

Office Bearers for 1949-50

President :

A. M. M. Murugappa Chettiar Esq.

Vice-Presidents :

M. A. Chidambaram Chettiar Esq.

Rao Bahadur V. S. Subramaniam.

Committee :

Khan Bahadur Adam Hajee Mohamed Sait.

Dr. Rm. Alagappa Chettiar.

V. K. Chetty Esq.

C. Govindarajulu Esq.

K. Govindan Esq.

A. P. Jamal Esq.

Rao Bahadur T. S. Kachapikesa Mudaliyar.

Laldoss Govindoss Esq.

R. K. Murthi Esq.

V. M. P. Muthuswamy Esq.

P. R. Nammalwar Esq.

Narandas J. Dutia Esq.

V. S. L. Nathan Esq.

V. Pandurangiah Esq.

S. Ramaswamy Naidu, Esq.

Rasheed Ahmed Sayeed Esq.

M. M. Rawal Esq.

T. M. Rangachari Esq.

T. Ranganatha Mehta Esq.

T. K. Singaram Esq.

K. V. Srinivasan Esq.

L. Srinivasan Esq.

S. M. Patel Esq.

C. M. Sharma Esq.

Brijmohan Mohunta Esq.

M. V. Gopal Esq.

K. L. Narasimha Rao Esq.

T. Nannu Shanker Tawker Esq.

N. R. K. K. Rajarathanam Esq.

Natesan Esq., M.L.A., (Ex-officio)

} Affiliated Bodies.

Auditor :

B. M. Kumbhat Esq., B.COM., F.C.A.

Honorary Legal Adviser :

V. C. Gopalratnam Esq., B.A., B.L.



INDIAN CHAMBER BUILDINGS,
NORTH BEACH ROAD.

Madras, 12th June 1950

To

All Members of the Chamber,

40TH ANNUAL GENERAL MEETING

Dear Sir/s

The Fortieth Annual General Meeting of the Chamber will be held at Gokhale Hall, Armenian Street, Madras on Thursday the 29th June 1950 at 11 a.m. to transact the following business :

AGENDA

1. President's speech.
2. Speech by the Hon'ble Mr. P. S. Kumaraswamy Raja.
3. Passing of the Annual Report and Audited Statements of Accounts for the year 1949.
4. Election of Auditor and fixing of his remuneration.

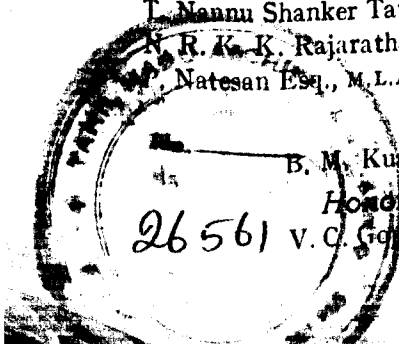
If the Annual General Meeting is concluded on the 29th June 1950, the election of President, two Vice-Presidents and eight members of the Committee will, in the event of contest, be held by ballot from 10 a.m. to 5 p.m. at the Office of the Chamber on the next working day i.e., on Friday the 30th June 1950. The present incumbents who retire are :

President : Mr. A. M. M. Murugappa Chettiar.

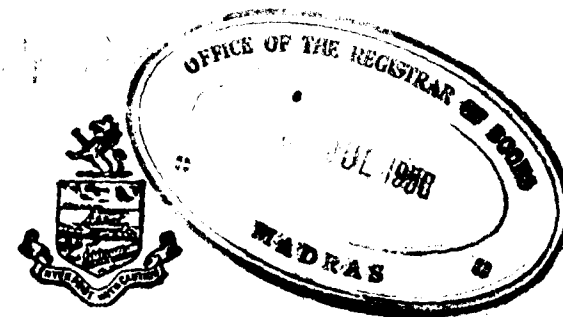
Vice-Presidents : { Mr. M. A. Chidambaram Chettiar.
Rao Bahadur V. S. Subramaniam.

COMMITTEE

1. Khan Bahadur Adam Hajee Mohamed Sait.
2. Dr. Rm. Alagappa Chettiar.
3. A. P. Jamal Esq.
4. Rao Bahadur T. S. Kachapikesa Mudaliar.
5. V. M. P. Muthuswamy Esq.
6. P. R. Nammalwar Esq.
7. S. M. Patel Esq.
8. C. M. Sharma Esq.



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Annual Report of The Southern India Chamber of Commerce, Madras

Report of the Committee of the Southern
India Chamber of Commerce presented to the
40th Annual General Meeting of the Chamber
held on Thursday the 29th June 1950 at 11 A.M.
at Gokhale Hall, Armenian St., Madras.

I have the honour to present to the Members of the Chamber the Report of the Committee together with the audited statements of Accounts for the year ended 31st December 1949.

The 39th Annual General Meeting was held at the Office of the Chamber on Wednesday the 20th July 1949 at 5 p.m. with Rao Bahadur T. S. Kachapikesa Mudaliar, President in the chair.

The Secretary read the notice of meeting and the President, Rao Bahadur T. S. Kachapikesa Mudaliar, then delivered his speech.

After that the Annual Report and Accounts for the year 1948 were unanimously passed.

Mr. P. R. Nammalwar proposed that the Auditor be paid an annual fee of Rs. 500/- and it was seconded by Mr. V. K. Chetty and was passed unanimously. Since Mr. V. Soundararajan withdrew his candidature for election as Auditor and as Mr. R. K.

Murthi and Mr. P. R. Nammalwar informed the meeting that Mr. V. Swaminathan did not propose to stand for the office of Auditor and as his name was not proposed the remaining nominee Mr. B. M. Kumbhat was proposed by Mr. C. M. Sharma and seconded by Mr. T. Nannu Shanker Tawker. He was unanimously elected as Auditor for the year 1949 and was directed to audit the accounts monthly and to submit reports for every month.

There being no contest for the office of the President, Rao Bahadur T. S. Kachapikesa Mudaliar announced the unanimous election of Mr. A. M. M. Murugappa Chettiar as President of the Chamber for the year.

Mr. D. M. Rawal having withdrawn his candidature for election as Vice-President the remaining two members Mr. M. A. Chidambaram Chettiar and Rao Bahadur V. S. Subramaniam were unanimously elected as Vice-Presidents for the year.

For election of two members to the Executive Committee to represent the moffusil affiliated bodies the results of the election held on 19th July 1949 by ballot was announced and Mr. N. R. K. K. Rajarathnam of the Sivakasi Chamber of Match Industries, Sivakasi and Mr. K. L. Narasimha Rao of the Andhra Oilseed Dealer's Chamber, Bezwada who had secured the largest number of votes were declared elected to represent the moffusil affiliated bodies respectively.

The retiring President Rao Bahadur T. S. Kachapikesa Mudaliar announced that due to pendency of proceedings in Court the election to the 8 seats on the Executive Committee could not be held the next day i.e., on Thursday the 21st July 1949 as intimated in the notice. Subsequently the matter was settled out of Court and the year's election to the Committee was fixed to take place on Thursday the 11th August 1949. But since out of 15 candidates duly nominated for election to 8 seats on the Executive Committee of the Chamber 7 candidates withdrew their candidature the following 8 candidates were declared duly elected to the 8 seats on the Committee.

1. C. Govindarajulu Esq., B.A.,
2. R. K. Murthi Esq.,
3. Narandas J. Dutia Esq.,
4. S. Ramaswamy Naidu Esq.,
5. Rasheed Ahmed Sayeed, Esq.,
6. M. M. Rawal Esq.,
7. L. Srinivasan Esq.,
8. T. K. Singaram Esq., M.A., B. com.

Mr. V. Pandurangiah was co-opted to the Committee on 25th August '49 in the place of Rao Bahadur V. S. Subramaniam who was elected as Vice President and Rao Bahadur T. S. Kachapikesa Mudaliar was co-opted to the Committee on the same day in the place of Mr. M. A. Chidambaram Chettiar who was elected as Vice President.

The Committee at the beginning of the year was constituted as follows :—

(Figures in brackets give the number of ordinary meeting attended.)

- A. M. M. Murugappa Chettiar Esq., (8).
- M. A. Chidambaram Chettiar Esq., (6).
- Rao Bahadur V. S. Subramaniam, (7).
- Khan Bahadur Adam Hajee Mohamed Sait, (1).
- Dr. RM. Alagappa Chettiar, (3).
- V. K. Chetty Esq., (8).
- C. Govindarajulu Esq., B.A. (10).
- K. Govindan Esq., (8).
- A. P. Jamal Esq., (6).
- Rao Bahadur T. S. Kachapikesa Mudaliyar, B.A. (6)
- Laldoss Govindoss Esq., (5).
- R. K. Murthi Esq., (9)
- V. M. P. Muthuswamy, (6).
- P. R. Nammalwar Esq., (7).
- Narandas J. Dutia Esq., (6).
- V. S. L. Nathan Esq., (10).
- V. Pandurangiah Esq., (8)

S. Ramaswamy Naidu Esq., (3).
 Rasheed Ahmed Sayeed, Esq., (8).
 M. M. Rawal Esq., (8).
 T. M. Rangachari Esq., (5).
 T. Ranganatha Mehta Esq., (5).
 T. K. Singaram Esq., M.A., B.Com. (6).
 K. V. Srinivasan Esq., (6).
 L. Srinivasan Esq., B.A. J.P. (8).
 S. M. Patel Esq., (3).
 C. M. Sharma Esq., (9).
 Brijmohan Mohunta Esq., (6).
 M. V. Gopal Esq., (3).
 T. Nannu Shanker Tawker Esq., (7).
 K. L. Narasimha Rao Esq., (3).
 N. R. K. K. Rajaratnam Esq.,
 P. Natesan Esq., M.L.A.

During the year there were 12 ordinary and 12 special meetings. 162 New members were admitted, while due to death, resignation and non-payment of subscription, the names of 48 members were removed from the rolls so that at the end of the year there were 885 members.

The following sub-committees were appointed at the meeting of the Committee held on Thursday the 15th September 1949 :—

1. TAXATION AND FINANCE :—President, Vice-Presidents, Khan Bahadur Yusuff Sait, S. Kandaswamy Esq., P. M. Balasubramania Mudaliar Esq., T. T. Krishnamachary Esq., Laldoss Govindoss Esq., Raghunath Singh Mehta, Esq., Rao Sahib A. Varadappa Chetty, T. M. Rangachariar Esq., K. V. Srinivasan, Esq., C. Govindarajulu, Esq., Rasheed Ahmed Sayeed Esq.,

2. INDUSTRY : President, Vice-Presidents, Dr. Rm. Alagappa Chettiar, A. P. Jamal Esq., V. M. P. Muthusami Esq., T. P. Rama Reddy Esq., V. S. Rajagopalan Esq., K. S. Kuppuswami Esq., S. Rangaswamy Esq., Y. S. Narayanan Esq., T. M. Rangachari Esq., K. Eswara Iyer Esq., L. Srinivasan Esq., M. M. Rawal Esq.

3. EXPORT : President, Vice-Presidents, V. G. Saravanabava nandan Esq., C. H. Sibghathulla Esq., V. S. Nachimuthu Chettiar Esq., T. M. Rangachary Esq., B. B. Mankad Esq., V. M. Chettiappa Esq., B. Nagi Reddi Esq., T. K. Singaram, Esq.

4. IMPORTS : President, Vice-Presidents, K. Alavandar Naidu Esq., K. Govindan Esq., Hardayal Esq., V. M. P. Muthusami Esq., F. X. Pereira Esq., R. K. Murthy Esq., E. G. Vaidyanathan Esq., B. M. Mohunta Esq., K. Eswara Iyer Esq., V. S. Nachimuthu Chettiar Esq., T. M. Rangachariar Esq., W. R. Ramarathnam Esq. (co-opted on 17th November, 1949).

5. TRANSPORT : President, Vice-Presidents, C. R. Ramaswamy Esq., Syed Md. Rowther Esq., S. M. Patel Esq., S. Ramaswami Naidu Esq., K. S. Kuppuswami Esq., G. C. Pattabiraman Esq., N. Sundaram Iyer Esq., T. S. Sundaram Esq., of Motor & General Trading Co., T. S. Santhanam Esq.

6. LABOUR :—President, Vice-Presidents, A. M. M. Arunachalam Esq., P. M. Balasubramaniam Mudaliar Esq., K. S. G. Haja Sheriff Esq., A. P. Jamal Esq., S. Shanmugasundara Mudaliyar Esq., M. Kuppuswamy Naicker Esq., Seshasayee Esq., T. M. Rangachariar Esq.

7. LIBRARY : President, Vice-Presidents, Dr. Rm. Alagappa Chettiar, V. K. Chetty Esq., P. R. Nammalwar Esq., Manian Natesan Esq., T. T. Krishnamachary Esq., K. L. V. Sarma Esq., T. Thiruvengkatachari Esq., C. Ethiraj Esq., Jethalal Manekjee Esq., P. Ramaswamy Esq.

The year 1949 was expected to restore conditions to normal after the abnormal years that followed the war and the partition of the country. But the year did not prove as successful as was expected by all in the domain of economic activity. In fact in the middle of the year an economic crisis developed and had to be tackled effectively.

The foreign trade of the country began to give great anxiety. There was a continued adverse balance of trade and the problem

arose how to correct this position. No doubt it was true that the partition of the country affected its general economy and altered the picture of its foreign trade. Apart from the increased deficit in food grains two main exportable products viz., raw jute and raw cotton which, previous to the partition of the country, were largely contributing to the earning of foreign exchange were in short supply due to partition. It also reduced the capacity of the country to export hides and skins. Partition has had an adverse effect on imports too particularly so far as foodgrains were concerned as the country has to depend on imported foodgrains to a larger extent than before the partition. India had an adverse balance of trade with Pakistan during the year. Thus it will be seen that the deterioration of India's foreign trade was due to the partition of the country. As the Commerce Minister Hon'ble Mr. Neogy pointed out the full impact of the partition on the foreign trade of India has only been felt in this year. Added to this there was large food imports which accounted for this unfavourable balance in India's foreign trade.

In the matter of exports there were various adverse factors affecting India's export trade such as high prices, increased internal consumption which reduced the exportable surplus and sometimes non-production of quality goods. Therefore the question of India's balance of payments attracted great attention.

The Government of India, therefore, began to turn their attention to this question of correcting India's adverse balance of trade. In order to bridge the serious gap between exports and imports the Government began to regulate the flow of trade by the mechanism of the import trade control policy.

The import policy from the beginning has been primarily determined by a consideration of the foreign exchanges available. As a long term measure imports must necessarily be balanced by exports. But during the war years we had exported much more than we imported. We had a surplus in the form of sterling balances. During the course of the year 1948-49 a liberal import policy was introduced in order to make use of the releases from the sterling

balances which this country obtained from the U. K. Except for slight changes the import trade control policy of the Government of India during the first half of 1949 was more or less guided by the previous year's policy. But as the dollar and hard currency position became difficult restrictions were placed on imports from these countries. Due to decrease in exports and increase in imports due to the liberal import policy there was a gap in the country's balance of trade much larger than was expected. The deterioration in the balance of payment position compelled the Government of India to replace the open General License XI by a much more restricted Open General Licence XV and this too was further curtailed later, in order to improve the foreign trade balance.

Further to meet the great deficit in the foreign exchange budget of the country, India had to enter into a fresh agreement with Britain in regard to the release of the sterling balances. It was provided in the new agreement that as a special case the withdrawal of sterling balances in excess of the releases that had already been agreed upon be consented to by U. K. Again as against 80 million sterling fixed originally the new agreement liberalised this amount and provided for nearly 231 million pounds. With regard to releases of dollars the position was altered. India once again entered the dollar pool and agreed to cut down imports from the dollar area by 25%. The Finance Minister pointed out that by re-entering the empire dollar pool India was a net beneficiary from the dollar pool.

The Government also took positive measures to stimulate exports. The Government liberalised the export control policy and also participated in International Exhibitions and Fairs. Show rooms were opened in Foreign Trade Fairs and Centres. In order to promote the export of cottage industries products a Cottage Industries Board was set up by the Ministry of Industry and Supply. Commercial representation abroad was increased and trade offices were opened in Berlin, Rome, Prague, Berne, Rio de Janeiro, Karachi, Rangoon etc., this year. The Government also constituted an Export Promotion Committee to find out methods whereby exports

may be stepped up. The Committee after consulting trade organisations and Chambers of Commerce submitted their report. They recommended liberalisation of export control especially of manufactured goods. Certain tax reliefs were recommended by them to stimulate exports. They said that export duty should not be relied upon as a source of revenue. With regard to quality control they made certain recommendations. Other suggestions by them to facilitate export trade were high priority in transport for commodities consigned to ports, railway freight to be adjusted to give special impetus to exports etc. The Government of India accepted the main recommendations of this Committee.

Another major development which took place during the year was the devaluation of the rupee. The Finance Minister pointed out that on the basis of economic facts there was a case for the devaluation of the rupee. Since the pound sterling was devalued there was no other course open to the Government of India he said. Nearly 75% of the export trade of this country is with the countries included in the soft currency areas. Therefore when the sterling was devalued if we did not devalue the result would have been that our export trade to these countries would not only have greatly diminished but in course of time it might have been even wiped out altogether due to high Indian prices. It would have also reacted upon our import trade. Therefore dependence on the sterling area for exports, unfavourable balance of trade, high level of prices etc., compelled the Government of India to devalue her rupee. On this occasion he pleaded for evolving a new trade pattern and suggested the marshalling of India's resources for the purpose. As he pointed out the level of prices in India was higher than prevalent elsewhere and therefore in order to keep up the external trade devaluation had to take place. He opined that the investment market would improve as a result of devaluation and that internal prices were not likely to rise.

During the year under review the Government have entered into bilateral trade agreements with various countries like Yugoslavia, Czechoslovakia, Switzerland, Hungary, Finland, Egypt and Poland. The object is to obtain from soft currency areas, as much,

as possible of those essential imports which the country otherwise has to import from the hard currency areas. Attempt is also made to promote export of those commodities which our exporters find it difficult to market.

The country's overall economic position can be gathered from the report of the Board of Directors of the Reserve Bank of India who candidly admit that the country has made no perceptible progress on the economic front. Even the Finance Minister on the occasion of the debate on devaluation stated that we must look upon devaluation as a timely warning and sign that for many years now we have been living beyond our means both internally and externally.

During the year Government of India applied and got loans from the International world Bank for development of her railways and for promoting and extending her agriculture.

The Government of India also announced their policy with regard to participation of foreign capital in India's economic advancement. The Government of India stated that the existing foreign interests would be free from any discriminatory restrictions, that the facilities for remitting of profits earned in India would be continued and that if any foreign enterprise was compulsorily acquired compensation would be paid on a fair and equitable basis.

The Government of India, during the year, appointed a number of important Commissions and Committees such as the Fiscal Commission, the Export Promotion Committee, the Imported Food grains Clearance Committee, Patent Enquiry Committee, Committee on State Trading etc., which show that they were alive to the economic problems facing the country at the present time.

There were a large number of special meetings in the Chamber during the year. As in previous years for most of these important meetings which were conducted under the auspices of this Chamber other Chambers of Commerce in the City were invited. The Chamber along with other Chambers met Rashtrapathi B. Pattabhi

Sitaramayya and presented a welcome address to him. The Chamber along with other Chambers also met the Hon'ble Sardar Vallabhai Patel, Deputy Prime Minister of India on the occasion of his visit to Madras and presented him with a welcome address. On these occasions the Chamber urged the need for representation of commercial interests in the new Legislatures of the country. The Chamber also urged for grant of equitable compensation whenever properties were compulsorily acquired by the state. The Chamber touched on the serious economic crisis facing the country such as the food deficit, inflation, low production etc.

As usual the Chamber had a number of inquiries from trade interests abroad trying to contact their customers. A number of surveys were conducted during the year and in many cases the awards of the Surveyors led to amicable settlement of disputes. The Weighment and Measurement Department has continued to do its good work.

This year also our members had the usual share of public honours. Mr. R. Ramanathan Chettiar, member of this Chamber was appointed as Sheriff of Madras, Mr. A. M. M. Murugappa Chettiar, President of the Chamber was co-opted as a Committee member of the Federation of Indian Chambers of Commerce & Industry, New Delhi.

During the year the Director General, Posts and Telegraphs, New Delhi announced the constitution of Regional Posts and Telegraphs Advisory Committees in important places to have the benefit of a close association between the administration and the public and on the Madras Regional Committee the Chamber was given a seat. The Chamber elected Mr. T. Nannu Shanker Tawker to this Committee.

This year the Government of India in the Ministry of Food appointed an Advisory Committee on Food at Madras for securing the benefit of expert advice on important matters relating to food and the Chamber nominated Mr. M. A. Chidambaram Chettiar and Mr. Poppat Hansraj to this Committee to represent the Chamber.

An Advisory Committee was constituted by the Government of Madras this year for the administration of evacuee property and this Chamber nominated Mr. V. S. L. Nathan for the same to represent this Chamber.

The Independence Day was celebrated this year also on the 15th of August. There was a large gathering of members. After light refreshments Rao Bahadur V. S. Subramaniam, Vice-President of the Chamber unfurled the National Flag and in the absence of the President delivered the President's speech.

The country's future prosperity depends on increased production. This can be achieved only by increasing the efficiency of the existing industries and by establishing new industries. Therefore there is great need for large scale imports of capital machinery from abroad in order to quicken the pace of industrialisation of the country. Further in order to stimulate savings and enable capital to be formed for investment in new industrial projects Government must reduce the high rates of direct taxes now pressing heavily on the higher income groups. As is well known there is no short cut to prosperity. If Government, Labour and Capital in a spirit of understanding co-operate, there is no reason why our country blessed with so many natural advantages, should not rapidly advance on the road of economic prosperity and be one of the great industrial countries of the world.

A. M. M. Murugappa Chettiar,
President.

K. A. Menon,
Ag. Secretary.

**Present Representatives of the Chamber on
Public Bodies.**

Madras Legislative Assembly :—Mr. P. Natesan, M. L. A.

Madras Corporation :—Sri P. R. Nammalwar.

Madras Port Trust :—Rao Bahadur T. S. Kachapikese Mudaliar,
P. Maruthai Esq., M. A. Chidambaram Chettiar, Esq.,
K. S. G. Haja Sheriff, Esq., T. S. Sundaram, Esq., and
R. K. Murthy Esq.

S. I. Ry. Local Advisory Committee :—K. Govindan Esq.

M. & S. M. Railway Local Advisory Committee :—A. M. M.
Arunachalam.

Senate of the Madras University :—Mr. T. Ranganatha Mehta and
Rao Bahadur V. S. Subramaniam.

Senate of the Annamalai University :—Mr. N. Gopala Iyer.

Board of Industries :—G. R. Govindarajulu Naidu, Esq.

Board of Communications :—K. Jacob Louis, Esq.

City Improvement Trust :—V. Pandurangiah Esq.

Indian Tea Market Expansion Board :—Rao Bahadur
T. M. Rangachariar.

Textile Trade Marks Advisory Committee :—P. R. Nammalwar,
Esq.

Madras Port Committee :—A. M. M. Murugappa Chettiar Esq.

Delegate to International Chamber of Commerce, Indian National
Committee :—A. M. M. Murugappa Chettiar Esq.,

Madras Income-Tax Board of Referees :—Rao Bahadur C. Gopala
Menon, Khan Bahadur Yusuff Sait Sahib Bahadur, Sir R. K.
Shanmukham Chettiar, Raja Sir M. A. Muthiah Chettiar of
Chettinad and C. M. Kothari, Esq.

Delegates to the 23rd Session of the Federation :—A. M. M.
Murugappa Chettiar Esq., C. M. Kothari Esq., R. Ramanathan
Chettiar and Dr. Rm. Alagappa Chettiar.

Advisory Committee for Madras—Requisitioning of lands and Buildings:—Khan Bahadur Yusuff sait.

Madras Employment Exchange Committee:—K. Jacob Louis, Esq.

Employment advisory Committee:—M. M. Rawal, Esq.

Madras Textile Export Advisory Committee:—N. V. R. Sourirajan, Esq.

Provincial advisory Committee for Mill Cloth:—P. Suryanarayana, Esq.

Board of Referees, Excess Profits Tax:—Rao Bahadur C. Gopala Menon, Dewan Bahadur C. S. Rathnasabapathy Mudaliar, Rao Bahadur B. S. Tirupurantaka Mudaliar, Messrs. N. S. Krishnan, A. A. Arumugam and V. V. Ramaswamy (Affiliated Bodies).

Regional Posts and Telegraphs Advisory Committee, Madras:— (T. Nannu Shanker Tawker, Esq.

State Trading Schemes Advisory Board:—K. L. Narasimha Rau Esq.

Evacuee Property Advisory Committee:—V. S. L. Nathan, Esq.

Madras Advisory Committee on food:—M. A. Chidambaram Chettiar, Esq and Poppat Hansraj, Esq.

Regional Advisory Committee for S. I. Ry:—M. M. Rawal Esq.

ABSTRACT OF PROCEEDINGS

The following is a summary of the more important proceedings of the Committee of the Chamber, during the year 1949. The principal subjects that came up for consideration related to the following main heads:—

1. INDUSTRIAL AND COMMERCIAL LEGISLATION.
2. TARIFF AND TAXATION.
3. COMMUNICATION.
4. INTERVIEWS.
5. MISCELLANEOUS.

1. INDUSTRIAL AND COMMERCIAL LEGISLATION Industries Development and Control Bill 1949

The Government of India introduced the Bill to provide for the development, regulation and control of certain industries in the Constituent Assembly in March 1949. It was claimed for the Bill by the Hon'ble Minister for Industry & Supplies that it was designed to implement the Government's industrial policy announced in April 1948. He stated that the Bill was intended to be the legislative frame work to implement the industrial policy of the Government. The Committee having considered the provisions of the Bill addressed Government of India as follows:—

“I am desired by the Southern India Chamber of Commerce, Madras to offer their views on the above Bill which is before the Select Committee, and to request you to forward this copy to the Select Committee. The Committee notes that the Government of India have introduced the Bill to provide for the development, regulation and control of certain industries. It is claimed for the Bill that it is designed to implement the Government's industrial policy announced in April last.

It may be agreed that a uniform policy should be laid down for the development and regulation of a number of industries which affect the country as a whole. The Committee feels that the provi-

sions of the Bill are very drastic in their nature and give unlimited powers to the Government. It may be stated that the clauses contained in the Bill give Government vast powers even to interfere in the daily affairs of industrial undertakings. Therefore, it is natural for the business community to view these provisions of the Bill with genuine apprehension and misgiving. In this connection the Committee would like to point out that the industrial policy of the Government as declared in April 1948 did not contemplate the vesting of unlimited authorities in the hands of the Central Government and therefore to claim that this Bill is only a legislative framework to implement the industrial policy of the Government is rather misleading.

Before considering the provisions of the Bill the Committee would like to point out that after the declaration of the industrial policy of the Government, important pronouncements have been made by the Prime Minister, Deputy Prime Minister and the Finance Minister of the Government of India stating that the Government was not in a position to undertake industrial managements and assuring private enterprise that it would be allowed to function without any undue interference from the Government and the Government did not wish to take undue powers. But this Bill if passed in the present form will negative all that has been done in recent times to revive the confidence of business men. In the industrial policy's statement all industries were not grouped together but they were classified into district categories and Government stated that there may be varying degrees of control with regard to them. For example Government stated that the manufacture of arms, of ammunition, ownership of Railway transport etc., will be the monopoly of the Government.

In other specified industries like Coal, Iron and Steel, Air Craft, and Ship-building, Government sought executive responsibility for the starting of new undertakings and reserved their right to acquire any undertakings but granted a ten year lease of life to them subject to review at the end of it. With regard to another major group of industries termed as basic industries like Salt, Cement, Sugar and textiles etc., Government wanted to have for purposes of control and regulation some powers. But now under the present Bill the Government have chosen to ignore all these distinctions

originally drawn and have grouped all these industries together in the Schedule attached to the Bill and have called them "controlled industries." All these industries therefore will attract all the drastic powers of control and regulations if the Bill is passed in the present form into law and industrial undertakings whether owned privately or by Government have to register themselves and all new undertakings as well as substantial expansions to present businesses are required to take licences from the Central Government. There are also other provisions in the Bill which give the power to the Government to requisition the industrial undertakings. Though no doubt assurances are given that all industries are grouped into one category because it would be better to have a flexible scheme and that the provision enabling the Government to take over control and management of particular industrial undertakings would be restored to only in emergencies, when Government felt that such a course was necessary, these assurances cannot allay the misgivings of the industrial community. These large and undefined powers in the hands of the Executive would create uncertainty in the minds of the industrialists.

The Committee feel that the Bill was published at a time which was inopportune because simultaneously Government issued their policy with regard to foreign capital. If this Bill were to be passed into law it would be almost impossible to secure foreign capital and aid to develop India's resources.

The Committee now offer these views on the clauses of the Bill *ad-seriatim* :

Clauses in the Bill.

4. Registration of existing industrial undertakings:—(1) The owner of every existing industrial undertaking, not being the Central Government, shall, within a period of three months from the date of commencement of this Act, register the undertaking in the prescribed manner.

(2) The Central Government shall also cause to be registered in the same manner every existing industrial undertaking of which the Central Government is the owner.

(5) Licensing of new industrial undertaking:—(1) No person or authority other than the Central Government shall, after the commencement of this Act, establish any new industrial undertaking except under and in accordance with a licence issued in that behalf by the Central Government.

Provided that a Government other than the Central Government may with the previous per-

Criticism.

This section requires that existing industrial undertakings should be registered within a period of 3 months from the date of commencement of this act. This was not contemplated by the Government when they announced their industrial policy. Therefore, this section may be omitted.

This section requires that the previous permission of the Central Government should be obtained for establishing new industrial undertakings. It has to be pointed out here that when the Government of India announced their industrial policy they did not say that all new industrial undertakings will have to be licensed by the Central Government. They grouped industries in different categories for purpose of varying degrees of control with regard to them. Government, in sub-section 2 of section 5, says that licence will be given only on certain conditions, namely that they can determine the

Clauses in the Bill.

mission of the Central Government establish a new industrial undertaking.

2) A licence or permission under sub-section (1) may contain such conditions including, in particular, conditions as to the location of the undertaking and the minimum standards in respect of size, equipment and technique to be provided therein as the Central Government may deem fit to impose in accordance with the rules, if any, made under section 10.

3) The Central Government may, subject to rules made in that behalf under section 10, revoke, vary or amend any licence issued or permission granted under this Act.

4) Licensing of substantial expansions of industrial undertakings:—The provisions of section 5 shall apply in relation to the effecting of any such expansion of an industrial undertaking as is prescribed to be substantial, as they apply in

Criticism.

location of industrial undertakings, fix minimum standards in respect of size, equipment and technique to be provided therein etc., etc. This shows that industrialists will have no voice in running their factories and will be made to follow the dictates of the Government. It can be easily seen that there is hardly an aspect of the industry with which the Government cannot interfere. It fetters the discretion of the industrialists with regard to starting of industries as he has to comply with rules issued by the Government. Government must not interfere except on matters of broad policy. Therefore the section may be suitably amended.

This section requires that even substantial expansions to existing industrial undertakings require a licence from the Government, there is no reason why Government should interfere with the expansion of well established industries like cement, sugar, jute, textiles etc. The enforcement of this section will mean stoppage of expansion to present industrial

Clauses in the Bill.

relation to the establishing of any new industrial undertaking.

Criticism.

establishment which will impede the progress of the country on the economic front. Further in the industrial policy statement of the Government this idea was not contemplated. Therefore this section may be dropped.

7) Special provisions for the exercise of functions of control by the Central Government with regard to certain industrial undertakings;—(1) If, after a direction has been issued in pursuance of the rules made under section 10 requiring an industrial undertaking to take any action or steps with regard to any of the matters mentioned in clauses (a) and (b) of sub-section (2) of that section or prohibiting an industrial undertaking from resorting to any act or practice which might reduce its production, capacity or economic value, the Central Government is satisfied that such direction has not been complied with, or if the Central Government is satisfied that it is necessary so to do in the public interest, the Central Government may,

This section vests large powers of control in the hands of the Central Government. When directions of Government are not complied with, the Government can take over the undertakings. It is strange that there is no mention of compensation when Government takes over the undertakings. It is feared that the wide powers granted to Government under this section will enable the Officers to interfere by executive orders in the day to day administration of the business. This will create uncertainty in the minds of business men.

Clauses in the Bill.

Criticism.

by order, authorise any person (hereinafter referred to as an authorised person) to exercise, with respect to the whole or any part of any such undertaking, such functions of control as may be provided by the order; and so long as an order made under this section is in force with respect to any undertaking or part thereof.

a) the authorised person shall exercise his functions in accordance with any instructions given to him by the Central Government, so, however, that he shall not have any power to give any directions inconsistent with the provisions of any Act or other instrument determining the functions of the person or authority carrying on the undertaking except in so far as may be specifically provided by the order, and

b) the undertaking or part shall be carried on in accordance with any directions given by the authorised person in accordance with the pro-

Clauses in the Bill.

visions of the order, and any person having any functions of management in relation to the undertaking or part shall comply with any such directions.

- (2) Any order made under this section shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or any instrument having effect by virtue of any enactment other than this Act.

- (8) Prohibition of taking over management or control of industrial undertakings by Governments other than the Central Government or by a local authority :—Notwithstanding anything contained in any other law which authorises Government or a local authority so to do, no Government other than the Central Government and no local authority shall take over the management or control of any industrial undertaking under any such law, except with the

Criticism.

It says that no Government other than the Central Government and no local authority shall take over the management or control of any industrial undertakings under any such law except with the previous permission of the Central Government. Provisions must be made here so that the party affected can appeal to the High Court. Till a decision is arrived at by the Court the authority should not take action under this section.

Clauses in the Bill.

previous permission of the Central Government.

- (9) Constitution of Advisory Council :—(1) The Central Government shall constitute an Advisory Council to advise on matters concerning the development, control and regulation of any controlled industry.

- (2) The number and term of office of, the procedure to be followed by, and the manner of filling casual vacancies among members of the Advisory Council shall be such as may be prescribed.

- (3) The Central Government shall consult the Advisory Council in regard to :—(a) the revoking of any licence or permission under sub-section (3) of section 5, or under that sub-section read with section 6 ;

- (b) the taking of any action under section 7 ;

- (c) the making of any rules under sub-section (2) of section 10 ; and

- (d) the general policy to be followed in regulating the matters men-

Criticism.

Constitution of Advisory Council :—It would be better to clothe this council with powers so that concurrence is made obligatory before Government take action under the provisions of the Bill. In other words the consent of the Council must be obtained by Government before it acts under any of the provisions of the Bill.

Clauses in the Bill.

tioned in clauses (a) and (b) of sub-section 2 of section 10.

(10) Power to make rules as respects control and regulation of controlled industries :—(1) The Central Government may subject to the condition of previous publication, make rules for the control and regulation of all or any of the industries specified in the Schedule.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for all or any of the following matters, namely :—

(a) requiring any industrial undertaking to take such steps as the Central Government may consider necessary to stimulate the development of the industry to which such undertaking relates ;

(b) the regulation of the production of any industrial undertaking and the use of raw materials therein and the fixation of standards of production ;

Criticism.

This section arms the Central Government with rule making powers. The Government can make rules for the control and regulation of all or of any of the industries specified in the schedule. The Committee feels that the rules enumerated under this section are too sweeping and drastic and this alone will be sufficient to act as a damper on the enthusiasm of industrialists however venturesome they may be. If it is thought necessary that these rules must be there they should be exercised not by Government but by a statutory quasi judicial body in which representatives of industry will find a place and it should be presided over by a judicial Officer.

Clauses in the Bill.

Criticism.

(c) the issue of directions for prohibiting any industrial undertaking from resorting to any act or practice which might reduce its production, capacity or economic value ;

(d) requiring any industrial undertaking to provide facilities therein for the training of technicians and labour ;

(e) the collection of any information or statistics in respect of any controlled industry ;

(f) the manner of registration of industrial undertakings under section 4 ;

(g) the procedure for the grant or issue of licences and permissions under sections 5 and 6 including in particular the previous consultation with the Governments concerned in regard to the grant of any such licences ;

(h) the regulation of the conditions which may be included in such licences and permissions ;

(i) the conditions on which such licences and per-

Clauses in the Bill.

missions may be revoked, varied or amended ;

(j) substantial expansions of industrial undertakings for the purposes of section 6 ;

(k) the constitution of the Advisory Council under section 9, and the number and term of office of, the procedure to be followed by, and the manner of filling casual vacancies among, members of the Advisory Council, constituted under that section ;

(l) the maintenance of books, accounts and records relating to an Industrial undertaking, and employment of any accounting and auditing staff therein ;

(m) the submission of special or periodical returns and reports relating to an industrial undertaking, by persons having the control of or employed in connection with, such undertaking, and the forms in which and the authorities to whom such returns and reports shall be submitted.

Criticism.

Clauses in the Bill.

Criticism.

(3) Any rule made under this section may provide that a contravention thereof shall be punishable under section 12.

(4) All rules made under this section shall be laid for not less than fourteen days before the Central Legislature as soon as possible after they are made, and shall be subject to such modifications as that Legislature may make during the session in which they are so laid.

(11) Delegation :—The Central Government may, by notified order, direct that any power exercisable under this Act by the Central Government shall be exercised, subject to such conditions, if any, as may be specified therein, by such officer or authority including Governments of Provinces and Acceding States and Officers and authorities thereof as may be specified in the direction.

This section provides that the Central Government can delegate its powers under this act to any Officer or authority. This may be deleted.

(12) Penalties :—(1) Whoever contravenes, or

This Clause provides for punishment and it is stated therein that in th.

Clauses in the Bill.

attempts to contravene, or abets the contravention of, the provisions of sub-section (1) of section 4, or of sub-section (1) of section 5, or of sub-section (1) of section 5 read with section 6, or of clause (b) of sub-section (1) of section 7, or of any rule the contravention of which is punishable under this section, shall be punishable with imprisonment which may extend to six months or with fine which may extend to five thousand rupees, or with both, and in the case of a continuing contravention, with an additional fine which may extend to five hundred rupees for every day during which such contravention continues after conviction for the first such contravention.

- (2) If the person contravening any of the said provisions is a company or other body corporate, every director, manager or secretary thereof shall unless he proves that the contravention

Criticism.

case of companies and corporations every Director, Manager or Secretary thereto shall, unless he proves that the contravention took place without his knowledge or that he exercised all due diligence to prevent such contravention, be deemed guilty. It may be pointed out here that the Government of India have agreed that the panel provisions resting on the principle of vicarious responsibility should be regarded as exceptional part of the criminal law of the country and therefore such a provision should not find a place in the Bill.

Criticism.

Clauses in the Bill.

took place without his knowledge or that he exercised all due diligence to prevent such contravention, be deemed to be guilty of such contravention;

Provided that the company or other body corporate may give notice to the Central Government that it has nominated a director or manager or secretary thereof to be the person who shall be liable under this sub-section for the contravention of any of the said provisions by the company or other body corporate, and such person shall, in the case of any contravention of any of the said provisions by such company or other body corporate, be deemed to be guilty of such contravention under this sub-section to the exclusion of any other officer thereof mentioned therein until further notice cancelling his nomination is received by the Central Government or until he ceases to be a director, manager or secretary, as the case may be, of such company or other body corporate.

Scheduled Industries.

- (1) Aircraft.
- (2) Arms and ammunition.
- (3) Automobiles, including tractors.
- (4) Cement.
- (5) Coal, including coke and other derivatives.
- (6) Electric lamps and fans.
- (7) Electric motors.
- (8) Heavy chemicals including fertilizers.
- (9) Heavy machinery used in industry including ball and roller bearing and gear wheels and parts thereof, boilers and steam generating equipment.
- (10) Iron and Steel.
- (11) Locomotives and rolling stock.
- (12) Machine tools.
- (13) Machinery and equipment for the generation, transmission and distribution of electric energy.
- (14) Motor and aviation fuel, kerosene, crude oils and synthetic oils.
- (15) Non-ferrous metals including alloys.
- (16) Paper and newsprint.

Schedule.

In the definition section it is stated that the controlled industries mean any of the industries specified in the schedule and if we examine the schedule it will be noticed that it contains almost all the industries of the country. There is no reason to bring the well established industries under the schedule.

The Committee is also of the opinion that a new section is provided in the Bill for compensation. If any industrial undertaking undergoes a loss due to Government's interference it should be given compensation.

In the end the Committee would like to point out in this connection that there is no reference at all in the Bill to the responsibility of the Government to encourage the growth of these industries by providing necessary finance, ensuring supply of raw materials etc. In the opinion of the Committee the drastic and far-reaching measures contained in the Bill can be justified only in times of emergency and not in normal times. It may not be an exaggeration to say that the attempt to get blanket powers for the executive as proposed under the Bill is hardly calculated to produce the atmosphere in which capital will venture. It is apprehended that the vast powers conferred on the Government by the Bill will produce effect contrary to that intended by the Government. Therefore the Committee trust that

Scheduled Industries.

- (17) Pharmaceuticals and drugs.
- (18) Power and industrial alcohol.
- (19) Rubber goods.
- (20) Salt.
- (21) Ships and other vessels propelled by the agency of steam, or by electricity or other mechanical power.
- (22) Sugar.
- (23) Tea.
- (24) Telephones, telegraph apparatus and wireless communication apparatus.
- (25) Textiles made of cotton, jute or wool.

Schedule.

the Government will not do anything that would retard the revival of business confidence.

Bill to prevent Black-Marketing in the Province of Madras.

The Government of Madras had published a bill on March 22nd 1949 called the Madras Prevention of Black-marketing Bill. But the Chamber found that there were many objectionable features in the bill such as Section 6 of the Bill which laid down that a person convicted of blackmarketing may be required by the Government to exhibit notices in his premises regarding his conviction. The Chamber, therefore addressed the Government pointing out that the bill contained many novel provisions not found in the penal laws of any civilised country. The Chamber sent the following Communication to Government.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras to draw Government's attention to the objectionable provisions contained in the Madras prevention of Black marketing bill published in the Fort St. George Gazette of March 22nd 1949.

The Committee of the Chamber note that the intention of the Government is to eradicate the evil of black-marketing in the Province and that they are of the opinion that the present bill will achieve the object. But the Chamber is of the view that the various clauses under the bill apart from laying down heavy punishments on black marketers, contain provisions which are very novel and are not to be found in the penal laws of any civilised country. The Government may be of the opinion that these provisions may act as deterrents on black marketers but it is open to doubt whether they will achieve the purpose.

