omission of the provision prohibiting members of the Indian or Local Legislatures from being nominated or elected on the Board of Directors of the Reserve Bank. My Committee fail to understand why the authors of the bill have deleted this recommendation of the Joint Select Committee, the effect of which will be to shut out the services of public and independent-minded Indians who are versed in public affairs and finance.

The recommendation of the Joint Select Committee for the retention in India of even 20% of the Currency reserve in the form of actual gold has also been deliberately omitted. The provision regarding the holding of bills drawn on foreign gold standard countries also goes against the recommendations of the Joint Select Committee.

The above are only a few examples to illustrate the real intentions of the authors of the Bill of fundamental and vital matters.

Though the formation of a Reserve Bank on right lines and under a proper directorate would be an important landmark in the history of Indian banking, my Committee consider that the general grounds above stated are sufficient to condemn the bill in the present form as a whole and they do not, therefore, see the necessity of entering into any detailed criticism of the Bill in the course of this representation.

No. F.15/27. Telegram dated, Calcutta, 2nd February, 1928.

From Chamber to Mr. V. J. Patel, President,  
Legislative Assembly, New Delhi.

“Committee Indian Chamber congratulate you on your spirit of independence and justice in refusing permission for introduction of new Reserve Bank Bill with a view to zealously guard against the abuse of privileges of the House and to uphold the dignity and prestige of the people’s representatives in the assembly. Committee feel confident that the whole country is at your back in your firm stand.”

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GOVERNMENT OF INDIA BUDGET FOR 1928.

No. F.3/26. Telegram dated the 1st March, 1928.

From Chamber to Federation of Indian  
Chambers of Commerce.

“Committee Indian Chamber of Commerce recommend reduction to Military expenditure. Restriction on foreign borrowing and help Bengal to Balance Deficit Budget from the Revenue Reserve Fund kept for the Reserve Bank no longer now required.”

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SALE OF SILVER.

No. F.13/26, dated Calcutta, 28th May, 1928.

From Chamber to the Government of India,  
Finance Department, Simla.

I am instructed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you in regard to the recent sale of Silver by the Government of India from the Paper Currency Reserve, in London.

2. My Chamber takes strong exception to the policy of the Government in giving effect to any recommendation of the Currency Commission until the sanction of the Legislature has been obtained. It is noteworthy that beyond obtaining the sanction of the Legislature on the ratio question, a sanction which was obtained under

circumstances and by means which do not reflect any credit on the Government, the other recommendations of the Currency Commission have not received any confirmation from the Legislature. This is practically the position that has arisen after the debacle of the Reserve Bank Bill. At this stage, if Government decide to sell Silver, it is strongly to be condemned. Whether it be in regard to the sale of Silver or to the increase in the Ad Hoc Securities or any matter whatsoever, no reform in pursuance of the recommendations of the Currency Commission should be put into effect unless the Legislature has considered the whole Currency and Financial re-organisation and laid down its final views in the matter. My Chamber, therefore, insists that the Government should not sell any more Silver nor resort to periodical manipulations with the Currency system which have played so much havoc not only to the detriment of the people but to the detriment of the Government themselves.

#### TIGHTNESS OF THE MONEY MARKET.

No. F.-4/26, dated the 21st May, 1928.

From Chamber to the Government of India, Finance Dept., Simla.

Although the Committee of the Indian Chamber of Commerce, Calcutta, fully realise that it is absolutely of no avail to make any representations or lodge any remonstrance against the blatant manipulations of Government with a view to bolster up their pet ratio of 18d., they feel that they will be seriously failing in their duty to the country, if they do not draw the attention of the authorities to the complications in the money and trade markets which have now reached a condition of unparalleled acuteness. It has been said that deflation as such can be no wrong and will, in fact, be justified under certain circumstances. For its part, the Chamber does not fight shy of the word deflation, but when during the last three months every possible device of deflation has been put into effect by Government with the result that money rules as firm in the beginning of the slack season as it usually does in the peak month of the stringent season, and when there is no prospect whatsoever of any alleviation of the prolonged stringency, this Chamber feels sure that there can be no two opinions that deflation effected in these ways and in regular quick succession can in no way be con-



sidered as proper or justified. I am also to invite your attention in this connection to the very acute depression in the Cotton Textile Industry of India and the reduction of the purchasing power of the ryot, as a result of the deflationary operations of Government during the last 4 years. It is acknowledged on all hands that the fixing of the ratio at the higher level of 1s. 6d., and the constant deflation of currency are responsible largely for the impoverishment of the agriculturists and the bad state of the Indian Textile Industry. Government would be more honest if instead of attempting futile arguments and vague theories for explaining an indefensible position, they would have the courage to admit that deflation is a proper and legitimate lever to push up exchange. A careful study of the financial situation during the last two and a half years brings out glaringly and unmistakably the fact that Government are interested only in one thing, viz., the maintenance of the exchange at 18d., and that to bring this about, they are willing to view with perfect equanimity the terrible mess into which the money market has been brought.

My Committee are aware that, though it is the people and merchants of this country who will suffer most by the chaotic conditions that prevail in the monetary market, Government also will ere long have to suffer in respect of their New Loan activities. Last year also my Chamber uttered a grave and impressive warning against the financial manœuvres of Government and predicted that the new loan activities of the Finance Member were foredoomed to failure. Sir Basil himself admitted in his Budget speech this year that the results of the 1927 new loan were disappointing. The reason why it was disappointing was not that Government did not give attractive terms for the loan but because the money and the gilt-edged market had been thoroughly demoralised by the way in which Government were conducting their financial and currency operations to the great detriment not only of the country but of themselves. It is quite possible that Government may succeed in maintaining exchange at 18d.; but my Committee desire Government to realise the fatal consequence which they will have to face as a result of this ruinous policy. Surely Government would not like to see the blunders of 1920-21 repeated. Prudence, equity and the best interests of Indian trade and commerce demand that this grievous wrong should be righted at once and the money and trade markets allowed to develop in a healthy and congenial atmosphere, unhindered by secondary considerations of maintaining exchange at

a particular level. The tightness in the money market can be seen from the fact that the cash percentage of the Imperial Bank of India is 9.03% and the cash balance is Rs. 7,75,77,000/- which is the lowest on record, and the Bank rate in the slack season rules so high as 7%, as in the midst of the busy season.

My Committee would strongly urge Government to take early steps in the matter with a view to remove the prevailing tightness in the money market which has disastrous effects on trade and commerce of the country.

## **APPENDIX VI.**

### **INDUSTRY & LABOUR.**

#### **International Labour Conference XI Session.**

No. I.-1/26, dated 23rd March, 1928.

Telegram from Chamber to Department of Industries and Labour,  
Govt. of India, New Delhi.

Committee Indian Chamber surprised at such long delay in announcing personnel of delegation to the eleventh International Labour Conference Committee will feel thankful for an early announcement as it will enable delegates to make preparations.

Confirmation of Telegram No. L.-1537, dated New Delhi,  
the 28th March, 1928.

From Government of India, Department of Industries and Labour  
to the Chamber.

*Press communique announcing personnel of Indian delegation  
is being issued.*

**INDIAN DELEGATES.**

ELEVENTH INTERNATIONAL LABOUR CONFERENCE.

New Delhi, March, 1928.

The personnel of the Indian delegation to the 11th International Labour Conference which opens at Geneva on the 30th May will be as follows :—

The Government of India's Delegates: Sir Atul Chatterjee, Dr. Páranjpye and Mr. Walton of the India Office. Advisors: Mr. Walton, Mr. Graham of the G. I. P. Railway and Dr. Rawley, Director of Industries, Punjab, who will also act as Secretary to the Delegation.

Employers Delegate: Mr. Narotam Morarji. Advisors: Messrs D. P. Khaitan and Shanmukham Chetty, M.L.A.

Workers Delegate: Dewan Chaman Lall, M.L.A. Advisors: Mahbul Huq and Mr. P. C. Bose, Secretary, Colliery Employees' Association, Jharia.

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Telegram dated 30/3/28.

From Chamber to Mr. Seth Narotam Morarji, Bombay.

Committee Indian Chamber convey their hearty congratulations on your nomination as Employers' Delegate Eleventh Session International Labour Conference.

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No. I.-1/26, dated 30th March, 1928.

From Chamber to Messrs D. P. Khaitan and  
Shanmukham Chetty, M.L.A.

Committee Indian Chamber convey their hearty congratulations on your nomination as Advisor Employers' Delegate Eleventh Session International Labour Conference.

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No. I.-1/26, dated the 2nd April, 1928.

From Chamber to Chambers and Associations all over India.

In continuation of my letter No. I.-1/26, dated the 22nd October 1927, I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to convey to your Committee their best thanks for having supported the suggestion made by this Chamber for the nominations of Mr. Narottam Morarji as the Employers' Delegate to the XI Session of the International Labour Conference to be held in Geneva in May, 1928, and Messrs D. P. Khaitan and R. K. Shanmukham Chetty as Advisors to the Delegate.

I am to re-iterate here my Committee's firm conviction that the Government's acceptance of the nominations of these three gentlemen is very largely due to the almost complete unanimity in the recommendations made by the Indian organised representative associations of the Employers, and to invite your Committee's attention to the importance of such unanimity in recommendations regarding the personnel of the delegation for the future Sessions of the Conference.

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Letter No. I.-1/26, dated the 4th April, 1928.

From Chamber to other Associations.

You are doubtless aware that the agenda of the XI Session of the International Labour Conference to be held at Geneva on the 30th May, 1928, consists of the following two items:—

- I. Minimum wage-fixing machinery (final discussion) ;
- II. Prevention of industrial accidents, including accidents, due to coupling on Railways (first discussion).

The question of minimum wage-fixing machinery passed through the first stage of the double discussion procedure at the Tenth Session of the Conference. This Session, in accordance with paragraph 5 of Article 6 of the Standing Orders of the Conference, adopted a Questionnaire on the subject for communication to the Governments, and decided to place the question on the Agenda of the 1928 Session for completion of the second stage of the procedure,

i.e. for a final discussion and decision by way of a Draft Convention or Recommendation.

The question of the prevention of industrial accidents, on the other hand, appears on the agenda of the Conference for the first time, and will, therefore, be the subject of a first discussion.

These are subjects of vital importance to the industrialists in which the interest of the employers should be properly safeguarded. You must also be aware that Mr. D. P. Khaitan, the President of this Chamber, is accompanying the delegation as an Advisor to the Employers' Delegate to the International Labour Conference. Under instructions from him, I am to request you to be so good as to forward to me the views of your Chamber on these two subjects, for the guidance of the Delegation. An early expression of your Chamber's views will doubtless facilitate the delegation in the expression of their opinion on the subject at the Conference in consonance with the general opinion of the bodies they represent.

In view of the fact that the Conference is to be held in the month of May, 1928, I am to request you to send me an early reply so that it can be forwarded to the delegation in good time.

INTERNATIONAL LABOUR OFFICE QUESTIONNAIRE--  
CONSULTATION OF CHAMBER BY GOVERNMENT  
BEFORE SENDING THEIR REPLY.

No. I.-1/26, dated the 25th May, 1928.

From Chamber to the Government of India, Commerce  
Department, Simla.

It has been brought to the notice of my Committee that the Government of India have forwarded their replies to the questionnaire issued by the International Labour Conference last year regarding the minimum wage fixing machinery. As this Chamber was not consulted on the subject, my Committee presume that no other Chambers of Commerce were also consulted. I am, therefore, directed to enquire why the Government of India did not consult commercial and public opinion on a question of such far-reaching importance which affects the labour and capitalist classes. It is the

primary duty of the Government that, before formulating their views on such important questions, they ought to consult Indian commercial bodies, so that the latter may have an opportunity of placing their view points before the Government of India who would be at liberty to send their views to the proper quarters after giving full consideration to what these bodies representing employers and labour have to say on the subject.

I am to express a hope that the Government of India in future will appreciate the advisability and necessity of consulting commercial opinion before arriving at decisions on questions of such vital importance.

No. 258-CM, dated 30th May, 1928.

From the Government of India, Department of Commerce,  
Simla, to Chamber.

*Questionnaire issued by the International Labour Conference last year regarding the minimum wage fixing machinery.*

I am directed to acknowledge the receipt of your letter No. I.-1/26, dated the 25th May, 1928, on the above subject, and to say that it has been transferred for consideration to the Department of Industries and Labour who are concerned with the matter.

No. L.-1526, dated Simla, 12th June, 1928.

From Government of India, Department of Industries and Labour  
to Chamber.

Subject :—Questionnaire issued by the  
International Labour Office re-  
garding minimum wage-fixing  
machinery.

I am directed to refer to your letter No. I.-1/26, dated the 25th May, 1928, addressed to the Secretary to the Government of India in the Commerce Department, and to say that your Committee appears to be under a misapprehension as to the purpose of the questionnaire issued by the International Labour Office. As a

matter of convenience the International Labour Office puts up to the International Labour Conference, in connection with each subject to be discussed, a draft to form the basis of the discussion. It is open to the Conference to reject the draft but as a rule it adopts it as a basis of discussion and modifies it in any way that seems desirable. The object at this stage is to prepare a draft which is likely to secure substantial support and the International Labour Office attempts to secure this object by collecting by means of a questionnaire the preliminary views of Governments and by basing the draft generally on the replies received. The replies so sent by Governments represent only the preliminary views of these Governments, and not the views of either the employers or the workers in the countries concerned. Both these groups have the opportunity of expressing through their delegates at the Conference (who are quite independent of the Government delegates) their views on the questions at issue and of influencing the decision by these views and by their votes. I am to observe that even the Governments themselves are in no way bound by the preliminary expressions of opinion contained in their replies to the questionnaires.

2. Further, the time allowed, at any rate in India, by the International Labour Office for sending preliminary answers is very short and on the occasion to which your letter refers, the Government of India did not find it possible even to consult local Governments and had to state explicitly that the views expressed by them in the reply to the questionnaire were provisional. The Government of India do not think that any useful purpose would have been served by a hurried consultation of employers' and workers' associations at that stage, and as far as they are aware, other Governments do not consult such bodies before sending preliminary replies to these questionnaires.

3. I am to add that the questionnaires relating to minimum wages were prepared by the Conference of the preceding year which was attended by representatives of both Indian employers and Indian workers. If the Indian employers, on receiving the report of their delegate, had thought it worth while to express any preliminary views, they would have been at liberty to forward such views to the International Labour Office. But as the object of the preliminary consultations is merely the preparation of the drafts, the employers of other countries do not appear to consider such a step desirable.

Letter No. 666-TMne, dated the 12th September, 1928.

From Government of Bengal, Commerce and Marine Department,  
to Chamber.

I am directed to forward herewith a copy of a questionnaire\* relating to the protection against accidents of workers engaged in loading or unloading ships, which has been placed on the agenda of the 12th session of the International Labour Conference to be held in 1929, and to request that you will be so good as to favour Government with replies to the questionnaire, which in the opinion of the Chamber should be communicated to the International Labour Office.

2. The favour of a reply by the 18th instant is requested.

No. I.-1/26, dated the 15th September, 1928.

From Chamber to the Government of Bengal, Commerce and  
Marine Departments, Darjeeling.

I am directed to acknowledge the receipt of your letter No. 666T/Mne, dated Darjeeling the 12th September, 1928. You have invited replies to the questionnaire of the International Labour Conference relating to the protection against accidents of workers engaged in loading or unloading ships which in the opinion of this Chamber should be communicated by the Government to the International Labour Office. You also desire the replies to the questionnaire of this Chamber to reach you by the 18th September. This hardly leaves 4 days for my Committee to consider the questionnaire, formulate their replies to the questionnaire and forward them to you. The subject is of a very vital importance and requires a very careful consideration.

My Committee regret, therefore, that it is not possible for them to deal adequately with such an important question due to shortness of time and therefore they are unable to forward their views in the matter.



My Committee wish that the Government of Bengal would have been pleased to grant them at least 10 days to formulate their opinion on such an important subject.

I am to express a hope that the Government of Bengal will be pleased to bear this in mind and give a little more time on future occasions.

Letter No. 701-T/Mne, dated the 17th September, 1928.

From the Government of Bengal, Commerce and Marine Departments, Darjeeling, to Chamber.

I am directed to refer to your letter No. I./1-26, dated the 15th September, 1928, in which you request an extension of time for the submission of your reply to the questionnaire of the International Labour Office on the protection against accidents of workers loading or unloading ships, and to say that the reply should be sent with the greatest possible urgency. As regards the date for the submission of the reply, I am to say that that date has been set with reference to the requirements of the Government of India, who have asked the views of the Local Government to be submitted at once. The Government of Bengal, therefore, have had no option but to ask for the submission of the views of your Chamber in the short period mentioned in this Department letter No. 666-T/Mne., dated the 12th September, 1928.

No. I.-1/26, dated 22nd September, 1928.

From Chamber to the Government of Bengal, Commerce and Marine Departments, Darjeeling.

I am directed to acknowledge the receipt of your letter No. 701-T/Mne., dated Darjeeling, the 17th September, 1928, and to say that my Committee regret their inability to forward any considered reply to the Draft Questionnaire of the International Labour Office owing to the shortness of time.

I am addressing the Government of India protesting against the shortness of time allowed to the Government of Bengal and conse-

quently to the Chambers of Commerce and requesting them to allow more time in future.

No. I.-1/26, dated 24th September, 1928.

From Chamber to the Government of India, Commerce  
Department, Simla.

I am directed to invite your attention to the letter from the Government of Bengal, Marine Department No. 666-T/Mnc., dated the 12th September, 1928, requesting my Chamber to forward their replies to the Draft Questionnaire of the International Labour Office before the 18th September, 1928. My Committee replied regretting their inability to forward their considered replies to such an important matter within 4 days of the date of the receipt of their letter and requested for an extension of time. In reply to this letter, the Government of Bengal in their letter No. 701-T/Mnc., dated Darjeeling, the 17th September, 1928, observed, that the date (viz., the 18th September) for submission of the reply, has been set with reference to the requirements of the Government of India who have asked the views of the Local Government to be submitted at once.

I am, therefore, directed by my Committee to convey to you their protest against such a short time being allowed to Local Governments and consequently to the Chambers for the submission of their replies on matters of such a great importance.

I am to express a hope that the Government of India will be pleased to bear this in mind and to give more time on future occasions.

INTERNATIONAL LABOUR CONFERENCE—  
XII AND XIII SESSIONS.

No. I.1/26, dated the 24th September, 1928.

From Chamber to the Government of India,  
Commerce Department, Simla.

I am directed to enquire when the Press Communique will be issued announcing the date and the subjects for discussion on the

next International Labour Conference and requesting the Employers' and Labour Organisations to nominate their delegates.

Letter No. L. 1548, dated the 16th October, 1928.

From the Secretary to the Government of India,  
Department of Industries and Labour, Simla,  
to Chamber.

*Subject: International Labour Conference, 1929.*

With reference to your letter No. I.1/26 dated the 24th September, 1928, addressed to the Secretary to the Government of India, Commerce Department, I am directed to say that the usual press communique announcing the agenda of the next International Labour Conference and inviting the nominations of non-official delegates and advisors will be issued as soon as the necessary information from the International Labour Office is received.

Letter No. 4286-94-Com., dated the 7th November, 1928.

From the Secretary to the Government of Bengal,  
Commerce and Marine Departments, Calcutta,  
to Chamber.

I am directed to forward for the information of the Chamber a copy of the Government of India, Department of Industries and Labour, Press Communique dated the 25th October, 1928, regarding the nomination of delegates for the twelfth and thirteenth sessions of the International Labour Conference at Geneva, and to request that if the Chamber desires to suggest any name or names through the local Government, these suggestions should be submitted to this Government not later than the 31st December, 1928.

Government of India, Department of Industries and Labour.

Dated, Simla, the 25th October, 1928.

Press Communique.

The Government of India have been informed that two Sessions of the International Labour Conference will be held at

Geneva in 1929—the first, a General Session and the second, a Special Session dealing with questions relating to maritime labour. The General Session (Twelfth Session) will open on the 30th May 1929, and the items on the formal Agenda of this Session are :—

- (i) Prevention of industrial accidents.
- (ii) Protection against accidents of workers engaged in loading or unloading ships.
- (iii) Forced Labour.
- (iv) Hours of work of salaried employees.

Under the double discussion procedure, there will be a final discussion on the first two items and a first discussion on the third and fourth items.

The Maritime Session (Thirteenth Session) will open on the 10th October, 1929, and the Items on the Agenda of this Session are :—

- (i) Regulation of hours of work on board ship.
- (ii) Protection of seamen in case of sickness (including treatment of seamen injured on board ship).
- (iii) Welfare of seamen in ports.
- (iv) Minimum standard of professional qualifications for masters, navigating officers, and engineer officers in charge of watches on merchant vessels.

2. The representation of each State for each of the two Sessions should include four delegates of whom two will be Government representatives, one a representative of the employers and one a representative of labour. The right of nominating all the delegates rests with Government, but in selecting the delegates for employers and labour, the Government of India will attach due importance to recommendations made by organised representative associations of employers and employed.

3. All suggestions as to the nomination of non-Government delegates for both the Sessions should reach the Secretary to the Government of India in the Department of Industries and Labour.

at the earliest possible date, and in any case, not later than the 15th January, 1929, in order to enable Government to make the selections to report them to the International Labour Office and to make adequate arrangements for the journey of the delegates.

4. Allowances (on a scale which can be ascertained by application to the Department of Industries and Labour) will be granted by Government to defray the expenses of delegates finally nominated.

(Sd.)

Deputy Secretary to the Government of India.

No. I. 1/26, dated the 8th December, 1928.

From Chamber to the Government of India, Department of Industries and Labour, New Delhi.

With reference to the Press Communique, dated Simla, the 25th October, 1928, regarding the two Sessions of the International Labour Conference, to be held at Geneva during the year 1929, *viz.*, the General Session (Twelfth Session) in the month of May, 1929, and the Maritime Session (Thirteenth Session) in the month of October, 1929, my Committee strongly recommend the nomination of the following gentlemen as Employers' Delegates and Advisors to the Employers' Delegates for the Twelfth and Thirteenth Sessions of the International Labour Conference, 1929. The names of Advisors are mentioned in *order of preference* :—

XII SESSION (General Session)—May, 1929.

Employers' Delegate :

Mr. Kasturbhai Lalbhai, Ahmedabad.

*Advisors :*

- (1) Mr. K. C. Neogy, M. L. A., Calcutta.
  - (2) Mr. P. Mukerji, Delhi.
  - (3) Mr. B. Das, M. L. A., Cuttack.
  - (4) Khan Bahadur Chandoo, Rangoon.
  - (5) Mr. R. K. Shanmukham Chetty, M. L. A., Madras.
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XIII SESSION (Maritime Session) October, 1929.

Employers' Delegate :

Mr. Jadu Nath Roy, Calcutta.

*Advisors :*

- (1) Mr. D. S. Erulkar, Manager, Scindia Steam Navigation Co., Ltd., London.
- (2) Mr. M. A. Master, Bombay.
- (3) Mr. Fakirji Cowasji, Karachi.
- (4) Mr. Sheriff Hasam, Bombay.
- (5) Mr. Bhonaji Rao, M. L. C., Vizagapatam.

My Committee strongly urge that the Government of India should nominate the full quota of Advisors to the Delegates, viz., 8, for each Session, from amongst the names recommended by the various Indian organised representative Associations of the Employers.

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#### STORES PURCHASE RULES.

No. 1551-60-T-Com., dated, Darjeeling, 29th September, 1928.

From Deputy-Secretary to the Government of Bengal,  
Commerce and Marine Departments, to Chamber.

I am directed to forward the accompanying copy of a Resolution No. S-217, dated the 13th September, 1928, by the Government of India in the Department of Industries and Labour, publishing the draft revised rules regulating the purchase of stores required for the Central Government and Provinces other than Governors' Provinces, and to say that any opinion or criticism that your Chamber wishes to offer on the Draft Rules, may forward to the Government of India, Department of Industries and Labour, direct.

No. S.-217. Simla, the 13th September, 1928.

Government of India, Department of Industries and Labour.

*Resolution.*

Under the existing rules for the supply of articles for the public service which were sanctioned in 1924, articles which are not manufactured in India must, except in certain specified cases, be purchased through the India Store Department, London. Where tenders are called for by that Department, they have to be made in terms of sterling and where the necessity arises of making a choice between the Indian and the foreign article, a close comparison of the tenders offered in India in rupees and the tenders offered in London in sterling is required. The view has been held in many quarters that the existing principles and procedure are not those best calculated to advance the general policy of Government in this matter, *viz.*, "to make their purchases of stores for the public service in such a way as to encourage the development of the industries of the country to the utmost possible extent, consistent with economy and efficiency." It has been strongly urged that the introduction of a system providing for the purchase in India, as far as possible, of all articles, whether Indian or foreign, would best serve the interests both of Indian industrialists and of purchasing departments. These views were reflected in a resolution adopted by the Legislative Assembly in February, 1924, which indicated that in the view of the Assembly the existing system of stores purchase was not in the best interests of India and that it should be replaced by a system of rupee tenders for delivery in India. And the Government of India, after full consideration of the question, have decided to accept the main principle underlying that resolution, *viz.*, that it should be the general rule that articles required for the public service should be purchased in India, where tenders will be called for in rupees.

2. In order to give effect to the policy now adopted, the Government of India have framed the draft rules appended to this resolution which embody their provisional conclusions on the subject and are intended to supersede all previous rules relating to the purchase of stores other than printing and stationery stores. The draft rules will be taken into consideration on or after the 1st

December, 1928, and any criticism or suggestion received with respect to these rules before that date will be considered by the Government of India. The rules, as finally approved, will not be brought into force until a year has elapsed after publication in their final form. The object of this moratorium is to give time to the departments and firms who may be affected to make the necessary adjustments in their procedure in order to conform to the provisions of the new rules.

*Draft rules for the supply of articles required to be purchased for the public service.*

*Preamble.*

The policy of the Government of India is to make their purchases of stores for the public service in such a way as to encourage the development of the industries of the country to the utmost possible extent, consistent with economy and efficiency, and the following rules which are applicable to the purchase of stores (other than printing and stationery stores) for the Government of India and for provinces other than Governor's provinces, are prescribed in accordance with this policy. These rules supersede all previous orders on the subject.

In order to give effect to the above policy, Departments of the Government of India or officers expressly authorized by them in this behalf may, when they are satisfied that such measures are justified, allow a limited degree of preference in respect of price to articles produced or manufactured in India.

Subject to the above, preference in making purchases will be given :—

- (a) To articles which are produced in India in the form of raw materials or are manufactured in India from materials produced in India over articles wholly or partially manufactured in India from imported materials or articles not manufactured in India, provided that the quality is sufficiently good for the purpose.
- (b) To articles wholly or partially manufactured in India from imported materials over articles not manufactured in India, provided that the quality is sufficiently good for the purpose.



- (c) To articles held in stock in India over those which would need to be specially imported, provided that they are of suitable type and requisite quality.

*Rule 1.*—Except as provided in Rules 6 and 7, all articles required to be purchased for the public service shall be purchased in India.

*Rule 2.*—Unless, either because of the smallness of the order, or for some other sufficient reason to be recorded, it is not in the public interest to call for tenders, tenders shall be invited for the supply of all articles which are purchased in India under these rules. It shall be a condition on which tenders are invited that supply shall be made in India for payment in rupees in India ; and no tender which fails to comply with this condition shall be accepted.

*Rule 3.*—All articles, whether manufactured in India or abroad, for which specifications and/or tests have been prescribed by competent authority, shall before acceptance be subjected to inspection and/or the test or tests during manufacture or before or after despatch from the suppliers' premises, which have been prescribed either in the specifications or otherwise.

*Rule 4.*—Important plant and machinery and iron and steel work shall be obtained only from firms approved by the Chief Controller of Stores, Indian Stores Department, and specified in the list issued by him from time to time.

*Rule 5.*—Nothing in the rules shall be deemed to prohibit the purchase of articles by one Department or Railway from another.

*Rule 6.*—

- (i) Seeds ;
- (ii) Cinchona bark ;
- (iii) Articles for experimental or research purposes ;
- (iv) China, glass, cutlery, plate, crockery and perishable fabrics, including linen for residences which are furnished by Government ;
- (v) Copper, zinc and other non-ferrous metals produced and purchased in Australia ;

- (vi) Timber produced and purchased in Australia or North America ;
- (vii) Such articles as the Superintendents of Vaccine Depots may require for the preparation of vaccine lymph ;
- (viii) Chemicals and scientific instruments ;
- (ix) Preserved and tinned foodstuffs ;
- (x) Articles required for Viceregal residences ;
- (xi) Any other articles of a special or unusual character ;

shall be purchased in India if suitable and economical purchases can be made there, and when purchased in India, Rules 2 to 5 shall apply to their purchase. If, however, suitable and economical purchases cannot be made in India, they may be obtained abroad under the following rules :—

- (a) Where the value of the purchase exceeds Rs. 5,000 the purchasing officer shall place on record his reasons for not purchasing in India.
- (b) The purchasing officer may at his discretion either obtain the article that he requires by indent on the India Store Department, London, or purchase it direct from manufactures or dealers abroad. Where resort is had to direct purchase from manufacturers or dealers abroad, tenders should, whenever practicable, be first obtained.
- (c) Payment for article purchased abroad under this rule in countries other than the United Kingdom shall be made direct to the suppliers by the purchasing officer. Payment for articles purchased under this rule in the United Kingdom shall be made through the High Commissioner for India.

*Rule 7.*—Lethal weapons, munitions of war, technical apparatus and equipment, and any other stores required by the Naval, Military or Air Forces of the Crown in India for which drawings, patterns, specifications or designs have been issued, prescribed or announced by the Admiralty, War Office, Air Ministry, Government of India or Commander-in-Chief in India, shall be obtained by indent on the India Stores Department, London, unless they are available in India in accordance with prescribed drawing, pattern, specification, or

design. Any departure from this rule requires sanction of the Government of India, and whenever an expenditure exceeding Rs. 20,000 is incurred in any individual case to which such sanction has been accorded, it shall be reported to the Secretary of State for India in Council.

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No. I.-3/26, dated Calcutta, the 27th November, 1928.

From Chamber to Government of India, Department of Industries and Labour, Delhi.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the Resolution of the Government of India No. S-217, dated Simla, the 13th September, 1928, appending the draft rules framed by the Government of India for the supply of articles required to be purchased for the public service.

My Committee are indeed glad to find that the Government have decided to accept the main principle underlying the Resolution adopted by the Legislative Assembly in 1924 of calling tenders viz., (1) in India, (2) for delivery in India, and (3) in rupee currency. At the same time, my Committee would point out that the draft rules do not lay down clearly that preference should be given to articles manufactured in India, if the articles are otherwise satisfactory, but the price is 5 to 10% higher.

They, however, hope that the purchasing officers will always bear this in mind and make their purchases of stores for the public service in such a way as would encourage the development of the industries of the country to the utmost possible extent consistent with economy and efficiency.

My Committee further suggest that in cases where suitable purchases are not made in India, the reasons for the same should be recorded and copies supplied to Chambers of Commerce, from where manufacturers can get the information as to what they would have to do to conform to Government requirements.

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LEAGUE OF NATIONS—COMMERCIAL ARBITRATION  
BETWEEN NATIONALS OF DIFFERENT COUNTRIES.

No. 2043-Com., dated, Calcutta, 31st March, 1928.

From the Government of Bengal, to Chamber.

Copy with a copy of the Government of India's letter referred to forwarded to the Secretary, Indian Chamber of Commerce, for information with the request that the Government of Bengal may be favoured with the views of his chamber on the suggestion contained in paragraph 7 of the Government of India's letter, as early as possible. A copy of the previous reference from the Government of India, No. 4659, dated the 11th September, 1923, and enclosure, is also enclosed.

No. 2036-2042-Com.  
Government of Bengal.  
Commerce Department.  
Commerce Branch.

Dated Calcutta, the 31st March, 1928.

From

R. N. Gilchrist, Esqr., M.A., I.E.S.,  
Deputy Secretary to the Government of Bengal,  
Commerce & Marine Department.

To

- (1) The Secretary to the Bengal Chamber of Commerce.
- (2) The Secretary to the Chittagong Chamber of Commerce.
- (3) The Secretary to the Marwari Chamber of Commerce.
- (4) The Secretary to the Narayanganj Chamber of Commerce.
- (5) The Secretary to the Marwari Association.
- (6) The Secretary to the Bengal National Chamber of Commerce
- (7) The Secretary to the Bengal Mahajan Sabha.

Sir,

I am directed to refer to the correspondence ending with  
(1-5) your \_\_\_\_\_ letter No. (1) 432-1924, dated the 12th February  
(6 & 7) this Government  
1924.

(2) dated the 18th January 1924.

(3) 184, dated the 28th January 1924.

(4) dated the 13th March 1924.

(5) 36-1924, dated the 25th March 1924.

(6 & 7) 5684-5691-Com., dated the 26th

September 1923, on the subject of the Draft convention prepared by the Economic Committee of the League of Nations to provide for the recognition of arbitration clauses in commercial contracts between nationals of different countries, I am now to forward a further letter from the Government of India, Department of Commerce, No. 1472-C, dated the 15th March, 1928, and enclosures on the subject, and to request that the Government

of Bengal may be forwarded with the views of your Chamber  
Association  
Sabha  
on the suggestion contained in paragraph 7 of the letter as early as possible.

I have, etc.,  
Sd./- R. N. Gilchrist,  
*Deputy Secretary.*

No. 4659, dated Simla, the 11th September, 1928.

From—E. F. Rogers, Esq., Assistant Secretary to the Government of India, Department of Commerce.

To—The Secretary to the Government of Bengal, Commerce Department.

I am directed to forward copy of a draft Convention on Arbitration Clauses prepared by the Economic Committee of the League of Nations, which it is proposed shall be open for signature by all States desirous of adhering thereto at the meeting of the Assembly in September next.

2. In pursuance of its study of measures calculated to facilitate international trade, the Economic Committee of the League examined the question of the wider recognition of arbitration clauses in commercial contracts between nationals of different countries. The Geneva Conference endorsed this action by passing a resolution to the effect that "it is desirable that the enquiries now being made by the League of Nations, as to the best means of safeguarding the validity of voluntary agreements to refer to arbitration disputes

arising out of commercial contracts should be continued." This protocol is the outcome of the labours of the Sub-Committee specially appointed to consider this question. The use of clauses providing for arbitration has generally been found of great practical value in voiding litigation and prompting commercial honesty, and the commercial world attaches, as a rule, great importance to its general recognition. The Government of India, therefore, propose to instruct their representatives to agree to this protocol being open for signature by States Members of the League, and are inclined to think that it would be desirable for India to adhere thereto. Before, however, instructing their delegate to sign the protocol, they desire that commercial opinion and the High Courts should be consulted on the advisability or otherwise of doing so.

3. The object of the protocol is to provide for the recognition of arbitration clauses voluntarily inserted in commercial contracts between nationals of different countries. Article 4 requires that the tribunals of the contracting parties should stay any action regarding such contracts, and refer the parties to the decision of the arbitrators. By Article 3 each contracting party undertakes to enforce arbitral awards made in its own territory. No provision, however, is made for the reciprocal enforcement of awards in different countries. It was considered by the sub-Committee that at present there is no consensus as to the reciprocal enforcement of the judgments of the Courts of one country in those of another country, and that the difficulties would be even greater in regard to the awards of commercial arbitrators. It is recognised that this is a defect in the proposed Convention ; but it is believed that in the vast majority of cases such awards are in fact obeyed without any intervention of executive compulsion.

4. The Government of India are of opinion that the application of the protocol, as far as India is concerned, should be restricted to contracts relating to the sale of goods in the export and import trade of India, and contracts relating to freight, Insurance, Commission, etc. associated with such trade. They further consider that the extent to which the law in British India falls short of the requirements of the protocol is that—

- (i) an application for the appointment of an arbitrator and an application to file an award can only be made to a Court which would have had jurisdiction to try a suit covering the issue covered by the agreement or

the award—(c.f. section 2 of the Indian Arbitration Act, IX of 1899, and paragraphs 17 and 20 of the Second Schedule to the Code of Civil Procedure) ; and

- (ii) a Court is not bound but only has discretion to stay a suit on the plea that there is in force a valid agreement to refer the subject matter of the suit to arbitration (c.f. section 19 of the Arbitration Act, 1899, and paragraph 18 of the Second Schedule to the Code of Civil Procedure).

5. The Government of India incline to the view that there is no objection to the law in British India being amended with a view to its being brought into harmony with the provisions of the protocol, but, as the matter is one which closely affects the mercantile community, they would be glad if His Excellency the Governor in Council will favour them with his views after consulting the mercantile community and such other local bodies or individuals as he may deem desirable.

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#### LEAGUE OF NATIONS.

C.L.56 (a) 1923. H. II.

Geneva, March 24th, 1923.

#### Draft Convention on Arbitration Clauses.

The undersigned being duly authorised declare that they accept, on behalf of the countries which they represent, the following provisions :

1. The validity of an agreement to submit an existing difference to arbitration, or of an agreement in respect of future differences relating to commercial matters or to any other matter capable of settlement by arbitration, by which the parties agree to submit to arbitration all or any differences which may arise in connection with a contract, is recognised as between persons subject to the jurisdiction of different contracting parties, even if the arbitration is to take place in a country to whose jurisdiction none of the parties is subject.

Each contracting party reserves the right to limit the obligation mentioned above to contracts which are recognised as commercial by its own legislation.

Any contracting party which avails itself of this right will notify the Secretary General of the League of Nations, in order that the other contracting parties may be so informed.

2. The arbitral procedure will be governed by the provisions of the contract and by the law of the country in whose territory the arbitration takes place. The contracting parties agree to facilitate all steps in the procedure which require to be taken in their own territories, in accordance with the provisions of their law governing procedure applicable to existing differences.

3. Each contracting party undertakes that arbitral awards made in its own territory under the preceding articles shall be enforced by its authorities in accordance with the provisions of its national laws.

4. Tribunals of the contracting parties which, on being seized of a dispute regarding a contract between persons to whom Article 1 applies, recognise the existence in the contract of an arbitration agreement, whether referring to present or future differences, which is valid and capable of being put into force, shall, on the application of any of the parties, refer such parties to the decision of the arbitrators.

5. The present protocol, which shall remain open for signature by all members of the League of Nations and by States willing to accede to it, shall be ratified. This ratification shall be deposited as soon as possible with the Secretariat of the League of Nations ; the latter shall take the necessary steps to notify such ratifications to all the signatory parties.

6. The protocol will come into force as soon as two ratifications have been deposited with the Secretariat of the League of Nations. Thereafter, it will take effect, in the case of each contracting party, on the date of the deposit of its ratification.

7. The present protocol may be denounced by any contracting party on giving one year's notice. Denunciation shall be effected by a notification in writing addressed to the Secretary General of



the League, who will immediately transmit copies of such notification to all the other parties and inform them of the date on which it was received. The denunciation shall take effect one year after the date on which it was notified to the Secretary General, and shall operate only in respect of the notifying party.

8. The contracting States may declare that their acceptance of the present protocol does not include any or all of the colonies, overseas possessions or protectorates under their sovereignty or authority, and they may subsequently adhere separately on behalf of any colony, overseas possession or protectorate so excluded in their declaration. They may also denounce the protocol separately, in accordance with the provisions, in respect of any colony, overseas possession or protectorate under their sovereignty or authority.

A certified copy of the present protocol will be transmitted by the Secretary General to all the contracting parties.

Done at Geneva on the.....  
in a single copy, of which the French and English texts are both authentic, and which will be kept in the archives of the Secretariat of the League.

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No. I.-5/28, dated the 25th May, 1928.

From Chamber to the Government of Bengal,  
Commerce Department, Darjeeling.

I am directed to acknowledge the receipt of your letter No. 2043/Com., dated the 31st March, 1928, forwarding therewith a copy of a letter from the Government of India No. 1472/C dated, New Delhi, the 15th March, 1928, re: Arbitral Awards in commercial contracts, for the expression of the views of this Chamber thereon.

My Committee have carefully considered the letter from the Government of India and note that they are generally in favour of co-operation with other countries in International agreements of this kind and desire to agree to the provisions of the Protocol on Arbitration clauses of 1923, with the reservation that the application of the Protocol, so far as India is concerned, should be limited

to "Commercial" contracts relating to the sale of goods in the export and import trade of India and contracts relating to freight, insurance, commission etc., associated with such trade.

