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Indian section.

June

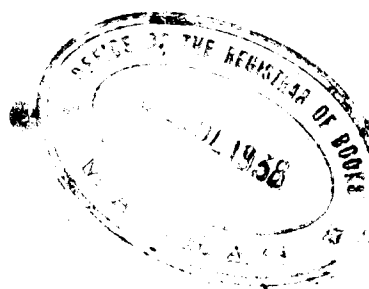
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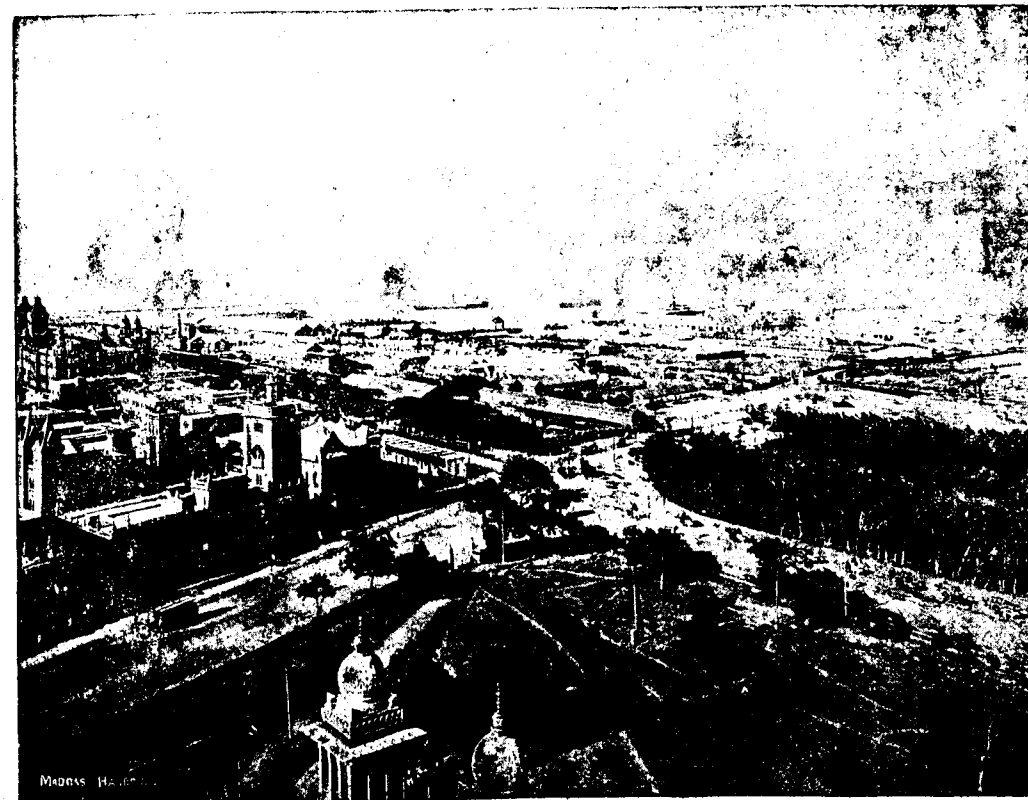


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EXPORTER & IMPORTER



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2nd Line Beach, Madras

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P. B. No. 159

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SECOND LINE BEACH, MADRAS

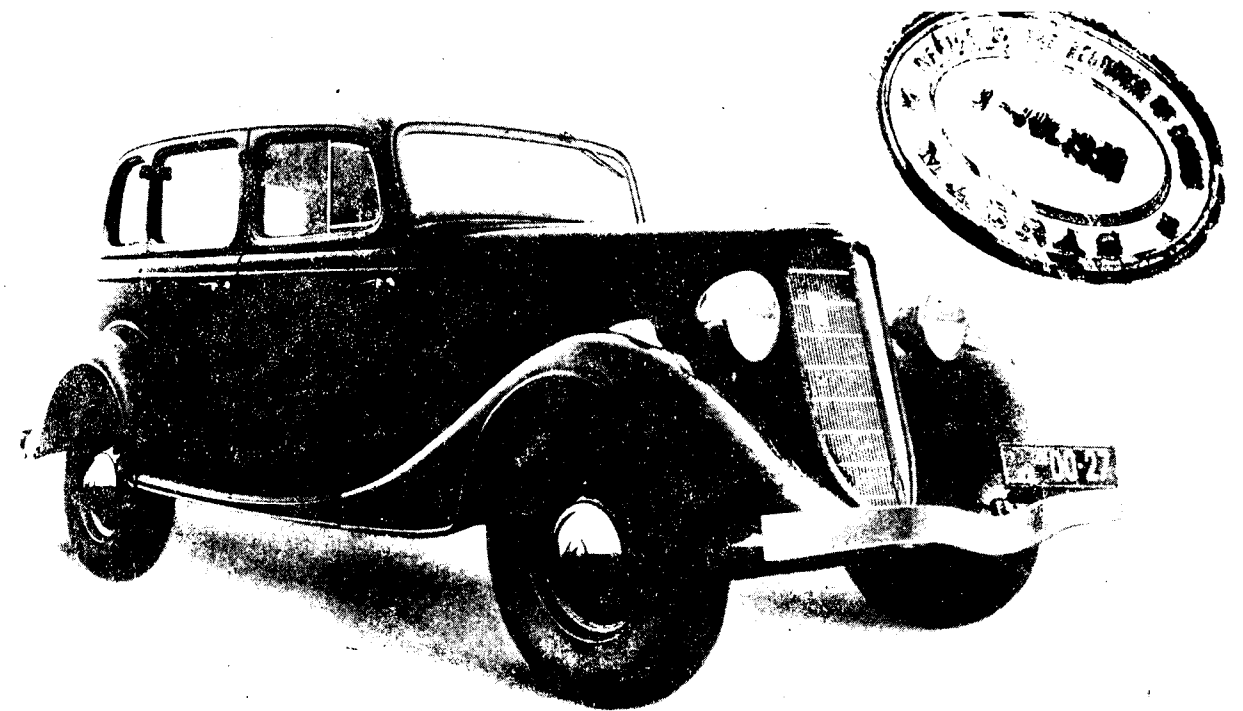
Export Department for Indian Mine Owners

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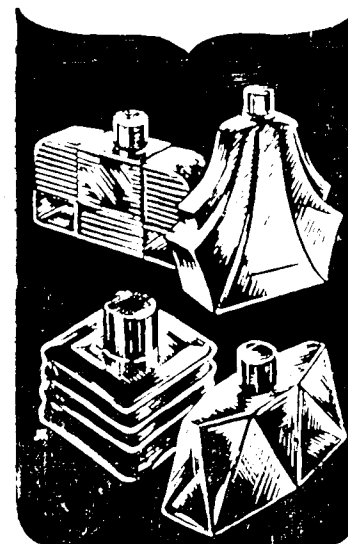
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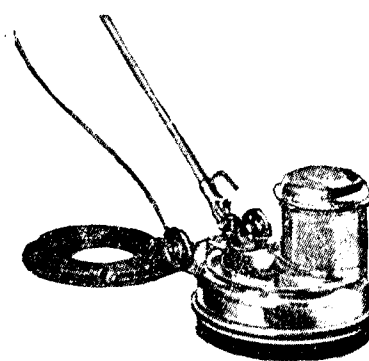
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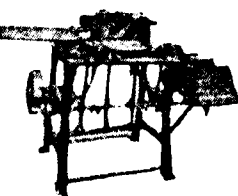
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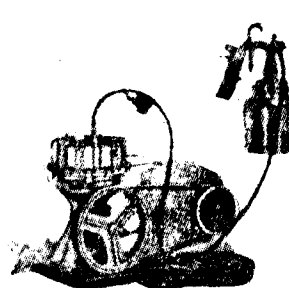
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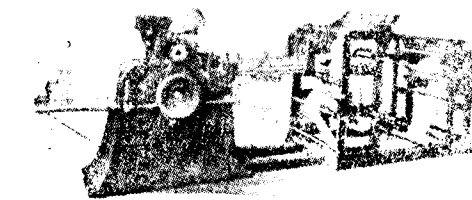
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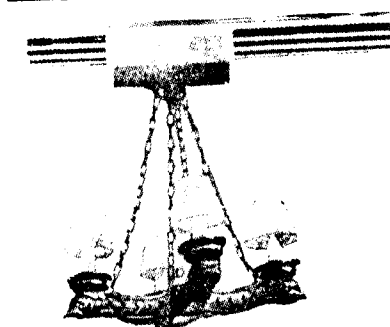
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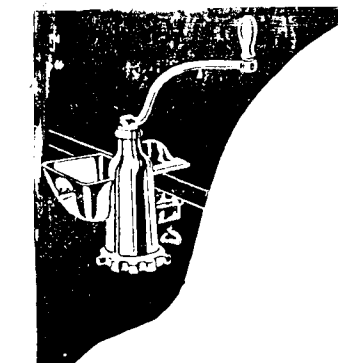
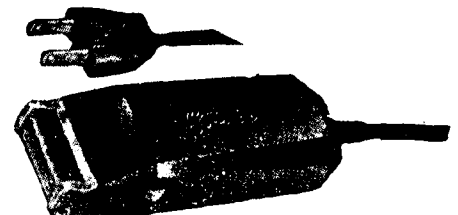


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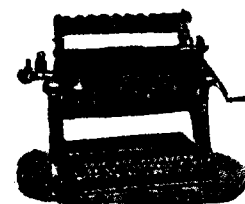
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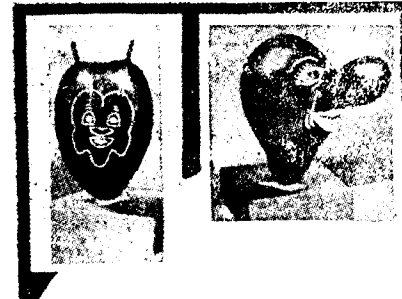
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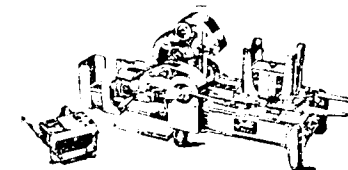
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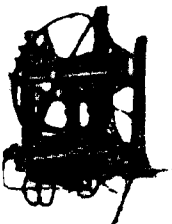
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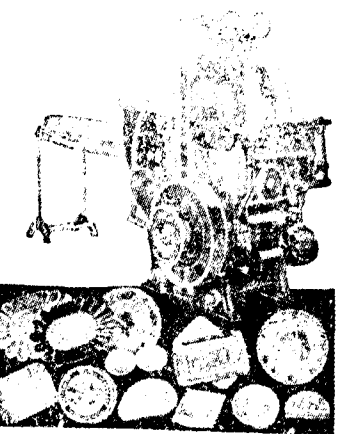
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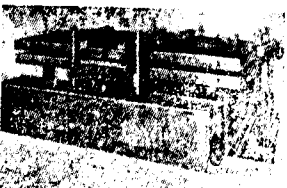
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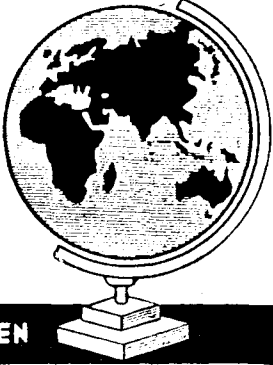
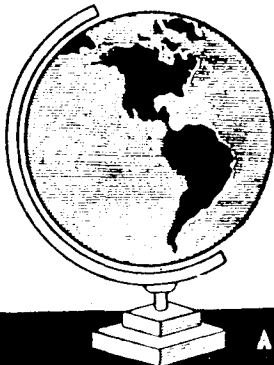
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India's Representation at the Leipzig Fair

THE Leipzig Spring Fair broke all records this year. Nine thousand five hundred firms from all over the world were represented, and 23 Fair Buildings were erected in the heart of the city in which a great variety of samples were displayed, while machines of all kinds were to be found in the 20 large halls, devoted to this purpose. In one of these halls, optical, photographic and cinematographic firms had their displays. The following countries were represented: Belgium, British India, Brazil, Bulgaria, Greece, Iran, Italy, Japan, Jugoslavia, Holland, Turkey, Egypt, Great Britain, Sweden, the United States, etc.

The largest German camera firm, Zeiss Ikon, which is now celebrating its 73rd anniversary, showed its newest camera models and creations at the Fair, which revealed the progress and accomplishments of their company. New mechanisms have been built into all Zeiss Ikon cameras except "Bob" and "Netter" to avoid double optical exposure. Particularly to be mentioned is the new camera, "Tenax." It is a well-known fact that the tendency of modern photography is towards an ever-smaller picture format. These cameras are inexpensive and easy to use. The objective of the Tenax has a focal distance of four centimetres and possesses great sharpness. The objective is adjustable. Zeiss Ikon manufacture, as we all know, tropical apparatuses that are much exported to India. All sorts of machines filled the other large Technical Fair buildings, among them textile machines, sewing machines, machine tools, etc. Since the Fair is of great

importance to export trade, it was natural that it should have been opened this year by the new Minister of Economics, Dr. Funk. The opening speech of Reich Minister Funk made clear Germany's cooperative work with the world—no policy of isolation. In this connection, our correspondent visited the Indian display there. It was such an unpleasant surprise that words fail to express one's feeling of disappointment and disgust. It was in a very small room arranged without a single bit of taste, showing a few seeds, as well as a few samples of cotton, and a few photographs of Indian handwork—and that was all. The main attraction seemed to be the distribution of magazines of the Indian State Railways—there was a blackboard on which was written, "Information Bureau for British India." The office of the Indian Government Trade Commissioner at Hamburg was responsible for this display. It is no wonder that commercial relations with Germany become worse from day to day. If we are to take part in the Leipzig Fair at all, we ought to try to promote the prestige of India. Such a deplorable exhibition should not have been shown at all. The international Leipzig Fair is world-famous and India can profit greatly from it—the effect that was made to do so, can plainly be seen. We can only wonder what actually was done for the improvement of commercial relations between Germany and India.