While the Chamber is one with the Government that Black-marketers should be punished they cannot subscribe to the various provisions which the Government have thought proper to introduce in the Bill. The Bill goes far beyond that what is expected from a modern Government. It is wellknown that the executive has often adopted practices which had lead to trapping unsuspecting tradesmen and merchants into breaches of control measures, (which has been practised by some of the enforcement authorities) and therefore it is that the Chamber is apprehensive that the provisions of the bill introduced by the Madras Government would be tyraneous, in character and would vest the executive with enormous powers. In particular the Chamber would point out that section 6 of the bill is highly objectionable, in so far as it requires persons convicted of an offence under the Act, to exhibit notices at such places as may be required by the executive authorities and also by requiring convicted persons to print at the top of every letter issued in the course of the business by him or at his instance such particulars relating to his conviction as may be specified by the executive authority. For these provisions there are no parallels in any country which has sought to put down black marketing, with an iron hand. These punishments appear to be very vindictive, and amounts to harrassment of the convicted person who has already undergone the penalty for breaking the law.

Section 7. Again the bill compels the press to publish the Government press note containing such particulars of the offence and the offender. In fact the editor of a press is to abdicate his function in favour of officialdom which is objectionable from the point of view of the press.

Section 10 of the bill is highly indefensible since it throws the onus of proof on the alleged offender and not on the prosecution which is a negation of the principle of law viz., that the Crown must prove the case. On the other hand the Director, Manager, Secretary or Agent concerned with the Management has to prove that the offence was committed without their knowledge. It is difficult to see how Directors who are not concerned with the day to day administration would be able to devote their time to find out that no offence is committed by their subordinates. It is an onerous provision which would give rise to harassment by the executive of the high officers of a company and it is not proper that the burden of proof must be thrown on the offender. The ordinary law of the land requires that it is always the prosecution that must prove the case and it is not desirable to alter the same.

The Committee of the Chamber are sure that it could never have been the intention of the Government to punish the unsuspecting tradesman who would surely be, as experience in the past have shown, harassed by the executive if the provisions contained in the bill are to be enacted into the law of the land. Therefore, the Chamber feels that the Government should suitably amend the objectionable provisions contained in the bill.

Prevention of free or forced or compulsory Labour Act

The Government of India introduced in the Constituent Assembly a bill to provide punishment for free or forced or compulsory labour. They pointed out that forced labour and free labour prevail in its most aggravated form in rural areas and that it was high time that the same should be ended. This bill seeks to make free or compulsory or forced labour an offence punishable with imprisonment or fine or both. In this Bill there are three sections which deal with free or forced labour. It has defined the free labour as labour without providing remuneration in cash at the prevailing market rates in the locality for that kind of labour.

Forced or compulsory labour was defined as when work or service which was exacted from any person under the menace of any penalty and for which the said person had not offered himself voluntarily :

Section 3 of the Bill provides punishment for taking free or forced or compulsory service. The Chamber whose opinion was asked on the provisions of the bill addressed the following communication to the Secretary to the Development Department of the Government of Madras.

"I am directed by the Southern India Chamber of Commerce Madras, to offer the following opinions on the provisions of the Bill to prevent free or forced or compulsory labour, recently introduced in the Constituent Assembly of India.

The Chamber notes that the object of the bill is to put a stop to all forms of free or forced labour which have their roots in the feudal form of society. The Chamber agrees with the Government that this evil if prevailing anywhere should be put an end to. The International Labour Conference also which met on 1930 has passed a convention for the abolition of forced or compulsory labour. Therefore it is recognised on all hands that the principle of the bill to make free or compulsory or forced labour an offence is right.

But in this connection, the Chamber would like to point out that the definition of the bill must be made very clear so that unnecessary harassment may not be caused to persons who engage certain types of labour. For instance in villages there are certain types of labour connected with agricultural operations and there are labour for certain common purposes which by custom are done by villagers or by all agriculturists freely for their common benefit.

The bill recognises two exceptions to compulsory labour but it makes provision for payment of such labour. In the same way, certain types of labour which may be necessary in the common interest of all the cultivators may not be classified under free or forced or compulsory labour. But the Chamber would like such labour to be adequately remunerated.

In this connection, the Chamber would like to point out another type of labour such as those connected with apprentices in certain trades. These apprentices during the period of their training do not get any remuneration in some cases but it will be readily noticed that it is not service which is extracted from them under the menace of any penalty and for which the said person has not offered himself voluntarily. Therefore, while the Chamber realises that this class of persons will not come under the bill yet for the sake of safety and by way of abundant caution the Chamber would like to stress upon the Government the necessity for defining precisely the term 'free labour or forced or compulsory labour' especially when they are making the taking of the same an offence to be cognisable and triable by Magistrates and providing punishments.

The Chamber trusts that the above observations would be carefully gone into by the Government."

Workers Provident Fund Act

The Government of India introduced in the Constituent Assembly a bill to provide for the establishment and grant of Provident Fund to certain classes of workers by their employers. The main object of the Bill was to make it compulsory for every employer of labourers and workers in industrial concerns to establish provident funds for the benefit of the employees. It was claimed for the bill that it will promote growth of spirit of confidence and that co-ordination to employees. The employers would be able to get better results by creating such funds; the Government said that employers will attract to themselves a class of employees who will be contented and who would prefer to remain attached to a particular employer, due to the provisions of provident fund. The Chamber addressed the following communication to the Government giving their opinion on the Bill.

"I am directed by the Southern India Chamber of Commerce; Madras, to offer the following views of the Chamber on the bill to provide for the establishment and grant of provident fund to certain classes of workers by their employers, which has been introduced by Mr. K. K. Sidhwa in the Constituent Assembly of India.

Before proceeding to Comment on the provisions of the bill the Chamber would like to make the following observations with regard to the statement of objects and reasons stated in the bill.

It is stated therein that it is very rare that an employer would volunteer to establish a contributory Provident fund for his employees. It must be borne in mind that this sweeping statement is not correct. The main object of the Bill namely to establish Provident Fund for the betterment of the employees has been accepted by many employers years ago and it is a fact that to day there are a large number of factories and other Commercial establishments which have established Provident Funds for their employees. Again the language used in the statement of objects and reasons is not happy especially when it says that the interests of the employers and the employees are generally found to be at variance.

This is not true as all enlightened employers find that their interest and the interest of their employees are identical only when the employees prosper the employer knows that he will also prosper. Therefore, this statement cannot go unchallenged by the Chamber.

The Chamber wish to state even at the outset that it approves the basic principle underlying this bill namely to establish provident fund for the betterment of employees and their families. But at the same time the Chamber wish to emphasise the point that the effect of such legislative measures be considered from the financial angle also to find out whether all industries in India are in a position to undertake such expenses. If it is remembered that very recently various pieces of labour legislation such as Minimum wages Act, Employees State Insurance Act, Amended Factories Act providing for establishment of cheap canteens, holidays, with pay, free medical aid etc., have gone to increase the obligations of employers towards their employees, there is no reason to hurry this measure at this time. The various labour legislations outlined above are intended to benefit labour and have increased the total labour cost and if added to all these, if provident fund is also to be made compulsory the burden on Indian Industries may become too high at a time when they have to compete in the markets with well established industries of other countries.

Therefore, the Chamber would suggest that in view of various labour legislations intended to benefit employees have been passed in Assembly recently, this measure can wait for some time to come.

With regard to the various provisions of the Bill the Chamber would like to point out the following suggestions.

Clause 2, the definition of the word "Employer" must be amended so that it should include only those who employ more than 50 persons.

Clause 3, this clause requires every employer to open a provident fund account. It is suggested that in order to help new industries an initial period of at least 5 years may be allowed for new businesses before they are called upon to establish a provident fund.

Clause 4, the bill makes subscription to the provident fund compulsory but those who have close association with industries and labour know that many workers are still unwilling to make their subscription to the Provident fund and this position is complicated by the migratory nature of Indian labour.

Clause 5, It states that the compulsory contribution of the subscribers shall be on total wages. But wages have been defined to include any privilege which is capable of being estimated in money. The privileges or benefits which are capable of being estimated are too numerous and again they vary from month to month and cannot be practicably computed at the end of each month. It is only the basic wage that remains fixed for a period until it is revised but the other privileges or benefits which include dearness allowances, food concession, overtime wages, production and other bonuses and the like are all fluctuating and cannot be easily computed on monthly basis. Besides these allowances or benefits should not be included under the definition of the term wages. Otherwise the employer would be called upon to pay much more because those allowances will be included in wages as defined in the bill now. This is not fair and therefore, wages must be more correctly defined to include only basic pay and should not include other allowances.

Clause 6. It provides for the employer contributing double the amount of the employees' contribution to the fund. The Chamber would suggest that the employers contribution should be only equal to that of the employees. It must be remembered that many factories and industrial establishments are not in such a strong financial position as to contribute a heavy sum by way of

provident fund to employees. To-day, the price of plant and machinery is nearly 3 to 4 times the pre-war prices and many industries have not adequate funds for renewal of their wornout machinery. Direct taxation is also very high. Therefore, the employers contribution should be only equal to that of the employees.

Clause 8. The proposal that all subscribers should be entitled to receive their share of the employees contribution with interest after 10 years of service will defeat the very object of the bill. Provident fund is intended to provide against old age death and disability. If what is contained in the bill is accepted any person employed at an age of 20 years would be entitled to withdraw from the fund in his 30th age. Therefore, the Chamber would suggest that the period of 10 years must be removed and a longer minimum period substituted. Further the clause provides that if a subscriber leaves service or resigns or discharged and even when he is dismissed he shall be entitled to receive not only his but also his employers contribution. If this is adopted there will be no restraining influence on any employee against his tendency to discontinue his service without adequate reason. If the employee is dismissed he should not be allowed to claim the employers contribution.

Clause 12. It is stated that the employer shall fix the rate of interest which he will allow on payments made by the subscriber and on his contribution. Under clause 7 of the bill the employer is required to invest all the accumulated funds in Government securities. Therefore, there is no question of the employer paying interest as interest will be paid on the Government securities.

Finally the Chamber is of the opinion that the wording of the bill is loose and requires precise wording.

The Chamber is hopeful that the suggestions given above will be carefully considered and the provisions of the bill suitably amended."

CENSUS OF MANUFACTURING INDUSTRIES

The office of the Director of Industrial Statistics, Ministry of Industry & Supply, Government of India, New Delhi, circulated to

the Chamber a set of the revised census of manufacturing industries, forms prescribed under the Census of manufacturing industries rules 1945 issued under the Industrial Statistics Act 1942. The Chamber circulated the same to interested members and replied to the Director of Industries and Statistics as follows :

"I acknowledge with thanks the forms of return under which the Census of manufacturing of Industry is being conducted. The Chamber notices that the Committee of Departmental Statisticians, have agreed in principle that the existing forms should be simplified and that in consequence the simplified draft forms have been sent to the Chamber for suggestions that the Chambers of Commerce may make for improving the revised forms. In this connection, with regard to the form relating to "Match" it is felt by the match manufacturers that wood cannot be mentioned in cubic feet (in form No. 2 page 5) and they would request it may be specified in maunds and gross.

With regard to "vegetable oil industries" the Industry would like to know how this form can be made use of by one and the same industry which manufacture in addition to vegetable oils, soaps, disinfectants, ink, essential oils etc., and who do not maintain separate capital account, capital expenditure accounts, cash and Bank account etc. to furnish details under the following heads.

Table B (2)—Capital Structure :

3. Paid up Capital.

1. A (1) Value of land on which the factory is situated.

B (4) Cash in hand at the Bank.

Table C Labour actually employed.

11. Manager and clerical staff.

With regard to other forms I am consulting the respective industries confidentially and will report to you as soon as I hear from them".

GENERAL ENGINEERING & ELECTRICAL ENGINEERING

In this form the following are the remarks.

Table 'B' (2) Capital Structure.

This form should indicate in detail the total amount invested into the business for manufacture of articles. This may consist of capital contributed by the owners, sums borrowed or sundry creditors and acceptances for future payments. The sums under all these heads are utilised directly or indirectly towards production.

The horizontal headings, 1, 2 & 3 under 'Productive Capital' are unnecessary as the position is reviewed only on a particular date, except these are mere information items. They will certainly involve greater clerical labour.

Item (4) under 'B' should include Sundry Drs. Bills receivable etc., II in the same table is unnecessary as Drs. is included under productive Capital, while sundry Crs. is unnecessary.

The old form was in fact nothing but the balance sheet cash in a particular manner which may not be very helpful to achieve the object.

With the alteration mentioned above the revised form will be quite suitable for the purpose.

The tables may be arranged in the following orders:—

- | | |
|--------------|---|
| 1. Table 'A' | (1) No. of days the factory worked etc. |
| 2. Table 'B' | (2) Capital structure. |
| 3. Table 'F' | (3) Output. |
| 4. Table 'E' | Stores consumed. |
| 5. Table 'D' | Fuel etc., consumed. |
| 6. Table 'D' | Labour. |
| 7. Table 'F' | (1) Details of products. |

At present, the figures to be furnished in all the statements should pertain to the Calendar year, while capital structure may at the convenience of the factory be either for the calendar year or for any date on which the accounts were closed. In case the accounts

are not closed with the calendar year, there will be no correlation with this table with the other tables. If the accounts are not closed with the calendar year, unnecessary burden and clerical work is thrown on the staff in preparing particulars for the calendar year. In this case, the figures will not be accurate, as majority of adjustments are made only at the end of the year. Hence it would be advisable for a concern to furnish the figures for the year, on the date on which the accounts are closed. We would suggest that all figures in the return should pertain to the official year i.e., 31st March of every year.

CEMENT

The following are the suggestions for improving the revised draft form:

1. The last date for the submission of the statistics Return to the authorities should be 31st March in place of 28th February. This is necessary because accounts of many Companies are not finalised so early as 28th March.

2. Table B (2)—Column (2)

We suggest the entry should read "Value of additions or sales affected during the year".

3. Table B (2) Item I (2)

Suggest the item should read as "Factory and Non-factory buildings including residential quarters".

4. Table (C)—Column (3) Item I (2)

Labour employed through contractors is paid by the contractor-themselves and details are not known to the Company. We, therefore, suggest the heading of column (3) should be, "Total Salaries and Wages earned and amounts paid to Contractors for Labour Employed by them".

5. Table E—Item I

(i) Item (1) should read "Limestone, Kanker, Calcite etc".

(ii) In places of "China clay" against item (2) we suggest "Ordinary plastic clay/shale" should be written.

(iii) Additional item should be provided for "Sand/Moorum"

THE MADRAS SHOPS AND ESTABLISHMENTS ACT 1947

The Chamber addressed letters given below to the Government of Madras, in connection with the enforcement of the Madras Shops and Establishments Act, pointing out how it has affected working of various trades.

The following is the communication requesting the Government to examine Sections 14 & 15 for clearing and forwarding agents.

The Madras Shops and Establishments Act is applicable to all Commercial establishments which include all agencies for forwarding and clearing goods. The application of the Act to these commercial agencies which are connected with the service of steamers, cause lot of delays and inconveniences and excessive expenditure which finally work as a hardship on the community at large. The nature of the work involved is such that it has to be continuous. Movements of steamers are arranged in accordance with time schedules and goods have to be loaded or unloaded within the time specified. Further quickness in clearing goods would in turn release wagons speedily and would result in a quick turnaround of wagons that would to a large extent ease the transport position of the country. In fact the Government have understood the necessity for attaching urgency in the handling of goods for transport by sea or rail and that is why they have permitted port authorities and customs authorities to work overtime beyond the limit set in the Act.

The Chamber, therefore, would urge that the same leniency and elasticity should be shown when these matters have to be handled by commercial establishments. If supervisors working on board the vessels, Office and out door staff attending to a Steamer Agency are all to work within the restricted hours prescribed under the Act there would be lot of inconveniences caused to commercial establishments. Therefore the Chamber would suggest that persons engaged in preparatory or supplementary work such as entering or clearing the ships, supervising the loading or landing of cargos, or in receiving and forwarding of goods by sea or rail or for attending to Customs or Port formalities should be exempted from the provisions of the Act.

The Chamber has no objection that if these exemptions were granted subject to the condition that the persons exempted under the Act will not, over a given period, be permitted to work beyond the hours laid down in the Act. Suitable provision may be made that in any given month the staff concerned should in the aggregate be entitled to 4 holidays and may be called upon to work during the month only within the total of maximum hours for work and overtime laid down in the Act.

Therefore, this Chamber would request the Government to exempt such categories of employees such as shipping, clearing and forwarding clerks from the provisions of Sections 14 and 15 of the Madras Shops and Establishments Act.

On the introduction of Section II (1) which says that every shop should usually remain entirely closed on one day of the week which shall be specified by the Shop keeper, the Chamber pointed out the difficulty that was being caused by the officers of the department to shop owners, and addressed the following communication.

" I am desired by the Southern India Chamber of Commerce to bring to your notice a grievance of the trade community in the administration of the above Act and to request you to redress the same. The Act contains a provision which says that every shop shall remain entirely closed on one day, of the week a holiday on one whole day. Now it seems your department has held that it is necessary for a shop, whether persons are employed in it or not, should be closed entirely on one day in a week. While it may be argued that this interpretation is in pursuance of the provision contained in the Act the Chamber would like to point out the hardship that is being caused to the mercantile community by this interpretation.

Some employers may have no servants at all and some would like to attend to their correspondence or accounts work on these weekly holidays. The latter do not ask their employees to attend on these weekly holidays. What they do is simply attend to their work in the shop. The department's order that on this weekly holiday no sales or service to any customer must take place but that also business connected with the shop and work should not

even be carried on is against the spirit of the Act. This will be a great hardship to many shop-owners who would like to keep open their shops and attend to their business without compelling their office staff to attend on that day. The intention of the Government as explained in the statement of objects and reasons published along with the bill was only to grant certain benefits to employees but now the interpretation given by the Labour Department encroaches upon the rights and liberties of the employers who are compelled to close their shops. Considering that the definition of the word closed as stated in the Act does not require the shop keepers to close the doors of the shops on the weekly holidays, the shop keepers may be allowed so that work other than sales or service to customers can be carried on weekly holidays.

While on the subject the Chamber would like to point out that it would be helpful to the business community if the Government would make available to the Chamber of Commerce the various orders and notifications touching the various provisions of the Act which are issued by the Commissioner of Labour or the Development Department to their Officers. Some of the communications issued to the subordinate officers contain clarifications on the various provisions of the Act and these communications would be a guide to the business community also and keep them informed of the correct procedure. Therefore, the Chamber would impress upon the Government the necessity of sending copies of such communications containing instructions or elucidating points touching on the administration of the act to recognised Chambers of Commerce and trade associations in the Province."

On the question of fixation of opening and closing hours for shops and establishments under the Madras Shops and Establishments Act, the Chamber addressed the following communication to the Ministry of Labour, Government of Madras.

"The Chamber is receiving representations from its Affiliated Bodies viz., the District Chamber of Commerce, that the closing and opening hours fixed for Shops and Establishments are causing considerable inconvenience to the smooth running of trade. After carefully considering the effect of the recent Government's rules, in this matter, the Committee of the Chamber have desired me to represent to you as follows :—

The Government of Madras is well aware how after the introduction of the Madras Shops & Establishments Act, the employers have willingly cooperated with the Government in making this measure a great success. When this is so, it is rather to be regretted that the Government should fix the hours of opening and closing of Shops and Establishment which have had undesirable results at a time when trade requires fast and smooth course.

In this connection, the Committee desires to draw the attention of the Government to the Statements of objects and reasons published along with the Madras Shops and Establishments Bill of 1947. The aim of the Government as mentioned therein that necessitated the promulgation of this Bill were to regulate the conditions of work of employers in Shops and Commercial Establishments, fix the number of holidays for employees, provide for the safety and health of the employees etc., Thus, it will be seen that the act was meant to safeguard the interest of the employees only and not to interfere with the Establishments as such or the employers. It should be admitted by the Government that the Act has had the desired results. So the Committee are of the opinion that the Government may rest content with the results so far achieved and not fix the opening and closing hours of shops as they affect trade. But for this fact, the Chamber would not like to write to Government on these lines but it has had representations from its affiliated bodies that this fixing of opening and closing hours are affecting trade. Further, it should be noted that 8 hours period of work is now definitely between 6 A.M. and 10 P.M. and as such, there is no necessity at all to fix the exact hours of opening and closing. Again, a shop or an establishment usually is not ordinarily kept open earlier than 6 A.M. or closed later than 10 P.M. unless a necessity to the contrary is occasioned by reason of urgent and unavoidable work, remaining to be done on the day viz., receiving and despatching goods promptly and other important work of a similar nature which by force of circumstances could not be postponed for the next day. So also, during festivals the necessity arises to keep open the shops, beyond prescribed hours in order to serve the public, to suit every occasion like this, exemption from the Government cannot be had every time. Therefore, the question of opening and closing of shops and establishments should be left entirely to be adjusted by the trade and any rule preventing normal

running business will be surely detrimental to all connected with Trade as well as to the public. Considering the above, the Chamber trusts that the Government will repeal their instructions regarding the closing and opening hours of shops and Establishments and Restaurants etc."

MADRAS WAREHOUSES ACT 1948

The Government of Madras introduced a bill to provide for the regulation of licensing of warehouses in the province of Madras. They stated that the object of this bill was to encourage the establishment of independent warehouses for the storage chiefly of agricultural produce, and to make provision for the proper supervision and control of such warehouses. The receipt issued by the warehouseman for the produce stored by him will be transferable by endorsement and will serve as a collateral security for any loan required by the agriculturists for the purpose of financing his seasonal agricultural operations etc.,

Every warehouse-man is required to take out a licence for the conduct of his business. A bank or banker maintaining a godown, exclusively for storing goods pledged with the bank or banker is excluded from the definition of "Warehouse-man", so that no licence under this Bill will be required in such cases. The object of this exclusion is to prevent dislocation of commercial banking business which includes the making of advances against actual goods deposited. Before granting a licence to a warehouse-man, the prescribed authority will satisfy itself that the warehouse is suitable for the proper storage of the goods in respect of which the applicant is competent to conduct the business. The licence will be valid for a prescribed period and may be renewed from time to time. It may be suspended or cancelled by the prescribed authority for valid reasons to be recorded in writing, after giving the warehouseman an opportunity of making his representations, if any, in regard to the matter. When the licence expires, or is suspended or cancelled, it is to be returned to the prescribed authority.

It will be seen from the same that the various conditions imposed for licencing warehouses and for the grant of warehouse licences under the Act would not encourage the establishment of a large number of warehouses. Further, a large amount of help now

available to the agriculturists would be taken away. There were other provisions which would create a lot of difficulties and may prevent the object of the bill being achieved. Therefore, the Chamber addressed the following communication to the Government of Madras.

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras to refer to the Madras Government's bill to provide for the regulation and licensing of warehouses in the province of Madras. The Committee note that the object of this bill is to encourage the establishment of independent warehouses for the storage of agricultural produce and to make provisions for the proper supervision and control of such warehouses. The Government expect that as a result of this measure there will be considerable increase in the volume of finance available to agriculturists and further that the agriculturist will be able to realise better prices for his produce. But section 15 of the bill states that no warehouseman other than a Co-operative Society shall either on his own account or that of others deal in or lend money on goods received by him for deposit in his warehouse. The section expressly prohibits warehouse men other than Co-operative Societies from dealing in or lending money on the goods received for deposit.

The result is the present existing system whereby several commission merchants who finance the agriculturist, is being replaced. The effect of this will be that a large amount of help now available to the agriculturist is completely taken away. Unless a large number of warehouses come into existence and unless a huge number of Co-operative Societies are started in order to help the agriculturist he will be deprived of funds for carrying on his work. The various conditions imposed for licensing warehouses and for the grant of warehouse licences under the act would not encourage the coming up of a large number of warehouses.

Further it ignores the usual trade practice whereby merchants who send their goods to other places for selling in that market generally receive a portion of the prices of their goods even before the sale is effected. These dealings would come strictly under the

act when brought in to force and therefore the Government should exempt from the scope of the Act such dealings between merchants and merchants and should also exempt such godowns, maintained by them.

The definition of the term "warehouse" is so wide that it may include the storage of stocks of independent merchants who have purchased for sale their goods in the ordinary course of trade. The Chamber takes it that these stores wherein goods purchased for sale in the normal course of trade and are stocked by merchants are exempt under the definition of the term "warehouse".

It should be pointed out that the Agriculturists can receive loans only on the deposit of goods in the warehouse. In order to clear off the loan he should get his goods for sale but he cannot redeem his goods unless he clears his loans. This would result in a lot of difficulties and may prevent the object of the bill being achieved. Further the loan can be had only on the deposit of his goods but in case there is a failure of the season he will not have any goods to deposit in a warehouse and he would be having no produce with him to raise money.

Therefore, it is that the Chamber requests that the Government should not attempt to introduce revolutionary changes in the existing modes of financing agriculturists.

The Chamber trusts that the Government will give their due consideration to the points raised."

MADRAS FACTORIES RULES 1949.

The Government of Madras published the draft Madras Factories Rules 1949 in the Fort., St. George Gazette of April the 19th 1949.

The Chamber offered the following comments on the various provisions of the rules.

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras, to refer to the Draft Madras Factories Rules 1949, published in the Fort St., George Gazette of April 19th, 1949.

Before commenting on the various provisions of the Rules the Committee would like to point out that the various rules framed are mostly unsuited to conditions prevailing in this country. Probably the department was influenced by similar rules in existence in western countries and these rules were adopted here without giving due consideration to the needs of this country with different existing conditions. As an instance in point we may refer to rule 62 which says that nail brushes, showers etc., must be provided for workers. These equipments which are intended for washing are too luxurious for countries like ours and the workers are not accustomed to such luxuries in their lives. Large space is required to be provided for rest centres which would also be impossible in the case of existing factories where the additional open space available is very limited. It may be noted in this connection that most of the workers live near the factory and are therefore not likely to avail themselves of the facilities to be provided under the rules.

Now the Chamber would like to give its comments on the various provisions of the rules.

5. GRANT OF LICENCE:—(1) A licence for factory shall be granted by the Chief Inspector in Form No. 4, prescribed for the purpose and on payment of the fees specified in the schedule hereto.

(2) Every licence granted or renewed under this Chapter shall remain in force up to the 31st of December of the year for which the licence is granted or renewed.

SCHEDULE.

Quantity of H. P. Installed (Maximum H. P.)	Maximum Number of Persons to be Employed during the year.						
	20	50	100	250	500	750	1,000 & above
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Nil	...	10	25	50	125	250	375
10	...	25	50	60	150	300	450
50	...	50	75	100	250	500	750
100	...	100	125	150	375	750	1,125
above 100	...	150	200	250	500	1,000	1,500

6. AMENDMENT OF LICENCE:—(1) A licence granted under rule 5 may be amended by the Chief Inspector.

(2) A licensee who desires to have his licence amended shall submit it to the Chief Inspector with an application stating the nature of the amendment and reasons therefor.

(3) The fee for the amendment of a licence shall be five rupees plus the amount (if any) by which the fee that would have been payable if the licence had originally been issued in the amended form exceeds the fee originally paid for the licence.

7. RENEWAL OF LICENCE:—
(1) A licence may be renewed by the Chief Inspector.

(2) Every application for the renewal of licence shall be accompanied by the notice of occupation in the prescribed Form No. 3, in duplicate, and shall be made not less than 30 days before the date on which the licence expires, and, if the application is so made, the premises shall be held to be duly licensed until such date as the Chief Inspector renews the licence.

(3) The same fee shall be charged for the renewal of a licence as for the grant thereof.

Provided that if the application for renewal is not received within the time specified in sub-rule (2) the licence shall be renewed only on payment of a fee 25 per cent in excess of the fee ordinarily payable for the licence.

8. TRANSFER OF LICENCE:—
(1) The Holder of a licence may, at any time before the expiry of the

RULE 5 (1) to 12:—These rules require a licence for a factory and a fee is

licence, apply for permission to transfer his licence to another person.

(2) Such application shall be made to the Chief Inspector who shall, if he approves of the transfer, enter upon the licence, under his signature, an endorsement to the effect that the licence has been transferred to the person named.

(3) A fee of five rupees shall be charged on each such application.

9. PROCEDURE ON DEATH OR DISABILITY OF LICENCEE: If a licensee dies or becomes insolvent, the person carrying on the business of such licensee shall not be liable to any penalty under the Act for exercising the powers granted to the licensee by the licence during such time as may reasonably be required to allow him to make an application for the amendment of the licence under rule 6 in his own name for the unexpired portion of the original licence.

10. LOSS OF LICENCE:—Where a licence granted under these rules is lost or accidentally destroyed, a duplicate may be granted on payment of a fee of rupees five.

11. PAYMENT OF FEES:—(1) Every application under these rules shall be accompanied by a treasury receipt showing that the appropriate fee has been paid into the local treasury under the head of Account XXXVI Miscellaneous Departments e. Miscellaneous Receipts of the Factories Department.

(2) If an application for the grant, renewal amendment of a licence is rejected, the fee paid shall be refunded to the applicant by the Chief Inspector.

prescribed for the same. Also fees are required for renewal of licence every year. Till now no licence fees were collected from factories and there is no reason why now a fee is charged for licencing a factory; even granting that a fee is to be levied, it would be enough if a nominal fee is levied instead of exorbitant fees prescribed under the rules which range from Rs. 10 to 2,000 which is not at all justifiable. While the factories pay Income-tax and other taxes there is no reason why they should be charged this exorbitant fee. This will damp all enthusiasm for starting new industrial undertakings, at a time when we are in need of more industrial units. It is to be regretted that even the renewal of a licence will be charged the same fee as for granting the original licence. This is extremely unfair, while the original fee must be small, the renewal fee must only be one half of the original fee. A penalty is provided for late application for renewal of licence. This is not necessary.

31. PREVENTION OF GLARE:—

(1) Where any source of artificial light in the factory is less than 16 feet above floor level no part of the light source or of the lighting fitting having a brightness greater than 10 candles per square inch shall be visible to persons whilst normally employed within 100 feet of the source, except where the angle of elevation from the eye to the source or part the fitting as the case may be exceeds 20°.

(2) Any local light, that is to say, an artificial light designed to illuminate particularly the area or part of the area of work of a single operative or small group of operatives working near each other, shall be provided with a suitable shade of opaque material to prevent glare or with other effective means by which the light source is completely screened from the eyes of every person employed at a normal working place or shall be so placed that no such person is exposed to glare therefrom.

32. POWER OF CHIEF INSPECTOR TO EXEMPT:—Where the Chief Inspector is satisfied in respect of any particular factory or part thereof or in respect of any description of workroom or process that any requirement of rules 29 to 31 is inappropriate or is not reasonably practicable, he may, by order in writing exempt the factory or part thereof, or description of workroom or process from such requirement to such extent and subject to such conditions as he may specify:

39. COOLING OF WATER:—In every factory wherein more than two hundred and fifty workers are ordinarily employed:—

RULES 31 & 32:—

The conditions laid down in these sections will be difficult to carry out in practice and the Chief Inspector must be instructed to exempt liberally factories which cannot fulfil the requirements under these rules.

(a) the drinking water supplied to the workers shall, during hot weather, be cooled by ice or other effective method:

Provided that, if ice is placed in the drinking water the ice shall be clean and wholesome and shall be obtained only from a source approved in writing by the Health Officer;

(b) the cooled drinking water shall be supplied in every canteen, lunch-room and rest-room and also at conveniently accessible points throughout the factory which, for the purpose of these rules, shall be called "Water Centres";

(c) the water centres shall be sheltered from the weather and adequately drained;

(d) the number of water centres to be provided shall be one "centre" for every 150 persons employed at any one time in the factory; provided that, in the case of a factory where the number of persons employed exceeds 500, it shall be sufficient if there is one such "centre" as afore said for every 150 persons up to the first 500 persons and one for every 500 persons there-after;

(e) Every "water centre" shall be maintained in a clean and orderly condition and shall be in charge of a suitable person who shall distribute the water. Such person shall be provided with clean clothes while on duty.

Clause (a) shall not apply to any factory in which suitable mechanically operated drinking water refrigerating units are installed to the satisfaction of the Chief Inspector.

RULE 39. This rule requires that the drinking water supplied to the workers during hot weather should be cooled by ice.

62. WASHING FACILITIES:—

(1) This rule shall come into force, in respect of any class or description of factories, on such dates as the Provincial Government may by notification in the official gazette, appoint in this behalf.

(2) There shall be provided and maintained in every factory for the use of employed persons adequate and suitable facilities for washing which shall include soap and nail brushes or other suitable means of cleaning and the facilities shall be conveniently accessible and shall be kept in a clean and orderly condition.

(3) Without prejudice to the generality of the foregoing provisions the washing facilities shall include.

(a) a trough with taps or jets at intervals of not less than two feet, or

(b) wash-basins with taps attached thereto, or

(c) taps on stand-pipes or

(d) showers controlled by taps, or

(e) circular troughs of the fountain type, provided that the Inspector may, having regard to the needs and habits of the workers, fix the proportion in which the aforementioned types of facilities shall be installed.

(4) (a) Every trough and basin shall have a smooth, impervious surface and shall be fitted with a waste-pipe and plug.

(b) The floor or ground under and in the immediate vicinity of every trough, tap, jet, wash basin, stand-pipe and shower shall be so laid or finished as to provide a smooth imper-

It must be noted here that many workers prefer warm water or ordinary water and not iced water and it is therefore, unnecessary to provide for the supply of cool water.

vious surface and shall be adequately drained.

(5) for persons whose work involves contact with any injurious or noxious substance there shall be at least one tap for every fifteen persons; and for persons whose work does not involve such contact the number of taps shall be as follows:

NUMBER OF WORKERS.		NUMBER OF TAPS
upto	20	... 1
	21 to 35	... 2
	36 to 50	... 3
	51 to 150	... 4
	151 to 200	... 5
Exceeding 200 but not exceeding 500,		5 plus one tap for every 50 or fraction of 50. 11 plus one tap for every 100 or fraction of 100.

(6) If female workers are employed, separate washing facilities shall be provided and so enclosed or screened that the interiors are not visible from any place where persons of the other sex work or pass. The entrance to such facilities shall bear conspicuous notice in the language understood by the majority of the workers "For Women only" and shall also be indicated pictorially.

(7) The Water-supply to the washing facilities shall be capable of yielding at least six gallons a day for each person employed in the factory and shall be from a source approved in writing by the Health Officer.

Provided that where the Chief Inspector is satisfied that such an yield is not practicable he may by certificate in writing permit the

RULE 62. It provides for washing facilities and says that soaps, nail-brushes, wash basins, troughs, showers etc., must be provided. While the Chamber certainly would agree that washing facilities must be provided it is unnecessary to go in for costly equipment on western models as they are unnecessary in this country.

supply of a smaller quantity not being less than one gallon per day for every person employed in the factory.

65. CANTEENS :—(1) Rules 65 to 71 shall come into force in respect of any class or description of factories on such dates as the Provincial Government may by notification in the official Gazette appoint in this behalf.

(2) The occupier of every factory notified by the Provincial Government, and wherein more than two hundred and fifty workers are ordinarily employed shall provide in or near the factory an adequate canteen according to the standards prescribed in these rules.

(3) The Manager of a Factory shall submit for the approval of the Chief Inspector plans and site plan, in duplicate, of the building to be constructed or adapted for use as a canteen.

(4) The canteen building shall be situated not less than fifty feet from any latrine, urinal, boiler house, coal stacks, ash dumps and any other source of dust, smoke or obnoxious fumes.

Provided that the Chief Inspector may in any particular factory relax the provisions of this sub-rule to such extent as may be reasonable in the circumstances and may require measures to be adopted to secure the essential purpose of this subrule.

(5) The canteen building shall be constructed in accordance with the plans approved by the Chief Inspector and shall accommodate at least a dining hall, kitchen, store room, pantry and washing places separately for workers and for utensils.

(6) In a canteen the floor and inside walls upto a height of 4 feet from the floor shall be made of smooth and impervious material; the remaining portion of the inside walls shall be made smooth by cement plaster or in any other manner approved by the Chief Inspector.

(7) The doors and windows of a canteen building shall be of fly proof construction and shall allow adequate ventilation.

(8) The canteen shall be sufficiently lighted at all times when any persons have access to it :

(9) (a) In every canteen :—

(i) all inside walls of rooms and all ceilings and passages and staircases shall be lime-washed or colour-washed at least once in each year or painted once in three years dating from the period when last lime washed or painted as the case may be ;

(ii) all wood work shall be varnished or painted once in three years dating from the period when last varnished or painted ;

(iii) all internal structural iron or steel work be varnished or painted once in three years dating from the period when last varnished or painted: Provided that inside walls of the kitchen shall be limewashed once in every four months :

(b) Records of dates on which lime-washing, varnishing or painting is carried out shall be maintained in the prescribed Register (Form No. 7).

(10) The precincts of the canteen shall be maintained in a clean and sanitary condition. Waste water shall be carried away in suitable covered drains and shall not be allowed to

accumulate so as to cause a nuisance. Suitable arrangement shall be made for the collection and disposal of garbage.

66. DINING HALL:—(1) The dining hall shall accommodate at a time at least 30 per cent of the workers working at a time.

Provided that, in any particular factory or in any particular class of factories, the Provincial Government may, by a notification in this behalf alter the percentage of workers to be accommodated.

(2) The floor area of the dining hall, excluding the area occupied by the service counter and any furniture except tables and chairs, shall be not less than 10 square feet per diner to be accommodated as prescribed in sub-rule (1)

(3) A portion of the dining hall and service counter shall be partitioned off and reserved for women workers in proportion to their number. Washing places for women shall be separate and screened to secure privacy.

(4) Sufficient tables, chairs or benches shall be available for the number of diners to be accommodated as prescribed in sub-rule (1)

67. EQUIPMENT:—(1) There shall be provided and maintained sufficient utensils, crockery cutlery, furniture and any other equipment necessary for the efficient running of the canteen. Suitable clean clothes for the employees serving in the canteen shall also be provided and maintained.

(2) The furniture, utensils and other equipment shall be maintained in a clean and hygienic condition. A

service counter, if provided, shall have a top of smooth and impervious material. Suitable facilities including an adequate supply of hot water shall be provided for the cleaning of utensils and equipment.

68. PRICES TO BE CHARGED:—

(1) Food, drink and other items served in the canteen shall be sold on a non-profit basis and the prices charged shall be subject to the approval of the Canteen Managing Committee.

(2) The charge per portion of food stuff, beverages and any other item served in the canteen shall be conspicuously displayed in the canteen.

69. ACCOUNTS: (1) All books of accounts, registers and any other documents used in connection with the running of the canteen shall be produced on demand to an Inspector of Factories.

(2) The accounts pertaining to the canteen shall be audited, once every twelve months by registered accountants and auditors. The balance sheet prepared by the said auditors shall be submitted to the Canteen Managing Committee not later than two months after the closing of the audited accounts.

70. MANAGING COMMITTEE:—

(1) The Manager shall appoint a Canteen Managing Committee which shall be consulted from time to time as to

(a) the quantity and quality of food stuffs to be served in the canteen;

(b) the arrangement of the menus;

(c) times of meals in the canteen; and

(d) any other matter as may be directed by the Committee.

(2) The Canteen Managing Committee shall consist of an equal number of persons nominated by the occupier and elected by the workers. The number of elected workers shall be in the proportion of one for every 1,000 workers employed in the factory, provided that in no case shall there be more than five or less than two workers on the Committee.

(3) The Manager shall determine and supervise the procedure for elections to the Canteen Managing Committee.

(4) A Canteen Managing Committee shall be dissolved by the Manager two years after the last election, no account being taken of a by-election.

71. PORTION OF RUNNING COST TO BE BORNE BY OCCUPIER:—The Provincial Government may by special or general directions issued in this behalf and notified in the official gazette, prescribe the proportion of the cost of running a canteen which shall be borne by the occupier.

71—A. The provisions of rules 65 to 71 may be relaxed by the Chief Inspector, subject to such conditions as he may deem fit, in the case of factories belonging to the same business groups or amalgamation where centralised cooking in an approved industrial canteen is arranged for. Adequate arrangements to the satisfaction of the Chief Inspector shall, however, be made in such cases for the conveyance and proper distribution of the food so cooked to the workers concerned as if separate canteens had actually been provided

RULES 65 to 71:—These provide for establishment of canteens where there are more than 200 workers. It must be said here that it is the experience of many factories that the majority of the workers do not take advantage of the canteens with the result that the canteens have to run at a loss. It should, therefore, be provided in the rules that if at least 1/3 of the workers do not take advantage of the canteen facilities employers should have the option to close down canteens. The rules say that times of meals in the canteen will be decided by the Managing Committee. The Chamber takes it that this will be fixed only during leisure hours and

at site, in the factories covered by this relaxation.

72. SHELTERS, REST ROOMS AND LUNCH ROOMS: (1) This rule shall come into force, in respect of any class or description, of factories, on such dates as the Provincial Government may, by notification in the official gazette, appoint in this behalf.

(2) The shelters, or rest room and lunch rooms shall conform to the following standards and the manager of a factory shall submit for the approval of the Chief Inspector a site plan in duplicate of the building to be constructed or adapted:—

(a) The building shall be soundly constructed and all the walls and roof shall be of suitable heat resisting materials and shall be water-proof. The floor and walls to a height of three feet shall be so laid or finished as to provide a smooth, hard and impervious surface.

(b) The height of every room in the building shall be not less than 12 feet from floor level to the lowest part of the roof and there shall be at least 12 square feet of floor area for every person employed. Provided that (i) workers who habitually go home for their meals during the rest periods may be excluded in calculating the number of workers to be accommodated, and (ii) in the case of factories in existence at the date of commencement of the Act, where it is impracticable, owing to lack of space to provide 12 square feet of floor area for each person, such reduced floor area per person shall be provided as may be approved in writing by the Chief Inspector.

(c) Effective and suitable provision shall be made in every room for

under no circumstances during working hours. The rules say that a portion of the running cost of a canteen may have to be borne by the occupier. This is not fair as it will affect the finances of the factory. Already the labourers enjoy many benefits and there is no reason why they should not pay for the cost of running a canteen when no profits are made and when actual cost is charged.

securing and maintaining adequate ventilation by the circulation of fresh air and there shall also be provided and maintained sufficient and suitable natural or artificial lighting.

(d) Every room shall be adequately furnished with chairs or benches with back-rests.

(e) Sweepers shall be employed whose primary duty it is to keep the rooms, building and precincts thereof in a clean and tidy condition.

(f) The Chief Inspector may, for reasons to be recorded in writing, relax the provisions of this rule subject to such conditions as he may deem fit to impose, in respect of factories in existence on the 1st April 1949.

78. (a) Restriction of double employment:—An adult worker may be employed, in more than one factory on the same day, with previous approval of the Inspector, subject to the following conditions:

(1) He shall not be employed for more than nine hours in all on any one day.