My Committee desire me to state that they take no exception to India's being a signatory to this Protocol with the reservation mentioned above, as international trade will be greatly facilitated by India's adherence to the Protocol. I am to point out, however, that Indian commerce may be considerably handicapped in its arbitrations due to the absence of its national Consular services, like other countries, all over the world.

My Committee hope that the Government of India will bear this point in mind and take an early opportunity to remove this handicap on Indian commerce.

WORLD AUTOMOBILE CONGRESS, ROME, 1928.

No. C/16, dated, Simla, 18th July, 1928.

From Government of India, Department of Industries and Labour,  
to Chamber.

The undermentioned paper is forwarded to the Secretary, Indian Chamber of Commerce, Calcutta, for information and any action that may be considered necessary, in continuation of this Department's endorsement No. C-1/43, dated the 25th May, 1928.

D/A

Copy of Second \*Notice regarding a World Motor Transport Congress to be held in Rome on September, 1928.

No. I. 3/27, dated 21st June, 1928.

From Chamber to the Secretary, World Automobile Congress, Rome.

I am directed to inform you that the Committee of the Indian Chamber of Commerce, Calcutta, have been pleased to nominate Mr. D. P. Khaitan as their representative at the forthcoming World Automobile Congress to be held in Rome in September, 1928. A

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\* Not printed in the Report.

copy of all papers and necessary information re : the next sessions of the Congress may please be sent to him at the address mentioned below.

Copy of telegram, dated 12th July, 1928 from Mr. D. P. Khaitan, London, to Chamber.

Regret cannot attend Automobile Congress suggest electing Udani—Khaitan.

No. I.-3/27, dated the 16th July, 1928.

From Chamber to World Automobile Congress, (Rome).

I am directed to refer you to my letter No. I.-3/27, dated the 21st June, 1928, in which I informed you that my Committee were pleased to nominate Mr. D. P. Khaitan as their representative at the forthcoming World Automobile Congress, 1928. My Committee are now informed by Mr. Khaitan that he is unable to attend the Conference. My Committee have, therefore, been pleased to nominate Mr. R. J. Udani as their representative at the World Automobile Congress to be held in Rome in September, 1928.

I am further to request you to forward all papers and necessary information regarding the next sessions of the Congress to Mr. R. J. Udani at the address mentioned below.

MR. R. J. UDANI'S Address :

R. J. Udani, Esq.,  
*Hon. Secretary,*  
Indian Chamber of Commerce in Great Britain,  
53, New Broad Street,  
London E.C. 2.

Letter dated July 10th, 1928.

From the Secretary, World Automobile Association, Rome,  
to the Chamber.

I beg to acknowledge receipt of your letter of June 21st from which I learn that Mr. D. P. Khaitan has been elected your repre-

sentative at the forthcoming World Automobile Congress to be held in Rome in September, 1928.

I shall write to him directly as to the details with regard to his adhesion.

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CIVIL AVIATION FOR INDIA.

Letter No. I.-7/28, dated the 11th April, 1928.

From Chamber to the Government of India, Department of Industries and Labour.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the article which appeared in the "Englishman" dated the 4th April, 1928, on the subject of Civil Aviation in India.

My Committee are indeed shocked to learn from the statement made by Sir Samuel Hoare in the House of Commons that the Government of India were discussing the question of entering into a new agreement with the Imperial Airways Ltd., to organise a Weekly Mail Service from London to Karachi, Delhi and Calcutta and to grant a subsidy for the purpose. It is difficult to reconcile this statement with the public utterance of the Government officials in India, viz., that Government contracts would only be given to Companies having a Rupee capital, registered in India, and having a majority of Indian Directors and making provision for the training of Indian apprentices. If, by any chance, there is any truth in the statement of Sir Samuel Hoare, then it is tantamount to placing Indian Aviation in foreign hands, a course against which my Committee cannot but emphatically protest.

To reassure the public on this question of serious importance to the country, my Committee would request you to furnish them with the following information as early as possible :—

- (a) Does Government propose to carry out the promises made by the Hon'ble Sir Bhupendra Nath Mitra in his speech in the Assembly last year as to the composition of Companies to whom contracts for Air Services in India would be given?

- (b) If not, does Government propose to enter into a contract with Imperial Airways Ltd., for the maintenance of all or any of the internal air routes of India (including the Calcutta Rangoon Service)?
- (c) What steps do Government intend to take to ensure that Civil Aviation in India does not divert into Non-Indian hands and that the interests of the country are duly and adequately protected?

My Committee hope you will doubtless agree with them that it is only fair and equitable that an early pronouncement of the Government policy in regard to Civil Aviation should be made.

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Letter No. Av.10/110, dated 25th April, 1928.

From the Secretary to the Government of India, Department of Industries and Labour, Public Works Branch, Simla, to Chamber. Policy of the Government of India in regard to the operation of internal air services in India.

I am directed to acknowledge the receipt of your letter No. I.-7/28, dated the 11th April, 1928, on the above noted subject, and to say that a further communication in the matter will be sent to you in due course.

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Copy of letter No. V.-10, dated Simla, the 3rd August, 1928.

From Government of India, Department of Industries and Labour, Public Works Branch to the Secretary, Indian Chamber of Commerce, Calcutta.

I am directed to refer to your letter No. I.-7/28, dated 11th April, 1928, in which you refer to an alleged statement by Sir Samuel Hoare in the House of Commons to the effect that the Government of India were discussing the question of entering into a new agreement with Imperial Airways, Limited, to organize a Weekly Mail Service to Karachi, Delhi and Calcutta and to grant a subsidy for this purpose. The Government of India were not aware of any such statement, but before replying to your letter,

they considered it desirable to obtain the official report of the speech made by Sir Samuel Hoare in the House of Commons on 12th March, to which your letter apparently refers.

2. The Government of India have now examined this report and they cannot find in it the statement to which you refer. Sir Samuel Hoare referred to the negotiations between the British Government and Imperial Airways for a service to India, but his only reference to the Government of India was in the following phrase: "The details of the agreement are not yet complete, and we are still discussing them with the company and the Government of India." He did not suggest anywhere that there were negotiations between the Government of India and Imperial Airways in this connection, or that the Government of India were contemplating the grant of a subsidy to the company.

3. In the circumstances, there would appear to be no valid foundation for the apprehension expressed in your letter. I am, however, to add for the information of your Chamber that the Government of India understand that an agreement has since been reached between the British Government and Imperial Airways relating to an air service to India, that the Government of India are not parties to this agreement, that they have neither offered nor granted a subsidy to Imperial Airways or any other company, and that their policy in this matter, as outlined in the speech of the Hon'ble Sir Bhupendra Nath Mitra in the Legislative Assembly on 1st March, 1927, remains unaltered.

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EMPLOYMENT OF WOMEN UNDERGROUND  
IN MINES.

DEPARTMENT OF INDUSTRIES AND LABOUR.

NOTIFICATION.

Simla, the 14th June, 1928.

No. M.-1055.—The following draft of regulations which it is proposed to make in exercise of the powers conferred by section 29 of the Indian Mines Act, 1923 (IV of 1923), is published as required by sub-section (1) of section 31 of that Act for the information of

all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration on or after the first day of October, 1928. Any objection or suggestion which may be received from any person in respect of the draft before the date specified will be considered by the Governor General in Council.

*Draft Regulations for prohibiting the employment of women  
underground in Mines.*

1. These regulations shall come into effect at once.

2. In these regulations—

(1) "exempted mine" means :

(a) coal mines in Bengal, Bihar and Orissa and the  
Central Provinces ;

(b) salt mines in the Punjab ;

in which women were employed in underground workings during any part of the year 1926.

(2) "Underground workings" comprises any part of a mine situated beneath the superjacent ground, and includes vertical shafts provided for access to, or for the ventilation, of such workings.

3. On and after the 1st day of April, 1929, no woman shall be permitted to enter or remain in the underground workings of any mine unless—

(a) she has the express permission of the Chief Inspector, or

(b) in the case of an exempted mine, she has upon her person prominently displayed a valid token issued under regulation 4 and bearing the name of that mine.

4. The Chief Inspector shall, before the 31st day of March in each of the years 1929 to 1938 inclusive, issue to the manager of each exempted mine metal tokens bearing the name of the mine, a serial number and the number of the year in which the tokens are issued.

5. The number of tokens bearing the year number 1929 so issued in respect of each mine shall be equal to the daily average

number of females employed underground as entered in the statutory return of that mine relating to persons employed during the year ending the 31st December, 1926, or, in respect of any mine for which no return was made, to the average number of females estimated by the Chief Inspector to have been so employed during the year 1926. The number of tokens issued bearing the year numbers 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937 and 1938 shall be the integer nearest to 90 per cent., 80 per cent., 70 per cent., 60 per cent., 50 per cent., 40 per cent., 30 per cent., 20 per cent. and 10 per cent., respectively, of the number of tokens issued bearing the year number 1929.

6. Every token issued under regulation 4 shall be valid from the 1st day of April of the year borne on the token up to the 31st day of March in the following year.

7. Tokens which have been lost will not be replaced.

8. Every token issued under regulation 4 shall remain the property of Government and shall be returned to the Chief Inspector within one month from the date on which it ceased to be valid.

A. G. CLOW,  
*Secretary to the Govt. of India.*

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Letter No. I.-5/28, dated the 26th September, 1928.

From Chamber to the Government of India, Department of  
Industries and Labour.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to Notification of Department of Industries and Labour No. M-1055, dated Simla, the 14th June, 1928, publishing draft regulations for prohibiting the employment of women underground in Mines, and to forward to you hereby their views on it.

My Committee are aware that the question as to whether female labour should be excluded from underground working in Mines is now not open to discussion, and that the Government of India have only invited objections or suggestions in regard to the



method of enforcing these draft regulations. They would, however, observe that such complete elimination of labour will seriously affect the interest of the 2nd class Collieries, mostly owned by Indians, as it will lead to shortage of labour and a rise of wages. My Committee also apprehend that the enforcement of these regulations will result in a further depression of the industry.

Regulation 5 provides that the number of tokens issued in respect of each mine shall be equal to the daily average number of females employed underground as entered in the Statutory Return of that Mine relating to persons employed during the year ending 31st December 1926, and that the total elimination of female labour is to be effected in 10 years by a progressive 10% reduction in employment of female labour. My Committee would desire to point out here that the year 1926 should not be taken as the basis, as, due to the post-war depression, many Mines were not working at their full capacity in that year. Several Mines had even stopped working. If 1926 would be taken as the basis, my Committee are afraid, the reduction of female labour would come about too fast, and will operate very disadvantageously on most of the 2nd class Collieries which were closed down in 1926, or which were working at less strength, and as pointed out above, Indians who are largely the owners of the 2nd class Collieries will be hard hit. My Committee would, therefore, suggest that the calculation of the number of females to be employed should be made on the basis of the Return for the year 1921, as most of the Mines were working in that year, and as it would, therefore, be more equitable to accept that year as the basis.

My Committee take no objection to the elimination of female labour within 10 years, but would suggest that, as the dangerous conditions of employment referred by the Government, e.g., bad ventilation, too much humidity etc., exist only in deep Mines, the elimination of female labour should begin with the deepest Mines below a specified depth, not less than 300 feet, to start with.

My Committee are sorry to find that, under the present draft regulations, there is no provision made for the exclusion of female labour from quarries which are more than 20 feet deep, and which come under the Mines Act. My Committee are aware that most of the quarries worked by the Railways are more than 50 feet deep, and they are of the opinion that employment in such quarries is

“attended by danger to the life, safety or health” of women at least to the same extent, if not more, as in Mines, and that therefore, female labour should also be eliminated from such quarries.

With regard to Regulations 4, 5, 6 and 7 setting out the method of issue of tokens, my Committee are not in agreement. The system seems to be impracticable in more ways than one and penalises the Colliery owners for the loss of tokens by their female labourers, by a reduction of the employment of an equal number of female labourers from the Mines for the remainder of the year. My Committee would suggest that the token system with its many disadvantages should, therefore, be dropped, and the Colliery owners should be asked to maintain a Register of the employment of female labour, which would be open, if necessary, to periodical checking by the Mines Department.

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APPOINTMENT OF INDIAN TRADE AGENTS  
ON THE COMMITTEE.

Letter No. I-5/28, dated 19th January, 1928.

From Chamber to the Government of India, Commerce Department,  
New Delhi.

I am directed by the Committee of the Chamber to address you in regard to the necessity of the appointment of Indian Trade Agents on the Continent of Europe. The appointment of Indian Trade Agents was also recommended by the Indian Industrial Commission. It is important that the market for Indian produce on the Continent should be carefully watched in the interest of fostering the Indian trade. Unless the Government of India take suitable steps in this direction, India's trade, far from developing as it ought to, will suffer in future years in competition with the raw produce and manufactured goods sent from new and rapidly developing countries in South America and all over the Continent and Africa.

My Committee hope that the Government of India will seriously consider the advisability of appointing Indian Trade Agents and will take an early action in the matter in the interest of Indian trade and commerce.

## APPENDIX VII.

### MARINE.

#### REPRESENTATION AGAINST THE CALCUTTA PORT COMMISSIONERS BEING MEMBERS OF THE BENGAL CHAMBER OF COMMERCE.

No. MN. 8/27. Dated the 13th August, 1928.

From Chamber to the Government of India, Commerce  
Department, Simla.

The attention of my Committee has been drawn to the fact that the Calcutta Port Commissioners, a Semi-Government body, are a member of the Bengal Chamber of Commerce, Calcutta, and I am directed to express my Committee's strong resentment at the fact that a Semi-Government body like this should have been members of a Chamber of Commerce.

The practice of such Semi-Government bodies being members of a Chamber of Commerce is extremely objectionable as it is very likely that in all questions where views of commercial bodies are invited on matters concerned in any way with these bodies, the views expressed by the Association or Chamber of which they are a member are likely to receive unduly favourable consideration.

There is nothing to prevent the high officials of the Port Commissioners from serving on some Sub-Committees of this Chamber, as the Agents of the Railway do. This would be still more objectionable, as it would give the Chamber concerned an undue advantage over others in several matters as it would have access to materials and information which would not be available to the other bodies. Further, the views expressed by these commercial bodies could hardly be called commercial at all, as these are largely influenced on all matters in which the Port Commissioners have any direct or indirect interest, by what their representatives concerned would say in the matter.

In expressing their most emphatic objection to this undesirable practice, my Committee do not think it at all necessary to dilate on its disadvantage to other Chambers and to the country at large. (While the membership of the Port Commissioners puts the Chamber concerned in a privileged position my Committee would point out

that at the same time it takes away the commercial character of the Chamber.) Further the Port Commissioners cannot keep a very fair and impartial attitude in all questions on which commercial bodies have expressed their opinion, as the opinion of the association of which they are a member will receive unduly favourable consideration at their hands, since it is likely that the opinion of that association should have been influenced by the view-point of the Port Commissioners expressed through its officials on the Chamber. This also gives rise to an absurd situation viz. that the views of the Port Commissioners may be passed off as the views of a commercial body, and such a position cannot be too strongly condemned.

Likewise the views expressed by the 5 representatives returned by the Chamber on the Port Commissioners body cannot be purely the views on the commercial community, and thus the representation of the commercial community on the Port Commissioners ceases to be purely commercial in character. The Port Commissioners is a Semi-Government body brought into existence by the Government and it is extremely undesirable that they should lend their support to any Chamber by becoming a member thereof.

Copy of a letter No. 904S. dated, New Delhi,  
the 12th December, 1928.

From Secretary to the Government of India, to Chamber.

In reply to your letter No. MN. 8/27, dated the 13th August, 1928, I am directed to say that the Commissioners for the Port of Calcutta are a statutory body created by the Calcutta Port Act, and that the powers of the Commissioners are defined by the Act. There appears to be nothing in the Act which restricts the Commissioners from becoming a member of any Chamber of Commerce that they may think fit. Section 6 of the Act provides for the representation of all important commercial bodies on the Board of Commissioners, and it is understood that your Chamber is one of those which are represented. If therefore your Chamber considers that it is improper that the Commissioners should be a member of a Chamber of Commerce, it is open to it to bring its objections to the notice of the Board through its representative.

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## BENGAL PILOT SERVICE.

### SHIPPING.

*The 9th June, 1928.*

No. 141-S. (12).—The following revised rules for the appointment of candidates to the Bengal Pilot Service are published for general information, in supersession of those published with the Government of Bengal Notification No. 8-T.-Marine, dated the 9th May, 1927. These rules will come into force after the forthcoming examination, of which notice has already been given under the existing rules, has been held.

## BENGAL PILOT SERVICE.

### RULES FOR THE APPOINTMENT OF CANDIDATES TO THE BENGAL PILOT SERVICE.

Appointments to the Bengal Pilot Service are made on behalf of the Government of India by the Government of Bengal in India and by the High Commissioner for India in England. Appointments are made by the High Commissioner only when the Government of Bengal have been unable to make suitable appointments in India.

#### *A.—Appointments by the Government of Bengal.*

1. Appointments made by the Government of Bengal are ordinarily limited to natives of India. For the purpose of this rule, a native of India means any person domiciled in British India and born of parents habitually resident in India and not established there for temporary purposes only.

2. Candidates must not be more than 22 years of age.

3. Every candidate shall be in possession of a certificate of competency as 2nd mate (foreign-going). Preference will be given to candidates who have passed through the Indian Mercantile Marine Training Ship *Dufferin*.

4. Every candidate must produce—

(i) if he is under 21 years of age, a declaration of domicile in writing by the parent or guardian of the applicant,

attested by not less than two responsible persons, and, if he is 21 years of age or over, a declaration in writing by the applicant himself, attested by not less than two responsible persons ;

(ii) satisfactory evidence to show that he is not over 22 years of age ; and

(iii) satisfactory evidence to show that he is of good moral character.

5. Selected candidates, before being appointed, shall undergo a medical examination before the Medical Board at Calcutta.

*B.—Appointments by the High Commissioner for India.*

1. Candidates must not be more than 22 years of age.

2. Every candidate shall be in possession of a certificate of competency as 2nd mate (foreign-going). Preference will be given to candidates who have passed through one of the Training Ships, *Worcester* and *Conway*, or through the Pangbourne Nautical College, followed by a course in a sea-going training ship or in the Royal Naval Reserve.

3. Every candidate must produce satisfactory evidence to show that—

(i) he is not over 22 years of age ; and

(ii) he is of good moral character.

4. Selected candidates, before being appointed, shall undergo a medical examination before the Medical Board at the India Office.

5. A selected candidate, if passed by the Medical Board, will receive a first-class passage to Calcutta and an outfit allowance of £30. If he resigns or leaves the Service before he has served five years, he will be required to refund the cost of his passage to India and the outfit allowance, unless his resignation is due to ill-health certified by a Medical Board sitting at Calcutta. He will be required to give an undertaking with two sureties for this refund. If he is a minor, a similar undertaking will be required from his father, guardian, or near relative, with one surety. If before promotion to the grade of pilot the officer is removed from the Service, or if

he is compelled by certified ill-health, not caused by his own negligence, carelessness or misconduct, to resign the Service before such promotion, he will, if of non-Asiatic domicile, be provided with a free first-class passage back to England, or at his option to any other country at a cost not exceeding that of such passage, provided that he utilises it within three months from the date of his removal or resignation as the case may be.

G. L. CORBETT,

*Secy. to the Govt. of India.*

Letter No. MN. 6/27 dated 26th June, 1928.

From Chamber to D. S. Frukhar Esq., Rangoon.

The attention of my Committee has been drawn to the revised Bengal Pilot Service Rules published by the Government of India recently. They note that the clauses which had the virtual effect of precluding Indian lads from entering into the Bengal Pilot Service have now been omitted under the new rules.

My Committee appreciate that this achievement is due in a large measure to the special interest and trouble you have taken in the matter and I am directed to convey to you the best thanks of my Committee therefor.

I am also to intimate to you that the Committee have addressed a letter to Sir P. C. Ray, conveying their best thanks to him for the trouble he took in addressing a few letters to the Press last year at the time of the controversy. A copy of that letter is enclosed herein.

Dated the 2nd July, 1928.

Dear Sir P. C. Ray;

The attention of my Committee has been drawn to the revised Bengal Pilot Service Rules published by the Government of India recently. They note that the clauses which had the virtual effect of precluding Indian lads from entering into the Bengal Pilot Service have now been omitted under the new Rules.

My Committee appreciate that this achievement is due in a large measure to the special interest and trouble you have taken in the matter by addressing one or two letters last year to the press and exposing threadbare to the public that the grounds, on which Indians were debarred from entering the Bengal Pilot Service, were only racial in nature, and I am directed to convey to you their best thanks therefor.

Yours sincerely,

Sd/-

NIGHT FEES FOR THE PILOTAGE OF VESSELS  
IN THE HOOGLHY.

Letter No. 212-Mne dated 16th January, 1928.

From the Government of Bengal, Commerce and Marine  
Departments, to Chamber.

I am directed to address the Chamber on the proposed revision of the system of night fees paid to pilots for the pilotage of ships in the river Hooghly.

The subject was discussed by the Advisory Pilot Committee at their meeting held on the 1st December, 1925, and I am to forward for the information of the Chamber an extract of the proceedings\* of that meeting bearing on the point. I am to say that Government accepted the Committee's recommendation that the note of the pilots' representative made out a good case in favour of the revised system, i.e. (1) that night pilotage should, in future, be payable in respect of any pilotage done at night in any part of the Hooghly Pilotage Waters where a vessel is permitted to be under weigh at night by the Pilotage Rules ; and

(2) that the scale of fees should be reduced to that propounded in Table 1 attached to the note of the pilots' representative, with a view to maintaining roughly the same total charges for night fees as are involved in the present system.

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\* Not printed.



I am to inform the Chamber that the Secretary of State for India has recently sanctioned a time scale of pay for the Bengal Pilot Service in lieu of the present system of remuneration under which the pilots receive 50 per cent. of the pilotage fees earned, with a guaranteed minimum for each grade of the service to be paid by Government in the event of their earnings falling below that minimum. It is proposed to introduce the revised system of night fees on the introduction of the time scale of pay. The night fees will continue to be drawn by the pilots in addition to their pay in the time scale, as a charge upon shipping direct, as at present.

In this connection, I am to forward a brief note explaining the present and proposed systems of night fees. It will be seen that the total cost of night fees to shipping interests will be approximately the same under the revised system.

I am to say that the Advisory Pilot Committee at its meeting held on the 16th instant, (an extract of the proceedings is enclosed) re-affirmed their decision on the revised system of the night fees and proposed that the subject be referred to your Chamber for concurrence.

I am to request that, as it is proposed to introduce the new time scale at a very early date, your Chamber may be so good as to send a reply to this reference by the 25th January.

Pilotage (Night) fees.

*Present system.*

(1) Night fees are charged on tonnage.

(2) The scale of night fees charged, is

(i) 5000 tons and over—Rs. 70/-.

(ii) 3000 tons and over and under 500 tons—Rs. 50/-,

(iii) Under 3000 tons—Rs. 30/-.

(3) Night pilotage for which night fees are levied is restricted to the stretch of the river between the Kulpi Lighted anchoring Buoy and the Saugor Light House.

*Proposed system.*

as accepted by the A. P. C. at the eighth meeting held on the 1st December, 1925, and agreed to by Government.

(1) Night fees will continue to be charged on tonnage.

(2) The scale will be :—

(i) Over 5000 tons—Rs. 60/-.

(ii) Over 3000 tons—Rs. 35/-.

(iii) Under 3000 tons—Rs. 20/-.

(4) Night Pilotage in future will be payable in respect of any pilotage done at night in any part of the Hooghly Pilotage Waters where a vessel is permitted to be under weigh at night by the Pilotage Rules. The increase in the stretches of the river where night fees are at present payable and the reduction in the scale of pilotage fees are calculated to maintain practically the same total charges for night fees as are involved in the present system.

The advantages of the proposed system are as follows :—

(1) Vessels will be accelerated.

(2) there will be a more equitable distribution of fees, and

(3) the working will be simpler and freer from complications  
and

The total amount now paid by the shipping during a stated period will approximately remain the same.

The actual total cost of night fees paid from October, 1924, to September, 1925, was Rs. 1,05,780/- and the estimated cost under the new scheme for the same period is Rs. 1,06,775/- a difference of Rs. 995 (increase). A comparison with later date figures i.e. from November, 1926, to October, 1927, shows the actual total cost of night fees to be Rs. 1,25,900 and the estimated cost for the same period under the new scheme, Rs. 1,21,095, a difference of Rs. 4,805 (decrease, in favour of Shipping Cos.). The night fees will continue to be drawn in addition to pay in the time scale, as a charge upon shipping direct. The night fees are wholly payable to the Pilots in charge of vessels.

Letter No. MN. 6/27, dated 20th January, 1928.

From Chamber to Government of Bengal, Marine  
Department, Calcutta.

I am directed to acknowledge the receipt of your letter No. 212-Mre dated the 16th instant, inviting the views of this Chamber on

the proposed revision of the system of night fees paid to pilots for the pilotage of ships in the river Hooghly and to state that my Committee concur with the recommendations of the Advisory Pilot Committee on the subject.

Letter No. 907 Mne dated 27th February, 1928.

From the Government of Bengal, Commerce and Marine Departments, to Chamber.

In continuation of this Department letter No. 734/M dated the 15th February, 1928, I am directed to forward herewith, for the information of the Chamber, a copy of this Department Notification No. 18 Mne. dated the 27th February, 1928, promulgating a revised scale of night fees to be levied for the pilotage of vessels at night in the Hooghly pilotage waters.

Government of Bengal, Marine Department.

Calcutta, the 27th February, 1928.

#### NOTIFICATION.

No. 18 Mne. In exercise of the power conferred by section 35(1) of the Indian Ports Act, 1908 (XV of 1908), as amended by Act VI of 1916 and in supersession of the previous orders on the subject (Notification No. 41 Mne. dated the 17th March, 1924) the Governor in Council is pleased to direct that the following fees, in addition to the ordinary pilotage fees, shall be levied on vessels in respect of any pilotage done at night i.e. between the hours of sun set and sun rise in any of the Hooghly Pilotage waters where a vessel is permitted to be under weigh at night by the pilotage rules.

- (i) Vessels of 3000 tons gross and under—Rs. 20/-.
- (ii) Vessels of over 3000 tons gross—Rs. 35/-.
- (iii) Vessels of over 5000 tons gross—Rs. 60/-.

2. The above order comes into force from the 1st March, 1928.

Sd/- A. Cassels,

Secretary to the Government of Bengal.

PILOTAGE FEES—APPOINTMENT OF A COMMITTEE  
TO EXAMINE AND REPORT ON THE  
PRESENT METHOD OF.

Letter No. 2731-Mne. dated 7th September, 1928.

From the Government of Bengal, Commerce and  
Marine Departments, to Chamber.

I am directed to forward herewith, for the information of the Chamber, a copy of this Government's Resolution, No. 2728-Mne, dated the 7th September, 1928, constituting a Committee to examine and report on the present method of levying pilotage fees and, if considered advisable, to submit proposals for revision.

2. I am to request that you will be so good as to report the name of the gentleman selected by your Chamber to represent them on the Committee.

Resolution.

From Government of Bengal, Marine Department.

No. 2728-Mne. The Advisory Pilot Committee at their 13th meeting held in January, 1928, recommended *inter alia* that after the introduction of the Pilots re-organization scheme, under which the Bengal Pilot Service were placed, with effect from the 1st March, 1928, on a fixed time scale of pay, a committee should be appointed by Government to examine and report on the present method of levying pilotage fees at the Port of Calcutta and, if considered advisable, to submit proposals for revision. The Advisory Pilot Committee suggested the following personnel for the proposed Committee :—

- |   |                       |
|---|-----------------------|
| 1. The Deputy Chairman, Port Commissioners, Calcutta.     | Chairman.             |
| 2. A Branch Pilot.  | } Members.            |
| 3. A representative of the Indian Chamber of Commerce.    |                       |
| 4. Two representatives of the Bengal Chamber of Commerce. |                       |
| 5. Deputy Port Officer, (Pilotage).                       | Member and Secretary. |

Government have accepted the suggestion of the Advisory Pilot Committee and are pleased to constitute the Committee accordingly. The Committee will submit its report to Government. The dates and place for the meetings of the Committee will be fixed by the Chairman.

Letter No. MN. 6/27 dated the 17th September, 1928.

From Chamber to the Government of Bengal, Commerce and Marine Departments, Calcutta.

I am directed to refer to your letter No. 2731 Mne. dated the 7th instant, requesting my Committee to nominate their representative on the Committee appointed by the Government of Bengal to examine and report on the present method of levying pilotage fees at the Port of Calcutta.

2. In reply, I am to inform you that my Committee have selected Mr. K. J. Purohit to serve on the Committee as their representative.

Letter No. 794 T/Mne. dated, Darjeeling, the 27th September, 1928.

From Government of Bengal, Commerce and Marine Departments to Chamber.

With reference to your letter No. MN. 6/27 dated the 17th September, 1928, I am directed to say that Government accept the nomination of Mr. K. J. Purohit as the representative of the Indian Chamber of Commerce on the Committee appointed to examine and report on the present method of levying pilotage fees at the Port of Calcutta, etc.

The Chairman of the Committee has been informed.

## DRINKING WATER AT PLACES OF EMBARKATION.

Letter No. 43-T/Mne, dated 14th April, 1928.

From the Government of Bengal, Commerce and Marine  
Departments to Chamber.

With reference to this Department letter No. 3433-46-Mne, dated the 14th November, 1927, forwarding a copy of Bengal Government Notification No. 68-Mne, dated the 26th October, 1927, publishing Rules for the supply of fresh drinking water to passengers on inland steam or motor vessels, I am directed to say that it has been suggested to Government that, if these Rules are to be beneficial to the passengers concerned, arrangements should be made for a supply of fresh drinking water at the places of embarkation, as at present the majority of these passenger vessels have to rely on river water. I am to request that you will be so good as to favour Government with an expression of the Chamber's views on the suggestion.

Letter No. 68-Mne, dated Calcutta, the 26th October, 1927.

Notification by the Government of Bengal, Marine Department.

In exercise of the power conferred by Section 54, read with Section 73 of the Inland Steam Vessels Act, 1917 (I of 1917), the Governor in Council is pleased to make the following rules for the supply of fresh drinking water to passengers on board inland steam or motor vessels:—

### RULES.

1. A sufficient supply of fresh drinking water, not less than  $\frac{1}{2}$  gallon per passenger carried shall be stored in casks or iron tanks on every inland steam or motor vessel which plies for hire for passengers, to be supplied free of charge to the passengers.

2. Any owner or master of an inland steam or motor vessel committing a breach of this rule shall be punished with fine which may extend to fifty rupees.

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Letter No. MN.-8/27, dated the 24th April, 1928.

From Chamber to the Government of Bengal, Marine Department,  
Darjeeling.

I am directed to acknowledge receipt of your letter No. 43-T/Mne, dated the 14th instant re: the rules for the supply of fresh drinking water to passengers on Inland Steam or Motor vessels, and to send to you hereby the views of my Committee on the same.

My Committee entirely agree with the suggestion that arrangements should be made for a supply of fresh drinking water at places of embarkation, as it is very unhealthy to have to depend on the insanitary, filthy, unfiltered water of the river. In this connection, I am to make the further suggestion that it is absolutely essential that the Government should take all necessary precautions to ensure the periodical disinfection of tanks in which such water is stored, as any neglect in this matter would have very harmful effects on the health and safety of the passengers using this water.

PROTECTION OF WORKERS EMPLOYED IN LOADING AND  
UNLOADING GOODS AND COALING SHIPS AT  
DOCKS AND WHARVES, ETC.

Letter No. 722-1/2T/Mne, dated the 18th September, 1928.

From the Government of Bengal, Commerce and Marine  
Departments, Darjeeling to Chamber.

In continuation of this Department letter No. 664-67T/Mne, dated the 12th September, 1928, I am directed to forward herewith a copy of a letter No. 712-S(3), dated the 5th September, 1928, from the Government of India, Department of Commerce, regarding the protection of workers employed in loading and unloading goods and coaling ships at docks and wharves etc. and to request that you will be so good as to favour this Government with an expression of the views of the Chamber on the existing position in the port of Calcutta and on the desirability of protecting by legislation the class of workers referred to.

Letter No. 712-S(3), dated Simla the 5th September, 1928.

From J. A. Woodhead Esqr., I.C.S., Joint Secretary to the Government of India, Department of Commerce, to the Secretary to the Government of Bengal, Marine Department.

In connection with the above subject I am to say that the British Factory and Workshop Act, 1901, applies to workers employed at docks, wharves, etc., in loading, unloading, moving and handling goods etc. and Section 79 of the Act empowers the Secretary of State to certify certain processes of manual labour to be dangerous and to frame such regulations as appear to him to be reasonably practicable and to meet the necessity of the case. The Indian Factories Act, 1911 (Act XII of 1911) is not applicable to workers at docks, wharves etc. and contains no provision corresponding to Section 79 of the British Act. As the law now stands, therefore, it is impossible for the authorities in India to frame regulations on the lines of those prescribed under Section 79 of the British Factory and Workshop Act for the protection of persons employed in loading, unloading, moving and handling goods etc. at docks, wharves, quays and ships. The attention of the Government of India has recently been drawn to this difference between the English and the Indian Acts and it has been suggested that it might be advisable for steps to be taken to protect workers employed at docks, wharves etc.

2. The Government of India are not aware whether there are any regulations at present in force in the Indian ports dealing with the above matter, and whether they are considered to be adequate in actual practice. Before proceeding further with the question, therefore, the Government of India would be glad to be favoured with information as regards the existing position and also with the views of the Local Government as to the desirability of protecting by legislation the above classes of workers. The Local Government, before formulating their conclusions will no doubt consult the various Port Trusts and such other commercial bodies as they may think fit.

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Letter No. MN.-8/27, dated the 30th November, 1928.

From Chamber to the Government of Bengal, Commerce and Marine Department, Calcutta.

I am directed to acknowledge receipt of your letter No. 722-T/Mne, dated the 18th September, 1928, and your reminder No. 3119-Mne, dated the 6th November re: the desirability of introducing special legislation on the lines of the British Factory and Workshop Act, 1901, for the protection of workers employed in loading and unloading goods and coaling ships at docks and wharves etc.

2. My Committee are surprised at the statement made by the Government of India in their letter No. 712-S(3), dated the 5th September, 1923, that "the Government of India are not aware of any regulations at present in force in the Indian Ports dealing with the above matters and they regret that they cannot give their considered opinion on the question in the absence of proper statistics and detailed information bearing on the subject. It is essential that the Government should place before the public all relevant data to enable commercial and other public bodies to judge the necessity of legislation of the character proposed. The Government should have supplied, for example, figures about the number and nature of accidents that have happened at the different ports in India during the process of loading and unloading of ships within a definite period. Such information would have helped public opinion to realise better how far legislation on the subject is required. In this connection, my Committee would suggest that it should be made obligatory in future for the Port Authorities, both at the major ports and at the other ports on the coast, to keep figures of such accidents, whether the victims are in employment of Port Authorities or in the service of shipowners and stevedores. It would also be desirable if the Port Authorities concerned were asked to prepare a detailed report of such accidents and submit it to the Commerce Department of the Government of India. There is no doubt that such information would be invaluable for knowing the special dangers to which workers on the docks, wharves, jetties, etc. are usually exposed and for taking proper measures to safeguard them from such risks.

3. So far as the existing position is concerned, there are regulations in force in the port of Calcutta, under which the Port

Authorities, the shipowners and their representatives as well as labourers working on the docks, etc. have to take several measures of precaution with a view to prevent accidents. Section 126 (1) of the Calcutta Port Act empowers the Port Commissioners to make the necessary Bye-laws "for the safe and convenient use of such docks, wharves, quays, stages, jetties and piers and of landing places, warehouses licensed under section 16 of the Sea Customs Act, 1878, sheds and other works in and adjoining the same." Under this section Bye-laws have been made to ensure the safety of life, limb and property. Thus many of the obligations laid down in the rules made under section 79 of the British Factory and Workshops Act of 1901 (a copy of which is enclosed along with the letter of the Government of India No. 712-S(3), dated the 5th September, 1928) are, in fact, enjoined upon Port Authorities and shipowners through these Bye-laws in one form or another. A few illustrations will make this point clear. Rule 3 (of Part I) and Rule 12 (of Part II) in these Regulations provide for efficient lighting of all places where labourers work or which are dangerous on the docks, wharves, etc., and on the holds, gangways, ships, etc. This is, however, embodied in the Bye-laws clause 9 (d) under the Calcutta Port Act. Similarly the proper securing of hatches provided for in Rules 14 and 15 (of Part II) is included in clause 9 (b) of the Bye-laws and the provision of proper gangways as enjoined in Rule 9 and 10 is covered by clause 10 (a) and (b) of Bye-laws referred to above.

4. My Committee desire me to point out that, on the other hand, there are certain regulations under the British law which cannot be applied without structural alterations in the ships (e.g., Rules 11, 13 and 17) and which are hence not practicable. Moreover, there are certain regulations which are not necessary in the existing conditions in India. For instance, the examination by an outside authority, like the Chief Inspector of Factory or a Special Inspector appointed for the purpose, is not so essential in India where the crew is not discharged after each voyage but being in continuous service is accustomed to use the gear of the ship under the supervision of their officers. In fact clause 9 (e) of the Bye-laws under the Calcutta Port Act provide that:—"The owners and/or Master of a vessel shall arrange that whilst a vessel is in Dock or at the Jetties, the Master or some other responsible officer shall always be on Board in-charge to superintend and assist in carrying

out all duties in connection with the vessel or its cargo, and that there is a sufficient crew to carry out orders issued by the servants of the Commissioners in-charge." Hence adequate precautions are more or less taken by the officers of the ship to keep the gear efficient, while the crew are practised in handling it. The appointment of Inspectors to examine and supervise the ships' gear would be superfluous and would only mean the creation of new jobs presumably for imported "experts."

5. My Committee recognise that the Bye-laws under the Calcutta Port Act, as well as Bye-laws under other Port Acts—require to be modified in the light of experience gained since they were framed and because of a better realisation of the rights and well-being of labour. For instance, while my Committee are aware that all chains and slings are examined by Port Trust Authorities which have to satisfy the test laid down by them, it is possible to devise rules by which the examination of such slings and chains as are used in loading and unloading would be made regular, thorough and obligatory. My Committee suggest that the Port Commissioners themselves can and should take full care that such rules and regulations are strictly adhered to. Another reform which the Port Trusts could incorporate in their Bye-laws would be the provision of a sufficient number of first-aid boxes or cupboards as well as of an Ambulance carriage as laid down in Regulations 4 and 7 under the British Factory and Workshop Act. It is also necessary that such medical aid should be provided at the smaller ports on the coast.

6. My Committee are, however, of the opinion that such modifications as are necessary should be secured by amendments of the Indian and local Port Acts and do not require the enactment of any special and comprehensive legislation on the lines of the British Factory Act unless a case is established for it by overwhelming evidence regarding the character and frequency of accidents.

7. In considering this question, the Government should not merely concentrate their attention on the few major ports but should carefully examine the conditions and risks involved in loading and unloading at the smaller and open ports lying on the coast of India where these operations have to be carried on in the open sea and through country boats. It is evident that in the monsoon when the sea is rough and there are strong currents as well as violent winds,

loading and unloading is attendant with special risks particularly where there are no landing arrangements such as wharves or jetties. My Committee are unable to offer any concrete suggestions in this respect in the absence of proper data but they would suggest that the Government should thoroughly examine these questions in consultation with local interests and should endeavour to alleviate the hardships suffered by workers at such ports.

THE INDIAN MERCHANT SHIPPING ACT XXI OF 1923.

Letter No. 3197-3202/M, dated the 13th November, 1928.

From Government of Bengal, Commerce and Marine Departments,  
to Chamber.