India was to take part in the International Handwork Exhibition. But because of various technical difficulties the office of the Indian Government Trade Commissioner at Hamburg has regretfully withdrawn

Indian participation in the exhibition upon the advice of the High Commissioner in London.

see Indian handwork which is still world-famous, but here again a blow has been aimed at India.

The world might have had the opportunity to



British Industries Fair

INDIAN PICKLES TOO HOT FOR EUROPE

AN increase of over sixty six per cent, in the value of orders booked at the India Section in the British Industries Fair this year is reported by the Trade Department of the office of the High Commissioner for India in London.

This year India had six different sections.—general merchandise, furniture, carpets, fancy goods, sports goods and leather goods. The stands covered 3,681 sq. feet, about 650 sq. feet more than last year. This increase in space was due to the growing quantities of the exhibits received.

Trade enquiries totalled 437, compared with 417 last year. Of these, for example, 120 were in respect of sports goods, sixty cocoanut fibre mats and matting, ninety carpets, rugs, etc., forty silk and cotton fabrics, fifteen jute, eleven minerals, seven-teen cigars and eleven nuts.

Of these enquiries, eighty one per cent. came from the United Kingdom. Of the remainder, there were fourteen enquiries from Belgium, fifteen from Poland, eight from Sweden, twenty from Holland, five from U. S. A. four from South Africa in respect of all varieties of commodities.

The report remarks, "Other new foodstuff exhibits included very hot mango pickle, sarsaparilla pickles, jack-fruit, jam, banana, fig. etc. These were, however, found to be entirely unsuitable to European tastes."

The King and Queen, Queen Marry and other members of the Royal Family visited the different stands representing India. The Queen and Queen Mary spent some time examining the brass and leather exhibits, and made a number of purchases.

The cost of participation in the British Industries Fair to India this year amounted to £ 1,700 compared to £ 1,500 last year.

The amount of business in the form of actual orders booked was greatly in excess of that in previous years. Over Rs. 1 lakh of orders were booked during the Fair. This was 63.3 per cent. more than the year before.

Rs. 1,05,000 of orders

The following is a table showing the value of orders booked in respect of different commodities in the last three years.

	1936	1937	1938
	Rs.	Rs.	Rs.
Coir and Fibre Goods	4,000	8,900	14,674
Carpets and Rugs	10,650	13,200	38,070
Brassware	15,000	11,672	23,353
Inlaid and Carved			
Wood-work	1,870	4,500	5,060
Lace	3,330	2,070	2,531
Sports Goods	8,240	14,580	15,666
Furs and Skins	2,000	Nil	Nil*
Kashmir Work (Papier			
Mache, Turquoise, etc.)	Nil	670	Nil*
Embroideries and silks	Nil	1,985	1,150
Leather and Leather goods	Nil	Nil	2,333
Cigars	Nil	900	1,855
Miscellaneous (Horn, etc.)	Nil	4,658	308
Total	45,090	63,135	1,05,000

* Not exhibited this year

New Trade Connections

A total of 363 orders were booked, compared with 193 last year. Of these 363 orders, 203 were new connections as against sixty-eight new connections last year. The new connections included eleven for woodwork, twenty-seven for brassware, nine for lace, five for leather, forty-one for silk and cotton fabrics, thirty-five for carpets and rugs, twenty-three for sports goods, forty-two for coir and fibre goods and eight for cigars.

The most noticeable increases in orders booked this year were for brass and carpets. Brassware showed a 100 per cent. increase and carpets 300 per cent.

The bulk of orders for carpets were for the well known medium priced Malabar, Cawnpore and Mir-

zapore qualities. Numdahs in the half and quarter sizes proved popular.

Bengal Silks Popular

Jaipur scarves and dress lengths and the plain Benares scarves attracted a great deal of attention, the prices being reasonable and competitive. Hand-printed Bengal silks in dress lengths, scarves and



The Canadian Paper Industry

WORLD'S CHIEF PRODUCER AND EXPORTER OF NEWSPRINT

CANADA'S enormous timber wealth has given the Dominion many secondary industries of great value to its people, but none greater than the pulp and paper industry. Canada has become the chief newsprint producing country of the world, making more tonnage than the three next largest combined: England, United States and Scandinavia. In addition the industry produces large quantities of fine quality book paper, kraft paper, building board, and a variety of other lines, including the finest of writing and other papers.

Operations of the Canadian pulp and paper industry during 1937 were on a somewhat mixed basis, reports the Financial Post Business Year Book. For the year as a whole, however, production was probably greater than in any other year in the history of the industry, while the dollar revenue was greater than in any year since the "depression" started. The demand for chemical pulp, high grade papers and newsprint was exceptionally strong up until the fall months. The fine paper industry, in particular, was quick to reflect a change in business sentiment. The fine paper branch has made adjustments in inventories and is expected to reach sales above the average of recent years during 1938, while the prices will be reasonably good.

On the whole, says the Year Book, it is expected that this branch of the industry will make a showing comparable with that for the past year.

The whole paper industry is a comparatively recent development; in 1881 there were only 36 paper and five pulp mills in operation in Canada. By 1923 the industry had displaced flour milling as Canada's most important manufacturing industry and in spite of recent vicissitudes has held that position ever since. The peak of production was reached in 1929 when 4,021,000 tons of wood pulp and 3,197,000 tons of paper were produced. In that year there were

handkerchiefs were found to have increased in popularity.

There was also an increase in the samples of condiments, tinned fruit, rice, tea, nuts, cigars, etc., which were sold. Tinned mangoes were exhibited. The products of one firm were unsatisfactory, but another Indian manufacturer was able to market tinned mangoes of good quality at cheap prices, and importers are considering taking up this line.

108 pulp and paper mills operating, consuming 5,278,000 cords of pulp wood and using hydro-electric power valued at more than 18,000,000 dollars.

During 1926 Canada, for the first time, produced more newsprint paper than the United States and became the world's chief producer and exporter of that commodity, maintaining that position ever since in spite of increases in production.

While paper was first manufactured in Canada about 100 years ago, prior to 1860 no wood pulp was used or produced. Rags, straw, esparto grass, cotton waste and other substances were the raw materials used. The rapid development of the industry was due chiefly to the existence in Canada of abundant water power adjacent to extensive forest resources of pulp wood species and on increasing demand for newsprint papers.

There are today three classes of mills in the industry. One group make pulp only, another are combined pulp and paper mills and the third group make paper only.

Water and wood are the two most necessary elements in the manufacture of paper from wood fibre. This wood is spruce and manufacturers lease or buy millions of acres of forest. Lumber camps are put in to cut these trees and saw them into 16-foot logs, and large numbers of independent operators also contract to cut logs. The logs are then drawn to water and floated thence to the mill.

Pulp is divided into four classes: Ground wood pulp is used chiefly in newsprint; with sulphite pulp Soda pulp adds softness to book paper; ground wood pulp is used chiefly in newsprint with sulphite pulp as a strengthener; sulphite pulp, the most versatile form of pulp, goes into nearly all white paper; sulphate pulp is used in making kraft paper.

By picture and story the manufacture of paper, whether from wood, rags or other fibre, has become

fairly well-known throughout the world. The most widely used method of making the big production papers in Canada involves the principles of the Fourdrinier and cylinder machine, in which the fibres of the beaten and hydrated pulp are collected on a fine screen, felted, transferred when matted to press rolls, and dried on hot rolls. At every stage of the process, the pulp is sprayed either for clearing or for liquefying purposes.

When the product reaches the "flow box" of the Fourdrinier machine, it contains 99 per cent water, one per cent pulp. Then the flying mesh, rollers and suction box absorb 30 per cent of the water. After its 300 foot journey through hot rollers, the paper emerges containing only about eight per cent water. Such is the versatility of the process, that merely by varying pulps, speeds, pressures and finishing processes, more than 7,000 different kinds of paper are manufactured, with about 3,000 variations.

A visit to one of Canada's fine paper plants, making a wide range of envelopes, tablets, book, litho offset, bond, mimeograph, stationery and writing paper, in either machine finish or super calendered finish, would show that it utilizes waste paper as one of its raw materials, puts this paper through a process of de-inking, after which it is ready to be blended with other materials for making it a new paper.

In the sorting-room, the waste paper is carefully divided to remove ground wood paper, kraft, boards, wax papers and parchment, and occasionally boots and shoes and tin cans. The sorted paper is conveyed to boilers and cooked at low pressure for seven to eight hours with soda ash solution. This puts the ink in a condition that it can be washed out, which is done in a circulating tub, after which bleach is added to the stock to remove coloring matter and it is again washed. The stock is then ruffled and screened, after which it is thickened and delivered to the beater.

This is the point at which various stocks are mixed, the pulp being added in various proportions according to the kind of paper to be made. Here, also, materials such as filler, size and alum, and color are added. After a few more processes, the diluted stock passes to the Fourdrinier machine.

Visiting another mill where rags are used he would see these rags threshed, stored, sorted, cut, dusted and passed over a magnet roll to remove metal. He would also see them blown through a long pipe to the main mill, where they are boiled, washed, bleached and drained to become "half stock" ready for the beaters.

In the beater room he would see gleaming bea-

ters, the pulper, specially designed bleaching equipment, sizing plant and running along a trolley above the beaters, a seamless steel tank from which alum is supplied to the beaters. Perhaps he would be interested in the color room, specially arranged for the accurate matching of colors, day or night, with complete equipment for color, weighing or mixing.

In the machine room he would find paper machines and a lay boy sizing machine with a vat through which paper is passed for sizing and which slits the paper into correct widths, cuts it to accurate length and piles it automatically.

He would probably also be interested in the testing machine, accurately checking the qualities demanded in the finest rag papers, with tests for tensile, mullen and tear, for porosity, thickness, smoothness, opacity, stiffness, etc. Then the graduate chemist in the laboratory would show him some of the analyses, detailed tests and investigations being carried on.

He would see the paper being taken to dry lofts, where it is gradually dried. He would note the pasting machine for making bristols, such as two, three or four-ply greeting cards and heavy weight covers. In the finishing room he would view the work of the platers which give the special finishes and the complete set of trimmers which trim the paper accurately.

In the 10 months of the fiscal year reviewed Canada shipped abroad wood pulp and screenings of all kinds to the value of 34,670,407 dollars compared with 26,987,746 dollars in 1937.

The value of pulp wood of all kinds shipped abroad in the 10 months was 11,482,665 dollars compared with 7,740,486 dollars in 1937.

The value of book paper exported was 675,633 dollars (365,281 dollars in 1937) and the value of newsprint paper was 105,357,714 dollars (91,505,059 dollars in 1937).

Kraft wrapping paper was shipped abroad in the 10 months to the value of 1,287,201 dollars compared with 795,171 dollars in 1937, while other types of wrapping paper amounted to 211,722 dollars in 1938 and 161,705 dollars in 1937.

Bond and writing paper was exported to all countries in the 10 months to the value of 79,483 dollars compared with 2,511 dollars in 1937, and hangings or wall-paper to the value of 184,688 dollars (147,705 dollars in 1937).

The value of bags, boxes and cartons of paper was 170,466 dollars (115,598 dollars in 1937) while 150,511 dollars worth of waste paper was exported in the 10 months for which no comparable figures are given for 1937.

Side-runs and side-rolls of newsprint were exported to the value of 245,930 dollars so far in the year, while the 1937 figure was 472,597 dollars. Pulp fibre wall board have amounted to 948,610 dollars (922,966 dollars in 1937). Paper board (n.o.p.) was exported to the value of 3,548,846 compared with 2,371,920 dollars in 1937, and roofing paper of all

kinds was worth 99,639 dollars (92,466 dollars in 1937). Other paper and manufactures of paper totalled 789,294 dollars compared with 617,125 dollars.

The grand total of exports to all countries of paper and manufactures of paper for the 10 months ending January, 1938, was 113,749,747 dollars compared with 97,570,144 dollars in 1937.

—Canadian Trade Abroad



Exports of Indian Condiments

ALTHOUGH 'hot' pickles are not liked in Europe it is a well-known fact that Indian chutneys and condiments are highly appreciated. If properly marketed, there cannot be any doubt that their exports are capable of increase. The relevant figures are given in the following table. The fall in the total

value of pickles, etc. exported to countries of the British Empire in consecutive years requires explanation. Ever as regards other countries, although in recent years there has some progress, the value in 1936-37, has been less than in 1932-33.