(2) He shall receive a weekly holiday in accordance with the provisions of section 52.

77-4. (a) The Manager shall maintain a Register in Form No. 9. Provided that, if the Chief Inspector of Factories is of the opinion that any muster-roll or register maintained as part of the routine of the factory or returns made by the Manager, gives in respect of any or all of the workers in the factory the particulars required for the enforcement of section 52, he may, by order in extent, be maintained in place of and be treated as the register or return required under this rule for that factory.

The Chamber is sure that Government will give due consideration to the above points."

RULE 72: This provides for shelters, rest rooms and lunch rooms etc. It is to be pointed out that many factories now existing do not have large open space or space for providing these. Therefore the chief Inspector must see that the factories are given sufficient time and are also allowed within their existing space to provide for these facilities.

RULE 78 (a):—It says that an adult worker may be employed in more than one factory on the same day. This is not to be desired in view of the health of the worker for whom all these facilities are sought to be provided. Therefore, this sort of double employment should not be allowed.

RULE 77—A (A) This requires the Manager to maintain a register in form No. 9 and to preserve the same for a period of 3 years. It would be enough if this register is preserved for only one year.

Madras General Sales Tax Amendment Act 1949

The Hon'ble Finance Minister to the Government of Madras introduced a bill to amend the Madras General Sales Tax Act. The Bill stated that in order to augment the provisional revenues Government considered that the taxes imposed under the Madras General Sales Tax Act should be increased and that it was proposed to enhance the rate of taxation from three pies for every rupee in the turnover to 4½ pies in the rupee in the case of goods like Cashew, Chillies (dry), coconuts including copra, coffee, oilseeds, pepper, potatoes other than dehydrated potatoes, rubber but not including goods made of rubber sugarcane, and turmeric and also on sales of articles of food and drink in a hotel, boarding house or restaurant. Further it was proposed to withdraw the exemption now enjoyed by cotton and to levy a tax on sales of cotton at a single point at the rate of three pies in the rupee. Again tea, sold outside the province which was not subject to sales tax was proposed to be subject to the tax.

The Secretary of the Chamber gave evidence before the Select Committee on the following lines. The Committee of the Chamber wish to take this opportunity to impress upon the Government that sales tax being of a regressive nature viz., that it taxes the poor and the rich alike which is against the principle of taxing according to capacity, is resorted to only in the last measure by all Governments and when it is resorted to as an item of taxation Governments generally try to keep it at a minimum level. It will not be out of place for the Committee to point out here that only very recently the rate of tax was raised from 2 pies to 3 pies and it was after elaborate enquiry the Government decided to grant exemptions and reductions of tax in certain cases. It is surprising that so soon after these concessions the Government propose to tax articles like cotton and to enhance the rate from 3 pies to 4½ pies with regard to certain articles.

From the Finance Minister's reply to the Assembly debate the Committee notes that it has been proposed not to enhance the tax on chillies and coconuts. But the other items would be subject to enhancement of the tax. The Debate in the Assembly

would have convinced the Government that to tax articles of food and drink is to increase the burden of the poor man at a time when he can ill afford to pay the tax. In Bengal, articles of food and drink are said to be exempt from sales tax. Therefore, the Chamber trust that at least the taxation on these articles would not be enhanced. It must further be noted that articles of food are already taxed and the hotel proprietors pay sales tax on their turnover. Thus, the articles are paying taxes more than two times and to enhance the rate on the same is rather unfair and may not only hit at the trade but also is sure to increase the cost to the consumer. Therefore, the Committee trust that the Government will not proceed to enhance the rates for these articles.

Oilseeds including groundnuts are essential raw materials for the oil industry and to tax these raw materials would be to hit at one of the few industries of the province. These raw materials are essential in the manufacture of various industrial products and as such to subject them to a higher tax would adversely affect the general economy of the country as a whole. With regard to other articles on which the tax is proposed to be enhanced it may be generally pointed out that as we have to face competition with other countries as well as from other provinces and as our province does not exempt exports outside this province from paying sales tax our goods will be costlier and in a competitive market will be ousted, thus producing undesirable consequences on the economy of the province.

Cotton was exempted for the reason that it forms an essential raw material for the cotton textile industry and also because the finished product is taxed. And therefore, it may continue to be exempted from the sales tax levy.

With regard to Tea we have to face competition from Assam and also from the international markets and, therefore, it would not be advisable to tax our exports.

The Committee is sure that the Government will find other ways of raising revenues or better still will do all in their power to curtail expenditure which has grown enormously during these years without conferring any additional benefits to the people and thereby balance the budget without resorting to enhancement of the sales tax which affect the poor.

TARIFF AND TAXATION

Tariff Values of Agricultural Commodities

The Economic and Statistical Adviser of the Directorate of Economics and Statistics attached to the Ministry of Agriculture forwarded to the Chamber copies of the proposed Tariff Values under the Agricultural Produce Cess Act of 1940 for remarks of the Chamber. Additional copies of the proposals were received and affiliated members interested in them were consulted.

Mr. J. S. Raj, Deputy Economics Adviser of the Directorate of Economics and Statistics, New Delhi, came to the Chamber on 5th May 1949 and discussed with the Chamber the annual revision regarding the provincial taxation rates for 1949—50. The Chamber discussed in particular, the goods in which the Province was interested like Chillies, Ginger, Turmeric, Tobacco and Onions, etc. Taking into consideration, the prevailing market rates in the Presidency, the following suggestions were made.

S. No. 6 Fibre for brushes, all kinds: The Chamber suggested that as prices have gone down this year from last year, a lower rate may be fixed for this article.

S. No. 16. Turmeric: The Chamber found that the proposed rates fixed for Rs. 60 per cwt. high. The previous rate was Rs. 45 per cwt. In view of the fact that the prices had gone up, the Chamber suggested that it may be fixed at Rs. 55 per cwt.

S. No. 16. Chillies: With regard to chillies, the Chamber found that the proposed rate was alright.

S. No. 17. Tobacco: The proposed rates were Rs. 1-11-0 for Flue cured per lb. for non-Flue-cured Re. 0-12-0 per lb. and Re. 0-12-0 for Bidi, Chewing, Cheroot and Cigar Tobacco. The Chamber suggested that the previous rates may be continued for this year also.

Ginger: With regard to ginger, the proposed rate was fixed at Rs. 80 per cwt. Though no doubt the market price had gone up, the Chamber found the rate high and suggested Rs. 70 per cwt.

Pepper: The rate for the same was Rs. 120 per cwt. The proposed rate was fixed at Rs. 220 per cwt. No doubt prices of pepper had gone up very high in market but even though Rs. 220 was considered to be very high the Chamber suggested that it may be fixed below Rs. 200.

S. No. 18. *Onions*: With regard to this item, the Chamber suggested that as prices were going down in the market, the rate fixed was too high compared with the prevailing market rates. Therefore, the Chamber suggested that a lower rate may be fixed.

Almonds in the shell: The proposed valuation was fixed at Rs. 70. The Chamber in consultation with the Madras Kirana Merchants' Association, suggested that the same may be fixed at Rs. 63 per cwt.

Almond without shell: The Chamber suggested that Rs. 170 may be fixed per cwt. as against Rs. 180 proposed by the Directorate.

Annual Revision of Tariff Values Under Sea Customs Act

The Director-General of Commercial Intelligence and Statistics of the Department of Commercial Intelligence and Statistics, Government of India, as usual forwarded to the Chamber the proposed annual revision of tariff values, under the Sea Customs Act, for remarks of the Chamber. Copies of the proposals were sent to the affiliated bodies and other members interested in them and the following recommendations were communicated to the Director-General of Commercial Intelligence and Statistics.

With regard to *Almonds in the Shell*, Iranian Kagazi, the Chamber suggested Rs. 90 per cwt. as against Rs. 100 per cwt. as provisional rates for 1950.

With regard to *Spices*, unground long pepper from the Far East, the Chamber suggested Rs. 60 per cwt. as against the provisional rates of Rs. 90 suggested by the Department of Commercial Intelligence and Statistics.

With regard to *Sago Seeds* from the Far-East, the Chamber suggested Rs. 24 as against Rs. 30 fixed by the Provisional rate for 1950.

With regard to *Pearl Tapioca* from the Far-East, the Chamber suggested Rs. 24 as against Rs. 30 per cwt. fixed by the Provisional rates for 1950.

With regard to *Potassium Nitrate (Salt Petre)* from Pakistan, the Chamber's suggestion was that the rates may be fixed at Rs. 2 per cwt. as against Rs. 60 per cwt.

Rebates on Export of Beedis to Pakistan

It was brought to the notice of the Chamber that the Central Excise Department issued a ruling that rebate on export of beedi

to Pakistan will be allowed only when the export to Pakistan was made by post parcel and not by rail or by sea. The Chamber was interested to take up this question with the Government so that the exporter of this commodity may not be put to unnecessary loss due to the rulings of the Central Excise Department.

The Chamber, therefore, addressed the following communication to the Secretary, Central Board of Revenue, New Delhi.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the grievances of Beedi Merchants who export beedies to Pakistan by post parcel.

The Chamber understands that rule 12 of the Central Excise Rules of 1944 has recently been amended. Under the same the rebate of duty on goods exported under rule 12 seems to state that the rebate is admissible only if the export to Pakistan is made by post parcel and not by rail or by sea.

The Chamber writes, to bring to your notice the hardships that the revised rule causes to merchants who have been hitherto exporting beedies by rail or by sea. Now if they want to claim the rebate they have to send the goods only by post parcel; if they send it by rail or by sea they are not entitled to rebate according to the new rules. Sending the beedies by post parcels causes lot of expenses; besides the goods reach the destination in a damaged condition. Therefore, the merchants request that in order to encourage export rebate must also be allowed on goods exported by sea and rail to Pakistan.

The Chamber trusts that the Central Board of Revenue would be pleased to agree to this request."

The Chamber received a reply from the Central Board of Revenue which stated that rebate of excise duty was admissible on all excisable goods exported to Pakistan by land or sea with effect from 1st June 1949. For detail procedure the communication advised that the Collector of Central Excise, Madras, may be contacted.

Duty Draw Back on Exports

The Chamber was informed that the draw-back concession which was being granted with a view to encourage exports of Indian industry to compete in foreign markets, was not made available when goods were sent by rail to Colombo. It was further pointed out that this concession when the exports were sent by rail to Colombo from Madras (Via) Dhanushkodi was enjoyed up to 19—5—1948, since the sea route was costly, the exporters had

to avail themselves of the rail route. So the exporters pointed out that if the Local Customs do not give the draw-back concession the following communication to the Secretary, Central Board of Revenue, New Delhi.

"I am directed by the Committee of the Southern India Chamber of Commerce, to refer to the question of duty draw-back on exports of aluminiumware by rail to Colombo.

The Chamber understands that till recently the concession which was granted to exporters when they exported these goods by sea to Colombo and Rangoon was also enjoyed by them when they exported even by rail to Colombo from Madras, (Via) Dhanushkodi. Only whenever they exported by rail they had to observe certain procedure, namely, that as soon as packages were sent by rail from Madras, the Inspector of Customs, Dhanushkodi, had to be advised of the full particulars of the export with a request to verify seals and report about same to the Local Customs. The packages were allowed to reach their destination, namely, Colombo, from Dhanushkodi, after the inspection by the Customs Officer was done. The Chamber understands that on the strength of the Dhanushkodi Customs report, the draw-back bills of the exporters used to be passed for payment.

It is unnecessary here to state the reason for granting this draw-back concession as it is so well-known, namely, that it was to give assistance to Indian Industry to compete in the Ceylon market with similar goods manufactured by other countries."

Export Duty on Pepper

The Government of India imposed on exports of 30 per cent *ad valorem* on pepper with effect from 18th November 1949, as prices ruling in India were quite high at that time. The Chamber thought that it hit the trade if 30 per cent *ad valorem* duty was put on pepper. Further those who had entered into contracts with foreign markets, prior to the date of enforcement of the duty would be put to great financial loss. Therefore, the Chamber addressed the following communication to the Secretary, Commerce Department, Government of India, New Delhi.

"The Southern India Chamber of Commerce, Madras, would like to draw the attention of the Government in the recent imposition by the Government of India of 30 per cent export duty on Black Pepper. The Chamber feels that this high export duty is likely to curtail the production of the commodity and also affect its exports outside the country.

When the Export Duty Emergency Provisions Ordinance was promulgated pepper was not included in the schedule attached

to the same and therefore, the trade got the impression that no export duty would be levied on pepper. Further pepper exporters have made long-term commitments and this sudden imposition of high rate of export duty will cause considerable financial hardships to exporters. According to the business practice the exporters have to bear the export duty which will cost them lakhs of rupees as they have made commitments for very large sums. Further, there is also the danger that some sellers may not be able to fulfil this commitment owing to the heavy export duty. This would lead to complications in the foreign market. In these circumstances the Government should exempt from the export duty contracts that have been entered into by merchants with foreign firms which are prior to the imposition of the duty. The Government, in view of expanding our export market, should also reduce the rate of the duty which is very high. Otherwise our exports are sure to be affected as already the price of pepper is very high.

The Chamber trusts that the Government will accede to the request of the Chamber."

To this, the Chamber received a reply from the Government of India which is reproduced below:—

"I am directed to acknowledge the receipt of your letter, dated the 28th November 1949, on the question of export duty on pepper, and to say that the Government of India have carefully considered the proposal made therein. They regret, however, that they are unable to accede to the request made by you, as all duties imposed under a statute become effective from the date of imposition and no exceptions are made in this respect.

In order, however, to mitigate the hardships, if any, to the exporters the Government of India discussed the matter with the representatives of the various Associations who came on a deputation for this purpose. It was suggested during the course of the discussions that if the duty is levied on the present market price of black pepper it would badly hit a large number of exporters since the present price of the commodity is more than double of its tariff value. The Government of India have accordingly decided that the export duty on black pepper which has recently been imposed at the rate of 30 per cent *ad valorem* will be assessed on the tariff value of the commodity which is at present Rs. 200 per cwt., thus reducing the incidence of the duty to less than 15 per cent. Necessary instructions in this respect have already been issued to the Customs authorities concerned.

Customs Tariff Between India and Pakistan

The Government of India, in order to facilitate the trade between India and Pakistan was considering a list of items for export

trade between India and Pakistan on which there should be either total exemption from customs duties or it should have a preferential tariff. The Chamber addressed the following communication to the Secretary, Finance Department, Government of India.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to point out the difficulties to Indian exporters of Aluminium-ware manufactured in India which are exported to Pakistan.

The Committee of the Chamber have all along felt that the economy between the two Dominions being complementary, there should be the fullest measure of co-operation between them. No dule and to let them have the considered views of the trade excisable commodities exported from one Dominion to the other and this could be supplemented by abolition or reduction of the import or export duties of certain items which would, to a large extent, facilitate the free flow of trade between the two Dominions. The Committee are aware that recently measures have been undertaken by the Government of India to stimulate exports of various items to Pakistan but the fiscal arrangements with regard to the Indo-Pakistan Trade which subjects certain commodities like Aluminium-wares to Customs duties has stood in the way of more export to Pakistan from India. Recently the Government of India wanted trade interests to examine the Pakistan tariff schedule and to let them have the considered views of the trade about items on which the fiscal relief could be sought for from that Dominion. In this connection, the Chamber would like to suggest that imports of Aluminium-wares into Pakistan from India should be exempt from customs duties and that Aluminium-wares should be entered in the free list by Pakistan. The Government are aware that these commodities are already on the open list and its imports to Pakistan are allowed freely without licence. But a duty of 30 per cent on exports from India to Pakistan make these so costly that India is unable to compete favourably with other countries.

In making this recommendation the Chamber would like to point out that Pakistan industry in this commodity is not likely to suffer as the Chamber is given to understand that there are no factories in East Bengal manufacturing Aluminium-wares. Factories in India have their most important markets in East Bengal and due to the heavy Customs import duty of 30 per cent by Pakistan, the trade in Aluminium-wares between East Bengal and India has almost come to a stand-still. Further, as the existing trade routes being mostly via land frontiers, no duty draw-back concession is available to Indian manufacturers of Aluminium-wares.

Considering the importance of this industry to Indian economy and in order to stimulate exports the Government of India should urge on the Government of Pakistan to grant fiscal relief by way of exempting from customs duties Aluminium-wares exported from India to Pakistan.

The Chamber trusts that the Government of India would be able to persuade the Government of Pakistan in this regard."

A reply was received from Government which is as follows:—

With reference to your letter to the Ministry of Finance No. J. 1226/49, dated the 12th July 1949, regarding removal of import duty imposed by Pakistan on Aluminium-wares has been noted for consideration at the Inter-Dominion Conference which is proposed to be held shortly to consider the question of removal or reduction of import or export duty on certain commodities which enter into Inter-Dominion trade."

Drawn Backs Under Sea Customs Act

The Chamber was informed that the Customs authorities were not giving effect to the existing trade Draw-back rules which states that when any goods having been charged with import duty at one customs port and whence exported to another or exported by sea as aforesaid draw-back shall be allowed on such goods as if they had been so re-exported from the former port. Of course the final exportation must be made within three years from the date on which they were first imported into British India. Therefore, the Chamber, addressed the following communication to the Secretary, Central Board of Revenue, Government of India.

"Members have drawn the attention of the Chamber to the loss and inconvenience caused to them owing to the non-compliance by Customs authorities to grant draw-backs under the above Act for Aluminium-ware manufactured out of imports and exported from the Port of importation to other Ports within India. It has been represented to the Chamber that owing to the control on Aluminium-ware import is only very limited and is barely sufficient to meet the requirements of the country, so that the limited imports are moved from one Customs Port to another Customs Port in India in order to make a vigilant drive for the export trade in Aluminium-ware. The claim for draw-backs on duty is not readily admitted with the result that manufacturers are put to considerable difficulty and loss.

The Sea Customs Act provides for such draw-backs but in practice it is not found possible to get such draw-backs for want of sufficient instructions to the Customs authorities at those Ports. When Government of India wants to encourage exports such

trade between India and Pakistan on which there should be either total exemption from customs duties or it should have a preferential tariff. The Chamber addressed the following communication to the Secretary, Finance Department, Government of India.

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The Sea Customs Act provides for such draw-backs but in practice it is not found possible to get such draw-backs for want of sufficient instructions to the Customs authorities at those Ports. When Government of India wants to encourage exports such

difficulties stand in the way of export. I request you to be good enough to examine this point and issue instructions to all Customs authorities to grant rebate provided other conditions according to the Act are satisfied."

Indian Tariff Amendment Act 1949

It has been pointed out to the Chamber that the Finance Ministries, Customs notification which embodied concession to industries regarding Indian Customs duties in respect of importation of plants and machinery in conformity of the declaration of the Government of India to encourage production that certain anomalies were found. Therefore, the Chamber, addressed the following communication to the Secretary, Central Board of Revenue.

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras, to represent to you how the tariff concession granted to imports of certain machineries is not being given effect to due to want of clarification in the Indian Tariff Amendment Act of 1949.

You are aware that in the Press Communiqué issued on October the 4th, Government of India announced their intention to grant certain concessions to industry in order to stimulate production and later on the details of these concessions were announced. One of the important concessions related to granting some relief in respect of customs duty on raw materials and plant and machinery. It was decided to reduce the import duty of 10 per cent on plant and machinery, then prevailing to 5 per cent except in the case of certain items. Notification No. 45 gave effect to this decision of Government so that these concessions to Industry may stimulate production. One of the items notified in this notification included item No. 72.

Later on the Indian Tariff Amendment Act of 1949, dated the 12th February 1949, was passed. This Indian Tariff Amendment Act of 1949 subdivided item No. 72 into several categories, one of which was item No. 72 (17) 'Metal working machinery'. It is now contended by the Customs Department that notification No. 45, of 23—10—1948 which reduced the import duty of 10 per cent to 5 per cent on plants and machinery listed under item No. 72 is not applicable to item No. 72 (17). They say that there has been no further notification of the Ministry of Finance to this effect. Therefore, it is contended that the rate of customs duty which was 5 per cent on Plant and Machinery in respect of 'Metal working machinery' during the period between October the 23rd, 1948 to February the 11th, 1949, is now enhanced to 10 per cent.

The Chamber is of the opinion that this contention of the Customs if held valid, goes against the intention of the Government of India as announced in their Press Communiqué issued on October the 4th, viz., granting concessions to industry in order to stimulate production. Again the statement of Objects and Reasons of the Indian Tariff Amendment Act of 1949 as published in the Gazette of India, dated September the 11th, 1948, expressly states that the Tariff Amendment Act was being enacted to give effect to implement the decision relating to Government's announced intention of granting certain concessions to industry in order to stimulate production. It was not intended to enhance the existing tariff rates.

It looks as if, that, unless the Ministry of Finance or the Central Board of Revenue issues a clarification or better still a further notification to the effect that all plant and machinery which were originally included under item No. 72 and which item was subsequently sub-divided under the Indian Tariff Amendment Act of 1949 that they will all enjoy the reduced import duty of 5 per cent as stated in Notification No. 45 of October the 23rd, 1949, the Customs authorities cannot be made to agree to levy only an import duty of 5 per cent on 'Metal working machinery'.

The Chamber would invite your kind attention to this anomaly which has raised the duties to 10 per cent while the Government's intention is to reduce the same to 5 per cent and request you to take proper action so that the Indian Tariff Amendment Act of 1949 really implements in a legislative manner the decisions of the Government of India relating to granting certain concessions to industry in order to stimulate production.

It only remains for the Chamber to add that it is only fair that such a notification containing the concessions is made retrospective so that all duties levied in excess of 5 per cent may be refunded."

To this, a reply was received from the Government which is reproduced below:—

"Please refer to your letter No. J. 1489/49, dated the 20th August 1949, on the question of Indian Tariff (Amendment) Act, 1949.

The Government of India have decided to restore the concessional rate of duty at 5 per cent *ad val* to the types of machinery the duty on which was raised to 10 per cent *ad val* from 5 per cent *ad val* by the passing of the Indian Tariff (Amendment) Act, 1949. This decision is being implemented retrospectively with effect from the date of passing of the abovenamed Act and Collectors of Customs have been authorised to grant consequential

refunds of duty where found due. Appropriate instructions in the matter have been issued to the Customs authorities concerned and they may kindly be contacted."

Duties on Raw Materials

The Chamber urged on the Government of India to reduce the import duties on raw materials used in the manufacturing industries in India. It addressed the following communication to Government of India.

"The surfacing and polishing of rough spectacle blanks has attained a place of prominence now. Even the surfacing was not done in India till recently. At the present rate of progress of the industry it will be possible within a reasonable short time to manufacture first-class blanks and frames in India itself, so that the import of these materials can be restricted to a minimum.

The levy of a high percentage of duty on the import of ordinary Emery and Blocking Compounds which are so essential for its manufacture is standing in the way of progress of the industry in this country. With a view to make the country self-sufficient, Government have been encouraging import of articles required for the manufacture of electric lamps and on imports of abrasives used for the manufacture of grinding wheels, etc. This is done in the right spirit with a view to encourage local production so that the country need not depend endlessly on foreign imports. The case of Emery and Blocking Compounds and other Abrasives stand on a similar footing. The free import of these materials will result in a considerable reduction in the over-all prices of materials. Now large quantities of these materials are imported regularly and there is a drain of foreign exchange.

I request Government will be pleased to consider the question of free import of these raw materials.

Levy of Custom Duty on Imports Contracted Before Devaluation

The Chamber was given to understand that the Customs authorities irrespective of the fact whether imports were made prior to the devaluation of the rupee or not were charging customs duties at the revised exchange rates. The result was the importers had to pay duty at higher value arrived on the basis on the revised exchange rates. Therefore, the Chamber addressed the following communication to the Central Board of Revenue, New Delhi.

"The Southern India Chamber of Commerce, Madras, would like to bring to your notice a matter of importance to the

merchant community and would request you to look into the matter and do the needful.

Prior to devaluation, importers who had ordered for goods from abroad had contracted to pay for these goods on the Old Exchange Rates covered by forward exchange contracts through the different exchange banks. These importers pay for these goods actually for the value thereof based on the Old Exchange Rates. But the Customs authorities the Chamber understands, do not recognise these Old Exchange Rates for purposes of assessing Customs duties on these goods. They take the value arrived at on the basis of the revised exchange rate and charge Customs revenue on the same, even though, the goods have been ordered prior to the date of devaluation and the merchants actually pay for them on the old exchange rates, because they have made a contract to that effect. To levy customs duties on these goods, taking their value on the basis of the revised exchange rates, causes considerable financial hardships on these importers. To quote a specific example, it is found that a firm which imported certain goods from Switzerland actually paid only about Rs. 66,440 which value was arrived at on the basis of the old exchange rates. But the customs authorities arrived at the value on the basis of the revised exchange rates which comes to about Rs. 93,543 and odd, instead of on Rs. 66,440. In fact, they had to pay Rs. 8,000 more by way of customs duty because of the calculation based on the new exchange rates. Since these goods were covered by forward exchange contracts and were paid for at the old exchange rates, it is requested that the customs authorities may be instructed to levy customs duties calculated on the value of the goods at the old exchange rates and not at the new exchange rates in cases like these and refund the excess duties collected."

"Further to the Chamber's letter No. J.2266/49, dated the 21st November 1949 the Chamber wishes to bring before you the financial hardship caused to importers by the action of the Customs authorities who assess customs duty on imports that have been shipped before September 19th, 1949 (before devaluation) calculating the value of the goods on the basis of the revised exchange rates that have been notified after devaluation. Even in respect of consignments for which payments have been made on or before September 19th, 1949 at devaluation exchange rates Customs authorities levied customs duty on the basis of revised exchange rates. Importers have been directed to pay duty on the basis of exchange rates ruling on the day of the presentation of the bill of entry.

The Chamber would like to submit that shipment made prior to devaluation and also in respect of consignments for

which payments have been made before September 19th, 1949 at pre-devaluation exchange rates, they all should be assessed at the value of the pre-devaluation rate of exchange for customs duty purposes.

The Chamber trusts that the Central Board would accede to the request of the Chamber."

Custom Levy of Duties on Imports From Japan.

Again, it was pointed out to the Chamber that the Customs authorities were subjecting imports from Japan which was paid for in sterling on their dollar value. Therefore, the Chamber, sought clarification by sending the following communication to the Central Board of Revenue.

"I am directed by the Southern India Chamber of Commerce to bring before you the following matter which is of great importance to importers from Japan.

The goods that were imported from Japan under O.G.I. XIII were paid for in sterling. The Chamber understands that there were two sets of invoices for every shipment; one indicating the prices in dollars and the other giving the equivalent value in sterling. The payments were always made in sterling. But now, after devaluation though the payments are made in sterling, the goods that have arrived are charged to duty not on their sterling value but on the dollar value. This means, that merchants have to pay for goods imported after devaluation a higher duty.

The Chamber would like to know the basis on which the import duty is to be levied on goods that arrive from Japan."

Customs Duty on Aluminium Corrugated Sheets.

A member firm complained to the Chamber that Customs authorities were wrongly assessing duty on Aluminium Corrugated Sheets under the impression Aluminium sheets and Aluminium Corrugated sheets were identical articles. Therefore, the Chamber addressed the following communication to the Secretary, Central Board of Revenue, New Delhi, requesting him to issue instructions to the Customs authorities that Aluminium Corrugated sheets should not be subject to duty in the same way as Aluminium sheets.

“The Chamber would like to bring to your notice a grievance of importers of Aluminium Corrugated Sheets. It seems that the Customs authorities are assessing duty on Aluminium Corrugated sheets at the rate of 30 per cent *ad valorem* plus Rs. 121 per ton, specific “protective” duty, under the impression

that Aluminium sheets and Aluminium Corrugated sheets are identical articles. These are two different articles and must be assessed differently. Aluminium sheets are imported as raw materials for Aluminium utensils manufacturing industry. The Aluminium industry in India which manufacture these sheets are given protection and that is why protective duties have been levied on the import of Aluminium sheets. Aluminium Corrugated sheets are finished articles and imported as building material. The Chamber is informed that Aluminium Corrugated sheets are not manufactured in India and there is no protection granted in this case. Therefore, the Customs should not assess duties on Aluminium Corrugated sheets as on Aluminium sheets. The Chamber would request you to issue instructions to the Customs authorities that imports of Aluminium Corrugated sheets should be classified under item 66 (b) of the Indian Tariff (Second Amendment) Act, 1949.

The Chamber trusts that you will comply with the request of the Chamber.

Relief from Double Taxation.

The Chamber had taken up this question of double income-tax relief as many assesseees of India, especially from the South who had established a number of enterprises in Burma, Malaya and other countries were subjected to payment of income-tax twice on their total income. It will be remembered that previous to 1947 this position was governed by Sections 49 and 49-A of the Indian Income-tax Act of 1922 which stated that if any person who has paid income-tax for any year on any part of his income and if he proves to the satisfaction of Income-tax Officer that he has paid by deduction or otherwise in respect of the same, part of the income, the Dominion income-tax he shall be entitled to a refund of a sum calculated on that part of his income. In fact, it provided relief in respect of double taxation. But due to political changes, such as independence of Burma, this relief in respect of double taxation was not available and it worked as a hardship on Indian income-tax assesseees. The Chamber, addressed the Secretary, the Central Board of Revenue urging that reciprocal arrangements between this country, Burma and other countries should be entered into with regard to relief in respect of double taxation. To this, the Chamber received the following reply from the Revenue Division of the Ministry of Finance, Government of India.

"With reference to your letter No. I. 1970/48, dated the 18th December 1948 on the question of double incometax relief, I am directed to say that as regards Double Incometax Relief, the issue of the Section 46-A of the Indian Income Tax Act, 1922, is not yet decided by the Board of Revenue."

Incometax Act. As regards Malaya, I am to invite your attention to the provisions of Section 49-D of the Indian Incometax Act under which assessee suffering taxation both in India and Malaya on the same income are entitled to a relief in India to the extent of one half of the Indian tax or one half of the Malaya tax on the doubly-taxed income whichever is lower. These provisions, however, apply only if the laws of Malaya do not provide for any relief on account of taxation of the same income in India and Malaya.

Allowances in Assessing Business Income

It will be remembered that last year when the Central Revenue Board, in charge of incometax, visited the Chamber. The Chamber pointed out to him that Incometax Officers do not grant allowances when they assess business income with regard to expenses incurred for entertainment of customers and puja expenses, etc. The Central Board of Revenue issued the following communication with regard to the same instructing Incometax Officers to allow such expenses within the reasonable limits.

"It has been brought to the notice of the Board that some Incometax Officers do not allow legitimate expenses on the entertainments of customers, puja expenses, etc., in many cases. The Board desires that Incometax Officers should not be over meticulous in this respect and should allow such expenses within reasonable limits as laid down in the Circulars No. 17 of 1943 [C. No. 27 (2). I.T. 47] of the 6th May 1943 and No. 22 of 1944 [C. No. 54 (4). I.T. 43] of 29th July 1944.

Treatment of Dividend Income of Agricultural Companies as Non-Agricultural Income

It was brought to the notice of the Chamber that according to a new interpretation given the dividend income of Agricultural Companies were treated as non-agricultural income and subjected to income-tax. The Chamber, therefore, took up this question with the Secretary, Central Board of Revenue.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras to refer to the new interpretation given by the Central Board of Revenue regarding the taxability of dividends of Agricultural Companies.

The Indian Incometax Act clearly lays down that the Act shall not apply to agricultural income. Till now the Chamber understands that agricultural income of limited companies and dividends based on this income were not taxed. This is as it should

be. But now the Chamber understands that dividends declared and paid out of agricultural income of limited Companies are being sought to be assessed in the hands of the recipients. This is as, as has already been said, agricultural income is exempt from inequitable as has already been said, agricultural income is exempt from the Central Incometax.

When this question was raised by the Chamber on the occasion of meeting the member in charge of Incometax of the Central Board of Revenue, he said that this was being done following the decision of a judgment of the Privy Council and he also was pleased to state that notwithstanding this decision of the Privy Council the Government of India was now reconsidering this question. In this connection the Chamber would like to refer to the decision of the Privy Council in the case of Premier Construction Company, Limited *versus* Commissioner of Incometax Bombay City. In that case, they held that the assessee received no agricultural income as defined by the Act. He received remuneration under a contract for personal services calculated on the amount of profits earned by the employer payable not in specie out of any item of such profit but out of any moneys of the employer available for the purpose. The remuneration therefore, Their Lordships held, is not agricultural income and is not exempt from tax. Their Lordships have also stated that where an assessee receives income not itself of a character to fall within the definition of agricultural income contained in the Act, such income does not assume the character of agricultural income by reason of the source from which it is derived or the method by which it is calculated. But Their Lordships held that if the income received falls within the definition of agricultural income it earns exemption in whatever character the assessee receives it. In other words it is clearly laid down that if the income bore a character which exempted it from payment of tax, then the mere fact, that, that income was transferred to the shareholders in the shape of dividends would not alter its nature or character and that income would still not be liable to tax. If the income received falls within the definition of agricultural income it earns exemption in whatever character the assessee receives it.

Therefore, to subject to Central incometax in the hands of shareholders the dividends declared and paid out of agricultural income of limited companies as in the case of tea companies, etc., is inequitable.

The Chamber, therefore, would request the Central Board of Revenue to issue instructions to the Officers not to subject agricultural income of limited companies to the Central Incometax.

In this connection, the Chamber received the following circular from the Central Board of Revenue, New Delhi.

"Attention is invited to the instructions issued that the new interpretation regarding the taxability of dividends of tea companies should be applied to all pending assessments, irrespective of the assessment year to which they relate. The above instruction was in conformity with the general practice of the Department in all cases where a new interpretation of law comes to its knowledge.

In response to representations received on the subject, the Board has since decided that so far as the enforcement of this particular interpretation is concerned, an exception might be made so as to place all shareholders of tea companies on the same footing. Accordingly it is requested that the new interpretation should not be applied to the assessments for 1948-49 or earlier years. If any such assessment has already been completed by applying the new interpretation, it may be revised under Section 33-A (1) and the tax refunded or adjusted. If the assessment in question is the subject-matter of a pending appeal in which the correctness of the new interpretation is challenged, no revision should be made until the appeal in respect of the interpretation is withdrawn.

The new interpretation should be applied to all assessments for 1949-50 and subsequent years."

Relief from Double Taxation with Regard to Double Taxation Business Profits Tax

It was pointed out to the Chamber that Burma has also levied a business profits tax to the many Indian assesseees who also have established business in Burma. They would be subject to pay double taxation regarding business profits tax.

Therefore, the Chamber addressed the following communication to the Secretary of Ministry of Finance (Revenue Division), New Delhi.

"In your letter of 22nd March 1949, you stated that as regards the Double Incometax Relief arrangements with Burma, we have not heard further in the matter. In the meanwhile the Chamber understands that the Government of Burma is bringing into force from December the 1st, 1949 a Business Profits Tax. Already there is a Business Profits Tax in India and if no relief from Double Taxation of the same income is provided several Indian assesseees who are carrying on business both in India and in Burma will be subjected to the Business Profits Tax Act of

Burma as well as that of India. Previous to 1947 the position with regard to Double Incometax Relief was governed by Section 49 and 49 (a) of the Indian Incometax Act of 1922. It provided relief in respect of tax charged on income both in Burma and in India. But since the Independence of Burma this relief in respect of Double Taxation could not be obtained. It is needless to point out that it is causing Indian incometax assesseees great hardships. If added to it if these assesseees are to be subjected to Double Taxation on their business profits also you can readily appreciate the injurious effects it will have on business. It is bound to retard the business progress of firms and companies unless the Government of India takes up this question of relief from Double Taxation on the same income with the Government of Burma.

It would not be out of place to mention here that already the Government of India and the Government of Pakistan have arrived at an understanding for avoidance of Double Business Profits Tax and Incometax. In the same manner the Government of India can persuade the Government of Burma to provide for relief from Double Taxation of the same income."

Levy of Income-Tax in Merged States

The Chamber was informed that profits and gains of residents of merged States carrying on business in countries abroad such as Burma, Malaya and Ceylon were subject to incometax, even though the profits accrued or arisen before the 1st August 1949. But with regard to profits and gains accruing and arising in the merged States itself, had been granted certain concessions in regard to liability to taxation. Therefore, it was pointed that there was no justification for affording a different treatment to the residents of merged States in respect of profits accruing and arising in the countries, abroad such as Burma, Malaya and Ceylon. Since taxation laws extended to merged States and that as the concession with regard to income arising within State were given on the grounds that this income arose before 1st August 1949 the same concession should be given in respect of profits accruing in foreign countries up to 1st August 1949. Therefore, the Chamber issued the following telegram to the Central Board of Revenue, that the concession granted in respect of profits accruing or arising legally in merged States should also be granted to income accruing or arising in accounting year outside the merged States.

"APPLICATION INDIAN INCOMETAX ACT TO MERGED STATES FROM FIRST APRIL 1949 CAUSING CONSIDERABLE HARDSHIP STOP GOVERNMENT NOTIFICATION THIRD DECEMBER 1949 CONFERS CONCESSIONS IN

RESPECT OF PROFITS ACCRUING OR ARISING LOCALLY IN MERGED STATES STOP POSITION REGARDING PROFITS ACCRUING OR ARISING IN ACCOUNTING YEAR OUTSIDE MERGED STATES AND SUCH PROFITS ACCRUED EARLIER AND RECEIVED IN BRITISH INDIA IN ACCOUNTING YEAR OR LATER OBSCURE STOP PRAY CONSIDER THIS ASPECT AND GRANT EXEMPTION FROM TAXATION IN RESPECT OF FOREIGN PROFITS ACCRUING BEFORE FIRST AUGUST 1949 WHENEVER RECEIVED THUS TREATING SUCH PROFITS ON THE SAME FOOTING AS PROFITS ACCRUING IN MERGED STATES."

It was requested that exemption from taxation in respect of various profits accruing before 1st August 1949 whenever received be treated on the same footing as profits accruing in merged States.

Delay in Refund of E.P.T. Deposit

The Chamber was informed that to obtain refunds of E.P.T. deposits lying with Government the parties are asked to get certificates from the Ministry of Industry and Supplies. There is a lot of delay in getting the certificate from the Industries and Supplies Department and as the applications to the Central Board of Revenue has to be sent along with the certificate from the Industries Department, the matter gets delayed and the parties are put to considerable difficulty especially businessmen who have to purchase machinery for constructing new buildings for their premises etc. The Chamber addressed the following communication to the Secretary, Ministry of Industries and Supplies, Government of India.

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the hardships caused to industrialists due to the inordinate delay in getting certificates from the Ministry of Industry and Supplies, which is necessary in case a party wants a refund of his E.P.T. deposits lying with Government.

You are aware that during the war business concerns had to deposit with the Central Government, 20 per cent of the excess profits and other incomes. The Government had made rules that if a person wanted to get back his deposits with the Central Government, they have to produce a certificate from the Ministry of Industry and Supplies that the purposes for which the refund of the deposits are asked for by the party, viz., buying of machinery or putting up of buildings for business purposes, etc., are necessary. Unless this certificate is issued by your department the

Central Board of Revenue will not consider the application for the claim of refund by a party. Therefore, I am to request you to forward your certificate as soon as you are satisfied that the party asking for the certificate has complied with the rules of the Government in this regard so that there may not be any delay in getting back the refund and starting his business.

The Chamber trusts that this will receive your earnest attention."

Sales Tax

The Chamber pointed in the course of communication to the Secretary to the Government of India, Ministry of Industries and Supplies, that during the war, sales to Government department were exempted from sale tax and that now these concessions were withdrawn by the Provincial Governments and that therefore, they may request the Government of Madras to grant exemption from Madras Sales Tax in respect of sales to the Ministry of Industry and Supplies as well as to its other organisations.

The following reply was received from the Ministry of Industry and Supplies.

"With reference to your letter No. 1. 1376/48, dated the 29th September, 1949, on the above subject, I am directed to say that the Government of Madras have turned down this Ministry's request for the grant of exemption from Madras Sales Tax in respect of sales to this Ministry, and its regional organisations. Sales tax is, therefore, payable in respect of sales to the Government of India.

As regards the question of reimbursement of sales tax paid by the suppliers, I am to point out that unless it is stipulated in the Acceptance of Tender that the incidence of the sales tax, if paid by the dealer, will be passed on to the buyer, the amount of tax, if any, actually paid by the dealer is not recoverable from Government. In these circumstances, there are no equities in favour of the dealer and in such cases the dealer is liable to pay the sales tax and that liability cannot be passed on to the buyer on grounds which may be described as 'merely equitable'.

The above positions have been explained to the majority of firms who have come forward with claims for reimbursement of sales tax.

I am to add that necessary departmental instructions have been issued that the amount of sales tax, when payable, should be shown in the Acceptance of Tenders."

On the question of amending the Madras General Sales Tax Rules which would have the effect of enhancing the fees for the grant of renewal of licence for dealing in bullion and specie, cotton and cotton yarn, hides and skins and for dealing as commission agents, the Chamber addressed the following communication to the Secretary to the Revenue Department, Government of Madras.

"The Southern India Chamber of Commerce, Madras would like to refer to the Draft Amendment to the Madras General Sales Tax Rules, 1939 which is proposed to be made by the Government of Madras and which is published in the *Fort St. George Gazette*, dated November 22, 1949. The Chamber notes that the effect of the Amendment is to enhance the fees for the grant of renewal of a licence for dealing in bullion and specie, cotton and cotton yarn, hides and skins and for dealing as commission agents. The fee till now is, if the turnover does not exceed Rs. 20,000 per annum, Rs. 50 for dealing in bullion and specie, cotton or cotton yarn. For dealing in hides and skins it is Rs. 10 and for commission agents it is fixed at Rs. 75. If the turnover exceeds Rs. 20,000 per annum it is double that of the above fees. The present proposed amendment does away with this distinction, so much so that even if the turnover is below Rs. 20,000 the licensees have to pay double of what they pay now as fees for the licence.

The Chamber protests against the doubling of the fee for the grant of renewal of a licence in dealing in these articles at a time when the market is dull and when business is not having its normal margin of profits. This would seriously affect those who deal in these commodities and this is not the time for raising the rate of sales tax on business. The Chamber trusts that the Government will drop their proposed Amendment."

The Chamber sought clarification on certain Government orders regarding sales tax rules and addressed the following communication to the Commissioner of Commercial Taxes

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the procedure followed by some assessing officers of the department and to request the clarification of the above rules in that connection.