I am directed to forward herewith a copy of a letter from the Government of India, Department of Commerce, No. 555-S(16), dated the 5th October, 1928 and of its enclosures noted in the margin on the subject of allotment of space to passengers on Native Passenger Ships, and to request that you will be so good as to favour Government on or before the 10th December, 1928, with an expression of the Chamber's views on the rules published for criticism by the Government of India in their resolution No. 555-S(6), dated the 6th October, 1928. As regards the four notifications referred to in the Government of India's letter, the Chamber are being addressed separately. As observed by the Government of India, it would be convenient if the Chamber sent in separate replies dealing with each set of rules separately.

1. Report on Proposed Rules for Native Passenger Ships.
2. Copy of Mr. W. J. Wilton's letter dated 7-5-1928.
3. Government of India, Commerce Department resolution No. 555-S(6) dated 6/10/1928.

2. As regards ventilation in Native Passenger Ships referred to in para 3 of the Government of India's letter, I am to say that the orders on the subject were communicated to the Chamber in this Department letter No. 2086-Mne., dated the 19th July, 1928.

As regards the rest of the proposals made in paragraphs 1 and 2 of Mr. W. J. Wilton's letter dated the 7th May, 1928, I am to say

that the Port Officer, Calcutta, has been asked to arrange for a discussion between the Ship Surveyor of the port and the ship-owners.

Letter No. 555-S(16), dated 5th October, 1928.

From Joint Secretary to the Government of India to the Secretary to the Government of Bengal, Marine Department.

Re : Rules regarding Native Passenger Ships.

I am directed to refer to the letter from this Department No. 555-S(14), dated the 23rd February, 1928, regarding the temporary appointment of Mr. W. J. Wilton and Captain E. V. Whish, O.B.E., R. I. M., to examine the technical questions connected with deck passenger accommodation, life-saving appliances, etc. and to forward 50 copies of the Report submitted by these Officers. After an examination of the Report, the Government of India have revised, mainly in accordance with the suggestion contained in the Report, the draft Rules regarding native passenger ships which were published for criticism in 1925. The revised rules are again being published for criticism in the four notifications and one resolution specified in the margin which appear in the Gazette of India of the 6th October, 1928. Fifty copies of each of these papers are also enclosed.

2. I am to request that the revised rules and the Report may be specifically brought to the notice of shipping firms, commercial bodies and other interests concerned, and copies of the above supplied to them. The Government of India are anxious that the rules should be carefully examined by all the interests affected and, if the Local Government require a few more additional copies of the Report and the Notifications, it may be possible to supply them. The views of the bodies consulted together with the observations of the Local Government thereon may be forwarded to the Government of India by the 1st January, 1929.

3. I am also to forward copy of a letter from Mr. W. J. Wilton, dated the 7th May, 1928, and to request that the motion suggested in paragraph 3 thereof may be taken by the Local Government. I am to add that paragraph (8) referred to in paragraph (1) of that letter now appears as amendment No. 4 in Notification No. 555-S(4), dated the 6th October, 1928, and that the orders on the subject of ventilation were issued in this Department's letter No. 555-S(9), dated the 23rd June, 1928.

4. I am to add that it would be convenient if the Local Government sent in separate replies dealing with each set of rules separately.

Letter dated 7th May, 1928.

From W. J. Wilton Esq., Simla, to the Government of India,  
Department of Commerce, Simla.

#### SPACE MEASUREMENT IN "NATIVE PASSENGER" SHIPS.

I have the honour to submit for your consideration some remarks and suggestions relative to certain of the proposed amended Rules for space measurements in "Native Passenger" ships contained in Appendix III of the joint Report of Captain Wish and myself, dated 5th May, 1928.

1. Paragraph 8. This states that "all spaces measured for passengers shall be provided with efficient lighting, ventilation and means of egress in all weather conditions....."

This is a new Rule, and the reason for proposing it is given in the body of the Report.

If, as is hoped, this Rule is approved by the Government, it will be necessary, owing to its advisedly general character, to give Surveyors and Shipowners some indication as to what will be accepted as efficient arrangement under the several heads mentioned.

This might be done through the medium of suitable instruction to Surveyors embodying such supplementary rules, or reference to existing rules, as will serve the purpose.

The following remarks and suggestions might be useful in this connection :—

(a) *Ventilation.* This subject has already been dealt with and a proposal made to issue an instruction to Surveyors, stating that the requirements for ventilation of "Native Passenger" ships should be generally as laid down in paragraphs 35 to 37 of the Board of Trade "Instructions relating to Emigrant Ships," with a special proviso regarding the ventilation lower tween deck spaces in "Native Passenger" ships.

(b) *Lighting.* The efficient of the lighting of deck passenger spaces must, to a great extent, be left to the judgment and experience of the Surveyor. In paragraph 34 of their "Instructions relating to Emigrant Ships", the Board of Trade lay down certain principles under this head, and these could be applied without difficulty to "Native Passenger Ships."

(c) *Means of egress.* The Board of Trade requirements under this head are given in considerable detail in paragraphs 31 and 33 of their "Instructions relating to Emigrant Ships." These requirements might be applied to "Native Passenger" ships, so far as is reasonable and practicable having due regard to the special nature of the deck passenger trade.

I would observe, however, that the question of ladder-ways to deck passenger spaces was discussed recently with Surveyors and Marine Superintendents at the principal Ports, and it seemed to be the general opinion that, in view of the average size of deck passengers carried in Indian Waters, the Board of Trade minimum standard of 2 inches of width of ladderway for 5 persons might safely be reduced to, say, 1 inch for 3 persons for such passengers. This appears reasonable and it is suggested that 1 inch for 3 persons to be taken as the minimum standard for width of ladderways in "Native Passenger" ships.

2. *Paragraph 9.* The part of this paragraph which calls for some guidance is that which refers to the optional measurement of a space in a Shade Between Decks of as Upper (Weather Deck). There should be no difficulty in dealing with such a space in accordance with specific rules for Upper Between Decks.

For the alternative method of measurement, however, it is necessary for equity of treatment between ship and ship and

uniformity of practice at the Ports of Survey, to define clearly under what conditions, and to what extent, the deck in way of side openings may be regarded as "weather" deck and suitable as airing space for deck passengers.

The number, size and distribution of side-openings in Shade Between Decks vary so greatly that it is not practicable to devise rules which will cover all cases that may be met with, but the following might be of assistance to Surveyors in dealing with such cases, and incidently prevent abuse of the concession granted in permitting this alternative method of measurement :—

(a) The space in question must extend from side to side of the ship and have opening on both sides.

The underlying principle of this requirement is the fact that in bad weather it is not usually necessary to close the openings on the lee side of the ship so that only in exceptional circumstances will the space be entirely closed against the weather.

(b) The deck in way of a side-opening of not less than 10 sq. ft. in area, and for a distance forward and aft of it not greater than one half the Registered Breadth of the ship or to the nearest transverse bulkhead, whichever is the less, may, subject to the usual deductions, be measured as Upper (Weather) Deck.

If the area of the side-opening is less than 10 sq. ft. the maximum length of the deck on each side of it to be measured as "weather" deck, is to be reduced in the proportion of the actual area of the opening to 10 sq. ft.

If the openings on the two sides of the space do not correspond, each side of the deck is to be dealt with separately, and the mean length of the "weather" deck estimated accordingly.

Passage ways and deep recesses should not as a general rule be included in the "weather" deck measurement, but in this matter, the Surveyor must exercise his discretion and decide each case on its individual merits.

3. The foregoing proposals might, in the first instance, be referred to the Surveyors so that they can discuss the details with the Shipowners when the amended Rules are published for final criticism,



and submit their views together with any remarks and suggestions they think desirable as a result of the discussions.

The supplementary directions and rules, which may be finally decided upon in connection with these paragraphs, might then be issued in the usual form of instructions to Surveyors.

Letter No. 3285-30/Mne. dated 13th November, 1928.

From the Government of Bengal, Commerce and Marine Departments, to Chamber.

I am directed to forward herewith a copy of the Government of India, Department of Commerce Notification No. 346-S(2), dated the 6th October, 1928, regarding rules for Fire Extinguishing Appliances on Native Passenger ships and to request that you will be so good as to favour Government on or before the 7th December, 1928, with an expression of the Chamber's views on the subject.

Letter No. 3203-8/Mne. dated 13th November, 1928.

From the Dy. Secretary to the Govt. of Bengal, Commerce and Marine Departments to Chamber.

I am directed to forward herewith 5 copies of the Government of India, Department of Commerce Notification No. 555-S(4) dated the 6th October, 1928, regarding rules for the provision of fresh drinking water, latrines, etc. on Native Passenger ships, and to request that you will be so good as to favour Government on or before the 10th December, 1928, with an expression of the Chamber's views on the subject.

Copy of letter No. 3215-20/Mne., dated 13th November, 1928.

From the Government of Bengal, Commerce and Marine Departments, to Chamber.

I am directed to forward herewith a copy of the Government of India, Commerce Department Notification No. 346-S(2A) dated the 6th October, 1928, regarding Rules for signals of Distress on Native Passenger Ships and to request that you will be so good as

to favour Government on or before the 10th December, 1928, with an expression of the Chamber's views on the subject.

Letter No. 3200-14 (Mne. dated the 13th November, 1928.

From the Dy. Secretary to the Government of Bengal, Commerce and Marine Dept., to Chamber.

I am directed to forward herewith a copy of the Government of India, Commerce Department, Notification No. 102-S, dated the 6th October, 1928, regarding Life saving Appliances on Native Passenger Ships and to request that you will be so good as to favour Government on or before the 10th December, 1928, with an expression of the Chamber's views on the subject.

#### HAIJ PILGRIM SHIP.

Letter No. 11630-36P dated the 5th September, 1928.

From the Government of Bengal, Political Department, Political Branch, to Chamber.

I am directed to forward herewith a copy of a letter No. 1322-Health (G) dated the 1st August, 1928, from the Government of India, Department of Education, Health and Lands, regarding the proposed revision of the existing rules for pilgrim ships together with the draft notifications and copies of articles of the International Sanitary Convention of 1926 referred to therein and to request that the Government of Bengal may be favoured with the views of the Chamber at an early date.

Copy of letter No. 1322-Health(G) dated 1st August, 1928.

From the Government of India, Department of Education,  
to the Chief Secretary to the Government of Bengal,  
Political Department.

Proposed revision of the existing rules for pilgrim ships.

In continuation of this Department Letter No. 1295-Health, dated the 30th August, 1927, I am directed to forward for information

copies of two draft notifications embodying the tentative proposals of the Government of India for the revision of the existing rules for pilgrim ships, in the light of the International Sanitary Convention of 1926, and to request that, with the permission of the Governor in Council, the views of the Chambers of Commerce, Shipping Companies, Port Trusts, Port Health Officers and other bodies or individuals interested in the matter may be obtained and communicated to the Government of India, with the observations of the local Government as early as possible. Opinion is also invited on the following points :—

- (a) Whether it would be desirable and practicable to require that all pilgrims shall be rationed with cooked food by the ship during the voyage—See Article 107 of the Convention ;
- (b) Whether specific legislation should be undertaken to provide for the payment of compensation to pilgrims in cases referred to in Article 152 of the Convention ;
- (c) Whether the Indian Merchant Shipping Act, 1923, should be amended so as to bring the penalties prescribed under that Act into line with the requirements of Articles 152 to 159 of the Convention, taking Rs. 10/- as the equivalent of 25 gold francs ; and
- (d) Whether higher money penalties should be imposed under Section 167(i) and 201(2) of the Indian Merchant Shipping Act, as in Articles 157 and 158 respectively of the Convention.

2. I am to observe that rules 7 to 10 and 12 to 19 in the second draft notification enclosed with this letter are only a reproduction, with formal drafting alterations, of the corresponding provisions in the rules published with the Government of India, Home Department, Notification No. 1902 (Sanitary) dated the 14th October, 1910. The question of framing new rules regarding the provision on pilgrim ships of (i) boats and life-saving appliances and (ii) apparatus for extinguishing fires and precautions against fire is, however, engaging the attention of the Government of India and the Local Government will be addressed further on these points.

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Extracts from Internal Sanitary Convention, 1926.

Article 107.—The Captain shall cause notices, printed in the principal languages of the countries to which the pilgrims to be embarked belong, to be posted up on the ship in a conspicuous place accessible to all concerned, showing:—

1. The destination of the ship ;
2. The price of tickets ;
3. The daily ration of food and water allowed to each pilgrim in accordance with the regulations of the country of origin.
4. The price of foodstuffs not included in the daily ration which may be procured on extra payment.

Article 152.—Any captain convicted of a breach of contract made by him or on his behalf for the supply of water, food, or fuel shall be liable to a fine not exceeding 50 gold francs for each offence. This fine shall be paid to the pilgrim who has suffered from the breach of contract on proof that he demanded its fulfilment without effect.

Article 153.—Any infringement of Article 107 shall be punished by a fine not exceeding 750 gold francs.

Article 154.—Any captain who commits, or allows to be committed, any fraud with respect to the list of pilgrims, or of the bill of health, provided for by Article 113 (i) shall be liable to a fine not exceeding 1250 gold francs.

Article 155.—Any ship captain arriving without a sanitary document from the port of departure, or without its having been countersigned at the ports of call, or unprovided with the prescribed list, duly kept in accordance with Articles 113(i), 125 and 126, shall be liable to each instance to a fine not exceeding 300 gold francs.

Article 156.—Any captain convicted of having, or of having had, on board more than 100 pilgrims without a qualified medical officer, in accordance with the provisions of Article 106, shall be liable to a fine not exceeding 7,500 gold francs.

Article 157.—Any captain convicted of having, or of having had on board more pilgrims than he is permitted by the provisions of

Article 113(i) to carry, shall be liable to a fine not exceeding 125 gold francs for each pilgrim in excess of the proper number.

The pilgrims in excess of the proper number shall be disembarked at the first station where there is a competent authority, and the captain is bound to provide the pilgrims so disembarked with sufficient money to enable them to reach their destination.

Article 158.—Any Captain convicted of having disembarked pilgrims at a place other than their destination, unless with their consent, or from unavoidable cause, shall be liable to a fine not exceeding 500 gold francs for each pilgrim wrongfully disembarked.

Article 159.—Any other infringement of the provisions relating to pilgrim ships shall be punished by a fine not exceeding from 250 to 2,500 gold francs.

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No. MN. 8/27, dated the 17th December, 1928.

From Chamber to the Government of Bengal, Political Department,  
Calcutta.

I am directed to acknowledge receipt of your letter No. 11360-36P dated the 5th September, 1928, forwarding a copy of a letter No. 1322-Health (G) dated the 1st August, 1928, from the Government of India, Department of Education, Health and Lands, regarding the proposed revision of the existing rules for pilgrim ships.

The Government of India in their letter No. 1322—Health (G) of the 1st August, 1928, have invited opinion on four specific points :

- (a) As regards the first of these points, my Committee do not consider it practicable that all pilgrims should be rationed with cooked food by the ship during the voyage. While such a provision is in accordance with Article 107 of the International Sanitary Convention in the light of which the revised rules are issued, it is not possible nor advisable to compel all pilgrims to partake of the food rationed by the ship since there is no doubt that Mussalman pilgrims coming from various parts of India would prefer to have their own food cooked by themselves. It is necessary, however, that a refreshment

stall or catering contractor should be provided for by a Shipping Company, since the pilgrims are often too sea-sick to cook their own food but it is doubtful if any legislative enactment is possible for ensuring this facility.

- (b) As regards the second point, my Committee approve of the idea underlying the proposal that special legislation should be undertaken to provide for the payment of compensation to all the pilgrims in cases referred to in Article 152 of the International Sanitary Convention. They would, however, point out that section 166 of the Indian Merchant Shipping Act (XXI of 1923) which provides for penalty for the master of a native passenger or pilgrimship failing to supply any passengers or pilgrim with "the prescribed allowance of food, fuel and water" is similar to that of Article 152 of the International Sanitary Convention. But since the section does not provide for any compensation to passengers or pilgrims, the Government should consider the feasibility of incorporating such a provision in the Act through an amendment of this section.
- (c) & (d) As regards the third and fourth points, my Committee do not approve of the proposal to amend the Indian Merchant Shipping Act so as to bring the penalties prescribed under that Act into line with the requirements of Articles 152 to 159 of the International Sanitary Convention and to impose heavy money penalties under certain sections in accordance with Articles of the International Sanitary Convention. The Indian Merchant Shipping Act provides in the relative sections not only a penalty of fine but also of imprisonment. Section 167(1), for instance, which is analogous to Article 157 of the convention, provides penalties for having excessive number of passengers on board ; while section 201(2) provides for penalties for infringement of the rule to carry medical officers and attendants and is thus similar to Article 156 of the Convention. In other words, adequate and heavy penalties have already been provided for in the Act as it stands and there is no reason to make its penal provisions more rigorous.

The draft rules circulated with the letter under reference meet with the general approval of my Committee. They would, however, refer to a few details of the draft notification :

SECTION 33 : My Committee would emphasise that in the list of food, fuel and water supply to be kept on board a pilgrimage, there should be included (i) stock of ice by means of a refrigerator and (ii) aerated waters of good qualities and in sufficient quantities. Both these are essential on ships carrying so many passengers to a country with a climate such as that of Hedjaz particularly in the hot months of the year.

It is a frequent complaint that the fuel wood supplied to the pilgrim passengers is damp and thick and hence the Inspector should see to it that dry firewood is supplied. A sub-clause to that effect might be added to this section :

SECTION 35(2) : The proviso that "the master shall see that fires adequate for cooking are kept lighted thereat from 6 A.M. to 9 P.M." is not practicable since the master cannot be expected to attend to such a detail in the midst of his numerous and more important duties.

SECTION 41 : The purification of drinking water by methods other than boiling such as Chlorinating should be provided for and included in the Clause.

SECTION 56 (5) : —The word "Master" should be added after the word "Medical Officer" in the first sentence so as to secure access for the Master who is the supreme authority in a ship.

SECTION 64 :—which lays down that pilgrim passengers are to air their clothing, blankets etc., as required by the Medical Officer does not state anything about the punishment in case of infringement of the instructions of the Medical Officer.

SECTION 65 (1) : —Latrines on pilgrims' ships should be provided for at the rate of two per hundred in accordance with Article 102 of the International Sanitary Convention. In the provision of latrines, the principal point to be borne in mind is that no filth should spread to the space occupied by the pilgrims and it may not always be possible or desirable to lay down a rigid rule that there should be no latrine in a particular part of the ship as stated in the clause in question.

SECTION 88 :—This appears superfluous as accommodation for all Articles has to be provided for under law.

SECTION 94 :—It should be provided that the Master or his authorised representative shall be present at the inspection of the ship as it may not always be feasible for the Master to be present in person.

SECTION 114 (A) (1) : -It should be made clear that the advice referred to therein is to pertain to matters affecting the health of the pilgrims and sanitation of the ship and should not cover either directly or indirectly navigational questions.

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#### ADMINISTRATION OF THE PORT OF CALCUTTA.

Copy of letter No. 4230, dated 28th March 1928.

From the Chairman, Commissioners for the Port of Calcutta.

To Chamber.

With reference to the correspondence ending with this Office letter No. 10609, dated 31st August, 1927, I beg to enclose herewith copy of my letter of date to the Secretary to the Government of Bengal, Marine Department, on the subject of coastal trade.

With reference to the penultimate paragraph of this letter, I shall be much obliged if your Chamber could furnish me with any facts or figures in regard to particular items of traffic for which they believe that any concession made in the Commissioners' charges would be likely to result in enhanced trade. In this connection the figures shown in the attached statement, which has been furnished to me by the Collector of Customs, may be of some value as showing the nature and extent of the trade in question.

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Copy of letter No. 4229, dated 28th March 1928.

From the Chairman, Commissioners for the Port of Calcutta, to the Secretary to the Government of Bengal, Marine Department.

With further reference to your letter No. 2381 Mne. dated 18th August, 1927, and in continuation of this Office letter No. 1108:



dated 27th September, 1927, I beg to say that in accordance with the Commissioners' decision as arrived at under Resolution 852 of their 1984th Meeting held on the 26th September 1927, opportunity was taken of a recent meeting of Chairman of the major Indian ports held at Bombay during February, 1928, to discuss the general question of differentiation in favour of coastal trade. The matter has also been further considered by the Commissioners in meeting on Monday the 26th March, 1928.

The discussion of this question at the meeting of the Indian Ports Association brought out the fact that both at Bombay and Karachi there was already a measure of differentiation in regard to coastal trade. At Bombay there are no concessions in Port Dues on coasting vessels as such, which like those engaged in the foreign trade are liable for Port Dues once in each month at the rate of 2 as. per registered ton, but a considerable advantage is enjoyed by coasting vessels in respect of pilotage charges, as the masters of all such coasting steamers are allowed to qualify for Pilots' certificates and thus escape payment of the ordinary pilotage fees. In addition, goods imported to or exported from the Bombay Port Trust Docks by coasting steamers plying between Bombay and ports on the west coast of India from Karachi on the north to Mangalore on the south, enjoy concessional rates of wharfage. In the case of Karachi, pilots' certificates are given to Commanders of coasting steamers provided their tonnage does not exceed 1600 tons gross, and the coasting trade at Karachi is dealt with mainly at what are called 'bander' rates which are half the steamer wharf rates. The Madras Port Trust differentiates in respect of Port Dues in favour of vessels trading between that Port and the Straits Settlements and Ceylon.

In the case of Calcutta, the only existing differentiation is that provided under Schedule I of the Indian Ports Act whereby Coasting Steamers are not asked to pay the Port Due of 4 as. per ton more often than once in 60 days. The cost of keeping up the Port and Port Approaches at Calcutta is high and has shown considerable enhancement during recent years as the result of an increasing demand for greater depths, night navigation and other improved facilities for more rapid transit. The accounts for the year 1926-27 show that the total amount realised by the Port Due amounted to Rs. 8,86,178, while the working expenditure on the Port Approaches alone, exclusive of all interest and sinking fund charges, amounted to Rs. 16,45,853, or practically double the amount realised as Port

due, with no allowance for overhead expenditure. The concession referred to above means of course that coasting vessels already bear a lighter burden in respect of Port Dues than other vessels. It will thus be seen that any further differentiation in favour of coasting vessels by way of a reduction in the Port Due would be difficult to justify, and the Commissioners are not prepared to take any action in this direction.

As regards the charges on goods carried by coasting vessels, the question resolves itself into that of the charges for services rendered such as landing, shipping and removal charges and rent on the one hand and the fixed toll known as the River Due, on the other. The former class of charge is based primarily on the cost of services rendered with some small margin to most overhead charges and it is obvious that any concession given to coasting trade in this respect could only be effected by adding to the charges levied on longer distance traffic. The Commissioners are unable to see that such differentiation would be justified as a matter of equity and they are also advised that such differentiation would be *ultra vires* the terms of the Calcutta Port Act.

The River Due is in certain cases fixed according to commodities and the Commissioners consider that there may be in regard to this ground a case for further consideration. As in other cases, they would be prepared to accept some immediate loss of revenue if they were satisfied that any reduction in charges would be likely to improve the amount of trade. In the hope that this would be so with Coal they agreed in the year 1925 to reduce their River Due on Coal from the already low figure of 8 as. to 4 as. per ton and this reduction appears to have played some small part in the important change which has been attained during the last two years. Similarly, if those interested in the items of coasting cargo chiefly concerned can show reasonable grounds for such hope, the Commissioners would be prepared to consider some reduction in the existing River Due.

I am therefore addressing the Indian Chamber of Commerce, forwarding to them a copy of this letter, and asking them to be so good as to furnish me with some particulars of the principal items in which they are interested and to indicate what reasons there may be for expecting an improvement in such traffic.

## COASTING CARGO-IMPORTS INTO CALCUTTA—1926-27.

	Tons.	Rs. Lacs.
Candles ... ..	700	5
Coir ... ..	8231	33
Dyeing & Tanning Substances ... ..	2764	17
Fish ... ..	253	2
Cocoanuts ... ..	655	27
Grain Pulse and Flour ... ..	85417	134
Gums and Resins ... ..	752	3
Hides ... ..	5	—
Lac ... ..	4367	65
Metals ... ..	1433	12
Provisions ... ..	104	2
Sleepers ... ..	1543	2
Salt ... ..	22209	14
Seeds ... ..	8589	23
Spices ... ..	2459	39
Sugar ... ..	524	3
Tea ... ..	45	5
Cotton Raw & Waste ... ..	5622	54
Coir Yarn ... ..	6200	115
Piece Goods ... ..	8000	227
Jute ... ..	3139	7
Tobacco ... ..	950	16
Wax ... ..	204	1
Timber ... ..	99896	193

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Copy of letter No. MN. 7/27, dated the 28th March 1928.

From Chamber to the Chairman, the Commissioners for the Port of Calcutta, Calcutta.

I am to acknowledge receipt of your letter No. 4230 of even date together with its accompaniments and to say that the matter is receiving the attention of my Committee.

**APPENDIX VIII.**

**PUBLIC AFFAIRS.**

**INDIANISATION OF THE SERVICES IN THE CALCUTTA  
PORT TRUST.**

Letter No. MS.-8/27, dated the 17th March, 1928.

From Chamber to the Government of India, Commerce  
Department, Delhi.

*Subject :—Assistant Accountant's post under the Calcutta Port  
Commissioners.*

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn by the Indian Port Trustees Association to a representation addressed by the Indian members of the Board of Commissioners for the Port of Calcutta, protesting against the appointment of a European as recommended by a majority of the Port Commissioners and requesting the Government of Bengal to withhold sanction to such an appointment.

My Committee would, in this connection, invite your attention to their telegram and letter MS.-8/27, dated the 31st August, 1927,\* requesting the Government to take timely steps to vindicate the sincerity of the pledge of Indianization made by Government when they accepted the Hon'ble Mr. P. C. Sethna's resolution in the Council of State on the 26th January, 1928, recommending "to the Governor-General-in-Council that steps be taken to increase the number of Indians in the higher grades in the services of the Port Trusts and to lay down a definite policy in regard to the same for the future," and to restrict the appointment to an Indian only.

In reply to their telegram and letter dated the 31st August, my Committee received a telegram from the Government of India, informing them that the appointment of posts carrying a monthly salary of less than Rs. 1,000/- did not require previous sanction of Government and adding that the Local Government had, however, been requested by you to forward my Committee's representation to the Calcutta Port Commissioners for their careful consideration.

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\* Annual Report 1927, pages 16, 17.

Nothing further was heard in this matter either from the Government of India or from the Government of Bengal.

In the month of December, 1927, the attention of my Committee was drawn to another advertisement of the Calcutta Port Commissioners inviting applications from Chartered or Incorporated Accountants for the post of an Assistant Accountant in the grade of 1000—50—1250 and they telegraphed to you on the 16th December, 1927, protesting against the increase in the grade of the salary without giving any opportunity to Indian Incorporated Accountants on the lower salary and pointing out that, under the new enhanced scale, your previous sanction was necessary before making the appointment. The matter was subsequently discussed by my Committee in the course of their interview with the Hon'ble Sir George Rainy on the 22nd December, 1927. Sir George Rainy said that he would discuss the question with the Chairman of the Calcutta Port Commissioners and promised his sympathetic consideration.

The proceedings leading up to the decision arrived at by a majority of the Port Commissioners for appointing a European in the post have been summarised by the Indian Port Commissioners in their letter dated the 4th February, 1928, (copy enclosed for ready reference).\*

My Committee have nothing to add to what is stated in the Indian Port Commissioners' letter under reference. They would only urge the Government to use this opportunity of redeeming their solemn pledge of Indianization by withholding sanction to the appointment of a European to the post of Assistant Accountant carrying a monthly salary of Rs. 1,000—50—1,250, as recommended by a majority of the Board of the Commissioners for the Port of Calcutta, inspite of the unanimous opposition of Indian members.

My Committee hope that the Government will rectify the grave injustice that is being done to the legitimate aspirations of Indians by restricting the appointment in the present case to Indians only.

A copy of this letter is being forwarded to the Government of Bengal for information and necessary action.

Letter No. 812-S(3), dated New Delhi, the 22nd March, 1928.

From the Government of India to Chamber.

*Appointment of an Assistant Accountant under the Port Commissioners, Calcutta.*

I am directed to acknowledge the receipt of your letter No. MS.-8/27, dated the 17th March, 1928, on the above subject and to say that the matter is receiving the attention of the Government of India.

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Letter No. MS.-8/27, dated Calcutta, 11th July, 1928.

From Chamber to the Government of Bengal, Commerce and Marine Departments, Calcutta.

*Subject:—Appointment of an Assistant Accountant under the Calcutta Port Trust.*

I am directed to invite your attention to my letter No. MS.-8/27, dated the 17th March, 1928, enclosing a copy of my letter No. MS.-8/27, dated the 17th March to the Government of India, Commerce Department, re: the appointment of an Assistant Accountant under the Calcutta Port Trust and to request the favour of your early reply thereto.

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Letter No. 2081-Mne., dated Calcutta, the 19th July, 1928.

From Government of Bengal, Finance, Commerce and Marine Departments, to Chamber.

With reference to your letter No. MS.-8/27, dated the 11th instant, regarding the appointment of an Assistant Accountant under the Calcutta Port Trust, I am directed to say that the matter has since been disposed of by the appointments of Mr. J. G. Mair and Mr. K. B. Roy to the two newly created posts of Assistant Accountants on Rs. 1000—50—1205 per mensem each.

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INTERNATIONAL CONVENTION FOR THE ABOLITION OF  
IMPORT AND EXPORT PROHIBITIONS AND RESTRIC-  
TIONS PASSED AT GENEVA IN 1927.

Letter No. PA.-8/27, dated the 16th February, 1928.

From Mr. D. P. Khaitan, President of Chamber to Sir Purshotamdas  
Thakurdas, New Delhi.

With reference to the International Convention for the abolition of import and export prohibitions and restrictions, the Committee of the Indian Chamber of Commerce, Calcutta, is of opinion that, considered as a pure abstract proposition, the removal of restrictions so as to secure and maintain freedom of communications and of transit and equitable treatment for the commerce of all members of the League is unexceptionable.

My Committee also agree that the existence of restrictions is one of the main causes of potential friction among Nations and one of the most imminent dangers to the World's peace.

My Committee would at the same time point out that, if this proposal were viewed as a concrete proposition with special reference to India, any high sounding formulæ are of no meaning whatsoever. These causes of friction affect European States, because they have their complicated land frontiers. They do not affect India, because she is far removed. It seems to my Committee farcical that a country which has the poorest record of progress as understood in modern times should be asked to be a party to resolutions and conventions which have a meaning and a purpose for the so-called Civilised States. Besides, the economic conditions of India are different from those of the European States and India is passing through peculiar crisis in which formulæ of universal import are inapplicable. If Sir Atul Chatterjee who has certainly imbibed the "Geneva atmosphere" considers that India will be higher in the esteem of the World by such accession, those who have imbibed what we may call, the "Indian atmosphere" would consider that a matter of more primary importance is that India must be firstly high in her own esteem, and she cannot be high in her own esteem unless she achieves substantial progress in the Industrial sphere and in an economic sense. And this she can do not by agreeing to removal of tariff restrictions just because it will bring her an empty honour, but by so shaping her fiscal policy as to accord with a heady growth of her nascent and struggling industries.

My Committee do not think it advisable that India at the present stage should be bound hand and foot to any definite practice or understanding. On the other hand, she has to maintain an elasticity of outlook so that according to developments and situations which may arise from time to time she may make the necessary alterations in her fiscal policy. In thus not accepting the advice of Sir Atul Chatterjee and Sir B. K. Mullick, India need not be troubled by any qualms of conscience, because as has been repeatedly pointed out by every representative public man and public body in this country, India is now represented on the Conference not by her accredited representatives but by the nominees of the bureaucracy.

The papers kindly sent by you are returned herewith.

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#### STRIKE OF WORKERS AT LILLOOAH.

Letter No. P.A.-4/27, dated the 20th April, 1928.

From Chamber to the Government of Bengal, Commerce  
Department, Darjeeling.

With reference to the prolonged strike of Railwaymen at Lillooah, now in progress, I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the necessity of a speedy termination of the strike which is causing great loss and distress, and to suggest that the dispute should be referred for settlement to the Conciliation Panel appointed by the Government of Bengal to deal with industrial disputes affecting public utility services in Calcutta and its neighbourhood.

As far as my Committee are aware, only one dispute has been referred for settlement to the Conciliation Panel during the last several years. If the Government do not use the Agency of the Conciliation Panel to deal with industrial disputes like this which affect public utility services, my Committee fail to find any justification for constituting such a Panel.

With a view to bring about an early termination of the strike, I am to request you to take early steps to constitute a small Committee from this Panel and to refer the dispute for being dealt with to that Committee.

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Letter No. 74.-T/Com., dated Darjeeling, the 23rd April, 1928.

From Government of Bengal, Commerce and Marine Departments  
(Commerce) to Chamber.

I am directed to refer to your letter No. P.A.-4/27, dated the 20th April, 1928, in which you request Government to take early steps to constitute a small Committee from the Conciliation Panel to which to refer the dispute at present in progress at Lillooah, and to say that Government regret that they are unable to agree to your suggestion.

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Letter No. P.A.-4/27, dated the 28th April, 1928.

From Chamber to the Government of Bengal, Commerce  
Department, Darjeeling.

I am directed by my Committee to acknowledge receipt of your letter No. 74-T/Com., dated the 23rd instant and to say that my Committee regret to find that their suggestion for referring the Lillooah strike to the Conciliation Panel should have been treated so lightly as it has been, by the Government of Bengal, in as much as in their letter under reference they have adduced no ground whatever for their inability to accept my Chamber's suggestion.

My Committee cannot understand at all the utility of having such a Conciliation Panel to deal with industrial disputes affecting Public Utility Services in Calcutta and its neighbourhood, when a big industrial dispute like the strike of the Lillooah workmen, which has lasted so long and which affects a Public Utility Service and causes grave economic distress and inconvenience and which is fraught with the danger of a breach of public peace, is not referred to a Committee selected from the Conciliation Panel.

I am to express a hope that the Government of Bengal will be pleased to enlighten my Committee with their reasons in not accepting the suggestion of my Chamber in referring the Lillooah dispute to the Conciliation Panel.

My Committee will also appreciate if the Government would be pleased to inform them of the general principles underlying the reference of industrial disputes to the Conciliation Panel and

indicate to them which industrial disputes and in what set of circumstances are to be referred to the Panel.

I am to further request you to furnish me with the information relating to the nature of disputes, total number of disputes referred in the past to the Conciliation Panel since it was brought into existence, along with the dates of the reference of such disputes.

An early reply will be very much appreciated.

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Telegram, dated the 30th April, 1928.

From Chamber to Private Secretary to His Excellency  
the Governor of Bengal, Darjeeling.

“Indian Chamber of Commerce, Calcutta, invites His Excellency’s attention to the present serious situation of the Railway strike. The Chamber suggested to the Government to refer the matter to the Conciliation Panel but the Government refused. The Chamber fails to understand the utility of the Panel if its services are not utilised even on such critical occasions. The workers of Jessop and Burn have also struck work in sympathy with the Railway strikers. Besides, Ten thousand workers of the Ludlow Jute works have also struck work due, of course, to different reasons. In all, Thirty thousand men are idle without work at present. The Chamber looks upon this spreading of the strike with great concern and strongly requests His Excellency to intervene personally in the matter. The Chamber strongly feels that His Excellency’s presence in Calcutta is very essential at this stage in order to bring in an early settlement of the strike which, if neglected, may lead to serious consequences.”

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Copy of telegram dated the 1st May, 1928, from the Private Secretary to His Excellency the Governor of Bengal to the Secretary,  
Indian Chamber of Commerce, Calcutta.

“Reference your telegram dated 30th April regarding railway and sympathetic strikes stop His Excellency is deeply interested in present situation in strike area but railway strike is primarily concern of railway board and His Excellency is unable to refer this dispute

to Bengal Conciliation Panel stop as regards disputes between Jessops and Burns and their workers and at Ludlow Jute Works conditions for appointing panel have not been fulfilled stop His Excellency receives daily reports regarding conditions in the strike area and is watching situation keenly and will not hesitate to return to Calcutta immediately he is satisfied his presence will conduce in any way to restoration of peace and good will."

Telegram P.A. 4-27, dated the 3rd May, 1928.

From Chamber to Railway Board, Simla.

Committee, Indian Chamber of Commerce, Calcutta, invite your attention to the extremely serious situation caused by the prolonged strike of the workmen at Lillooah stop. My Committee requested His Excellency the Governor of Bengal to refer the Lillooah dispute for settlement to Bengal Conciliation Panel to which His Excellency replied on 1st May stating that the matter was the primary concern of Railway Board stop. My Committee therefore strongly urge Railway Board to utilise the agency of the Conciliation Panel appointed by Bengal Government to deal with industrial disputes in public utility services in Calcutta and its neighbourhood in absence of any other existing organisation and to refer to it the Lillooah dispute immediately in order to bring about an early termination of the strike and to prevent breach of public peace and safety in the City of Calcutta.

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Press Communique issued by Government dated June 2, 1928.

"In view of the reports which have reached them, the Government of India find it necessary to announce that the action of the Agent of the E. I. Railway in refusing the demands put forward by the staff of the Lillooah workshops has had throughout their authority and complete approval and that neither the Government of India nor the Railway Board will be prepared to authorise any concessions to the men as an inducement to resume work.

In making this announcement the Government of India wish it to be understood that they in no way desire to prevent ventilation in a legitimate way of any grievances which the men may wish to represent with a view to their speedy investigation.

On the contrary, in accordance with the policy already put in force on the G. I. P. Railway and B. N. Railway, the Agent of the E. I. Railway has arranged to open an Employment Department at Lillooah workshops under the charge of a specially selected officer who will be generally responsible for the interests and well-being of the workmen and whose duty it will be to see that prompt and careful consideration is given to any requests made in a constitutional manner by the men when they return to work."

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COTTON MILL STRIKE AT BOMBAY.

Telegram No. P.A. 4/26, dated the 28th April, 1928.

From Chamber to Government of India, Commerce Deptt., Simla.

"Committee Indian Chamber of Commerce Calcutta, invite your attention to extensive Mill strike at Bombay involving one lac and fifty thousand workers. Committee cannot help feeling strike due to bad condition of cotton industry consequent on Government neglect and apathy towards the welfare of Mill industry. Committee sanguine present state of things would have been avoided if adequate protection, as recommended by Tariff Board, granted. Committee strongly urge upon Government grant speedy relief to industry and bring about termination of strike which causes grave distress and imperils the safety and peace of the City of Bombay."

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Letter No. 310-T.M., dated Simla, the 1st May, 1928.

From Government of India, Department of Commerce to Chamber.  
*Strike in the Cotton Mills of Bombay.*

I am directed to acknowledge the receipt of your telegram dated the 28th April, 1928, on the subject noted above, and to say that the views of your Chamber have been noted by the Government of India.

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POLICE RAID ON THE PREMISES OF THE BENGAL JUTE  
MERCHANTS' AND BROKERS' ASSOCIATION.

Letter No. O.-17/27, dated Calcutta, the 31st May, 1928.

From East India Jute Association Ltd., to Chamber.

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Letter No. O.-17/27, dated the 7th June, 1928.

From Chamber to the Government of Bengal, Commerce  
Department; Darjeeling.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the recent raid by the Calcutta Police on the premises of the Bengal Jute Merchants' and Brokers' Association, when about 125 persons were arrested on a charge of gambling in jute.

2. The present raid by the Police is not the only one of its kind. In the past, the Police raided such markets known as "Baras" on several occasions. The usual procedure in such cases is that when information is lodged with a Magistrate or the Commissioner of Police alleging that gambling is carried on at a certain place, the Magistrate or the Commissioner of Police after or without making enquiries in the matter issues a warrant directing the Police to arrest all persons found at the place mentioned therein.