Statement showing the quantities and values of Pickles, Chutneys and Condiments exported annually by sea from British India during the five years ending 31st March 1937, together with the shares of the countries of destination.

(Supplied by the Director-General of Commercial Intelligence and Statistics Calcutta.)

Articles, and Countries of final Destination; also share of each province	Quantity					Value				
	1932-33	1933-34	1934-35	1935-36	1936-37	1932-33	1933-34	1934-35	1935-36	1936-37
Provisions and Oil man's stores						Rs	Rs	Rs	Rs	Rs
Pickles, chutnies and condiments (I. F.)—	Cwts.	Cwts.	C	Cwts.	Cwts.					
United Kingdom (including Channel Islands)	16685	17530	14839	10382	9927	510834	435421	369699	278017	208573
Ceylon (excluding Maldives)	319	267	372	302	252	8859	8144	8817	8681	6106
Straits Settlements	586	665	641	711	716	2948	19260	16778	15695	17278
Federated Malay States	127	74	110	179	142	635	2284	3140	6048	3483
Hongkong	454	336	366	470	334	20426	13404	11177	13286	9178
Union of South Africa	88	162	82	70	81	7032	6883	3447	2500	3067
Kenya Colony	227	246	279	272	161	10205	9239	10970	12995	6175
Mauritius and Dependencies	453	...	...	..	...	37170	...	...	..	..
Canada—										
Atl. Atlantic Coast	47	57	106	117	116	2445	1996	3500	3809	3341
" Pacific "	159	111	121	251	188	6220	3378	3716	6558	5567
Commonwealth of Australia	2055	1682	966	20	55	118698	114127	54362	785	2119
New Zealand	150	161	177	164	173	8362	7387	7061	4583	8966
Other British Possessions	284	206	178	216	293	10617	9875	6234	7145	8690
TOTAL BRITISH EMPIRE	21614	21587	18237	15154	12438	766151	681398	498901	360062	277543

Iraq	...	1422	1618	1358	3273	2039	25936	27382	25078	31096	22544
Java	...	340	201	229	194	254	14768	7676	7390	5663	7881
Japan	...	254	32	99	109	136	9937	5471	2846	3537	4295
China (exclusive of Hongkong and Macao)	..	520	524	563	384	366	15840	23215	21069	14337	12691
Philippines	...	49	65	55	109	49	3839	2730	2120	6284	2830
China (exclusive of Hongkong and Macao)	..	171	542	347	676	793	11152	29492	18728	44795	47763
Japan	...	75	92	152	159	159	6415	6804	10232	10192	12005
Egypt	...	123	56	120	48	..	10080	3950	8250	3280	..
Portuguese East Africa	...	178	276	183	235	254	20778	23506	17523	21162	22550
Other Foreign Countries	..	176	77	106	69	109	14014	5167	6766	4643	7558
TOTAL FOREIGN COUNTRIES	...	2314	2354	2322	2665	2583	179543	134735	138748	177241	168344
Share of Bengal	..	14894	17641	19375	18527	21110	1069915	921405	1064649	1127380	133027
" Bombay	...	2168	2229	2119	2107	2092	208941	177979	177974	176506	176452
" Sind	...	165	189	217	145	114	11164	10689	13888	9105	7540
" Madras	...	4576	4353	3775	3247	3673	297388	220519	206780	178721	197471
" Burma	..	31	6	10	4	9	2920	485	710	362	757

Trade Reports

REPORT OF THE INDIAN TRADE AGENT, KABUL, UP TO 28TH FEBRUARY, 1938.

APPENDIX B to this report gives statistics of the importation into Afghanistan of the important products in which India is interested as an exporter. The statistics cover the months of September, October and November, 1937. So far no statistics for the later period are available. Particulars of imports from the chief countries competing with India in each line are also shown. Certain commodities whose quantum and value do not deserve mention have now been omitted from Appendix B because the demand in these commodities is generally met from the U. S. S. R.

No statistics have been issued so far and it is therefore extremely difficult to know the value and quantum of Russian imports into Afghanistan.

Animals Living.— There is a seasonal flow of living animals from India into Afghanistan but considerable numbers of cattle head are imported for various purposes.

Boots and Shoes.— India continues to control the market for the medium and low priced boots and shoes. The Afghan factories have not yet been able to cope with the demand though the output of factories is increasing from day to day. India improved its share from Rs. 10,397 in September to Rs. 29,812 in November, but imports from India in March were

valued at Rs. 36,927. There may be further falls in imports from India as the Afghan factories begin to cope with the demand.

Cement.—Indian cement will further improve provided due attention is paid to this market. Indian cement imports rose from Rs. 150 in March and Rs. 10,529 in May to Rs. 31,578 in September and Rs. 23,242 in October, falling to Rs. 7,695 in November, 1937, in all probability due to the cold weather setting in when building activities are generally suspended in this country.

Drugs, Medicines and Perfumery.—There is a stiff competition between Russian, Japanese and British products. Russian products seem to have captured the market.

Dyeing Material.—German products seem to have ousted others in the Kabul market. Germany has increased her sales principally at the cost of India.

Hardware.—Indian exports are likely to suffer further from German products principally on account of credit facilities in the German market. Total imports from European countries for the quarter amounted in value to Rs. 30,056 while Indian exports were valued at Rs. 2,917.

Leather.—Indian leather is popular on account of quality and low price. The imports for the quarter were valued at Rs. 45,560.

Machinery.—Continues to be imported largely from Germany. Of the total imports during the quarter valued at Rs. 1,45,007, India's share is valued at Rs. 8,128 whereas German imports are valued at Rs. 91,709.

Metal Goods.—This is a market fast developing. It will be well worth while for Indian manufacturers to pay special attention to the market. The imports from India were valued at Rs. 22,042 and from other foreign countries at Rs. 1,22,796.

Motor Vehicles.—Continue to be imported largely from the United States of America, the United Kingdom and Germany.

Paper.—European countries and especially Great Britain have improved their sales. The total imports from India during the quarter were valued at Rs. 7,636, while imports from European countries were valued at Rs. 22,630. Indian products can capture the market provided it is systematically marketed and advertised.

Sugar.—The total imports from India during the quarter were valued at Rs. 21,755, while the imports from Java during the quarter were valued at Rs. 3,71,509. Efforts are being made to improve India's share in this commodity.

Tea.—Indian tea is not palatable to Afghan taste. Negotiations are proceeding with Indian firms with a view to produce the proper blends. The total imports from India during the quarter were valued at Rs. 1,68,632. Imports from China and Japan were valued at Rs. 3,19,158.

Textiles and Cotton Piecegoods.—Imports from India are experiencing a hard competition from Japanese products. The imports from Japan rose from Rs. 3,81,721 in September to Rs. 4,86,474 in October and to Rs. 7,97,308 in November, 1937. Indian imports continued to be chiefly of the following articles:—

Alwan (Black, green and red).
Shirtings,
Gambroons,
Indian lungis, and
Durries.

The Japanese products in these articles have not yet come up to the Indian standard in quality — but efforts are being made to capture the market in these commodities as well. Indian manufacturers will have to pay special attention to the Afghan market in future as so far Indian textile exports have followed a haphazard line. Total imports of cotton piecegoods during the quarter were valued at Rs. 26,97,455. India's share was Rs. 9,24,989, while imports from Japan were valued at Rs. 16,65,503.

Wool Manufactures.—Indian woollen products are fast disappearing from the market. Efforts are being made to get in touch with Indian manufacturers. The imports from India during the quarter dwindled to Rs. 2,723. Imports from foreign countries were valued at Rs. 67,046. Japan, Germany and Italy have improved their sales.

Silk Manufactures.—Indian manufactures have been eclipsed by Japanese products on account of cheapness and quality. The Japanese have paid special attention to improve this market for their goods and efforts are made to cater for Afghan taste. The imports from India were valued at Rs. 7,876 and from Japan at Rs. 1,45,441. The total imports were valued at Rs. 1,69,324.

Unspecified Trade.— In the unspecified trade Japanese exports also show a marked improvement. Indian unspecified products have further suffered from imports from the United Kingdom, Germany and the United States of America. The total imports under this head were valued at Rs. 387,986. Imports from India were valued at Rs. 1,00,267. During the last quarter the exports from India were valued at Rs. 1,81,555 and exports from other foreign countries at Rs. 2,73,424.

Enquiries

About 150 persons called at the Indian Trade Agency during the period under review for various purposes. A majority of these calls were with a view to establish trade connections with India.

Amongst the number of enquiries received a few are given below:—

The Director-General of Commercial Intelligence and Statistics, Calcutta, required information about—

1. Quality and value of sheep casings exported from Afghanistan.
2. Names and addresses of exporters of dry fruits, and drugs, etc.
3. Statistics, etc., regarding production of grapes in Afghanistan.

In each case either the information was furnished or the enquiry is receiving attention.

The Assistant Registrar of Co-operative Societies Lucknow, enquired about the names of firms interested in their products. The enquiry is receiving attention.

The Indian Sugar Mills Association, Calcutta, enquired about imports of Sugar products in Afghanistan. The enquiry is receiving attention.

The Government Purchase Office, Kabul, was given necessary information about Indian Stationery products.

EXPORTER & IMPORTER

The Trade Ministry, Kabul, wanted information about books on Mercantile Law. The necessary information was obtained from the Director-General of Commercial Intelligence and Statistics, Calcutta, and forwarded.

The Director-General of Afghan Factories was given necessary introduction through the Director-General of Commercial Intelligence and Statistics, Calcutta, to the heads of Provincial Industries. His visit was in connection with buying material in India.

The Government Purchase Office was supplied with information and catalogues regarding Fire Extinguishing equipment of a well-known Indo-British firm.

This Agency is also in touch with the Government Purchase Department on behalf of a well-known Indo-British firm regarding Boiler equipment, etc.

Negotiations are proceeding with the Sugar Branch of the Shirkat Ashami regarding import of Indian sugar in Afghanistan.

The Agency is trying to find suitable importers of Indian tea in this country. Negotiations are proceeding with firms here and in India through the Director-General of Commercial Intelligence and Statistics, Calcutta.

The enquiry of an Ahmedabad Cotton Piece-goods manufacturing firm is receiving further attention.

A Lahore firm enquired about introducing motor cycles and Radio products. The enquiry is under investigation.

A manufacturing firm of Bangalore enquired about introducing its Gas Mantles products in the Afghan market. The enquiry is being attended to.

A Rubber Manufacturing Company of Northern India is desirous of establishing contacts with Afghan importers of Rubber products. The enquiries on its behalf have been taken up.

A Sialkot firm enquired about market for its musical instruments in this country. The enquiry has been taken up.

A Madras firm wanted to know the possibilities of its Chutneys and Sauce products. The enquiry is being attended to.

A Calcutta firm expressed a desire to do purchase and sales on commission basis. The enquiry has been circulated to various firms here.

Enquiries from Tea Growing firms of India are receiving attention.

The enquiry of a Bombay firm regarding the sale of its machine is under investigation.

June 1938

Enquiries from Sugar Manufacturing Companies of India are being attended to.

The enquiry of an Afghan firm for establishing contact with Indian Tanneries has been taken up with the Director-General of Commercial Intelligence and Statistics, Calcutta.

Several Afghan firms have been given the names of producers of Guns and Rifles' cleaning oil in India.

The enquiry of an Afghan firm regarding the Silk and Cotton piecegoods of India is receiving attention.

Enquiries of several Afghan Chemists regarding pharmaceutical products of India are being attended to.

Enquiries of several firms regarding Agencies of Indian Insurance Companies are being attended to.

Trade between India and Germany for the period January—March, 1938.

THE Indian Government Trade Commissioner, Hamburg, has forwarded the following report regarding the balance of trade between India and Germany for the period January-March, 1938:—

In the following table is summarised the position of the foreign trade between India and Germany during the first quarter of 1938:—

	In Thousand Rms.)		
	Imports from India.	Exports to India.	Balance in favour of India.
Jan.-March, 1937	44,062	34,177	9,885
Jan.-March, 1938	41,622	28,138	13,484
	Net improvement=3,599		

The figures for the first quarter of this year are exclusive of Germany's foreign trade with Burma, which during this quarter amounts to Rm. 2,478 thousand, of which the imports are valued at Rm. 1,666 thousand, and the exports at Rm. 912 thousand. It follows that the total foreign trade of Germany with British India, exclusive of Burma, has slightly declined, but the fall in Germany's exports to India is considerably greater than the fall in the imports from India, with the result that there is a very distinct improvement in the net visible balance of trade as compared to the corresponding quarter of the previous year.

Trade with India of Portugal, Yugoslavia and Bulgaria during the three months ending December, 1937.

The Indian Government Trade Commissioner, Milan, has forwarded the following report regarding

June 1938

the balance of trade with India of Portugal, Yugoslavia and Bulgaria during the three months ending December, 1937:—

Available statistics relating to the balance of trade with India of Portugal, Yugoslavia and Bulgaria, respectively, during the three months ending December, 1937, as compared with the corresponding figures for the same period of 1936, are given below:—

Balance of Trade with India.