There are many indenting houses in the Province who get import licences in their favour and obtain orders from their clients against such licences. The foreign firm despatches the goods in favour of the indenting house in as much as they are the licensees. Suppose there are half a dozen orders against the licence

which requires half a dozen bills, these bills are sent to the bankers for collection. As and when the bills arrive at the bankers the agents instruct the bankers to collect the amounts from the respective parties whose names are given in the invoices. The parties return the documents themselves against payment therefor. They also clear the consignment in their names since the customs regulations permit on the genuineness of the case the clearance of the goods in the name of the party against the licensed agent.

From the above it will be seen that there is no financial transaction carried on by the agents. No commissions are collected at this end in transactions like these. Commissions are completely paid by the principals resident in foreign countries. The firm's business is purely of the indent type. It is a canvassing agent of non-resident dealers. It is not a mercantile agent. No doubt these agents stand in some cases as guarantor for the collection of payment. This term guarantor which is in more vogue among mercantile agents means that they act in case of need. In case the persons for whom the goods are ordered do not take the goods these agents make a suitable arrangement on behalf of the non-resident firm so that it may be taken by other parties and in case no one comes forward to retire the documents the agent himself will have the transaction honoured at his cost. In this connection, the Chamber would like to know whether these will be subjected to sales tax. If all agents have to pay tax simply because they act as case in need then almost all agents will have to pay tax.

Therefore, the Chamber would request the Government in view of their above G.O., exempting from tax, bankers and indenting canvassing agents of non-resident dealers not to subject to tax the guarantors who act as case in need."

It was pointed out to the Chamber that in some instances, according to a normal trade practice, goods have been returned. The sales tax officers feel some difficulty in allowing deductions from the gross turnover. Therefore, the Chamber requested the Commissioner of Commercial Taxes to issue a clarification to Rule 51-B that the value of the goods treated by the supplier as sales returns should be deducted from gross turnover. In this connection, the Chamber addressed the following communication to the Commissioner of Commercial Taxes.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to represent to you the following grievance of the mercantile community. You are aware that there are certain classes of transactions that happened in the normal course of business as for example an invoice is drawn

on customer A in the mofussil by a seller in Madras. The goods are despatched by rail and rail receipt is sent per V.P.P. for the amount of invoice. Customer A fails to honour the V.P.P. The V.P.P. is returned to the seller in Madras. The seller in Madras offers the goods to another customer B in the mofussil who accepts the offer. A fresh invoice is issued on B who pays for them and takes delivery of the railway receipt. The usual trade practice is to treat the goods of the invoice made on A as having been returned and issue a credit note on account of the sales returned. It also happens that in a transaction of the above account the rail receipt is sent through a collecting banker instead of through V.P.P. Here since the rail receipt is endorsed in favour of the bank in the first instance the bank is requested to deliver the rail receipt to B on payment of the value of the goods. In short, for some reason or other the particular person A to whom originally the goods are sent and invoice drawn on him is not able to take the goods and therefore, the goods have to be sold to another party B and the sale in the name of the first party has to be cancelled. But the goods which are treated as having been returned on the failure of the first party A to buy the goods and in whose name the invoice has been drawn is included in the gross turnover since the invoice had already been issued in respect of that transaction in the name of that party A. It seems that some Sales Tax Officers feel some difficulty in allowing deductions from the gross turnover for the amount of the goods which is returned in the aforesaid manner. Therefore, the Chamber would request the Board to issue necessary instructions that for the goods that have been returned to the seller but whose sale has been included in his gross turnover deductions must be made from the gross turnover."

"In continuation of our office letter No. J. 1785/49, dated the 17th September 1949, regarding the deductions from the gross turnover, I wish to bring to your notice another class of transactions in which also goods are treated as having been returned and as such deductions must be allowed from the gross turnover in respect of them also.

You will kindly recall that in my letter quoted above I had drawn the attention of the department to two classes of cases one in which, where the goods are despatched by rail to a customer, but who fails to honour the V.P.P. Another class of transactions which I referred to was of the same kind but here the railway receipt is sent through a collection bank instead of through V.P.P. A third class of transactions is also brought to the notice of the Chamber, wherein an invoice is raised on a dealer in mofussil the dealer did not fulfil all the conditions of the order or because of difficulty in securing railway booking for the

goods within reasonable time, the goods could not be despatched and therefore the sale has to be cancelled. Here also the normal trade practice is to treat the goods as having been returned, and issue a credit note on account of the sales returns. In all these transactions the goods which are treated as having been returned would already have been included in the gross turnover since invoices have already been drawn in respect of them. In all these transactions, since credit notes on account of sales returns have been effected, deductions must be allowed from the gross turnover.

But the Sales Tax Officers do not allow these deductions. Therefore, the Chamber suggests that the following instructions may be issued by the department to cover all these cases.

"In all cases where goods are invoiced and included in the gross sales turnover but could not be delivered to the invoice for one reason or other and consequently are treated as Sales Returns and given credit under a credit note, deductions for the value of the goods must be made from the gross turnover."

The Chamber trusts that necessary instructions will be issued by the department to its assessing officers."

On the question of granting of rebate as provided under Section 7 of the Madras General Sales Tax Act with regard to sales outside the province, the Chamber addressed the following communication to the Commissioner of Commercial Taxes, Board of Revenue.

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the following difficulty of the merchants:

Dealers in order to claim rebate under Section 7 of the Madras General Sales Tax Act have to submit to the assessing authority an application within three months of the delivery of the articles outside the province. If they do not submit an application within this time, they will lose the benefit granted to them under Section 7. In this connection, merchants experience difficulty. Some times a question arises whether a particular sale effected by the dealer is to be construed as a sale taking place in this province or not. The merchants might contend that it is a sale outside the province and as such he is not liable to pay the tax while the department might later on hold that it is a transaction taking place inside the province and therefore, subject to tax. In this case, the merchant believing that he is not liable to pay tax because he thinks that the sales take place outside the province might not have made the application for rebate. If later on the department holds that that transaction is one taking place within the province and therefore subject to tax, he does not get

the benefit of the rebate because he has not made the application within the prescribed period. If for safety's sake he claims rebate even at the time of the transaction, he is later on estopped from quoting it as a sale outside the province. Thus, the dealer is put in a dilemma.

Therefore, the Committee would request that where a dealer claims total exemption for tax on the ground of the sale taking place outside the province, but later on it is held to be a sale inside the province, he should be given the benefit of the rebate even though he might not have made the application within the prescribed time or if he files the rebate application, he should not be prevented from questioning the transaction as a sale taking place outside the province.

The time limit imposed by the rules for submitting a rebate application works as a hardship and therefore, it is suggested that a longer time be given for submission of rebate applications."

It was brought to the notice of the Chamber that Sales Tax Officers classified bicycle dynamo lighting sets to come under the category of Electrical goods and subjected them to additional special sales tax, when really they were classified as bicycle parts accessories. Therefore, the Chamber made the following representation to the Commercial Tax Department.

I am directed by the committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the action of some Sales Tax Officers who classify the bicycle dynamo lighting sets under the category of electric goods and subject it to the additional special sales tax of 3 pies in the rupee on its first sale. Till now these dynamo lighting sets were classified as bicycle parts and accessories and were only subjected to the general sales tax of 3 pies in the rupee. But now due to the new interpretation placed by some Commercial Tax Officers these are subjected to additional tax since they are classified as electric goods.

In this connection, the Chamber would like to point out that bicycle dynamo lighting sets are imported only as bicycle accessories. The import licensing authorities as well as the trade have all along classified them as falling under Part IV, Serial No. 301 of the Import Trade Control Schedule—"Bicycle parts and Accessories." The Customs authorities assess them to duty only as bicycle parts and accessories and not as electric goods and impose on them the duty applicable to bicycle parts and accessories which duty is different in rate from the duty on electric goods. The Chamber is informed that the bicycle dynamo light-

ing set is a cent percent bicycle accessory. The dynamo is adopted for use on a bicycle and in some cases it is stated that the dynamo is built into the hub of the cycle-wheel; so much so the cycle itself cannot be built and put on the road without this accessory. This dynamo lighting set forms part of the original equipment of the bicycle when it is first imported. Its sales also are affected in the same manner. Even before the Sales Tax Act came into force the dealers who have been exclusively handling cycle goods had nothing to do with electric goods have been selling the dynamo lighting set as a bicycle accessory. Therefore, to ask them now to maintain and submit separate record for sale of dynamo lighting set is unfair and is not just.

When the Customs authorities have been classifying it so long as a bicycle accessory there is no reason why some Commercial Tax Officers should be allowed to assess it as electric goods. In these circumstances the Chamber would request the Board to give clear instructions to their officers to treat bicycle dynamo lighting sets as parts and accessories only and not as electric goods and whenever there is any necessity for an interpretation of the classification of the article under Section 3 (2) of the Sales Tax Act they should follow the classification adopted by the Indian Customs authorities as this is based on long years of experience."

Levy of Sales Tax on Transfer of Stocks from one kind of Business to another of the same person

The Chamber took up the question of levy of sales-tax when stocks were transferred from one's wholesale business to one's retail business and addressed the following communication to the Hon'ble Minister for Industries.

I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to refer to circular No. R.C.C. 5. 72102/48, dated 4-6-1949, issued by the Provincial Textile Commissioner wherein he says that the transfer of stocks from one's wholesale business to one's own retail business is subject to payment of sales-tax though the same circular says that the transfer or sale of cloth by one person in his capacity as a representative buyer to himself in the capacity of wholesale consignees is exempted from sales-tax. He adduces as a reason for not exempting transfer of stocks from one's wholesale business to one's own retail business on the ground that such payment of sales-tax is specifically provided for in the margins of profit allowed to the wholesale dealers and the retail dealers and that these amounts which are collected as sales-tax must be paid to Government under the Madras General Sales-tax Act of 1939. He, therefore, has instructed all wholesale consignees and wholesale dealers that

the transfer of stocks from one kind of business to another kind of business of their own is not exempted from sales-tax.

The Chamber Committee submits that this collection of sales-tax, when there is a transfer of stocks from one department to another, of the same person, has proceeded on an erroneous though bona fide apprehension of the situation. Under the Madras General Sales-tax Act of 1939 sale is defined under section 2 (H) as a transfer by one person to another. Apart from this express provision in this Act it is an essential principle of law that for a sale to take place two independent parties are wanted and a sale necessarily implies a contract which is always between two contracting parties. In short, there must be a seller and also a buyer. If these fundamental requirements are not satisfied, there cannot be said to be any sale and if there is no sale, the Madras General Sales-tax Act does not at all come in for operation. Therefore, the instructions contained in the circular of the Provincial Textile Commissioner subjecting to sales-tax transfer of stocks from one's wholesale business to one's own retail business is *ultra vires* and not authorised. Even his circular states that it is only a transfer of stocks and not a sale and as such a mere transfer of stocks belonging to one person from one department to another does not amount to sale. To quote an example, when a wholesale consignee transfers his stocks to his wholesale department there is no question of the consignee demanding the price from the wholesaler and also similarly there is no question of the wholesaler paying any money to the consignee as there cannot be a collection by one person from himself. There can be collection by one person only from another.

In this connection the Chamber wishes to draw your attention to Memorandum No. 31031 MI/49-3, dated the 6th May 1949, issued by the Development Department which says that the representative buyer and the wholesale consignee are one and the same person though the representative functions of the two classes of agencies are different and as such there can, therefore, be no sale by the representative buyer to the wholesale consignee under the Madras General Sales-tax Act. This is the correct position and there is no reason why this principle cannot be applied when stocks are transferred from one's wholesale business to one's own retail business.

Perhaps the Textile Commissioner, when he issued the instructions, was influenced by the fact that the margins of profit allowed to the wholesale dealers also take into account payment of sales-tax in the same. This need not confuse the issue as fixing a ceiling price for cloth depends on other considerations. Further, it is not that every wholesaler is a consignee and every retailer is

a wholesaler. There are innumerable cases where the consignee is not a wholesaler or the wholesaler is not a consignee and also cases where a retailer is not also a wholesaler.

While on the subject the Chamber may state that in the previous control a similar situation had arisen. The individual or firm or company had a wholesale licence as well as a retail licence. Stock was transferred or passed on from the wholesale department to the retail department. These transfers were not treated as sales and tax was not levied on the same. It may be pointed out here that the principle behind permitting the transfer of stocks from the wholesale department to retail department or from the consignee department to the wholesale department is due to the convenience of trade. On very many occasions when the consignee is not able to pass on the goods to other wholesalers or likewise where a wholesaler is not able to pass on the goods to any retailer he passes it on from one department of his to another. Since it is necessary in the trade as practical experience will show these transactions must be treated with consideration.

Under the circumstances explained above the Chamber is sure that the Government will issue instructions exempting the transactions mentioned above from the sales-tax.

Levy of Licence Fees on Dangerous and Offensive Trades

The Chamber was informed that members who had tanneries situated within the jurisdiction of the Chingleput District Board, were put to hardships on account of the announcement of the licence fee by the Board for carrying on with the trade.

Therefore, the Chamber addressed the following communication to the authority concerned for cancelling announced fees and to restore the original licence fee.

"I am directed by the Southern India Chamber of Commerce, Madras, to bring to your notice the hardships caused to certain merchants who have tanneries situated within the jurisdiction of the Chingleput District Board on account of the enhancement of licence fees by the Board for carrying on their trade. The Chamber understands that originally tanneries have been subjected to a licence fee of Rs. 25 only and that the District Board suddenly increased the scale of licence fees for tanneries at a flat rate of Rs. 100 irrespective of the size of the business. When it was brought to the notice of the District Board that this heavy rise in the licence fee hit the small tanneries very hardly, the Board fixed the rate of licence fees for tanneries from Rs. 50 to Rs. 600, the fees varying with the size of the tannery.

The Chamber wish to impress upon you that though you have reduced the flat rate of Rs. 100 to a minimum of Rs. 50 for small tanneries, you have not taken into consideration the case of bigger tanneries. The scale of fees now fixed according to the area occupied by them is very heavy and is sure to hit the long-established industry of the Province. The Chamber would submit that this exorbitant increase which increase the amount to nearly from 600 per cent to 1,200 per cent on the original fee is bound to hit the trade. In this connection, the Chamber would like to impress upon you that though there are tanneries in other districts like North Arcot, etc., these District Boards and Municipalities where tanneries are established do not levy such a high rate of licence fee. The Chamber is unable to see the reason for the sudden abnormal increase in the licence fee which to repeat has no bearing or relation to the original fee paid by the tanneries in the district. At a time when all efforts are being made by the Government of India to launch a vigorous export drive in order to help the country on the economic front it is rather unfortunate that the efforts of the Central Government should be nullified by the action of the other local authorities. It is needless for the Chamber to point out that the tannery industry is a long-established one in the Provinces and has a large export market.

Under these circumstances the Chamber therefore would request the District Board to restore the original licence fee for the tanneries and if the Board wants additional revenue, it may raise the fees slightly as a temporary measure. There is no justification whatsoever for the District Board to so exorbitantly fix the fee so as to hit a well-established industry of the Province.

The Chamber also understands that notices are being served on tanneries that they should pay a penalty of 50 per cent in the licence fee for not paying the same in time. It is brought to the notice of the Chamber that the Board's order revising the rates of licence fees was received by the parties only in March and therefore there is no reason for levying a penalty. The Chamber would request you to go into the question and avoid hardships to merchants.

The Chamber trusts that the District Board will see its way to restore the original licence fee for these tanneries."

Tax on Motor Lorries

The Chamber found that the Madras Vehicles Tax was the highest prevailing in the whole of India.

The Chamber therefore, in the interests of cheap transport on which depends the growth of our trade and commerce, addressed the following communication to the Government requesting them to reduce the tax on motor lorries so that movement of goods may be made cheaper from place to place especially in these days of transport difficulties.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to refer to you how industrial concerns are financially affected due to the high rate of tax that is prevailing in the Province with regard to Motor Lorries.

The tax levied in Madras, it is said, is the highest in India. At any rate it can certainly be stated that it is the highest in India. To quote only one instance, the quarterly vehicle tax for a lorry with a registered laden weight of 14,000 lbs., i.e., about 6 tons in Madras is Rs. 360. The tax for a lorry having a registered laden weight of 18,500 lbs., i.e., about 8 tons is Rs. 427. The corresponding tax in West Bengal, the Chamber understands, is Rs. 37-8-0 and Rs. 50 respectively. You will notice from the same that this means that the tax prevailing here for Motor Lorries is as much as about 9 times over that prevailing in Calcutta. There can be no justification for such a big variation in the vehicle tax between one Province and another.

Nowadays the transport position in the Railways is not easy. That is why the Office of the Regional Controller of Railway Priorities is continued. When this is so, industries have to depend upon the road transport for bringing them the necessary supplies of raw material, coal for running their factories. Only a steady supply will keep the factories running throughout the year. Any stoppage in supplies will mean idling of the factory which will have other undesirable repercussions and it will also create labour unrest. Apart from that the country to-day needs more and more goods. Further the factories have to depend upon the Lorries for taking their finished articles to interior places for marketing. The industries cannot entirely depend upon the Railways at the present time as the Railways are not in a position to meet the demand of the industries. Further, the road transport has to be developed. Even if the Railways can afford to meet all the demands of the customers the road transport is vital even as a strategic measure as the Railways may be a target of attack in times of war. That is why even countries which have a highly developed Railway system develop their roads. We have to take a long-range view and build up our transport system. It is admitted on all hands that it is still in a state of infancy. To levy such a heavy tax as to discourage all newcomers into the field is an unwise policy which will tell against the country's interest

in the long run. But at present the need for the road transport is all the greater in order to enable industries to run smoothly by getting all their supplies of raw materials and by enabling them to market their finished products.

That is why the Chamber is addressing your Department as one interested in the development of the trade of the Province, so that the matter can be taken up with the Finance Department and something can be done to reduce the heavy tax on Lorries which are an essential and necessary part of our present transport system. Again a tax has to be levied according to the capacity of the industry to pay and every effort must be made to develop the industry. But unfortunately the needs for more finance seems to have been the reason for taxing Lorries to such a large extent. Only upon the existence of cheap transport can the prosperity of the country be assured."

III. Communications

During the year the transport position on the Railways was not so acute as it was during the previous year.

With effect from 1st April 1949, the Joint Railway Priority Organisation at Madras, which was common to both M. & S. M. and S.I. Railways, was abolished and thereafter each Railway had its own Railway Priority Organisation. A separate Regional Advisory Committee for the S.I. Railway was set up. The Regional Controller, Railway Priorities, Trichinopoly, stated in his letter that a link between South Indian Railway and those concerned with the movement of goods and to ensure transport of essential commodities in priority; thus making the best use of the available transport resources. Regional Advisory Committee have been set up to advise the Regional Controllers of Railway Priorities at their headquarters. He said, that it was proposed to form a separate Committee consisting himself as Chairman and the Chamber was given a seat along with another Chamber. This Chamber urged for a separate seat on the Regional Advisory Committee, S.I. Railway, on the ground that it was not practicable to have joint representation by two Chambers on the Committee.

The Chamber addressed the following communication to the Regional Controller of Railway Priorities, South Indian Railway, Trichinopoly.

"Your letter was placed before the Chamber Committee, who have given their earnest consideration to the matter. After full consideration of all the points raised by you in your letter, the Chamber Committee would like to press upon you the claim of this Chamber for a separate seat on the Regional Advisory Com-

mittee of your Railway. As has been pointed out to you in our previous letter, joint representation by two Chambers through one member is impracticable for various reasons. However, this Chamber has nearly 800 members on its rolls including about 50 District Chambers of Commerce and Associations scattered all over the Province and particularly over the area covered by your Railway. The Chamber has always been given a separate seat in all Statutory and Advisory Bodies in view of its importance and large and distributive membership. The Chamber Committee feels that the efficient working of the Advisory Body will not be in any way be impaired by the addition of one or two members and they would, therefore, request you to see your way to give this Chamber a separate seat on the above Committee so that the interests of our members may be served by our member.

I am sure that you would take all these facts into consideration to accede to the Chamber's request to give a separate seat to this Chamber on the Regional Advisory Committee of your Railways."

To this, the Chamber received a reply saying that the Ministry of Transport have agreed to a separate representation being given to the Chamber on the Regional Advisory Committee for the S.I. Railway.

Again, the Chief Traffic Manager of the S.I. Railway informed the Chamber that it had been decided to hold quarterly meetings with the Local Chambers of Commerce by his Railway. He said, that the subjects to be discussed at these meetings will be limited to goods and parcels, booking facilities, allotment of wagons, delays in transit, facilities to merchants at stations, train timings, passenger facilities, delays in settlement of claims, damage and loss in transit and any other difficulties experienced by merchants.

The Chamber Committee agreed to these quarterly meetings as they felt that these meetings will be of great assistance to the Mercantile Community.

Claims for Refund

It was brought to the notice of the Chamber that whenever claims for refunds were made, the Railways delayed the same and took shelter under Section 77 of Indian Railways Act, which stated that claims must be made within the time specified under the section.

The Chamber, therefore, addressed the following communication to the Railways.

"I am directed by the Southern India Chamber of Commerce, Madras, to bring to your notice a legitimate grievance of

the Mercantile Community with regard to claims of refunds which they make on the Railway Administration. Whenever they are overcharged for any consignments due to the mistakes of the Railway staff, and when they make a claim for refund, the Railways take shelter under Section 77 of the Indian Railway Act, saying that the claim for refund is time-barred as the same does not get submitted within six months from the date of booking. The legal position taken by the Railway may be correct. But the Chamber would like to say that the object of Section 77 is to prevent stale and possibly dishonest claims for loss when owing to delay it might be impossible to trace the transaction or check the allegation made and when the evidence necessary to rebut the dishonest claim might no longer be available. It is intended as a weapon of defence against fraud not as a means to enable the Railway authorities to deprive their customers of their just dues. The Chamber appreciates the difficulties of the Railway Administration when a claim is made after a long time when it may not be possible to check the claim due to passage of time. But in all legitimate cases, the Railway should try to rectify the mistake wherever they have overcharged by granting the refund even if the claim has not been made within six months from the date of booking as required under Section 77 of the Indian Railway Act. You will readily appreciate that the merchants may not have the knowledge of the latest tariff rates of the Railways and it is only when the mistake is discovered that they submit the claims. Six months may elapse before the mistake is discovered and for the fault of the Railway staff in overcharging the merchants must not be penalised to pay a larger sum than what is due from them. The Committee is sure that it will be possible for the Railway Administration to do something in the matter so that legitimate claims may not be denied their remedy."

The Chamber took up the question of Classification and Freight-rate—Saltpetre, as it was represented to the Chamber that the arbitrary classification of the same was working as a hardship on merchants dealing in this commodity. The Madras Kirana Merchants' Association, an affiliated body of this Chamber, drew the attention of the Chamber for this and the Chamber addressed the following communication to the Secretary, Indian Railway Board, New Delhi.

"The Madras Kirana Merchants' Association, an affiliated member, has drawn the attention of the Chamber to the unduly heavy freight now levied on despatches of saltpetre and to the difficulty and inconvenience caused to them by the arbitrary classification of crude and refined saltpetre. It would appear that while the charges were Re. 1 per maund before 1940 for traffic via New Delhi, it has been raised to Rs. 1-14-6 in 1947 and

Rs. 3-11-1 in 1949 so much so the increase is nearly 4 times from what it was in 1940. This is too heavy and the trade cannot bear such heavy levy. The Association, in their letter No. 1319, 18-48, dated the 1st August, addressed to you, has brought clearly the difficulties of the trade. Compared to the heavy freight over the Indian Railways, it is found cheaper to import goods from Karachi or from foreign countries by steamers. This is against the declared policy of the Government of India who wants that imports should as far as possible be cut down to the minimum. The heavy incidence of freight has resulted in increased price of saltpetre.

The Association has also pointed out that as refined saltpetre is now charged under ordinary class rate the minimum wagon-load is only 240 as compared to 450 maunds under the old scheduled rate. Consignments under present circumstances are bound to consist of minimum wagon-load only and the number of wagons employed under present circumstances must have been raised considerably involving unnecessary waste by way of haulage charges.

It is no doubt true that crude saltpetre is put on a lower classification but there is no scientific method to ascertain whether the saltpetre tendered for despatch should be charged under crude or refined. It depends upon the whims and fancies of the authorities at the despatching stations. This has often resulted in increased levy as the Railway Officials are more prone to increase the income of the Railways only, so much so even the despatches of crude saltpetre which is required for fertilisers is not coming to expectations. There should be some method of ascertaining as to whether saltpetre tendered for despatch should be charged under crude or refined. The present mode of distinguishing the material by the official is arbitrary and gives room for favouritism and doubt. Generally saltpetre below 95 per cent purity should be treated as crude saltpetre and charged only accordingly. Encouragement given to the movement of crude saltpetre will lead to a far greater consumption of this commodity in the consuming area particularly at Madras. This is bound to increase the traffic with the minimum cost to Railways.

I request that you may be pleased to examine this question and issue instructions to the Railway to give the trade the much-needed relief.

It was brought to the notice of the Chamber that there was great disparity in rates for transport of sugar from Cawnpore to Madras and Coimbatore on one hand, and from Cawnpore to Salem on the other. Again, on the question of clearing of wagons difficulties were being experienced by consignees. The Chamber, there-

fore, addressed the following communication on these subjects to the Secretary to the Railway Board, New Delhi.

I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the following matters for your attention.

Rates for sugar: The Salem District Chamber of Commerce, an affiliated member, has drawn the attention of this Chamber, to the disparity in rates for transport of sugar from Cawnpore to Madras and Coimbatore on the one hand and from Cawnpore to Salem on the other. It has been represented to me that while the rate for 2½ railway maunds for sugar from Cawnpore to Madras is Rs. 7 to 8 and from Cawnpore to Coimbatore is Rs. 8 to 9, the rate charged for the same quantity from Cawnpore to Salem which is nearer to Madras than Coimbatore is Rs. 13 to 14. Such a great disparity in rates between neighbouring markets affects the business in sugar in the Salem market. This is responsible for a shrinkage in business in the Salem markets and the business is slackened. Salem is only 230 miles from Madras while Coimbatore is 235 miles from Madras. Therefore, for a shorter distance charges are more than for a longer distance. Please look into the anomaly and do the needful.

Clearing of wagons: Hitherto the practice was that even in the absence of Railway receipts consignees were allowed to clear the wagons but were asked to take delivery of the goods only on production of the Railway receipts. This practice was beneficial for both the consignees and the Railways in so far as the wagons were made available for further carrying and the consignees were not put to the necessity of incurring heavy haulage and demurrage charges. But, it has now been brought to the notice of the Chamber that the Salt Cotaurs Station (Madras), authorities have informed the consignees that the goods wagon must remain uncleared until the Railway receipts are produced. This necessarily involve delay in clearing of wagons and consignees will have to pay heavy haulage and demurrage charges. Invariably it happens that the Railway receipts are not received in time resulting in the wagons remaining in the station yard without being cleared. If this practice is followed the turn round of wagons will be affected and there is bound to be congestion in the movement of goods. In the interests of quick movement of goods, I would request you to reconsider the matter and inform the various Railways that as soon as wagons arrive they should be cleared irrespective of the fact whether the receipt is received in time or not. The Railways can insist as before that the goods should not be cleared from the premises until the Railway receipts are produced."

To this, a reply was received as follows:—

With reference to the correspondence resting with the Railway Board's letter No. 2039-T.C., dated 13th September 1949, I am directed to state that your complaint that despite shorter lead the rate for sugar from Cawnpore to Salem Market is higher than that to Coimbatore, appears to be based on incorrect data, the rates for sugar in wagon-loads from Cawnpore Central Goods Shed to Salem Market and Coimbatore, being Rs. 3-14-7 and Rs. 4-1-0 per maund respectively. The Board are also advised that no representation for the quotation of a reduced rate from Cawnpore to Salem Market has so far been received by the S.I. Railway, who have, however, asked the Salem Chamber of Commerce, to furnish them with particulars of traffic anticipated, on receipt of which the matter will receive due consideration.

In regard to your suggestion that pending the presentation of Railway receipts, the consignees be allowed to unload wagons to avoid accrual of demurrage charges, the Railway Board regret that they are unable to agree to any general relaxation of the present rules. Such requests will, however, be accorded sympathetic consideration and the Chief Commercial Manager, M. & S. M. Railway, may be contacted in respect of specific complaints as already suggested to you by that Railway.

Announcement of Goods Booking

The Chamber brought to the notice of the Railway authorities the difficulties experienced by merchants, with regard to announcement of goods bookings each day. The Chamber addressed the following communication to both S. I. and M. & S. M. Railways requesting them to notify the bookings on the previous day itself so that merchants may know the places to which goods bookings were available.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the difficulties of merchants who have to book goods to moffusil stations due to their not knowing early in the day to which places goods bookings are available.

At present the places to which booking of goods are available each day is made known to the merchants only at about 10 or 11 a.m. on that day. It must be pointed out here that due to the working of the Shops and Establishments Act, almost all the shops close business between 1 p.m. to 3 p.m. The result is these merchants will have to pack the goods after 11 a.m. and send the same to the Goodsyards before 4 p.m. after which time goods are not accepted for booking. If they miss that day

for sending their goods to a particular place they have to wait till booking becomes available next time in that place. It so happens that they have to wait for more than one week to get a booking to these places.

In these circumstances, the Chamber, would urge the Railway Administration to notify the bookings, viz., to notify on the previous day itself to which places goods booking is available, so that merchants may not be inconvenienced.

In this connection, it may not be out of place to mention that in Bombay the practice is the Railways announce their bookings in the morning newspapers. It would be better if this practice is also followed in Madras so that merchants may be enabled to send the goods to the goodsyard in time."

To this, the following reply was received.

"With reference to your letter No. J. 1694, dated 8th September 1949, I have to state that two boards with the nominated days for booking painted on them are exhibited outside the goods sheds at Madras Egmore and Madras Beach. These boards not only show the nominated days for booking and loading, but they also show the restrictions, if any, existing on each day."

The Chamber, through its representative on the S. I. Railway Local Advisory Committee, took up the following subjects with the Railway for redress.

1. *The question of minimum wagon loads:* With regard to matches it is still to be decided. The Sivakasi Chamber of Match Industries, Sivakasi, informed the Chamber that they are now tentatively allowed a minimum load of 81 maunds per wagon pending investigation by the authorities. Previous to October 1948, this was the minimum load but after that it was raised to 160 maunds. The Sivakasi Chamber of Match Industries, say that the 160 maunds wagon load minimum causes great hardships to them and want 81 maunds, minimum per wagon to be restored.

2. *Freight rate:* The same body complains that in pre-war days, the S. I. Railway allowed concessional rates (in freight) for matches that were sent to important stations on various Railways. But during the war, this was withdrawn. They want the concessional rates to be revived.

3. *Delay in transit:* The Chamber understands that there have been instances when it has taken months for wagons to reach their destination. This may be looked into.

4. *Loading of wagons:* As per present regulations wagons have to be loaded on the same day of arrival as otherwise, the allotment is cancelled.

But it seems the wagons arrive on Sundays, or on Government holidays, and it is not possible to load them on that day as Excise Officials could not be contacted. Therefore, this hardship may be looked into.

On the question of delay in settling claims, the Chamber addressed the following communication to the M. & S. M. Railway.

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the inordinate delay that sometimes happens in regard to the settling of claims by Railway authorities. This Chamber has raised this question previously with the members of the Railway Board when they visited the Chamber and they were good enough to inform us that a large number of claims had been disposed of and that they have been catching up with arrears and that they have appointed additional staff for the expeditious settlement of these claims. The Chamber regrets to note that even now it takes nearly more than a year for certain claims to be settled by the Railway authorities. The Chamber would request you to issue instructions so that these claims may be settled as expeditiously as possible."

The Chamber took up the question of free time allowed for detention of wagons for loading and unloading and clearing as it was represented to the Chamber that the free time allowable at 6 hours of daylight was working as hardship for big consignors. Therefore, the Chamber, addressed the following communication:

"According to present Goods Tariff Rules, the Railways require that loading or unloading of wagons should be completed within 6 hours of day-light for all consignors whether small or big. This time is too inadequate in the case of big industrial consignors or consignees, especially in private sidings who have to deal with loading or unloading of a number of wagons every day.

This is particularly so in the case of Cement Factories where output per day is heavy. The industry has also to meet with day to day difficulties in that coal wagons are not regularly received but two or three days' requirements are received on the same day. One peculiarity with regard to this industry is that the packing is done only when it is to be sent out for consumption and that daily packing is done according to each day's despatch programme.

In such cases six day-light hours is found to be too insufficient especially in the case of big concerns where number of wagons have to be loaded or unloaded within a short period of time. Therefore, this time may be extended up to at least 24 hours in private sidings without levy of demurrage or wharfage.

I request you to be good enough to take up this subject at the next meeting of the Advisory Committee."

The Chamber took up the question of minimum weight of charge for exclusive use of wagons for groundnut oil, by addressing the following communication.

"The Chamber understands from one of its members that the Bengal Nagpur Railway are accepting demands for a load of 120 maunds of groundnut oil and supplying wagons accordingly and are sealing the wagons for the destinations. It is understood that the wagon is used exclusively for the sender for a minimum load of 120 maunds and charges taken for this minimum load only. The Chamber is not sure how far this is correct. If it is so, the Chamber would also request the M. & S. M. Railway to supply wagons for conveyance of groundnut oil charging for a minimum weight of 120 maunds as the B. N. Railway, and allow the wagon to be used exclusively by the sender. It seems that the M. & S. M. Railway do not seal wagons to the destinations even when 250 maunds are loaded. It seems they insist that the wagon will not be used exclusively for this consignment only unless the wagon is fully loaded and no space is left in it to load other consignments. To fully load a wagon of say, 196 square feet area to the top is difficult for one party and further loading to the top may result in some leakage due to the close packing of the tins. If it is not possible to charge for a minimum load of 120 maunds, the Railway may charge for a minimum load of 300 maunds and exclusively reserve the wagon for the sender."

To this, the Chamber received the following reply:—

"With reference to your letter, dated November 16, 1949, I have to state that groundnut oil is charged under oils division 'D' at class 4 Railway Risk and Class 3 Owner's Risk, without any weight condition attached to them. Consignors are, therefore, at liberty to tender tins or drums of groundnut oil in any quantity.

According to Rule 56, page 21 of the Indian Railways Goods Tariff No. 27, only bulky goods are charged on the minimum weight of 120 maunds per Broad Gauge Wagon, since it is found impossible to load such goods, owing to their bulk measurement or other cause to the extent of 120 maunds. In

all other cases of general merchandise, the Railways cannot use a Broad Gauge four-wheeled wagon for 120 maunds. In regard to registration of demands for wagons, however, the Railways have issued instructions fixing weights, as reasonable wagon-loads and so far as the M. & S. M. Railway are concerned, the weight fixed for a Broad Gauge four-wheeled wagon is 240 maunds. If a consignor has goods, weighing about this quantity, he may register his demand in the Priority Register for a wagon.

When it is allotted to him and the goods have been loaded the Railway reserves the right to make use of the space in it, if any, for loading other merchandise, which can be transported along with it. It is possible that the B. N. Railway have fixed this limit at 120 maunds for general goods, as some other Railways have done; but the wagon cannot be sealed to destination with this light load. The fact that with the present demand for wagons, they should not be allowed to run light will, I am sure, be readily appreciated and in the interests of the trade, in general it is necessary to make the best use of all the available space in the wagons."

The Chamber took up the question of settlement of claims by Railways as it was brought to the notice of the Chamber that when consignments were booked through different Railways, a new procedure was adopted with regard to settlement of claims.

The Chamber, therefore, addressed the following communication to the Railway Board, New Delhi.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the grievance of the Mercantile Community with regard to the settlement of claims by Railways.

The Committee understand that whenever claims arise in case of through booking of consignments through different Railways the conventioned custom has all along been that they are settled by the Railway where the goods arrive. But now the Chamber understands that a different view is taken by the Indian Government Railways that it is the contracting Railway that must be approached for settlement of the claims.

If this is the view taken by the Indian Government Railway it will be causing a great hardship to business-men, for instance, goods may be booked from Dacca to Madras, and owing to misdespatchment of the wagon, say by the E. B. Railway, which is the contracting Railway, the goods may get lost or damaged, and if claim is preferred, the M. & S. M. Railway which is the destination Railway may say that they are not responsible for the

mis-despatch and may ask the party to proceed against the E. B. Railway. You can very well appreciate how difficult it will be for the business-men to proceed against the other Railway. Therefore, it is that in the interests of trade and industry, claims must as before continue to be settled by the destination Railway.

The Chamber is sure that the Board will give its serious consideration to this matter.

To this, the following reply has been received.

"In continuation of the Railway Board's letter No. 2827-T.C./A, dated the 4th November 1949, I am directed to state that no change has been effected in the procedure for dealing with claims for compensation in connection with consignments booked over more than one Railway and generally claims continue to be dealt with by the Railway controlling the destination stations.

Presumably your Chamber's complaint refers to claims for compensation relating to consignments booked from a station on a Pakistan Railway to a station on an Indian Railway. If so, I am to say that in such cases, the Indian Railways are handicapped to a great extent due to the difficulties experienced in obtaining relevant information necessary for the disposal of the claim or acceptance of liability from the Pakistan Railway concerned where the latter are responsible; a further difficulty is that in some cases the goods after booking have been subsequently held up by the Pakistan authorities for one reason or the other. In all such cases, the Indian Railways are not liable for the non-delivery of such consignments because of the impossibility of performance of the contract by reason of the action taken by the Dominion of Pakistan. The Government of India are, however, endeavouring to negotiate a settlement of the question with the Government of Pakistan."

Registration of wagons

The Indian Tobacco Association brought to the notice of the Chamber, that there were great difficulties in registering more than three wagons at a time for despatch of tobacco from Guntur to be shipped by overseas. The Chamber took up this question with the railway pointing out that for export of goods as many wagons as are necessary, must be made available so as to encourage the export of our goods outside the country. To this, the Chief Traffic Manager of the M. & S.M. Railway replied stating that he could arrange to run block trains for despatch of tobacco if there is adequate quantity of tobacco, for block trains

Booking Restrictions

During the year, it was brought to the notice of the Chamber that there were certain booking restrictions on the railways. The Chamber was informed that booking of goods to stations on Guntakal line, had been restricted for some time and that on account of these despatch of even small bundles could not be made. The Chamber, therefore, requested its representative to take up this question and do the needful in the matter.

The South India Swadeshi Match Manufacturers' Association, an affiliated body of the Chamber represented to the Chamber that due to want of wagon facilities, large stocks of matches had accumulated at Sathur, the Chamber took up this question also. When applications were received for priority assistance from members, the same were taken up with the representative of the Chamber on the Regional Committee of Priorities.

Certain handloom factories complained to the Chamber that the booking restrictions imposed by the B.N. Railway were causing considerable hardships to them.

The Chamber, therefore addressed the following communication to the Regional Controller of Railway Priorities of B.N. Railway, Bombay:

I am directed by the Southern India Chamber of Commerce, Madras to bring to your notice the hardships that are caused to HANDLOOM Factories in the South on account of the booking restrictions imposed by your Railway on handloom piecegoods to stations like Shalimar, Sambalpur, etc. The Chamber is, further, informed that for the last one month these restrictions are operating. The Chamber would like to point out to you that this Presidency is famous for the manufacture of handloom goods which are exported outside the province to various areas inside India. Since there have been accumulation of stock in this Province the Government of India had allowed the free export of handloom goods outside this Province and also to Pakistan and other areas. This concession is limited only to some months. Therefore, there is all the need to export these goods within the time allowed by the Government. Further, if goods do not reach the markets in the required period those markets will go in for other goods thereby causing loss to merchants in this Province and also there will be diversion of trade.

The Chamber is aware that in order to move essential goods the railways may have to take steps that might result in some booking restrictions. But some way must be found whereby bookings are not restricted for all other goods for a long time. At least

twice a week all goods must be allowed to be booked to all destinations so that the markets need not get disturbed.

The Chamber is sure that the administration will see its way to remove these booking restrictions and to allow bookings over this line at least twice a week so that free flow of trade may result and the economic loss of supply and demand may assist in the return to normal conditions."

It was brought to the notice of the Chamber that due to non-allotment of wagons for the transport of timber and tiles this could not be transported to places, where they were required.

The Chamber, therefore, addressed the following communication to the General Manager, The South Indian Railway, Tiruchirappalli:

"The Forest Industries (Travancore), Limited, Alwaye, has sent to me a copy of their telegram addressed to you (dated the 20th August 1949) regarding non-allotment of wagons for the transport of timber, tiles which are essentially required in different places. It is represented that due to want of wagons their business is badly affected and importers of those goods in other markets are complaining seriously about the non-supply. These materials are required for urgent building work and with the approach of the monsoon, the demand has become more insistent. Failure to supply wagons in time result in cumulative stocks in the production centre with its repercussions such as locking up of capital and throwing out of employment large number of skilled and non-skilled labourers. This is the situation which is to be avoided by all means. I request that you may be pleased to enquire into this matter and give regular allotment of wagons for movement of these commodities."

To this, the Chamber received the following reply:—

"Owing to heavy movement of foodgrains on Government account from Cochin a liberal supply could not be maintained for lower priority and non-priority traffic and the foodgrains traffic having almost been cleared, arrangements have been made to supply more wagons for tiles, timber and other non-priority traffic."

Motor Transport

It was brought to the notice of the Chamber that the Regional Transport Officers of some districts demand a fee for a fresh application. Therefore, the Chamber addressed the following communication to the Secretary to Government Home Department, Government of Madras, pointing out that it will not be proper to calculate a fee for variation of permit for a vehicle which already holds a valid permit.

"The Chamber is informed that the Regional Transport Officers of some districts while dealing with the application for variation of permit demand an application to be made in the prescribed form for application of permit with a chalan for Rs. 16 as a fee for the same. The Chamber understands that this fee can be collected only if the application is for a permit and not for a variation of permit for a vehicle which already holds a valid permit but only wants a variation of permit. Further, the Chamber understands, that this fee of Rs. 16 can be demanded only if an additional vehicle is put on the road. Therefore, it will not be proper to collect the fee for variation of permit for a vehicle which already holds a valid permit.

In the circumstances explained to the Chamber by the above Association, it is requested that Government will issue orders to the Regional Transport Officers, not to demand the fee of Rs. 16 for variation of permit of a vehicle which already holds a valid permit.

While on the subject, the Chamber would also like to refer to another matter brought to its notice, by the Madras Motor Vehicles' and Allied Merchants' Association. It understands that prior to the introduction of the Motor Vehicles Act of 1939 and the rules made thereunder permits for buses were issued under the then existing Motor Vehicles Act of 1914 without any restrictions whatsoever. The procedure then was that as soon a bus was registered by an operator, he should make an application to the District Magistrate for issue of permit to operate the vehicle on any two routes in the district and the permit was automatically issued. It seems, that the result was, there was a large increase in the number of buses plying and there was unhealthy competition resulting in the disappearance of many owners from the field causing inconvenience to the public. Therefore, the Government felt that the Motor Vehicles Act, 1914, would not suit the changing conditions and in order to ensure efficiency and trustworthy service, the Motor Vehicles Act of 1939 was introduced. The various provisions of this Act have been designed to secure the healthy development of the road transport service which would be a great help and benefit to the rural community.