3. My Committee are of opinion that such a procedure is not only wrong but extremely objectionable for several reasons. Firstly, the transactions carried on at these "Baras" irrespective of their being recognizable by law or not, are quite distinct from ordinary gambling in as much as these "Baras" are generally worked by an Association under a set of rules and regulations which are generally known and all its operations are carried on publicly without any attempt at concealment. It is not a case where the Police may be able to unearth a gambling den all of a sudden. The existence and the *modus operandi* of such "Baras" are well known to the Police from their very commencement. Secondly, under the procedure followed, even a *bona fide* "Futures Market" with perfectly legal

contracts is not immune from Police raids. Any Police informer or any other irresponsible person with an object to serve can go and lodge information with the Police that gambling is being carried on at the premises of a certain Association, and that fact is itself sufficient to bring about a raid by the Police. In the opinion of my Committee, the present Gambling Act under which these raids are carried out is neither suitable nor was it meant to be employed for suppression of Associations where dealings of a wagering nature were being carried. Owing to the reasons stated above, my Chamber would urge upon the Government of Bengal the desirability of amending the present Act by making it obligatory on the authorities who issue a warrant to issue a notice upon the Members of the Association against which information is lodged to show cause why they should not be prosecuted for gambling. If the Association concerned is able to prove by its records that business carried on at its premises is not of a gambling nature, no action should be taken by the authorities.

4. The question of "Futures Markets" is not only of great importance to the traders in general but also has a very close bearing on the economic interests of the producers. About two years back, when there was a strong controversy in jute circles regarding the desirability of the then existing Phatka Market, every one including responsible commercial bodies like the Bengal Chamber of Commerce, the Jute Mills Association, and the London Jute Association, who had any occasion to say anything in the matter, expressed an opinion that the existence of properly controlled "Futures Markets" was a great help to trade.

5. My Committee do not desire to dwell here upon the advantages of a "Futures Market" which are patent and well-known to all. The evidence submitted before the Committee of the American Senate regarding the New York Cotton Exchange would carry conviction to every one about the great good that such Markets do to the producers in as much as they bring in many new buyers which results in greater competition and better prices. The facilities afforded by such markets can be compared to the facilities afforded by credit to commerce and industries. But owing to the Damocles' sword of Police raid hanging over their heads, the development and growth of even *bona fide* "Futures Market" which are so essential and helpful to trade is hampered. Respectable merchants who deal in large quantities in such Markets are so chary of their names being

associated with them owing to the dread of being unnecessarily dragged into a Police Court at any time.

6. As a body responsible for safeguarding Indian commercial interests, my Chamber strongly desires to impress upon Government the desirability of remedying the present state of affairs by introducing suitable legislation which, while affording protection to *bona fide* "Futures Markets" should seek to suppress Associations of a wagering nature. They would mention here the fact that Governments of other countries have after proper investigation not only encouraged the growth of "Futures Markets", but have also enacted suitable legislation to control and regulate them. Even, in India, the East India Cotton Association of Bombay and the Bombay Stock Exchange are working under special Acts passed by the Bombay Legislative Council.

7. My Chamber would, therefore, urge upon the Government the necessity of issuing a Communique, stating clearly the statutory minimum requirements which should be satisfied by *bona fide* business exchanges, as there does not seem to exist any clear idea regarding the same in the minds of the commercial community.

Letter No. 3310-Com., dated Calcutta, the 30th July, 1928.

From Government of Bengal, Commerce & Marine Departments,  
to Chamber.

I am directed to refer to your letter No. O.17/27, dated the 7th June, 1928, in which your Chamber invite the attention of Government to a police raid on the premises of the Bengal Jute Merchants' and Brokers' Association, where certain persons were arrested on a charge of gambling in jute. Your Chamber dwell upon the various evils attached to such police raids, and ask Government to consider legislation which, while affording protection to *bona fide* Futures markets, should seek to suppress associations of a wagering nature.

2. In reply, I am, in the first place, to refer to the statement in paragraph 2 of your letter to the effect that there previously have been police raids on "Baras" on several occasions. This statement is correct, but no note has been made in your letter of the fact

that successful prosecutions have followed such raids. It has been proved to the satisfaction of the trying courts that the methods under which business has been carried on in such "Baras" infringe the law and the findings of the Court have been confirmed by the Hon'ble High Court. The raids, therefore, have been amply justified.

3. I am next to refer to the complaint made by your Chamber that when information has been lodged that gambling is carried on at a certain "Bara" or place, the Magistrate or the Commissioner of Police, after or without making enquiries, issues a warrant directing the police to arrest all persons found at the premises. I am to explain that in such cases action can be taken only after a sworn statement has been made describing the facts which show that gambling is carried on on the premises in question and that such statement is verified before an actual raid is decided upon. Moreover, a case against a "Bara" is taken up only after the express sanction of the Commissioner of Police has been obtained. Under this procedure it is extremely probable that, as stated by your Chamber, *bona fide* Futures Markets, or "Baras" with perfectly legal contracts, are not immune from police raids.

4. In paragraph 3 of your letter it is stated that the "Baras" are generally worked by an association under a set of rules and regulations which are generally known and that their operations are carried on publicly without any attempt at concealment. The correctness of this statement is not questioned by Government, but experience has shown to them that the rules of the "Baras" are not always followed and that the law has accordingly been infringed. It has been proved that outsiders, *i.e.*, non-members of the Association, are allowed to do business on the premises, that the prices are arbitrarily fixed without reference to existing market rates, that delivery is not given, and that contracts are not entered into. In these circumstances Government cannot accept the position recommended by the Chamber, *viz.*, that if the Association concerned is able to prove by its records that business carried on at its premises is not of a gambling nature, no action should be taken by the authorities concerned.

5. With regard to the contention of your Chamber that "owing to the Damocles sword of police raid hanging over their heads



the development and growth of even *bona fide* futures markets, which are so essential and helpful to trade is hampered", I am to observe that there need be no fear on the part of respectable merchants conducting legitimate business in "Futures" so long as they conduct their business under rules and regulations which are lawful and which are strictly enforced by the association to which they belong. Experience has amply demonstrated that the action of the police in instituting cases against gambling, far from injuring the development of a futures market, is actually creating the conditions under which a legitimate futures market may develop and flourish.

6. Lastly with regard to the requests made by your Chamber regarding the general question of legislation to regulate dealing in futures, I am to say that Government are of opinion that the existing law is sufficient to meet the situation as far as gambling is concerned, and that the local commercial bodies should be left to regulate their own affairs so far as "Futures Markets" are concerned.

#### IMPORTS OF VANASPATI GHEE AND SIMILAR VEGETABLE PRODUCTS.

Letter No. 2141-2149 P.H., dated Calcutta, the 18th August, 1928.

From—Govt. of Bengal, Local Self-Government Department,  
(Public Health Branch).

To—Chamber.

I am directed to forward a copy of a letter No. 532-T (2) dated the 5th July, 1928, and of its enclosures from the Government of India, Department of Commerce, on the subject of the imports of Vanaspati ghee and similar vegetable products and to request that this Government may be furnished with the views of the Chamber on the questions raised therein.

COPY.

No. 532-T (2).

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

Simla, the 5th July, 1928.

From—J. A. Woodhead, Esqr., I.C.S., Joint Secretary to the Government of India.

To—The Secretary to the Government of Bengal, Local Self-Government Department.

I am directed to forward a copy of a letter from the Government of the Punjab, dated the 15th December, 1927, recommending that the import of *Vanaspati ghee* and similar vegetable products into, or their manufacture within, British India should be prohibited unless they are coloured in such a way that they cannot be mixed with or passed off as natural *ghee* without immediate detection. This recommendation is based on the ground that the products in question are being sold on a large scale, mixed or unmixed with natural *ghee* as natural *ghee* and that the enforcement of the provisions of the Punjab Adulteration of Foods Act would not act as a preventive.

2. The Government of India appreciate the importance of effective measures being taken to ensure that the article sold under the description of *ghee* is really pure *ghee*, but they apprehend that the Local Government's proposals may have far reaching implications. The colouring, if it is done with an aesthetically offensive colour, might discourage the trade in these vegetable products which, though deficient in vitamins, are believed to be harmless in themselves, and if supplemented by other substances containing vitamin, may be beneficial to those who consume them. The adulteration of *ghee* is also not a new practice, and it is well known that the oils and fats used for this purpose are often most offensive and deleterious substances, at times even obtained from the carcasses of diseased animals. It is possible, therefore, that the method recommended by the Punjab Government may lead to the extended use of these directly harmful adulterants—a result which it is obviously most essential to avoid. Again, the demand for pure *ghee* is understood

to be much in excess of the supply. If, therefore, the proposed colouring of the vegetable products should have the effect of restricting their sale, the price of *Ghee* which is already very high, may be considerably increased.

3. Before arriving at a decision the Government of India would be glad to be furnished, after consultation with commercial and other interests concerned, with the views of the Local Government not only on the proposals made by the Government of the Punjab but also as regards any alternative proposal which may commend itself as a means of ensuring that the purchaser of pure *ghee* obtains the pure article. The Government of India would also be glad to be informed whether in the opinion of the Local Government the use of the products in question is injurious to health as is alleged in certain quarters.

4. I am in this connection to forward for perusal a copy of the report of a debate on a Resolution moved in the Council of State on the 8th February, 1928, by the Hon'ble Lala Ram Saran Das.

Copy of a letter No. 33106-11/Med1, dated the 15th December, 1927.

From—the Secretary to Government, Punjab, Transferred Departments, Lahore, to the Secretary to the Government of India, Department of Education, Health and Lands.

*Subject* :—Colouring of hardened oils such as “Banaspati ghee” before import to India.

I am directed by the Punjab Government (Ministry of Local Self-Government) to forward a copy of the report on the debate which took place in the Punjab Legislative Council on the 23rd November, 1927, on a resolution in respect of “Banaspati Ghee” and to say that the Punjab Government (Ministry of Local Self-Government) is convinced that cheating on a large scale is being practised and that these products (which are deficient in vitamins which are essential for the proper growth of young children and the nourishment of nursing-mothers) are being sold mixed or unmixed with natural ghi as natural ghi. Even whole-sale convictions under the Punjab Adulteration of Food Act, 1919, could not put a stop to these practices and the machinery for applying that Act to the whole province has not yet been created and even if such machinery

existed, experience in other countries has shown how difficult it is to obtain convictions under such enactments. Moreover, the practice is so common and so lucrative that convictions under the Act, which provides punishment by fine only, would not act as a preventive. In these circumstances it appears to the Punjab Government (Ministry of Local Self-Government) that the only effective method of preventing the form of wholesale cheating would be to prohibit the import of such products into, or manufacture within, British India unless they are coloured in such a way that they could not be mixed with or passed off as natural ghi without immediate detection, and I am to request that the Government of India may be moved very strongly to undertake the necessary legislation as soon as possible. The Punjab Government (Ministry of Local Self-Government) have had this article examined by the Chemical Examiner and a copy of his report is enclosed,\* and would particularly draw the attention of the Government of India to the mention therein of an experiment on two kittens of the same litter who were fed on Banaspati and natural ghi. Ghi forms the most nourishing portion of the food of the Indian population of this part of India and especially of the food of the poor and the labouring classes and the agitation among the Indian public against the unrestricted import and use of this article is based on perfectly genuine grounds.

Letter No. P.A. 13/27. Dated Calcutta, the 21st September, 1928.

From—Chamber to the Government of Bengal, Local Self-Government Department, (Public Health Branch), Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge receipt of your letter No. 2141-2149 P.H. dated the 18th August, 1928, forwarding therewith copies of letter No.532-T (2) dated Simla, the 5th July, 1928, from the Government of India, Department of Commerce, and of letter No. 33106/H-Medl dated Lahore, the 15th December, 1927, from the Government of Punjab, Transferred Departments. As requested by you, I forward to you hereby the views of my Chamber on the imports of Vanaspati Ghee and similar vegetable products.

My Committee have very carefully considered the proposals of the Punjab Government that the import of Vanaspati Ghee and similar vegetable products into, or their manufacture within, British

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\* Not printed.

India should be prohibited unless they are coloured in such a way that they cannot be mixed with or passed off as natural ghee, without immediate detection. My Committee are emphatically of the opinion that some of these vegetable products contain very harmful ingredients and being very deficient in vitamins, have no food value. The Punjab Government have carefully observed that Ghee is the most nourishing portion of the food of the poor population of India, especially of the food of the poor and labouring classes, and if they are deprived of the little nourishment they thus get by such substitutes as vegetable products, it will certainly undermine the general health and constitution of the people of India. Even the Commander-in-Chief in reply to a question put by Lala Ram Saran Das in the Council of State on the 23rd August, 1926, observed :

“As a result of exhaustive experiments it has been found that metabolism is effected by the presence or absence not only of the normal protein carbo-hydrates and fat contents of a diet but also by accessory food factors popularly known as vitamins. Vitamin “A” contains the anti-rachitic element which is essential to physical growth. Ghee contains this vitamin in considerable quantities. Vegetable oils such as Cocogem do not contain it except perhaps in traces negligible for practical purposes. It is not thought desirable to deprive the Indian soldier of an article which contains substances essential to his growth and physical fitness in favour of one which does not and which would probably be much less acceptable to him than the article to which he has been accustomed from childhood.”

Colonel E. P. Mackie, I.M.S., Director, Bombay Bacteriological Laboratory at Parel, gave the following opinion on the use of these vegetable substitutes :

“I am dead against the substitution of animal fats by vegetable oils, and consider that it should be vetoed at once at any rate until the vitamin content of such substitution has been proved to be as high or nearly as high, as ghee. This, as far as I am aware, is not the case in any vegetable fat and most of them contain none at all. I am sorry to see these substitution products put on the market at all and think the Municipal authorities should prohibit their sale unless they can

be proved to contain a fair quantity of fat soluble vitamin. Otherwise the requirements of economy will result in children being brought up on those oils—a procedure which may have a disastrous effect on public health. I say all this on the presumption that these vegetable oils are deficient in vitamin. As to the question of giving them to the hospital patients, I should forbid it absolutely.”

Several other eminent Doctors and Chemists have also opined against their use.

The suggestion of the Punjab Government that vegetable products may be coloured in such a way that they cannot be mixed with or passed off as natural ghee, without immediate detection, does not appear to my Committee a practicable one, because it is possible to colour the substance in such a way that the colouring matter may be destroyed by the process of heating the substance to a high temperature, or by keeping the same in store for a certain length of time. Besides, there is the other possibility to be reckoned with, *viz.*, the addition of complementary colouring matter by the merchants to destroy the original colour.

The suggestion of the Government of India that these vegetable substances though deficient in vitamins, may be beneficial to those who consume them, if supplemented by the substances containing vitamins, is abortive, because in absence of any standard, all sorts of harmful products resembling Ghee will be sold in the market under the name of vegetable products, and this, far from prohibiting adulteration, will give it an encouragement. The apprehension of the Government that the price of Ghee, the demand of which is understood to be far in excess of supply, will be considerably increased, is not likely to come true, as the ghee trade will automatically enlarge the production, by increasing the number of cattle, improving their present condition, by developing dairy-farming on scientific principles, etc.

In the interest of the preservation of the health of the people of the country, in the interest of dairy-farming and cattle breeding, and in the interest of the healthy development of the future generation of India, my Committee would recommend that the imports of such vegetable products should be totally prohibited by legislation. If, however, the Government cannot see their way to effect a total

prohibition of such vegetable products for considerations of State, my Committee would recommend the imposition of an adequately heavy specific duty on them in order to make their price approximate to the price of genuine *ghee*.

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#### PROHIBITION OF IMPORTATION OF WHITE OIL.

Letter No. P.A. 13/28, dated the 24th September, 1928.

From Chamber to the Government of India, Commerce Department,  
Simla.

I am directed to invite your attention to the large increase in the importation of "White Oil" in British India and its adulteration with other edible oils.

My Committee are informed that during the last 3 years, large quantities of "White Oil" are being imported from Germany and America and that the bulk of this oil is used for adulteration with edible oils. Apart from the question of the deception practised in this way on the public, such adulteration diminishes the nourishing quality of the edible oil, particularly its vitamin contents and is fraught with serious danger to the health of the general public. Even for the shrewdest of buyers, it is difficult to detect such adulteration. My Committee, therefore, strongly recommend to the Government that the importation of "White Oil" should be prohibited, so as to prevent adulteration of edible oil, except under license for a specific purpose. Even when imported under license, a heavy specific duty should be imposed on it so as to make it unprofitable for the merchants to mix it with genuine edible oils which sell at a price far higher than the imported "White Oil".

My Committee are not unaware that the incidence of such a duty on "White Oil" will be heavy on the importers of such oil for preparing toilet requisites, but they are of the opinion that articles of luxury can bear the additional cost, especially when the danger of adulteration of edible oils due to its unrestricted importation, is so great to the welfare of the general public.

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NON-INDIAN CHARACTER OF THE INDIAN DELEGATION  
TO THE LEAGUE OF NATIONS AND OTHER  
CONFERENCES.

Letter No. P.A. 8/27. Dated the 21st September, 1928.

From Chamber to the Government of India,

Commerce Department, *Simla*.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you on the subject of India's representation on the League of Nations and other International or Imperial Conferences and to convey to you the considered opinion of the Committee that the policy of the Government relating thereto has been such that they, along with other sections of the commercial community, cannot help viewing it with deep dissatisfaction and uttering an emphatic protest against it. In this connection, I am also to refer you to my telegram dated the 21st March, 1927, urging most emphatically that the full quota of 5 delegates should be sent to the International Economic Conference and that the personnel of the delegation should be selected in a manner which will ensure the confidence of the public. My Committee regret very much that the Government of India took no action on this telegram and made no change in the number and personnel of the delegation selected by them.

Further, I am to invite your attention to the fact that in 1926 the Government of India accepted a resolution moved by Sir Pheroze Sethna urging that the Government should recognise the principle that the Indian delegation to the Assembly of the League of Nations should be led by an Indian. Such acceptance by the Government naturally gave rise to the expectation that the Indian delegation to the Assembly of the League of Nations for that and subsequent years would be led by an Indian. The virtual recognition of the principle, however, is yet to come ; and this, to say the least of it, is not very creditable to the Government of India. What Indian public opinion insists on in the matter is that its delegation should, in accordance with dominion practice, be ordinarily led by the High Commissioner for India in London, who is by virtue of his exalted position ranks higher than the members of the India Council and whose status may be said to be almost equal to that of a Cabinet member. My Committee, after giving the matter their fullest on-



sideration, fail to see any valid objection to the demand which has such overwhelmingly popular support that the leadership in such cases should as a matter of right go to the High Commissioner. Apart from the leadership of such delegations, their personnel has also to be such as can inspire confidence in its representative character and can interpret the demands and views of this country correctly at the Imperial or International Conferences. This can only be ensured by the acceptance of the principle that while the leadership should invariably go to the High Commissioner, the personnel should be composed exclusively of such non-official members of its own as the Indian Legislative Assembly may elect for the purpose.

In this connection, I would also refer to the fact that India is an original signatory to the Treaty of Versailles, and that she pays a very handsome amount (nearly 4.8 per cent.) of the expenses of the League of Nations. In spite of this, if we look at the Secretariat establishment of the League of Nations consisting of 350 and odd members, we find that there are not even half a dozen Indians employed in the Secretariat. What is more surprising is that a country like America which is not yet a member of the League has more than a dozen members on the League Secretariat. My Chamber, therefore, fails to understand why Indians should brook such a position of disadvantage with regard to her representation on that body.

I am to express a hope on behalf of my Chamber that the Government will recognise the constitutional importance of the subject and will, without further delay, declare their definite recognition of the principle for which public opinion in the country has been all along so insistent.

Letter No. 440-C (M) dated, Simla, the 26th September, 1928.

From Government of India, Department of Commerce to Chamber.

I am directed to acknowledge the receipt of your letter No. P.A. 8/27 dated the 21st September, 1928, on the subject of India's representation on the League of Nations and other International or Imperial Conferences.

SERIOUS ALLEGATIONS AGAINST INDIAN CAPITALISTS  
AND INDUSTRIALISTS IN GENERAL, AND THE TATAS  
IN PARTICULAR BY MR. VERNON HARTSHORN,  
M.P., MEMBER, SIMON COMMISSION.

Telegram dated the 23rd May, 1928.

From Chamber to Government of India, Home Department,  
Simla.

Committee, Indian Chamber of Commerce, Calcutta, protests strongly and emphatically against unjustified and unwarranted allegations made by Vernon Hartshorn, Member, Statutory Commission against Indian capitalists generally and Tatas particularly. Committee entirely endorses general opinion prevalent in this country that Tatas as employers are considerate and enlightened in their attitude to employees. This glaring evidence of irresponsibility and bias in the member of the Statutory Commission is bound to remove the last vestige of faith that may have remained in certain quarters in the Simon Commission. My Committee are not in a position to know how exactly Sir John Simon is going to act in regard to this wanton indiscretion of his colleague but they hope that the Secretary of State will take steps to remove a member with such biased views from the Statutory Commission.

Indchamb.

SIGNING OF PEACE PACT ON BEHALF OF INDIA BY A  
NON-INDIAN.

Telegram No. P. A. 12/28, dated 1st September, 1928.

From Chamber to Government of India, Commerce Dept., Simla.

Committee Indian Chamber of Commerce Calcutta record their emphatic protest against signing of Peace Pact at Paris on 27th August on behalf of India which is an original member of the League of Nations by Lord Cushenden. Indian Chamber is of the considered opinion that the Peace Pact should have been signed on behalf of India by an Indian representative like the High Commissioner. Indian Chamber cannot too strongly condemn decision of Government in not permitting an Indian to have the honour of being a signatory on behalf of India on such a historic occasion.

Statement by Sir D. Bray in Assembly, Simla, on September 13, 1928.

Mr. G. D. Birla in the Assembly today asked: Has the attention of the Government been drawn to a report published in the "*Indian Daily Mail*" by its London correspondent regarding the resentment felt in Indian quarters in London at the absence of the Indian High Commissioner as Signatory from the Peace Pact ceremony in Paris.

Sir D. Bray replied: In accordance with the procedure approved by the Imperial Conference the treaty was signed separately on behalf of India as on behalf of each Dominion. India's constitutional position was thus safeguarded, but there is also a further and more imaginative point emphasized in the Press unfortunately. After the event when it was originally assumed it would be most convenient for His Majesty's Secretary of State for Foreign affairs to affix India's signature, it was not known that the Dominions intended to send their High Commissioners. When it became known it was unfortunately too late to alter the arrangements.

#### URBAN UNIT.

Letter No. P.A. 11/27, dated the 28th March, 1928.

From Chamber to the Government of Bengal,  
Commerce Department, Calcutta.

I beg to forward to you herewith a copy of a letter addressed by my Committee to the Government of India, on the subject of the formation of an Urban Unit of the Indian Territorial Force in Calcutta.

From the discussions in the Assembly on the Territorial Force Amendment Bill, my Committee note that the subject of the formation of such an Urban Unit in Calcutta is under discussion with the Government of Bengal, and they hope that the Government of Bengal will not lag behind other provinces in the formation of such an Urban Unit in Calcutta, especially when several widely representative associations like the Calcutta Corporation, Indian

Association, British Indian Association, and this Chamber have insistently demanded for the immediate formation of such an Urban Unit in Calcutta.

I am to express a hope on behalf of my Committee that the Government of Bengal will strongly recommend the formation of such an Urban Unit in Calcutta.

Letter No. P.A. 11/27, dated the 28th March, 1928.

From Chamber to the Government of India,  
Army Department, New Delhi.

I am directed to refer you to my previous letter No. P.A. 11/27, dated the 7th September, 1927, on the subject of the formation of an Urban Unit of proper strength in Calcutta and the recent discussions in the Legislative Assembly on the Territorial Force Amendment Bill. I regret, no reply—not even a formal acknowledgment—has been received till date to that letter.

My Committee are further informed that the Corporation of Calcutta, the Indian Association and the British Indian Association have all made representations asking for the formation of an Urban Unit in Calcutta. (A copy of the Resolution passed by the Corporation on 18th January 1928 is attached hereto). As these representations will serve to show the genuine demand there exists in Calcutta for such an Urban Unit, I need not reiterate the grounds for the formation of such a Unit.

My Committee have also noted from the debates in the Legislative Assembly on the subject that the formation of such an Urban Unit is a subject of discussion with the Local Government, and they have every hope that the Government of Bengal will strongly recommend the formation of such an Urban Unit.

I am now only to request you to take the necessary steps for the immediate formation of an Urban Unit of the Indian Territorial Force consisting of at least one Battalion in Calcutta.

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Copy of the resolution passed by the Corporation of Calcutta on the 18th January, 1928.

“That in the opinion of the Corporation of Calcutta the omission by the Government to provide for the formation of an Urban Unit of the Indian Territorial Force in Calcutta in accordance with the Shea Committee’s report is undesirable and the Corporation urges upon Government to rectify the same at an early date.”

Letter No. 5449-P, dated Calcutta, the 10th April, 1928.

From Government of Bengal, Political Department,  
Political Branch, to Chamber.

I am directed to acknowledge receipt of your letter No. P.A.11/27, dated the 28th March, 1928 to the address of the Secretary to the Government of Bengal, Commerce Department, and to say that the question of the formation of an Urban Unit of the Indian Territorial Force in Calcutta is under consideration.

Letter No. A/45667/5 (A.G.-A.T.F.),  
dated, Simla the 28th April, 1928

Letter from Government of India, Army Department, to Chamber.

*Formation of an Urban Unit of the Indian Territorial Force  
at Calcutta.*

I am directed to refer to the correspondence ending with your letter No. P.A.11/27, dated the 28th March, 1928, on the above subject, and to express regret that a reply to your earlier correspondence on the subject was not sent to you. The Government of India have since addressed the Government of Bengal in the matter to whom you should address any further enquiry regarding the formation of this Unit.

COLLECTION OF DEMAND DRAFTS BY  
THE IMPERIAL BANK.

Letter No. O. 3/26, Calcutta the 2nd March, 1928.

From Indian Produce Association, Calcutta, to Chamber.

Re:—Payment of demand drafts presented by  
the Imperial Bank of India.

I have the honour to inform you that recently the Imperial Bank of India have introduced a system under which a merchant had either to pay cash immediately on the presentation of a Hundi or if he prefers to pay by a cheque, the cheque so given should be cleared in the clearing of that very day. Some times the Hundies are presented for payment at 2 p.m. or even later than that, and in such cases if a cheque is given in payment of the Hundi, the cheque is naturally cleared next day, in such cases the Imperial Bank of India charges cost of the telegram and interest on the amount paid. This is really a great hardship for the merchants and an undue realisation.

I am, therefore, directed to request you to write to the Imperial Bank of India that when a Hundi be presented for payment after 12 noon, the cheque given in lieu thereof should be cleared on the second day in the first clearing.

I hope you will please support our cause and let me know your views.

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No. O. 3/26, Calcutta, 16th March, 1928.

From Chamber, to the Managing Governors, Imperial Bank of  
India, Bombay.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn by some members of the Chamber to the fact that in regard to the Hundies, a certain difficulty is being experienced, the exact nature of which is set out in detail below.

The Imperial Bank of India have recently introduced a system under which a merchant has either to pay cash immediately on presentation of a Hundi or if he prefers to pay by a cheque, the cheque

so given should be cleared in the clearing of that very day. It often happens that the hundies are presented for payment at 2 p.m., or even later than 2 p.m. and in such cases if a cheque is given in payment of the hundi, the cheque is naturally cleared on the following day. In the latter case the Imperial Bank of India charges the cost of the telegram and the interest on the amount of the hundi for one day.

My Committee wish to point out that the Imperial Bank should either arrange to present the hundies not later than 12 noon, or if the hundies are presented after 12 noon, no interest or cost of telegram should be charged for payments made by cheques on that day.

My Committee do not understand why, in view of the custom prevailing in the Calcutta market, the sending of a telegram in such circumstances becomes necessary or interest becomes due.

Moreover, the practice within recent years—a practice which has received the sanction and approbation of the Government of India—is to facilitate the use of cheques in commercial transactions on a larger and larger scale. My Committee are of the opinion that your action in regard to the charging of interest is likely to hinder the development of this wholesome practice. Under these circumstances my Committee will be obliged if you could see your way to make such changes in the procedure as would not impose any hardship on the mercantile community.

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Letter dated the 18th April, 1928, from the Managing  
Governors of the Imperial Bank of India, Central Office,  
Bombay, to the Secretary, Indian Chamber of Commerce,  
Calcutta.

*Collection of Demand Drafts.*

With reference to your letter No. O. 3/26 of the 16th ultimo, we have ascertained from our Calcutta Local Head Office that the procedure in force there in regard to the collection of demand drafts is as follows:—

Drafts for collection are usually sent out at 12.30 and if, in payment, a cheque is tendered which cannot be cleared on the day

of presentation of the draft, *no interest* is charged unless the cheque is unpaid in which case advice of non-payment is sent by wire or letter, having regard to the amount of the draft and the distance at which the remaining branch is situated from Calcutta. Interest is also charged in the case of drafts for which cheques or cash are not *tendered* on the day of presentation. It appears therefore that the information supplied to your Committee is not entirely correct.

*Memo No. O. 3/26, dated the 20th April, 1928.*

Copy forwarded to the Secretary, Indian Produce Association, Calcutta, for information, with reference to his letter No. 161/28, dated the 2nd March, 1928.

PROPOSED ESTABLISHMENT OF AN INDIAN  
ACCOUNTANCY BOARD.

Letter No. 4006-9/Com., dated Calcutta, the 20th November, 1928.

From Government of Bengal, Finance, Commerce & Marine  
Departments, to Chamber.

I am directed to refer to this Government letter No. X 1369-78 T. Com. regarding the proposed establishment of an Indian Accountancy Board and to request that the views of your *Chamber* on the subject may be submitted at an early date.

No. 131T. (2), dated Simla, the 20th August, 1928.

From the Secretary to the Government of Bengal, Commerce  
Department, to Chamber.

I am directed to refer to the correspondence ending with your letter No. 349 Com. dated the 22nd January, 1926, on the subject of the establishment of an Indian Accountancy Board. In their letter No. 131-T. (2), dated the 16th November, 1925, to the address of all



Local Governments (copy enclosed)\* the Government of India reviewed the existing arrangements for the grant of auditors' certificates under section 144 of the Indian Companies Act, 1913, which were never intended to be more than temporary and transitional ; and they expressed certain tentative and provisional views on the course of future development. It was explained that the Government of India were of opinion that the ultimate aim should be to build up in India an association or associations of Accountants of the same standing and reputation as the principal Institutes and Societies of Accountants in the United Kingdom ; but they thought that it would be generally agreed that in consideration of the importance of the issues at stake and of the need for ensuring that any such association should be generally recognised as authoritative, it would be premature at present to attempt to establish an association which would be fully responsible for the maintenance of the requisite standards of professional qualification and conduct among its members. If this were the general opinion, it appeared to the Government of India to be essential that any new arrangements for the grant of auditors' certificates should be such as would be consistent with the ultimate formation of an authoritative association of Accountants ; and as a first step towards this object it had been suggested that the Government of India should constitute an Indian Accountancy Board. The Government of India considered that the suggestion was attractive and asked the Local Governments for a preliminary expression of their views.

At the same time, it was proposed to call a small informal conference of persons specially interested in the subject and specially qualified to advise on it, and of representatives of Local Governments, to explore the whole subject.

2. The opinions received indicated that it was generally accepted that the time was ripe for some measure of central control, and the subject was further examined at the informal conference which was held at Delhi on the 20th March, 1926. Opinion at the conference was almost unanimous that the preparation of a scheme for an Indian Accountancy Board should be proceeded with, and that the formation of an autonomous association of Accountants should be kept in view as the ultimate aim. The conference appointed a sub-committee to consider the details of the scheme ; and the Memorandum,\* which

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\* Not printed.

forms an enclosure to this letter, embodies the final views at which the sub-committee arrived at a meeting held at Delhi on the 19th March, 1927.

3. The Memorandum is self-contained, and there is only one matter on which some further explanation appears to be required. This is the question whether any distinction should be recognised between "practising" and "non-practising" Accountants; and in particular, whether auditors' certificates should in future be granted only to Accountants in independent practice, or should continue, as at present, to be granted also to Accountants holding, for instance, a salaried post in a business firm. It is understood that no such distinction exists in English law, and that the professional restrictions imposed by Institutes and Societies of Accountants in the United Kingdom differ. After very careful consideration, the sub-committee was of opinion that no distinction should be made either in the Indian companies Act or in rules made under the Act for the certification of auditors, and that both "practising" and "non-practising" Accountants should be equally eligible for certificates entitling them to act as auditors of public companies. The sub-committee considered that the matter might be further examined by the Indian Accountancy Board when constituted, but was of opinion that it could only be finally settled by a demand from shareholders that the accounts of companies in which they were interested should be audited by "practising" Accountants.

4. I am now to ask that you after consulting such bodies or persons as you may think desirable will furnish the Government of India with your views on the scheme embodied in the Memorandum.

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Letter No. MS. 8/27, dated, 21st December, 1928.

From Chamber to the Government of Bengal, Commerce  
Department, Calcutta.

I am directed to refer to the correspondence ending with your letter No. 4606/9Com. dated the 20th November, 1928, and to send to you hereby the views of the Committee of the Indian Chamber of Commerce, Calcutta, regarding the proposed establishment of an Indian Accountancy Board,

My Committee are pleased to find that the Government have taken up at last the question of constituting an Indian Accountancy Board, and they hope that the Government will be pleased to put it in practice without any further delay.

My committee approve of the scheme proposed by the Government of India of maintaining an Indian Register of Accountants and of enrolling the following persons on that Register :

- (a) all members of any institution or association previously notified by the Governor-General in Council under the proviso to section 144 (1) of the Act, who are then resident in India ;
- (b) all persons then holding the Government of India Diploma in Accountancy (G. D. A.), which is now awarded on the recommendation of the Accountancy Diploma Board, Bombay ;
- (c) all persons then holding unrestricted auditors' certificates previously granted by local Governments under section 144 of the Act.

With regard to section (2) of Part I of the Scheme, my Committee would suggest that the Auditors' Certificates given to persons who are enrolled in the Register, should not be subject to an annual renewal. Auditors' Certificates granted once should hold good for all time to come, unless the names of persons holding such certificates are removed from the Register for misconduct or non-payment of fees or some other reason to be specially laid down. If fees are not paid by persons on the Register before a certain fixed date, an extension of three months may be given for such payment with or without penalty, before removing their names from the Register.

With regard to Section (3) of Part I of the Scheme relating to the appointment of Accountancy Boards, my Committee would suggest that the Local Accountancy Boards should, in addition to advising the Indian Accountancy Board or the Governor-General in Council, *on matters that may be referred to them*, be permitted to advise on other matters also, at their own instance and on their own initiative.

In regard to Section 4 of Part II of the Scheme my Committee

presume that members who are enrolled on the Register of Accountants will automatically be granted auditors' certificates.

In regard to Section 6 of Part II of the Scheme, my Committee would suggest that while holders of restricted auditors' certificates granted by local Governments are permitted to continue to act as auditors, in their respective provinces, they should also be made subject to such rules, disciplinary jurisdiction, etc., that the Central Board may think fit to lay down for this class of auditors.

My Committee agree that enrolment on the Register should be individual and that firms of auditors should not be permitted to be enrolled as such.

With regard to Part III of the Scheme relating to the constitution of the Indian Accountancy Board, my Committee are emphatically of the opinion that the appointments to the Indian Accountancy Board should not be made by nomination by the Governor General in Council but by election. My Committee would suggest that the number of members on the Board should be increased from 17, as proposed in the Scheme, to 25, and of these 25 members, 20 should be elected and 5 nominated by the Government. Of these 20 members to be elected, 8 should be taken from Bengal. Of these 8 members, 4 should be professional practising auditors who should be elected from an electoral roll to be prepared from the present practising accountants and auditors. For filling up the remaining seats on the Indian Accountancy Board, the Indian Chamber of Commerce and the Bengal Chamber of Commerce should be allowed to nominate two representatives each.

With regard to Section 3 of Part III of the Bill, re: functions of the Board for examining applications for enrolment, advising the texts to be prescribed for subsequent enrolment, preparing syllabuses etc., and for appointment of examiners on each subject, my Committee would suggest that in place of the Note put up to the effect that candidates for examinations should not be required to attend any prescribed college or other institution for preparation, the present conditions for theoretical training for the Government Diploma in Accountancy re: attendance at recognized schools etc., should be allowed to continue, and the compulsion of theoretical training should not be allowed to be done away with.

With regard to Sub-Section (d) in Section 3 of the Scheme, my Committee would suggest that apprentices should be allowed to be taken not by firms but by individual members of the firm.

With regard to Part IV of the Scheme, my Committee would suggest that the local Accountancy Board should consist of 12 members and not of 8, as proposed in the Scheme. My Committee agree that the members of the Indian Accountancy Board should be ex-officio members of the Local Board for the province in which they reside. Accordingly there will be 8 ex-officio members for Bengal on the Local Accountancy Board. Of the 4 remaining seats on the Board my Committee would suggest that one should be elected by the practising professional accountants and auditors in the manner already suggested for the Indian Accountancy Board, one by the Indian Chamber of Commerce, Calcutta, one by the Bengal Chamber of Commerce, and the Registrar of Joint-Stock Companies, Bengal, should be an ex-officio member of the local Board.

#### TERMINATION OF SHORT-TIME AGREEMENT BY THE JUTE MILLS IN CALCUTTA.

Letter No. nil dated, Calcutta, the 30th October, 1928.

From Gunny Trades Association to Chamber.

Re:—Short time agreement of Calcutta Jute Mills.

I am directed to send you a copy of the letter which has been addressed by my Committee to the Secretary "Indian Jute Mills Association" in connection with the above subject.

My Committee beg to point out that the question of short-time working agreement does not only affect the Jute Mills Industry alone, but any sudden change, is likely to react on the prosperity of the entire business of Calcutta. My Committee hope that your Committee will give this matter their earnest consideration and use their influence to get the Jute Mills Association to accept the suggestion put forward by my Committee.

From Gunny Trades Association to Indian Jute Mills Association.

I am directed to place before your committee a few facts in connection with rumours which have been prevailing in the gunny

market for some time past regarding the jute mills of Calcutta contemplating an increase in the number of their working hours.

During the last 7 years the jute mills of Calcutta, according to an agreement entered into between them, have restricted their working to 54 hours a week. The consumers, the dealers, the shippers and, in fact every-one who deals in gunnies whilst calculating the supplies and demand of gunnies, have naturally become accustomed to the present rate of production.

Owing to the great uncertainty which prevails at present in the gunny trade regarding the policy of jute mills in connection with the number of working hours the market during this year has been upset from time to time by rumours of the mills intending to terminate the present agreement. Your committee will agree with my Committee when they say that an element of uncertainty is the most undesirable thing in any business. In the absence of any definite contradiction or affirmation of the rumours which have been persistently creeping up during the last few months, the gunny trade of Calcutta has lately partaken more of the nature of a gamble than of legitimate business. My Committee considers that it would be in the interest of every one concerned if the Jute Mills Association of Calcutta could lay down a definite policy of working to be followed for at least a certain number of years.

Ever since the execution of the present short time working agreement, the jute mills of Calcutta have enjoyed a good measure of prosperity. The out-put of the mills has always commanded a ready market at rates which left a handsome manufacturing profit. The Managing Agents whilst declaring handsome dividends to the shareholders have been able to consolidate and strengthen the financial position of the companies under their management.

My Committee understands that it is now proposed that the jute mills of Calcutta should increase the number of working hours. In this connection I wish to point out that your Committee decided at the end of 1927 that from 1st January, 1928, onwards, the mills shall make up the time lost by holidays. This change was announced by Mr. G. F. Rose, the then President of your Association, in his speech at the annual general meeting of the Association and he further said that no other change in the hours of working in the present agreement would be considered, until the full effect of this change was known. My Committee think that an agreement with h

has proved of such benefit to the industry should not be hurriedly terminated or revised.

The first thing which should receive very earnest consideration at the hands of the members of your Association is whether the demand will be sufficient to absorb the increased output, both of cloth and bags ; my Committee would like to point out to you in this connection that inspite of large shipments, stocks even at the present rate of production are accumulating in Calcutta, especially of heavy goods. There is at present famine in several of the up-country districts in India, and owing to the uncertain political conditions in China, the Committee think that the demand for bags will not be sufficient to absorb the increased out-put of the mills in Calcutta.

The disastrous results which overtake an industry when a state of over-production is reached can be seen from the present sad plight of the cotton textile industry of Bombay. During the post Bellun period, attracted by the handsome profits which the cotton mills made at that time, extensive additions were made, with the result that the industry is at present passing through a severe crisis which threatens its very existence.