	Three months ending December.	
	1937.	1936.
Portugal (Escudos 000)—		
A. Imports	10,479	3,858
B. Exports	926	336
C. Balance	—9,553	—3,522
Yugoslavia (Dinars 000)—		
A. Imports	24,000	20,000
B. Exports	4,000	3,000
C. Balance	—20,000	—17,000
Hungaria (Levas 000)—		
A. Imports	6,089	5,742
B. Exports	...	...
C. Balance	—6,089	—5,742

The Jute Trade in the Argentine and Neighbouring South American Countries.

The following is a summary of the report (No. 4) received from the Argentine Correspondent of the Indian Central Jute Committee for April, 1938, relating to the jute trade in that and neighbouring South American Countries:—

THE ARGENTINE REPUBLIC.

The volume of grain crops, specially wheat, has been small this year and the farmers are holding up their crops; consequently the export figures are much lower than for the corresponding period last year. Also good rains have now fallen enabling the farmers to prepare the soil for the forthcoming sowing which is expected to the greater than that of last year.

Only half of the area under maize is worth harvesting and the crop has been estimated at 4,500,000 tons as against 9,134,730 tons last year and the 5 years' average of 8,798,680 tons.

The price of jute goods remained practically unchanged.

During the first quarter of the year a practically full cargo of jute and jute goods arrived from Calcutta and the following other importations were noted:—

From—	
United Kingdom	1,457 bales and 220 bags of jute goods.

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Belgium	553 bales and 1 bag of jute goods and 10 bundles of raw jute.
Germany	335 bales and 25 cases of jute goods.
Holland	115 bales of jute goods and 11 cases and 2 bags of raw jute.
Italy	460 bales of jute goods and 2 rolls of raw jute.
Singapore	100 bales of jute goods.

BRAZIL.

In Brazil jute bags are mainly used for handling cotton, coffee and cocoa.

This year's cotton crop is expected to be the highest yet produced and the volume of the cocoa crop is estimated at two million bags.

The export tax on coffee has been reduced and this is likely to mean increased export of this crop and a somewhat increased demand for jute bags.

A new wool-pack made from 40 per cent wool and 60 per cent paper has recently been prepared and is stated to be an efficient substitute for jute wool-packs.

The total import of jute and jute goods (in tons) is as follows:—

	1936.	1937.
Raw jute	21,493	14,054
Jute goods	5,809	4,867

URUGUAY, PARAGUAY AND CHILE.

The area seeded to various crops in Uruguay is officially estimated to be 22 per cent higher than the preceding crop year and the wool obtained from the last clip is given as approximately 55,000 tons.

The Ministry of Agriculture of Paraguay has decided to intensify the cultivation of jute and is distributing seeds among the farmers.

The volume of the 1937-38 Chilean wheat crop is calculated as 8,600,000 quintals or 856,293 tons, all of which will probably be consumed locally.

India's Trade With Holland During The First Quarter Of 1938

The Indian Government Trade Commissioner, Hamburg, has forwarded the following report regarding India's trade with Holland during the first quarter of 1938:—

The following is a brief summary of the position of Indian trade with Holland during the first quarter of 1938:—

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	Imports from India.	Exports to India.
	(In 1,000 gulden.)	
Jan. March—		
1937	7,755	2,619
1938	5,697	2,019

The figures for 1938 are exclusive of the imports from and exports to Burma, and that explains to a considerable extent the apparent decline in the trade figures. It will be seen, however, that the balance in favour of India has declined only by a little over 1,400 thousand gulden. The comparatively substantial fall in the imports from India is explained partly by the exclusion of the large quantity of rice which used to be imported from India, including Burma, and which now is credited to Burma. The import in rice in fact declined from 11.5 million kgs. during the first quarter of 1937, to a little over one million kgs. in the same quarter of this year. The imports of certain other important Indian commodities also have appreciably declined during this quarter as compared to the first quarter of the previous year. For instance, cotton imports declined from 4.1 million to 2.5, million kgs., the jute imports declined from 5.6 million to 2 million kgs., and imports of oilcakes have declined from 7.6 million to 6.4 million kgs. As against these, the imports of groundnuts have increased from 24.4 million to 26.9 million kgs., imports of coir yarn from 1.3 million to 1.8 million kgs., and of manganese ore from 1.3 million to 2.6 million kgs.

India's Trade With France During January—March, 1938.

The Indian Government Trade Commissioner, Hamburg, has forwarded the following report regarding India's trade with France during January-March, 1938 :—

The figures of the French trade for the period January-March, 1938, which have just become available, show that the imports from India into France during this quarter, have declined from 313 million francs to 263 million francs, a decline of 50 million francs. French exports to India, on the other hand, have risen from 26 million francs to 39 million francs, proportionately a very large increase. It will be seen thus that the net balance of trade is still in favour of India, but has worsened compared to the corresponding quarter of the previous year to the extent of 63 million francs.

French-Indo Trade for the period January-March 1938
(In Million Frs)

June 1938

	Imports from India	Exports to India	Balance in favour of India.
Jan—March 1937	313	26	287
Jan—March 1938	246	39	224
Net worsening	—	—63	

India's Trade With Czechoslovakia For January—March, 1938.

The Indian Government Trade Commissioner, Hamburg, has forwarded the following report regarding India's trade with Czechoslovakia during January-March, 1938 :—

The following table summarises briefly the position of Indian trade with Czechoslovakia for the period January-March, 1938 :—

	(In million Kr.)		
	Imports from India.	Exports to India.	Balance of trade in favour of India.
Jan March, 1937	91	37	+54
Jan March, 1938	58	33	+25
Net worsening	—29		

A fall of 33 million krone in Czechoslovakia's imports from India during the first quarter of this year, is rather striking and somewhat disturbingly large. By comparison, the fall in Czechoslovakia's exports to India amounting to only 4 million krone, is virtually insignificant. The decline in Czechoslovakia's imports of cotton and jute are mainly responsible for this deterioration. The imports of cotton at 166 million krone show a falling off of about 126 million krone as compared to Czechoslovakia's total imports of cotton during the corresponding quarter of the previous year. Similarly, her imports of hemp and jute have declined quite substantially from 106 million krone to 57 million krone.

Foreign Trade of Italy during March, 1938.

The following report on the foreign trade of Italy during March, 1938, has been received from the Indian Government Trade Commissioner, Milan :—

The following statement gives the values of the imports and exports of merchandise (excluding gold and currency) into and from Italy during March, 1938, as compared with the imports and exports of certain earlier periods :—

	(In Million of Lire)		
	Imports.	Exports.	Balance.
Monthly average 1937	1,153	869	—284
March, 1937	1,082	836	—246

June 1938

February, 1938	998	879	—119
March, 1938	1,014	813	—201

Figures given above are inclusive of Italy's trade with her colonies and possessions abroad. The figures of trade with foreign countries, excluding trade to and from the colonies and possessions are set out in the table below :—

	(In Millions of Lire)		
	Imports.	Exports.	Balance.
Monthly, average 1937	1,124	654	—470
March, 1937	1,064	596	—468
February, 1938	979	649	—330
March, 1938	993	650	—343

CHANGES IN IMPORTS.

The main changes in the imports, classified according to categories, from all sources are summarised in the following table :—

	(In Millions of Lire)			
	Monthly average, 1937.	March, 1937.	February, 1938.	March, 1938.
Raw materials	516	424	476	511
Semi-manufactures	240	214	263	233
Finished products	157	123	144	159
Living animals and food articles	240	321	115	111

The increases and decreases under some of the more important heads of imports in March, 1938, as compared with the imports of the same period of the preceding year, are shown below :—

	(In Millions of Lire)		
	March, 1937.	March, 1938.	Increase (+) or Decrease (—)
Cotton, raw	80	92	+12
Coal and coke	120	171	+51
Mineral oils	55	68	+13
Machinery	40	58	+18
Raw wool and animal hair	35	44	+ 9
Oilseeds	41	32	—9
Iron and steel—			
Semi manufactures	24	37	+34
Scrap	16	15	—1
Wood and timber	22	19	—3
Copper ingots and scrap	35	27	—8
Cellulose	22	47	+25
Coffee	20	16	—4
Rubber and gutta-percha	21	13	—8
Fish	19	11	—8
Raw hides and skins	30	33	+3
Jute, raw	8	9	+1
Oils and fats, other than mineral	24	27	+3

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CHANGES IN EXPORTS

The principal variations in the exports, classified according to categories, are exhibited in the statement given below :—

	(In Millions of Lire)			
	Monthly average, 1937.	March, 1937.	February, 1938.	March, 1938.
Raw materials	81	86	79	68
Semi-manufactures	166	149	172	167
Finished products	365	342	356	294
Living animals and food articles	257	259	272	274

Comparing the values recorded for March, 1938, with the corresponding values of the same month of 1937, the main increases and decreases under certain main heads of exports were as follows :—

	(In Millions of Lire)		
	March, 1937.	March, 1938.	Increase (+) or Decrease (—)
Cotton manufactures—			
Piecegoods	56	39	—17
Yarns	23	14	—9
Others	13	12	—1
Artificial fibres—			
Raw fibres	35	28	—7
Manufactures	25	25	..
Silk thrown	13	24	+11
Woolen manufactures	26	31	+5
Vehicles and parts	85	39	—46
Machinery	20	27	+7
Citrus	78	77	—1
Dried fruits	23	21	—2
Hemp, raw	26	34	+8
Rice	21	18	—3
Olive oil	18	16	—2
Sulphur	7	11	+4

DIRECTION OF TRADE.

7. The variations in the respective shares in the imports of some of the more important countries having trade relations with Italy are shown below :—

	(In Millions of Lire.)		
	March, 1937.	March, 1938.	Increase (+) or Decrease (—).
Germany	189	245	+56
U.S.A.	95	122	+27
Austria	47	36	—11
Roumania	17	23	+6
Hungary	39	19	—20
Argentina	131	27	—104
France	31	19	—12
Switzerland	21	25	+4

EXPORTER & IMPORTER

June 1938.

United Kingdom	29	73	+44
India	44	33	-11
Czechoslovakia	21	22	+1
Turkey	8	28	+20
Italian Colonies	18	21	+3

8. The geographical distribution by Continents of the imports in each main category during the two months ending March, 1938, compared with the same period of 1937, may be shown as follows :—

(In Millions of Lire..)

	January- March, 1937.	January- March, 1938.
--	-----------------------------	-----------------------------

Raw materials—

From Europe	483	691
„ Asia	165	209
„ Africa	164	140
„ America	335	414
„ Oceania	37	61

Semi-manufactures—

From Europe	365	580
„ Asia	41	35
„ Africa	51	42
„ America	115	134
„ Oceania	...	1

Finished products—

From Europe	354	436
„ Asia	e2	2
„ Africa	1	2
„ America	32	27
„ Oceania	...	...

Living animals and food products—

From Europe	375	500
„ Asia	18	21
„ Africa	30	64
„ America	245	82
„ Oceania	96	2

9. The principal destinations of the exports, taken as a whole, are indicated in the following table :—

(In Millions of Lire.)

	March, 1937.	March, 1938.	Increase (+) or Decrease (—).
Germany	130	149	+19
U.S.A.	60	64	+4

United Kingdom	44	50	+6
Switzerland	41	39	—2
France	41	28	—13
Egypt	18	15	—3
Austria	21	21	...
Argentina	22	33	+11
India	8	11	+3
Italian Colonies	420	164	—76

Trade of Kenya and Uganda in 1937.

According to the Annual Trade Report of Kenya and Uganda for the year ended 31st December, 1937, issued by the Acting Commissioner of Customs. Kenya and Uganda, the value of domestic exports of the combined territories amounted to £ 9,656,791 as compared with £ 8,354,774 in 1936, and is the highest total on record. Transit and transshipment exports declined from £ 419,241 in 1936 to £ 80,470 in the year under review but re-exports advanced from 2,191,124 to £ 2,495,948. The total trade exports for the year reached a figure of £ 11,891,938 as against £ 10,310,376 in 1936.

Trade imports during the year at £ 10,053,535 showed an increase of £ 8,872,781 over 1936 and constitute the highest value attained since the year 1929.

Imports from and Exports to India

The total value of merchandise imported from India during 1937 amounted to £ 458,048 as against £ 381,968 in the preceding year. The main articles of importation from India were Rice, Wheat flour, Spices, Cotton piecgoods, Jute bags and sacks, etc., and Leather. The total value of the domestic exports of the combined territories to India amounted to £ 3,070,497 as against £ 1,781,408 in 1936.

Cotton Textiles

This group continues to be the most important item of trade imports. During 1937 the value of cotton textiles was £ 1,292,151 or 11.93 per cent to all goods imported.

The average value per yard of imported cotton textiles in 1937 was 3.3d. as against 3.0d. for each of the years 1934, 1935 and 1936 ; cotton blankets show a value per blanket of 1s. 4d. as against 1s. 3d. in 1936 and 1st 2.6d. in 1935.

The following comparative statements (a) and (b) indicate the position of the cotton textile trade as regards the different varieties imported and the sources of supply :—

June, 1938.

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(a) Different Varieties of Cotton Textiles Imported during the last three years.