After the introduction of the 1939 Act and the rules made thereunder issue of permits for stage carriages, public carriers, etc., are restricted and regulated so that uneconomic competition in many routes is prevented under the provisions of the Act. Rules have been specified in each district limiting the number of buses in each route taking into consideration the available volume of traffic. This has resulted in a good net work of Road Transport in each district catering to the needs of the public.

But now, the Chamber, understands that many of the operators unable to get permits for additional buses apply for variation of permits under Rule 208 of the Motor Vehicles Rules and thereby try to annex one or more routes for a bus already operating on a certain specified route. The Regional Transport authorities grant this variation of permits, which prove detrimental not only to the existing operators who operate on the annexed routes but also to the public which in the long run will suffer due to the unhealthy competition. By granting three variation in permits, the very purpose of the Madras Motor Vehicles Act of 1939 is defeated in that unhealthy competition will again set in. Therefore, in the interest of the public the Regional Transport Officers should be asked to follow a definite policy in the matter of granting of variation of permits. They should grant variation of permits only where there is a real need to afford greater facilities to the travelling public, etc."

On the question of exemption from taxation for spare buses the Chamber addressed the following communication to the Ministry for Finance, Government of Madras:

"The Chamber is made to understand that most of the operators in this Presidency are now maintaining one spare bus for every six buses for six routes. It seems that some operators maintain one spare bus for every four buses or for four routes. These buses are only spare buses which are used when the regular buses break down or is not in good repair. But nevertheless they have to pay the full amount of the Provincial tax on these spare buses also. They point out that consequent on the drastic cut in petrol to buses many operators have been compelled to curtail the number of trips on the routes assigned to them and that this has resulted in considerable loss of income to them. When this is so and when it is also taken into consideration that the tax on motor vehicles has recently been enhanced by almost 75 per cent this will add to the burden of the motor transport owners and it is felt that to tax spare buses under these conditions will be a great hardship to them.

The Chamber is informed that at the meeting of the Select Committee on the 18th June when they considered the recent proposal for enhancing the tax on motor vehicles, the motor transport owners emphasised the necessity for granting exemption from taxation for the spare buses, and that the Hon'ble Minister for Transport promised to consider this matter.

Already transport operators have to invest large sums of money in the purchase of spare buses and maintain them at considerable expense. It should be admitted that these spare buses do not get any income as they take the place of the route buses

when they break down or when they are not in operation for various reasons. Since the tax has also been raised recently the Chamber feels that the Government may give their sympathetic consideration to the matter and exempt spare buses from taxation so as to afford relief to the transport operators."

It was brought to the notice of the Chamber that the levy of sales tax on motor vehicles and parts adversely affected the trade and commerce of the Province.

* The Chamber, therefore, addressed the following communication to the Hon'ble Finance Minister, Government of Madras:

"In Madras, the sales tax works out at 9 pies in the rupee on sales of all automobiles and parts. It should be pointed out that many of the dealers in Madras secure automobiles and parts from Bombay where from April 1949 sales tax is levied on the sale of automobiles and parts at the rate of 6 pies in the rupee. The result is the dealer has to pay sales tax in Bombay and also sales tax in Madras with the result that the price of the cars are unduly enhanced. To give a concrete example, on a motor vehicle secured from Bombay by a dealer in Madras and passed on for sale to his sub-dealer in an Indian State, the sales tax collection at different rates amounts to nearly two annas in a rupee as detailed below:

	RS.
Cost of a Chevrolet 199 W.B. Detroit Type body bus at Bombay	19,175
Sales tax at Bombay	599
Sales tax payable to Madras	899
Indian State tax where the vehicle is finally sold	899

The total sales tax of Rs. 2,397 sometimes exceeds the total profit margin of the dealer on Rs. 19,000 sale. As transactions in motor vehicles involve large sums, this incidence of taxation at different rates in different places is working against the interests of the consumer. As a matter of fact, a consumer in Indian State is obliged to pay Rs. 2,397 on Rs. 19,175 purchase, i.e., nearly 12½ per cent of the cost of a motor vehicle.

The chamber understands that at the Conference of the Ministers of Finance of the Provinces it was agreed that no sales tax should be charged when goods are exported outside the Provinces and also when goods are sent to other provinces. The Chamber does not know when will effect given to this principle. In the meanwhile, the Chamber would like the Government to enter into reciprocal arrangements with other provinces and States so that there need not be more than one sales tax on the same article.

Classification of Goods

The Chamber received from the Indian Railway Conference Association, New Delhi, proposals for correct clarification of various commodities, such as: Electrical Stampings for Railway Tariff Purposes, Gramophone Pins, Battery charging solution, Barsat and Tariff, Manganese Dioxide, Cotton Duck, Balaciava Cap and Knitted Cap (cotton or woollen), Coloured Stones, Printers' Ink, Rate for hide fleshings, Scrapings and Trimmings and Leather Refuse (unserviceable for use as leather), Vanaspathi, Cement Hollow Blocks, Auto Rickshaws, Oilseeds, Broken Shells, Jute Matting or Carpet, Fire-wood, Ashes, Dehydrated Cabbages, for fixing the correct tariff rates.

Rebate on Coastal Shipments

The suggestions received from interested members on these subjects were considered by the Committee and their suggestions were forwarded to the Railway Conference Association, New Delhi.

The Madras Memon Merchants' Association an affiliated body of the Chamber, informed, that no rebate was allowed on the freight paid at Madras when goods were sent by coastal shipments, whereas when sent from Bombay, Calcutta and Cochin, rebate on freight is allowed. Therefore, the Chamber, addressed the following communication to the Controller of Indian Shipping, Bombay.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice that no rebate is allowed on the freight paid at Madras when goods are sent by coastal steamers. The Committee understand that rebate on freight is paid when goods are sent by coastal steamers from Bombay, Calcutta and Cochin. But as has been stated no rebate on freight is paid when goods are shipped by coastal steamers from Madras. The shipping companies explain this anomalous position by saying that the freight rates for shipment of coastal goods from Madras have been fixed on a nett basis while the freight rates fixed in Bombay and Calcutta are not on a nett basis and that it includes this rebate of 10 per cent also. Further they state that if the rebate system were to be introduced at Madras, it could only be done by enhancing the freight rate by 10 per cent and thereafter allowing a rebate.

The Committee of the Chamber will be thankful if you can inform us whether this is the correct position and whether it would not be to the advantage of trade to fix uniform freight rates in respect of all the ports."

To this the following reply was received:

"In continuation of this office letter of even number, dated 9th September 1949, I have to state that as a result of enquiries

made from the Conference Lines it is understood that the deferred rebate payable on certain coastal shipment do not, as a matter of fact, constitute a concession in the rates of freight and that the introduction of a similar rebate at Madras would, merely result in the gross rates from Madras being increased to about 11 per cent above the current rates of freight.

Freight Charges

The Chamber was informed that the rate of freight charged at Madras with regard to turmeric exported to United Kingdom were higher than the freight rate charged at Bombay. As this affected the export trade of the province in turmeric, the Chamber addressed the following communication to the Commerce Department, Government of India, New Delhi:

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice how the export trade in turmeric of the province is affected by the high rates of freight charged at Madras when compared to the rates charged at Bombay.

The rates from Bombay to U.K. and Continent is quoted at sh. 55/6 per ton of 11 cwts., whereas the Madras to U.K. and Continent rate work at sh. 108 per ton of 10 cwts. This huge difference in rates places Bombay in an advantageous position with the result that though Madras produces turmeric on a large scale Bombay is able to ship much more than Madras and exporters in Madras are unable to meet the competition from Bombay.

In view of the smooth running of trade and to encourage exports it is necessary that shipping freight rates are uniformly fixed taking the mileage into calculation so that no province need be placed in a disadvantageous position.

The Chamber trusts that you will be able to do the needful in the matter.

Transport Charges for Coal

The high transport charges for bringing coal to the industries in the province by sea route was taken up by the Chamber with the Ministry of Industry and Supplies, Government of India, New Delhi. The Chamber addressed the following communication:

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to refer to the difficulties of industries due to the high transport charges for bringing coal to the province by the sea route.

Factories that have to depend on coal for their power have to get the necessary coal from the collieries in upper India and whenever this coal is brought by the rail route it is cheaper compared to the sea route. The cost by the sea route is nearly twice that of the land route. It is well known that the transport position is not so well eased as to bring all the coal necessary by the rail route. The sea route has to be utilised if factories are to get their steady supply of coal. You can easily imagine how the higher cost due to the heavy freight charges of the shipping companies will affect the financial position of the industries. Coal being an essential material its higher cost due to higher transport charges will mean rise in the prices of the industrial goods which is not desirable in the present state of things. Again the goods will not be able to stand competition in the market.

Considering all these the Chamber trusts that the Government will induce the shipping companies to charge a lower rate for transport of coal or see that all the coal required for factories are moved by our railways.

The sea route generally is more costly when one has to transport goods by the sea and it is to the interest of the country that the shipping companies are made to agree to charge lower freight rates.

The Chamber took up the question of issuing only one invoice for each wagon load on matches and refusing to issue more than one invoice for any consignment of one wagon load as before. It also took up the question of the minimum weight chargeable for one wagon load of matches. The following communications was sent to the Chief Traffic Manager (Commercial), The South Indian Railway, Tiruchirapalli.

"The Chamber has received a representation from the South Indian Swadeshi Match Manufacturers' Association whose headquarters are situated at Sattur that their members experience great difficulties due to the recent practice of the Station Masters of Sattur, Sivakasi, Koilpatti, Tirumangalam and Dindigul in issuing only one invoice for each wagon load of matches and by refusing to issue more than one invoice for any consignment of one wagon load of matches.

The Chamber understands that before now more than one invoice was issued when matches were sent by wagon load. This used to help the merchants. Usually, each wagon load of consignment is generally worth from 10 to 15 thousand rupees and the same is intended for 3 or 4 parties. If one wagon load of matches is intended for 3 or 4 persons 3 or 4 invoices will help and facilitate the work of the factory to dispose of the goods by handing over the railway receipt to different parties. As this will greatly

facilitate the match factories and as there may not be much difficulty for the Railway administration to issue more than one invoice, I am to request you to help to trade by granting more than one invoice for a wagon load of matches.

While on the subject I am also to refer to another grievance of the match interests: Previously they were charged for a minimum of 81 maunds for a wagon now it seems they are charged for a minimum of 161 maunds causing lot of hardship to the match merchants. It seems that from the Director of Railway Board, New Delhi, the South Indian Swadeshi Match Manufacturers' Association, Sattur, have received a reply to their representation saying that the correct minimum weight applicable is 81 maunds. If this is so I request you to charge only for the minimum of 81 maunds and thereby help the trade and enable the factories to dispose of their accumulated stocks."

Telephones

During this year, the situation with regard to New Telephone Connections remained as difficult as before. A large number of requests from our members for giving them new telephone connections were received by the Chamber and the same were forwarded to Mr. T. Nannu Shanker Tawker, representative of the Chamber on the Telephone Advisory Committee.

Night Air Mail Services

As complaints were received from members that delay was caused in delivering letters at destinations when the same was posted by Night Air Mail Services, the Chamber addressed the following communication to the Postmaster-General, Madras:

"I am directed by the Southern India Chamber of Commerce, Madras, to bring to your notice that delay is caused in delivering letters at destinations when the same is posted by the Night Air Mail Service. A complaint has been received in the Chamber that a letter posted to Delhi within the clearing time did not reach Delhi the next day. A similar complaint has been received that another letter addressed to Calcutta was not received the next day at Calcutta.

The Chamber no doubt is aware that occasionally there will be faults in service but the Chamber has thought it fit to bring to your notice these matters so that the Night Air Mail Service may function more efficiently and become popular. You know how important it is to mercantile community that urgent letters posted to other places in India should reach in time as otherwise complications may arise. Further the Night Air Mail Services would not

be popular if there are frequent complaints that the letters posted in time do not reach addressees at the proper time.

The Chamber is sure that you will give your attention to the matter and instruct your subordinate Officers to see that they do not act negligently and bring the service down in popular estimation.

The Chamber urged in the following communication that lack of certain facilities in the matter of cheap communication with foreign countries must be done away with and that it was necessary in the interests of the country to have cheap and speedy communication with foreign countries.

Therefore, the Chamber addressed the following communication to the Ministry of Communications, Government of India, New Delhi:

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to bring to your notice the lack of certain facilities in the matter of cheap communications with foreign countries. It is needless for the Chamber to impress upon the Government of India the vital necessity to have cheap and speedy facilities in this age of swift communications with foreign countries, as the Government itself is well aware of its importance. The prosperity of the country depends upon not only its productive capacity but also in its extensive commerce with foreign countries and every facility must be given by the Government to enable the country's commercial community to carry on cheap correspondence with foreign countries. At present there is no provision for sending air letters from India, though there is the Air Mail Service. This service is costly compared to air letters. This facility is now enjoyed not only by U.K. and U.S.A. but by other continental countries as well as by Japan. The Government of those countries have thought it necessary to encourage rapid and quick correspondence in this age of speed and have, therefore, granted this facility. Air Mail letters are costly and in order to carry on repeated correspondence which often becomes very necessary it is better to provide for a cheaper service in the form of granting air letters. Considering the importance of the matter the Chamber is sure that considerations of revenue or other things will not stand in the way of the Government of India granting this facility which will be of immense advantage to the country's trade. The Government knows how businessmen have to write innumerable letters in the course of their daily transactions to foreign countries especially now when India is in close touch with various foreign countries, as she was never before and it could be very well appreciated how a provision for cheapening the postal service to foreign countries without

at the same time, reducing the speed would greatly benefit the commercial community of India.

The Chamber received a reply that the subject of providing facilities to send air letters was receiving the attention of the Postal Department.

The Chamber also addressed a letter to the Director-General of Posts and Telegraphs, suggesting that the Department adopted the methods followed in U.S.A., regarding under-stamp air letters.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to offer a suggestion to your department which will, to a great extent, increase the popularity of your department and at the same time will be of service to the public.

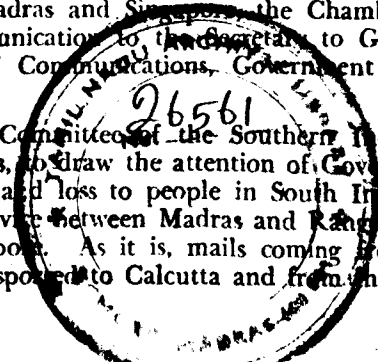
The Chamber understands that in U.S.A., if sufficient postage stamps are not affixed on the Air Mail letters, the postal department returns the letter to the sender giving him instructions to affix the proper postage stamps. This procedure, without any inconvenience to the Postal Department, may be followed in India.

As far as the Chamber knows at present the procedure adopted in India is that if a cover is not affixed with sufficient postage it is sent by sea mail which means that the letter reaches the destination after a long time. It may be that the letter is an important and urgent one. You can readily appreciate the inconvenience and the difficulty that will be caused to merchants in these days of speed if for a small fault of theirs, their letters are delayed for a long time. The Chamber would, therefore, suggest that the Postal Department in India may well try the American method of informing the sender of the letter about the defect and give him a chance to rectify the mistake.

The Chamber is sure that you will do the needful in the matter."

On the question of want of direct letter service between Madras and Rangoon and between Madras and Singapore, the Chamber addressed the following communication to the Secretary to Government of India, Ministry of Communications, Government of India, New Delhi:

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras, to draw the attention of Government to the extreme difficulty and loss to people in South India owing to want of direct Air Service between Madras and Rangoon or between Madras and Singapore. As it is, mails coming from Rangoon, have first to be transported to Calcutta and from there



to Madras and Southern Districts. It has to be borne in mind, in this connection, that South India is more vitally concerned with Rangoon and large quantities of mail are intended mostly for people living in this part of the country. A direct service between Madras and Rangoon would save one thousand miles at least and serve the South better and at a lesser cost to the public. In the case of passengers also people proceeding to Rangoon from Madras have to go to Calcutta to catch the service there, which means an additional cost to them. This can also be avoided if there is a direct service from Madras (i.e.), Bombay—Madras—Rangoon which will not only facilitate the carriage of mails but also will be more convenient for passengers as well. Incidentally this route will be convenient to passengers from Bombay and Hyderabad State.

I request that the Government may be pleased to consider the feasibility of introducing such a service."

IV. INTERVIEWS AND MEETINGS

Visit of Sri Kala Venkat Rao and Sri Kamaraja Nadar

Sri Kala Venkata Rao, Secretary of the All-India Congress Committee and Sri Kamaraja Nadar, President of the Tamil Nad Congress Committee, visited the Chamber on Sunday, the 23rd January 1949 at 6 p.m. This Chamber along with the other City Chambers of Commerce gave a reception to them at the Chamber premises. Rao Bahadur T. S. Kachapikesa Mudaliar welcomed the guests and said as follows:—

"On behalf of the City Chambers of Commerce it is my very pleasant duty to welcome you Sirs, to this reception. We feel honoured by your presence in our midst to-day, in spite of your multifarious activities, and we take it as an indication of the interest evinced by you, Sirs, in the development of trade, commerce and industries of this country.

Speaking of trade, commerce and industry of this country I have to point out even at the risk of repetition that till the attainment of political freedom, Indians had to play a minor roll. They could not therefore, rise to their full stature. But now with the attainment of political freedom, the commercial community is facing a new set of difficulties like nationalisation of trade, commerce and industries thus depriving the normal trade channels from its legitimate functions. We are aware, Sirs, that times are changing beyond recognition and that old order changeth yielding place to new. But what we want to impress on you, Sirs, is that the transformation in the future economic set up of the country should not be as violent as the political separation as we all want

an orderly progress and may we assure you that the mercantile community also will not lag behind in that attempt.

Another aspect that we want to bring to your notice, Sirs, is the proper and adequate representation of trade, commerce and industries in the Legislatures of the country at least for some time more in the working of the new constitution. The presence in the legislatures of even three or four accredited representatives of the country with a mandate from a constituency which can enforce it, will go a long way in shaping the future set-up of the country's economy. I would even go to the length of suggesting, Sirs, that their representation even without voting rights will give members a proper insight and first hand information of the handicaps and difficulties which we experience day in and day out. I have also to mention here that clause 24 of the Draft Constitution of the country provides for compensation on compulsory acquisition of property. Some prominent members of the Assembly seem to be of the opinion that compensation can be given in non-negotiable bonds. We are very much concerned and would urge that whenever property is acquired by Government, equitable compensation should be paid in cash or negotiable instruments as provided in the draft clauses.

Sri Kala Venkata Rao by his supreme self sacrifice, sterling sincerity, and burning patriotism has become a household name in this part of this country. Your very successful piloting of the Zamindari Abolition Bill has earned for you a very high place in estimation of the public. A controversial measure of such a nature indeed requires the statesmanship of a Minister of your calibre, your reputation and your thoroughness. The public and the Government of this Province can ill-afford to lose the services of a Minister of such outstanding merit at this juncture. Our only satisfaction is that you are going on a higher mission of service and that your rich experience will be of benefit to the country at large. We wish you, Sir, long years of selfless sacrifice to this country.

You, Sir, Sri Kamaraja Nadar by your unremitting self-sacrifice at the altar of the country's freedom have earned a place high in the Congress hierarchy. Your sweet manners and thorough grasp of the subject has won even opponents to your side. Without casting aspersion on any, we make bold to say that as the President of the Tamil Nad Congress Committee you have elevated its status so high that it has become a very powerful force in this country. The opening of an economic research branch attached to the Committee through your efforts will go a long way in helping the administration of this country in that sphere. You, Sir, are going as a mission to Burma to negotiate the terms of compensation payable to Indian landowners in Burma conse

quent on the policy of nationalisation of lands there and we do hope that in arriving at a settlement, you will have the interest of Indian investors who played a very prominent part in the development of Burma in the past. We are glad that the High Command has nominated you as one of its able lieutenants to bear an increasing burden of responsibilities and we wish you success in this new sphere of activity also."

The chief guests thanked the Chambers for the honour done to them.

After vote of thanks the meeting was terminated.

Visit of Rashtrapathi Dr. B. Pattabhi Sitaramayya

On the occasion of the visit of Rashtrapathi Dr. B. Pattabhi Sitaramayya to Madras, all the Chambers of Commerce in the City presented a welcome address to him. A reception was given to him on Monday, the 17th January 1949 at Government House (Gardens), Mount Road, Madras, when the following address of welcome was presented:

It will be seen that the Chambers of Commerce pointed out that the policy to nationalise industries was having serious repercussions on the growth of trade, commerce and industry of the country. They pointed out further that the industrial development of the South has not received due attention and therefore, urged for regionalisation of industries. The Chambers of Commerce also wanted that the Commercial interests should be represented on the legislatures of the country.

BELOVED SIR,

We, the Members of the Chambers of Commerce in the City of Madras are extremely happy to welcome you to the City on your first visit after you have been elected to the exalted office of the President of the Indian National Congress. The services you have rendered in the fight of the Congress for the liberation of the country during the past five decades are too well known to need any mention. We are sure, now that the Father of the Nation is no more with us, the Congress has certainly done the right thing by itself in electing you as its President—you, Sir, who have been acknowledged as the most authoritative exponent and interpreter of the Gandhian philosophy which has activated and thrilled into life 400 millions of us in this land.

We look to you, Sir, as the President of the Indian National Congress which has led the country to freedom for proper guidance in all matters vitally affecting the economic and industrial development of the country. As you are aware, the policy of the Government is to nationalise industries, transport, banking and

some other business activities and we are apprehensive that the pace at which this policy is being pursued and shaped is too rapid and does not take into account the serious repercussions such a policy would have in retarding the growth of trade, industry and commerce of the country. The very idea of nationalisation has already acted as a check on the growth of industries as capital is not now freely forthcoming for investment. The commercial public of our country are of the considered opinion that industrial enterprise and development in our country have not reached a stage when the Government could safely think of nationalising them. Much less, the State at present has either the technical personnel or the experience to proceed with the policy of nationalisation. We trust this question will be considered by the Government of India and a proper and farsighted policy will be enunciated which will utilise the rich experience and valuable talent of the commercial public.

It will not be out of place on this occasion if we make mention of some of the problems special to the South. For a variety of reasons for which no particular individual or organisation has been directly responsible, the industrial development in the South in the past has not received the attention it should. Regionalisation of industries is necessary both for strategic and economic reasons as it will ensure equitable development of the rich and potential resources available in different parts of the country. We feel that for the rapid development of industries in the South, assistance from the Government of India will be of real and great help. Further, proper and adequate representation to the industrial and commercial interests in the South on all bodies, statutory or advisory, constituted by the Government of India will largely help in promoting and quickening the process of industrialisation. We trust, Sir, that you would to the extent possible, lend your weighty counsel and wise guidance to the Government of India on all these matters.

We wish to impress on you the need for the immediate execution of the Ramapadasagar Project which has not unfortunately received due consideration and priority till now. It may be mentioned that the cost of the whole project will be nearly equal to the cost of food-suffs imported into India during last year alone. The electrical energy that the project can supply will help rapid industrialisation of the South. We request that you will be pleased to persuade the Government of India to accord the highest priority to take up the project immediately.

We would bring to your notice that under the Draft Constitution of India, the representations now enjoyed by the commercial bodies both in the Provincial and Central Legislatures, which are meagre, are sought to be taken away. We submit that

the presence on the legislatures of representatives of trade and industry will be of great assistance to the Government in moulding the future commercial and economic policy. We hope this question will be reviewed once again and due and adequate representation will be given to the commercial interests.

We now wish to refer to the question of nationalisation of land in Burma and compensation payable to the landowners. We are not opposed to the principle of nationalisation of land adopted by the Government of Burma; but, the question of compensation payable to the Indian businessmen who played a vital part in the development of agriculture and commerce in Burma is causing grave anxiety. We are sure that the delegation proceeding shortly success in its mission of securing fair and just compensation. to Burma with you as the leader, will achieve a large measure of

We once again thank you, Sir, for kindly accepting our invitation and hereby offer our hearty felicitations and homage.

The Congress President thanked the Chambers of Commerce for the honour done to him. He said, that the country had a large leeway to make up. After describing at length, the changed conditions now prevailing in the country he called upon the merchants community to adjust itself to the changed conditions. He wanted them to produce more wealth to the country. He wanted to re-organise our trade and asked them to set up high standards of morality in commerce.

Visit of the Honourable Sardar Vallabhai Patel

On the occasion of the visit of the Hon'ble Sardar Vallabhai Patel, Deputy Prime Minister of India, a joint meeting of all the Chambers in the City was organised to present a welcome address to the Deputy Prime Minister.

The Chambers of Commerce in the City presented the following address of welcome to the Deputy Prime Minister.

It will be seen from the address that the Chambers urged for providing for representation of Commercial interests in the legislatures of the country. The Chambers pointed out that equitable compensation must be given whenever priorities were compulsorily acquired and a compensation should be determined by judicial authorities. The Commercial interests prayed for Government's clear indication of their industrial policy.

Beloved Sir,

We, the members of the Chambers of Commerce in Madras, deem it a great privilege to have the honour of presenting to you this welcome address on the occasion of your first visit to

this City as the Deputy Prime Minister of free India. We need hardly mention here the significant services you have rendered in the fight for the freedom of the country and for its liberation from foreign domination. The supreme sacrifice and the indomitable courage you have consistently shown in the country's fight for freedom, right from the beginning of your political career, have been exemplified in the great Bardoli Satyagraha and the Quit India Movement. It is not an exaggeration, Sir, to say that Mahatma Gandhi had won the freedom of the country and you have made it possible to consolidate our political gains by integrating more than 500 States in less than two years and by creating a strong Central Government. This remarkable achievement will always remain a most memorable and glorious chapter in the political history of our country. Much more remains to be done to set the country in the industrial and commercial map of the world and in this onward march of progress under your able guidance and wise statesmanship, we, the members of the mercantile community, assure you of our willing and enthusiastic co-operation and support.

There are various questions confronting us and the guidance you give to the nation in these matters will vitally affect the political and economic development of the country.

The Draft Constitution of India is on the anvil and the country would soon function under the new Constitution. But, it does not provide for the representation of commercial interests in the future Legislatures. We feel that for the ordered economic development of the country and to keep the Government well informed of our problems, separate representation to the mercantile community both in the Centre and the Provinces, is essential as we are anxious that the Government should be correctly informed of the difficulties confronting the commercial community.

We are very much concerned with the views for amending Article 24 of the Draft Constitution. The proposal to take away the jurisdiction of Law Courts and to invest the Legislature with powers to lay down principles of compensation on compulsory acquisition of properties would undermine public confidence. We submit that whenever properties are compulsorily acquired, equitable compensation determined by judicial authorities should be paid in cash or negotiable instruments.

The country is faced at present with a serious economic crisis. Inflation is in full swing; scarcity of foodstuffs exists everywhere; production of consumer goods has considerably declined; already signs of unemployment are noticed and the investment markets are very dull. We venture to suggest that the present economic

situation is due to several factors among which mention may be made of the high incidence of taxation obtaining in the country coupled with labour unrest and above all the uncertain industrial policy of the Government. We would like to have an authoritative pronouncement from the Government in clear and unequivocal terms on their future industrial policy and would request the Government to overhaul the tax structure of the country to promote savings and encourage investment, give a correct lead to labour and create conditions which would restore confidence in the minds of the business public.

We have also to refer to the deteriorating position of Indian businessmen and investors abroad. Our open-door policy has not been fully reciprocated by foreign countries. On the other hand, Indian businessmen abroad are put to severe difficulties. Indian capital and labour have been mainly responsible for the development of these countries and we request you, Sir, that their claims and services, are fully recognised by those countries and fair and equitable compensation is given to Indian Nationals there.

Wishing you long life and devoted public service.

The Deputy Prime Minister replied as follows:—

"I do not know whether you want me in such a short time to answer all the controversial issues that have been raised and which have been agitating the country for a fairly good length of time. Each issue you have raised has two sides and it would not be proper for me to deal with them in detail; but I can assure you that no Government can afford to treat the business community of the country except with sympathy and consideration (Cheers).

"You will agree," Sardar Patel said, "that in this country labour is in a turbulent mood. You say the Government must give a correct lead to labour. Any prescription you or I give is not palatable to it (laughter). But you can rest assured that it will be our constant effort to lead labour along the correct path. No Government can succeed unless it also keeps in view where labour is suffering and what it is suffering from. In that task industrialists and businessmen can also co-operate with the Government. To-day labour wants increased wages everywhere. In the vital service in the country, namely, the transport service, labour is out to have its demand at the point of the sword. It is not on this occasion alone that a challenge has been thrown to the Government. Since the assumption of office by the popular Government, you have seen several such challenges.

Now, what would be the consequence of a general strike on the Railways at this critical period? One can only imagine them.

A part of the labour organisation, announced that it is not in favour of a strike. But you can see from their pronouncement that they have not yet sheathed the sword. They keep it handy. The other portion of the Railway labour organisation has already given notice of a strike. Now I can only imagine the disastrous consequences, the effect of which will be felt not only in the area where there is a strike but the whole country will suffer terribly. It is to this labour that you want us to give a correct lead. All that the Government can do is to lock up a certain number of people—not a pleasant task—so that there will be less trouble. We could not even think of locking them up unless we were informed on good grounds that not only did they mean to go on strike, but they also meant disruption, dislocation and sabotage for which society would have to pay very dearly. So the Provinces which were concerned and also other provinces took action and rounded up a certain number of young men. Then the Railwaymen's Federation comes out with a statement that this is wrong and the Government should not do it. Assuming that this advice is good and the Government accepts their advice as a result of which things happen and there is dislocation, disruption and sabotage in the Railway who will suffer and who will guarantee that this will not be the consequence?

Labour is not in the hands of the people who can guide them properly, Sardar Patel continued and the Government is being persistently and continuously represented by those leaders as a Government of the capitalists. This kind of dishonest misrepresentation by those who are in charge of labour will some day, if they succeed, lead to serious consequence. You see what is going on in China, Malaya and Burma. These countries are not far away from us. They are on our borders. This is the situation in which the Government has to see that labour while it gets its due does not create a situation in which nothing is safe—neither the State nor trade and industry, nor labour itself. It is easy for anybody to say that the Government should give the correct lead. But it is difficult for the Government to do anything single-handed. Therefore, on behalf of the Government, I can only appeal to you all to realise your own responsibilities and working in your own spheres co-operate with the Government. The Government are very anxious to go out of their way to help industrialists as well as commercial classes and increase production, trade and wealth of the country. But the Government would be entering dangerous waters if they create a psychology in the minds of labour and other people that Government are partial to a particular class."

Referring to the request in the address for representation in the Legislatures for trade and industry, Sardar Patel asked of what

avail would be their small representation in the midst of a huge majority elected on the basis of adult franchise. Their voice would be feeble. But he added, you have immense potentiality to influence Government from outside. You can dictate, provided you mix self-interest with patriotism. Unless you do that, however sincere, they would be affected. Therefore, the Chamber addressed sympathetic the Government may be, you cannot succeed."

"You complain about cloth control," Sardar Patel continued, "but ask your conscience what you did when we removed the controls? (Cheers), who is to blame? What can Government do, however sympathetic they may be? Even now, why do the Government want control? Control means opening of flood-gates of corruption. The moment you impose control, you invite corruption. People complain against the Government and all blame falls on Government. When controls were removed, you have not been helpful. All over the country, the temper of the people was roused by black-marketing on the removal of cloth control. So, Government had no alternative but to re-impose it. Take food control. It was with great difficulty that Gandhiji succeeded in persuading the Government to remove control. The Government were advised that they have not enough food in the country and the Provinces were not willing to pay the game. Surplus provinces were not willing to contribute to the common pool. We have reached the very low ebb of our moral standards and, therefore, we are suffering."

The Government even when they removed control, did so hesitatingly and provisionally. I told Gandhiji that we did not feel safe, but shall try the experiment, and keep the machinery going so that if we felt conditions are such that people died of starvation, we can re-impose it. We are importing foodgrains to the tune of Rs. 130 crores or more. That is why our economy has come to a breaking point. Therefore, unless people realise their own responsibilities—not only businessmen, but every Congressman and every public worker—and feel that every grain of foodstuff in this country is gold, that we must not waste it with our starving neighbour, there is no way out. If to-day even surplus provinces say, "We have no food, give us more," what can you say of the deficit provinces? I believe there is plenty of food in the country. It is the moral degeneration that has ruined us. I am telling you plainly what our condition is, we have to tighten our belts. You complain that mills are full of stock. It is so. Let us sit together and find out whether we cannot honestly co-operate. Businessmen, Government, industrialists, all of us must put our heads together, hands together, hearts together and work honestly."

"Government have no other interest except to serve the country and the people," Sardar Patel emphasised. "Even businessmen will agree that we have no other interest. For the time being the country's economy is suffering and the people are suffering. May I appeal to you to set aside profit motive for service motive? If you do, whatever the Government can do is at your service, because, we have no consideration except to serve you and to serve the people through you, and because we know we cannot serve the people except through you. You hold the key position. We can put up other agencies to distribute cloth, but we know we cannot succeed. (Laughter). They will also make profits. Congressmen also want their own price. Because they have gone to jail, they think this is the time for making money. It is all a vicious circle. You have compelled me to open my lips. Business is not my job. My job is to restore peace in the country and keep it, so that businessmen can prosper and thrive. I also know that if business does not prosper, if there is no wealth in the country, if there is no food, or cloth, I cannot maintain law and order. The address you have presented to me is no address, but a long enumeration of the grievances you have against Government. (Laughter) How will you like it if I on my part were to enumerate the grievances of the Government against you? That will not be proper for a guest who is receiving an address. Therefore, let us understand each other."

Sardar Patel asked whether in case of a Railway strike they were to act in the same way as the former Government, ask the people to take charge of the Railway line and impose a collective fine, if they refused to do it. The R.S.S. people wanted to go their own way and have a Hindu rule in this country. The Akalis wanted their position secured even by separate representation and were brandishing their swords. The Communists were saying that the Socialists might do anything, but they were going to strike. In such a situation what were the Government to do? Should they follow the policy of the former Government? That was why he said that this was not the time for enumerating grievances. This is the time for putting our heads, hands and hearts together for tightening our belts and for creating an atmosphere in the country for moral regeneration whereby the country by producing more can raise itself in the comity of nations. Otherwise we will be nowhere. No doubt we have sent away the foreigners. But it is wrong to say that we are free. We are worse than slaves. What did Gandhiji give us? He gave us one thing. When he was once asked what would he prefer, swaraj or truth, he promptly replied that truth will have his preference and not swaraj. We have soiled our hands and so we are suffering. The six per cent deficit in food can easily be made up if we realise our responsibility. We waste too much. We do not care for our

starving neighbours. We are selfish. Let us knock off our selfishness. Let us understand the responsibilities of free men in a free country and let us understand that we are passing through a period of serious crisis."

"You say that the Government have not made their industrial policy clear. They have often made their policy clear. Labour is suffering from one complex and businessmen are suffering from fear complex. What are you afraid of? Do you say that when we talk of nationalisation, you get perspiration? (Laughter) What risk you are going to take to raise the standard of life?

"When the Government have not enough men even, for running the administration where is to be nationalisation?

"We had," Sardar Patel pointed out, "1,500 men to run the administration of the country, which was called the Steel Frame. That Steel Frame was carrying on the Government in this country with an iron will in its own way and for its own purpose. Fifty-five per cent of the Steel Frame at one stroke was broken (at the time of partition). The European element which constituted the 55 per cent had gone out. More than half of the other portion went away to Pakistan. With the achievement of freedom, we have to open embassies all over the world and in every embassy we have a member of that Steel Frame without which we cannot work. With one-fourth of that Steel Frame, we are running the administration now. How can there be nationalisation? I said this morning that those who talk of destruction and sabotage and those who do not work, are the enemies of India. Those who talk less and do work day and night and those who put self-interest in the background are the real patriots. Those who are facing the crisis manfully are the real patriots. Do not take me amiss when I say all this. I am not mincing matters.

I have come here, Sardar Patel said with feeling, after many years believing that I may not be able to come again. In the little portion of my life that is left, I want to see India raised high and made strong and put in a place where future generations can say that our elders were wise and gave us a legacy of which we can be proud.

Appealing again to businessmen to understand the situation and realise their responsibility, Sardar Patel asked them, "Do you know how much evasion of income-tax there has been and is that the way to find the industry and commerce of the country?" Sardar Patel said that they should not be afraid of nationalisation. take it from me as a gospel truth" he added, "that this Govern-

ment have not the capacity to undertake nationalisation of any industry at present. If anyone talks of nationalisation, it is for leadership and not for nationalisation! I do not believe in that kind of leadership." He was accused of being a friend of Princes and capitalists and of Birlas. But he would like to tell them that he had led and organised many more labour unions than many of the present labour leaders. It was true that Princes, industrialists and businessmen were his friends but he had also labour as his friends.

Long before he assumed office, Sardar Patel said, he had realised that unless they removed the Communists from labour organisations, there would be nothing but ruin for the country. Therefore, they had started a separate labour organisation, The Indian National Trade Union Congress in which no Communist could become a member. The U.N.T.U.C. was the largest representative labour organisation. Till now, the Communists had monopolised the trade union organisation. With the starting of the National Trade Union Congress, the Communists found that they could not come in there and, therefore, they had begun accusing the Congress as being a capitalist organisation. They were in the Congress till yesterday. The Congress was an organisation built by the sacrifices of millions. In spite of degradation, the Congress was still strong and if anybody wanted to throw a challenge, it had still strength to accept it and take the masses with it. If those who think that by abusing the Congress and by criticising the Government they can throw a challenge to the Congress at the polls in one, two or three years' time they are living in a fool's paradise. Once the Congress made up its mind it could take the masses with it, because it had got the legacy of Mahatma Gandhi. The Congress was after all an organisation suffer if they remained inside a big group. They therefore, wanted it would come to the right path and when it did so, nobody could challenge it. Its strength was its collective legacy which had been left by great leaders who had raised the name and prestige of India all over the world and the sacrifices of thousands.

Sardar Patel agreed that everything might not be all right with the Congress today. No Ministry was safe because everybody wanted a place on it. He did not know what Gandhiji would say were he alive today. Some of them were quarrelling on small narrow parochial grounds and thought that they would suffer if they remained inside a big group. They therefore, wanted to remain in a separate group. This could be done without generating heat and in a manner that would ensure the peace of the country. Let them sit together as Congressmen used to do in the past and decide what to do.

He felt uneasy, Sardar Patel said, when he heard that Andhras and Tamils must separate immediately and that otherwise there would be no peace. When people talked like that, he sometimes wondered why they became free. Had their outlook become so narrow? He was not against separation. By all means, let them separate as good friends and brothers. If Andhras and Tamils could not live together why should they continuously knock at the doors of the Central Government? They were free to effect the separation. A Committee had been appointed for the purpose and being a member of the Committee himself, he was not in a position now to say what the Committee would do. But he felt depressed when an agitation was carried on continuously.

Let us have business as usual till separation takes place," Services or the atmosphere of the Province suffer. Did you feel Sardar Patel said, "Let not the efficiency of Government or the so much in the past? Immediately you are free, why should you feel so? If you have a ready plan, I have no objection to your separating even now. But remember we have suffered from separation which was forced on us. The one thing, I have not understood in this matter is the introduction of heat into it. Do not continuously carry on controversy in the Press or on the platform. Leave it to your leaders who have the question before them. Do your duty properly. Do for the day the day's duty. If you take care of to-day, to-morrow will take care of itself.

You have raised several points in this address. Sardar Patel concluded. "They will be all communicated to the Government and placed before them and given due consideration. The Government have clearly laid down their industrial policy and many businessmen have also appreciated it. Often people talk loosely according to the audience they address. You need not worry about it. Have the courage of your convictions. Businessmen always take risks. If you do not take risks, who else will? To-day there is no trouble anywhere in India if India suffers, if India goes down, she will go down because of her own fault and not on account of our neighbour, who was with us till yesterday also realises that his interest lies in peace and not in quarreling with us. So, it is up to businessmen to pull their weight and resources together and move confidently with the Government. I am a friend of businessmen. Princes and labour. So I want all interests put in their proper place. I appeal to you for your honest co-operation. I thank you. (Loud cheers).

Mr. Abdul Hameed Khan proposed a vote of thanks.

Visit of the Indian Central Tobacco Committee

The Indian Central Tobacco Committee visited the Chamber on Tuesday the 29th March 1949. Rao Bahadur T. S. Kachapi-kesa Mudaliar, President of the Chamber, on this occasion extended a hearty welcome, to Sir Datar Singh and to the other members of the Indian Central Tobacco Committee. In his speech he expressed the appreciation of the Chamber of the decision by the Central Tobacco Committee to locate the headquarters of the Committee in Madras instead of in Bombay. He stressed the importance of Tobacco Trade to the Province and hoped that the Committee would be able to take advantage of the valuable advice that can be had from the large body of Tobacco Growers in the Province. He concluded by saying that the Chamber would give all facilities to the Central Tobacco Committee in their attempts to encourage the Tobacco Trade and promised to give all assistance in this regard.

Mr. V. Pandurangiah, Vice-President of the Chamber, stressed the importance of Tobacco Trade to our foreign trade and assured the Committee that the Chamber would be glad to place all their resources and services at the disposal of the Committee for the development of the trade.

Then Mr. T. M. Rangachari referred to the important part that Madras could play in the Tobacco Trade of India and said that it was a wise decision to have the quarters of the Committee changed from Bombay to Madras. He further stated that the total production of tobacco in India was 1,000 million lbs., and it was a source of very large revenue by way of excise amounting to Rs. 46 crores, 40 per cent of the total production in India came from Madras, he stated.

Sir Datar Singh in his reply, thanked the Chamber for the welcome and stated that the Tobacco Committee felt grateful for the offer of co-operation of the Chamber in carrying out their work and said that the Tobacco Committee would take every advantage of the offer. He stated that it was but proper that the headquarters of the Committee should be at Madras in view of what Mr. T. M. Rangachari had stated.

Then referring to export of Tobacco to foreign countries, he said that there had been complaints from abroad about the quality of tobacco sent from here. Though some of these complaints might be exaggerated, the Government of India, he added, had taken steps to rectify defects and he desired to impress upon the traders here that it behoved them to abide by the rules and regulations framed for improving the trade facilities and see that they gave no room for complaints.

If they depend upon Government alone for weeding out the evils complained of, much progress could not be made. It was the duty of every trader to play the game.