If, however, it is at all found desirable to make a change in the existing number of working hours, they would suggest that the change should not be abrupt but should be gradual so that the industry may not have to pass through a severe crisis before the supplies and demand adjust themselves.

The Bazaar Hessian dealers of Calcutta have contributed to no mean extent to the present prosperity of the jute mill industry of Calcutta ; they are prepared to take the risk of the market at all times and they absorb all the sales of local mills for deliveries several months ahead. This makes the jute mills independent of any demand from the consuming centres. This fact has been recognised by even the members of your Association. Mr. J. Sime who was the Chairman of your Association in the year 1926, addressing the annual general meeting of your association, said "Without the bazar as the factor, the jute mills of Calcutta would be at the mercy of the American consumers."

My Committee beg to point out that the bazar dealers are at present holding large stocks of both hessian and heavy goods

purchased from the members of your Association for deliveries as far ahead as 1930. If a sudden increase in the working hours is decided upon, there is bound to be a severe slump in the value of the manufactured goods.

My Committee suggest that to enable the bazar to bear the effects of this depression with the least possible inconvenience, your Association should give ample notice, say, of one year to the trade of any proposed change in the amount of production. This will enable traders to adjust their commitments to the changed conditions. The maintenance of a strong and healthy bazaar in Calcutta is of the greatest importance to the jute mill industry.

My Committee are aware that the members of your Association have got the greatest provocation to make them think of the altering present agreement, but any hasty action at this juncture may seriously jeopardise the interests of the shareholder of the jute mills. The pros and cons of the whole question should be very seriously considered before any step is taken in a matter of so vital importance to the entire trade and the share-holding public.

Finally my Committee would suggest that representatives of this Association be invited to meet your Committee to discuss this question which affects the common interests of the members of both the Associations.

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Letter No. O. 23/28, dated the 3rd November, 1928.

From Chamber to the Secretary, Gunny Trades Association,  
Calcutta.

I am directed by my Committee to acknowledge the receipt of your letter dated the 30th October, 1928, giving cover to a copy of a letter addressed by your Committee to the Indian Jute Mills Association, Calcutta, on the subject of the rumoured termination of short-time agreement by the Jute Mills in Calcutta. You have observed *inter alia* in your letter that any sudden change in the termination of short-time agreement is likely to react on the prosperity of the entire business of Calcutta, and have requested my Chamber to use its influence in getting the Indian Jute Mills Association to accept the suggestion of your Association, *viz.*, of giving ample notice, say, of one year to the trade, of any propos. 1



change in the amount of production or number of working hours, to enable traders to adjust their commitments to the changed conditions.

Your letter was very carefully considered by my Committee at their meeting held on the 2nd November, 1928, and I am directed to inform you that my Committee have requested a member of this Chamber, who happens to be a member of the Indian Jute Mills Association and who, as such, is to attend the meeting of that Association to be held on the 6th November, 1928, to press for the extension of the date of termination of short-time agreement by the Indian Jute Mills, as far as practicable, in order to safeguard the interests of the trade. My Committee hope that this will meet the purpose.

Letter No. O. 23/28 dated, Calcutta, the 3rd November, 1928.

From Chamber to G. D. Birla, Esqr., M.L.A.

I am directed by my Committee to forward to you for your information a copy of a letter dated the 3rd November, 1928, addressed by them to the Gunny Trades Association and to request you to do the needful, in terms of that letter, at the Meeting of the Indian Jute Mills Association, to be held on the 6th November, 1928, which you are attending as a member of that Association. The Committee hope your efforts will be successful in safeguarding the interests of the trade.

NON-ACCEPTANCE OF POLICIES OF INDIAN  
INSURANCE COMPANIES BY CERTAIN BANK.

Letter No. MS. 6/27, Calcutta the 23rd June, 1928.

From Chamber to the P. & O. Banking Corporation Ltd., Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you with a request to furnish them with a list of the names of the Indian and Foreign Insurance Companies whose policies your Corporation accepts,

My Committee desires to have the information for the benefit and guidance of the commercial community.

An early compliance will be much esteemed.

Letter No. M.2785, Calcutta, the 25th June, 1928.

From the P. & O. Banking Corporation, Limited to Chamber.  
*Re. Insurance Companies.*

With reference to your letter of the 23rd instant, we regret we are unable to furnish you with the information required.

Letter No. MS. 6/27, Calcutta the 25th June, 1928.

From Chamber to the Indian Insurance Company's Delegation,  
Bombay and to other Indian Chambers of Commerce  
at Bombay, Madras, Karachi, Rangoon, etc.

The attention of my Committee has been drawn to the fact that several foreign banks trading in India do not accept policies of several Indian Insurance Companies. My Committee feel that such an attitude by the foreign banks trading in India towards the Indian Insurance Companies, most of whom can compare favourably in status and standing with foreign Insurance companies, hamper Indian trade and commerce and ought to be strongly resented.

This is also a very important subject which should be taken up seriously with the Banks concerned and a strong endeavour should be made to minimize the grievance of the public on the subject. This non-acceptance of policies of Indian Insurance companies by Banks also results in a grave loss of business to the Indian Insurance Companies.

My Committee would like to know whether such difficulties are experienced by the Commercial Community in your Presidency also, and if so, what measures you would suggest for their removal.

Letter No. nil, dated Bombay, the 27th June, 1928.

From the Indian Insurance Company's Association to Chamber.

I beg to acknowledge receipt of your No. 6/27 of the 25th instant and note the contents with thanks.

I am circulating your letter to my Committee and will send you a reply as soon as I have obtained their views.

I may at once say that although there was difficulty with regard to the banks some time ago, it is not there to-day, at least in respect to some Indian companies. I am of course referring to conditions prevailing in Bombay.

Letter No. 576, Karachi, the 27th June, 1928.

From the Buyers & Shippers Chamber to Chamber.

I am directed by the Chamber to acknowledge the receipt of your No. 6/27 of the 23rd instant and to say that here the Banks do accept the policies of the Indian companies that are on their approved list ; and almost all the Indian companies are on such list of the Karachi Banks.

Hence ordinarily difficulties of the kind mentioned in your letter under reference are not experienced by the commercial community here.

However, there are a few small Indian companies whose policies are not accepted by the Banks and one non-Indian bank is ~~requeste~~ *repa* to be more strict.

Letter No. nil, Bombay, the 16th July, 1928.

From the Indian Insurance Company's Association to Chamber

With reference to your enquiry whether difficulties are experienced by Indian Insurance companies at the hand of foreign exchange banks, we have to inform you that some members of our Association have found difficulties placed in their way by foreign

exchange banks in that marine policies issued by some of our members have not been accepted.

The same remarks will apply to some extent also to fire insurance policies.

We do not know what action your chamber propose to take in the matter. We shall, however, be glad to hear from you before you take any such action just telling us what you propose doing, so that anything that your Chamber may do may be done in consultation with us.

Letter No. G.463, Madras, the 18th July, 1928.

From the Southern India Chamber of Commerce to Chamber.

In reply to your letter No. 6/27, dated the 23rd June, 1928, regarding the acceptance of Policies of Indian Insurance Companies by foreign banks, I am to point out that local enquiries show that all the foreign banks in this city do accept Policies of all Insurance Companies without discriminating against Indian Companies. Of course, the total amount of Policies in any one Company that a Bank would accept must depend on the standing and security of the Insurance Company concerned.

Letter No. 1657, Bombay, the 20th July, 1928.

From the Indian Merchants' Chamber to Chamber.

With reference to your letter of the 23rd June, 1928, MS. No. 6/27, I am informed by the Secretary, the Indian Insurance Companies' Association, Bombay, that some Insurance Companies have found difficulties placed in their way by foreign exchange banks in that Marine policies issued by them have not been accepted. The same remarks would also apply to some extent to Fire Insurance policies.

Letter No. M.L./123/28-29, Rangoon, the 20th July, 1928.

From the Burma Indian Chamber of Commerce to Chamber.

With reference to your letter No. MS.6/27, dated the 25th June, 1928, I am directed to state that no such difficulties as are referred to in your letter have hitherto been brought to the notice of my Committee.

“As my Committee understand the position, the Bank accept or decline to accept a policy of an Insurance Company in the same way as they accept or do not accept a draft or bill drawn by a commercial firm. It is a matter of the credit and reputation of the Insurance Company concerned. It is for the Directors of the Company to satisfy the Banks as to the Company's financial resources, its re-insurance facilities and its management.”

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Letter No. MS. 6/27, Calcutta, the 31st July, 1928.

From Chamber to Indian Insurance Co.s' Association, Bombay.

I am directed to acknowledge the receipt of your letter dated the 16th July and to inform you that, in reply to my letters Nos. MS. 6/27 dated the 23rd and 25th June, 1928, several Chambers of Commerce have stated that it would not be possible to do anything officially to force the various foreign banks to accept Policies of Indian Insurance Companies.

I am further directed to forward to you a copy of a typical reply received from one of the Chambers on this subject:—

“As my Committee understand the position, the Banks accept or decline to accept a policy of an Insurance Company in the same way as they accept or do not accept a draft or a bill drawn by a commercial firm. It is a matter of the credit and reputation of the Insurance Company concerned. It is for the Directors of the Company to satisfy the Banks as to the Company's financial resources, its reinsurance facilities, and its management.”

My Committee are of the opinion that yours is the only Association which can deal with the subject adequately. They would

suggest that your Association should take up the question with the various foreign banks in a manner which meets with the approval of your Committee. My Committee would request you to advise them of any steps that you take in this matter.

Letter No. Nil, Bombay, the 5th August, 1928.

From the Indian Insurance Cos.s' Association to Karachi  
Indian Merchants Association, forwarded to Chamber.

Your letter of 4th July, was received by us on the 7th August. We had a meeting of our Association on that day and your letter was placed before the meeting.

I am directed by my Committee to convey to you our thanks for the great interest that you are taking on behalf of our members.

Our Association is contemplating taking action in the matter and if any definite results are achieved, we shall only be too glad to advise you.

In the meantime, may we again appeal to you to impress upon your members the necessity of supporting Indian Insurance Companies as much as possible. The time has now come for such wholehearted support because vested interests are again getting active and probably may do all in their power to thwart the natural growth of Indian Insurance Companies. The present attitude of some of the banks can be taken as an index of what opposition there will be in future.

As you doubtless know, the Indian Insurance Companies have been put to severe test in the recent fire at Karachi. They have been called upon to pay a number of claims during all these years. They have met their engagements promptly, regularly and generously. If any of your members have any sort of complaint to make against any of the Indian Insurance Companies, we would welcome such complaints and we will do our best to see that no room is given for such complaints.

We are well aware that the Insuring public are entitled to first-class service and it will be the endeavour of the Indian Insurance Companies to offer that service to the Insuring public as they have been getting all these years.

Thanking you for your co-operation.

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Letter No. 650-28, Bombay, the 28th August, 1928.

From Maharashtra Chamber of Commerce to Chamber.

Ref: *Your No. MS. 6/27 of 25-6-1928.*

I am to inform you that your letter under reply was circulated among the members of this Chamber and I am to inform you further that so far they have not experienced difficulties similar to those mentioned in it.

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Letter No. MS. 6/27, Calcutta, the 24th August, 1928.

From Chamber to the Imperial Bank of India.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you with a request to furnish them with a list of the names of the Indian and Foreign Insurance Companies whose policies your Bank accepts.

My Committee desire to have the information for the benefit and guidance of the commercial community.

An early compliance will be much esteemed.

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Letter No. 55741, Calcutta, the 30th August, 1928.

From the Imperial Bank of India to Chamber.

I am in receipt of your letter No. Ms. 6/27 of the 24th instant, of which I have forwarded a copy to the Managing Governors for expression of their views in the matter.

I am directed to state that private contracts and arrangements of the nature enquired about are confidential, and I regret, therefore that I am unable to comply with your request.

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## APPENDIX IX.

### RAILWAYS.

#### THROUGH SERVICE FROM RAJKOT TO DELHI.

Letter No. R. 4/26, dated, Calcutta, 7th May, 1928.

From Chamber to the Agent, B. B. & C. I. Railway, Bombay.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the several hardships experienced by passengers while travelling from Kathiawar, Cutch and Gujerat to the distant places in Bengal, Bihar, Orissa and the United Provinces, as a result of frequent changes of trains at intermediate stations at all times of the day and night.

You must be doubtless aware of the fact that, due to the growing business relations between these provinces, there is a steady increase in the number of passengers travelling from Kathiawar, Cutch and Gujerat to Bengal, U. P., etc. With a view to mitigate the hardships of the passengers, and to prevent loss of articles while changing trains constantly, my Committee suggest that a through composite Bogey carriage (I, II & III Class) should be run on Metre-gauge trains from Veraval on the Junagad State Railway up to Delhi *via* Rajkot, Wadhwan, Mehsana, Ajmerc, etc. Such a direct service will afford great facilities to the passengers and will encourage the travelling habit of the people. My Committee have no doubt also that sufficient traffic will be forthcoming to justify the Railways providing direct service.

My Committee would also make the suggestion that provision should be made for availability of a plentiful supply of drinking water at various stations and for adequate lighting arrangements.

I am to express a hope that the suggestions made by my Committee will receive your sympathetic consideration at an early date.

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Letter No. T.B.215/MG, dated Bombay, the 17th May, 1928.

From the General Traffic Manager Bombay, Baroda and Central India Railway Company, to Chamber.

*Request for a through Bogie composite carriage between Veraval and Delhi.*

Your letter No. R/4/26 of 7th May, 1928, addressed to the Agent, B. B. & C. I. Railway.

I regret the running of a through bogie carriage between Veraval and Delhi is not possible at present for want of room on the Delhi Mail trains. The matter will be considered later when the question of re-introducing the Sind Mails, which is under consideration, is finally decided.

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INADEQUATE SUPPLY OF WAGONS ON THE E. B. RY.,  
FOR MOVEMENT OF JUTE CROPS.

Letter No. R.-4/26, dated the 11th April, 1928.

From Chamber to the Agent, E. B. Ry., Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the serious difficulties and losses suffered by the jute merchants as a result of the inadequacy of the wagon supply over the Dacca Section of the E. B. Ry.

My Committee are informed that there is a very small supply of wagons, in comparison with the demand, and on complaints being made to you by merchants the blame is put by you on the Steamship Companies for detaining the loaded wagons at the Jugannathgunj Ghat while the Steamship Companies in their turn lay the whole blame on you.

The total allotment of 15 wagons per day over the whole of the Dacca section which passes over two of the biggest jute producing districts in Bengal viz., Dacca and Mymensing seems to be quite inadequate considering the huge demand of the jute merchants.

My Committee would, therefore, urge on you the necessity of keeping a plentiful supply of wagons, sufficient to the demands that exists therefor. It is hardly necessary to reiterate here the magnitude of the losses suffered by merchants as a result of loss of interest, and short weight owing to dryage, deterioration in quality of jute, loss on insurance premium etc.

I am to express a hope on behalf of my Committee that you will take early steps for the redress of this grievance.

Letter No.  $\frac{1534B/T}{180/9/28}$  dated the 12th May, 1928.

From the Agent, Eastern Bengal Railway, to Chamber.

*Reference* :—Your letter No. R2/26, dated 11th April, 1928.

*Subject* :—Wagon Supply over the Dacca Section.

The normal allotment of goods stock for the Dacca District is 700 wagons and during the whole of the month of April this number has been exceeded.

2. I enclose a statement showing the number of wagons loaded daily on the Dacca District from 1st April, 1928 to 23rd April, 1928 from which it will be seen that the average number of wagons loaded since the beginning of the month of April, 1928 is 100 per day and not 15 as stated by you.

3. Every effort is being made to keep up the loadings on this District.

## STATEMENT OF DAILY LOADINGS.

Date.			Number of Wagons loaded.	Date.			Number of Wagons loaded.
April,	1st	...	65	April,	13th	...	212
„	2nd	...	103	„	14th	...	100
„	3rd	...	78	„	15th	...	74
„	4th	...	99	„	16th	...	82
„	5th	...	85	„	17th	...	76
„	6th	...	83	„	18th	...	63
„	7th	...	117	„	19th	...	105
„	8th	...	94	„	20th	...	83
„	9th	...	119	„	21st	...	140
„	10th	...	120	„	22nd	...	90
„	11th	...	88	„	23rd	...	103
„	12th	...	134				

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DISTINGUISHING NUMBERS TO THE RAILWAY  
CREWMEN.

Letter No. R.-4/26, dated the 22nd May, 1928.

From Chamber to the Agent, East Indian Railway, Calcutta.

I am directed by my Committee to invite your attention to the great inconvenience suffered by the travelling public due to the fact that no distinguishing number is given to the crewmen on the East Indian Railway. In the event of any complaint having to be lodged in respect of misbehaviour or negligence in the performance of his duties by any crewman, it is extremely difficult to identify the crewman in the absence of any distinctive badge on his person. The consequence is that the travelling public have to endure so many inconveniences which it would be possible to redress ordinarily but which become difficult, if not impossible, under the present circumstances.

My Committee will, therefore, feel obliged if you will kindly take early steps to supply the crewmen on the railway with distinctive badges, as such a system will considerably minimise the inconveniences of the travelling public and be of substantial help in bringing to book the delinquent crewmen.

Letter No. 228 OD/Crew, dated the 31st May, 1928.

From the Chief Operating Superintendent, East Indian Railway,  
to Chamber.

Your No. R4/26 of 22nd May, 1928.

With reference to your above to the address of the Agent, E. I. Railway, Calcutta, I beg to inform you that steps have already been taken to supply the Crew staff with identification metal numbers etc.

#### HARASSMENT OF PASSENGERS ON THE HOWRAH STATION.

Letter No. R4/26, dated the 7th August, 1928.

From Chamber to the Agent, East Indian Railway, Calcutta.

The attention of my Committee has been drawn to a letter addressed to you by Mr. Anandji Haridas, a member of this Chamber, on the 2nd August, 1928, re: harassment of passengers on the Howrah Station by Railway Crewmen.

My Committee are indeed sorry to find that passengers are meted out such harassing treatment in several ways. The weighing scale on the Railway station was also pointed out by Mr. Anandji Haridas to be incorrect. This naturally penalises the poor, illiterate and unwary passengers who ordinarily cannot dare to dispute the correctness of the scale kept on the Railway specifically to weigh luggage. They are thus unnecessarily harassed, unjustifiably charged and inevitably detained on the Station. The attitude of the crewmen becomes still more despicable especially when most of them had knowledge of the fact that the scale was wrong and were thus knowingly subjecting the passengers to undeservedly harsh treatment and robbing them of money without any justification. Mr. Anandji Haridas also points out in his letter that the crewmen even refused to give their numbers, when asked. In this connection, I would invite your attention to my letter No. R.4/26, dated the 22nd May, 1928, requesting the E. I. Railway to supply the crewmen with distinctive badges, in reply to which on the 31st May, 1928, the Chief Operating Superintendent stated that steps had already been taken to supply the crewmen with identification steel numbers, etc.

My Committee fail to see any utility of these numbers if they are not put on by the crewmen on their person at a visible place when they are on duty. The object of giving distinctive numbers is only to facilitate the lodging of any complaint re: the rude treatment of and misbehaviour towards any of the travelling public or passengers, etc., and that object is frustrated by the Railways not insisting that the numbers should be put on by the crewmen when on duty in a manner which makes them visible to others. My Committee would also invite your immediate attention to the necessity of ensuring that the weighing machines are in perfect order by verifying their correctness at short intervals of time.

I am to express a hope that you will take adequate steps to ensure that the travelling public is not subjected to any such harassment in future.

My Committee will be glad to be informed of any action you take in the matter.

No. A.T.526, dated, Calcutta, 10th August, 1928.

From Agent, East Indian Railway, to Chamber.

*Complaint against Crew staff at Howrah.*

I am directed to acknowledge the receipt of your letter No. R4/26, dated 7th August, 1928, and to say that the Agent is making enquiries in the matter and will address you further in due course.

No. A.T.-526, dated, Calcutta, 4th October, 1928.

From the Agent, East Indian Railway, to Mr. Anandji Haridas,  
20, Durmahatta Street, Calcutta.

*Complaint against Crew staff at Howrah.*

In continuation of this office letter No. A. T.-526, dated 10th August, 1928, in connection with the above, I am directed to say that the incident complained of is much regretted, and the staff to blame have been suitably punished.

Regarding the weighing machines at Howrah Station, special arrangements have been made to ensure that they are kept in good working order.

The absence of identification numbers noticed by you was due to delay in the supply of these numbers ; they have since been supplied to all "Crew" staff concerned.

Copy forwarded to the Secretary, Indian Chamber of Commerce, Calcutta, for information, in continuation of this office letter No. A.T.-526, dated 10th August, 1928.

INADEQUATE SUPPLY OF WAGONS FOR THE  
REMOVAL OF RICE.

Letter No. R.4/26, dated the 9th July, 1928.

From Chamber to the Agents, East Indian Railway and Bengal  
Nagpur Railway, Calcutta.

The attention of my Committee has been drawn by the Calcutta Rice Merchants Association, a body affiliated to this Chamber, to the fact that very serious difficulties are being experienced by the merchants as a result of shortage in the supply of wagons at Kidderpore, Chitpore and other Ghats for the removal of the rice imported from Burma into upcountry area. My Committee are further informed that there are huge stocks of rice lying at the various docks for want of a sufficient supply of wagons to carry them and that further large shipments of rice will continue to arrive from Burma till the end of October or beginning of November.

Should, therefore, the Railway not make prompt arrangements for the removal of the huge stocks, my Committee are afraid this will result in deterioration of rice and will unnecessarily lock up the capital of merchants. The Railway should see to it that such a situation does not arise, and my Committee earnestly urge upon the Railway to take immediate action in the matter and supply at an early date a quantity of wagons sufficient to meet the demand of the trade.

No. A.T.-35, dated, Calcutta, 10th July, 1928.

From the Agent, East Indian Railway, to Chamber.

I am directed to acknowledge receipt of your letter No. R.4/26, dated 9th July, 1928, regarding the supply of wagons for transport of rice to upcountry stations and to say that the matter is receiving attention.

No. 111049/331, dated Calcutta, 13th July, 1928.

From the Chief Operating Superintendent, E. I. Ry., to Chamber.

*Re*:—Supply of wagons for transport of rice to upcountry stations.

With reference to your letter No. R.4/26, dated the 9th instant to the Agent of this railway, which has been forwarded to me for disposal, I have to say that the provision of wagons for imported rice at Docks and other points receives the attention of this railway in conjunction with the Port Commissioners. We have so far received no complaint of a shortage of supplies at Chitpore and had this been the case, the E. B. Ry. would have represented matters.

No.  $\frac{C13071}{8-8}$  dated Calcutta, 11th July, 1928.

From the Agent, Bengal Nagpur Railway to Chamber.

I beg to acknowledge the receipt of your letter No. R.4/26, dated 9th July, 1928, relating to supply of wagons for the removal of rice and to inform you that the matter is receiving attention.

No.  $\frac{C13670}{8-8}$  dated, Calcutta, 19th July, 1928.

From the Agent, Bengal Nagpur Railway, to Chamber.

*Shortage of Wagons at the Docks for Imported Rice Ex : Burma.*

In continuation of this office letter No. C13071, /8/8, dated 11th July, 1928, it is understood that when Mr. S. R. Das, one of our

Assistant Commercial Officers, called on you a few days ago, you informed him that this Company was not directly concerned in the shortage, but that your letter No. R.4/26, dated 9th July, 1928, had been addressed to me in case it should be necessary for the East Indian Railway to call upon us for wagons at some future date in order to clear the traffic. This being the case, I do not propose to take any further steps in the matter unless and until the necessity arises.

2. I may add that enquiries have also been made from the Port Commissioners and it is understood that they have no complaint to make regarding any shortage of wagon supply so far as this Company is concerned.

REPRESENTATION AGAINST THE E. I. AND E. B.  
RAILWAYS BEING MEMBERS OF THE BENGAL  
CHAMBER OF COMMERCE.

Letter No. R.4/26, dated 11th August, 1928.

From Chamber to the Government of India, Commerce  
Department, Simla.

The attention of my Committee has been drawn to the fact that the East Indian Railway and the Eastern Bengal Railway are members of the Bengal Chamber of Commerce, Calcutta, and I am directed to express my Committee's strong resentment at the fact that State Railways like these should have been members of a Chamber of Commerce.

The practice of such bodies being members of a Chamber of Commerce is extremely objectionable as it is very likely that in all questions where views of commercial bodies are invited by the Railways or the Railway Department of the Government on matters concerned in any way with the Railways, the views expressed by the association of which they are a member are likely to receive unduly favourable consideration.

What is more, my Committee find that even on some Sub-Committees of this Chamber which formulate the views of the Chamber, high officials of the Railways, *e.g.*, Agents, are members. This is still more objectionable, as it gives the Chamber concerned



an undue advantage over others in several matters as it is likely to have access to materials and information which are not available to the other commercial bodies. Further, the views expressed by these commercial bodies can hardly be called commercial at all, as it may be considerably influenced on all matters in which the Railways have any direct or indirect interest, by what the representatives of the Railways concerned have to say in the matter.

In expressing their most emphatic objection to this undesirable practice, my Committee do not think it at all necessary to dilate on its disadvantages to other Chambers and to the country at large. (While the membership of the Railways puts the Chamber concerned in a privileged position my Committee would point out that, at the same time it takes away the commercial character of the Chamber.) Further, the Railways cannot keep a very fair and impartial attitude in all questions on which commercial bodies have expressed their opinion, as the opinion of the association of which they are members will receive unduly favourable consideration at their hands, since it is very likely that the opinion of that association should have been influenced by the view-point of the Railway through its officials on the Chamber. This also gives rise to an absurd situation viz., that the views of the Railways may be passed off as the views of a commercial body, and such a position cannot be too strongly condemned.

Even on the various Railway Advisory Committees, the views expressed by the representatives returned by the Chamber on those bodies, cannot be purely the views of the Commercial Community and thus what little representation the commercial community has on these Advisory Committees also ceases to be really commercial in character. The *East Indian* and the *Eastern Bengal* are again State Railways and it is extremely undesirable that they should lend their support to any Chamber by becoming members thereof.

I am to express a hope that the Government of India will be pleased to intercede in the matter and direct the Railways to withdraw from the membership of a Chamber of Commerce.

Letter No. 360-C.M., dated Simla, 15th August, 1928.

From the Assistant Secretary to the Government of India  
to Chamber.

I am directed to acknowledge the receipt of your letter No. R.4/26, dated the 11th August, 1928, on the above subject and to say that it has been forwarded to the Railway Department for consideration.

Letter No. R.4/26, dated Calcutta, 7th September, 1928.

From Chamber to the Secretary to the Government of India,  
Commerce Department, Simla.

I am directed to remind you of this office letter No. R.4/26, dated the 11th ultimo, drawing your attention to the fact of the East Indian Railway and the Eastern Bengal Railway being members of the Bengal Chamber of Commerce, and shall thank you to let me know what action you have taken in the matter.

From Legislative Assembly Debates, Vol. III, No. 7, dated  
12th September, 1928.

Representation of State Railways on European Chambers of  
Commerce.

Question No. 508.—MR. K. C. NEOGY: (a) Is it a fact that the different State Railways are members of the European Chambers of Commerce in India, and that their responsible officers take an active part in the deliberations of those Chambers as members of Committees, etc.?

(b) If so, has such action of the railway authorities the approval of Government?

(c) Have Government received any representation protesting against such action of the Railways? If so, on what grounds have such protests been made, and with what result?

MR. A. A. L. PARSONS: (a) The East Indian and Eastern Bengal Railways are members of the Bengal Chamber of Commerce,

the North-Western Railway, of the Karachi Chamber of Commerce, and the Great Indian Peninsula Railway, of the Bombay Chamber of Commerce. The Bengal Chamber invite each of the Railways whose headquarters are at Calcutta to a seat on their Committee once in every three years. The North-Western Railway representative regularly sits on the Committee of the Karachi Chamber. The Great Indian Peninsula Railway representative is invited to a seat on the Committee of the Bombay Chamber every alternate year.

(b) Yes.

(c) Yes. The Indian Chamber of Commerce, Calcutta, have recently addressed Government and represented that the views of such Chambers of Commerce are likely to receive unduly favourable consideration. The general question of Railways being represented on Chambers of Commerce is under examination, but I would assure the Honourable Member that there are no grounds for the implication made by the Indian Chamber.

MR. GHANSHYAM DAS BIRLA : May I inquire what special advantage the Railways get by becoming members of these Chambers?

MR. A. A. L. PARSONS : I think the question is rather what special advantage the Chambers get by the railway representatives being on their Committees.

MR. GHANSHYAM DAS BIRLA : How is it, Sir, that these Departments of the Government are members only of the European Chambers and are not members of the Indian Chamber of Commerce, Calcutta, and the Indian Merchants' Chamber, Bombay?

MR. A. A. L. PARSONS : I am not aware, Sir, that the Railways have ever received an invitation from these two Chambers to become members of their bodies.

MR. GHANSHYAM DAS BIRLA : Is it necessary for the Chambers to send invitations to the Railways to become members, or is it for them to apply for membership of these Chambers?

MR. A. A. L. PARSONS : The Honourable Member is probably better aware than I am unaware of the procedure adopted by these Chambers, of which I have never been a member ; but I imagine that if these particular Chambers wish to have railway representatives, there are means by which their wishes can be conveyed to the Railways.

MR. GHANSHYAM DAS BIRLA : May I inquire, Sir, if they got invitations from the European Chambers of Commerce to become members of their Association?

MR. A. A. L. PARSONS : I am afraid I cannot answer that, Sir ; it would probably mean delving into correspondence of a long time back which I have not so far seen.

MR. GHANSHYAM DAS BIRLA : May I inquire whether, if the Indian Chambers sent invitations to these Railways to become members they would accept such invitations and join as members of the Indian Chambers?

MR. A. A. L. PARSONS : The matter will be considered as part of the examination of the position which we are now making, owing to the representations received from the Indian Chamber of Commerce in Calcutta.

MR. GHANSHYAM DAS BIRLA : May I inquire whether, in view of the fact that these Departments of Government are members of these various European Chambers, the representations which Government get from time to time from these Chambers should be taken as impartially representing the public point of view?

MR. A. A. L. PARSONS : As I have said, Sir, there are no grounds for thinking that these particular Chambers receive unduly favourable consideration because members of the Railways are either on their Chambers or on their Committees.

MR. GHANSHYAM DAS BIRLA : Is it a sound policy for Departments of Government to become members of a private Association?

MR. A. A. L. PARSONS : As at present advised, Government see no objection to that policy. It is desirable that the Agents of our big Railways should be in close touch with big commercial organizations.

MR. K. C. NEOGY : Is the Honourable Member aware that the interests of the Indian Commercial Community do not always coincide with those of the European commercial community, particularly in their relations with the Railway Department?

MR. A. A. L. PARSONS : I have not discovered that so far as their dealings with the Railway Department have come to my

notice. I am not prepared to express an opinion on the more general question.

MR. K. C. NEOGY: Has the Honourable Member read the evidence given before the Acworth Committee on this point, particularly by the Indian mining interests in Calcutta?

MR. A. A. L. PARSONS: I probably have read the evidence at some time.

MR. K. C. NEOGY: Will the Honourable Member kindly look up that evidence and state in this House whether the charges brought forward on that occasion were not well-founded?

MR. A. A. L. PARSONS: I will look up the evidence, but I think it unlikely that I should be prepared to express my own opinion.

SIR PURSHOTAMDAS THAKURDAS: When do Government propose to come to a decision in regard to the representation of the Indian Chamber of Commerce in Calcutta?

THE HONOURABLE SIR GEORGE RAINY: I am afraid I cannot give the Honourable Member an exact date, but the attention of the House having been specially drawn to this matter I shall certainly see that no avoidable delay occurs.

MR. N. M. JOSHI: May I ask whether the European Chambers of Commerce take part in politics, especially anti-labour politics, and whether the Agents of these railways who are Government officers are permitted to be responsible for the views of European Chambers of Commerce, especially anti-labour views?

MR. A. L. L. PARSONS: So far as I am aware, Sir, the Agents of these Railways take practically no part in the business of the Chambers unless it happens to be railway business: I am not certain of it, but that is my impression from discussions with the Agents, particularly in Calcutta.

MR. GHANSHYAM DAS BERLA: In view of the reply given by the Honourable Member that Government does not see any objection to these Departments becoming Members of the Chambers of Commerce, may I inquire if the Government of India as the Government

of India will consider the desirability of becoming a member of the Indian Chamber of Commerce in Calcutta?

MR. A. A. L. PARSONS: I have stated that we would consider the suggestion of the Railways concerned becoming members.

Letter No. 2717-T., dated Simla, 21st September, 1928.

From Railway Board to Chamber.

With reference to your letter No. R.4/26, dated the 7th September, 1928, to the Secretary to the Government of India, in the Commerce Department, on the above subject, which has been transferred to this Department for disposal, I am directed to state that the matter is under consideration and a reply will be sent to you in due course.

Letter No. R.4/26, dated Calcutta, 23rd November, 1928.

From Chamber to the Secretary, Railway Board, New Delhi.

I am directed to refer you to this office letter No. R.4/26, dated the 11th August, 1928, and your letter No. 2717-T., dated the 21st September, 1928, re: East Indian and Eastern Bengal Railways being members of the Bengal Chamber of Commerce, Calcutta, and to request you to let me know as to when a considered reply to that letter may be expected.

Letter No. 2717-T., dated Delhi, the 30th November, 1928.

From Secretary, Railway Board to Chamber.

*Representation of the E. I. and E. B. Railways on the Bengal Chamber of Commerce, Calcutta.*

With reference to your letter No. R.4/26, dated the 23rd November, 1928, on the subject noted above, I am directed to state that the matter is under consideration and it is hoped to send a reply shortly.

Letter No. 2717-T., dated New Delhi, the 15th December, 1928.

From the Government of India, Railway Department,  
(Railway Board) to Chamber.

In continuation of this office letter No. 2717-T. of the 21st September, 1928, on the above subject, I am directed to state that the Government of India have given the matter, which forms the subject of this letter, their most careful consideration and are of opinion that railways being commercial organisations it is desirable in their own interests as well as in those of trade generally that the Agents of Railways should be members of an Association such as the Bengal Chamber of Commerce which represents so many important interests in the commercial life of Bengal.

2. I am to add that the Agents of the East Indian, and Eastern Bengal Railways are members of the Bengal Chamber of Commerce by invitation and that similar invitations from other representative Associations of importance will always receive the cordial consideration of the Railway Board.

DELAYED ISSUE OF RAILWAY RECEIPTS FOR  
GOODS BOOKED.

No. R.4/26, dated Calcutta, 17th November, 1928.

From Chamber to the Agent, B. N. Railway, E. I. Railway and  
E. B. Railway, Calcutta.

The attention of my Committee has been drawn to the fact that the Railway staff at <sup>Howrah</sup><sub>Sealdah</sub> do not issue the Railway Receipt for the goods that are booked from that station immediately. The Railway Receipts are delivered sometimes 2 or 3 days after the date of booking the goods and consequently the merchants are put to a lot of trouble and inconvenience thereby.

My Committee will feel obliged if you will be good enough to investigate into the question with a view to minimise the delay in the issuing of the Railway Receipts.

No. R.4/26, dated Calcutta, 29th November, 1928.

From Chamber to the Commercial Traffic Manager, B. N. Railway,  
The Agent, East Indian Railway, The Agent, Eastern Bengal  
Railway, Calcutta.

I am directed to remind you of this office letter No. R.4/26,  
dated the 17th instant, requesting you to investigate into the delay  
of issuing the Railway Receipts for the goods that are booked  
at Howrah  
Sealdah.

The matter is urgent and the grievances of the public being  
serious, I am to request you to give this matter your immediate  
attention.

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Copy of a letter No. A.T.-481, dated the 1st December, 1928.

From the Agent, East Indian Railway, to Chamber.

With reference to your letter No. R.4/26, dated 17th November,  
1928, I am directed to request that you will let the Agent know  
definite instances where Railway Receipts at Howrah have not been  
issued until 2 or 3 days after the date the goods were booked.

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No. R.4/26, dated 8th December, 1928.

From Chamber to the Agent, East Indian Railway, Calcutta.

With reference to the correspondence resting with your letter  
No. A.T.-481, dated the 1st December, 1928, in which you desired  
me to give you definite instances of delayed delivery of Railway  
receipts, to enable you to investigate into the causes thereof, I beg  
to send you the following list of such instances :

CONSIGNMENTS BOOKED BY MESSRS. KESORAM COTTON MILLS  
LTD., CALCUTTA.

Consignments booked to.	Date of Booking.	Receiving date of R/R.
Muzaffarpur ...	... 30-11-28	2-12-28
Bettiah ...	... 30-11-28	2-12-28



Bairaganja	...	...	30-11-28	2-12-28
Rasara	...	...	1-12-28	3-12-28
Simla Hill	...	...	19-11-28	25-11-28
Champatia	...	...	21-11-28	23-11-28
Muzaffarpur	...	...	21-11-28	23-11-28

As the grievances of the public are very serious, I am to request you to give this matter your immediate attention.

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Letter No. R.4/26, dated the 11th December, 1928.

From Chamber to The Agent, Eastern Bengal Railway, Calcutta.

In continuation of my letter No. R.4/26, dated the 17th November, 1928, I am directed to invite your attention to the definite instances of delayed delivery of Railway Receipts, as stated in the accompanying letter, dated 10th December, 1928, received from Messrs. Kesoram Cotton Mills Ltd., addressed to the Goods Clerk, E. B. Railway, Sealdah.

My Committee would request your early attention to this grievance which is very seriously felt by the commercial community.

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Copy of a letter, dated the 10th December, 1928.

From Messrs. Kesoram Cotton Mills, Limited to the Goods Clerk,  
E. B. Railway, Sealdah.

We are very sorry to say that we often get the Railway receipts after submitting the goods with great delay which causes a lot of trouble and inconvenience to us, as will be evident from the following :—

Formulating No.	Date.	Destination.
872 ...	... 5-12-28	... Rangpur.
870 ...	... 5-12-28	... Saidpur.
1605 ...	... 7-12-28	... ,,
1407 ...	... 7-12-28	... ,,
1600 ...	... 7-12-28	... Mamathapur.

Please send the receipts of the above consignments immediately and arrange so that in future we may get the receipts on the very day when the goods are submitted.

Letter No.  $\frac{2467D/T.}{180/22/28}$  , dated the 21st December, 1928.

From the Agent, Eastern Bengal Railway, Calcutta, to Chamber.

*Reference* :—Your letter No. R.4/26, dated 11th December, 1928.

*Subject* :—Delay in issue of Railway Receipts for goods booked at Sealdah.

The matters have been put right. This Administration will see that delays are minimised and it is expected that there will be no more cause for complaints.

No. CZ33/635, dated Calcutta, 4th December, 1928.

From Commercial Traffic Manager, B. N. Railway to Chamber.

*Re* :—Delay in the issuing of the Railway Receipts at Howrah Station.

A copy of your letter No. R.4/26, of 17th November, 1928, was sent to the E. I. Railway for enquiry and report to enable me to answer the complaint made by your Chamber, as the B. N. Railway have no goods booking at Howrah.

I would suggest that you might refer to that Railway direct, quoting my letter No. CZ/635 of 28th November, 1928, to the Divisional Superintendent, Howrah.

Copy of Letter No. A.T.-481, dated 12th February, 1929.

From the Secretary to Agent, East Indian Railway to Chamber.

With reference to your letter No. R.4/26, dated 8th December, 1928, I am directed to say that the Agent has carefully investigated the matter and trusts that there will be no cause for future complaints. He will, however, be glad if you will, in future, report individual cases to the Divisional Superintendent, Howrah, immediately on occurrence so that the matter may be more readily enquired into and remedied.

COMPULSORY MINIMUM OF 20 MAUNDS FREIGHT ON  
INWARD CONSIGNMENTS AT HOWRAH CHARGED BY  
THE EAST INDIA RAILWAY.

Letter No. R.4/26, dated the 30th November, 1928.

From Chamber to the Agent, East Indian Railway, Calcutta.