Varieties	1935.		1936.		1937.	
	Value	Percentage of Textiles	Value	Percentage of Textiles	Value	Percentage of Textiles
	£	Per cent.	£	Per cent.	£	Per cent.
Unbleached	220489	25	247167	26	274347	21
Bleached	50076	6	54492	6	84751	7
Printed	155747	18	154070	16	186449	14
Dyed in the Piece	196889	22	190847	20	314343	24
Coloured	165051	19	154140	16	252944	20
Cotton Blankets	89027	10	158520	16	179317	14
Total	877279	..	959236	...	1292151	...
Percentage of Imports	..	13.21	..	13.00	..	11.93

(b) Importations of Cotton Textiles from Different Countries during the last three years.

Country of Origin	1935.		1936.		1937.	
	Value	Percentage of Textiles	Value	Percentage of Textiles	Value	Percentage of Textiles
	£	Per cent.	£	Per cent.	£	Per cent.
United Kingdom	140707	16	114557	12	112827	9
India	29160	3	24810	3	35123	3
Germany	31523	1	74582	8	88260	7
Netherlands	18802	2	14442	1	22425	2
Japan	614412	70	672073	70	959185	74
All other countries	42675	...	58772	6	75336	5
Total	877279	..	959236	...	1292151	...



‘Commercial Relations between India and Japan’

(By C. N. Vakil, University Professor of Economics, Bombay and D. N. Maluste, M. A., B. Com., (London) Bar-at-law, Longmans, Green & Co. Ltd)

THE book under review was first written in the form of a thesis for the M.A. degree of the Bombay University by Mr. Maluste when he worked as a research scholar in the school of Economics and Sociology. This however does not in the least militate against its usefulness to students of public affairs. “Commercial Relations between India and Japan” is undoubtedly a very informative publication, and will be found highly instructive not only to business-

men interested in Indo-Japanese trade relations but also to politicians and economists who might well wonder at the rapid transformation of a country from a secluded feudal state without any ships, railroads, financial institutions and other accessories of modern economic life, with negligible commerce, with handicraft industries and with primitive commerce, to a highly developed nation with extensive trade relations and occupying a key position in the world to-day as one of the five great powers.

Chapters one and two of the book are devoted to a study of the economic organisation of Japan, while

the rest examine the trade position between the two countries under different headings. In chapter seven on "Japanese Competition," the authors are probably at their best, having brought to bear on the subject a critical and entirely unprejudiced mind. Chapter eight, which is the concluding chapter, deals with the Indo-Japanese Trade Agreement of 1934. There are four appendices to the book, containing the text of the Indo-Japanese Trade Agreement, 1934, Convention, the Indo-Japanese Trade Agreement, 1934, Protocol, the Agreement between Japan and Burma 1937, Protocol and the announcement regarding the new Indo-Japanese Agreement, 1937.

There is nothing very striking or original in the authors' treatment of the trade relations between the two countries or of the trade agreement of 1934 and it is really unnecessary to examine them. So far as the facts of the problem are concerned, Japan's share in the import trade of India has steadily increased from 6.2% in 1922-23 to 16.4% in 1935-36, while the share in the export trade has increased from 13.4% in 1922-23 to 13.7% in 1935-36. Though on account of the economic depression the aggregate value of the trade between the two countries, has diminished, relatively with other countries, the position has improved. Thus whereas in 1929-30, Japan sent us 9.8% of our imports, she sent us 16.4% per in 1935-36, while on the export side, while Japan's offtake of Indian goods was 10.3% in 1929-30, it increased to 13.7% in 1935-36. The disquieting feature of the situation is the predominant position occupied by raw cotton in our export trade, which formed 21.47% of our total export to Japan 1935-36. As a matter of fact, in that year Japan took 52% of our export of raw cotton, as against 13.5% taken by the United Kingdom. As for Japanese exports to India, the latter is the largest single market for Japanese piecegoods while imports of other goods are not inconsiderable in quantity or value. Hence the authors rightly stress the necessity for a more comprehensive agreement between the two countries. It may be news to many to be told that India depends for more than 50% of her supply on Japan in respect of silk goods mixed with other materials, wool hosiery, piecegoods of cotton and artificial silk, cotton blankets, cotton hosiery, apparel including drapery and uniforms, hats, caps, bonnets and hatter's ware, ties, clocks and time pieces, camphor, dry and unsalted fish, glass bangles, glass bottles and phials, glass tableware, enamelled iron wares, optical instruments and apparatus, mats and settings, brass and bronze wrought rods, brass and bronze wrought wire, fish oil, red lead and genuine dry paints and colour, paper and paste board straw boards, isinglass, ginger, toys and umbrella fittings,

while she depends practically for her entire supply on Japan in respect of artificial silk piecegoods, haberdashery and millinery—towels not in the piece, boots and shoes, rubber solid with canvas uppers, and miscellaneous kinds of porcelain.

In the opinion of the reviewer, it is what may be regarded as the academic part of the book which is more useful and instructive. The inability of the feudal lords to resist the attack of Commodore Perry and his crew had shown the Japanese people their weakness. Finally in 1868, feudal rule was abolished and the monarchy was restored and in the words of the authors "with the restoration began a series of political, social and economic reforms, which in scope and rapidity of movement are unparalleled in history." It is interesting to note here that some of the feudal barons themselves presented memorials to the throne for abolishing feudalism and taking over the reigns of the Government fully in the hands of the Crown. The feudal lords were bought off; they were given Government bonds in proportion to their feudal income. (Here is a lesson for India). This was also to the benefit of the feudal lords, many of whom invested the funds now made available to them by the Government in industry and commerce. The cause of the spectacular development that has taken place since then have been traced to the social psychology and the characteristics of the people which may be summed up in one word "patriotism", the economic policy adopted by the Government which actively assisted industry by liberal grant of subsidies, bounties and in many cases by direct state ownership and management of new enterprises like railways, coal and iron mines, shipbuilding yards, textile factories including spinning and weaving mills of silk, cotton and wool and factories for the manufacture of paper and glass—these were transferred to private enterprise by 1884 by which time it had sufficiently developed; and finally by the excellent opportunities that Japan had during three successive wars, namely the Sino-Japanese war of 1894-95, the Russo-Japanese war of 1904-05 and the great war of 1914-18, the last of which enabled her to capture the Far Eastern markets formerly dominated by European nations. These wars have been so important in the economic development of Japan that Sun-yat-ser has sarcastically remarked that Japanese militarists think that war is the most profitable national pursuit and that their general staff keep on planning a war once in a decade.

The authors have rightly shown that tariff protection was not the most important factor in hastening the industrial development of the country. Such a policy could not be adopted for a long time on account of the restrictions placed on her fiscal

autonomy by foreign powers, though when Japan did adopt a protectionist policy it helped to consolidate her position in the domestic market.

Coming to the question of the causes of Japanese success in capturing foreign markets, the authors have taken a very sensible view in rejecting the theory of low wages. The Japanese worker might not be as well off as his European confreres but his lot is distinctly better than that of Indian workers. The money wages of Japan labour might not be higher than those of Indian labour, but Japan employers do an amount of welfare work which though may not be exaggerated is still considerable. As regards the depreciation of the yen, the authors agree that it is an important cause. During 1931 to 1935, the yen depreciated by 60% while the dollar and the sterling by 41 and 35 per cent respectively. More amicable relations between Capital and Labour than in other countries, superior organisation especially on the selling side, adoption of the latest machinery rendered more feasible by the working of double shifts, keen study of foreign markets and the presence of a national mercantile marine—it is ironical to note that both

for exporting a pound of raw cotton to Japan and for importing back to India cotton piecegoods made from it the total freight is only 4 pies, which is the same as the freight on piecegoods alone from Bombay to Sholapur—are the other important causes of Japan's success.

Turning to the future of the Japan, the authors take a pessimistic view. Japan has to depend upon foreign trade for her raw materials as well as food stuffs, being deficient in both. The position is not satisfactory because she depends mainly on two commodities, raw silk and cotton goods, the demand for which is not stable. Further her trade is concentrated as it were on three countries, U. S. A., India and China and to that extent she is at their mercy. Another disquieting factor is that with the rapid industrialisation of India and China, she cannot expect to dump her goods in these two markets. Hence, to adopt the words of the authors "the outlook for a country like Japan is none too bright." And there can be no doubt that it is this realisation which has impelled Japan to launch on a policy of aggressive colonial wars.



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ONE ANNA DAILY

Foreign Exchange Control in Japan

THE following note on the Foreign Exchange Control in Japan, received from the Indian Government Trade Commissioner, Osaka, is published for general information:—

THE State control of foreign exchange in Japan was accepted as a national economic policy shortly after the abandonment of the gold standard in December, 1931. The first Foreign Exchange Control (Law No. 28 of 1933) was, however, introduced early in 1933 (enforced from May 1). The object of this legislation was to prohibit or restrict the following acts or transactions:—

1. Acquisition or disposal of foreign currency or foreign exchange,
2. Exportation of currency, gold bullion, alloys of gold, or articles having gold or their chief component, or the melting down, damaging or destruction of gold coins,
3. Remittances to foreign countries by methods not included in items 1 and 2 above,
4. Payments in Japan under instructions given in a foreign country,
5. Engagements relating to rates of foreign exchange,
6. Acquisition or disposal of securities, claims, or liabilities expressed in foreign currency,
7. Issue or acquisition of letters of credit,
8. Acts of granting credit to residents in foreign countries,
9. Exportation or importation of securities,
10. Exportation of goods unaccompanied by a bill of exchange for the whole or part of their value.

During 1933, the invisible export receipts of Japan were sufficient to cover the adverse trade balance and still leave a credit of about 91 million yen, this being the first substantial favourable balance of payment since the Great War. The range of yen-dollar fluctuation also narrowed considerably and the weak tendency of the rate on the City also largely disappeared. After the United States embargo on gold export, the rate on London became the standard quotation on the exchange market. Since then the yen exchange market has entered a period, more or less, of stability.

With the enforcement of the Foreign Exchange

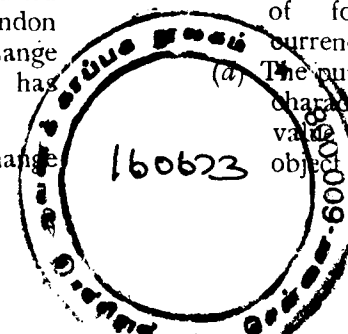
Control of 1933, the earlier legislation relating to the prevention of flight of capital was revoked. The exchange control law now forms the basis of the foreign exchange control system of Japan and since its promulgation several ordinances based on it have been issued and modifications introduced from time to time to meet the exigencies of the situation.

So far as her foreign trade is concerned, the control of foreign exchange at present rests upon two basic ordinances (Ordinance No. 7 of 1933 promulgated on April 26, 1933, and Ordinance No. 1 of 1937) issued in accordance with the provisions of the Foreign Exchange Control Law (Law No. 28 of 1933 as revised by Law No. 81, dated August 27, 1937, and Law No. 89, dated September 9, 1937). Both the Ordinances have been revised a number of times. Of these, the Ordinance No. 1 of 1937 deals specifically with restriction of payments for merchandise imports and of payments by foreign exchange banks under instructions given in a foreign country. The provisions of this Ordinance as they stand at present are set forth below:—

ARTICLE I.

1. Without the permission of the Japanese Minister of Finance, no transactions or acts as enumerated below (including execution of forward foreign exchange contracts made prior to the enforcement of this Ordinance) for the purpose of making payments necessary for the importation of merchandise into Japan or into localities where Japanese currency is legal tender, may be performed—

- (a) Purchase, against Japanese currency as a counter-value, of foreign currency, foreign exchange, or purchase of yen exchange on localities where Japanese currency is legal tender.
- (b) Sale of foreign exchange against Japanese currency as a counter-value against to parties other than foreign exchange banks or with the object of offsetting exchange purchased,
- (c) Sale of yen exchange having the character of foreign exchange, against foreign currency as a counter-value,
- (d) The purchase of yen exchange, having the character of foreign exchange as counter-value against foreign currency with the object of offsetting exchange sold.



India's Trade with Japan from 1927-28 up to 1936-37.

In connection with what has been stated in the previous article, the following statistics of trade with Japan since 1927-28 will be found highly instructive.