Mr. M. A. Parikh, Vice-President of the Committee thanked Mr. R. M. Sundaram, Director of Agriculture, for the arrangements he had made for holding the meetings of the Committee and for giving all the information necessary pertaining to tobacco crop.

With a vote of thanks proposed by Mr. P. R. Nammalwar, the function terminated.

Visit of Dr. S. P. Mookerjee, Minister for Industries and Supplies

The Hon'ble Dr. S. P. Mookerjee, Minister for Industries and Supplies, Government of India, visited the Chamber on Friday, the 29th April 1949 at 7.30 p.m. On this occasion, Rao Bahadur T. S. Kachapikesa Mudaliyar, President of the Chamber, welcomed him as follows:—

Hon'ble Dr. Mookerjee,

It gives me very great pleasure to welcome you Sir, on this occasion of your second visit to this Chamber. I realise that the time at your disposal is very short and I therefore do not want to burden you with a catalogue of our grievances. I should, however, on this occasion very much like to reiterate the whole-hearted co-operation of the Mercantile Community to all the schemes and proposals directed or sponsored by the Government of India in order to secure the economic development of the country and improve the standard of living of the masses. I therefore welcome the bold and practical policy of the Government of India in welcoming foreign capital for the rapid industrialisation of India.

I am further glad to point out that the menacing labour problem which clouded the entire progress of industries in this country during the past few years, has, by the supreme efforts of the Government assumed a more realistic attitude with the result that strikes have considerably decreased. I may mention here in that it is not at all the intention of the industrial and commercial community, to exploit labour. The need of the hour is production and more production of essential commodities and in that great effort of the Government, both Capital and Labour have a prominent part to play and may I assure you again, Sir that the industrial community will play a very fair game always.

The re-imposition of control on production and distribution of textiles has created much confusion and dislocation in the trade. Government have had their own reasons for its re-introduction and I quite see that it is no pleasure for Government to work these control orders but things, I am sure, have radically changed now. Huge stocks of manufactured goods are reported to be lying at the mill premises, while in other places the mills are handicapped for want of cotton. The distribution also is not happy and heavy stocks are remaining with retailers without being sold. This is only to be expected with the tight money conditions prevailing now. It is also brought to our notice that large quantities of unsuitable varieties of cloth which would not be easily saleable are thrust upon the merchants and the co-operative societies also, have not fared better. In this state of things, a re-consideration of policy with a view to decontrol, becomes necessary. I may also say that large quantities of handloom piecegoods which are produced in abundance particularly in this province, are lying unsold, due to Burma and Pakistan, following their own import policy, while Ceylon and Malaya have largely reduced their intake. I would therefore seriously suggest to Government of India that the present policy of decontrol in the export of handloom piece-goods should be continued for sometime more after the 30th June 1949.

Some hardships have been caused to merchants engaged in the iron and steel trade. It has to be mentioned that mostly merchants engaged in that trade cannot by the very nature of things handle any other commodity and they have therefore to depend on the present meagre allotments. Direct allotments of quotas by Government to fabricators and industrialists over the heads of normal trade channels have deprived them of a good slice of their trade. I request you, Sir, to reconsider the matter and ensure normal trade channels, economic allotments to keep them going. While speaking of iron and steel, I would seriously urge on you, Sir, to consider the feasibility of starting one of the proposed iron and steel factories in this Province. This Province has rich mineral deposits and other resources and the lack of coking coal alone should not stand in the way. Similarly this Province is rich in oil seeds like groundnuts and it will facilitate very much if the Headquarters of the Oil-seeds Committee is located in this Province as in the case of the Central Tobacco Committee.

Many vanaspathy factories were started but they are handicapped for want of pipe lines and tin plate quotas. They cannot therefore start functioning or raise their productive capacity to the full extent.

I will be failing in my duty if I do not make a passing reference to the Industries Development and Control Bill recently sponsored

by the Government. My Committee are examining the whole Bill and I would request you to consider their suggestions when forwarded. I may however, point out that the Bill vests vast powers with the Government and is likely to cause nervousness amongst industrialists in the investment market.

Then Mr. C. M. Kothari represented that because of the sales tax on cotton, prices of the fabrics produced in Madras Mills were bound to be higher than those produced in other places and that this will adversely affect the trade here.

Mr. Nammalwar pointed out that as a result of the control on textiles, the margin of profit of the merchants had been fixed and that the imposition of an excise duty of 25 per cent on super-fine cloth was hampering the trade.

Replying to the various points raised, Dr. Mookherjee said that sales tax was a provincial matter and, as such, he could not be expected to make any pronouncements on that question. The general question of scope and purpose of sales tax, he mentioned, was now being examined by the Central Government. They had a conference of Provincial Finance Ministers last month, and it was being considered whether it was not possible to have a uniform policy of sales tax for the whole country. Dr. Mookherjee stated that it would take some time before a decision was reached. It might be possible that some change in the constitution would have to be made. It would of course, be done only after full consultation with the Provincial Governments. The Provincial Governments were compelled to balance their budgets. Dr. Mookherjee reiterated that, when time came to consider the scope of the future sale tax, the observations made by the members of the Chamber would be borne in mind. In the meantime, if they had any grievances, they must approach the Provincial Government. It appeared that the levy of sales tax on Madras cotton had placed the Province in an unfavourable position as compared with the other parts of India. It was a matter of concern to the textile interests in Madras and to Madras Government. Trade barriers would be created by the imposition of sales tax in respect of commodities going out of a particular province. The matter affected the economy of the country.

Regarding textiles, Dr. Mookherjee said that there was no possibility of decontrol of textiles at this stage. They passed through anxious times last year at the time of decontrol. Naturally, the Government did not like to make new experiments every few months. With regard to the imposition of 25 per cent excise duty on superfine cloth Dr. Mookherjee said they need not worry about this, as this variety formed only about eight per cent of the total production. As was often admitted, it was only with regard to

this quota that blackmarket prevailed. If people were willing to pay more for super-fine cloth and those people belonged to the section with greater purchasing power—it should be taken advantage of by the Government. Dr. Mookherjee also explained the measures taken recently to avoid accumulation of stocks in the mills. If the Provincial Government was unable to purchase its stocks by the end of the month following the month for which such quota had been allotted, then those stocks would be allowed to be sold by the mill through approved dealers. He mentioned that rationing was one thing and continuance of control of prices was another thing. As a matter of fact, at present, rationing of textile goods was in force only in a few parts of the country. In other places, there was no rationing, but only the textiles were distributed through dealers. That was a matter which had been left to the Provincial Governments.

So far as handloom cloth was concerned Dr. Mookherjee said that free export had been allowed. He was told that that even with that relaxation Pakistan was not purchasing the quota she used to take formerly. In that case, Dr. Mookherjee suggested, they should produce varieties for which there would be market within the country or elsewhere. There was no use producing *lungis* in large quantities which Pakistan used to purchase formerly. This aspect of the problem should be considered at once otherwise, they would be producing unwanted handloom cloth. Dr. Mookherjee assured that he would watch the situation and consider the question of extension of time after June, 30, when decontrol would expire with regard to handloom cloth.

Regarding the Industries Development and Control Bill, Dr. Mookherjee said that the Select Committee would be meeting some time in May. He had asked different institutions and organisations, represented through their Chambers, to indicate their view points on the provisions of the Bill. All those view points he assured, would be carefully considered. Dr. Mookherjee emphasised that they should bear in mind that the object of the Bill was not to harass the industry but to help it. It would be impossible for them to contemplate a plan of industrial development for India unless there was a Central regulation and Central developemnt. It was also desirable that those powers should remain vested in the Central Government and not distributed in various matters in the hands of the Provincial Governments: because otherwise, it would create divergent policy and divergent administration. If industries and industrial undertakings properly discharged their duties, there was no reason to suspect that any Government which cared for the safety and economic development of India would do anything to harm or harass them. If there were big industrial organisations which did not agree to fall in with the

national policy, it was necessary to take some power to control them. They must consider whether they wanted a planned industrial development or not. If they wanted a planned industrial development, then there must be Government control. Dr. Mookherjee added that, at the same time, he felt that whatever machinery the Government set up must be in a position to render real and positive help to the industry.

It would not be possible for the Government to achieve its object, Dr. Mookherjee added, unless it had the full backing and support of the industry as a whole and also of labour. In the present set-up of things, they had to look at matters from a new angle of vision. They should not forget that India occupied a peculiar position to-day. They had various countries surrounding India which were spreading their new economic ideologies uprooting the traditions of old standards. The labour had suffered a lot in this country and they had also been exploited a lot. With the attainment of political freedom, a new approach should be made to the problem. They had to instil in the minds of workers a new sense of responsibility. They had to make them feel that they had no desire to control them through police force or any force employed by the State. They must get the active co-operation of labour and make them realise that they were real partners in the development of the economic life of new India. If they created that atmosphere, Dr. Mookherjee said, he was sure the better elements among labour would respond favourably. There were certain elements which were carrying on subversive activities and using labour to achieve their own political ends. They had already shown in the recent past, that the Government was strong enough to control such situation in the national interest. He was sure it was also the policy of the Madras Government. There was a general consensus of opinion that, while all legitimate interests of labour would be protected and safeguarded they would not be allowed to be exploited by the industrialists and they should not be allowed to create chaos and disturbances in the country.

As for the starting of a cycle factory Dr. Mookherjee said that the matter had been discussed. He did not want to start a controversy as to whether Madras or Mysore would be arrived at which would be to the interest of India as a whole. He could not say whether Madras would win or Mysore would win or neither would win.

With a vote of thanks to Dr. S. P. Mookherjee the meeting terminated.

Visit of Mr. J. A. Shah, Commercial Secretary Designate to Rome

Mr. J. A. Shah, Commercial Secretary-Designate to Rome, visited the Chamber on Saturday the 21st May 1949. On this occasion Rao Bahadur T. S. Kachapikesa Mudaliyar, President of the Chamber in welcoming him said:

MR. SHAH,

On behalf of myself and members of the Chamber, I have great pleasure in welcoming you to the Chamber on the occasion of your first visit before taking up your appointment. I hope Indian Trade Commissioners and Secretaries will make it convenient to tour the country once a year to get themselves fully acquainted with the difficulties confronting Indian exporters in foreign countries.

It is true that India in recent months have concluded bilateral trade agreements with countries like Yugoslavia, Czechoslovakia, Switzerland, Poland, etc. Similar trade talks are taking place with countries like Italy, Belgium and other countries in the Continent. India was having considerable volume of trade with these countries and the Government of India would do well in entering into such trade agreements. But the matter should not be left there, as trade of India with those countries can be considerably developed to the advantage of our country. One thing to be particularly noted is that India cannot any longer be content with exporting only raw materials. India has begun to develop her industries and the major portion of the raw materials which used to be exported previously will be consumed within the country. We have therefore to develop our export trade of manufactured and semi-manufactured goods. This point has to be taken note of by Trade Commissioners in the present context of things.

One great handicap of Indian exporters in foreign countries is, the want of facilities for arbitration in matters of dispute at the other end. Other countries with which India has trade relations have a system whereby their banks in India look after their interests. India is not having her bank in foreign countries nor is there any other machinery to arbitrate in matters of dispute. In such cases Indian exporters have to look up to their Trade Commissioners for settlement. It is true that this is beyond the scope of Trade Commissioners now, but having regard to the importance of the matter, Government of India may be prevailed upon to include this also as part of the functions of Trade Commissioners.

Having regard to the pattern of trade which India may hereafter have it is advisable that Trade Commissioners posted abroad

should be fully acquainted with Indian manufactures and other semi-manufactures and raw materials which India can export abroad. Under present circumstances it may not be possible for India to attain her full stature in the export market because of the export restrictions but times are changing and the Indian Trade Commissioners will hereafter have a more responsible task in stimulating exports. To meet with this situation it is advisable that even in advance they should open in principal centres abroad commercial museums exhibiting Indian manufactures and raw products, participate in Fairs and Exhibitions and do propaganda work for Indian goods in countries under their jurisdiction.

There was considerable volume of trade with Italy and other continental markets. South India is particularly interested in the export of coir and products, manganese ore, mica, hides and skins, oilseeds, spices, sheilac, tea, rubber, etc. In the matter of hides and skins there is competition in the Italian market from Argentina and France while in the case of oilseeds Brazil and Africa are competing. Netherland Indies is a competitor for our spices trade in Italy while Malaya and Indies compete with Indian rubber. It is well to study conditions of trade in those countries which compete with Indian goods and Trade Commissioners can greatly stimulate India's exports by advising Indian merchants how to compete on favourable terms with those goods. I am aware that some complaints have been received from foreign importers that India is not maintaining her standards of quality. This is no doubt a serious charge and Trade Commissioners would do well to insist on exporters to maintain high uniform standards throughout.

There are well-developed cottage industries in India but for want of adequate facilities to market their goods in foreign countries they are handicapped. Madras handloom products have established a world wide reputation in some of the principal countries and it will be to India's advantage to develop that trade in countries under your jurisdiction.

Italy can supply tractors and other machinery urgently required for the industrialisation of the country. We know it is not your function to stimulate export to India. But whenever difficulties are experienced by Indian importers of these essential goods I hope you would kindly use your good offices to resolve them.

I thank you again for coming to the Chamber.

Mr. J. A. Shah in the course of his reply to the Chamber traced the century old India's trade relations with Italy and said that in 1939-40, India's transaction with Italy amounted to two crores of rupees and it was a balanced trade. Raw cotton and ground-

nuts were exported while cloth and chemicals were imported. War intervened and in 1946 while India exported goods worth Rs. 1,75,000 she imported from Italy goods worth Rs. 8 crores. As against this, India's export rose only to six crores.

Mr. Shah said that India must stop looking to England and America alone for her export trade. She should see whether or not she could secure technical assistance and materials at cheap prices from other countries. She should also try to know whether there were countries in the neighbourhood who would be prepared to pay her goods the best possible price.

Mr. Shah pointed out that in 1948, India's total export amounted to Rs. 420 crores. Rs. 6 crores worth of export to Italy formed only small portion.

While Madras was concerned with the export of groundnuts, she should see that she considerably increased her production so that prices could be more competitive.

Dealing at great length with the export of hides and skins, Mr. Shah said that India produced Rs. 15 crores worth of hides and skins out of which 11 crores were exported. "We ought to be in a position now to develop our hides and skins industry in such a way as to be able to send out well-finished goods instead of exporting them at a rudimentary stage."

Italy, he was told, had a five-year programme for developing leather industry and she proposed to import 75,000 tons of hides and skins by 1952-53. Italy produced a lot of chemicals which were essential for the tanning industry. Madras could also examine the question of improving on modern lines the process of tanning raw skin.

Mr. Shah told the member of the Chamber that they would be surprised to know that out of Rs. 16 crores worth of imports to India from Italy, only 15 lakhs covered capital goods. Major portion was in the form of silk and yarn. "It will be my endeavour in Italy to see that the imports from that country were restricted to capital goods in the shape of machinery required for the industrialisation of our country," Mr. Shah assured. Italy was turning out a good lot of electrical goods and small tractor which could be used in India.

As for the export of products of cottage industries in India, Mr. Shah stressed the need for maintaining a uniform standard in regard to these goods.

India should develop her banking system, continued Mr. Shah. There were only five or six Exchange Banks which were dealing

in foreign trade. They should have Indian Exchange Banks to look after our foreign exchange.

Referring to the question of arbitration, Mr. Shah said that the Trade Commissioners, as representatives of the Government of India, had to remain aloof and it was not proper for them to take an attitude which might be construed as "partisan." There was a belief that an arbitrator whenever he was appointed was always taken to be a counsel for the party which appointed him.

Mr. Shah said that a show room could be located in the office of the Trade Commissioner for popularising India's products. Standardisation of these goods, he hoped, would help them a great deal.

Visit of Mr. K. N. Kaul, Indian Trade Commissioner Designate to U. K.

Mr. K. N. Kaul, Indian Trade Commissioner Designate to U.K. visited the Chamber on Saturday the 25th May 1949 at 11 a.m. In welcoming him Rao Bahadur T. S. Kachapikessa Mudaliyar, President of the Chamber observed as follows:—

"I have great pleasure in welcoming you in our midst this morning. Mr. M. J. Desai, your predecessor visited the Chamber in the middle of last year before taking his appointment in United Kingdom. The Chamber then, had the benefit of discussion with him on some of the out-standing problems confronting Indo-United Kingdom trade. It is not, therefore, necessary here to expatiate in detail upon those problems again and I shall rest content by handing you a copy of that memorandum. I shall now confine myself to some new aspects which has cropped up recently and I would request you to examine them so that the trade with United Kingdom may improve in the years to come.

Casual reference to the sea-borne trade of India for the 11 months ending February 1949 will show that while our imports from U.K. has increased to Rs. 135 crores from Rs. 111 crores, our exports to U.K. have dwindled from Rs. 97 crores to Rs. 90 crores during the same period. This is not in the interests of India and unless we develop our exports on considerably larger scale, the adverse balance of trade which has become a feature of our trade with U.K. recently will become greater. There are very many handicaps for the development of our export trade to United Kingdom. For some of the principal commodities exported from here, India has still to remain hopelessly dependent on arbitration proceedings conducted in foreign countries where our exporters are not at all represented. This is the case with regard to our huge exports of hides and skins, groundnut kernel and oil. Until

such time the Government of India make their own arrangements for inspection and grading of such important commodities, exported out of India, Trade Commissioners posted abroad should look after the interests of Indian exporters at the other end. They should have qualified assistants to represent India's interests on the arbitration councils there.

There is a persistent cry in the foreign markets especially in the United Kingdom that India should reduce her price on principal items of exports. We, no doubt, realise that this is important for the better development of India's trade. But side by side with that we have to examine the conditions prevailing in India such as cost of labour, cost of raw materials, etc. Indian producers are reducing their prices but it is regrettable to find that our buyers in United Kingdom have not shown any sympathetic understanding of the Indian situation. I may here point out that though India is importing capital goods from U.K. in very large quantities we have to pay a high price to such machinery though India can get similar machinery at comparatively cheaper prices from other countries. Merely cutting down prices at the other end without reference to the cost of production here is not conducive to the development of India's export trade. We would urge you that you should not lose any time in convincing United Kingdom buyers of the conditions prevailing in India as otherwise India will have to look for other markets for the sale of such essential materials as hides and skins, leather, etc.

There was considerable volume of trade in the years past in Indian tobacco. United Kingdom Cigarettes Manufacturers used to take 40 to 50 million lbs., of tobacco mostly grown in this province. It is now understood that the Board of Trade has agreed to take an increasing volume of Rhodesian tobacco thus replacing India's trade in U.K. India can supply quality tobacco to United Kingdom manufacturers and there is no reason why India should not continue to supply as before. This question should receive your serious attention at a very early date, and the Chamber requests you to ensure a fair market for our tobacco in U.K., more or less on the same lines as for Rhodesian tobacco.

I have nothing more to say except to thank you for coming here and I shall be glad if you can reply to questions, if any of our members.

Mr. Kaul observed in his reply, that the currency difficulties had distorted the pre-war pattern of world trade. Sooner or later India had to adjust on a permanent basis to the altered situation. Explaining what he believed to be the reason for the high price of commodities exported from India Mr. Kaul said there was in this country very strong inflationary conditions to which labour

troubles were also added. Another factor was the difficulty of internal transport. They could, for instance, export a great deal of manganese to U.S.A. and U.K. but they had not got transport facilities to move them. India also has a large amount of iron ore which could be exported to Japan, if there were some special arrangements for removing them.

Mr. Kaul was, however, hopeful that these problems would be solved in course of time. Arrangements were already afoot for sufficient supply of locomotives.

At this stage a member suggested that if the system of export licences was done away with, trade would progress rapidly.

Mr. Kaul replied that no Government, much less the Government of India, was enamoured of any system of control. But at the present moment it was of the utmost importance that our export trade should be "directioned." They could not under the existing circumstances afford to have free trade. World to-day was divided into two currency groups, hard currency and soft currency and the dollar market was fully "saturated."

Answering another question, Mr. Kaul said that it was not advisable to accept big offers from soft currency countries. There was scope for much higher profits in trade with soft currency countries. Hence the necessity for control.

In this connection Mr. Kaul recalled that when the Government of India liberalised the import policy with a view to checking inflation, the trade interests actuated by profit motive began to import fantastic quantities of what might be described as non-essential or luxurious articles."

Another member suggested that if the Government of India permitted free export of samples, it would give a fillip to export trade.

Mr. Kaul said that some person in trade might misuse the concession.

He pointed out that prices had decreased in dollar countries starting from the U.S.A. It was bound to reflect on other countries. Indian traders should more and more try to avoid filling up the pockets of the "intermediaries" and learn to deal directly with countries that wanted our goods. They should also establish a market for their manufactured goods rather than for raw products.

Mr. V. Pandurangiah, Vice-President proposed a vote of thanks."

Visit of Mr. L.R.S. Singh, Indian Government Trade Commissioner in Pakistan

Mr. L. R. S. Singh, Indian Government Trade Commissioner in Pakistan, visited the Chamber on 2nd June 1949 at 11 a.m. Rao Bahadur T. S. Kachapikesa Mudaliyar, President of the Chamber welcomed him as follows:—

MR. SINGH,

It is with very great pleasure, I welcome you to the Chamber on the occasion of your first official visit to this City. After the division of this country into two Dominions realising the importance of trade with Pakistan you have been chosen to represent India in commercial matters there. If only we remember for a moment that the territory which forms Pakistan now only about two years ago was a part of our country it would be easy to appreciate the great importance that is naturally attached to the office of the Trade Commissioner of Pakistan. Before the division trade with these territories which was in the nature of internal trade between different parts of one country whose economy was one suddenly due to partition attained all the elements of foreign trade. Customs barriers who imposed quotas were adopted and all the paraphernalia natural to foreign trade came into being. There were restrictions on both sides with regard to trade that vitally affected the economy of both the countries. It is only now with the passage of time it has been increasingly realised that neither Dominion has or could have benefited from the impediments in the way of free trade between them especially as a number of physical shortages of goods exist in both the countries. The economy of both the countries are inter-dependent and complementary to one another because India can supply what Pakistan needs, viz., consumer goods like cotton textiles, sugar, soap, vegetable oils, handloom goods, tobacco, tea, spices, etc. Pakistan can supply to India industrial raw materials like raw jute, raw cotton, foodgrains, hides and skins, etc. It follows therefore that both the countries stand to gain from any mutual agreement that may be entered into which will facilitate the free flow of trade between them. It is the wish of all well meaning persons on both sides that the two Dominions should easily find a workable solution of their commercial problems by which all impediments placed on the movement of goods from one country to another could be easily removed or substantially reduced. And in this great task you have been called upon to fulfil an important and responsible role and I am sure that you will use your good offices and great experience to foster the growth in the volume of Indo-Pakistan trade which will vitally contribute the closer understanding between India and Pakistan in other spheres as well.

So far India is concerned it is vital to her that her exports to Pakistan must be stimulated as she is having an adverse balance of payment in her trade with Pakistan.

Again our industries like textiles, sugar, vanaspati, etc., are working at their peak level and partition has suddenly taken away from these industries especially handlooms trade a protected market of considerable purchasing power. The home market in the Indian Union for these has considerably shrunk. Therefore, it is possible for India to supply Pakistan with goods like coal cloth, including handlooms, sugar, vanaspati, tobacco, match, soaps, tea, spices, jaggery, etc. Therefore, it is I stress the need for a far reaching trade agreement between the two countries so that the fullest possible exchange of goods can take place between them and the shortages of both the countries may be made up and both could benefit by such trade.

In this connection it is gratifying to note that a realistic attitude has been taken by both the Governments as is evident by the conclusions reached at the main Inter-Dominion Conference which was held at Karachi on the 24th and 25th of May 1949 whereby under the agreement reached India is to receive among other things raw cotton, raw jute and foodgrains while Pakistan will receive coal, iron and steel, paper, mustard oil, cloth and yarn. Both Dominions have agreed to withdraw or reduce import duties on goods exported. Further it is stated that a separate conference would be held shortly to consider further the possibility of abolition or reduction of import or export duties on certain items and simplification of import and export regulations. For this purpose the Dominions have agreed to exchange list of items on which such fiscal relief is desired and also a minimum list of articles which each consider necessary to maintain import and export control.

In this connection I would refer to the position of our Province with regard to trade with Pakistan. As you may be well aware, Sir, our Province has a world-wide reputation for the production of handloom goods. Formerly before the partition these goods were having a ready market in areas now covered by Pakistan. These goods are produced exclusively for these markets and though the Government of India have now allowed free exports in these items it is difficult to get import licence permits from Western Pakistan specially. If our export drive is to succeed we must be able to persuade the Government of Pakistan to allow us to grant import licences freely. Again we have well developed industries in soap manufacture, matches, tea, oil, etc., and we could supply Pakistan. Pakistan being our neighbour should be able to consume our products in these lines. We can also export cigarette-

cigars, spices, tea, hides and skins, etc., from this Province. The markets in these also must be developed.

I am sure that you would offer the greatest assistance to Indian exporters and also would give all facilities to merchants in their attempts to foster Indo-Pakistan trade.

I thank you for having given us an opportunity to meet you.

In his reply, Mr. Singh said that there were many problems in regard to Indo-Pakistan trade which did not exist in the case of India's trade with other countries. Firstly, there was the important factor of inland trade about which they had not yet correct statistics. The result was they were not able to know what exactly was the balance of trade. He hoped the problems would be solved soon. He knew from personal experience that both India and Pakistan were taking a realistic view of the whole matter. It was essential that both Dominions should get together and arrive at an agreement on a reciprocal basis advantageous to both countries.

Mr. Singh was also using his personal influence to impress upon the Pakistan Government, the need for utmost co-operation and mutual help, he stated. Proceeding, Mr. Singh said that it was natural that as the two countries were independent, the pattern of trade economy would be different from that when India was undivided. In making any changes, they should concentrate primarily on removing the obstacles in the way of trade between the two countries. For this negotiations would be held during the third week, of this month between the two countries and a long-term plan evolved.

Mr. Singh assured they would consider all the commodities that were usually exported from the South to Pakistan areas, and try their best to see that the market for them was not curtailed.

They had also to consider the question of tariff and price structure which were important. There were also the problems of import and export duties.

Mr. Singh pointed out that when they had to deal with an independent country, they could not dictate anything, for that country had to consider its own problems such as balancing the Budget. However, he added the India Government were trying to bring about some economic arrangement between India and Pakistan on the principle of equal sacrifice on their part.

As regards tariff, he hoped that in the near future it would be possible to reach an arrangement, whereby India might reduce her export duties to Pakistan and Pakistan, too, might corre-

proportionally reduce the import duties so that Indian goods would not be expensive in Pakistan and would have reasonable chance here to compete with goods imported from other countries.

Referring to the removal of export duty on cloth, he said that it was done with the object of making Indian cloth cheaper. They were also trying to simplify export and import regulations, so that there would be greater freedom of trade between India and Pakistan.

The Government of India, he said, were trying to settle matters on a reciprocal basis. The Pakistan Government had also to realise the value of trade agreements on reciprocal basis. Politics and trade should be kept separate. He hoped that all the present impediments to free trade would be removed soon.

Answering question, Mr. Singh said that the negotiations proposed to be held would also cover the questions of Customs duties imposed and if there were differences attempts would be made to straighten them. On being told that import duties for Indian electrical goods was more than that imposed for such British goods in Pakistan, Mr. Singh admitted there was a difference of 12 per cent in favour of the British products. These matters would be considered at the conference, he said.

Referring to export of handloom goods from India, he said there were import restrictions in Pakistan. Soap was another article for which import licence was necessary. Though export of handloom goods was allowed from here, import licences were not issued freely at the other end.

He discussed the matter with the Pakistan Government, and was told that in settling the question of quotas for import of handloom goods they had to consider the case of the handloom industry in Pakistan also, and some import restrictions were, therefore, necessary. Unfortunately the Pakistan authorities had been delaying the issue of import licences, and Mr. Singh said he would see to their issue soon.

The question of non-issue of import licences had also been raised by a representative from Madras Co-operative Societies who went to Karachi, he said.

Another member complained that there was a ban on the export of raw hides and skins from Pakistan, and this was contrary to the agreement signed last year. Mr. Singh said that he would inquire into the matter.

Mr. V. S. L. Nathan proposed a vote of thanks.

Visit of Mr. K. Govindan Nair, Member, Central Board of Revenue

Mr. K. Govindan Nair, Member, Central Board of Revenue (Income-tax), New Delhi, visited the Chamber on 6th June 1949 at 4-30 p.m.

Rao Bahadur T. S. Kachapikessa Mudaliyar, President of the Chamber, welcomed Mr. Govindan Nair, on the occasion of his first official visit after he became member of the Central Board of Revenue in-charge of incometax. He stated that Mr. Govindan Nair was not strange to this province as he had served in this province in his earlier years. He hoped that Mr. Govindan Nair would bring to bear on all problems that arose in the course of his official duties with his matured wisdom and rich experience.

The following memorandum was then discussed:—

DIVIDEND INCOME OF AGRICULTURAL COMPANIES.

Dividends declared and paid out of agricultural income of limited companies is being sought to be assessed in the hands of recipients. This is inequitable as agricultural income is exempt from Central incometax. Therefore the agricultural income of limited companies and dividends based on this income must not be taxed.

It is also stated that agricultural income earned without India is being taken into account for the purposes of total world income and taxed if brought into India. This is also inequitable as the character of the income remains the same viz., agricultural income.

SECTION 18-A OF THE INDIAN INCOME-TAX ACT.

This section was introduced in 1944. Its object is to provide for advance payments of tax. With the end of war there need not be this advance collection and the member may recommend to the Government for the abolition of this provision. There is a fear that this is used for insisting on returns being filled without giving sufficient time to complete the accounts in the usual manner, get them audited and submit the return. Therefore if the section is to continue instructions may be given to departmental officers to grant sufficient time for submission of returns. Further there is a feeling that the department will utilise the provisional assessments in all cases where Section 18-A collections are lower and leave them alone where such collections are higher and take their own time for finalising these assessments. This the Chamber submits will be a great hardship to the assesses. It

is therefore suggested that there should be a time limit placed for the completion of the final assessment so that assessee do not suffer by deferred final assessment. It may also help if directions are given that provisional assessments are not to be reckoned as final disposals in the monthly returns of the officers and only final assessments should be taken into consideration, so that the officers to take the credit of the assessments can do their best to complete them as expeditiously as possible. While on the subject of Section 19 (A) it may be pointed out that there is much hardship caused to the new incometax assessee who have to comply with the provisions of advance payment of incometax. The penalties provided for this purpose are unduly hard. New assessee must not be penalised, for they are not well versed with the income-tax procedure. The penalties in their cases must be purely nominal and must not be heavy in other cases. Considering all these it is well that Section 18-A disappears from the Incometax Act.

INSTRUCTIONS TO OFFICERS.

Detailed instructions to the Incometax Officers are issued by the Central Board of Revenue on either amendments to Incometax Act and/or Rules and also on complicated points. It is submitted that these instructions be published also for general information as they are only of a general nature even though they might give only the departmental views of matter. This would facilitate a greater agreement between the department and the assessee.

INCOMETAX IN MERGED STATES

We would like to know the correct position as regards the liabilities to incometax of business conducted in the Indian States where no incometax has so far been levied, more especially how losses incurred in previous years could be treated in the assessment to be made after the introduction of Incometax Act in such States.

CAPITAL GAINS IN THE CASE OF COMPANIES

While capital gains accrued to individuals were taxed at graded rates beginning from one anna, the tax on capital gains of companies was levied at the maximum rate of 5 annas. In case of capital profits made by private companies which are later on distributed to the various share-holders the distribution is taken as regular dividend and assessed at the normal rates of income-tax. No distribution is made between dividends paid out of capital gains and ordinary dividends. In the circumstances the assessee stand to lose if the profits are made by private companies

incorporated by them while they would not be subjected to such a rate of taxation if they had made profit themselves or in partnership with the self-same members of the private company.

RETROSPECTIVE EFFECT GIVEN TO INCOMETAX AMENDMENTS

Sometimes amendments are made in the existing Incometax Act and Rules which affects the status or the computation of income of assessee in a previous year the date of which is far prior to the date of such amendments. This in effect introduces an element of retrospective legislation. It is requested the Central Board of Revenue should make it clear under each enactment that such provisions would apply only to years commencing after the introduction of such legislation and not to previous years which have ended prior to the passing of the amendments.

ADMINISTRATION OF SECTION 34.

The recently amended Section 34 requires that before re-opening completed assessments, Incometax Officers should get the prior sanction of the Commissioner of Incometax. It is feared that such application and sanction is purely a matter of routine. It is requested that the Central Board of Revenue should satisfy itself that the Commissioners have exercised the discretion in sanctioning such re-opening of completed assessments. An assurance in this respect is requested from the Central Board Member.

INCOMETAX MANUAL.

The Incometax Manual should be brought upto date. This matter may be given immediate attention as after 1940 there have been many changes and no new manual has come out.

ASSESSMENT UNDER THE HEAD 'INCOME FROM SALARIES'

(1) Appropriate relief should be given in the subsequent year's assessment when a person after the close of the year foregoes a part of his remuneration due to him as per the agreement having regard to the circumstances of the case.

(2) Allowance in the shape of a certain percentage of the total salary income should be given to an assessee to meet his expenses which has to necessarily incur to earn his income, viz., conveyance, entertainment, subscription to association connected with his job, and expenses of like nature.

REFUNDS

In spite of repeated representations and in spite of the assurances given by Central Board Members there is not much change in the matter of granting refunds. The refund applications are delayed unduly. Therefore instructions may be given to grant refunds as expeditiously as possible. A separate refund section may be created if necessary.

APPEAL

There have been many instances where appeals are posted for hearing by the Appellate Assistant Commissioners on very short notice leaving no sufficient time to study the records and get ready for representation. In such cases, much difficulty is felt, particularly when the hearing is fixed to take place in the mofussil or when parties residing in a different place have to come or papers have to be received from them. It is, therefore, suggested that instructions should be given to all the Appellate Assistant Commissioners to give normally notice of the hearing of the appeals sufficiently early, so that it is received by the party atleast two weeks in advance of the date of hearing. In this connection, it may be noted that the Incometax Tribunal usually gives more than a month's notice about the postings.

The rules made under Section 49-A of the Indian Income-tax Act in respect of double taxation relief, while providing for orders of the Incometax Officers, do not provide for further appeal to the Incometax Appellate Tribunal against the orders of the Appellate Assistant Commissioner. There appears to be no justification for denying the right of appeal to the Incometax Appellate Tribunal in such cases. The double taxation relief rules relating to Indian States, Ceylon, Aden and other Dominions have, therefore, to be suitably amended so as to confer the right of appeal to the Incometax Appellate Tribunal against the orders of the Appellate Assistant Commissioner. The Central Government can suitably amend the various rules under Section 49-A and no legislation will be necessary.

Decisions in appeals before Appellate Assistant Commissioner and Tribunal involving the same point of contention in principle of law in each successive year, may be kept in abeyance by the concerned authority pending the final disposal of the earlier appeal having the same point of contention.

In applying the benefits of Double Taxation Relief Rules, the interpretation of the term "corresponding year" must be made clearer to mean the same accounting period, whatever may be the year of assessment.

The method of demanding payment of tax within a week of the submission of the return, as proposed by the Government, should not result in harassments of the assessee. The Incometax Officers may be instructed to that effect.

There is enormous delay in completion of assessments for unnecessary reasons and this accounts for the heaps of pending files. A better method should be found out to dispose of assessments.

Before replying to the memorandum Mr. Govindan Nair said that the Incometax Department was working under great hardships mainly because of the inadequacy of staff, stationery and materials and lack of accommodation which caused delay in the disposal by the Department. With the co-operation of the mercantile community he hoped that all difficulties would be overcome and the position improved. Then he discussed the memorandum, presented by the Chamber.

(1) Mr. Govindan Nair said that with regard to assessments of dividends declared and paid out of agricultural income of limited companies that the department had consulted the legal department and what they were doing now viz., assessing these dividends was correct. He said that there was a Privy Council judgment which supported this view of the department. Notwithstanding this decision of the Privy Council on this point the Government of India were now reconsidering the question. He stated that if till now these dividends were not taxed it was a mistake by the department and what they attempted to do now was only to correct the previous mistake. With regard to agricultural income earned without India being subjected to tax he stated that it was the correct position. He clarified the issue saying that income from land outside India would not be agricultural income under the Indian Income-tax Act. To be exempt from the Indian Income-tax Act, the land must be subject to land revenue in India. So if lands paid land tax in a State its income could not be exempt from incometax.

It was brought to the notice of the Member that the cheques were not accepted by the department for payment of incometax and that it caused a lot of hardships to the assessee. If they were forced to pay the tax through the Reserve Bank of the Treasury it caused enormous delay; the Member stated that he would look into the complaint and do the needful in the matter.

(2) When it was pointed to the Member that heavy penalties were imposed for non-payment of advance incometax he stated that it was very rarely heavy penalties were imposed. He, however, desired the members to bring to the notice of the department cases where parties have been penalised heavily. He said

that Section 18 (1) had come to stay and they would try to complete the final assessments as early as possible so that assesseees do not suffer by deferred final assessments. He said that he would see that final assessments were completed as early as possible so that assesseees may not suffer.

(3) He said that at present all important circulars that are issued to the department are also sent to the recognised Chambers of Commerce.

(4) With regard to incometax in merged States he stated that the picture would become clear only in 1951-52.

(5) With regard to capital gains tax, he reminded members that the tax on the same was recently abolished and as such the matter may not be pressed.

(6) He stated that the law was very clear that no retrospective effect could be given in regard to incometax law amendments. There was, however, one provision in the recent Finance Act which affects the previous assessments but then this affected only certain foreign companies which have not declared dividends in India.

(7) When the Chamber pointed out that the Commissioners must exercise discretion in sanctioning re-opening of completed assessments he stated that members must concede certain sense of duty and honesty to the Incometax Commissioners in the discharge of their functions under Section 34 of the Incometax Act. He stated that Commissioners exercised their discretion in sanctioning re-opening of completed assessments.

(8) The Incometax Manual, he said, was being compiled and that the first part had already been printed, the second was in type and that the third part was in the manuscript state. It was proposed to bring out a comprehensive volume shortly for the benefit of the public.

(9) It was pointed out that there were instances where the Incometax Officer disallowed a certain salary paid by a company to one of its employees on the score that the figure was too much and that the recipient did not deserve that amount but however, the recipient of this salary was taxed again. It was pointed out that this amounted to double taxation of the same sum. The Member held that this did not amount to double taxation. He agreed that some items of expenditure of a firm became items of revenues to its employees but that in as much as the character of the income changed, he could not agree with the contention that there was double taxation namely, both the firm and the employee were taxed. With reference to allowance to be given to an assessee to meet his expenses in connection with his earning an income such

as conveyance allowance, entertainment, etc., the Member said that the present position will continue.

(10) With regard to refunds he said that he would do all in his power to expedite the refunds due to incometax assesseees.

(11) Mr. Govindan Nair declared that while the Incometax Department had scrupulously avoided interference with the work of the Assistant Appellate Commissioners, he would convey the request of the members of the Chamber to the Assistant Appellate Commissioners so that they may intimate the parties concerned the dates of hearing of appeals sufficiently in advance so that parties may not suffer.

(12) With regard to avoidance principle Mr. Nair said that agreement had already been entered into with Pakistan and that very soon agreement would be arrived on this issue with other countries also. He said that the rules under Section 49 (A) would soon be revised, so that appeals against the orders of the Assistant Appellate Commissioners may be allowed before the Incometax Amendment Tribunal.

(13) When it was brought to the notice of the member that certain countries like Ceylon had imposed exchange restrictions, assesseees in India who had a major share of their income from these countries like Ceylon were put to lot of difficulties in not being able to pay their tax owing to remittance and that these people were penalised by the Incometax Department for non-payment of tax, he assured the gathering that if specific instances were brought to his notice he would cancel the penalties.

(14) With regard to the Chamber's suggestion that the decision in appeals before Assistant Appellate Commissioners and the tribunal involving the same point of contention of law they may be kept in abeyance by the concerned authorities till the final disposal of the earlier appeals having the same point of contention. He replied saying that even now this was being done.

(15) He said he would do something to mitigate the rigour of the demand for payment of tax within a short time of the submission of the return.

(16) With regard to the complaint that there was delay in completion of assessments he said that he was as anxious as the Chamber to dispose of the files quickly.

Raja Sir Muthiah Chettiar suggested to the Central Revenue Board Member that no limit be placed for subscribing to the Gandhi National Memorial Fund for he stated that people have contributed to the same under the impression that all moneys contributed to it would be exempt from incometax. He requested

for an amendment to the Section 15 (b) of the Incometax Act which would remove the maximum limit for exemption in respect of donations to the Gandhi National Memorial Fund.

(17) When it was pointed out to the member that even after the abolition of Excess Profits Tax the compulsory deposit which ought to have been deposited then and which by some mistakes have not been deposited till now were now being demanded and that due to tightness of the money market this caused a great hardship, the Member said that he could not help the position as the persons or companies have defaulted in payment at the time when they had to make the deposit.

Mr. Govindan Nair in conclusion reiterated his earlier observation that with additional equipment many of the difficulties facing the department would be overcome and the difficulties experienced by businessmen in dealing with the department would become a thing of the past. He appealed to the business community to continue to co-operate with the national government in their endeavours to make the country strong economically and politically.

Raja Sir M. A. Muthiah Chettiar of Chettinad proposed the vote of thanks to the Member. He referred to the changed outlook in the mercantile community and said that they did not deliberately evade their obligations to pay taxes but sought the help of the appellate authorities only for the sake of clarifications of the amendments of the various sections of the Act. He assured the Government of wholehearted co-operation of businessmen in all its endeavours. He requested that the Assistant Appellate Commissioners should look for their promotion and not to any administrative job in the Incometax Department but only to judicial posts like the tribunal, etc., and that the practice of interchanging Appellate and Inspecting Assistant Commissioners and also permitting the Assistant Appellate Commissioners to an administrative office like that of Incometax Commissioners should be avoided."

Visit of Mr. A. Bakshi, Indian Government Trade Commissioner Designate for Australia

Mr. A. Bakshi, Government of India Trade Commissioner Designate for Australia visited the Chamber on 18th June 1949 at 11 a.m.

In this connection, Rao Bahadur T. S. Kachapikesa Mudaliyar, President of the Chamber, welcomed him as follows:

It is indeed a good sign that Indian Government Trade Commissioners are visiting important commercial centres before taking up their appointments abroad. This gives them an idea as to how to extend our trade with these countries so that our trade links with those countries can be further strengthened. I therefore thank you on behalf of the members of the Chamber for coming over here and meeting us even at such short notice.