The attention of my Committee has been drawn to the fact that the East Indian Railway charges a minimum of 20 maunds freight on any consignment received at Howrah although all outward consignments from Howrah are charged on actual weight. The mercantile community stand to lose a great deal in cases where deliveries are refused of articles sent from Howrah and which have, therefore, to be rebooked. Under your present rule, they become chargeable for a minimum of 20 maunds freight even though their actual weight is less.

My Committee will feel obliged if you will kindly explain the reason, if any, for such a distinction between inward and outward consignments and take steps to remove the same.

Letter No.  $\frac{\text{Mis.-1862}}{\text{B/BC/RD}}$ , dated the 18th December, 1928.

From the Chief Commercial Manager, (Rates, Development and Publicity) East Indian Railway to Chamber.

Re :—Minimum weight for charge, your No. R.4/26, dated 30th November, 1928.

With reference to your above to the address of our Agent, forwarded to this office for disposal, will you please furnish me with

full booking particulars of any such consignment together with the name of the community, charges for which have been realised as for 20 maunds instead of the actual weight, to enable me to look into the matter.

Letter No. R.4/26, dated the 9th January, 1929.

From Chamber to the Chief Commercial Manager (Rates, Development & Publicity), E. I. Railway, Calcutta.

*Re* :—Minimum weight for charge.

I am to acknowledge receipt of your letter No. Mis.1862/B/BC/RD., dated the 18th December, 1928, and in reply thereto, I beg to furnish you with the full booking particulars as asked for in your letter under reply, as per copies enclosed herewith.\*

## APPENDIX X.

### POSTS AND TELEGRAPHS

#### PAYMENT OF MONEY ORDERS BY CHEQUE.

No. PT. 4/28, dated Calcutta 2nd May, 1928.

From Chamber to the Post Master-General, Bengal & Assam Circle.

You are doubtless aware that the Indian Chamber of Commerce, Calcutta, has been brought into existence in the year 1925 and that it is a body recognised by the Government of Bengal and Government of India. In accordance therewith, all questions of commercial, financial and public interest are referred to this Chamber for its opinion.

My Committee regret to find that, on several occasions, the Postmaster-General has not referred the question of such interest for opinion to this Chamber as was done in case of other Chambers.

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\* Not printed.

Such a thing, my Committee presumes, might have been due to oversight.

My Committee are specially referring here to the question of the "payment of Money Orders by Cheque" which should have been referred to them also. Would you, therefore, be good enough to rectify this and take necessary steps to ensure that questions which are referred to other Chambers for opinion are referred to this Chamber also.

An early reply will be much esteemed.

No. R. 1697, dated Calcutta, 5th May, 1928.

From the Postmaster-General, Bengal & Assam Circle, to Chamber.

In acknowledging the receipt of your letter dated the 2nd May, 1928, I regret the omission to refer to your Chamber the question of the "Payment of Money Orders by cheque" for opinion. Steps have been taken to prevent such omissions in future.

2. I now beg to forward herewith a copy of this office letter No. R. 701, dated the 31st March, 1928, regarding payment of money orders by cheque and shall be obliged if you will kindly favour me with the views of your Chamber about the matter.

Copy of a letter from The Postmaster-General Bengal & Assam Circle.

To

- (1) The Secretary, Bengal Chamber of Commerce, Calcutta.
- (2) The Secretary, Bengal National Chamber of Com., Calcutta.
- (3) The Secretary, Marwari Chamber of Commerce, Calcutta.
- (4) The Master, Trades Association, Calcutta.

No. R. 701, dated Calcutta, the 31st March, 1928.

*Subject:—Regarding payment of money orders by cheque.*

I have the honour to address you on the subject of payment of money orders by cheque, a system which is followed in Calcutta,

Bombay and Madras and certain other important places in the case of persons or firms receiving more than a certain number of money orders daily and desirous of their payment by cheque instead of in cash.

2. The following procedure is followed in paying money orders by cheque :—

(a) The money orders to be paid to each payee on any day are entered by the paying post office in a triplicate list in a prescribed form. For the total amount of the list a cheque is issued and delivered by the postman to the payee together with the duplicate copy of the list and the money orders.

(b) The payee then signs the acknowledgments of the money orders, grants a receipt for the cheque and makes over the signed money orders to the postman.

(c) The cheque has to be presented at the paying post office for encashment. If before doing this the payee finds that any of the money orders are not intended for him, or if he refuses to take payment of any of the money orders, he has to strike out the entries of those money orders in the duplicate copy of the list, make the necessary alteration in the total, and return the cheque and the list to the post office. The refused cheque, in such cases, is treated as cancelled and a fresh cheque issued for delivery to the payee.

(d) On presentation at the post office of the cheque receipted by the payee, the postmaster compares the amount entered in it with the total as entered in the original copy of the list kept in the post office. The amount of the cheque is then paid to the payee, or his Banker, if the cheque is endorsed to a Bank.

3. It will be seen from paragraphs (b) and (c) above that a cheque is issued by the post office before it is known that the payee has accepted all the money orders, that a payee can refuse to accept a money order even after signing the acknowledgment and further, that he is at liberty to ask the post office to correct the list any time before he cashes the cheque. Under the existing rules, the :

is nothing to prevent the paying postmaster from sending the signed acknowledgments to the remitters before the payee has cashed the cheque, i.e., before it is known that the payee has accepted all the money orders.

4. To remove these defects it is proposed to modify the procedure so as to provide that a cheque should not be given to the payee of the money orders until he has acknowledged the correctness of the list and accepted all the money orders entered in it. To this end it is proposed that the list and the money orders (without the cheque) should be left with the payee by the postman who, on the next day, should bring the cheque and take away the receipted list and money order acknowledgments. In the meantime, i.e., before the postman is due to call with the cheque, the payee should have his list checked and any necessary alterations made in the list, etc. In the rare case of a further mistake being noticed before the cheque is cashed, the post office would adjust the matter by sending a Postal Service money order (free of cost to the remitter or payee) to the original remitter or proper payee.

5. I shall be obliged if you will kindly favour me with the views of your Chamber  
Association on the suggestion mentioned above.

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No. PT. 4/28, dated Calcutta, the 21st May, 1928.

From Chamber to the Postmaster-General, Bengal & Assam Circle.

I am directed to acknowledge receipt of your letter No. R. 1697 dated the 5th May, 1928, forwarding therewith a copy of your letter No. R. 701, dated the 31st March, 1928, regarding the system of "Payment of money orders by cheque" for the expression of the views of this Chamber thereon.

2. My Committee take no exception to the proposed change in the system of payment as it removes the defect in the present system under which it is possible for a payee to refuse to accept a money order even after he has signed the acknowledgment of a money order. It is now proposed that the list of money order (without the cheque) should be left with the payee by the postman who on the next day should bring the cheque and take away the receipted list and money order acknowledgment, and that in the meantime i.e.;

before the postman is due to call with the cheque, the payee should have his list checked and any necessary alteration made in the list, etc.

3. My Committee would suggest that, in the event of there being a difference in the total amount of the cheque to be paid to the payee and as a result of his refusing to accept a certain money order, the postman should call on the payee with a cheque for the corrected amount on the same day.

### REDUCTION OF TELEPHONE CHARGES IN CALCUTTA.

PT. 2/26, dated the 9th January, 1928.

From Chamber, to the Secretary to the Government of India,  
Department of Industries & Labour, Public Works Branch, Delhi.

Sir,

I am directed by the Committee of the Indian Chamber of Commerce to address you in regard to the scale of telephone charges for service rendered by the Bengal Telephone Corporation Ltd. in Calcutta.

The proposal for the introduction of the message rate in replacement of the flat rate system was first put forward by the Corporation in November, 1923, and after various stages of deliberation on the proposal it was accepted by Government and brought into operation with effect from the 1st of November, 1924. As you will doubtless remember, the introduction of the new system while under public discussion was bitterly opposed by various sections of the public. The heavy increase in the telephone charges of all businessmen has more than justified the fears which were entertained by the commercial community of Calcutta at the time of the introduction of the new system. It is claimed, however, by the Telephone Corporation that whilst increasing the telephone charges of businessmen who make considerable use of their lines, it has given some relief to those who make only a moderate use of their telephone.

The Committee of the Indian Chamber of Commerce, therefore, so far as the principle of the distribution of the entire telephone charges is concerned, do not wish to re-open the question in this representation, but the very increase in the total income of the Corporation since the introduction of the message rate, clearly shows



that the total burden on the telephone users has considerably increased whether it is borne by traders, professional men or others, and therefore my Committee think that the scale of charges is a matter which can fully bear and, in fact, strongly warrants a revision.

The Corporation at present is charging a fixed rental of Rs. 12/- per month per line and makes a further charge of Re. 1/- for every 12 calls made by a subscriber. It is the contention of my Committee that the present number of calls per rupee is too small. Even in London which is a costlier place than Calcutta, a charge of 1¼d is made for a call which means that whilst a subscriber in Calcutta is paying 18d for a dozen calls, a subscriber in London whose average income is considerably greater, pays only 15d.

Ever since the introduction of the message rate, the income of the Telephone Corporation has gone up steadily. The total receipts of the Company from all sources which stood at Rs. 18,72,448-13-7 in the year 1923 has gone up to Rs. 29,91,411-10-10 for the year ending 30th June, 1927. A copy of the latest Balance Sheet is enclosed herewith for ready reference.

It will be seen from the report for the year ending 30th June, 1927, that after deducting all working expenses, providing a sum of nearly Rs. 6 lakhs for depreciation and the payment of interest on its preference shares and mortgage bonds (which were floated in London at a very high rate of interest), the Company distributed Rs. 4,59,285 as Dividend on its ordinary share capital at the rate of 7½ per cent, carried a sum of Rs. 1,15,000/- to Reserve Account and set apart Rs. 1,35,000/- to the Sinking Fund for the redemption of its debenture loan.

Over and above the income of the Corporation in its ordinary business, there has been a reduction in the liabilities of the Company to the extent of Rs. 5,23,000/- due to the appreciation of the rupee by 2d. It will be seen from the Balance Sheet that the Corporation has a sterling debt of £3,13,500/- which calculated at the rate of 1s. 4d. to a Rupee comes to the sum of Rs. 47,07,000/- as it is shown in the Balance Sheet. If this debt is calculated at the legal and de facto rate of 1s. 6d. to a Rupee, the liabilities will amount to Rs. 41,84,000/- only i.e. there will be a reduction of Rs. 5,23,000/- in the liabilities of the Corporation.

The above state of affairs is, of course, very pleasing from the Shareholders' point of view, but it should be borne in mind that the Telephone Corporation is a Public Utility Concern which enjoys a monopoly in its business granted to it by the Government of India. It has not to encounter, like other industries, any competition whatsoever.

In view of the above arguments and the financial position of the Corporation, my Committee propose that the Corporation should increase the number of calls from 12 as at present to 18 per rupee. Assuming that the total number of calls remains the same, the revenue of the Corporation will not suffer by more than Rs. 341,788/- per year.

Since the year 1924, there has been a steady increase in the number of telephone lines. Although it is urged by the Telephone Corporation that this increase is entirely due to the introduction of the message rate, my Committee are of opinion that a considerable portion of it is due to the fact that the telephone is becoming more and more a necessity to businessmen as well as to others. Even if the argument of the Corporation is accepted that this increase is due entirely to the popularity of the message rate, which enables people with modest requirements to instal a telephone at a reduced charge, the adoption of the suggestion put forward by my Committee will make it still more popular. A steady increase, therefore, in the number of telephone connections can be confidently expected and this will compensate the Corporation for the assumed loss in revenue.

In case the expected increase in the number of telephone lines does not materialize, the estimated deficit can be met in the manner hereinafter proposed by my Committee. The Corporation should set aside the sum of Rs. 5,23,000/- which it has gained in exchange as a special reserve fund and should limit the distribution to its ordinary shareholders of a dividend of only 6 per cent which, in the opinion of this Chamber, is a very fair return and which will save to the Corporation a sum of Rs. 1,80,000/- in 2 years. The gain in exchange is an unearned profit which the Corporation could never expect in the ordinary course of business. It is, therefore, only proper that the telephone subscribers should be given the benefit of such windfall. The said two amounts aggregate Rs. 7,03,000/- which obviously provides the fund for cheapening the service even as

an experimental measure for 2 years. If after the period of 2 years, the Corporation can make out a proper case, it will be time for a reconsideration of the rate.

The Telephone Company is at present saddled with very heavy interest charges on its loans which were floated at a time when the money market was very dear. It is paying 7 per cent on its debenture loan. The Company has the option of redeeming the same in the year 1932. Looking to the present money market conditions, the Corporation will be at that time easily able to replace the same at  $5\frac{1}{2}$  per cent which will mean a reduction in interest charges of nearly Rs. 50 to 60 thousand a year. The Corporation will also be able to save interest charges on the sum which it is setting aside as the Sinking Fund, as also on the annual additions to the Reserve Fund. The two sums amount to Rs. 2,50,000/- per annum. This means an additional revenue thereon of Rs. 15,000/- in the first year, Rs. 30,000/- in the second year and annually increasing in that manner. These facts lend support to the view that the cheapening of the service has every and reasonable probability of becoming permanent without any chance of its being unreasonable to the shareholders of the Company. My Committee further beg to urge that it is the duty of Government who grant the monopoly to see that, whilst permitting a fair return to the shareholders, the public is not saddled with unduly heavy charges.

In the circumstances, my Committee hope that Government will be pleased to intervene in the matter and secure to the public a cheapening of the telephone service in Calcutta and that the relief afforded is not less than what is suggested by my Committee.

I am also sending you herewith a Note on the financial position of the Bengal Telephone Corporation Ltd.

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A note on the financial position of the Bengal Telephone Corporation,  
accompanying the representation of the Chamber  
Re: Revision of Telephone Charges.

The total income of the Bengal Telephone Corporation for the year ending 30th June 1927 from all sources was Rs. 29,91,411-10-10, out of which the income from Exchange connections alone was Rs. 23,26,116-3-2.

The total number of connections was 9023.

The income from fixed rental at the rate of Rs. 12 per mensem per line must be Rs.  $9,023 \times 144$  (Annual rental) : Rs. 13,00,752.

The income from calls therefore must be :—

Rs. 23,26,116-0-0.	Total income from exchange connections.
Less ... ,, 13,00,752-0-0.	Income from fixed rental.
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Rs. 10,25,364-0-0.	Income from calls.
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At the rate of 12 calls to a rupee the total number of calls must have been :  $10,25,364 \times 12 = 1,23,04,368$ .

If the Company allowed 18 calls to a rupee instead of 12 as. at present, on the basis of the above number of calls the income of the Company from this source would be :—

$$\text{Rs. } 1,23,04,363 \div 18 = \text{Rs. } 6,83,576.$$

This would mean a reduced income to the Company of—

Rs. 10,23,364/-.	The present income from calls at the rate of 12 calls to a rupee.
Less ... ,, 6,83,576/-.	Income from calls at the rate of 18 to a rupee.
<hr/>	
Rs. 3,41,788/-.	Decrease in income.
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Assuming that the total number of telephone calls remains the same, the reduction in the income of the Company for the period of 1 year will be Rs. 3,41,783/-.

The Company has at present a sterling debt of £3,13,500 which calculated at the rate of 1s. 4d. to a rupee is shown as a sum of Rs. 47,47,000 on the liabilities side. If the liability is calculated at the legal and *de facto* rate of 1s. 6d. there will be a reduction in liabilities to the extent of Rs. 5,23,500.

The Company in the year 1927 distributed to its ordinary shareholders a sum of Rs. 4,59,285 by way of a dividend at the rate of 7½%. If the Company had declared a dividend at the rate of 6% only, there would have been saving of Rs. 90,000/-.

To meet the estimated deficit of Rs. 6,83,576/- my Committee suggest that the Telephone Corporation should set apart the sum of Rs. 5,23,500 which it has gained by exchange as a special reserve fund to be drawn upon in case the dividend on ordinary shares falls below 5%. If the suggestion is adopted, at the end of 2 years even if there is no improvement in income through an increase in the number of telephone lines, the position of the Company will be as under :—

Reduction in income	...	...	Rs. 6,83,576/-
Special Reserve Fund of the gain by Exchange	...	...	„ 5,23,500/-
Saving in amount paid on ordinary shares 1½% for 2 years	...	...	„ 1,80,000/-
Saving in interest charges on the sum of Rs. 2,50,000 set aside annually as the Sinking and Reserve Funds for the first year	...	...	„ 15,000/-
for the 2nd year	...	...	„ 30,000/-
			Rs. 7,48,560/-

Letter No. 47-T, dated, New Delhi, the 31st January 1928 from the Secretary to the Government of India, Department of Industries, Posts and Telegraphs branch to Chamber.

*Subject:—Scale of Telephone Charges in Calcutta.*

I am directed to acknowledge the receipt of your letter No. P. T. 2/26, dated, the 9th January 1928 on the subject referred to above and to say that the matter is under the consideration of the Government of India and a reply will be sent to you in due course."

Letter No. S. 115 dated the 18th January, 1928, from the Bengal Telephone Corporation Limited, Calcutta, to Chamber.

We beg to acknowledge receipt of your letter P.T.2/26 dated 10th instant. As you are well acquainted with the matters of Finance and Company's management, we can place the position quite clearly before you in a few words.

This Company's system is expanding rapidly. That expansion involves heavy recurring Capital expenditure of which but a small fraction is in Subscribers' instruments and in the parts of the line visible to the Subscriber. The bulk is expended in the shape of cable laid under the streets. The development of the area opened up by the Improvement Trust in the East of Lower Circular Road makes it necessary to erect a new Exchange in that area. The Capital expenditure with which we are likely to be faced in the course of these next three years is likely to be not less than 40 lakhs. A Company in such circumstances must be in a position to add to its Capital as required and in order that it may be in a position to do so it must establish itself in the confidence of the investing Public.

In the course of the last 5 years its dividends have been Nil, 3 per cent., 2 per cent., 6 per cent. and  $7\frac{1}{2}$  per cent., average 3.7 per cent. over the period. The proposal put forward by you would if applied last year have more than wiped out the dividend of  $7\frac{1}{2}$  per cent. (The figures given in the Note attached to the letter addressed by the Indian Chamber of Commerce to the Government of India are not correct). It is suggested that a loss of dividend might be made up by paying out to Shareholders the difference between the amount of the Company's Mortgage Debentures calculated at rs. 4d. and at 1. 6d. per rupee. We do not imagine that such a procedure would add to the confidence of the investing Public.

The improvement in the telephone service in the past few years has been the object of the efforts of the Company's Staff but it has only been made possible by the introduction of the Message Rate which has eliminated unnecessary calls. The proportion of calls ineffective owing to lines being "engaged" has been reduced from 36.1% to 13.5%. In the case of a number of "brokers" they are not able to relieve the pressure on their lines by taking second lines for ~~it~~ ir

business requires their personal attention and they cannot answer two telephones at once, and it is such lines as these that are responsible for much of the "number engaged" trouble that remains. "Engaged" calls are an annoyance to the caller and the expense of handling them falls upon the Company. For both these reasons we are not anxious to encourage a high calling rate on individual lines.

As a business concern we fully appreciate that it is to our interest to sell telephone service as cheaply as possible and thus increase our business, but we would remind you that such increase as we should hope to obtain would be by catering for the small shop and the small private residential Subscriber, and that to this end at least a considerable part of such reduction as it might be possible to make, should be made from the fixed rental rather than from the call charges.

Finally, we would remind you that the existing rates are those which were adopted by a Public Committee which reported un-animously in January, 1924, in favour of the introduction of these rates forthwith. The undersigned as the Company's representative on the Committee gave it as his opinion that the prescribed rates would result in an average payment per line rather less than the old Flat Rate, and the Committee recommended that there should in any case be "no revision before April, 1928", i.e., until after 4 years' trial. There was some delay in the introduction of the rates which were sanctioned only in September, 1924. The incidence of the charges has proved in practice exactly what the Company told the Committee it would be and in these circumstances we consider that the suggestion for the immediate revision of the Company's rates is premature.

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Copy of letter dated 21st January, 1928.

From Chamber to the Secretary and Joint Manager, Bengal  
Telephone Corporation Ltd., Calcutta.

I have to acknowledge receipt of your letter No. S. 115 dated the 18th instant and to say that it will be placed before my Committee at their next meeting. In the meantime, I have to request you to

point out where the figures given in the note attached to this Chamber's letter addressed to the Government are incorrect. I further request you to let me have the figures which, in your opinion, are correct.

Your early reply will be very much appreciated by my Committee.

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Letter No. S.-425 dated 23rd January, 1928, from the Bengal Telephone Corporation Ltd., Calcutta, to the Secretary, Indian Chamber of Commerce, Calcutta.

We beg to acknowledge receipt of your letter PT. 2/26 dated 21st instant. The inaccuracies to which we referred in your figures arose from two mistakes on your part.

(a) You took the number of lines working at the end of the year as 9033 and assumed that that number had been working the whole year although the Report of the Directors on which you based your figures showed clearly that there were only 8066 lines working at the beginning of the year.

(b) You based further deductions on the assumption that all calls were charged at 12 per rupee, ignoring the fact that in the case of all subscribers who make less than 90 calls per mensem (and these are a majority among the whole body) pay for calls at 10 per rupee.

Seeing that you have published figures not wholly correct by circulating them widely in Calcutta and also by giving them to the Government of India, without having communicated your intention to do so to us or asking us to verify them, we are somewhat chary of giving you further figures. Indeed we must confess that we are gravely disappointed at the treatment we have received from the Indian Chamber of Commerce.

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Letter No. 47-T. Dated New Delhi, the 25th February, 1928, from the Secretary to the Government of India, Department of Industries and Labour, Posts and Telegraphs Branch, to Chamber.

"In continuation of my letter No. 47-T dated the 31st January, 1928, I am directed to say that the Government of India consider that



your representations on the subject of telephone charges in Calcutta should be made in the first instance to the Bengal Telephone Corporation, Limited, and that if the reply of the letter is unsatisfactory, the Government of Bengal should then be addressed.”

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No. PT. 2/26, dated the 23rd March, 1928.

From Chamber to the Secretary and Joint Manager, Bengal Telephone Corporation Limited, Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer you to your letters Nos. S.-115 and S.-425 dated the 18th and 23rd January respectively on the subject of the revision of the Calcutta Telephone charges and to convey to you their opinion hereby.

The first point mentioned by you is about the development of the area opened up by the Improvement Trust in the East of Lower Circular Road. My Committee interpret your letter as meaning that the fresh capital expenditure required for the purpose should be found by increasing the Company's capital. With this view my Committee agree; but they would only emphasise that your fresh developments should not be carried out by the retention of undue burden on the present subscribers. The position of a Public Utility Company, which also enjoys a monopoly, is different in this respect from that of an ordinary manufacturing or trading concern. The shareholders and the Directors of the latter class of companies would be entitled to earn as much money as they can, limited by the fact that they have got to work in competition with rival concerns. Such competition by itself serves to place reasonable limits on the price of their service and goods and it is open to others to start new concerns. On the other hand, the business carried on by your Company must by its very nature be of a monopolistic character and does not have to stand any competition whatsoever with existing or future rivals. The nature of the service being of a public utility character, it is essential that the public should get your services at as low a rate as possible. In the present state of things people accept your services because they have no other alternative and cannot carry on without it. Your Company has already established itself in the confidence of the investing public. Such confidence will be retained by the fact

that the public must buy your services and cannot do without the same.

My Committee think that the confidence would be increased and not shaken by your services being made available at cheaper but still profitable rates. It will increase the number of subscribers and as the number increases, the telephone increasingly goes on becoming a necessity to a still larger circle of persons. It is worth repeating here that even under my Committee's suggestion your Company would still be in a position to pay a dividend of at least 6% per annum, a rate which compares favourably with and is more than the rate of interest paid in respect of loans raised by the Government, Local Bodies, Post Authorities and even Debentures raised by private concerns.

You state that in the course of the last five years, your Company's dividends have been below 6% in the first three years and you calculate that the average for the period is 3.7%. My Committee cannot agree that the conclusion that you want to draw therefrom is justified. You are aware of the fact that shares change hands quite frequently whether such transfers be registered in your books or not. Consequently shareholders cannot complain that in the past they received low rates of dividends. Moreover, under my Committee's suggestion, the Bengal Telephone Corporation will in future be able to declare a dividend at the rate of 6% per annum, which is a quite satisfactory rate from all points of view.

You have also pointed out that there were certain inaccuracies in the figures given by my Committee in their previous letter and supplied us with figures which were correct in your opinion.

My Committee assumed that the number of lines working at the end of the year 1927 were 9033 all throughout, whereas you have pointed out that there were only 8066 lines working at the beginning of the year. You will no doubt agree that the number of lines working throughout the year should be taken not as 8066 only as you have suggested but at 8066 for all the 12 months and 967 new lines for a period of 6 months, as an average.

You have also pointed out that my Committee made their calculations on the assumption that all calls were charged at 12 per Rupee, whereas as a matter of fact, in the case of all subscribers who make less than 90 calls per months, calls are charged at only 10 per

Rupee. Granting the claim of the Corporation that a majority of the subscribers make less than 90 calls and, therefore, pay at the rate of 10 calls per Rupee, my Committee would assume that there were 5000 such lines and that these lines made 60 calls, on an average.

A calculation on the basis of the figures supplied by you would not make any difference in the argument advanced by my Committee especially when it is remembered that the cheapening of the telephone service will bring about a large number of new connections and a larger number of telephone calls, through existing as well as new lines.

My Committee cannot agree with you in your objection against the revaluation of the Company's Debentures at the prevailing rate of exchange. The loan being a Sterling Loan should as a matter of accounting necessity be valued at the prevailing rate of Exchange. The present revaluation thereof being less than what appears in your account the difference must of necessity be shown either as profit or carried direct to Reserve Fund. My Committee do not see any fallacy or unreasonableness in treating such Reserve Fund as a Dividend Equalisation Fund. Further they do not think that by adopting their suggestion of reduced charges it will be necessary for you to resort to such Reserve Fund, as they feel confident that the cheapening of the rate will certainly increase the number of Telephone Subscribers and increase the number of messages sent through each existing and new line, so as to leave you an enhanced net profit which should suffice to pay at least 6% dividend. Should there be any deficit at the commencement, my Committee feel that they are justified in pointing to such Reserve Fund as a ready fund which can be drawn upon in case of necessity at the commencement. My Committee do not see why such a procedure would reduce the confidence of the investing public. I am also to emphasise here that the suggestion of my Committee does not amount to payment out of Capital.

You have also tried to explain the benefits of the message rate system. My Committee consider that the question is at the present moment rather irrelevant because they have not taken up the stand of asking you to drop that system. Assuming that your service has improved so considerably it is an additional reason why you may reasonably expect the number of lines to be increased.

My Committee regret that they cannot agree with you in thinking that you should cater for the small shop and for private residence subscriber at the cost of the larger subscribers. The telephone service like any other service is no doubt governed by the law of increasing returns. The larger subscriber necessarily yields to the Company proportionately a much larger margin of profit than the smaller subscriber. Consequently the amount paid by the larger subscriber under the message rate system is much larger as compared to the small subscriber and certainly larger than what he had to pay under the flat rate system. Both these facts, my Committee think, justify your first giving relief to the larger subscriber while at the same time keeping it possible for the smaller subscriber to take your service. Both the objects can be properly gained by reducing the call rate and not simply by reduction of the fixed rental. As you are aware my Committee have only asked that the call rate in Calcutta may be made the same as in London for the larger subscribers, namely, 18 calls for 18 pence. So far as smaller subscribers are concerned if you think that you cannot increase it from 10 to 18 you may increase it from 10 to 15, the effect of which will be to proportionately give the same amount of relief to the smaller subscribers as to the larger subscribers.

My Committee do not consider that the suggestion for the revision of the Company's rates is premature. September 1928 is not far from now and when the position of the profits of the Company obviously justifies the granting of relief to the public, my Committee do not see why adequate relief should not be given even before the expiry of the period though in this case as the period is going to expire in April, 1928, the question does not arise.

Letter No. S.-203, dated the 28th March, 1928.

From the Secretary and Joint Manager of the Bengal Telephone Corporation Ltd., to the Chamber of Commerce.

We beg to acknowledge, with thanks, the receipt of your letter No. PT.-2/26 dated 23rd instant and received in our Office on the 27th.

We have read with much interest your Committee's comments regarding the considerations set forth in our letter S.-115 dated

18th January last. There is in Calcutta a growing demand for telephone service. Every addition to the system requires Capital expenditure and fresh Capital can only be raised from the Public, if the latter feels confident that it will receive an adequate return not only in dividend, but in Capital, should the Company be required to hand over its plant to the Government at some future date. Our first duty is to supply telephone services to the Public as it may demand and we should be failing in this duty if we run the risk of deducting our rates so as to provide either an inadequate return to the Shareholders or an inadequate reserve for depreciation upon plant in use, and thus lose the confidence of investors. The risk involved is the risk that we might have demands for fresh telephone services which we should be unable to supply as we could not rely upon the investing Public or the Banks in the meantime to supply the fresh Capital necessary to lay cables in the streets, provide Exchange equipment and telephone instruments. That the danger is indeed a very imminent one you will see even from our last published Accounts. On 30th June last although we had earned a dividend of  $7\frac{1}{2}\%$  on the Ordinary Shares we had cash and other balances amounting to only Rs. 2,00,605/6/6, from which payment had to be made the next day of Rs. 1,05,000, dividend for the half-year ending 30th June on our Preference Shares, and owed for materials already purchased either in India or through our London Agents, Rs. 2,66,946/12/-.

There is one point which was not mentioned in our previous letter to you, but which must not be lost sight of. You will see from our previous Accounts that since 1923 we have made no actual payment of Income Tax and Super Tax. The rules of the Government of India under the Act define an allowance for depreciation of telephone plant which has up till now been sufficient to wipe out whole profits and for Income Tax purposes to reduce the assessable profit to Nil. Depreciation once allowed cannot continue to be allowed after the assets for the purpose of the assessment have been wiped out, and though we have benefited in the past by escaping assessment, we can only look forward to increased assessment in the future, and the demand for Income Tax and Super Tax in future years will be so heavy an item as to materially affect our position. This is another circumstance which behoves us to conserve our position.

We have been very frank with you in discussing our position and there is little that we can add beyond assuring you that as a business

concern we are fully aware that it is to our best advantage to sell telephone service as cheaply as possible. Being a business concern we cannot, however, sell our services at a loss. We cannot, as the British Post Office has been doing with its Telegraph and Telephone Branch, run at a loss which will be recouped by the general taxpayer. You noticed no doubt from the newspapers that the Telegraph Department of the Government of India has similarly been losing money recently."

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Letter No. 5474-Com. of the 19th December, 1928.

From the Government of Bengal in the Commerce Department,  
Commerce Branch, to the Hon'y. Secretaries, Telephone  
Subscribers' League, Calcutta.

With reference to your letter dated the 21st July 1928, submitting a copy of a representation presented to the Hon'ble Mr. A. Marr on the above subject by a deputation from the Telephone Subscribers' League, Calcutta, on the 23rd July 1928, I am directed to make the following observations. As was explained to the members of the deputation on the 23rd July, the distribution among the subscribers of a portion of the profits of the Company can be considered only when the dividend paid to the share-holders exceeds  $12\frac{1}{2}$  per cent. on the paid-up capital. This is a specific provision in the existing agreement between the Bengal Telephone Corporation and the Government of India. It was also pointed out to the deputation that the dividends paid by the Company had not exceeded  $7\frac{1}{2}$  per cent. in any year between 1922-23 and 1926-27.

2. I am to say that the position has now been further carefully examined by Government in the light of the latest balance-sheet of the Corporation. From this balance-sheet for the year ending the 30th June 1928, it will be seen that out of a total profit of just above Rs. 7. lakhs *plus* the amount of Rs. 17,420/- carried forward from the preceding year, after paying a dividend of  $7\frac{1}{2}$  per cent. on the ordinary shares there remains a balance of Rs. 32,897/- only to be carried forward to the next year. It is clear from the above figures that no revision of the rates is possible at the present profits figures that no revision of the rates is possible at the present moment.

3. Apart from the question of application of the profits of the Company towards the reduction of their charges, paragraph 5 of their agreement of the 8th September 1924 with the Government of India provides that the scale of charges is subject to revision upwards or downwards by arrangement between the two parties at any time not earlier than the 1st April 1928, subject to the terms and conditions set forth in clause 3 of the agreement of the 11th April 1922. That clause recites that the rates charged by the Company shall be subject to revision upwards or downwards after five years from the date thereof, it being understood, however, that the payment of a dividend on the paid-up capital of 12½ per cent., (of which not more than 8 per cent. shall be cumulative) shall be an essential factor of such revision. The same clause lays down that the amount set aside annually for depreciation and reserve or otherwise, before the payment of a dividend, shall not exceed 8 per cent. on the paid-up capital of the Company, whether in the form of share capital or debentures. This 8 per cent. would amount to just under Rs. 11 lakhs. The amounts set aside annually during the periods from the 1st July 1923 to 30th June 1927 for depreciation and reserve or otherwise have at no time exceeded the 8 per cent. limit and during the year ending the 30th June 1928, depreciation was only Rs. 7,22,206/-, which, being added to the contribution of Rs. 1,45,530/- to the Sinking Fund, makes a total of Rs. 8,67,736/- only, which is considerably below the limit of Rs. 11 lakhs mentioned above.

4. I am also to point out that the accounts for 1927-28 show a new item of expenditure amounting to Rs. 1,37,113 for income-tax and super-tax.

5. These accounts also show an item of Rs. 1,151/- for transfer fees which represents nearly 600 transfers. An examination of the share registers of the Company has shown that in recent years many Indians have invested money in this Company; indeed about half of the share-holders in the Company are now Indian. They, and others who have purchased the shares of the Corporation, have invested money at the market rates for the day, which depend not only on the prosperity of the Corporation, but also on the observance by both parties of the agreement between them and the Government of India. It would be unfair to the Corporation itself and to share-holders in it, were any action, unwarranted by the agreements on which the business of the Corporation is conducted, taken which

would have a depreciating effect on the shares. I am therefore to say that, after careful consideration of the whole matter, Government do not consider that any compulsory reduction of the charges levied by the Bengal Telephone Corporation Limited is feasible.

WEEKLY TELEGRAMS—AVERAGE TRANSIT TIME  
TAKEN BY TELEGRAMS FROM PLACES IN  
INDIA TO LONDON *VIA* INDO.

Letter No. P.T.-4/26, dated the 10th July, 1928.

From Chamber to the Indo-European Telegraph Department, Karachi.

I am directed to acknowledge receipt of your telegram No. T/QC to hand here on the 27th June, giving the average transit time taken by telegrams from places in India to London via "Indo". The information contained therein is found to be very useful and my Committee desire me to thank you for placing such information at their disposal. My Committee trust you will be pleased to send them a copy of such telegrams every week regularly in future, as they are found to be of great value to the members.

I am further to enquire whether the average transit time is calculated on urgent messages only or ordinary messages only or combined. Your early reply to this will be greatly appreciated.

I am also to point out that the telegraphic address of this Chamber is "Indchamb, Calcutta", which please note.

An early reply will oblige.

Letter No. T.T.-51, dated Karachi, the 18th July, 1928.

From the Director of Posts and Telegraphs, Sind and Baluchistan Circle, Karachi, to Chamber.

In acknowledging receipt of your letter No. P.T.-4/26 dated the 10th July, 1928, I have the honour to say that the telegram referred to therein was issued by the Director of Persian Gulf, Indo-European Telegraph Department, Karachi, to whom your letter under reference has been forwarded for favour of disposal.



Letter No. 2196 dated Karachi, the 21st July, 1928.

From the Director, Persian Gulf Section, Indo-European  
Telegraph Department, to Chamber.

With reference to your letter No. P.T.-4/26, dated 10th July, 1928, to the address of the Deputy Postmaster General, Karachi, forwarded to this office for disposal by that officer, I have the honour to inform you that a copy of the weekly telegrams of the average transit times from places in India to London, via Indo, will be regularly supplied to you in future.

2. As regards to query in para. 2 of your above-quoted letter, the average transit time is calculated on combined urgent and ordinary full rate traffic.

Letter No. P.T.-4/26, dated the 26th July, 1928.

From Chamber to the Director, Persian Gulf Section, Indo-  
European Telegraph Department, Karachi.

I am directed to acknowledge, with thanks, your letter No. 2196, dated the 21st instant, intimating that a copy of the weekly telegram re: average transit time of telegrams from places in India to London, via Indo, would be regularly supplied to me in future.

## **APPENDIX XI.**

### **MUNICIPAL**

#### **PROPOSED INDUSTRIAL HOSPITAL AT GARDEN REACH.**

Letter No. S.-4687, dated the 21st December, 1927.

From Secretary, Corporation of Calcutta, Secretary's Department,  
to Chamber.

In postponing consideration of the following motion by Councillor Madan Mohan Burman, the Public Health Standing Committee of the Corporation, at their meeting held on the 13th instant,

resolved that the motion be circulated to the public bodies for an expression of their opinion thereon :—

“That a scheme be prepared for a hospital with 200 beds at Garden Reach and that the authorities of all the Industrial Works in Kidderpore and the Port Commissioners be approached for a contribution towards the cost of construction, fitting and maintenance of this hospital.”

I am directed to request you to be so good as to favour the Committee with an expression of the opinion of your Chamber on the motion at your early convenience.

Letter No. S.-4679, dated the Calcutta, 20th January, 1928.

From Secretary, Municipal Office, Secretary's Department, to Chamber.

I am directed to invite a reference to this office letter No. S.-4679, dated the 21st December last regarding the proposal for amending the Calcutta Municipal Act so as to allow the Corporation to levy a medical cess from all industrial works in the city for the benefit of workers in industrial concerns and to enquire when a reply may be expected.

Letter No. M.-3/26, Corporation of Calcutta, dated the 2nd February, 1928.

From Chamber to the Secretary, Secretary's Dept., Calcutta.

I am directed by my Committee to acknowledge your letter No. S.-4679, dated the 21st December, 1927, requesting them to express their opinion on the proposal for the amendment of the Calcutta Municipal Act so as to allow the Corporation to raise a medical cess from all Industrial Works in the city to be spent for medical purposes for the benefit of the workers in those Industrial concerns such as industrial hospitals.

My Committee have carefully considered the proposal and are of the opinion that the suggestion of providing medical relief to industrial workers is indeed worthy of adoption. They, however, do not

agree with that part of the proposal which relates to the raising of the money required for the purpose from all Industrial Works in the city. Firstly, the word "Industrial Works" is not defined and it is, therefore, not understood which industries it is supposed to include. Beginning from a jute mill down to a confectionery shop are all industries and it is difficult to devise a method whereby the cess could be equitably levied on all these works. Secondly, almost all the large industries provide facilities for the medical treatment of their workers and it is unfair to tax them again for this purpose. There is no reason for the assumption that, except jute mills, any other industry is in a satisfactory condition. Any new taxation in the industries of Calcutta would retard their growth in this city.

#### SANCTION OF MARKET PLANS.

Letter No. S.-5153, dated the Calcutta, 24th January, 1928.

From the Assistant Secretary, Corporation of Calcutta, to Chamber.

I am directed to inform you that Councillor Mr. Madan Mohon Burman moved the following resolutions at a meeting of the Public Utilities and Markets Committee of the Corporation held on the 16th January, 1928:—

(1) That no sanction for the establishment of any new market or bazar be given unless the plan of such market or bazar has been approved by the Chief Officer, Fire Brigade.

(2) That plans of all licensed markets and bazars be sent to the Chief Officer, Fire Brigade, for his examination and that no such license be renewed unless the owner agrees to carry out the improvements suggested by the Chief Officer, Fire Brigade.

Before examining the matter in details, the Committee desired that the motions should, in the first instance, be referred to your Chamber for an expression of opinion. I am therefore to request that you will be so good as to place the above resolutions before your Chamber and favour the Committee with their opinion as early as possible.

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Letter No. M.-3/27, dated the 16th February, 1928.

From Chamber to the Assistant Secretary, Corporation of Calcutta.

I am directed to acknowledge receipt of your letter No. S.-5153, dated 24th January, 1928, inviting the expression of the opinion of this Chamber on the two resolutions moved by the Councillor, Mr. Madan Mohon Burman.