Commodities.	Value of commodities imported from Japan (in lakhs of Rupees.)									
	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37
Apparel	14.35	20.02	18.73	18.50	20.76	25.48	30.18	35.02	26.19	41.40
Artificial silk	13.46	33.66	14.57	15.11	216.96	270.63	155.81	270.38	263.98	353.67
Boots and shoes	1.61	3.05	29.42	67.16	48.72	31.57	32.41	19.80	13.71	7.12
Cotton hosiery	113.54	125.19	123.35	76.51	41.50	61.23	72.51	53.53	40.12	28.91
" piecegoods	824.75	889.29	1,269.36	592.90	545.20	765.39	443.20	519.58	635.26	557.96
" yarn	32.59	25.35	163.78	83.56	82.82	160.71	95.67	25.52	179.21	137.42
Earthenware and porcelain	27.40	28.60	31.47	21.31	16.74	31.59	29.95	32.15	26.15	26.77
Hardware	157.61	167.24	26.05	20.91	15.77	30.11	34.77	32.52	35.62	34.15
Silk-manufactures	13.35	16.48	160.24	89.01	95.99	201.72	210.62	209.30	163.58	130.24
Toys and requisites for games	30.56	16.48	18.84	13.10	9.66	22.86	33.80	30.58	26.16	24.38
Brass, bronze etc.	12.01	35.50	32.87	24.70	16.97	40.83	32.53	38.97	43.63	22.85
Woolen manufactures	..	2.88	5.14	3.19	1.52	14.16	33.07	136.10	78.13	88.65
Total	1,750.19	1,767.67	2,358.55	1,451.10	1,333.97	2,047.74	1,635.51	2,076.62	2,184.32	2,127.26
Value of commodities Exported to Japan (in lakhs of Rupees.)										
Cotton raw	2,198.59	2,102.62	2,729.64	2,069.31	1,104.66	1,112.31	1,052.53	2,153.20	1,794.31	2,541.17
Hides and skins tanned or dressed	26.86	36.75	31.92	29.15	25.72	20.66	21.55	25.15	20.26	22.83
Iron and Steel	154.36	187.20	180.02	79.59	85.30	51.09	66.07	67.86	105.10	95.71
Jute raw	34.75	36.73	44.17	11.68	17.47	22.73	23.53	31.83	39.60	57.95
" manufactures	97.95	45.30	65.15	17.50	12.88	24.84	14.11	43.01	51.90	66.59
Lace	25.38	33.83	32.90	18.02	15.49	8.05	6.95	28.70	18.73	20.64
Pulse	26.43	32.11	26.63	10.47	11.73	9.28	6.90	9.39	16.80	24.26
Lead	15.15	10.85	17.38	18.74	38.69	20.91	17.12	40.76	54.50	58.78
Total	2,900.66	3,442.57	3,326.72	2,373.49	1,394.28	1,395.10	1,261.21	2,459.13	2,188.71	3,007.18

- (e) Transmission or carrying to foreign countries of currency, foreign currency, cheques, or drafts and making remittances to foreign countries by methods other than through exportation (which is also subject to the permission of the Ministry of Finance) of gold coins, gold bullion, gold alloys or articles chiefly composed of gold or by methods not implied in the provisions set forth herewith.
- (f) Payment within a locality where this Ordinance is in force under instructions given in a foreign country.
2. The requirement for obtaining the prior sanction of the Minister of Finance in respect of transactions or acts mentioned in (a) to (f) above for the purpose of making payments necessary for the importation of goods into Japan or into the areas where Japanese currency is legal tender, does not, however, apply to the following cases:—
- (1) When performing transactions or acts the total value of which for one month does not exceed an equivalent of Yen 100.
 - (2) When selling or paying exchange, or purchasing exchange for making payments, under letters of credit acquired with permission under the provisions of Article 2 of this Ordinance or acquired without permission as exempted under the proviso suffixed to the said Article.
 - (3) When necessary for the payment of documentary bills of exchange relative to merchandise which has already been imported or shipped from foreign countries at the time this Ordinance came into force, *i.e.*, January 8, 1937.
 - (4) When executing forward foreign exchange contracts made prior to the enforcement of this Ordinance, for the payment of documentary bills of exchange relative to merchandise shipped from foreign countries within a week from the date of this enforcement.

ARTICLE 2.

Without the permission of the Minister of Finance no letters of credit necessary for the importation of merchandise into Japan or localities where Japanese currency is legal tender, may be acquired, provided however that this shall not apply to cases where the aggregate amount for any month does not exceed the equivalent of Yen 100.

ARTICLE 3.

Without the permission of the Minister of Finance,

persons who have exported merchandise or securities without negotiating, for the whole or part of the value thereof, covering foreign exchange, or yen exchange on localities where Japanese currency is legal tender, and also those who are entitled to receive from abroad the proceeds of such merchandise or securities may not appropriate the whole or part thereof to the payment of merchandise imports into Japan.

ARTICLE 4.

Part 1.

Without the permission of the Minister of Finance, no foreign currency-securities or deposits or loans or other claims expressed in foreign currency which are owned in foreign countries, may be disposed of, nor loans expressed in foreign currency be obtained in foreign countries against such assets as collateral, for making payments necessary for the importation of goods into Japan or localities where Japanese currency is legal tender.

Part 2.

Without the permission of the Minister of Finance, no importation may be made of merchandise for which no foreign exchange, or yen exchange on Japan from localities where Japanese currency is legal tender, has been negotiated for the whole or part of the value thereof, provided however that this shall not apply to the following cases:—

- (i) When importing merchandise relative to which permission for transactions or acts necessary for its payment has been obtained under the provisions of Articles 1 to 4 of this Ordinance.
- (ii) When importing as samples or gifts or for display in exhibition.
- (iii) When importing merchandise which had been exported from Japan but was reimported.
- (iv) When importing for the purpose of repairs.
- (v) When importing marine catches made by and loaded aboard fishing vessels having their bases in Japan.
- (vi) When importing personal effects or the private effects of a person who moves out of his residence.
- (vii) When importing on the basis of the requirements of Government Offices.
- (viii) Apart from the cases covered by the preceding [items (i) to (vii) above], when importing merchandise not exceeding 100-Yen in value in the aggregate for any one month.

Part 3.

Permits based on the stipulations of Article 1 to Article 4 of this Ordinance shall be obtained prior to the importation of the merchandise concerned. However, this shall not apply in case permission has been obtained in accordance with the stipulations of the preceding Article.

ARTICLE 5.

In becoming a party to the transactions or acts enumerated in Article 1 or Article 2 of this Ordinance, foreign exchange banks shall confirm that their client concerned has either obtained permission for such transactions or acts, or is not required to obtain such permission, under the provisions of this Ordinance.

ARTICLE 6.

Part 1.

After April 5, 1938, foreign exchange banks shall not perform the transactions or acts enumerated below without the permission of the Minister of Finance:—

- (i) Transactions or acts mentioned in items (a) to (f) of paragraph 1 of Article 1 of this Ordinance.
- (ii) (a) Acquisition for value of foreign-currency securities (that is, public bonds, corporation bonds, shares, or interest coupons on public and corporation bonds of Japan or of a foreign country provided they are expressed in foreign currency.

NOTE.—This does not apply to the acquisition in Japan of foreign-currency securities existing in the country on July 1, 1932, or securities imported with permission obtained otherwise; to the importation or exportation of securities in general with the permission of the Minister of Finance; to the importation without permission, of securities payable in Japan for obtaining payment thereof within three months prior to the due date or subsequent to the due date; to the exportation or importation, without permission, in connection with the production of shares, public bonds or corporation bonds as being required in fulfilment of an obligation or for the exercise or preservation of rights under Japanese or foreign laws or ordinances or under articles of association, shares public bonds, or corporation bonds in order to be returned or delivered by the corporations or public offices concerned, or their fiscal agents; or to the exportation or importation, without permission, of shares, public bonds or corporation bonds for transmission to their subscribers to whom they have to be delivered; to the acquisition of foreign currency securities by aliens with funds possessed by them in foreign countries, and to the acquisition, otherwise, in

Japan of foreign-currency securities imported into Korea, Formosa or Saghalien.

- (b) Disposal of foreign-currency securities of a foreign country existing in a foreign country. This does not apply to cases where sales are to be effected subsequent to the maturity of the dates for payment in accordance with the following stipulation: When foreign currency-securities held in a foreign country or interest or dividends on foreign-currency securities payable in a foreign country become due, payment thereof shall be received or they shall be sold within three months after the due date, provided however that this shall not apply when the permission of the Minister of Finance has been obtained.

The provisions embodied in this paragraph do not apply to emboldeners.

- (iii) Acquisition by assignment against Japanese currency as a counter-value of claims other than foreign exchange or foreign-currency securities expressed in foreign currency.
- (iv) Importation or exportation of securities with the following exceptions:—

1. When importing securities payable in this country, for obtaining payment thereof, within three months prior to the due date, or subsequent to the due date.
2. When shareholders, directors, holders of public bonds, or holders of corporation bonds export or import, for transmission to the corporations or public offices concerned, or their fiscal agents, such shares or bonds for production either as an obligation or for the exercise or preservation of rights under Japanese or foreign laws or ordinances or under regulations of corporations.
3. When exporting or importing, in connection with the production of shares, public bonds or corporation bonds mentioned in the preceding item, shares, public bonds, or corporation bonds in order to be returned or delivered by the corporations or public offices concerned, or their fiscal agents.
4. When exporting or importing shares, public bonds for transmission to the subscribers of shares, public bonds, or corporation bonds to whom they have to be delivered.
5. When exporting or importing securities expressed in Japanese currency to or from

localities where Japanese currency is legal tender, excepting, however, the exportation of interest coupons on public or corporation bonds.

One who has imported or exported securities shall report to the Minister of Finance within two weeks according to the rules fixed separately. However, any person who intends to travel with securities to a foreign country must report it prior to his or her undertaking the journey.

Part 2.

Without the permission of the Minister of Finance, after April 5, 1938, foreign exchange banks shall not issue letters of credit on foreign countries (excluding localities where Japanese currency is a legal tender).

Part 3.

The Minister of Finance has, when considered necessary, the discretion to waive the application of restrictions on transactions or acts stipulated in this Ordinance, in individual cases that may be designated by him.

ARTICLE 7.

For the procedure involved in the applications for permission as provided for by Articles 1 to 4 and 6 the provisions of Articles* 1, 4 to 11, 13 to 15, 18 and 19 of the Ministry of Finance 1913 Ordinance No. 8 shall apply *mutatis mutandis*. However applications for permission provided for in the fore-part of Article 4 shall contain the appropriate necessary items.

Part 2.

For the procedure involved in applications for permission as provided for in Article 4 (Part 2) and 6 (Part 2), the provisions of Article 1 of the Ministry of Finance 1933 Ordinance No. 8 shall apply *mutatis mutandis*. In such cases, applications for permission as provided for in Article 4 (Part 2) and Article 6 (Part 2) shall contain appropriate necessary items similarly in accordance with the provisions of Articles 6, 17 and 14 respectively of the same Ordinance.

ARTICLE 8.

Persons who, without receiving permission as exempted by the provisions of Article 1, paragraph 2 (3) or 2 (4), wish to pay documentary bills of exchange relative to merchandise imports into Japan, or localities where Japanese currency is legal tender, shall, within two weeks after the enforcement of this Ordinance in the case where the relative merchandise has already been imported and within two weeks after importation in the case where the relative merchandise is imported after the enforcement of this Ordinance, draw up a record of such imports *mutatis mutandis* in conformity with the specified form and file its original direct with the Minister of Finance.

ARTICLE 9.

Persons who during 1936 imported into this country, or localities where Japanese currency is legal tender, merchandise in the aggregate amount of over Yen 500,000, shall draw up in duplicate.

* These embody detailed procedure to be observed while filing applications for permits.



Made in Japan

JAPANESE MARKETING METHODS

CERTAIN Japanese manufacturers continue to compete with American firms for overseas markets through the use of imitative trade marks and other devices calculated to deceive the buyers into thinking that he is purchasing American merchandise rather than Japanese.

The baldest and latest offense along these lines is the inscription "Made in U.S.A." which is now to be found on some Japanese products. Basis for the deception is a Japanese town conveniently renamed "U.S.A."

This is simply an aggravated form of an old Japanese custom, for the town of "USA" was preceded by

another named "Solingen," after Germany's famous steel centre.

Like so many Japanese ideas, this one is not original. For Germany itself, not content with its own Solingen, found it expedient to place the name "Sheffield" on the map of Germany, thus finding ground for marking its various products "Made in Sheffield," in imitation of the British.

Other marks suggesting American origin are used "Made in U.S.A." To crash the closed Chinese market, a Japanese cigarette lighter bears the words "UNITED STATES" and "America" and in the midst of the required Chinese characters.

Incorrect Spelling

But like most imitations, this one is far from perfect. Crude, even. Achilles heel of the Japanese counterfeiters is an extraordinarily poor aptitude for spelling.

To the credit of the Japanese authorities, it should be recorded, some progress is being made toward discouraging these myopic views of certain Japanese nationals. Witness the highly satisfactory results of a recent legal bout between the Shanghai agent for a famous American spark plug and Japanese manufacturers, distributors and dealers who were found to be marketing a rank imitation at half the price.

The Japanese product itself compared well with the original. Wording on the package, however, was off in its spelling, and through this the offenders were traced.

In the suit it was charged that there was misrepresentation of the place of origin of the Japanese article, fraud in the use of another's trade mark and trade name, and usurpation of identity and goodwill in the market.

Litigation was made possible by the extra-territoriality of the the originator's rights, arising from an international convention regarding fair competition.

The Japanese court at Nagoya, Japan, announced that it would hold the accused under the fraud statutes of the Japanese criminal code. Two days later the accused requested arbitration, but were refused.

Thereupon the dealers who were handling the spurious merchandise, anxious to avoid involvement in panalties and unfavorable publicity, agreed to surrender all of such merchandise on hand. Pending trial, steps were taken by the American company to impound the stocks of the offending Japanese manufacturers, as well as those of a large wholesaler.

Immediately there was resort on the part of the offending Japanese to local influence. But the authorities, happily, were obdurate, pointing out that the imitators had shown no concern for the boomerang effect of such unfair competition on Japanese goodwill abroad.