India's trade with Australia has developed considerably during recent years particularly after the outbreak of the Second World War. It is only proper that in the present context of world events the two predominantly agricultural countries should be brought closer together by mutual ties of friendship and trade relationship. There are vast possibilities of future developing mutual trade between India and Australia. It will therefore be to the mutual advantage of both the countries to come to a bilateral trade agreement. Australia requires large quantities of Jute, Cotton textiles, etc., from India while India can take more of her wheat and other food articles for some time to come.

Our exports to Australia and New Zealand in recent months have been giving cause for anxiety. Our exports to Australia has dwindled from Rs. 24.29 crores in 1947-48 to Rs. 20.58 crores in 1948-49. Similarly in the case of exports to New Zealand it has dwindled from Rs. 3.77 crores to Rs. 2.77 crores during the same period. But on the other hand our imports from Australia have increased from Rs. 8.68 crores in 1947-48 to Rs. 20.93 crores in 1948-49, while in the case of New Zealand it has appreciated from Rs. 30 lakhs to Rs. 96 lakhs. This is a matter which should be looked into immediately. Probably imports of food stuffs from Australia accounts for this large increase and that may disappear when the policy of Government of India to stop imports of food-grains after 1951 is enforced. But we should not rest on oars on that account. On the other hand a serious all-out effort should be made to develop our export trade with Australia so that India could maintain her favourable balance of trade with Australia. The difficulties in developing the trade are that unfortunately both the countries, i.e., India and Australia are predominantly agricultural. But while Australia has been developing her industries due to the impetus of Second World War, India has not been benefited to the same extent. Still India can supply large quantities of essential commodities required in Australia. Our export trade to Australia formed only 9.9 per cent in 1943-44 and it dwindled to 6-7 per cent in 1946 while exports from United Kingdom which formed 27 per cent in 1943-44 rose up to 26.47 in 1946. Australia has been steadily dwindling her demands for Indian apparel textiles and yarn. Our competitors are United Kingdom

and America. There is scope for expansion of Indian exports of piecegoods, especially grey unbleached and white bleached for which competition is not so very serious. Our jute, fibre and piecegoods have similarly scope for expansion. There is an expanding market in Australia for Indian coir and mattings. With regard to tea our competitor in Ceylon and provided we get favoured treatment, our exports can go a longer way. South India can export more quantities of oil-seeds like groundnut and peanut. Similarly there is vast scope for our exports of curry powder and other spices for which there are no competitors. Export of goat skins from India, can be still further developed if only shippers take due care to maintain quality and grade. Australia will continue to provide an excellent potential market for this community. Though during the war, India was supplying large quantities of essential goods required for Australian economy it is by no means clear that Australia will continue to buy from us in the years to come as Australia now is looking to U.K. and other countries for her requirements. That is why I began by saying that in the interests of the mutual trade between the two countries they should conclude a trade agreement and I hope our Trade Commissioner will take active steps in this direction.

I will be failing in my duty if I do not warn Indian shippers as how essential it is to maintain the standards of quality and packing. Our Trade Commissioners in foreign countries and especially in Australia have been drawing our attention to the defect. Similarly we should be more prompt in despatching goods according to samples to safeguard our position in that market which we have won during the war. There should be active research to increase our range of products and improve the quality and attractiveness of manufactured goods and exporters should study overseas market requirements and try to reduce cost of production and to adopt improved market methods. The Trade Commissioner should inform Indian exporters as to the nature of commodities competing with Indian goods there so that India may copy those standards and adopt them wherever possible to our advantage.

I need hardly mention that due publicity for Indian goods in foreign markets will go a long way in developing our trade. Indian Trade Commissioners should also be serviceable to Indian tourists who go there to study conditions of trade. From time to time Trade Commissioners should send periodical reports of the possibilities of trade expansion there so that India can take advantage of it.

I thank you again for having come to the Chamber." Mr. Bakshi, in his reply, said that it was proposed to open shortly in Sydney a showroom for exhibiting products of cottage industry and similar goods from India. He further said that during

the war India was one of the largest sellers to Australia. But after the war other countries had begun to compete in the market. Till India became self-sufficient she would have to get imports from Australia, India must also increase her exports. Argentina had piled up a huge stock of oil seeds and if she dumped it on Australia he wondered whether Indian oil seeds could find a market there. He assured the merchants that he would do his best to help Indian traders and to push the sale of Indian goods in Australia.

Mr. V. Pandurangiah proposed a vote of thanks.

Visit of Mr. H. R. Gollan, Commissioner for Australia in India

His Excellency Mr. H. R. Gollan, High Commissioner for Australia in India on the occasion of his first official visit after resuming charge as Australian High Commissioner, visited the Chamber on 2nd September 1949 at 5.30 p.m.

Mr. A. M. M. Murugappa Chettiar, President of the Chamber, welcomed Mr. H. R. Gollan as follows:—

On behalf of the members of the Southern India Chamber of Commerce, Madras, I extend to you a most hearty welcome to our Chamber which is the premier commercial organisation of this Presidency. First, it is our duty to thank you for having accepted this engagement at such a short notice in spite of many of your pressing engagements and therefore, we feel glad for your giving us this opportunity to discuss matters that are of common interest to both our countries.

Sir, everyone would have observed that the relations between our countries recently have been very cordial and there has been much co-operation on both sides. This is no doubt due to the foreign policy of Australia of recent times, in that, she is thinking very much in terms of the region in which she is placed. Australia was the only member of the British Commonwealth fully to participate in the Conference on Indonesia in January and Australia also attended the Conference on Burma. Australia sent observers to the Asian Relations Conference in 1947. She also participated in Regional Conferences in India of the International Labour Organization and of the Economic Council for Asia and the Far East. By all these she has shown her concern in the common problems of the area. India being one of the most important of Australia's near neighbours it is but natural that both of us should desire to maintain firm bonds of friendship. Both of us have vital interests in the problems of the region and politically and strategically we stand very close. The burden of South East Asia, if I may say so, lies fairly and squarely on India and Australia. When our interests

are so close and vital nothing should hinder the growing bonds of friendship. Therefore, we hope, that Australia would allow Indians to settle in Australia. There are great opportunities for consultation and exchange of views on many matters and we are glad to note that Your Excellency has set yourself to this task.

But, as a commercial organisation, we are chiefly concerned with questions affecting commerce, trade and industry. It may be asked in some quarters what we a commercial body have to discuss with the High Commissioner who is the political representative of his country here. But we are taking the privilege of discussing commercial subjects with you as we all know that for some years past you have been representing your country here as its Senior Trade Commissioner and as such, well qualified to inform us of recent trade development in your country.

Trade between our countries had increased enormously. Indo-Australian trade reached record levels in the year 1947-48 as exports to India were thirteen-fold the highest pre-war figure. Imports from India to Australia reached a record total, viz., third biggest source of imports into Australia and was fifth largest among Australia's list of customers. Total imports from India were valued at more than 25 million Australian pounds and exports to India were a little higher. Though in the past there has been a very substantial balance of trade in India's favour the margin was getting progressively less as India bought more from Australia and in fact now the balance has turned in Australia's favour. This may be due to the biggest item of Australia's exports to India, viz., wheat and grain. India exports to Australia jute and jute goods, linseed and linseed oil, cotton piecegoods, etc. There is great possibility of Australia taking Indian tobacco due to dollar shortage. India can export more tea, oil seeds, skins and hides and manganese. Australia can export to us milk-products, lead, zinc, timber and capital goods. There are vast possibilities of developing the trade between the two countries and it will be to the mutual advantage of both the countries to enter into a bilateral trade agreement. The markets of both the countries should be studied so that we can find out what each can supply the other favourably so that the trade between both the countries may grow to a larger and larger extent.

We are informed, that for Australia the post-war years have been a period of remarkable industrial expansion. New factories have been springing up all over the country and existing factories have been enlarged to increase their productive capacity and it is stated that this year would be a boom year for capital investment in Australian industry. It is stated by Your Excellency that your country had adopted a policy of encouraging capital from over-

seas coming into the country and starting new industries and that this policy has been successful in that the United Kingdom had started 129 industries while U.S.A. had started 53 industries in pursuance of this policy. As we are also contemplating to invite foreign capital into the country we would very much like to know the policy of your country in this matter and we will also be thankful to you for giving us first-hand information about Australian economic conditions which would be a great help and sure guide to the commercial public of this place.

I once again thank Your Excellency for having readily responded to our invitation.

Mr. Gollan replied as follows:—

He referred to the visit of the Australian Trade Delegation to India and Madras two years ago and said that the Delegation returned to Australia full of praise for the way in which they had been received while they were in this country. The suggestions of the Delegation, however, had not been implemented by the Australian Government. He particularly referred to the suggestion of the Trade Delegation which recommended the opening of an Australian Trade Commissioner's office in Madras. He stated as his belief that the time was not far distant when they would have an Australian Trade Commissioner in Madras as befitting importance of the City.

He then referred to jute and tea, which Australia imported from India. Referring to the latter he said Australia was the second largest consumer of tea in the world. They came next to Britain. "We are big tea drinkers", he remarked.

The Australian Government was subsidising tea to the extent one shilling and nine pence per pound, so that the consumer could get cheap tea. The Government took a keen interest in the supply of tea from India, and in future this interest would increase as the two countries came into closer friendship.

Proceeding, Mr. Gollan said that having started new industries during the war the Government of Australia two years ago conducted a survey, and found they had too many industries for the raw material and skilled labour available. So the Government decided that for five years only basic industries such as coal and steel, should be started as new industries. He referred next to the encouragement given by the Australian Government to the investment of foreign capital for new industries, by way of relief from double taxation, grants of land, and supply of cheap power. The Government had been successful in their policy. They did not consider that foreign investment would be against the interests of the country. They welcomed not only foreign capital but also

technical assistance. By such a policy they had solved the unemployment problem. They did not impose such conditions on these industries that there should be a preponderance of Australians in the management. They were content to be partners and control was based on holdings. Two thousand new factories had been started in the last 10 years.

Referring to India, Mr. Gollan said it was not for him to make comments. It was India's own affair, but when it affected Australia they were entitled to make representations to ensure that a fair and equitable basis of trade was maintained.

This new O.G.L. cuts us down very considerably. Items which Australia can export under it will be very few indeed.

At the same time he said they understood India's policy, namely that of conserving foreign exchange, and appreciated that it must necessarily affect Australia. They should, however, co-operate where possible to the greatest extent. The international situation was such that all nations should co-operate, and pull together. Each should produce as much as possible. That was one solution for the international problem.

Mr. Gollan said the prosperity of India would be reflected in Australia and they welcomed the opening of offices in Australia by Indian businessmen.

As regards the future also, Australia would give the maximum she could of things India needed irrespective of what she could get from India. Australia could export large quantities of fruit.

He hoped India would not only export goods to Australia, but would buy from Australia. Some people thought that when there was trade between two countries there should be a strict balance. He did not think it possible to balance trade always. They should think in terms of multilateral trade rather than a balance of trade. Once the balance of trade as regards India was against Australia. That did not worry Australia because India bought most things from Britain. But with the money India provided, Britain bought foodstuffs, fruits, etc., from Australia. So multilateral trade meant everybody got a share.

Referring to Australian exports to this country Mr. Gollan said that unfortunately Australia was not able to export machinery due to various reasons. A survey conducted two years ago showed that there were too many industries for the raw material and skilled personnel still possessed. Therefore it has been decided he said that unfortunately Australia was not able to export machinery Australia would be concentrating on the development of power, coal, tea, for the purpose of developing her present industry.

Mr. Gollan said that Australia was manufacturing Jet Planes and cars on a large scale. About 20,000 cars were produced every year. But due to the high demand at home she could not export cars to other countries.

Mr. Gollan emphasised that Indian businessmen are welcome to Australia to discuss and carry on business.

Mr. Rangachari, a member, pointed out that Australia was showing preference for Rhodesian tobacco over Indian though India could export large quantities.

Mr. Gollan promised to look into the matter. He also noted the assurance given by another member that India could export manganese in large quantities, and guarantee supplies. Australia did need manganese, and was "in the market for manganese."

Mr. C. M. Kothari referred to the export of tea to Australia from South India, and said he had heard there was an impression in Australia that the price of the tea was high. He therefore wanted Australia to know about the high cost of production of tea in South India, and the difficulties the industry faced. India was paying a high price for wheat exports from Australia. Australia should understand that producers in India were charging a reasonable price for tea.

The time had come when the controls over tea, by way of bulk purchase, should stop. There were no business contracts, as regards tea, between India and Australia because of the present bulk distribution system of the Government but they looked forward to a change.

Mr. P. R. Nammalwar proposed a vote of thanks.

Visit of the Fiscal Commission

The Fiscal Commission appointed by the Government of India, visited the Chamber on Tuesday, the 27th September 1949, at 4-30 p.m.

Rao Bahadur V. S. Subramaniam, Vice-President of the Chamber in the absence of the President welcomed the Commission as follows:—

It is with great pleasure I extend to you a most hearty welcome to our Chamber. It is very gratifying to us to note that you have thought it fit to meet us and explain to us some aspects of the questionnaire issued by your Commission in order to facilitate our examination of the many issues raised in the same. This gesture of yours is greatly appreciated by us as it shows your keen desire to

consult all interests before laying down the principles of the fiscal policy to be adopted by the country.

We note, Sir, that the terms of reference to the Commission are very wide, if I may say so the Commission is called upon to advise Government with regard to the policy the Government should adopt in regard to protection and assistance to industries. We are glad that this important and difficult task is entrusted to persons who are well qualified to advise Government on this question. We in India have watched the economic progress of the State of Baroda under your wise guidance and we know that its industrial progress was in a large measure due to your able leadership and it is therefore natural that the Government of India should have chosen you to preside over this Commission. We are sure that your practical experience and your rich knowledge of current problems both political and economic would enable the Commission to lay down quickly the correct policy and principle the implementation of which would solve the major economic problem of the country namely that of raising the national income of the country as rapidly as possible with a view to raise the standard of life of our people.

Since the last Fiscal Commission reported in 1922 there have been great changes in the economic affairs of the world and especially of our country. The recent World War, the partition of the country and monetary valuation questions to a large extent are new factors that have changed the economic conditions that governed our policy in the thirties. To-day we have to depend on our own internal resources and the need of our country is to raise our national wealth and the only way of achieving this is by the quick development of our agriculture and industries. In these context of things the present Commission is called upon to formulate a policy that will take due notice of these changes and requirements. The Fiscal Commission of 1922 recommended a policy of 'discriminating protection' and laid down certain conditions for qualifying for protection. But the minority even then, in their minute of dissent stated that there should be an unqualified pronouncement that the fiscal policy best suited for India is protection. To-day the need for protection is all the greater as we are economically an under-developed country and there is need for assisting many of our industries that stand in need of protection from foreign competition. This is not to say that there must be unqualified protection. Subject to the interests of the consumer the Government must go in for an all effort to help our industries. The Government may prevent a monopoly price, keep watch over the protected industry and take such other measures so that the protected industry do fulfil their obligations to society. But there can be no question to-day of adopting a policy of protection to be applied with discrimination on the lines indicated by the Fiscal Commission

of 1922. Their triple formula has been a misleading formula as it has stood in the way of straightforward protection.

We are glad, Sir, that the Commission has rightly appraised the place of cottage industries in an agricultural economy like ours. Our village peasantry need a subsidiary occupation to supplement their income and find a job in the non-cultivating season. Cottage industries like oil pressing, gur-making, bee-keeping, pottery, glass-ware and bangles, tiles and brick-making, rope, coir and matting industries, etc., could well be developed. To-day what we need is education of the right type to develop our cottage industries. In this we can greatly benefit by Japan's example. A bias for technical education, supply of finance and marketing facilities will secure for them a rightful place in the future economy of our country.

Sir, as we are assembled here to hear you, it would not be right on my part to take more of your time. We would like to be informed about certain matters that arise for consideration in connection with your work.

The Commission is to advise how far is it desirable for India to undertake international obligations of the kind envisaged in the Havana Charter on World Trade and Employment. We could like to know whether in the present stage of our industrial economy, we would be well advised to subscribe in toto to the Charter's objective of liberalisation of world trade. It looks to us that to undertake the obligations of membership of the International Trade Organization may prove not to India's advantage. There are no doubt 'escape clauses' but even then we may have to take prior sanction from the Organization before adopting a policy best suited to our needs. We would like you to explain to us the implications of joining and not joining the Organization of World Trade.

Another question that concerned us is with regard to employment of foreign capital in the development of our country's industries. We would like to know whether it will be to the country's benefit if foreign capital is to enjoy complete immunity and be treated on the same footing as ours?

Then there is the question of incidence of taxation on industry. It is felt that the high rates of taxes affect not only the accumulation of capital needed for investment but also rule the incentive to work.

Sir, we thank you once again for the opportunity given to us to meet you and have this enlightening discussion.

Replying to the speech, Sir V. T. Krishnamachari said that all the points that had been raised were being examined by the Fiscal Commission. He stated at the outset that this is only a preliminary meeting and that the Commission would again visit Madras in

December to take oral evidence and that by that time they hoped to examine all the replies sent to the questionnaire and have some provisional ideas. He said that they would make recommendations to the Government after hearing all the Associations and interested bodies. He said that the attitude of the Government of India with regard to protection of industries, was that the old formula of discriminating protection was no longer applicable. He said that they have laid down a more liberal policy to be observed by the present Tariff Board. In this connection, he pointed out the terms of reference to the Tariff Board of 1945 which was contained in page 4 of the questionnaire issued by the Fiscal Commission.

With regard to the development of cottage industries he said, that this province is specially suited for the development of cottage industry and therefore, he would like them to give a special study of the subject and to inform the Commission that kind of cottage industries they would like to have how it should be financed, etc. He said that he was told that weaving was a most important cottage industry in South India. But the industry was finding it difficult to have a market because of high prices. It was pointed out to the Commission that unless this industry was heavily subsidised it could not be run on a remunerative basis. This kind of industry he said is no use and would not be a good supplement to the agricultural economy of the country.

As regards the Havana Charter, Sir Krishnamachari said that they had certainly not made up their mind on this question. They wanted to consult public opinion throughout the country before making their recommendations. The whole Charter had been subjected to careful examination and the views of the various associations on the matter were being invited.

The question whether it would be possible for India to have an isolated economy independent of other countries should also have to be carefully considered by them.

As for foreign capital, he would refer them to the Prime Minister's statement on the subject. He would like them to express their views on why internal capital was shy and how it could be induced to come and take its shape in the development of the country. It was pointed out that the existing rate of taxation was, to a certain extent, responsible for this state of affairs. They would be right if they said that there had been a shift in the distribution of national income, that the national income was passing into the hands of those who did not have the habit of saving and investing. It must therefore, be their endeavour to inculcate this habit in the people. For the development of a country at least ten to fifteen per cent of the national income should be invested on permanent development industries. In India where

the national income was about Rs. 5,000 crores, only about 50 crores was being invested on permanent development industries.

On the question of taxation when it was pointed by a member that it was very high and as such discouraged saving, Sir Krishnamachari said that though the Commission had nothing to do with it, it would convey their views to the Government of India.

The Government of India, he said, were contemplating the setting up a separate Taxation Enquiry Committee shortly. They were now engaged in ascertaining the country's national income and its distribution. When that was over, the Government intended to appoint a Committee to go into problems relating to taxation. The Government of India, especially the Finance Minister, were closely watching the effect of the existing levels of taxation and he was quite certain that if the financial conditions permitted necessary reforms would be effected.

Mr. K. V. Srinivasan proposed a vote of thanks.

Visit of Dr. B. V. Narayanaswamy Naidu and Mr. R. Doraiswamy

Dr. B. V. Narayanaswamy Naidu, Member, and Mr. R. Doraiswamy, Secretary, Indian Tariff Board, visited the Chamber on 27th October 1949, at 4 p.m.

In the absence of both the President and the Vice-Presidents of the Chamber, Mr. P. R. Nammalwar took the Chair and welcomed Dr. B. V. Narayanaswamy Naidu, Member and Mr. R. Doraiswamy, Secretary of the Indian Tariff Board as follows:

Sir,
It is with pleasure I welcome you to our midst. It is so nice of you to have thought of discussing with us this question of continuance of protection to sugar industry on the occasion of your visit to the City. You, Sir, are not new to us in Madras and all of us who know you to be an eminent economist are glad that you have rightly found your place in the Tariff Board. Indian industrialists are sure that their claims for protection to the Tariff Board will be fairly considered at your hands.

The immediate object of your visit, Sir, we note is with regard to the question whether protection to the sugar industry should be continued beyond March 1950 and if so for what period and to what extent and on what basis, subject to what conditions, etc.

The aim of protecting sugar industry was two-fold. First it was to encourage the development of the sugar industry on modern

lines and second to improve and stabilise the demand for sugarcane from the factories and thereby create favourable conditions for the cultivation of sugarcane in the country. It cannot be denied that both these objectives have been attained during this period of protection. The benefits of protection have reached the cane growers as can be seen from the extension of the area cultivated under sugarcane. In 1936-37 the acreage under sugarcane reached about 4.6 million acres. There was also rapid extension in the production of sugar and a number of factories came into being. There has been also a good deal of research and developmental work on sugarcane. Therefore, protection had benefited the country but it is true that in spite of protection granted even to-day we are not in a position to meet competition from foreign sugar producing countries. If protections were to be removed all the results that have been achieved till now, viz., benefit to the agriculturists, production of sugar, growth of factories, research on sugarcane and cultivation will all be lost. Therefore, till we are in a position to meet foreign competition, continuance of protection to the industry is necessary in the interests of the country.

It is true that though protection to the industry has been in existence from 1932, still we have not been able to reduce the price to the world price level of the commodity. The main reason why the cost of the sugar produced in India is so high is due to the high cost of cane, viz., 60 per cent of the price of sugar. If other sugar producing countries are able to offer sugar at a cheaper price it is because that the yield there is larger per acre and also the quality of the cane is better than in our country. Only by increasing the yield per acre and by improving the quality it would be possible to reduce the price of sugar. The Government Sugarcane Expert is of the opinion that the average yield per acre could be raised from 15 to 30 tons per acre, but that it would take 10 years to complete the necessary experiments. Therefore, the Chamber suggests that the Board recommend to the Government to carry on research and experiments on cane breeding so that we may have a high yielding variety of cane that would make possible for reduction in the price of sugar. It is stated that in Bombay the price of sugarcane is much lower than in U.P. and Bihar. No doubt the present high price of sugarcane is due to the high price level obtaining in India to-day with regard to all other commodities. If a remunerative price is not paid, sugarcane cultivators may turn to the cultivation of other alternate crops that would yield more income. Therefore, the reduction in the prices of sugarcane must come along with price reductions everywhere. Since it will take 10 years to produce a better quality of cane as well as increase the yield per acre, the Tariff Board may recommend protection to the industry for a period of 10 years. During this

period the Government should closely watch the progress of the industry so that the interests of the consumers may be safeguarded and the assisted industry fulfils its duties and obligations to the consumers who have to bear the burden of protection.

The basis of protection will be such as to ensure a fair price to the cultivator and a fair margin of profit to the industrialists so that the consumers need not be asked to pay more than what is absolutely needed for the protection of the industry from foreign competition.

It is true that so far as this Province is concerned the percentage of area under sugarcane is low compared to the other provinces. The reason for this may be perhaps due to the fact that we have not as many factories here. Unless the cultivator is assured that the cane will be easily marketted he may not be willing to undertake the cultivation of this crop. In fact sugarcane is cultivated in those areas where big sugar factories have come into existence. Therefore, unless more factories come into existence here the cultivator will turn to other alternative cash-crops such as groundnut, cotton, plantains, chillies, etc. This may partly be the reason for the slow spread of sugarcane cultivation in the Province in spite of the many natural advantages.

Another peculiarity of Madras is that in addition to gur manufacture from sugarcane, a considerable quantity is made from the juice of the palmyra trees.

If the by-product of sugar manufacture such as molasses, bagasse are also turned into use, it may be possible to reduce the price of sugar.

We thank you once again for giving us this opportunity to discuss matters concerning the sugar industry.

Dr. Narayanaswamy Naidu first thanked the Committee of the Chamber for their cordial welcome and told them that he was glad to meet many of his old friends in the Chamber. At the outset before replying to the memorandum he emphasised the quasi judicial nature of the Tariff Board and said that they had to make their recommendations after hearing all sides to the question. The Board being informed by all persons interested in a particular question and after having taken expert evidence, shifted the evidence and arrived at certain conclusions. Then, they made their recommendations to Government. He said that they had always before them the interests of the consumer and did not wish to make his burden great unnecessarily. They also had in their view the needs of the country and tried to arrive at an equitable decision accepted to all concerned.

Then replying to the memorandum he outlined briefly the scope of the current enquiry. He said they were concerned immediately with the question whether protection to the sugar industry should be continued beyond March 1950 and if so for what period and to what extent and subject to what conditions, etc. He said that if the cost of production of sugar was high avenues had to be explored to reduce it. The Tariff Board sought information on whether there should be price control in sugar trade or not, whether sugar should be imported from abroad, and, if so, what quantity and other questions. Dr. Naidu appealed to the commercial community to co-operate with the Government in its fight against inflation.

In the course of the discussion which ensued, the members of the Chamber reiterated that protection should be continued for a considerable period and that import of sugar, if found necessary to serve as buffer stocks, should be left in the hands of normal trade channels.

Answering a question by Dr. Narayanaswamy Naidu, the members stated that the Sugar Syndicate might be allowed to continue with a change in its constitution, so as to include one or two representatives from each of the sugar producing provinces.

Mr. K. Govindan of Messrs. Ramson & Co., pointed out that starting of more factories for refining of palmyra jaggery into sugar is one of the measures to increase sugar in South India. He contended that this suggestion if favourably considered, dependence of South India on the North for its sugar supply would disappear considerably. Dr. Naidu commended the suggestion and said that this was brought to the notice of the Board by several other bodies. He added that the proposal of putting up new plant for the purpose would be carefully studied and suitable recommendations made to the provinces concerned. He said that the question whether it would be possible for small producers to put up such plants each which would cost as much as Rs. 5 lakhs had to be decided having regard to the fact that the sweet toddy had to be transported within the quickest possible time to avoid fermentation.

Mr. T. M. Rangachariar proposed the vote of of thanks.

Visit of Sir B. Rama Rao, C.I.E. Governor Reserve Bank of India

Sir B. Rama Rao, C.I.E., Governor of the Reserve Bank of India, visited the Chamber on Tuesday, the 15th November 1949 at 5 p.m.

Mr. A. M. M. Murugappa Chettiar, President of the Chamber, welcomed him as follows:—

Sir,

It is a matter of great pleasure to us to welcome you to our midst. The connection between finance and commerce is so close and vital that no apology is needed for the Chamber requesting you to meet us and asking you to give the benefit of your advice to us business-men. We are aware that you assumed this high and important office only recently but knowing you as we do, we have no doubt that you have already mastered the intricate problems that face the country at this critical time in matters of finance and we are confident that your period at the Reserve Bank will be as brilliant and illustrious as that of your predecessor's.

It was in April 1935 that the Reserve Bank of India came into existence thus fulfilling the long-felt need by the country. Before that period due to want of a central banking authority there were various defects in the Indian money market. The currency and credit of the country were controlled and operated by two different agencies, viz., the Government of India and the Imperial Bank respectively. The Government's currency policy did not take into account the changing requirements of trade and industry of the country. Further there was no co-ordination among the various kinds of banking institutions of the country and a bill market did not develop at all. Again there was great disparity in interest rates between the seasons.

But the establishment of the Reserve Bank has cured many of these defects. It has inaugurated a new era of financial stability, banking reform and extension of the money market. During all these years it has maintained the stability of the rupee. It has been of invaluable assistance to Government with regard to the orderly flotation of loans. It has helped lower interest rates to prevail in the country. In short as a monetary and credit authority it has contributed to the stability of the money market. More than all it has done very useful work in connection with the study of agricultural credit and the co-operative movement and has made many valuable suggestions for overcoming the various defects in the structure of the rural credit.

While on this question of agricultural credit we may be permitted to say, Sir, that it was fondly hoped at the time of the establishment of the Reserve Bank that agriculture would receive great financial help and assistance from the Reserve Bank.

In a country where agriculture is the main stay of the people it is natural for the bank to take a special interest and to create

an agricultural credit department to improve the machinery of agricultural finance. As is well-known in this country there are two main agencies which deal with agricultural finance, viz., indigenous bankers and co-operative banks. The indigenous banker is an important element in the rural economy of India and the Reserve Bank should help these indigenous bankers as well as the Provincial Co-operative Banks and the Land Mortgage Banks in their attempts to help the agriculturists.

With regard to industrial finance the Chamber understands that in Germany the banks play a very important part in providing the financial requirements of industries. They provide the greater part of the initial capital for industry and in order to distribute the risk it is a very common plan for several banks to join together for investing in the shares of companies. In India considerable financial assistance could be rendered to industries if the leading banks could be asked to try the experiment. No doubt the Government of India as well as some Provincial Governments have set up Industrial Finance Corporations for the purpose of providing assistance to industries in order to give medium and long-term finance to public limited companies. But this may not go a long way in helping the starting of all the industries that we require in our country. So, this suggestion of banks helping industrial concerns may be considered.

Though the Reserve Bank rate has been maintained at 3 per cent it is not possible to get facilities in the market at this rate due to acute stringency in the money market. This acute stringency in the money market may be due to the directive of the Reserve Bank to the various banking institutions in the country advising them to restrict their loans and advances. This restrictive policy may be necessary for preventing speculative activities and for arresting inflation. But now that the money market is tight, the Reserve Bank may consider whether a more liberal policy with regard to grants of loans and advances by the banks is not necessary.

Though money in the country is plentiful yet there is a low level of investment. This may be due to the saving capacity of the nation being shifted in a substantial manner from the classes who are accustomed to save to those in the rural parts who have not formed the habit of saving. In order to mop up the surplus currency obtaining in the country it has now become very necessary to induce these people to make savings and therefore there is need for leading commercial banks to open branches in rural areas. For this Government's aid is necessary for many of these branches may not be self-supporting. The Government of India have recently appointed a Committee to consider the measures

that can be immediately adopted for the extension of banking facilities in rural areas. In this regard the suggestion that certain mobile banks may be started to visit rural areas so that the surplus income of the rural classes may be tapped, can be considered. With a view to prevent unhealthy competition there may be a need to restrict the opening of branches by banks abroad especially, when there are branches of Indian banks functioning there and where the business also does not justify the need for more banks.

Recently bank disputes have been referred to Industrial Tribunals. It is felt that as banks occupy a privileged position in that their services are essential to the community the Reserve Bank may request the Government to lay down a policy to be followed by the Industrial Tribunal in these matters.

Lastly it may not be out of place for us to refer to the recent Banking Companies Act of 1949 wherein large powers are being granted to the Reserve Bank in order to safeguard the interests of the depositor as well as to promote the growth of banking in the country on sound lines. Section 21 prescribes that the Reserve Bank may determine the policy in relation to advances to be followed by banking companies in general or by any banking company in particular and that it may give directions to banking companies as to the purposes for which advances may or may not be made the margins to be maintained in respect of secured advances and the rates of interest to be charged on advances, etc. We are sure that under your wise guidance no stringent control would be imposed under this section by the Reserve Bank in the day to day policy to be followed by the banks of the country.

We thank you, Sir, once again for readily responding to our request to meet us and give the pleasure of your company.

Sir B. Rama Rao thanked the Chamber for welcoming him on this, his first official visit to Madras as Governor of the Reserve Bank. He was glad, he said, that businessmen had recognised the very valuable services the Reserve Bank had made during the last 15 years in the establishment of a stable financial structure. He assured them that the great traditions established by his predecessors would be continued by him, so far as it lay in his power. Unfortunately, he had taken charge of the Bank at a time when the country was passing through a financial crisis, the gravity of which had been emphasised by the recent devaluation of the rupee. This had created formidable problems, but difficulties, he might say, never frightened him, and he was sure that if businessmen responded adequately to the fervent appeal made by the Deputy Prime Minister in his broadcast the previous day,

it would not be difficult to solve the problems, formidable as they were. For, said Sir Rama Rao, the economic and financial structure of India was basically sound and all that was necessary was a concentrated and co-ordinated effort not only by businessmen, but also by the Central and Provincial Governments, to overcome the impediments that stood in the way of economic progress. If our democratic institutions were to work satisfactorily, Sir Rama Rao said, the standard of living in this country must be raised as early as possible.

It was at the instance of the Reserve Bank, said Sir Rama Rao, the Government of India appointed a Committee to enquire into the question of extension of banking facilities in smaller towns and rural areas. Some of the suggestions made by the President of the Chamber in regard to the use of the Co-operative Banks in this regard would be examined by his Committee. There was one misunderstanding which seemed to have arisen he said, on account of the appeal he made, soon after devaluation, to all the bankers to discourage speculative financing and speculative hoarding of stocks with a view to raising prices. He had also prescribed a daily return of advances made by banks exceeding a lakh of rupees in order to watch developments. As some of them might have noticed, similar instructions were issued by the Chancellor of the Exchequer in England, quite recently to the Bank of England, and that was a measure which was very necessary in order to stop or curb, any artificial rise in prices by means of speculation.

He gave the assurance that the Reserve Bank had not issued any direction to banks to restrict loans and advances for financing legitimate trade. "Nor am I aware," he said, "that there is any acute stringency in the money market." In fact, Sir Rama Rao said, owing to the restriction of imports and virtual cessation of trade between Pakistan and India, money had been comparatively easy in Bombay and elsewhere than was usual at this time of the year, and he would like to understand the special factors that had created stringency in the Madras Market.

Referring to the powers of the Reserve Bank under the Banking Companies Act, Sir Rama Rao said that soon after he took charge with the approval of the Board, he announced a proposal to create a machinery for the systematic inspection of all banks in the country. It would take some time to train the necessary personnel. His ultimate aim was to inspect every bank once a year. This might seem something novel to them. But he might say that, even in a land of free enterprise like America all the banks were subject to some control by the Federal Reserve Bank system. The primary object of his proposal was not to find

fault with the banks but to foster the establishment of sound banking traditions in the country. He would consider it his duty to assist banks in the establishment of such sound banking traditions. They were on the eve of an industrial revolution and the stability of any industrial system must ultimately depend on the stability of the banking structure. Sir Rama Rao said that they would of course, use their power with discretion, but it was his statutory duty to see that sound banking methods were followed in the interests of depositors.

Sir Rama Rao said he did not wish to refer to the other points, like the financing of industries, for they raised big issues requiring careful consideration. Some of them might remember that their experience soon after the World War I, had not been very fortunate. They had, however, he said, already established an Industrial Finance Corporation at the Centre, and he understood that several Provincial Governments were thinking of starting similar ones in the provinces. But the question would certainly receive his careful attention, for they could not raise the standard of living in the country, unless there was industrial development on a fairly large scale. But he did not wish to commit himself at present, without a careful consideration of all the issues that arose, to any particular policy.

Mr. S. Narayanasawami, President of the Madras Stock Exchange Association, proposing a vote of thanks to Sir Rama Rao said that it was re-assuring to the business community to be told that the formidable machinery of the Reserve Bank would help not only to control credit and regulate the passage of finance to scheduled banks but also to advise the Government of India. Reference had been made by the Governor of the Reserve Bank, he said to easy money in Bombay and Calcutta. That was the first bit of good news, the first silver lining they had these two years. It was something to know that the tide had changed in favour of the borrower in Bombay and Calcutta, and since this synchronized with the statement made by the Finance Minister that easy money would be flowing, there was every hope that this infection would travel to Madras much sooner than they had reason to anticipate. As regards the inspection of scheduled banks periodically, Mr. Narayanaswami said, that while the inspection of banks when they were in distress, had a deleterious effect on them to arrange for annual inspection as a routine should be welcome."

On the 15th August this year the Chamber celebrated the Indian Independence Day. There was a large gathering of members in the Chamber and on this occasion Rao Bahadur V. S. Subramaniam, Vice-President of the Chamber in the unavoidable absence of the President, Mr. A. M. M. Murugappa Chettiar, presided over the function and after unfurling the tri-colour National Flag, read the following speech of the President:—

Friends, 15th of August will ever remain in the minds of all our countrymen, as a memorable day, for it was two years ago exactly on this date, that our country regained her long-lost freedom under the inspiring leadership of Mahatmajī who alas ! is no more with us in body, but nevertheless whose spirit pervades the whole country and animates all our actions. The Father of our Nation had won independence for our country by a technique unparalleled in political history, namely, by the weapon of non-violence, and our country, we are glad to take pride, attained her independence without shedding any blood, which is unique in the annals of struggles of independence. Though, no doubt, we won our independence by achieving a bloodless struggle, yet it cannot be denied that the country's fight for freedom for all these years had claimed the lives of many martyrs who had sacrificed their all in the cause of the country. It is our sacred duty to pay a tribute to the memory of all those who have died so that we may live free.

Gentlemen. two years have elapsed since the attainment of freedom by our country and you all are aware how momentous changes have taken place in the horizon. Within this short time, India had established for herself a high reputation in countries abroad, by following high principles of political conduct and by standing in support of noble aims. Her participation in international gatherings have earned for her a rightful place in the comity of nations. Her credit in international affairs stands very high. We have also a network of Consuls, Embassies and Trade Commissionerships abroad that have given Independent India a status that is second to none. Our relations with all foreign countries and especially with sister Commonwealth countries have been extremely cordial. We have shown that, given equal opportunities, we could manage well not only our affairs, but also act in the best interests of all countries as we are specially suited to

Coming nearer home, gentlemen, we should be thankful to Providence for giving us leaders of high repute, and great capability for managing our affairs. So soon as Independence was won the partition of the country resulted in an orgy of violence and communal hatred which drove lakhs of people from their dear homes and the refugee problem for a moment seemed to overwhelm the country. But, thanks to the untiring energy and indomitable courage of our leaders, this problem is being successfully solved. Again the legacy of the British Rule leaving a number of independent states seemed to disintegrate the unity of India. But the resource, ability and the realistic policy of the Government of India achieved what seemed to be an impossible task, so that even our opponents of freedom could not but admire the miracle the Government had wrought within such a short time. The integration of States into successful political units and the establishment of order throughout the country have consolidated our political gains in a large measure. The Hyderabad question was successfully tackled and is another feather in the cap of our Government. The Kashmir question is happily getting solved and it is to be hoped that in view of the major political questions having been successfully settled, the Government would give its undivided attention to set the country on its onward march in the economic sphere which alone will guarantee the country's future prosperity.

No doubt, the Communist menace is beating at our frontiers and is causing anxiety to thoughtful men who want the progress of the country not to be impeded. It is only when the Government acts in a firm manner that this menace can be put down and the ordered progress of the country could go forward and we are glad to note that the Government is alive to the problem and are taking proper steps.

On the economic front things have not been as bright as it should have been or as the country's well-wishers would like to have it. But it must be conceded that when we took over the reigns of Government, a great war had just finished and the transition to peace had to take place. Added to this world problem the division of the country with all its attendant problems and other difficult questions had to be given immediate attention. Considering all these one cannot deny that the leaders have achieved more than what is humanely possible. But we would be failing in our duty if we take a complacent view of things

and imagine that everything is well. It is not so as we see from the trend of things that are happening on the economic side of our lines. It is a sad commentary on the state of affairs that in spite of our country being an agricultural one we have yet to depend upon imported foodgrains for feeding our people; this import of foodgrains is causing a large drain on our slender resources with the result that the Capital that have been accumulated by the country's sacrifices is being spent on things which we should ourselves produce. This capital must be utilized for the import of machinery and plant that would industrialize our country and provide employment for millions of people and thereby raise the standard of living of the masses. No doubt, the Government is taking measures to cover the food deficit and it is to be hoped that the vigorous drive now launched by the Central and Provincial Governments will enable the country to tide over the food deficit which is after all about 8 per cent.

The Foreign Trade of India also gives room for anxiety and it is a happy thing to note that the Government of India are contemplating to take steps to reduce the country's deficit. During the year under review, we have a big deficit in our balance of trade with foreign countries due to increase in imports and decrease in our exports. Unless steps are taken to increase our exports we would be soon facing perilous problems. The Government is now launching an intensive drive for improving the export position and it is here that we, merchants, have to play our role. It must be remembered that the war is over and that no longer there would be the scarcity market and price. We can sustain our export market only by reducing our cost of production and by meeting competition in foreign countries by producing quality goods. It is, therefore, our duty to produce more at less price and to produce goods of quality that will stand competition in the foreign market along with the goods of other countries. In this connection, our Trade Commissioners posted abroad should be able to do much more than what they are doing now. They have yet to render substantial help and guidance in these matters and we look forward to the Government to see that the Trade Commissioners render help to the commercial public.

Production, no doubt, has shown an upward trend in 1949 as compared with the production in the corresponding period last year but it should not be forgotten that it is still far behind what we have aimed at and is not even the peak figures reached during the war years.

The causes are not far to seek. First, heavy taxation has robbed all incentive and the Government will do very well to grant

further tax reliefs and concessions so that the Mercantile Community may come forward with their schemes to produce more. Though, no doubt, the Government have announced their industrial policy, yet their Industries Development and Control Bill 1949, has frightened Capital and even foreign capital, in spite of the safeguards assured to it is not forthcoming due to Government's "Nationalisation" programme. It is time the Government takes a realistic view of things and goes slow in its economic programme. Pursuit of ideological policies will not enable the Country to tide over the crisis that is facing her, viz., inflation, higher prices and the prospects of large unemployment. The state must go slow and only when it has the necessary "know how" it must enter into the industrial field. Otherwise it will only hinder and not assist the various problems facing the country and now that the Government have experience, we all hope that it will take a realistic view of the situation and would go slow in their nationalisation programme and thereby create confidence in the minds of the investing public. Even to-day we are not free from mutually contradictory statements, from high quarters in matters affecting trade, industry and commerce. The labour situation, though, no doubt, is now showing signs of improvement, yet leaves many things to be desired. Labour must realise that they have a part to play in the country's economic advancement and it is only when they feel responsible, the country's production will go up. It is only when Labour, Capital, Government and the Public all co-operate in all matters that the country's progress can be rapid and will benefit all sections of the people. In this task of co-operation we assure the Government that the Commercial class will stand solidly by the Government and assist them in all their attempts to make India an economically advanced nation.

On the successful tackling of our economic questions depends the future destiny of our country. Therefore, it is our noble task to play our rightful part and we assure the Government again that we would do our duty by the Country.

Even four years after the conclusion of the War we are still in the throes of a controlled economy. These control measures have far outlived their purpose and it is high time that, unfettered, trade and industry play their healthy part in the economy of the country. The control measures hinder and impede the progress of production and distribution. The textile control is an instance in point. If sufficient time is given for things to adjust themselves it would be found that controls are no longer necessary and I am sure that the Government would see their way to remove all controls and thereby allow things to return to normalcy.