My Committee have carefully considered the matter and they are of the opinion that the final authority for the sanction of plans for markets should not be left with the Chief Officer, Fire Brigade but that he should be asked to submit his opinion regarding the same, for the consideration of the Committee of the Corporation, who should finally approve of such plans.

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VICTORIA MEMORIAL GARDENS—EARLY CLOSING  
HOURS AND OTHER INCONVENIENCES.

Letter No. P.A.-10/27, dated the 13th January, 1928.

From Chamber to the Hony. Secretary, Victoria Memorial  
Trustees, Calcutta.

I am directed to acknowledge the receipt of your letter No. 337, dated the 15th December, 1927, and to say that there appears to have been some misunderstanding regarding the interpretation of paragraph 3 of my letter No. P.A.-10/27, dated the 30th August, 1927, as evidenced by paragraph 2 of your letter under reference.

The restriction recommended to be imposed by my Committee on the entry of Motor Cars in the Victoria Memorial Gardens was not during the hours when the Victoria Garden was closed but when the garden was open. In the interest of the safety of the children playing about in the garden, my Committee would again request you to prevent any Motor Cars entering the gardens during the period the garden is open to the public.

In reply to paragraph 1 of your letter, I am directed to inform you that my Committee are of the emphatic opinion that 7 p.m., as the closing hour for the garden is too early and that, in their opinion,

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the garden, should be kept open to the public up to 8-30 p.m. in the hot weather and 7-30 p.m. in the cold weather.

I shall feel grateful if you will kindly place this letter before the Executive Committee of the Trustees at their next meeting, and inform me of their decision in the matter.

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Letter No. P.A.-10/27, dated the Calcutta, the 11th May, 1928.

From Chamber to the Hony. Secretary Victoria Memorial Trustees, Calcutta.

I am directed to remind you of this office letter No. P.A. 10/27, dated the 13th January, 1928, re: certain grievances re: the closing hours of the Victoria Memorial Garden, etc., and shall thank you to let me know when I can expect a reply to that letter.

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Letter No. 486, dated the Calcutta, 16th May, 1928.

From the Trustees of the Victoria Memorial Hall to Chamber.

Your letter No. P.A.-10/27, dated 13th January, 1928, has not been received.

In any case the decision of the Trustees was conveyed to you in my letter No. 337, dated 15th December, 1927.

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Letter No. P.A.-10/27, dated the Calcutta, the 10th May, 1928.

From Chamber to the Victoria Memorial Trustees.

With reference to your letter No. 486, dated the 16th May, 1928, I beg to send you herewith a copy of a letter No. P.A.-10/27, despatched to you on 13th January, 1928.

My Committee feel obliged if you will kindly send an early reply to this letter.

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Letter No. 400, dated the Calcutta, the 24th May, 1928.

From the Trustees of the Victoria Memorial Hall, to Chamber.

I have to acknowledge the receipt of your letter No. P.A.-10/27, of the 19th instant, with its enclosure, and to say that your letter No. P.A.-10/27, dated the 13th January, 1928, will be put before the Executive Committee at their next meeting.

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Letter No. P.A.-10/27, dated the 18th August, 1928.

From Chamber to the Secy., Victoria Memorial Trustees, Calcutta.

I am directed to forward to you herewith a copy of a letter received by my Committee from a member of this Chamber and to request you to look into it with a view to redress the grievances mentioned therein.

I am also to invite your attention to the very rude behaviour of the policemen in charge of the garden with the public during the hours that the garden is open to the public. Specific instances are within the knowledge of some members of my Chamber and they feel that the grievance is of a character which ought to be reported to you for an early redress. I am to repeat the suggestion previously made by my Committee that the garden should be kept open to the public upto 8-30 p.m. in the hot weather and 7-30 p.m. in the cold weather.

Should the grievances mentioned herein not meet with the sympathetic consideration of the Trustees, my Committee may have to take the matter up with the higher authorities.

I shall feel grateful if you will kindly place this letter before the Executive Committee of the Trustees and inform me of their decision in the matter.

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Copy of letter, dated the 4th August, 1928.

From, a Member of the Chamber, to, Chamber.

The Victoria Memorial of Calcutta is a public place of recreation and has been built by public subscription for public enjoyment. It

is a matter of regret that occasionally the Superintendent of the place issues autocratic orders without any reason to the much inconvenience and disgust of the public who resort to the gardens. We wish to give an instance of the orders issued by the Superintendent on Friday, the 3rd August.

Several gentlemen including Mr. Nursing Das Kothari, Mr. Champalal Bewani and Mr. Narayandas Bajoria were sitting on the marble floor on the Southern side of the Memorial as usual after the morning walk. No notice prohibiting the public to sit there was exhibited on the same. The Superintendent saw that the gentlemen were sitting and after a few minutes ordered a Chaprasi to ask them to go away from the place. We do not understand what harm there was done to the Victoria Memorial or its management by a few gentlemen taking their rest after walk.

Similarly gardens are closed at about 6-30 p.m. in these days to the great inconvenience of the public who visit the gardens. Specially it is in the evening that the public like to enjoy rest in the gardens and there is no reason why the garden should be closed during the evening. Since one year the marble floor excepting the southern portion referred to above round the Memorial are closed to the public before 10 o'clock and after 6 o'clock. Formerly the public used to sit on the floor to enjoy rest after walk in the gardens.

We hope your Chamber will write to the Trustees of the Victoria Memorial for the removal of these rules which prevent the public from the enjoyment of full benefit of the Memorial gardens which have been constructed with public money and for public enjoyment.

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Letter No. 611, dated Calcutta, the 23rd August, 1928.

From the Trustees of the Victoria Memorial Hall, to Chamber.

I have to acknowledge the receipt of your letter No. P.A.-10/27 of the 18th instant, with its enclosure, and to say that it will be put before the Executive Committee at their next meeting in the cold weather.

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CANCELLATION OF REPRESENTATION OF OLD  
TAXI-CABS.

Letter No. M.S. 7/27 dated 6th December, 1928.

From Chamber to the Commissioner of Police, Calcutta

The attention of my Committee having been drawn to the recent order issued by the Deputy Commissioner of Police, Public Vehicles Department, declaring all taxi-cabs 5 years old or more, as unfit for further service as taxi-cabs, I am directed to address you on the subject.

My Committee are of opinion that it is unreasonable to enforce any age limit for declaring taxi-cabs unfit for further service, without examination in respect of their condition, mechanism, etc. They would therefore suggest that an efficiency test should be laid down for granting licenses to cabs for playing as taxi-cabs, and that only such cabs should be granted licenses as are found fit after individual examination of their condition irrespective of any consideration as to the duration of the period they have been in service as taxi-cabs.

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Letter No. M. V. 17330 dated the 8th December, 1928.

From the Dy. Commissioner of Police, Public Vehicles Department  
Calcutta, to Chamber.

I have been directed to acknowledge receipt of your letter No. M.S. 7/27 dated the 6th December 1928 to the address of the Commissioner of Police, and in reply have to state that it is not proposed to cancel the registration of any taxi cabs solely on account of their number of years on the road. Each Cab will be examined by competent Engineers in the Motor Vehicles Department and judged on its own merits before any orders are passed.

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BUFFALO CART TRAFFIC.

Letter No. S-5092, dated Calcutta, the 21st January, 1928.

From the Assistant Secretary, Corporation of Calcutta, to Chamber.

The Secretary to the Calcutta Society for the Prevention of Cruelty to Animals has addressed the Corporation of Calcutta on the



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subject of the loads allowed for buffalo carts and suggesting the amendment of the existing by-laws of the Corporation on the subject with a view to reduce the loads allowed to be drawn by those animals from 60 mds. as at present to 45 mds. The Finance, Estates and General Purposes Standing Committee of the Corporation which is now considering the matter, desire to be informed of the views of the different Chambers of Commerce and such other public bodies as are interested in the trade and commerce of the City, on the proposal. I am directed to request you to be so good as to favour the Committee with the views of your Chamber on the proposal at your early convenience.

A copy of the letter together with an explanatory note received from the Secretary to the C. S. P. C. A. on the subject is enclosed for reference.\*

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Letter No. S.-5092/R/F. dated Calcutta, the 31st January, 1928.

From the Assistant Secretary, Corporation of Calcutta to Chamber.

I am directed to invite a reference to this office letter No. S.-5092, dated the 21st January, 1928, regarding the proposals made by the authorities of the Calcutta Society for the Prevention of Cruelty to Animals for the amendment of the by-laws of the Corporation of Calcutta with a view to reduce the maximum weight of the loads allowed to be drawn by buffalo carts, and to request that the opinion of your Chamber on the proposal may please be expedited. The Government have recently sent a reminder and as the Finance, Estates and General Purposes Standing Committee of the Corporation which is now considering the matter, cannot proceed in the absence of the opinion of the various bodies, the matter is obviously urgent.

The favour of a reply by the 6th February, 1928, if possible, is requested.

Letter No. 41 (Ref. No. G/4/27), dated the 27th January, 1928.

From the Secretary, Calcutta Society for the Prevention of Cruelty to Animals, to Chamber.

*Proposed reduction of loads allowed on buffalo carts.*

In view of the fact that a proposal to reduce the loads allowed for buffalo carts in this city is now under consideration, I am directed by the Committee of this Society to place before you the following brief review of the question.

For some considerable time this Society has urged that the use of buffaloes for draught purposes in this city constitutes cruelty to these animals as they are not suited by their nature and habits for such work.

The buffalo is a semi-aquatic animal and in its natural state, it lies completely immersed in water throughout the hot hours of the day.. The use of buffaloes as draught animals in Calcutta, dates from 27th June, 1917, when the scale of loads now allowed under Corporation Bye-laws was first introduced. This scale gives 60 mds. as the maximum load allowed for a cart drawn by 2 buffaloes, being 15 mds. more than the maximum load allowed for bullocks of the largest size. At the time this rule was framed, the figures were based on the fact that certain wealthy firms employed buffaloes for draught work, and these animals being well fed and kept in suitable stables with adequate bathing tanks were in good condition and owing to the strong bony structure of their shoulders could draw heavier loads than large size bullocks.

But no one at this time foresaw that the result of allowing an additional 15 mds. load to buffalo carts would be that cart-owners would import buffaloes to replace their bullocks ; yet this has been the case, until at the present time a very large majority of the carts used for dock and jetty work are drawn by buffaloes. These unfortunate animals are kept under shocking conditions, without stables and without watering facilities, always under-fed, and all without exception with abscess sores in varying stages under the yokes.

This Society, therefore, urged upon the Local Government that under the Bengal Cruelty to Animals Act of 1920, fresh orders should

be passed reducing the load for buffalo carts to 45 mds., *i.e.*, to the same maximum as that allowed for bullocks of the largest size. If this can be done, no hardship will be felt by cart-owners or carters as with the lighter load a larger number of carts must be employed. Further, the bullock being a hardier animal fitted by nature for draught work does not suffer from heat, and can make two journeys where a buffalo can only make one. The price of the animal is about the same and the bullock is cheaper to feed and to stable, while its working life is many times greater than that of the buffalo.

The Local Government, while admitting these facts and agreeing in principle to the proposed reduction of loads, considered that the right procedure was for the Corporation first to amend the existing Bye-laws and then for Government to issue notification in accordance with such amendment.

The Local Government have, therefore, addressed the Corporation to this effect, and this Society has strongly urged that the Bye-laws be amended.

It is understood that the subject has been considered by the Estates and General Purposes Committee of the Corporation, and that a note has been circulated by the Corporation asking for the opinion of Public Bodies on the proposal to reduce the load allowed for buffalo carts.

Trusting that this information makes the position clear and that this Society may have the powerful support of your Chamber in pressing for this humanitarian reform.

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Letter No. P.A.-5/27, dated Calcutta, the 4th February, 1928.

From Chamber to the Secretary, Corporation of Calcutta.

I am directed to acknowledge the receipt of your letter No. S.-5092, dated the 19th January, 1928, inviting the expression of the views of this Chamber on the proposed reduction of loads allowed on Buffalo carts and your reminder thereon dated the 31st ultimo.

The matter has received a very careful consideration of my Committee and I am directed to state that, on various considerations, they have every sympathy with the movement for the reduction of maximum loads allowed to be drawn by the Buffaloes from 60 mds. as at present, to 45 mds.

Letter No. 1078-P1, dated Calcutta, 24th February, 1928.

From the Deputy Secy., the Government of Bengal, to Chamber.

I am directed to forward for the information of your Chamber copies of notifications Nos. 1391-P1 and 3101-P1, dated respectively the 14th March and 9th June, 1927, which were issued under Section 29 (2) (bb) of the Cruelty to Animals Act relating to the period during which and the hours between which buffaloes shall not be used for draught purposes in Calcutta.

2. From the views expressed by the various local bodies and Associations which were consulted, it appeared that while there was general agreement that the employment of buffaloes for draught purposes should be restricted during the hot weather, opinion differed as to the period during which the restriction should remain in force. Having regard to the objections which were received, rules were prescribed last year which prohibited the employment of these animals during the months of April, May and June, between the hours of 12 noon and 3 P.M. but as monsoon conditions appeared early, the rules were cancelled in the beginning of June. It has been represented that during the present year the rules should not only be re-introduced but that the period of restriction should be extended and fixed from 10 A.M. to 4 P.M. during the months of March to June. Before coming to a decision, Government will be glad to have the views of your Chamber in the matter and I am accordingly to request that you will be so good as to furnish Government with an expression of their opinion as to whether the restriction should be imposed from the 15th March next. I am also to inquire whether, in the event of there being any objection to the period being fixed from 10 A.M. to 4 P.M., your Chamber consider that any extension of the hours during which buffalo traffic is stopped, is feasible.

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NOTIFICATION.

No. 1391-P1, the 14th March, 1927. In exercise of the powers conferred by clause (bb) of sub-section (2) of section 29 of the Bengal Cruelty to Animals Act, 1920 (Bengal Act of 1920), the Government in Council is pleased to make the following rule:—

RULE.

Prohibited period for the employment of buffaloes as draught animals.—Buffaloes shall not be employed as draught animals during the months of April, May and June, between the hours of 12 noon and 3 P.M.

This notification will come into force from the 1st April, 1927.

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NOTIFICATION.

No. 3101-P1, the 9th June, 1927. In exercise of the power conferred by clause (bb) of sub-section (2) of Section 29 of the Bengal Cruelty to Animals Act, 1920 (Bengal Act I of 1920), the Governor in Council is pleased to cancel the rule published under notification No. 1391-P1, dated the 14th March, 1927, regarding the period during which the employment of buffaloes as draught animals is prohibited.

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Letter No. P.A.-5/27, dated Calcutta, the 3rd March, 1928.

From Chamber to the Secretary, Government of Bengal,  
Police Dept., Calcutta.

I am directed to acknowledge receipt of your letter No. 1078Pr, dated the 24th February, 1928, and to inform you that the letter was considered carefully by my Committee. They are of the opinion that the rules that were prescribed last year prohibiting the employment of buffaloes during the months of April, May and June between the hours of 12 noon and 3 P.M. have not been given trial for a sufficiently long period to justify consideration of any extension or otherwise of the hours of restriction and the period of months during which the restriction is to be enforced.

My Committee consider likewise that it is not yet time for considering whether any extension of the hours of restriction on buffalo traffic is feasible.

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OVERLOADED CARTS—CHARGES LEVIED ON, BY THE  
C. S. P. C. A.

Letter No. P.A.-5/27, dated the 25th August, 1928.

From Chamber to the Secretary, C. S. P. C. A., Calcutta.

The attention of my Committee has been drawn by a member-firm of the Chamber to the fact that on the 26th July, 1928, an Officer of the C. S. P. C. A., seized a cart belonging to them at Chitpore Ghat alleging that its total weightment was more than 45 maunds and took away 2 bags of broken rice. The member-firm state that the cart was loaded with 17 bags of broken rice, each weighing 210 lbs. as can be ascertained from the Invoice, and the Bill of Lading with Messrs. Turner Morrison Ltd. They further state that the total weight of the bags was not more than 45 maunds and have therefore been illegally charged on the 1st August, 1928, by the C. S. P. C. A. Your Receipts No. 3035 for Rs. 8/2/- and No. 1304 for Rs. 6/- have also been forwarded to this Chamber for obtaining a refund of the same.

My Committee feel that they would not be justified in taking any action in the matter till they know of your explanation on this matter. I am therefore to request you to explain the circumstances in which this charge came to be levied.

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Letter No. WB./2/27, dated the 31st August, 1928.

From the Secretary, Calcutta Society for the Prevention of Cruelty to Animals, to Chamber.

With reference to your letter No. PA.5/27, dated the 25th instant, I have to inform you that, according to Government Notification the carts with their loads are weighed together and there is no rule to weigh separately. The case under reference was found to weigh 64 maunds, 30 seers and so the excess amount was removed.

from the cart and a notice in writing to this effect was at once sent to the owner through the carter requesting him to take delivery of the excess goods within the limited period free of all charges but nobody turned up.

The goods were then despatched to the Central Storehouse wherefrom after 7 days delivery was taken on payment of the charges as prescribed by the Bengal Government in their Notification which is enclosed herewith for your information.

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Letter No. P.A.-5/27, dated the 8th September, 1928.

From Chamber to the Secretary, Calcutta Society for the Prevention of Cruelty to Animals, Calcutta.

I am directed to acknowledge the receipt of your letter No. WB/2/27, dated the 31st August, 1928 and to enquire how persons who have to load carts can find out the actual weight of the cart to enable them to put the extra load on the cart as permitted under the rules. It would be conceded that, in the absence of definite knowledge on the part of the merchants re: the weight of the cart, the cart is liable to be overloaded.

My Committee will feel obliged if you will kindly inform them whether all carts are of equal weight or if not, whether the weight of each cart is branded on it, before giving it a license.

I am further to enquire how much time is allowed to persons to take delivery of the excess goods removed from a cart and whether the excess goods are removed to the Central Store House free of charges including the cooly hire.

An early reply will oblige.

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Letter No. WB/2/27, dated Calcutta, 12th September, 1928.

From the Acting Secy. & Supdt. Calcutta Society for the Prevention of Cruelty to Animals, to Chamber.

With reference to your letter No. PA.5/27, dated the 8th instant I have to inform you that all the carts are not of equal weight.

We requested the Calcutta Corporation to take up the work of branding each cart with weight but I am sorry to inform that they have answered that this is not practicable. We shall be glad if you can urge the Corporation to take up the work at once ; we are willing to lend our Weighbridge which is situated just opposite the Cart Registration Office for their use.

As regards the time allowed to persons to take delivery of the goods from the weighbridge I have to inform you that it is given at the discretion of Weighbridge Officer in accordance with distance at which owner resides but this period is not to exceed 3 hours ; after the specified period those goods are removed to the Storehouse and if not claimed from there within 48 hours charges are made for coolie hire etc.

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Letter No. P.A.5/27, dated the 22nd September, 1928.

From Chamber to the Secretary, Calcutta Society for the  
Prevention of Cruelty to Animals.

I am directed to refer to your letter No. WB/2/27, dated the 12th September, 1928, in reply to mine dated 8th September, 1928. My Committee fail to understand how, at present, the officers of the C. S. P. C. A., ascertain the weight of each cart. My Committee are of the opinion that the cart and goods should be weighed separately. In cases where the weight of goods carried is found in excess, the goods should be stopped and the owner notified immediately, and pending the arrival of the owner or his agent to take delivery of the goods, the goods ought to be kept in sheds, which ought to be provided near all weighbridges. My Committee would also suggest that the scales should be tested periodically in order to make sure that they record correct weights.

My Committee further suggest that the notice of 3 hours to owners of goods is too small. A notice of at least 12 hours should be given for removal of goods calculated from the time of the receipt of the notice by the owner. The onus of giving information to the owner also must be on the C. S. P. C. A. and not on the cartman who may go later and at his will.

My Committee are of the opinion that the money should be refunded by the C. S. P. C. A. to Mr. Hassam Premjee, who has



been unjustifiably charged. Besides, no notice was given to Mr. Hassam Premjee direct by the C. S. P. C. A.

Letter No. WB/2/27, dated the 28th September, 1928.

From the Acting Secretary and Superintendent, Calcutta Society for the Prevention of Cruelty to Animals, to Chamber.

With reference to your letter No. P.A.5/27, dated the 22nd instant, I am directed to inform you that we are not in a position to accept your suggestions of weighing cart and goods separately, as it is against the rule prescribed by the Bengal Government *vide* Notification No. 542-P.L., dated the 24th January, 1927, copy of which has already been forwarded to you.

I like to mention that the detained goods are always delivered free from all charges from our storehouses if claimed within 48 hours from the detention and that all our scales are regularly tested by Messrs. Avery & Co.

As regards the onus of giving information to the owner, I beg to inform that notices are handed over to the carter or to the owner's man if he happens to be present along with the cart but as in the majority of cases the carters fail to give the required information regarding owner's name and address, it is not possible for this Society to accept your suggestions on this point.

Letter No. P.A.5/27, dated Calcutta, 6th October, 1928.

From Chamber to the Hony. Secretary, Calcutta Society for the Prevention of Cruelty to Animals, Calcutta.

I am directed to acknowledge the receipt of your letter No. W.B./2/27, dated the 28th September, 1928, in reply to my letter No. PA.5/27, dated the 22nd September, 1928.

A reperusal of my letter will indicate to you that several of my queries remain unanswered. You have made no reply to my suggestion that the goods whenever detained should be kept in sheds which ought to be provided near all weighbridges.

My Committee would also like to know how frequently these scales are being tested by Messrs. Avery & Co.

You have stated that it is not possible for the Society to inform the owner of a cart about the removal of this goods as in the majority of cases the carters fail to give the required information regarding owner's name. My Committee would, therefore, suggest here that generally the challans contain the names of the owners and in cases where such names are available, the Society itself should give the notice to the owner.

In reply to your observation that it is against the rule prescribed by the Government of Bengal (Notification No. 642, dated the 24th January, 1927) to weigh the cart and the goods separately my Committee would point out that in many cases for the fault of the carter the merchants are penalised and therefore the Society should devise some means of finding out the weight of each cart for the guidance of the merchants.

I am also to enquire at what places the store houses of the C. S. P. C. A. are located and at whose cost the goods are removed from the weighbridge to the store house.

Your early reply will much oblige.

Letter No. WB/2/27, dated Calcutta, the 17th October, 1928.

From the Secretary, Calcutta Society for the Prevention of Cruelty to Animals to Chamber.

With reference to your letter No. P.A.5/27, dated the 6th instant I beg to inform you that the procedure under which we are working at present has been laid down by the Government of Bengal.

This Society have two Central Storehouses, one is located at Armenian Ghat and the other at 10, Bowbazar Street, where the goods are kept if not removed from the weighbridge by owners within the specified time.

Carters fail in the majority of cases to produce their challans and in cases when owners' names are available notices are sent by the officer in charge of the storehouse direct to the party concerned.

The weighbridges are regularly tested in each quarter by Avery & Co.

I would request you again to move the Calcutta Corporation about branding carts with their weight at the time of Registration.

## APPENDIX XII.

### SUBSIDIARY ACTIVITIES & MISCELLANEOUS.

#### LOSS OF MANCHESTER PIECE-GOODS TRADE.

Letter No. 130-1928, dated Calcutta, the 19th July, 1928.

From the Marwari Association to Chamber.

As you are aware, trade in Manchester piece goods and yarn has much gone down in recent times and is still showing a marked tendency to decrease. It has been noticed that business-men are not now taking as keen an interest in this trade as they used to do formerly. As a result of this indifference, our country-men are steadily losing what was as it still may be a source of great profit and income to them. The Marwari community, along with other commercial communities, being very greatly interested in the piece-goods and yarn trade, my Community adopted a resolution in their meeting of the 7th instant to fully investigate into the causes of its depression with a view to taking definite steps for the re-habilitation of this important branch of trade.

As the matter is one of general interest, my Community consider it advisable to meet the representatives of different public bodies interested in the trade in a conference in order to take concerted action if possible.

If this proposal meets with the acceptance of your Chamber as my Committee hope, it will, they will be glad to arrange for a conference of representatives of the different public bodies as soon as possible. The favour of an early reply is therefore solicited.

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Letter No. C.-5/26, dated Calcutta, 4th August, 1928.

From Chamber to the Marwari Association.

I am directed to acknowledge receipt of your letter No. 130-1928, dated the 19th July, 1928, and to say that the Conference proposed in your letter would not serve, in the opinion of my Committee, any useful purpose.

#### SUPPLY OF WEEKLY WEATHER AND CROP REPORTS.

Letter, dated the 22nd June, 1928 from the Secretary, East India Jute Association, Ltd. to Chamber.

I am directed to enclose herewith copies of correspondence between this Office, the Director of Agriculture and the Secretary, Bengal Chamber of Commerce, on the subject of the Weekly Weather and Crop Report. Although no reply has yet been received from the Bengal Chamber of Commerce to my letters, dated 7th and 15th June, 1928, sent to them on this subject, yet it is understood that the Bengal Chamber of Commerce are not willing to supply a copy of the Weekly Weather and Crop Report of the Government of Bengal to any Association which is not affiliated to them. I am to request you to kindly take steps to get the copy of the above Report every week for my Association from the Government of Bengal just as the Bengal Chamber of Commerce get it for the use of Associations affiliated to them.

Letter No. 9521/1R/6/28, dated the 5th May, 1928.

From the Director of Agriculture, Govt. of Bengal, to the Secretary, Bengal Chamber of Commerce, Calcutta.

I have the honour to forward herewith a copy of letter No. 665, dated the 19th May, 1928, from the Secretary, East Indian Jute Association Ltd., 2, Royal Exchange Place, Calcutta and to request you to be so good as to supply to him regularly a copy of the Weekly Weather and Crop Report of Bengal, 300 copies of which are supplied to you regularly by the Officer-in-Charge, Bengal Secretariat Book Depot, Writer's Buildings, Calcutta.

Letter No. 710, dated the 7th June, 1928.

From the Secretary East India Jute Association Ltd., to the Secretary, Bengal Chamber of Commerce, Calcutta.

With reference to the letter No. 9521/IR/6/28, dated the 5th May, 1928, from the Director of Agriculture, Bengal to your address, a copy of which is enclosed herewith, I am directed to request the favour of your kindly supplying to me a copy of the Weekly Weather Report as mentioned in the letter referred to above.

Letter No. Nil dated Calcutta, the 15th June, 1928.

From the Secretary East India Jute Association Ltd., to the Secretary, Bengal Chamber of Commerce, Calcutta.

With reference to my letter No. 710, dated the 7th June, 1928, I am directed to send the bearer for a copy of the Weekly Weather and Crop Report with the request that you will kindly order a copy of the report in question to be delivered to the bearer every week.

Letter No. O.-17/27, dated 25th June, 1928.

From Chamber, to the Director of Agriculture, Bengal, Ramna, Dacca.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to request you to be so good as to supply them regularly with a few copies of the Weekly Weather and Crop Report of Bengal. The East India Jute Association which is a body affiliated to this Chamber is very much interested in this publication.

An early compliance will be very much appreciated by my Committee.

Letter No.  $\frac{11490}{IR/6/26}$ , dated the 11th July, 1928.

From the Director of Agriculture, Government of Bengal,  
to Chamber.

With reference to your letter No. O. 17/27, dated the 25th June, 1928, and subsequent reminder, I have the honour to forward here-

with 3 copies of the weather and crop report of Bengal for the week ending the 27th June, 1928, and to say that this office has already made separate correspondence (copy enclosed) on the subject with the Secretary, East India Jute Association, for whom the reports are wanted.

Letter No. O.-17/27, dated the 16th July, 1928.

From Chamber, to the Director of Agriculture, Bengal,  
Ramna, Dacca.

I am directed to acknowledge receipt of your letter No. 11490/1R/6/28, dated the 11th July, 1928, in reply to my letter No. O17/27, dated the 25th June, and subsequent reminder, forwarding therewith 3 copies of the Weather and Crop Report of Bengal being excerpts from the Calcutta Gazette. You have also referred me to your letter No. 10594, dated 27th June, 1928, addressed to the East India Jute Association.

My Committee fail to understand your object in referring them to that letter. The Weekly Weather and Crop Report is of as much interest, if not more, to the Indian commercial community as to Bengal Chamber of Commerce. My Committee also understand that as many as 300 copies of such reports are being regularly supplied to that Chamber, and they do not understand why when a specific request is made to that effect, copies of such reports should not be supplied to this Chamber which represents the Indian commercial community and with which many Indian commercial bodies are working in collaboration.

For the use of the members of this Chamber and the other commercial bodies connected with the Chamber, my Committee desire me to request you to make arrangements with the Officer-in-Charge, Bengal Secretariat Depot, Writers' Buildings, Calcutta, for a regular supply to this Chamber of about 100 copies of the Weekly Weather and Crop Report of Bengal.

Neither does my Chamber see the propriety of your having referred the East India Jute Association to the Calcutta Gazette in which the report is published. You can appreciate that the usefulness of the report also considerably decreases owing to the delay in its publication in the Calcutta Gazette and owing to the fact

that some merchants have access to it earlier from the Bengal Chamber than the members of my Chamber can have from the Gazette.

I am to express a hope that you will be pleased to make arrangements at an early date to supply this Chamber with about a 100 copies of the Weekly Report regularly in future.

Your early compliance will be much esteemed.

Letter No. 12572/IR/6/28, dated 25th July, 1928.

From the Director of Agriculture, Govt. of Bengal, to Chamber.

I have the honour to acknowledge the receipt of your letter No. O. 17/27, dated the 16th July, 1928, regarding the supply of Weather and Crop Report to your Association. In reply, I beg to say that on a reference to the correspondence which passed between you and my Office, I find that a requisition for the same in a previous communication of the 19th May, 1928, from the East India Jute Association Limited, Calcutta and your mention of the said Association in your letter of the 25th June, 1928, caused some misunderstandings. As you however now definitely say that you require 100 copies of this Report for the members of your Association, I have made arrangements to supply you the same regularly in future.

Letter No.  $\frac{12606-9}{1F/21/28}$ , dated the 26th July, 1928.

From the Director of Agriculture, to the Superintendent Government Printing, Bengal, Govt. Press, Alipore, Bengal.

In continuation of this office letter No. 10595, dated the 25th June, 1928, I have the honour to request you to be so good as to supply to the Secretary, Indian Chamber of Commerce, 135-36, Canning Street, Calcutta, 100 copies of the Weekly Weather and Crop Report of Bengal regularly every week. A representative of the Chamber will take delivery of the copies of the Report from the Press Receiving office, Writers Buildings, Calcutta every week.

Memo No. 12635, Dacca, the 26th July, 1928, Commerce, 135-36, Canning Street, Calcutta, for information in continuation of this office letter No. 12572, dated the 25th July, 1928. He is requested to send a representative of the Chamber to the Press Receiving Office, Writers' Buildings, Calcutta, to take delivery of the copies of the report every week.

Letter No. O.-17/27, dated Calcutta, the 30th July, 1928.

From Chamber, to the Director of Agriculture, Bengal.

I am directed to acknowledge with thanks the receipt of your memo No. 12635, dated Dacca, the 26th July, 1928, and to convey the thanks of my Committee for your agreeing to supply the Chamber with 100 copies of the Weekly Weather and Crop Report of Bengal.

Letter No. O.-17/27, dated Calcutta, the 31st July, 1928.

From Chamber, to the East India Jute Association Ltd.

With reference to your request for procuring for you from the Government a few copies of the Weekly Weather and Crop Report of Bengal, I am directed to inform you that this Chamber, on writing to the Director of Agriculture has been promised to be supplied with about 100 copies of the said Weekly Report.

I am further to inform you that 50 copies of this Report will be supplied to your Association regularly on Friday by 4 P.M. on your sending your representative to this office.

My Committee trust this arrangement will answer your purpose.

Letter No.  $\frac{12634}{IR/6/26}$ , dated 26th July, 1928.

From the Director of Agriculture, Govt. of Bengal, to Chamber.

I have the honour to inform you that it has been decided to publish the consolidated final jute forecast for 1928 on Wednesday the 26th September next and the district returns on the 18th item.



Letter No. O.-17-27, dated Calcutta, the 31st July, 1928.

From Chamber, to the Director of Agriculture, Bengal.

I am to acknowledge receipt of your letter No. 12606-9, dated 26th July, 1928, and to request you to make arrangements for supplying my Chamber with 100 copies of the consolidated final jute forecast for 1928, and the district returns on the date of their publication.

#### CONDOLENCES.

Letter No. MF.-185/27, dated Calcutta, the 25th July, 1928.

From Chamber, to P. M. N. Mehta, Esqr.

I am directed by the Committee of the Chamber to express their deep sorrow at the death of your father, Mr. M. N. Mehta. In Mr. Meherwanji Mehta the commercial community has lost a distinguished industrialist, and a large-hearted philanthropist, and my Committee beg to proffer to you their heart-felt condolence in your sad bereavement.

Letter No. nil dated Calcutta, the 25th July, 1928.

From Mr. P. M. N. Mehta, to Chamber.

I am in receipt of your letter of even date and in reply I have to request that you will convey to the Committee of your Chamber my grateful acknowledgments of their kind condolence in the death of my father.

Among the many expressions of sorrow which this sad event has evoked there is none which has touched me more deeply or which I more highly appreciate than the condolence of your Committee representing the Indian Commercial Community of Calcutta,

Telegram, dated Calcutta, the 17th November, 1928.

From Chamber, to Amrit Rai, Lahore.

Committee Indian Chamber of Commerce Calcutta have been stunned to hear the painful news of the death of Lala Lajpat Rai at this critical juncture stop. In Lalaji country has lost a devoted fearless and sincere leader whose place it would be impossible to fill Indian Chamber offers you and your family its heart-felt sympathy in your great grief.

#### INDIAN CHAMBER OF COMMERCE IN GREAT BRITAIN.

Telegram, dated Calcutta, 16th January, 1928

From Chamber to Indian Chamber of Commerce  
in Great Britain, London.

Convey Indian Chamber felicitations and best wishes successful career.

#### ALL PARTIES NATIONAL CONVENTION.

Circular letter dated the 24th November, 1928.

From the Secretary, All Parties Conference Constitution Committee,  
Allahabad, to Chamber.

As you have probably noticed in the Press the All-Parties Convention will be held in Calcutta on the 22nd December, 1928, and subsequent days, mentioned in the separate slip attached. I have much pleasure now to invite your organisation to take part in the Convention and to inform you that the Committee has fixed 5 as the number of representatives to be appointed by it.

I enclose delegation certificate forms to be filled in after the election of delegates and handed over to them to be exchanged for Delegate's cards at the Convention Office in Calcutta on the Congress grounds. A list of the names of the delegates elected should kindly be sent to me so as to reach me at the above address before the 15th December.

It is expected that your delegates will be fully empowered to enter into negotiations with the other parties and arrive at agreements subject to ratification by the parent organisations.

Letter No. P.A.-12/27, dated the 6th December, 1928.

I have received your letter dated the 24th November, 1928, intimating that your Committee has fixed 5 as the number of representatives to be appointed by my Committee for the All-Parties Convention to be held in Calcutta in December, 1928. I am directed to inform you that my Committee have elected the marginally noted gentlemen to represent this Chamber at the All-Parties Convention.

Mr. G. D. Birla.  
Mr. Faizullahbai Gangjee.  
Mr. A. L. Ojha.  
Mr D. P. Khaitan.  
Mr. Anandji Haridas.

#### THE INDIAN TARIFF (COTTON YARN AMENDMENT) BILL.

Letter No. 484 dated the 2nd February, 1928.

From the Government of Bengal, Agriculture and Industries Department, Calcutta, to the Secretary, Indian Chamber of Commerce, Calcutta.

I am directed to forward herewith a copy of a letter from the Government of India, Department of Commerce No. 341-T(50) of the 6th December 1927 together with the report of the Select Committee on the Indian Tariff (Cotton Yarn Amendment) bill and to request you to be so good as to favour Government with the opinion of your Chamber on the question raised thereon as soon as possible.

Copy of letter No. 341-T(50) dated 6th December, 1927.

From the Joint Secretary to the Government of Bengal, Commerce Department, to the Secretary to the Government of Bengal, Commerce Department.

I am directed to refer to the Report of Select Committee of the Legislative Assembly (copy enclosed) on the Indian Tariff (Cotton

Yarn Amendment) Bill, which was passed into law during the last session of the Central Legislature.

2. It will be observed that in paragraph 4 of their report the Committee recommended that the Local Governments should be asked to have special enquiries made as to the effect on the handloom industry of the increased import duty on cotton twist and yarn and cotton sewing or darning thread and to report on the subject six months after the passage of the Bill. In accordance with this recommendation, I am to request that, with the permission of His Excellency the Governor in Council, the Government of India may be furnished with a report as soon as possible after 31st March 1928.

(Copy).

Government of India, Legislative Department.

We, the undersigned, Members of the Select Committee to which the Bill further to amend the Indian Tariff Act, 1894, in order to safeguard the manufacture of cotton yarn in British India was referred, have considered the Bill, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. In the long title and in the preamble, we have substituted the word "protect" for the word "safeguard", as we prefer the more familiar term.

3. We have considered carefully the effect which the imposition of a specific minimum duty of  $1\frac{1}{2}$  annas a pound may be expected to have on the handloom industry. We recognise that this duty can benefit the cotton mill industry only to the extent to which the price of yarn is increased thereby, and that any increase in the price of yarn must be a burden on the handloom weaver unless he is able to receive a higher price for the cloth that he weaves. So far as the fabrics woven from the finer counts are concerned, the  $1\frac{1}{2}$  anna duty will often be less than the duty at 5 per cent. *ad valorem* and will seldom be appreciably higher. The weavers of this kind of cloth will be little, if at all, affected by the specific duty,

and even when the price of the yarn they use is slightly raised, they may be able to obtain a slightly higher price from purchasers with whom quality rather than price is the first consideration. On the other hand, the imports of yarn of the counts below 30s. are very small, and we believe that the price of such counts in India is regulated to a large extent by internal competition. The great bulk of the yarn used by the handloom weavers is of this class, and we do not anticipate that the price will be raised, if at all, to anything like the extent of the difference between the  $1\frac{1}{2}$  anna duty and the duty at 5 per cent. *ad valorem*. On the other hand, the imposition of the specific duty should prevent any heavy fall in the price of the lower counts such as might result from the importation of large quantities of cheap yarn from China.

4. It is in respect of the medium counts that the Indian mills have felt the competition of yarn imported from Japan (and in recent months from China) most severely, and particularly the counts from 31s. to 40s. The annual consumption of yarn of these counts in India is about 50 million pounds, and as the production of the Indian mills is more than half of the total, the quantity taken by the handloom weavers is probably not more than a half. At present prices the  $1\frac{1}{2}$  anna duty would be equivalent to a duty of approximately 10 per cent. *ad valorem* on such yarn, and it is possible that the price may be raised to the full extent of the difference between the  $1\frac{1}{2}$  anna duty and the 5 per cent. duty. In that case the additional cost is estimated to be Rs. 12 lakhs a year. But the yarn of counts from 31s. to 40s. is probably not more than 10 per cent. of the total yarn consumption of the handloom weavers, and the additional cost spread over their whole output would not seriously affect them. Our final conclusion is that the imposition of the  $1\frac{1}{2}$  anna duty will not materially prejudice the interests of the handloom industry, but we recognise the difficulties which always exist in forecasting the exact effect of an increase in duty, and we consider that the actual effect on the handloom industry should be watched. We recommend, therefore, that the Government should be asked to address Local Governments on the subject, desiring them to have special inquiries made and to report on the subject six months after the passage of the Bill into law.

5. The Bill was published in the Gazette of India, dated the 27th August, 1927.

6. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

MOHAMMAD YAKUB.\*  
G. RAINY.\*  
R. K. SHANMUKHAM CHETTY.  
VICTOR SASSOON.\*  
PURUSHOTAM AS THAKURDAS.\*  
W. S. LAMB.  
D. CHAMAN LALL.\*  
N. M. JOSHI.  
GHAZANFAR ALI.\*  
C. DURAISWAMI AIYANGAR.\*  
JAMNADAS M. MEHTA.\*  
SATVENDRA CHANDRA MITRA.\*  
HRIDAY NATH KUNZRU.  
ISWAR SARAN.\*  
M. R. JYAKAR.