Security Posted

Upshot of the litigation was that the offending Japanese manufacturers, together with their dealers, were ordered to deposit 10,000 Yen in cash to the credit of the American company for one year, as security for future good behavior. They were further ordered to deposit 2300 Yen with the company's local counsel to defray preliminary expenses should the agreement be breached and further action become necessary. Should the agreement be broken, 5000 Yen were to be forfeited immediately.

The Japanese manufacturers were also obliged to turn over to the counsel for the American company all the infringing spark plugs in stock, as well as all others that could be recovered from the market.

Finally, the offending manufacturers were caused to apologize publicly in all Japanese daily newspapers and in two English language papers.

In true Japanese style, the court then provided that in future dealings there should be no discrimination by the American company against the offending parties, so long as the other provisions of the agreement continued to be fulfilled.

While no actual damages were accorded the American company, the result of this case was a real victory for exponents of fair competition in international trade.

In view of the stern action of the Japanese court in this case it seems all the more strange that the Japanese Government permits manufacturers to mark their wares "Made in USA" with intent to deceive the overseas trade.



Silk From Milk

OF COWS FED ON MULBERRY

MR Benjamin Roos, forty-one years old German Chemist, now working in England, is trying to produce a perfect synthetic silk from milk. Already he has been ten years on his task, and made silk from milk in his laboratories, silk of fine texture and colour. In 1931 Mr. Roos sent Government analysts in Berlin a sample of his own invention. The analysts declared it was impossible to distinguish between them.

So far he has spent more than £ 25,000 in research work, and for years has kept laboratories going in four countries, setting himself to

obtain five essentials— beauty, colour, strength, elasticity and non-shrinkableness. At present he can combine up to any four of these qualities but the remaining point of perfection escapes in the process.

Mr. Roos has succeeded in a remarkable experiment. He is arranging for two cows to be fed for three weeks on mulberry leaves, which is the only diet of the silkworm. "I intend taking two cows in fine condition and have them left to pasture in the ordinary way for a week" he declared. "Then I will analyse their milk, the butter made from it, and the casein remaining in the skimmed milk. Ca-

sein is the raw material from which I make my synthetic silk. Next, the cows will have a proportion of mulberry feed them. The same tests will be carried out. Later I hope to feed them for three weeks almost entirely on mulberry leaves, again testing the results. If the cows fed on mulberry leaves produce casein which is more suitable for my silk than that from ordinarily fed cows, I shall attempt to make a chemical analysis to establish the difference between the two caseins. If the chemical constituents of this difference are once ascertained it should be possible

to improve the normal casein by manufacturing the difference in the laboratory". Mr. Roos has already been offered the cows and the necessary equipment for his experiment, but he is still in need of mulberry leaves. An average cow, every day it is milked, can produce enough casein to manufacture nearly 21 lbs. 8 ozs. of synthetic silk. This is after butter has been made from the milk.

It takes more than 30,000 silkworms, who will eat a ton of ripe mulberry leaves to yield 12 lbs. of raw silk properly reeled.



New Products

"Vapozone" A Natural Process For The Regeneration of The Skin And The Hair

The "Vapozone" process marks a further advance in the domain of biological treatment of beauty and of the body. It employs, for the first time, a new gas composition consisting of an electrically charged vapour and of gaseous ozone. By the application of this "Vapozone" gas there is advantageously influenced a quantity of biological phenomena which is of vital importance to either healthy or impoverished cellular tissues, as:

1. An augmentation in skin respiration (perspiratio insensibilis).
2. Intensive circulation of the blood and internal feeding of all the skin, also of the cellular tissues of the scalp.
3. Disinfection and elimination of combustion residues, to the deepest layers of the tissues, by the

destruction of harmful bacteria and organic scoriae.

4. Increasing activity of metabolism and of the oxydation of the cells.

This is why the "Vapozone" process is employed with success to fight against a pale dull, or impure complexion, also against undernourishment of the skin and the various diseases of the scalp.

The "Vapozone" process is not only confined to the beautifying of the skin, it entirely regenerates it.

This gas mixture, more strongly concentrated (therapie a l'ionozone), is employed with advantage and success in dermatology, surgery, and oto-rhino-laryngology.

"Vapozone" and "Ionozone" apparatus, of perfect workmanship, are delivered in different models by: Carl Ronzi, Bau-Ingenieur, Zurich.



Publicity in Properly Piled Boxes

"Proper Piling of Shipping Boxes," issued by The Hindu & Dauch Paper Co. of Canada, Ltd., Toronto, Ontario, is one of its popular series of Packaging Handbooks.

"Proper Piling" tells briefly, but graphically, both how to pile and how *not* to pile shipping boxes. The handbook is illustrated throughout with line

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All About the Ratio Controversy

Economics for the Businessman

AT the outset, it is useful to remind the reader that to talk of the ratio as eighteen pence does mean that exchange is all the time at the fixed rate of eighteen pence. 1s. 6d. is the par, the mean or average rate. Exchange can fluctuate up to a small margin above 1s. 6d., and up to a small margin below. What the margin upwards and that downwards are, is determined by two sections in the Reserve Bank of India Act. Under these two sections, exchange can move up to 1s. 6 3/16 d. and not higher; and can go down to 1s. 5 49/64 d., and not lower. 1s. 6 3/16 d., is described as the lower point. Exports exceeding imports account for a higher exchange, and imports exceeding exports induce a lower exchange. It should now be easy to understand that exchange will move up to 1s. 6 3/16 d., or the upper point, when exports are substantially in excess of imports. By the same token, the regress of the rupee-rate to the lower point is an indication that exports are being outdistanced by imports. *En passant* I must again stress that, when we refer to exports or imports, we must take into account not only the visible items but also the invisible items. That exchange has dropped from 1s. 6 1/8 d. (which is only two points below the upper point) to 1s. 5 13/16 d. (which is one and a half points above the lower point) and that this catastrophic fall has come about in much less than a month, must be construed as an indication of rapid deterioration in the export-import balance.

* * * * *

It is axiomatic that exchange can be maintained round about 1s. 6d., without dipping unduly low or shooting unduly high, only when there is, and there is maintained, a kind of balance between exports, including invisible items, and imports, likewise including invisible items. Those who want to know the real position in regard to the present and future of the ratio must, therefore, make a careful study of the various factors that pertain to India's foreign trade and the various transactions which enter into the calculation of the international balance sheet of India. Let me first deal with imports. There are, firstly, imports of merchandise. These are mostly manufactured goods and specialties imported from foreign countries. Examining the figures over a period of years, it may be stated, in broad terms, that the total of India's imports in merchandise is generally considerably lower than the total of exports in merchandise. Imports of merchandise are a visible and ascertainable item.

The second head to be noted is imports of gold and silver, also a visible item. There have been some what curious developments in this regard in the past few years. Till 1931, India used to be, year after year, a regular importer of the precious metals. India is the one country in the world in which there is a considerable and a minimum demand for precious metals for non-monetary and customary purposes. Imports of gold and silver have fluctuated from year to year; but, knowing that no one can be born or can wed or die in India without some quantity of silver or gold being required for some rite or ceremony or other, it must be considered a conservative estimate to say that, given a return to normal conditions and given an average standard of economic well-being in the country, India will need to import a minimum of Rs. 20 crores of gold and silver. Since 1931, however, the severity of economic depression especially in the rural parts had reached such an acute phase that people were obliged to melt their silver vessels and gold ornaments and sell them for what they could fetch. 'Distress gold' as the metal thus disgorged from the mofussil has come to be called, started as a tiny rivulet in March 1931; it became a gigantic flood by 1932 and 1933. The floods have tended to subside in the last two years; and it looks as though the stream would dry up in a short while. The point to note in this connection is that the colossal exports of distress gold, which have taken place in the last six and a half years, are an unusual and abnormal phenomenon. Now that the reserves of gold and silver with the population that could be sold have been exhausted, we should expect the abnormal phase of gold outflow from India giving place, in due course, to the normal phase of gold inflow. In making any calculation as regards exports and imports of India in relation to its international balance sheet, it will be wrong to assume the continuance of gold exports; it is, on the other hand, essential to provide for the resumption of imports of treasure. My own idea is that the minimum demand for imports of treasure must be put at Rs. 20 crores per year.

* * * * *

The third component in imports pertains to invisible items. The most substantial among invisible imports pertains to Home Charges. These are the payments which the Government of India have to make annually to the India Office for disbursements in England by way of interest on sterling loans, leave allowances, pensions, etc. The Government have to remit money abroad against what we may call the

import of services of various kinds. Interest is service on loans. Pensions are services of retired officials. Leave allowances are services of officials in present employ. Home charges are of the order of £ 30 million to £ 35 million per year. The rupee equivalent may be put at an average of Rs 4 crores. per annum. Next in order of importance are the remittances made by Europeans serving in India or doing business in India. Next comes the expenditure incurred in foreign countries by Indian students, Indian tourists and Indian Princes. There are also remittances on account of the repatriation of the investments held by Britishers or Foreigners in India. Within recent times, repatriation on a considerable scale by British businessmen has taken place. While Britishers, who used to bring in money to India for investment in the old days, have been reversing the process especially in this decade, many Indian magnates and princes and a few Indian capitalists have also acquired a vogue for investing in British or foreign securities. In the case of ruling princes, dread of political developments in India has induced some of them to transfer funds to foreign centres as kind of refuge in times of need. Income-tax anomalies are responsible for Indian capitalists finding it worth the while to prefer investments in England to investments in India. There has been quite an appreciable diversion of this kind in recent years. Then, there are the profits of foreign banks, foreign insurance and shipping companies. Taking all these factors together, it will be a modest estimate to assess the total remittances needed against invisible imports at Rs. 70 crores per annum.

On the exports side, Merchandise is the principal feature, and, apart from jute manufactures, the main components of merchandise exports are raw materials. As I have indicated in an earlier portion, exports of treasure are a recent, and, I believe, a transient phase. As for the invisible items under exports, there is hardly any export of services from India. Not many Indians are engaged in foreign countries in business or profession and are able to remit funds to India. Nor do our universities attract foreign students. Nor is India an ideal sport for foreign pleasure hunters. There is no question at all of Indian banks or Indian insurance or shipping companies making profits elsewhere and bringing them to India. Between 1928 and 1932, short term funds London were largely invested in rupee treasury bills. These are imports of capital and exports of services on debt. In the past five or six years, the floating debt in India is more or less financed by the domestic resources of banks. Summing up, while exports pertain mainly and mostly to merchandise, imports, in normal conditions, comprise of (a) merchandise; (b) treasure, the minimum for

which is, say, Rs. 20 crores; and (c) invisible items estimated at Rs. 70 crores.

Maintenance of exchange is, let us not forget, maintenance of the balance between imports and exports. If, in the case of India, exports are to balance against imports, merchandise items under exports must make up for the imports of treasure and the invisible imports. In other other words, merchandise exports must exceed merchandise imports by anything like Rs. 90 crores. If not, imports in their totality will exceed exports. This means, naturally, sagging exchange. For the last few years, the gap between merchandise exports and merchandise imports has been much less than Rs. 90 crores. This was, however, made up by gold exports. The tapering off in gold exports has revealed the unsound foundations on which exchange has been hitherto resting. This is responsible for a general apprehension that the future of the rupee rate is bearish. The fall in exchange, however, was overdone. It would appear that, towards the finish of the week, the bears have been covering their position, and the lower rates have been attracting exports bills. There has been some rally at the end. There is no denying however, that, unless gold exports are again on a heavier scale or merchandise exports show a considerable bulge or there is marked shrinkage in our imports, further setback will materialise in the exchange market.

It is quite without the power of the Reserve Bank authorities to administer palliatives and prevent set-backs up to a point. The first course open to the authorities in arresting the rot in exchange is the reduction in the weekly offer of sterling tenders. Sterling tenders are, generally, a weekly fixture for the purpose of enabling the Government to make remittances to the Secretary of State. Remittance by the Government of India to the India Office involves the selling of rupees and buying of sterling. Sale of rupees must weaken the rupee-rate. From this point of view, the weekly remittances of the Government must be said to be a bear factor in exchange. It follows that, if the Government reduce the weekly sales of rupees, the bearish influence on the rupee-rate will be correspondingly mitigated. As the Government's average sale of rupees per week is nearly Re. 1 crore, any reduction should have a steadying effect upon exchange. If the reduction in the weekly offer does not produce the desired effect, the Reserve Bank may suspend the weekly offer. If this does not produce the desired effect the Reserve Bank may suspend the weekly sterling tenders altogether for a time. This was what was done by the Bank this week. But if the trend of export falling short of imports is persistent, more drastic steps will be required to prop up the exchange.

To understand what such steps should be, it is necessary to analyse more clearly what exactly are conditions which cause the decline in exchange. Sagging exchange is due to what may be described as sale of our currency. So, if the decline is to be arrested, it is necessary to create conditions in which instead of rupees being sold, rupees will be bought. If money conditions are made tight in India and interest rates become attractive thereby, it will induce funds being transferred for investment in India from centres where interest rates are cheaper. Bringing in of foreign funds means the sale of those currencies and the purchase of the Indian currency. Purchase of Indian currency means exchange steadying up. In a period of declining exports, the authorities may adopt a tight money policy. This they can do by increasing the weekly sales of treasury bills, thereby taking away surplus funds from banking circles and raising interest rates.