From Chamber to the Secretary to the Government of Bengal,  
Agriculture and Industries Department, Calcutta.

I am directed to acknowledge receipt of your letter No. 484 dated the 2nd Feb. 1928, and subsequent reminders thereon, inviting the expression of the views of my Committee as to the effect on the handloom industry of the increased import duty on cotton twist and yarn and cotton sewing and darning thread, and to send to you hereby their views on the same.

My Committee are in general agreement with the arguments adduced by the members of the Select Committee of the Legislative Assembly in their report on the Indian Tariff (Cotton Yarn Amendment) bill, which was published in the Gazette of India dated the 27th August 1927, and they are of the opinion that the imposition of the 1½ anna duty on yarn has, so far as they are aware, not appreciably prejudiced the interests of the handloom industry in India.

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\* Subject to Minute of Dissent.

## THE INDIAN PORT TRUSTEES' ASSOCIATION.

Report for the year 1928.

I have the honour to send to you herewith a copy of the Proceedings of the First Port Trustees' Conference held at Madras on 30th December 1927, under the presidency of Mr. Jamshed N. R. Mehta. A copy of the Presidential Address is also sent herewith.\*

You will be able to see that resolutions were passed (Resolution Nos. 6 and 7) for starting an Indian Port Trustees' Association. Mr. M. P. Gandhi was appointed as the Honorary Secretary of the Association and was instructed to frame a draft constitution in consultation with the President of the Association. For various reasons, it is regretted much progress in this direction has not been made, but now at any rate the rules and regulations for the Association are under preparation and it is hoped to get the Indian Port Trustees' Association registered under the Indian Companies Act after the rules have been passed at the Second Sessions of the Indian Port Trustees' Conference which, it is proposed to call at Calcutta, during the last week of December 1928, at the time of the Annual Meeting of the Federation of Indian Chambers of Commerce. The final dates of the Conference and the choice of the Presidentship will be made in due course and will be intimated to all the members of the various Port Trusts and the sympathisers.

During the year, the Association interested itself chiefly in one question only, viz., the Indianisation of Superior Services under the Port Trust at Calcutta. The Calcutta Port Commissioners appointed a European as an Assistant Accountant under the Calcutta Port Trust on a salary of Rs. 1000-50-1250, to which the representatives of the Indian Chambers of Commerce on the Calcutta Port Trust took strong objection. They unanimously recommended that an Indian should be appointed to that post in accordance with the pledge given by the Government of India for the Indianisation of superior services under the various Port Trusts. The Indian Port Trustees' Association also addressed a Circular Letter to all the Chambers and Associations forwarding a copy of the letter addressed by the Indian members of the Calcutta Port Trust to the Government of Bengal protesting against the appointment of a European as an Assistant Accountant and requesting the Government of India to intercede. The various Chambers were requested to accord their whole-hearted support to this representation and to bring pressure on the Govern-

ment of India to rectify the grave injustice being done to Indians in the matter. Questions were also put in the Assembly and in the Council of State by several members on this subject (Vide-enclosed extracts from the Assembly and Council of State Debates, dated the 14th March, and 4th September, and February 13, and September 17, 1928, respectively) and the replies were elicited from the Government that they were investigating into the question in consultation with the Government of Bengal.

The Indian Port Trustees' Association is pleased to find that several Chambers complied with its request and addressed the Government of India strongly. The Government of Bengal—the Indian Port Trustees' Association now finds—have created two appointments in place of one, and while they have retained the services of the European, to whose appointment objection was taken, they have also appointed the other Indian candidate recommended by the Indian members of the Calcutta Port Trust to the second post thus created. The Indian Port Trustees' Association feels that while this is good in so far as it goes, is not certainly enough as the principle has still remained unrecognised that in all such appointments Indians, whenever qualified Indians are available, should be given a preference to Europeans.

Sir Pheroze Sethna's resolution in the Council of State on the 26th January 1922 recommending to the Governor-General in Council that steps be taken to increase the number of Indians in the higher grades in the services of the Port Trusts and to lay down a definite policy in regard to the same for the future has been honoured so far only in the breach. It is, therefore, essential that the question should be seriously taken up with the Government by the Indian Port Trustees' Association as well as by the other commercial bodies.

In the month of June the various Chambers, Associations and members of the Port Trusts were requested to furnish copies of the Establishment Schedule of the various Port Trusts with a view to ascertain how far the policy of Indianisation of services had been given effect to at the various Ports with regard to technical and non-technical services. Establishment Schedules of several Port Trusts have been received, from which it appears that the progress of Indianisation if at all has been very tardy. The statistics on the subject of the employment of Indians in the various Port Trusts having been made available it is proposed to move the Governme t



for the appointment of a Committee of Enquiry regarding the progress of Indianisation.

ARBITRAL AWARDS IN COMMERCIAL CONTRACTS.

Copy of the letter No. 2036—2042-Com.

From the Deputy Secy. to the Government of Bengal,  
Commerce and Marine Depart, Commerce Branch  
to Chamber.

I am directed to refer to this Department's previous correspondence on the subject of the Draft Convention prepared by the Economic Committee of the League of Nations to provide for the recognition of arbitration clauses in commercial contracts between nationals of different countries, I am now to forward a further letter from the Government of India, Department of Commerce, No. 1472-C, dated the 15th March 1928 and enclosures, on the subject, and to request that the Government of Bengal may be forwarded with the views of your Chamber on the suggestion contained in paragraph 7 of the letter as early as possible.

Copy of the letter No. 1472-C, dated the 15th March, 1928.

From the Government of India Commerce Department  
to the Local Governments.

SUBJECT:—*Arbitral awards in commercial contracts.*

With reference to the correspondence ending with your letter No. 6103-E., dated 11th December 1923 (Assam), No. 70-J.—24 (R. N. 79), dated 20th February 1924 (Burma), No. 6165-F., dated 27th February 1924 (Punjab), No. 936 Com.-VII. C.-1—24, dated 13th March 1924 (Bihar and Orissa), No. 727, dated 19th March 1924 (United Provinces), No. 782 dated 15th April 1924 (Madras), No. C.-241-XIII-1854, dated 24th April 1924 (Central Provinces), No. 130-T.-Com., dated 26th April 1924 (Bengal), No. 9215-G., dated 26th May 1924 (Bombay), No. 762-G., dated 17th January 1924 (Registrar, High Court, Calcutta), I am directed to forward a copy of the—

- (1) \* Summary of replies of Local Governments to this Department letter No. 4659, dated the 11th September 1923.
  - (2) \* Protocol on Arbitration Clauses as opened for signature by all the States on September 24th, 1923,
  - (3) \* Draft Protocol on the execution of foreign arbitral awards 1927 together with the Report of the Committee of Legal Experts,
  - (4) \* Convention relating to the execution of arbitral awards together with the Report and Draft Resolutions submitted by the Second Committee to the Assembly,
  - (5) \* Letter from the Secretary, Federation of Empire Chambers of Commerce of the British Empire, dated the 17th January 1928,
- on the subject noted above.

2. It will be observed that the replies of the Local Governments and other bodies consulted shewed a general approval of the application of arbitration to commercial cases. The Madras High Court, the Bengal Chamber of Commerce and the Marwari Chamber of Commerce, Calcutta, however, took exception to the Courts being deprived of the discretion which they now possess under Section 19 of the Arbitration Act (IX of 1899) to stay proceedings where there is a submission. In this connection the Bengal Chamber stated that "although the Courts are not thus compelled to stay proceedings, they do in practice exercise their discretion unless the case is of a type that obviously ought to be dealt with by a legal tribunal rather than by lay arbitrators." They were prepared to recommend acceptance of the Protocol "with a reservation to the Indian Courts of their present discretionary powers to deal with matters which they may not consider to be fit subjects for decision by lay arbitrators." The Madras High Court took the same view. A considerable body of opinion was also doubtful whether in view of the absence of any provision for the reciprocal enforcement of awards in different countries any real benefit would accrue from the Protocol.

3. It was recognized that the Protocol mainly affected the mercantile community and as important sections of that community

were loath to see the Courts deprived of their present discretion, the Government of India did not feel justified in bringing forward a Bill to amend the Arbitration law in this sense. At the same time, since it was impossible to sign a Protocol subject to important reservations, the Secretary of State was informed that the Government of India were unable to adhere to the Protocol.

4. The Protocol of 1923 has been ratified on behalf of Great Britain, various parts of the British Empire and a considerable number of foreign countries. The number of accessions has, however, on the whole, been considered disappointing, and this is believed to be due to the absence of any arrangements for the enforcement of arbitral awards made in foreign countries. The Economic Committee of the League of Nations, with the object of removing this omission, studied the possibility of supplementing the provisions of the Protocol, and the result of their labours came before the Eighth Assembly in the form of a draft supplementary Protocol. This draft, after having been submitted to all Members of the League in order to give them an opportunity of examining it, was referred by the Second Economic Committee to a Sub-Committee of jurists. As a result of the deliberations of this Sub-Committee certain changes were made in the draft, and in view of the representations of the British Government that a Protocol might give rise to difficulties due to the peculiar constitution of the British Empire, the draft was given the form of a Convention enumerating in its preamble the heads of the States participating therein and their plenipotentiaries. This Convention is now open for signature together with the original Protocol of 1923.

5. The Convention relates to arbitral awards in general and is not restricted to awards in commercial matters. Article 1 of the Protocol of 1923, however, reserves to each Contracting State the right to limit the obligations originating from the Protocol to "commercial" contracts, and the Convention of 1927 only applies to arbitral awards covered by the Protocol of 1923. Any restriction, therefore, limiting the application of the Protocol to "commercial" awards will also govern the application of the Convention and will exclude from the purview of the Convention awards other than "commercial" awards. The Government of India are still of opinion that the application of the Protocol, so far as India is concerned, should be limited to contracts relating to the sale of goods in the export and import trade of India and contracts relating to freight, insurance, commis-

sion, etc., associated with such trade, and that accession to the Protocol and Convention by India should be accompanied by a reservation limiting the obligations to "commercial" contracts of this nature.

6. I am to point out that a discretionary power to stay proceedings similar to that conferred on Courts by the Indian law was vested in the English Courts by virtue of Section 4 of the English Arbitration Act, 1889 (52 and 53 Vict. C. 49), but in pursuance of the provisions of the Protocol of 1923 legislation has since been passed by His Majesty's Government in the form of the Arbitrations Clauses (Protocol) Act, 1924 (14 and 15 Geo. 5, Ch. 39) depriving the Courts of this power and making the stay of proceedings mandatory in respect of matters which the parties have agreed to refer to arbitration. A copy of this Act is enclosed for information. Moreover, as has already been stated, the absence of any arrangements for the enforcement of arbitral awards made in foreign countries, which resulted in the abstention of certain States from signing the Protocol of 1923, has been remedied by the Convention drawn up by the League of Nations for the enforcement of arbitral awards in foreign countries. This Convention has already been signed on behalf of His Majesty's Government who propose to promote legislation at the earliest possible moment to give effect to it, and similar action is in contemplation by certain other States.

7. The Government of India are generally in favour of co-operating with other countries in International Agreements of this kind, if such a course be possible without serious detriment to Indian interests, and, in the circumstances explained above, they hope that the objections previously taken in India to signing the Protocol of 1923 may now be withdrawn. Further, there is a tendency to make the adoption of the provisions of the Protocol on arbitration clauses a condition precedent to the adherence to bilateral commercial treaties and one of the obstacles experienced by the Government of India to the accession to such treaties has been their attitude as regards this Protocol. I am accordingly to request that the Protocol of 1923 and the Convention on the execution of foreign arbitral awards may be considered in the light of the information now available, and the Government of India may be favoured with the views of the Local Government as to the desirability of India's adherence to the two Instruments. As the matter is one which closely affects the commercial community, the Government of India would

be glad if the views of His Excellency the Governor in Council could be furnished to them after consulting the commercial community and such other bodies or individuals as may be interested in the matter. The attention of the commercial community may in particular also be drawn in this connection to the Resolution on the subject of arbitral awards adopted by the Eleventh Congress of Chambers of Commerce of the Empire at Cape Town in October 1927, a copy of which is enclosed with this letter.

Letter No. I.-5/28, dated the 25th May, 1928.

From Chamber to the Government of Bengal, Commerce  
Department Darjeeling.

I am directed to acknowledge the receipt of your letter No. 2043/Com. dated the 31st March 1928, forwarding therewith a copy of a letter from the Government of India No. 1472/C. dated, New Delhi, the 15th March 1928, re: Arbitral Awards in commercial contracts, for the expression of the views of this Chamber thereon.

My Committee have carefully considered the letter from the Government of India and note that they are generally in favour of co-operation with other countries in International agreements of this kind and desire to agree to the provisions of the Protocol on Arbitration clauses of 1923, with the reservation that the application of the Protocol, so far as India is concerned, should be limited to "Commercial" contracts relating to the sale of goods in the export and import trade of India and contracts relating to freight, insurance, commission etc., associated with such trade.

My Committee desire me to state that they take no exception to India's being a signatory to this Protocol with the reservation mentioned above, as international trade will be greatly facilitated by India's adherence to the Protocol. I am to point out, however, that Indian commerce may be considerably handicapped in its arbitrations due to the absence of its national Consular services, like other countries, all over the World.

My Committee hope that the Government of India will bear this point in mind and take an early opportunity to remove this handicap on Indian commerce.

**APPENDIX XIII.****PRESIDENTIAL ADDRESSES—QUARTERLY MEETINGS.**

SPEECH DELIVERED BY MR. D. P. KHAITAN, PRESIDENT,  
 INDIAN CHAMBER OF COMMERCE, AT ITS FIRST  
 QUARTERLY GENERAL MEETING, HELD  
 ON THE 11TH APRIL, 1928, AT  
 THE CHAMBER PREMISES.

FRIENDS,

Meeting as we do just at the termination of the Finance Membership of Sir Basil Blackett, the temptation is great to attempt a complete review of his administration ; but I wish to put aside that temptation because I do not wish to be subject to the poet's taunt that "the evil that men do lives after them, the good is oft interred with their bones." I wish on the present occasion to confine myself to the one great event of Sir Basil's administration, namely, his stabilisation of exchange at 18d. I refer to this specifically because even granting that Sir Basil has done all the good that his friends and admirers have been speaking of, the harm inflicted by fixing exchange at the artificial ratio of 18. 6d. is so stupendous in character and so far-reaching in its consequences that even though the chapter of Sir Basil as the steward of Indian Finance is closed, the chapter of the disasters arising from the higher ratio is not yet closed. There is a general impression that we should now treat the ratio question as a thing of the dead past. This is a settled fact and there is no use of breaking our heads against the dead wall—this seems to be the general attitude in regard to this matter. After giving very careful consideration to the implications of the ratio and after a close study of the various developments which have taken place since the statutory enthronement of 18d. and of the various manipulations that have been found necessary to sustain exchange at this statutory rate, I have come to the very firm and deliberate conclusion that eighteenpence cannot be a settled fact. We were told on another occasion in reference to a colossal political blunder that it was a settled fact. But it was unsettled all right. And so would this new-fangled ratio be unsettled not possibly because of our protests—for I am only too strongly aware of the impotence of our protests—but because the very logic of facts and the inevitability of developments will compel the Government to unsettle a

blunder which will embarrass and harass them even more than it will harass and bleed this country.

In justification of this position which I have taken up, I may invite your attention to the conditions of the exchange and money markets in the last financial year. What do you find? 1927-28 opens with a large-sized deflation in the very early months—possibly there is nothing in the name “deflation” itself which deserves our condemnation ; but if deflation is effected right in the middle of the busy season and if currency is contracted just when trade requires expansion of currency, it becomes our duty to expose the artificial nature of the props utilised for supporting exchange. Then we come to August. A new device of deflation was then put in motion, namely, the device of Treasury Bills. The Government argued to themselves that the slackness of exchange was directly connected with the volume of surplus funds floating in the market. Remedy? Take away the surplus balance. And so we have the amazing phenomenon of the Government offering a rate of interest on their short-term accommodation which is far in excess of the rates of interest which banks themselves would be prepared to pay for their deposits. In other words, the removal of the surplus funds from the market was necessary so as to stabilise exchange at 18d. : and this removal of surplus funds meant that the Government have had to pay fantastically high rates of interest ; and these fantastic rates have resulted in the ludicrous position of the credit of the Government of India being lower than the credit of the banking institution in this country. These Treasury Bills have been repeated week after week. The bankers in India are told that Bills are introduced in the interests and for the benefit of the bankers. We are told that Treasury Bills are of great significance to the Indian money market to which they are supposed to lend elasticity and resiliency. I have no hesitation in saying that all this is bunkum. The real fact of the matter is that Treasury Bills are nothing more and nothing less than the last refuse of the drowning Finance Member to keep up his head. But a new situation has now arisen and I am sure that in this new situation it will not be possible for the Finance Member or his pet rate to keep the head above water.

It is now the second week of April and it was only the other day that the Imperial Bank had to resort to the unusual procedure of re-increasing the volume of emergency currency by discount of inland trade bills with the currency department. The cash

percentage of the Imperial Bank is low. Bank rate continues at 7 per cent. Call money is quoted at  $5\frac{1}{2}$  per cent., all borrowers and no lenders. This situation in April is all right so far as the Government are concerned, though this situation is all wrong so far as the interests of Indian trade and industry are concerned. But even this situation cannot suit the Government as the months pass by and June-July comes round when the Treasury will have to launch their 1928 loan programme. If the Government keep the screw tight so far as the money market is concerned because, forsooth, the maintenance of eighteenpence ratio is of more paramount importance, what will happen to the new loan? No loan can be floated in India—it would be necessary once again to resort to external borrowing. In other words the new ratio has meant (a) the creation and fostering of stringency in the money market with the consequent crippling of Indian trade and industries ; (b) the impossibility of the Government successfully floating any new loan of theirs in India ; (c) the resultant addition to sterling liabilities ; and (d) the inevitable disappearance of the much-vaunted credit of India. This is exactly the problem which Sir Bhupendra Nath Mitra and Sir George Schuster will have to face.

In trying to preserve the rate which was brought about by his predecessor the new Finance Member will assuredly make himself unpopular as having destroyed that credit for India which his predecessor is supposed to have built up. And I take the liberty of giving him this suggestion ; rather than stand on prestige and talk of settled facts let him face the real facts and admit that 18d. will not do. His acceptance of this simple suggestion will mean that the Indian money market need not experience the artificial stringency which it has been experiencing for the last twelve months. It will mean that India will continue to supply all the money that the Indian Government requires at favourable rates. It will, most of all, mean that the credit of India instead of being impaired will emerge stronger and more enduring.

There is another equally important problem which will have to be tackled by the finance department in the early future. If the plea put forward by the Government that the Banking Commission will be appointed as soon as the recommendations of the Currency Commission and the Agricultural Commission are available was not a mere plea for postponing an inconvenient issue, the Banking Commission should be appointed in the next two months. It were



unnecessary for me to discuss the urgency and the imperative nature of a comprehensive survey of the Indian Banking problem. So far as Banking amenities available at the moment are concerned, I cannot do better than quote the following passage which appeared in the *Statesman* of March 3, 1926 :—“The Imperial Bank is less a scientific growth than a makeshift arrangement. The Exchange Banks, all of which are of foreign origin, take little interest in any other business than foreign exports and imports and such business as is allied thereto. Indigenous banking as such started like a mushroom growth, suffered a serious disintegration and a consequent set-back, then passed through a period of consolidation of whatever resources, escaped the collapse, and achieved some progress. Co-operative banking has been progressing at a tardy pace. Industrial banking proved abortive. Agricultural banking has never been attempted. Land mortgage banking has come in for some anaemic activity in Madras and Burma.” This is a careful and accurate diagnosis of the present position. My only comment is that it describes the position in too restrained a language. Really if the truth be told, it will be found that what banking amenities are available to-day in India are of absolutely no use to Indian interests ; that they merely facilitate and further the exploitation of the agriculturists of this country in the interests of our overseas customers.

Many an attempt has been made to refute the allegation that the Imperial Bank favours its European constituents. But no one has been convinced by these refutations. Exchange Banks have been a monopoly in the hands of foreigners ever since they began to transact business in India. They have made huge sums of money year after year, they have declared fat dividends to their shareholders and yet they have not been guilty at any time of adopting a policy which will promote Indian interests. Not one single Indian employee in any one of the Exchange Banks has been considered deserving to be put in any responsible position. The policy actuating them has been that knowledge of exchange banking must be held as a close preserve and a secret monopoly and that no Indian should be allowed any access to that knowledge. This is a serious charge I make, but it is a charge which nobody can challenge because the actual facts as they exist are my best evidence. As for the Indian joint stock banks, which have all more or less confined themselves to commercial banking, they have achieved some measure of success ; but I am deeply grieved to have to say that they are but poor imitations of their foreign compeers ; they have done nothing which

would show that they are appreciative of the peculiar conditions and requirements of India. They have been content to traverse the beaten track ; but the beaten track does not take us to the agriculturists who are the real backbone of this country. I may be told that the co-operative societies are catering to the needs of the agriculturists. But the kind of assistance which the co-operative societies have been able to render to the rural areas is verily like a drop in the ocean. They have had at no time the resources necessary to meet the requirements of such a gigantic agricultural population as India has. Moreover the co-operative societies deal only in short-term credits. And short-term advances are worse than useless in the case of a country where every ryot is mortgaged up to his head. These temporary advances only help to keep him alive, so that he can be a perpetual slave to the mortgagee. I do not want to minimise the importance of short-term credit facilities for agriculturists. They are certainly required ; but they must come not before but after long-term credit facilities have been provided whereby the agriculturists can redeem their existing burdens of debts, by borrowing from or through a central agricultural bank at cheap rates of interest and with payments spread over a long period, so that the agriculturists will not feel that they are at all returning the principal.

An identical situation arose in the United States of America at the close of the last decade. They did not hesitate, they did not raise pleas for postponing, they did not plead pressure of more important commitments and engagements ; on the other hand they set to tackle the problem directly and immediately. The result was the inauguration of the Federal Farm Loan Act with the consequence that agricultural credit to-day is cheaper in the States than commercial credit.

If India is to evolve a banking autonomy of her own she should go to America as a model and not to England, because America in the allocation of importance between agriculture and industry more resembles India than England resembles India. After all, why should there be any difficulties in regard to the providing of long-term facilities for the agriculturists? Do they not offer as substantial a security as the scrips and scraps of paper on which the banks are willing to lend money to-day to our city businessmen? The agriculturists have got real property in their hands, a property that cannot fly away, that is immutable, that cannot depreciate, that will, on the other hand appreciate, the moment this burden of indebted-

ness is removed. On a security of such unimpeachable quality, agriculturists are not able to raise money or are compelled to pay fantastic rates of interest. This is one of the biggest and most tragical of anomalies in this country, and until this is set right the real problem of India will remain unsolved.

I would, therefore, insist that a Banking Commission should be appointed without any more delay ; that its personnel must be such as to command the confidence of the country ; that there should be no predominance of any particular interest as happened in the case of the Currency Commission, of which no less than five members were connected with the Imperial Bank while none represented the interest of the Indian joint stock banks ; and that the terms of reference should be the investigation of the conditions necessary to inaugurate a completely autonomous system of Indian banking.

Amongst the other important matters which should engage the attention of the new Finance Member, I may mention the necessity of acquiring as much of gold as possible by selling a corresponding portion of the sterling securities held in the Gold Standard Reserve. In my last speech at this Chamber, I have dealt with this problem, and I will content myself with repeating the urgency of strengthening our gold resources and the suicidal policy adopted by the Government in keeping indifferent about this matter while every other nation in the world has been strengthening its gold position by purchases from America, which has been only too willing to co-operate in the reconstruction of the world's currency on a gold basis.

Now I would like to make a few remarks in regard to the problems that the Commerce Member should put in the forefront of his programme. A readjustment of the Railway rates so as to further the interests of the Indian agriculturists, Indian merchants and Indian industrialists is long overdue ; and I hope this matter will be taken up in right earnest by Sir George Rainy.

The cotton mill industry cannot be dismissed in the summary fashion which the Government of India have thought fit to adopt in this case. It is not without significance that the Government tried to enhance the protection recommended by the Tariff Board in the case of wagons and that they have referred to the Tariff Board the question relating to protection for oil though the entire country has

expressed itself in unequivocal terms against any protection to this industry. A journal like the *Statesman* writing of this proposal said :

“All this talk of stolen oil is a horrid complication of the case of the indigenous companies” and will “cut no more ice with the Government than with the Indian consumers,” and yet we find the Government obliging enough to refer this matter to the Tariff Board merely because the interests concerned are British interests. The cotton mill industry, which is mainly an Indian industry, with capital in the hands of Indian investors, with management under Indian control and supervision and with its prospects affecting the entire economic life of an important section of the Indian business community, ask for protection ; the Tariff Board recommends very moderate proposals of protection ; and the Government reject them unceremoniously. On the other hand, the wagon industry asks for protection ; the Tariff Board makes generous recommendations ; and the Government go out of their own way to enhance the protection. The oil industry, which has nothing to do with India unless exploitation of Indian mineral resources by foreigners justifies its description as an Indian industry, makes an impossible and ridiculous request for protection for reasons which will hold no water. Yet, we find the Government showing indecent haste and undue solicitude. The activities of the Commerce Department from this point of view show a total disregard of the fundamental interests of this country and, I appeal to Sir George Rainy to give a more impartial and a more courageous interpretation of his duties as the custodian of the commercial interests of India.

As I mentioned in my last speech, I have once again avoided purely parochial issues and confined myself to problems of All-India interest. And as we view them, we realise more vividly than ever that the days ahead are bound to be strenuous for all of us.

Another instance is also afforded by the Coal industry in the case of which also the Government took an unusually long time in referring the question to the Tariff Board for investigation and even the modest recommendations of the Minority Report were turned down by Government without any hesitation, in spite of the fact that the Government were aware that the Coal Industry was in the throes of depression and needed immediate and appreciable relief.

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PRESIDENTIAL ADDRESS OF MR. FAIZULLA GANGJEE,  
DELIVERED AT THE 2ND QUARTERLY GENERAL  
MEETING OF THE INDIAN CHAMBER OF  
COMMERCE, CALCUTTA, HELD ON FRIDAY,  
THE 27TH JULY, 1928.

GENTLEMEN,

I have much pleasure in commending to you for adoption the report of this Chamber for the second quarter of 1928. I do not wish to take up your time by dealing at length with matters which engaged the attention of the Committee during the last quarter, as they are all dealt with in the report ; but there are certain matters which are of such paramount importance that it would not be out of place for me to bring them before your notice to-day.

An outstanding occurrence in the domain of trade and commerce in the last few months has been the strike fever. The strike at Lilloah on the E. I. Railway, in the various Jute Mills and Workshops in Calcutta, in the Tata Iron and Steel Company at Jamshedpur, and the latest strike on the South Indian Railway near Madras can by no means be called of mean proportion and whatever the causes thereof may have been, the result is clear that each strike is a huge waste of human energy and a grave national loss. It is the duty of all industrialists, businessmen, labour leaders and the Government to set up a suitable machinery of the nature of an Arbitration or Conciliation Board to prevent or minimise such catastrophes. It is a matter of regret that the existing Bengal Conciliation Panel could not be utilised for the termination of the Lilloah strike, despite several representations of this Chamber to the Government of Bengal and to the Railway Board. I fail to see the purpose of creating such sham bodies from year to year when not a single case has yet been referred to it for settlement.

I have purposely made no reference yet to the huge mill strike in progress at Bombay. I will be commonly agreed that the prosperity of Bombay and for the matter of that, of India, depends to a very large extent on the Indian Cotton Industry, which is financed, manned and controlled predominantly by Indians, and lays the first stone in the foundation of its national advancement. This industry has been developed by purely indigenous enterprise against heavy odds and it is painful to find that it is losing ground, thanks to the Government attitude in that behalf. The non-acceptance by

the Government of even the very modest recommendations of the Tariff Board appointed specially for the purpose of enquiring into this industry, and the fixation of the ratio at the higher level of rs. 6d. inspite of the wishes of the elected members of the Assembly, are largely responsible for the present acute and precarious condition of this industry. Even now the Government find it difficult to maintain the ratio at the higher rate and the whole money market on this account is demoralised by the Government's anxiety in keeping up the exchange at this level, at any cost. The exchange ratio thus becomes the dictating and determining consideration of the financial policy of the Government. I would even now wish the Government to own this mistake and set it right in a manner which may compensate for the incalculable harm done to the economic development and prosperity of this country. When the textile industry is passing through such a critical stage, labour trouble is also brewing, and has added to its difficulties. I appeal to the Government to devise means immediately to help the industry on which depends the economic well-being of India, out of its present serious difficulties, and to bring about an early termination of this as well as other strikes which result in grave economic loss to the nation and which are fraught with danger to the peace of the public.

I am afraid the Government are gravely mistaken in believing, as they seem to do, that it is better to keep India mainly agricultural and therefore, to prevent her industrial development. India's prosperity will mean her increased purchasing power which in turn will mean an outlet for British industries. This mistaken and short-sighted policy is not only keeping India backwards industrially but also agriculturally. I suppose we all know the vast size of our own motherland, India, which undoubtedly is well-known to the outside world as an important exporting country of raw materials. For this fame I do not think credit is due to Government at all. Had it been so and had the Government therefore evinced any interest in India's welfare, India to-day would have produced thrice more in shape of food-stuffs, the result of which would have been more prosperity both for the country itself and the Government as well. In support of what I say, I have only to point out the huge neglected areas of land all over India lying waste and unattended for want of organisation and capital. The agricultural classes in India can hardly meet the bare necessities of their own lives and as we all know a third of the population hardly gets one square meal per day. Has

our Government ever given any serious attention to the appalling conditions of agricultural India? A correct impression of the condition of a country cannot be gathered from the life seen in the important cities only, which are kept well-decorated on modern lines. Turning to the conditions of the interior, one cannot but feel that the wholesale neglect of agriculture is due to the entire absence of Governmental help in any form to the poverty-stricken cultivators for the purchase of a sufficient quantity of seeds of good quality and manure, or to absence of irrigation and modern machineries. The true deficiencies can only be understood by those who have travelled considerably and have seen the inward conditions of the other nations. A small country like Japan the area of which is nothing when compared to India has to-day done wonders in the shape of advancement both agriculturally and industrially inspite of the fact that she has to depend on outside supply both for manures and raw materials. The advancement is only due to the support that Japan gets from her national Government, but for which, it would be absolutely impossible for it to compete with India in piecegoods after bearing all the charges incidental to the transportation of raw cotton all the way from India itself, manufacturing it into cloth there and returning it to India after paying an import duty of 11% on the manufactured goods. Keeping the question of cotton and piecegoods aside, Japan is an important customer of ours for iron, the export figures of which also should open the eyes of India to its industrial backwardness in being unable to use all that stuff here, for her manufacturing purposes. Manure is another important product which is being drained out of this country in very large quantities by various foreign countries thousands of miles away, when our own soil has all along been impoverished for want of sufficient manure. Had there been a sound organisation and were modern machineries utilised in India for cultivation, I am sure, India could have produced at least thrice more than what she is producing to-day in the shape of food-stuffs and other important produce. Living would have been far cheaper and the peace and prosperity of this country would have challenged any other country of the world. The various blessings of the Almighty on India are her climatic conditions, her rich soil and minerals but the one drawback which has kept the country from advancing both industrially and agriculturally is the Foreign Government whose policy is to keep India centuries behind, in the advancement of the world.

PRESIDENTIAL ADDRESS OF MR. FAIZULLA GANGJEE  
AT THE 3RD QUARTERLY MEETING OF THE  
INDIAN CHAMBER OF COMMERCE, CALCUTTA,  
HELD ON 2ND NOVEMBER, 1928.

GENTLEMEN,

It gives me great pleasure to submit to you the Report of the work of this Chamber for the third quarter of 1928. As copies of the Report have been duly circulated to you, I will not take up your time by reading it out to you. Various questions of great commercial importance such as protection to the Match Industry, protection to the Salt Industry, Trade Disputes Bill, Indian Insurance Companies Act Amendment Bill, prohibition of importation of Vanaspati Ghee and White Oil, reduction of telephone charges, revision of Tariff Valuations, etc., have engaged the attention of your Committee, during the 3rd Quarter of this year.

I wish it were possible for me to say that the policy of the Government of India in regard to the industrial and agricultural development of this country has been all that we should expect it to be, or that it has been free from that partiality to British interests which has been its dominant feature in the past. With the best intentions in the world to judge its actions fairly, we cannot acquit it of the charge that not only has it failed to promote the good of the country as best as it could, but it has even placed obstacles in the way of those who have been striving to rid India of her economic dependence and to make her industrially healthy and strong.

To emphasise what I have just said may I, by way of example, place the case of the Indian Salt Industry before you and draw your attention to the treatment accorded to this industry by the Government of India. You are doubtless aware that the Taxation Enquiry Committee made a recommendation for the reference of this industry to the Tariff Board for enquiry as to whether India could be made self-supporting in respect of its salt supply by the grant of protection to this industry in any form. This recommendation was not acceptable to the Government of India for reasons best known to themselves. With a view to placate public opinion, however, the Government instituted a departmental enquiry into the question. As might be expected, the departmental officer appointed to enquire into the matter reported that there was no prima facie case for the reference



of the Salt Industry for investigation to the Tariff Board as, in his opinion, no protection was necessary for this industry. The Government of India have accepted that Report and the various arguments they have adduced in support of their conclusion are totally unconvincing and can only be called frivolous. What a contrast this step-motherly treatment of the Salt Industry offers to the case of Oil Industry, where the capital and interests concerned were predominantly British could have been seen from the great haste of the Government in referring the case of the Oil Industry to the Tariff Board for investigation, against the wishes of the commercial community and in limiting the period of enquiry to less than 3 months within which the Tariff Board had to submit their report. Even the theatre of the activities of the Tariff Board was kept in Burma, where the Indian consumers who were directly interested in the question and whose pockets were touched by the decision of the Government had no opportunity of placing their view-point before the Tariff Board. The Tariff Board report on the Oil Industry has recently been published, and it is easy to see that the anticipations of the Indian commercial community that the rate war would cease before the Report was ready and that it would be a mere waste of public money to conduct the enquiry, have come true. It is gratifying to note that in common with various public bodies the Tariff Board has reported that there is no need of protection to the Oil Industry. I would seriously ask the Government to take early action on the finding of Sir Padamji Ginwalla, the President of the Tariff Board that the Indian consumer is being mulcted to the tune of about 5 crores of Rupees every year by the exorbitant prices of petroleum products, and on his suggestion about the possibility of erecting refineries for oil in this country. In any case, I would urge the Government to see to it that they make no invidious distinction in their treatment of industries, and to refer the case of Indian salt which is one of the few necessities of life, to the Tariff Board with a view to ascertain whether India can be made self-sufficient with regard to her salt supply.

It is also a matter of great regret that in spite of repeated representations by the Indian section of the Coal Industry, so far practically no effort seems to have been made by the Government of India to relieve the Coal Industry which has been in the throes of depression for a long time past. The question of the popularisation of soft coke as domestic fuel which was under the deliberation of the Government for more than a year and a half, has now been

hastily turned down without receiving any thorough and sympathetic consideration. The extensive use of coke as fuel can only be encouraged by reducing the Railway freight and this is the only possible remedy to relieve the ailment from which the hard-hit Indian Colliery owners seem to be suffering. I do hope that the Government of India will seriously reconsider this matter with a view to devise measures for the relief of the Indian Coal Industry.

I may in passing refer to the larger question of railway freights in general which has been repeatedly brought to the notice of the Government without so far receiving the attention it deserves. The principle of charging what the traffic will bear and of giving the needed stimulus to indigenous industries by means of low freight rate does not at all appear to have been recognised in this country. On the contrary, even the effect of protection to some industries is in many cases nullified by the high freight rates. We notice that favourable treatment in the shape of low freights is shown to foreign manufactured articles, so that they can flood the country. The Railway Rates Advisory Committee which has been functioning for over two years now can hardly be said to have justified its existence. Its methods are dilatory and its achievements almost nil. From information supplied by the Government in reply to a question in the Assembly on March 27, 1928, it would appear that only 14 applications had been referred to the Rates Advisory Committee so far, and that on only 4 out of the 14 the Committee had been able to report to the Railway Board. Out of these in only two cases, however, its report was accepted entirely by the Board. Of the applications pending before the Committee at the time, none had been received in the previous three months, while five had been received before more than 9 months. In cases where it had been able to report to the Railway Board, the period intervening between the submission of the application and its report was never less than 4½ months, whilst in some cases it was as long as 7 and 9½ months. I hope the Legislatures will take up this question and concert measures to bring about an expeditious method of disposal of matters brought before this Committee in the interests of the general public.

There are numerous questions which ought to engage the serious attention of all those interested in Indian trade and commerce which has been suffering in one way or another for want of proper organisation against foreign competition. To illustrate my point, I would give an example. High sea freights to Africa prevent the develop-

ment of the export trade of rice to that country, and this is confirmed by Dr. Meek, a member of the Indian Trade Mission, which recently returned from Africa. The reason which can be assigned from this is simply the monopoly which is now being enjoyed by two foreign companies viz., the Natal Direct Line, and the Indian and Africa Line, who have more or less kept the trade from India and Burma to the South African ports in their own hands by giving rebates to their regular shippers and by thus keeping very large amounts as securities in the form of rebates have made it impossible for any shipper to charter or ship by any other line. The freight rate on rice from Calcutta to Durban, for instance, is 39s. 4½d. net per ton. Against this the freight rate to Mauritius, almost an equal distance is Rs. 15-5/- net per ton and the freight rate to Cuba which is almost double the distance is 37s. 6d. net per ton. From this it can be seen very clearly how impossible it is for this trade to develop when high freight is such a great hindrance. I may also in this connection bring to the notice of the public the Bill introduced by Mr. S. N. Haji in the Assembly for the abolition of the deferred rebates in the coasting trade of India. This Bill is a modest measure which if passed would secure the freedom of the shipper to ship goods by any vessel plying between Indian Ports and would at the same time assist the progress of trade along desirable channels. The attention of the Government should also be drawn to the necessity of the abolition by steamship companies of the deferred rebates on the foreign shipments from this country in order to foster and develop the export trade of India.

I dealt at length with the question of neglect of agriculture in this country in my last speech in the rooms of this Chamber and now I find that, owing to the unsatisfactory crop conditions, large quantities of rice have been imported into India during this year from Saigon, and a fairly large quantity of wheat from Australia. These imports have had the effect of keeping down the local prices, but this should not fill us into a sense of false security and make us neglect the task of India's agricultural development. If proper attention were paid to this matter by the Government of India and by its people, India would not only be able to supply her own requirements and do away with foreign grain, but at the same time also be in a position to become one of the most important suppliers to the outside world. The resources of India in every respect are vast, but the one great obstacle in the way of her development is want of Government support and encouragement.

The Employers' Delegation to the International Labour Conference has just submitted a report of the work done by it at the Eleventh Sessions of the International Labour Conference held at Geneva. The Delegation which was completely national has been able to make an excellent impression on the nationals of other countries who were present at the Conference. There is a great deal of discontent with regard to India's representation on the League of Nations and other International and Imperial Conferences because on many occasions the personal of the Delegation is not national in character. All the other countries of the world send their own nationals to represent them at such Conferences and the Government of India should also make it a point to nominate only Indians in consultation with the commercial bodies and the Legislatures for purposes of such representation. There is no doubt that capable Indians are always available. The Government of India should recognise the principle that Indian Delegations to all such Conferences should be composed only of Indians and be led by Indians, and should be assisted by a full quota of advisers and substitute delegates, like the various other countries of the world.

The last Sessions of the Assembly will be memorable in a way for expressing itself overwhelmingly in favour of Mr. Haji's Bill for the Reservation of Coastal Shipping to Indian vessels. Despite the opposition of the Government and the European group, the Assembly has, by a large majority, accepted its basic principle and referred it to a Select Committee whose report will form one of the main subjects of discussion during the next Sessions of the Assembly at Delhi. As this Bill has been discussed at length I do not think any further comment is necessary. This Bill, I am more than confident, will go through the Select Committee and the Assembly but it remains to be seen what fate it will meet with at the hands of the Council of State.

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