Even this policy of attracting foreign funds by tightening local money conditions may fail to arrest the rot; and sales of rupees may continue to exceed purchases. In such a contingency, the authorities must be prepared to buy all the rupees that are offered for sale. That is, the Reserve Bank will buy rupees, against which they make payment in sterling. To put it in another way, banks pay rupees to the Reserve Bank and receive sterling from the India Office. This process of the authorities buying rupees in India and banks and others receiving sterling in London is called Reverse Councils. Why is it called Reverse Council? Government have ordinarily to remit funds to the India Office. There are two ways by which the India Office could be thus financed. India Office can draw on the Indian Government in the form of a bill. Or the Indian Government can remit to the India Office in the form of a remittance. In the old days, the former was the practice. The first reform of Sir Basil Blackett was to stop that practice and institute the system of paying the India Office in the form of remittances from here. The old system was called Council Bills, that is, bills drawn by the India Council on the Government of India. The present system is that which we associate with the weekly sterling tenders. Council Bills, therefore, mean the Government selling Rupees in India and the India Office receiving sterling in London. For reviving drooping exchange, as I have pointed out, the Government should buy rupees and sell sterling.

The operation in this transaction is exactly the opposite of that in Council Bills. That is why it has come to be called Reverse Councils.

Under the Reserve Bank Act, the Bank is bound to buy rupees and sell sterling for unlimited amounts at the rate of 1s. 5,49/64d. By purchasing rupees at this level, the Bank will be able to prevent exchange going below this level. There is, however, a limit to the ability of the Reserve Bank to buy rupees at this rate. The ability of the Bank depends upon the sterling resources at its disposal. As buying rupees at 1s. 5,49/64d. means providing of sterling in London, the Bank can sell Reverse Councils only up to the extent of its available reserves in the form of sterling assets. The sale of Reverse Councils means, therefore, depletion in the sterling securities of the Bank. While sterling securities are thus being cut into for payment against Reverse Councils, the Bank has, at the very time, to finance the India Office during the period when no remittances can be made from India. Thus, there is a double strain on the sterling resources of the Bank. In the initial stages, the depletion in sterling assets may be made up by a sterling loan issued in London. But if the trends of maladjustment between exports and imports prove permanent, it will not be possible to offset depletion of sterling securities by sterling loans. In fact, the external reserves of the Bank will reach a dangerously low point.

At the moment, it is not necessary to take a too panicky view of the future of exchange. There are definite indications that the fall in the rupee-rate has been overdone. The resultant reaction may cause a fair amount of recovery. The Reserve Bank has suspended weekly sterling tenders. This removes an important bearish factor in exchange. If this proves inadequate, and the distant contingency of the need for sale of Reverse Councils arises, the Bank is quite comfortably placed as regards sterling securities. Sterling assets in the Issue and Banking Departments are now of the equivalent of Rs. 83 crores. If the attitude of the Government in situations of this kind in the past are studied, we may say that the British Finance Ministers in India will not hesitate to use a good part of the sterling assets in defence of their pet ratio. Eighteen pence is, therefore, assured of a further lease of life until the present disquieting conditions in our foreign trade are proved to be not transitory, but permanent.—
Indian Finance.

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The WASTE TRADE JOURNAL
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FOREIGN TRADE OF BRITISH INDIA IN APRIL, 1938.

FROM 1st April, 1937, the statistics of the foreign sea-borne trade of British India include the trade of British India with Burma and exclude the direct trade of Burma with other foreign countries.

Merchandise.—The trade returns for April, 1938, are summarised below ;—

			Month of April, 1937	Month of April, 1938	Increase (+) or Decrease (—) in 1938, as compared with 1937	
			Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)	Per cent.
Exports	...	...	16.76	12.15	—4.61	—27.5
Re-exports	...	...	80	50	—30	—37.5
Total exports	...	...	17.56	12.65	—4.91	—28.0
Imports	...	...	15.71	13.43	—2.28	—14.5
Excess of total exports over imports	...	...	+1.85	—78	—	—

Treasure.—Imports of treasure (private) were valued at Rs. 22 lakhs and exports on private account amounted to Rs. 1.27 lakhs in April, 1938, as compared with Rs. 40 lakhs and Rs. 1.89 lakhs, respectively in the corresponding month of the preceding year.

Imports.—As compared with April, 1937, the value of Food, drink and tobacco in April, 1938, fell by Rs. 17 lakhs to Rs. 2.03 lakhs due mainly to a decrease in the imports of rice not in the husk. Raw materials and articles mainly unmanufactured, increased by Rs. 49 lakhs to Rs. 3.41 lakhs, due chiefly to larger imports of kerosene oil. Articles, wholly or mainly manufactured, decreased by Rs. 2.77 lakhs to Rs. 7.64 lakhs, owing to smaller imports of iron or steel, paper, artificial silk yarn and piecegoods, hardware and motor cars. Living animals rose by Rs. 14½ lakhs to Rs. 15 lakhs and Postal articles by Rs. 2 lakhs to Rs. 18 lakhs.

Comparing the values of the imports in April, 1938, with those in April, 1937, the chief increases and decreases are as follows:—

Increases			Decreases		
		Rs.			Rs.
Betelnuts	...	1335533	Rice not in the husk	...	2225681
Kerosene oil	...	3294808	Chemicals	...	1159504
Petroleum dangerous, etc	...	1273529	Hardware	...	1514847
Cotton, raw	...	872251	Sheets and plates (iron or steel)	...	1402210
Cotton machinery	...	966764	Paper	...	1125797
Horses	...	1474758	Motor cars	...	682576
Cotton piecegoods, grey	...	543285	Cotton yarn	...	407900
			" piecegoods, coloured	...	819297
			" " white (a)	...	586113
			Artificial silk yarn	...	1159276
			" piecegoods	...	2619767

The following are the principal instances of an increase in quantity combined with a decrease in value and vice versa:—

Quantity			Value Rs.	Quantity			Value Rs.
Cotton piecegoods—white	...	+205711 yds.	—586113	Not galvanised or tinned—Plates over	...	...	...
Cinematograph films—exposed	...	+69385 Length in feet	—36365	½" thick (Sheets and plates)	—10 tons	+29819	
Beams, channels, pillars, etc. (Iron or Steel)	...	—835 tons.	+34086	Milk food for infants and invalids	+98 cwts.	—23416	
Tallow	...	+2156 cwts.	—30397	Gas filled electric bulbs	—13453 no.	+25528	

Exports.—As compared with April, 1937, the exports of Food, drink and tobacco in April, 1938, rose by Rs. 41 lakhs to Rs. 2.00 lakhs, due mainly to increases in the values of the exports of rice, tea and tobacco. Raw materials and produce decreased by Rs. 4.10 lakhs to Rs. 6.10 lakhs owing to decreases in the exports of raw cotton, raw jute, raw wool, lac, raw hides and skins and groundnuts, although there was an increase in the exports of linseed. Articles wholly or mainly manufactured also declined by Rs. 80 lakhs to Rs. 3.85 lakhs due to decreases in the shipments of jute manufactures, tanned hide and skins and cotton manufactures, although there was an increase in the exports of pig iron. Living animals fell by Rs. 18,000 to Rs. 72,000 and Postal articles by Rs. 12 lakhs to Rs. 19 lakhs.

Comparing the values of the exports of Indian merchandise in April, 1938, with those in April, 1937, the chief

The following are the principal instances of an increase in quantity combined with a decrease in value and vice versa :

Quantity			Value Rs.	Quantity			Value Rs.
Fibre for brushes, etc	...	+62 tons	—10,597	Cotton—	...	...	...
Iron, pig	...	—2,021 tons	+12,99,94	Handkerchiefs, etc	...	+5,591 no.	—2,26,715
Tin	...	—31,246 cwts.	+77,972	Cigarettes	...	+1,198 lbs.	—2,33,216
Groundnuts	...	+9,936 tons	—20,83,130				

Balance of Trade.—India's visible balance of trade in merchandise and treasure during the month of April 1936, 1937, and 1938, is shown in the following table. The figures are arrived at by combining the balances of transactions in (1) private merchandise and (2) treasure (private account). The balance of remittances of funds is also shown with details at the end of this table. In these balances the sign *plus* (+) indicates net export and *minus* (—) net import.

				MONTHS, OF APRIL		
				1936	1937	1938
				Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)
Exports of Indian merchandise (private)				+ 14.99	+ 16.76	+ 12.15
Re-exports of foreign	"	"		+ 34	+ 80	+ 50
Imports of foreign	"	"		—10.02 (a)	+15.69 (a)	—13.35 (a)
BALANCE OF TRADE IN MERCHANDISE (private)				+ 5.31	+ 1.87	—70
Gold (private)*				+ 2.73	+ 1.62	+1.18
Silver (private)*				— 86	—14	—15
Currency notes (private)*				+ 2	+ 1	+ 2
BALANCE OF TRANSACTIONS IN TREASURE (private)*				+ 1.89	+ 1.49	+ 1.05
TOTAL VISIBLE BALANCE OF TRADE				+ 7.20	+ 3.36	+ 35
Purchases of Sterling by the Reserve Bank of India				—4.73	—6.32	—31
Sales of Sterling by the Reserve Bank of India				..	..	..
Transfers of Government securities				—1	—1	+3
Interest drafts on India in respect of Government of India securities				—1	—1	—1
BALANCE OF REMITTANCES OF FUNDS				—4.75	—6.34	—29

Shipping.—In the month of April, 1938, there were 285½ arrivals and 384½ sailings with cargoes in and from British India, as compared with 326 and 365, respectively, in the corresponding month of the preceding year.

The tonnage (net register tonnage) of vessels entered with cargoes at ports in British India from foreign countries and British Possessions during the month of April, 1938, amounted to 720,177 and the tonnage (net register tonnage) cleared to 795,090, as compared with 794,317 and 843,783, respectively in the corresponding month of the preceding year.

(a) Exclusive of the value of Railway materials (Rs. 10 lakhs, Rs. 2 lakhs and Rs. 7 lakhs in the month of April 1936, 1937 and 1938, respectively), imported direct by State Railway working under Company management which was not paid for in the ordinary way and not, therefore, taken into account in arriving at the balance of trade.

* These exclude transactions which do not enter into the balance of trade.

† The provincial details are as follows:—Bengal 71, Orissa 3, Bombay 73, Sind 58 and Madras 116.

‡ The provincial details are as follows:—Bengal 80, Orissa 3, Bombay 55, Sind 55 and Madras 120.



TRADE ENQUIRIES



The following trade enquiries have been received by the Director-General of Commercial Intelligence and Statistics, 1, Council House Street, Calcutta, who will welcome replies to be addressed to him direct by any individual or firm interested. Firms replying to these inquiries should furnish their bank references with their replies. Replies to enquiries for more than one commodity should specify in which of them the respondent is interested.

Buffalo Horn Waste

(BB—23) An enquirer at Dacca desires to be put in touch with purchasers of Buffalo Horn Waste in Calcutta.

Coir Fibre and Coir Goods

(BB—24) A Central Jail in South India enquires for purchasers in India of Coir Fibre and Goods made of Coir of finest quality.

Tin Foils

(BB—25) A correspondent in Calcutta desires to be put in touch with suppliers in India of Tins Foils.

Boxwood

(BB—26) A firm in Nurpur (Punjab) desires to be put in touch with purchasers in India of Box wood logs, 2 ft. in length and over.

Foreign

Khas Khas

(BB—27) A correspondent in Ontario (Canada) desires to be put in touch with suppliers of Khas Khas in India.

The following trade enquiries have been received by the Secretary of the Indian Merchants' Chamber, Bombay.

When asking for further particulars Correspondents are requested to quote reference numbers. They should clearly understand that the Chamber can take no responsibility whatever as to the financial standing or bona fides of the firm making these enquiries.

Re-

ference	Subject of Enquiry-	Place.
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No.		
38	Imports of Fresh Fruits	... Dancoster (Australia)

40	Imports of Superphosphates (Art. Manure)	... Netherlands
41	Imports of pellitory Roots	... France
42	Manufacturers and wholesale dealers of Pig Lead	... Delhi
48	Dealers in Optical Goods	... Madras
44	Manufacturers of Cardboard Boxes	... Bombay

The following trade enquiries have been received by us. Bonafide subscribers may write to us with their bank and business references and quote the reference number given here.

Re-

ference	Subject of Enquiry.	Place.
No.		
156	Manufacturers of self filling fountain pens and other stationery articles	... Amsterdam
157	Importers of hide - hearts and cow and buffalo	... Hambur
158	Importers of all sorts of produce esp. gum, shellac etc.	... Hambur
159	Distributors of Incandescent Mantles	... Vienna..
160	Manufacturers of Marmalades Jams and Fruit Preserves	... London
161	Manufacturers of All Steel Bicycle Stands	... Switzerland

Anglo- Czechoslovak and Prague Credit Bank :

The Bank undertakes to offer all-round services to importers from and exporters to Czechoslovakia. Those interested may kindly communicate with the Bank directly at their head office at Prague.

Hockey and Handball Shoes :

Manufacturers of Hockey and Handball (or Basketball) shoes may please communicate with Messrs. Louis Henchoz, 24, Rue Haldimand, Lausanne, Switzerland.