Gentlemen, I don't wish to take much of your time, except once again to thank you for readily responding to this invitation.

May the Flag of Independent India fly high; May it be a source of inspiration and strength to thousands of our Countrymen settled in far off countries; May the trade, commerce and industry of Independent India prosper and May it usher in a new era of peace and prosperity to all men of goodwill.

Unveiling of the Portrait of the Late Dr. Raja Sir Annamalai Chettiar Kt. LL. D; D. Litt.

Admirers and friends of the late Dr. Raja Sir Annamalai Chettiar, Kt., LL.D., D.LITT., in view of the abiding interest which the late Raja Sir Annamalai Chettiar had been evincing in all the commercial problems that confronted the mercantile community and his great and valuable services to the Chamber presented to the Chamber a portrait of Rajah Sahib for the Chamber. The Committee, having accepted the offer requested the Premier of Madras to unveil the portrait of the late Dr. Raja Sir Annamalai Chettiar. On this occasion, Rao Bahadur T. S. Kachapikesa Mudaliar, President of the Chamber in requesting the Hon'ble Sri P. S. Kumaraswamy Raja, Premier of Madras, to unveil the Portrait of the late Dr. Raja Sir Annamalai Chettiar at the Chamber Buildings, delivered the following speech.

"We are assembled here to-day to honour the memory of the late Hon'ble Dr. Raja Sir Annamalai Chettiar of Chettinad. Though unveiling a portrait of his may be but a feeble expression of our respect, regard and admiration for a life illustrious in innumerable ways, yet the demonstration has great significance as a homage that comes straight from our hearts. Ordinarily we have had here only portraits of our previous presidents. Raja Saheb was not one of our Presidents. Still it was thought that his portrait should adorn the walls of the Chamber as Raja Saheb was assuredly one of the makers of new India into which we have entered. He was one of those that inspired confidence in our business capacity and in our ability to manage the material resources of our land.

We are indeed proud and happy that the portrait is to be unveiled by the popular Premier of our Province. The Hon'ble Sri P. S. Kumaraswamy Raja is a prominent businessman and a patriot whom we always rejoice to receive and to welcome in our midst.

This is not the occasion to speak at length on the life and work of Raja Saheb. Nor is it necessary at a gathering in South India where his name has become a household one. It was my privilege on the occasion of our Silver Jubilee celebrations to welcome Raja Saheb on behalf of the Chamber and to request him to unveil the portraits of the past presidents. To-day it is sad for me to contemplate that he is no more with us in flesh and blood.

Raja Saheb touched life at very many different points and having touched them left a lasting impression upon those points. Rightly enough his motto was the arresting one 'Strive, save and serve'. He owned his lakhs and never was owned by them. His princely benefactions amount to more than a crore of rupees.

Raja Saheb had an abiding interest in the welfare of the Chamber. He was one of the beacon lights that lighted the path of the Chamber in its onward march from strength to strength. We can never forget his achievement for us as member of the Council of State for three consecutive terms, every time being returned at the top of the polls, as a member of the Central Legislative Assembly, and as one of the Governors of Imperial Bank of India from its formation in 1921. We also remember with gratitude his signal services to the cause of Indian nationals abroad, and his valiant stand before the Delimitation Committee regarding our seat in the Legislature. Raja Saheb was prepared even to forego the representation of the Nattukottai Nagarathar Association to ensure the claim of the Southern India Chamber of Commerce as the accredited representative organisation of the Indian commercial community in South India.

While I do not wish to lengthen my say on this occasion, I feel that even the briefest sketch of Raja Saheb will be incomplete without a reference to the Annamalai University. Although in India the tradition of learning had existed from the earliest beginnings and although the patronage of learning by princes and noblemen was common, yet throughout the 17th, 18th and 19th centuries there has been no pronounced effort, made by a single individual to finance a really big scheme of education such as the founding of a University. The establishment of a unitary and residential University was a unique venture. Raja Saheb's mastermind conceived it; his wealth was lavished on it; his fostering care has made it what it is. Here is his life work; here his enduring monument. Here is enshrined his aspiration. The Annamalai University is not just another university for promoting general education. The existence of a separate department of oriental languages, the encouragement given to Tamil music, and the Saiva Siddhanta foundation have given the University a complexion of its own, quite acceptable to the critics of the ordinary collegiate education. Raja Saheb has thus earned for himself a coveted place in the annals of our country and in any history of the growth of education in India that may be written. His illustrious name is bound to occupy a prominent place.

Sir, I now request you to unveil the portrait of the late Hon'ble Dr. Raja Sir Annamalai Chettiar, of Chettinad, a Merchant Prince, a distinguished citizen, a great philanthropist and the

founder of the Annamalai University, who dedicated his life for the educational advancement and general welfare of his countrymen."

The Hon'ble Premier in unveiling the Portrait delivered the following speech:

"It is a pleasure and a privilege for me, to be associated, with this pleasant function. We have assembled here to-day, to do honour, to the memory of the King of Philanthropists, the late Raja Sir Annamalai Chettiar. A merchant-king also, he was. His contribution to the commercial world, was unique; and it is in the fitness of things, that the Southern India Chamber of Commerce, a premier commercial federation as it is, has thought proper to honour him, by installing his portrait in its buildings. But, it is an irony of coincidence of events, that the unveiling of the portrait of the Raja among philanthropists, the Raja among merchants, and the great Raja of Chettinad, should be performed by a poor Raja without a kingdom, and without anything to his credit. Let me thank you heartily, for giving me this opportunity, of associating myself, with this significant function.

Gentlemen, I should however think that I am not a bad choice for this function; because I am proud to say, that I am one hailing from the same district, as the late Raja Annamalai; and I can also claim a long period of association with him, extending over more than a quarter of a century, which gave me several opportunities, to come into close and intimate contact with him. Everytime I met him, a fresh instalment of admiration would envelope me, in admiration of the noble personal qualities of his. Our divergent political creeds and persuasions, did not in the least minimise my regard, for his great personal qualities. He was really a great man, whose greatness stood in bold relief in the background of the simplicity of his manners, of his politeness, courtesy and humility. I dare say, that in his presence, even a hostile critic of his, must get disarmed by his charming smile. His most amiable and attractive qualities, were so persuasive, that the mere thought of them even to-day, make us stand in reverence to him.

His services to the humanity, and for the cause of education and culture, were so great and numerous, that it is not possible to recount them all, in a short interval of time. He was born with a silver spoon. His hereditary and innate business talents, brought to him fabulous wealth, the limits of which, would be known to Raja Sir Muthiah Chettiar and his brothers alone, and not to us. He is remembered and honoured to-day, not for his acquisition of immense wealth, but because of his boundless benefactions to the people at large. If a man's acquisition of wealth alone, is to be

the criterion, entitling him to honour from the people, then we may perhaps have to honour very many in the list of the income-tax assesses and super-tax assesses. But that is not the standard, by which the wealth should be judged. The potentiality of wealth is gauged, not by its hoarding, but by its utility for the benefit of others. A man is not entitled to any honour or appreciation because of his hoarding of wealth, as he functions merely like a watchman guarding it in the same way, as the bank-peon on guard-duty, keeps watch over the valuable reserves in the bank. But I can say, that the latter is much happier than the former, because he guards the bank-reserves with a sense of detachment, unlike the other, who spends anxious days and sleepless nights in guarding his wealth, as a museum of dead capital. But our Raja's is a noble example, illustrious of the axiom that a man should earn only to give. He became great, because he was a great giver. His motto was "Strive save and serve". Wherever our eyes are cast in his palace, we would get a glimpse of emblems, symbols and monograms, all proclaiming the said ideal of his. In fact, his life itself was pulsating with the said zeal; and he was happy in having realised his ambition in his life-time itself. Because he strove much, saved much and served much.

His munificence grew and maintained a steady progress; and it reached a stage when it looked as if it was shot up by a controlled force. His bounties to many institutions of education and culture, all running to many lakhs and tens of lakhs, and more particularly his lump-sum gift of several lakhs, to the Annamalai University, amazed the entire country. Our country is yet to witness, another university created by the bounteous gift by a single individual; and in this respect there is no second to Raja Annamalai. To him goes, the credit of inaugurating a new path of philanthropy, not treaded before, by the charity-minded Nattukottai-Nagarathar community of his. Till then, the renovation and consecration of temples were the traditional form of Nagarathar-charity. To them, goes the unique honour of being the patrons and preservers of our Indian art and sculpture, of which our South Indian temples and towers built by them, stand as everlasting monuments.

But with the late Raja Annamalai, the impulse of charity took a new turn; and his instinct propelled a new ideology, coupled with a new philosophy of life, so to say. And this led him to realisation that the man being but a reflection of God, the service to the mankind is the highest form of worship of God. He also realised Vidvadhana (charity of education) being the supreme among all forms of charities, calculated to benefit the mankind. With the larger realisation of this ideology, grew the larger number of institution of education and culture founded by him, the crowning of which is the Annamalai University.

In his life-time itself, he realised his ambition to make that University an ideal centre of Tamil Culture and learning. The services rendered by him by his large munificence, for the cause of Tamil music and other fine arts, are unparalleled. He is the father of the renaissance in Tamil music. If, to-day we see the starting of schools, and colleges, as outbursts of private charities, we can unhesitatingly say, that they are all the outcome of the noble example, set up by the noble-minded Raja Annamalai. There is not one in this part of the country, who is not familiar with his name. His name has become a household word, and is synonymous with charity. His bounteous charities, which deeply impressed the minds of the public were the cause for his phenomenal success, with thumping majority at the polls, in the elections to the Council of State, which honour he had thrice.

Gentlemen, this function being one, got up by your Chamber of Commerce, to do honour in the memory of the late Raja, it is but very relevant to think particularly of his connection with and contribution to the commercial world. The services that he rendered to the business community in general and to those holding vested interests in foreign countries like Malaya, Indonesia, etc., are praiseworthy. On the eve of the introduction of the Government of India Act, 1935, and on the consequent separation of Burma from India, he realised the need for safeguarding the interest of our nationals there, and in that connection he went to England, where by his perseverance and persuasive exposition of the cause he was espousing he achieved a fair amount of success. His extensive tours in foreign countries at that time, gave him very many opportunities, to study matters of commercial interest, which came to be engrafted in the business activities here.

So far as this Chamber of Commerce is concerned, it must be said that its activities were greatly influenced by his personality, though he was not actually connected with it, as its President. The present prominent position of the Chamber, as the accredited representative organisation, of the Indian mercantile community in South India, has been built up largely, due to his influence. This chamber owes its present representation on the Madras Legislative Assembly, to the great efforts of the Raja. His deep insight into matters of trade and commerce, his organising capacity, and the high order of his managerial ability, have won for him a place of high distinction in the business world.

Such a great man we will never forget. In the history of the educational progress in our country, his name is worthy to be written in letters of gold. Though no longer do we see him, with our visual senses, his great charities have enshrined him, in the hearts of our countrymen. His name will remain for ever, shining in the lustre of learning, emanating from the Annamalai

University, and remaining as a colossal example for others to follow in munificence.

It is but proper, that the memory of such a great man, is ought to be perpetuated by you in your own way, by installing his portrait here. His figure shall be an inspiration to you, in the sphere of your business activities. While thanking you again, for my being called upon to unveil his portrait, I shall now perform, the function assigned to me."

Abolition of the Original side of the High Court

It was brought to the notice of the Chamber that the Government of Madras had again taken up the question of the abolition of the Original Side of the High Court. The Chamber in view of the importance of the question to the Commercial Community wrote to the Government of Madras as follows requesting them to retain the Original Side of the High Court.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras to write to you about the views of the Chamber on the question of the abolition of the "Original Side" of the High Court of Madras.

The Committee learn from press reports that the Government of Madras are bringing forward a bill for the abolition of the Original Side of the High Court in our Presidency. The Committee notes that this is not the first time that such a proposal has been put forward by the Government. More than once in the past the idea has been mooted and given up by the Government of the day recognising the force of the objections for such a proposal voiced by those sections of the public likely to be affected by the abolition of the original side of the High Court.

When once this idea has been given up the Committee thought that the Government, had dropped once for all their proposal to abolish the Original Side of the High Court. But now it seems that the Government want to revive this scheme and the Committee do not see any change in the circumstances now that call for the move on the part of the Government to abolish the Original Side. If anything conditions obtaining at present among the classes of sections of citizens of Madras concerned in any manner with litigation on the original side call for the retention of the same even more strongly than before.

Perhaps, this scheme is sponsored by Government on the ground that it is likely to save money to the Exchequer by substituting a cheaper machinery and also that it will usher in a uniform system of administration of justice in the City of

Madras will be modelled on the system now existing in the mofussil with regard to trial of original suits. These reasons may appear at the outset to be reasonable but if examined in detail and in view of the various other considerations they lose much of their force if not all.

So far as the argument that it is likely to effect a nett saving to Government, it must not be overlooked that the administration of justice in this Province is a surplus item in the budget returning considerable surplus revenue to the Government out of the moneys collected from the litigant public. When this is so there is no reason why the Government on grounds of financial expediency should seek to change this system and consider the retention of the original side as a costly luxury. In view of what has been said the consideration and the desire for a cheaper machinery loses most, if not all its force unless of course a cheaper machinery which at the same time is more efficient and satisfactory from every point of view is available. The only other alternative system available to the present original side system is to have the work done by subordinate Judges as in the mofussil Courts applying the procedure and rules as are applied there. It is not as if this system which is now prevalent in the mofussil Courts is perfect and completely satisfactory. If, therefore, the Government introduce the system which is now prevailing in the mofussil Courts this will only amount to substitution of a defective system, without at the same time, resulting in no tangible or material profit of any kind.

With regard to the other argument that the proposed change will introduce an uniform system throughout the Province including the City, the Committee feel that for the sake of uniformity in procedure the Government should not sacrifice many advantages which are to be found in the present system, and take a retrograde step which will cause harm to the litigant public. Further it must be pointed out that in almost all matters the capital city of a huge and important Province like Madras stands on a different footing from the other parts of the Province. It is well-known that in the matter of the Municipal administration the City of Madras is governed by a separate Act which in various particulars differs from the Municipal Acts which applies to all other Municipalities in the Province. Similarly there are certain other features in the administration of the capital of the City which is intended to enhance and emphasise its importance and prestige. The Police administration of the City is yet another instance in point. There are other offices in the City of Madras like that of Presidency Magistrates, the Sheriff of Madras, the Mayor and the Aldermen of the Corporation which are nowhere to be found in the mofussil districts. The points of difference and distinction between the city

and the District, are intended to emphasise the greater importance and added prestige of the metropolitan institution over those of the Provincial institutions. Therefore, there can be no question of reducing the City of Madras which is the capital of the Province to the same level as that of a district centre merely for the sake of a uniform administrative procedure.

It is with a view to emphasise the importance of the capital City the system of administration of justice has been made to differ in many material particulars from that of the rest of the Province. The system now prevailing on the original side has been specially designed to serve the peculiar needs and conditions in a metropolis and commercial centre like Madras and is modelled upon the English pattern and has stood the test of time for well nigh a century. It must not be overlooked that the greater part of the litigation on the original side comprises commercial suits vitally affecting the business activities of merchants who do business in the province. Very often the stakes involved are very heavy and the questions arising for decision highly complicated and difficult, and in all cases calling for quick, correct and final disposal. Therefore, there is need to be judges who have been eminent lawyers well experienced and accustomed to deal with complicated questions of law arising in commercial suits. The special procedure available for the benefit of mercantile, banking, insurance, and other parties in litigation, arising from their transactions will be lost if the original side is abolished. Further, it is well-known that in the case of commercial and mercantile disputes involve law and procedure relating to banking, insurance and such other complicated matters, subordinate Courts in the Province are not sufficiently equipped to deal with them satisfactorily. Again the City being the headquarters of the Government most of the suits and applications for injunctions against the Government are to be filed in Madras and it should be dealt with by the High Court as is done at present and should not be left to subordinate Courts which are subjected to the administrative control of the Local Government. Another great advantage to all concerned in the proceedings of the Original Side is that the oral evidence is taken in verbatim in shorthand and not by the Judge as in the mofussil Courts. This latter system has its own defects.

While on the subject the Committee would like to point out to the Government that it is not Madras alone which has the Original Side of the High Court. Both Bombay and Calcutta have Original sides on their High Courts and they are not contemplating to abolish the same. There is no reason why Madras alone should seek to change a practice that has been in existence for over a century and has proved its worth during this time.

The Committee hopes that considering all the above, points the Government would abandon their idea of the abolition of the Original Side of the High Court".

The proposal has not been proceeded with.

State Trading

The Government of India in the Ministry of Commerce, forwarded a questionnaire issued by the Committee of State Trading. It will be remembered that the Commerce Minister during the debate on devaluation in the legislature said that since the Government had already undertaken what may be called state trading in some instances during the past and since the Government had entered into bilateral trade agreements bargaining for certain imports and exports, it is necessary to ensure that this country imports all its needs to import from the contracting countries and export thereto all the materials especially those which have a special bargaining value only after making certain that there has been a gain to this country from such a trade. Hence he stated that the necessity for state intervention in some manner without leaving the implementation of these agreements entirely in the hands of private trade is needed.

The Chamber replied to the questionnaire as follows:—

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras, to express their views on the question of State Trading.

The Committee are aware that the Government of India have set up a Committee on State Trading with a view to advise as to whether in the context of present day conditions and taking into account possible future trends of India's international trade it would be of advantage to constitute a state-owned or state sponsored organization for handling any sector of the country's foreign trade and if so what the structure of such an organization should be and its field and scope of activity.

The Commerce Minister in the course of his speech in the Legislature had stated that since the Government had already undertaken what may be called state trading in some instances during the past and since the Government had entered into bilateral trade agreements bargaining for certain imports and exports, it is necessary to ensure that this country imports all its needs to import from the contracting countries and export thereto all the materials especially those which have a special bargaining value only after making certain that there has been a gain to this country from such a trade. Hence he has stated that the necessity for state intervention in some manner without leaving the implementation of these agreements entirely in the hands of private trade is needed.

The Committee of this Chamber do not think that on the basis of the above arguments the Government would be justified in embarking on the scheme of state trading. Adoption of State Trading as an instrument of trade policy would have serious repercussions not only on our foreign trade but also on our entire economy. The fact that the Government in the recent past had undertaken what may be called state trading in some instances is no justification for extending that scheme. No doubt during the depression in the thirties, Governments of countries began to control foreign trade but then all the steps taken in this regard were treated as only emergency measures or as a defence against similar methods adopted by other countries. The war no doubt intensified the interference of the state in the national economies of the countries that participated in the war. Before the depression and before the war period no other country except Soviet Russia had embarked on a scheme of state trading. Further the results of the working of such state trading as has been carried on only prove that it is costlier than private trading. In short, the Committee is of the opinion that due to exceptional circumstances Government had to undertake limited state trading but there is no reason why what has been done during exceptional times should form part of the normal economic mechanism. In the interests of preserving freedom of trade private enterprises must be encouraged.

Invariably business organization set up by a Government do not have any incentive for efficiently carrying on the business undertakings. The experience gained now in the nationalised industries do not encourage an extension of the experiment. The machinery of the state is ill-equipped and lacks the necessary knowledge and experience to conduct successfully a business undertaking. For effectively implementing the commitments and obligations resulting from bilateral agreements entered into on a Government to Government level it is not at all necessary for the state to undertake actual trading operations. Bilateral trade agreements are only short term measures to overcome temporary difficulties and other countries who have entered into similar agreements have allowed the normal trade channels to function. The facts that India is trading with a country like U.S.S.R., whose economy is controlled cannot be considered a good reason for extending the system of state trading in India. Even with regard to our trade activities with Russia it should be possible to provide for the purchase and sale of commodities through private trade channels. Finally Government can always avail of the services of various industrial and commercial organizations of the country to help and fulfil the obligations arising by any bilateral trade agreements. In these circumstances the Committee are of the opinion that state trading is not desirable.

I. What exactly do you understand by 'State Trading'? Would you describe operations such as :—

(a) direct purchase in bulk by the State of its own requirements or in fulfilment of its obligations in respect of rationed commodities; and (b) sale of surplus goods, etc., as 'State Trading'?

II. Give your appraisal of State-Trading to the extent that it has already been undertaken in India, e.g., in foodgrains, steel, fertilisers, etc.,

By state trading is meant such operations as the direct purchase in bulk by the state of all the requirements of the country in respect of certain commodities or when it sells all the exportable surplus of the country. In short when the state enters into actual trading activity like any other commercial concern and buys or sells on its own account certain commodities then these operations can be described as state trading.

With regard to state undertakings in trade in India in foodgrains, steel, fertilisers etc. they have not worked out in the best interests of the country. The Government had to pay a high price and there have been much more wastage than what occurred in private enterprise. State trading has not resulted in cheaper prices to the public. If private trading agencies were entrusted with the work of procuring these supplies we could have had these things cheaper. With regard to steel and fertilisers the prices quoted to Government are higher than to private enterprises. Higher prices of goods purchased by the state may be due to the fact that when Government goes for purchasing a particular item in bulk the sellers artificially force up prices.

Since world conditions are returning to normal private enterprise may be allowed to handle actual trading operations.

III. What, in your view, are the short comings and defects in the present organisation of India's foreign trade which make it desirable for the State actively to participate in the field of foreign trade? To what extent would State-Trading assist in the development of the foreign trade of the country? In particular, to what extent would the participation by the State in export trade help in the implementation of the recommendations of the Export Promotion Committee?

The present short coming and defects in the organization of India's foreign trade are that certain times due to there being no prescribed standards undesirable elements taking advantage of the market conditions send inferior goods. This can be remedied by the State prescribing standards so that the reputation for Indian goods in foreign markets may not be injuriously affected. Of course, our exports to dollar area countries are not as much as are desirable and the state could help exports by granting concessions in taxation, abolition of export duty etc., and by informing private agencies through their Trade Commissioners what all commodities would be required in foreign markets etc;

The participation by the State in the export trade cannot be of much help. The state can by consulting industrial and commercial organizations see that the country exports commodities of bargaining value after being supplied by the other side with commodities which we require.

IV. Do you consider the present time opportune for the State to undertake trade operations beyond what it is doing at present? Do you think the changes brought about by devaluation have added to the necessity and urgency of the State extending its operations over a wider field?

There is no reason now for the Government to undertake any trade operations at all. In this connection it may be stated that only in exceptional times the state have to undertake a sort of state trading. There is no reason why the present changes brought about by devaluation should be considered an opportune time for the state to extend its trading operations. Government can as they have already done take steps to check the undesirable effects of devaluation so that countries that have devalued do not get undue advantages from us.

V. Should the participation by the State in foreign trade be on a monopoly basis i.e., trade in particular sectors or commodities being monopolised by the State, or on competitive basis so that the State trading organisation enters field along with private enterprise on equal terms (The answers to the questions that follow may be given keeping these two alternatives in view)

If at all necessary the state may participate in foreign trade in exceptional times but it must not be on a monopoly basis. It should be on a competitive basis so that the state trading organization should enter the field along with private enterprise on equal terms.

VI. Assuming State-Trading to be desirable, should it (a) extend to only the staple articles of import/export in the foreign trade of India, or

(b) cover a very much wider field of import/export activity or

(c) confine itself only to that field of import/export where private enterprise has not achieved substantial results?

If state trading is to be assumed to be desirable it should not cover a very wide field of the foreign trade of the country as it would affect the freedom of trade. It should confine itself only to that field where private enterprise has completely failed. If state trading is to be ex-

tended to cover all articles of import and export it would change the entire economic basis of the country.

VII. Consider the following objectives for a state trading Organisation and give your opinion as to which of these (or any other which you might suggest) you would desire a State Trading Organisation to pursue :—

(1.) Fulfilment of obligations under barter agreements entered into with other countries.

(2) Fulfilment of quota targets under bilateral trade agreements with other countries;

(3) Import of commodities in short supply abroad.

(4) Import of commodities not in short supply abroad but in short supply in India.

(5) Import of commodities from those areas of which the currencies have appreciated relatively to the rupee since the recent devaluation.

(6) Imports from those areas of which the currencies have not appreciated relatively to the rupee.

(7) Export of commodities to those areas the currencies of which have appreciated relatively to the rupee.

(8) Export of commodities to areas of which the currencies have not appreciated relatively to the rupee.

(9) Export/import trade with particular countries only.

(10) So to arrange exports as to—

A state trading organization may confine itself to the following objective viz., import their own defence requirements, and Governmental needs etc., in consultation with non-official opinion. (It is not necessary for the state to enter into normal trade activities).

(a) keep down internal price level as low as possible.

(b) maximise foreign exchange earnings;

(c) Intercept the difference between foreign price and internal price for the benefit of the State.

VIII, IX, X. What should be the criteria for selecting particular sectors of trade or the specific commodities in regard to which trading should be taken over by the State.

In the light of these criteria, which commodities among those entering into India's export trade are suitable for State-Trading? What, in your opinion is the scope for encouraging export of cottage industry products through State-Trading?

Which commodities among those entering into India's import trade are suitable for state trading?

Offer your comments on the scope, functions and working of State-Trading Organisations in other countries, with special reference to those features which are of direct interest for evolving a suitable organization for this country. Consider in particular the working of the following organizations in foreign countries (1) U. K. C. C. during the war, (2) the Argentine Institute for Promotion of Trade (A. I. P. I.) (3) British Raw Cotton Commission, and (4) any others with the working of which you may be familiar.

The criteria for selecting particular sectors of trade for state trading should be where commodities are required for defence and for Governmental purpose and with regard to those commodities where private trade has not come forward to co-operate.

The experience of the working of the U.K.C.C., during war and Argentine Institute for promotion of trade and the British Raw Cotton Commission have all shown that state trading has not been successful and have not achieved the result desired for. It is understood that prices paid were high and that informed opinion felt that the bulk purchase policy by the U.K.C.C. promoted other Governments to retaliate by charging higher prices.

XII. Do you think that participation by the State in the field of foreign trade will necessarily involve extension of state ownership or control in the field of production and distribution? Would such extension of the State's activities be desirable? If so, how should these activities be organised?

The Participation by the state in the field of foreign trade will necessarily involve extension of state ownership or control in the field of production and distribution. Such an extension of the state activities is not desirable as first it is against the freedom of enterprise and again that the administrative machinery of the Government will not be able to shoulder the responsibility as they have no adequate trained personnel. It would, therefore, be in the best interests of the country to see that trade are organised and carried on by normal trade channels which have the necessary experience and initiative.

XIII. Do you consider that the political and economic ideology and the general institutional set-up of a country have a bearing on the question of State Trading? Do you consider the State's participation in trading undesirable? If so, give reasons.

The set up of an institution of state trading and the incursion of the state into the sphere of trade will certainly have a bearing on the political and economic ideology of the country. If state trading is allowed to extend say right from the purchase of commodity to its final destination it would mean a repudiation of the whole economic basis and political assumption which our country is following.

XIV. Should extension of state trading be carried out by a single measure or by gradual stages? If possible, mention the period over which it should be phased?

The Committee is of the opinion that there is no necessity for the state to undertake trading operations on its own account.

XV. Do you think that direct participation by the State in foreign trade would make far more efficient control over foreign trade and therefore over the balance of payments position? If not in what other way do you think can the present system of control over import, export and remittances be made more effective in its result and smooth in operation?

XVI. To what extent do you think there has been tax evasion on a significant scale by persons engaged in foreign trade? In what commodities or sectors of foreign trade has such tax evasion been of considerable magnitude? Do you consider State-Trading in those commodities or sectors desirable on these grounds alone?

XVII. It has been suggested that multiplicity of controls and other regulations which are in themselves necessary on account of the balance of payments position has to reduce the profits of middlemen in foreign trade that any significant expansion of exports will be possible only by the State's participation in it. Do you agree?

Direct participation by the state in foreign trade would not in any way confer advantages on the country and the Government can as it does now in exports and imports maintain the balance of payments position. Since state trading means payment of higher prices for imports we may have to find more foreign exchange resources.

The Chamber is not aware that there has been tax evasion by persons engaged in foreign trade. Even granting that there has been tax evasion it cannot constitute a ground for the state undertaking foreign trade operations. The state has other means to check tax evasion.

The fact that multiplicity of controls and other regulations have reduced the profits of merchants in foreign trade is no reason, that the state must come forward to undertake foreign trade. Simply Government interference will not lead to significant expansion of exports. After all exports can take place only when there is a surplus in the country and for this purpose there must be more production. If there is a surplus in any commodity and if there is a demand for the same private trade will certainly come forward to export the surplus.

XVIII. Would the financing of foreign trade in terms of foreign currencies be easier as a result of State-Trading (It has been suggested that a State Trading Organisation would be able to secure extensive trade and exchange facilities through international banking organisations or through export credit banks of foreign countries).

Part II

(This part of the Questionnaire should be answered on the assumption that State-Trading is desirable. In giving the answers, two alternative situations should be kept in view, namely, (a) the organisation will operate on a monopoly basis, or (b) it will operate on a competitive basis).

XIX. What should be the character of the Organisation that should be set up to undertake State-Trading? Should it be (a) departmentally operated, or (b) a Corporation of which the Equity capital is wholly subscri-

The financing of foreign trade in terms of foreign currencies may be easier for the state. But it is possible for the state to obtain these facilities for private enterprise as well.

Part II

Any organisation for state trading should be a public corporate body and its capital should be open to subscription by the public as well. There should be a number of organisations dealing with different sectors of foreign trade. It should be a statutory body and on its Board of Directors must have representatives of trade. The state trading organisation should contact private suppliers in India and must utilize the normal trade channels for the purpose of carrying on the trade. The state trading organisation should function on ordinary commercial principles and the organisation must be subject to the payment of taxes to Government as any other commercial concern.

bed by the State or (c) a Corporation in which the organised trade also participates in the Equity Capital, or (d) a kind of cooperative society of wholesale exporters/importers sponsored by the State?

XX. Would you favour one single organisation to undertake State-Trading or a number of organisations dealing with the different sectors of foreign trade or the several commodities or regions?

XXI. How should the Organisation be constituted? Should it be statutory or non-statutory? Should its Governing Body or Board of Directors be (a) composed entirely of officials, or (b) include representatives of trade? If (a) should it be assisted by a non-official Advisory Board? How should a Board be constituted? If (b), what should be the extent of State control over policy or administration and how should it be made effective? What should be the qualifications for the Chairman and Members of the Governing Body? How should their salaries and allowances be determined? (Can you suggest a draft memorandum and articles of association for such an Organisation? It would help the Committee if you would draw up a Scheme for a State Trading Corporation with as much detail concerning its organisation and working as possible).

XXII. Would you lay down any particular manner in which the State-Trading Organisation should deal with other countries, e. g., (a) bulk trading on Government-to-Government level, or (b) on the basis of dealing directly with private suppliers in

India and foreign buyers abroad in the matter of exports, and vice versa in the matter of exports, and vice versa in the matter of imports.

XXIII. Assuming that the State Trading Organisation is to cover the entire field of foreign trade, what would be the magnitude of finance required for the purpose?

XXIV. What will be the limitations of the State Trading Organisation arising from (a) paucity of competent personnel with sufficient trade experience and (b) magnitude of finance involved and the fact that the losses, if any, will have to be borne by the State? How can these limitations be overcome?

XXV. How far, in what capacity and on what terms should businessmen, industrialists and financiers in this country be associated with the State Trading Organisation? As regards the vast body of executive personnel required for each an Organisation-Directorial, Managerial, Supervisory Accounts and Finance, Inspecting Clerical etc., how would you secure them in requisite numbers having due regard to integrity, experience, intelligence, ability and technical know-how?

XXVI. What, in your opinion would be the economic and financial consequences of ousting a substantial part of private enterprise now engaged in foreign trade as a result of State-Trading? What would be the effect of large-scale State participation in foreign trade on (a) Public finances, and (b) employment of personnel now employed by private enterprise?

XXVII. Should the State Trading Organisation function on (a) ordinary Commercial principles, or (b) the long-range basis of no-profit, no-loss.

XXVIII. What should be the source of finance of the Organisation in regard to (a) its initial capital and (b) its working capital?

XXIX. In what respects will the operations of the State Trading Organisation be subject to international obligations under GATT and the Havana Charter?

Fiscal Commission.

The Government of India in the Ministry of Commerce, constituted the Fiscal Commission to examine in consultation with all the interests concerned, the working of the policy of the Government of India with regard to the protection of industries since 1922 when the last Fiscal Commission reported; and to make recommendations as to:

(a) the future policy which Government should adopt in regard to protection to and assistance of industries, and the treatment and obligations, of the industries which may be protected or assisted.

(b) the machinery required to implement such policy and

(c) any other matter having a direct bearing on the effective implementation of this policy.

also they stated that the Commission will be free to distinguish between short and long term aspects of the problem and also advise in the light of the country's requirements, how far it would be desirable to undertake international obligations of the kind involved in the General Agreement on Tariffs and Trade or the Charter of the International Trade Organisation".

Subsequently, an addition was made to these terms of reference, and the Commission was asked to examine from the point of view of India's interests, the effects of the preferences accorded to some categories of imports from the United Kingdom, under the Indo-British Trade Agreement of 1939. In their letter No. 34. T. (37) 48, dated the 24th May, 1949, the Ministry of Commerce further desired that the Commission's recommendations

on the desirability of undertaking international obligations of the kind involved in the General Agreement on Tariffs and Trade and Charter of the International Trade Organization should be submitted to Government in advance of their main report and not later than the 15th August, 1949.

The Commission in view of Government's directions divided their questionnaire into two parts, part one covering all subjects included in the terms of reference except the item relating to the General Agreement on Tariff and Trade and the Charter of the International Trade Organisation which has been dealt in part two.

Part I consists of 8 sections. Section A-1 deals with changes in the General Agricultural and Industrial situation in the country since 1922-23 when the first Indian Fiscal Commission reported while Section A-2 deals with some problems of cottage industries.

Section B deals with the policy of discriminating protection and its application since 1923. Section C deals with the effects of past Tariff policy. Section D is in connection with the main factors which must be taken into account in the formulation of a appropriate Fiscal Commission Section E deals with the non-Fiscal measures which have a direct bearing on the success of any Fiscal Policy, the Government may adopt.

Section F is in relation to Commonwealth preferences, Section G is with regard to treatment of applications of protected and assisted industries. Section H deals with problems of organisation methodst and procedure that are incidental to the effective implementation of any policy.

PART II is with regard to the question whether how far it would be desirable for our country to undertake International applications of the kind involved in the General Agreement on Tariff and Trade or the Charter of the International Trade organisation.

In dealing with Part II, the Chamber replied that the basic purpose of the Havana Charter on Trade and employment is set forth in article one of the same which aims at the attainment of the higher standards of living full employment and economic progress and development. To attain these objectives it aims at developing world trade by removing restrictions therein. In short, it wants to liberalise International Trade. It will be seen from the reading of many provisions of the Charter that it is more concerned with removal of restrictions on World Trade, rather than with measures to develop the underdeveloped countries. Unless various

countries of the world are placed on a relatively equal footing in regard to their economies the underdeveloped countries cannot in toto subscribe to the principle of free trade which is aimed at in the Havana Charter.

Here it may be mentioned that originally when the proposals emanated from the United States Government, these proposals ignored the needs of economically backward countries. It was because the Indian Delegation made persistent efforts, Chapter 3 of the Charter on economic development and reconstruction was added to the Charter. This Chapter recognised the view point of the under-developed countries such as assisting their industrial and economic development etc. It is felt that the provisions contained in that Chapter will not be of great assistance to these under-developed countries. Any action that might be necessary for economic development should be in accordance with the general principle of liberalisation of World Trade. Further, if any country wants to resort to measures for developing its economy, it has to put up its case before the International Trade Organisation and its approval may have to be sought. This means that there will be a number of obstacles to be surmounted before we can adopt an economic policy suited to our needs. In short it is doubtful whether India without referring to the I.T.O., can pursue policies of vigorous economic development, if she undertakes the obligations of membership of the I.T.O.

It will be seen from the above that the provisions laid down in the Charter for the economic development of backward and under-developed countries are not adequate. The I.T.O. is not called upon to help positively in respect of developing the under-developed countries. Therefore, the under-developed country must be free to pursue a policy of economic development, without obtaining prior sanction of the organization, with regard to certain actions (as for example levying duties, adopting protective tariff policies etc.), she takes for the development of her economy.

The Committee noticed that one of the objectives of the Charter is to encourage the International flow of capital. It has to be noted here that it is left to the bargaining capacity of the member countries to settle the terms of foreign assistance. So far as the question of foreign investment is concerned the Prime Minister has already enunciated the policy of the Government of India which states that the existing foreign interests would be free from any discriminatory restrictions that the facilities for remitting of profits earned in India would be continued and that if any foreign enterprise was compulsorily acquired the compensation would be

paid on a fair and equitable basis. The provisions of the Charter as stated in Article 12, is in accordance with the policy laid down by the Government of India.

In this connection, the Chamber would like to observe that participation of foreign capital should be allowed only in those spheres of industry which have not yet been properly established in this country and which require technical knowledge. If foreign capital is allowed to be employed in industries which have already been developed by indigenous capital and in industries where indigenous capital is prepared to develop it will cause great harm to the interests of the country. Therefore, foreign capital should be allowed whenever indigenous capital is not forthcoming. Technical assistance is very important and should be allowed very freely without any restriction.

This Chapter which relates to commercial policy is in fact the most important chapter in the Charter as it imposes the obligations of membership of the International Trade Organization. The obligations which a member country have to accept if it becomes a member of the International Trade Organisation would involve recognition of the principle of most favoured nation treatment; reduction of tariffs and elimination of preferences, equal treatment between domestic goods and foreign goods in respect of internal taxation and regulations, general elimination of quantitative restrictions, non-subsidization of exports except permissible exports etc. India in the present stage of her economic development cannot agree to these broad lines of commercial policy as set out in this Chapter as it would injure India's interests. The reasons for taking this view would be evident if we examine some of the important provisions of Chapter IV.

Article 17 of Chapter IV calls upon every member to enter into and carry out with members, negotiations directed to the substantial reduction of the general levels of tariffs and other charges on imports and exports and to the elimination of preferences. There are other commitments which members have to observe. From this it will be clear that the Charter provides scope for countries which may be affected by our imposing revenue customs duties to raise objections and thereby create difficulties for our country adopting a tariff policy best suited to our needs. For example if India puts up a high protective duty on the import of a particular article of manufacture the country or countries whose sale will be thereby affected may approach the I.T.O. and complain that India's action in that regard had amounted to placing restrictions on International Trade. India may have to explain her case and thereby

she will lose her economic freedom as she has to explain her position and get the approval from the International Trade Organization before resorting to a tariff policy which will prove conducive to her interests. No doubt the Committee is aware that it has not been specifically stated in the Charter that import or export duties should not be levied nor increased, etc. Therefore, it may be argued that a member country is free to levy or increase any protection or revenue duties but as has been pointed out certain other clauses [like Article 13 (1) Article (4), etc.] in the charter may be invoked by the members of the organization who are adversely affected by India taking action and the result will be we may not be able to follow an independent policy with regard to tariffs.

Again the Charter stands for elimination of quantitative restrictions though there are certain exceptions. In general the quantitative restrictions are permitted only if it is established that they are necessary for the economic development of the country concerned. It means that if any country wants to resort to quantitative restrictions for developing its economy it has to put up an elaborate case before the International Trade Organisation. This will be curtailing one's liberty to impose quantitative restrictions. Again with regard to subsidies while production subsidy within reasonable limits is permitted by the Charter it is against export subsidy except under certain conditions. A controversy may arise whether a subsidy given is a production subsidy or an export subsidy. Further in the matter of treatment of foreign products vis-a-vis indigenous products, it has to be noted that the Charter insists that once an article of foreign origin enters into a country it should be given equal treatment with the indigenous products. This will again curtail our liberty to encourage our indigenous manufacturers. The need to-day is to encourage the use of Indian products and therefore, equal treatment given to foreign products may effect our country's indigenous industries. Further, members are called upon to take appropriate measures to prevent restrictive business practices. This will go against our country promoting Indian banking and Indian interests of Insurance and Shipping Companies by giving them special assistance by way of reserving to them the work connected with our trade. Considering all these the Committee cannot subscribe to the broad lines of the commercial policy as set out in Chapter IV of the Havana Charter.

From what has been said above it is felt that the acceptance of the obligations implied in the Havana Charter would have injurious effects on our trade and industry both in the short period and in the long run. The Committee is no doubt aware that there are escape clauses in Chapter 3 under which, under deve-

loped countries in the interests of their economic development and reconstruction can take action. But even then it is felt that these escape clauses may not be of much avail in the long run in view of the fact that there are other clauses in the Charter which commit the member country to follow the objections of free trade administered in the Charter. As has been said already we can follow our economic programme of developing our industries only if we have freedom to regulate our fiscal policy and protect our industries. India cannot agree to the doctrine of free trade in the present backward stage of her industrial economy. If India joins the World Trade Organization it is doubtful whether she can pursue an independent fiscal policy best suited to her needs as that policy may come in conflict with certain provisions of the Havana Charter.

Since the I.T.O. is not concerned with developing the economy of under-developed countries and only aims at liberalization of world trade, membership for a country economically situated like us will not be of great advantage. In fact, as has been stated before there are some disadvantages in joining the International Trade Organization. If we weigh carefully the advantages and disadvantages it seems to the Committee that the balance of argument is on the side of India not ratifying the Charter. No doubt as a non-member she will not get the indirect benefits of the most favoured nation clause, she may not get a treatment as favourable as that which is accorded to a member-country. But then bilateral agreements depend upon the bargaining capacity of the contracting parties.

We should follow such a line of commercial policy that would facilitate the quick and rapid industrialization of our country. We should be able to increase employment by fully utilising our natural resources. Commercial policy therefore, should be considered as an integral part of the economic policy and it should be drawn up in accordance with our requirements which as has been stated is to increase our national wealth by utilising our man power and natural resources. We should not depend upon foreign trade to a large extent for running our economy. As far as possible our internal resources must be developed to meet our country's needs. We have to develop our trade, no doubt, with our neighbours.

With regard to Part I of the questionnaire the Chamber replied as follows:

I am directed by the Southern India Chamber of Commerce, Madras, to refer to the questionnaire issued by the Fiscal Commission and to place before you the views of the Chamber on the same.

The Chamber notes that the Fiscal Commission is charged with the duty of examining the working of the policy of the Government of India with regard to the protection of industries since 1922 and to make recommendations as to the future policy which Government should adopt in regard to protection to and assistance of industries and the treatment and obligations of the industries which may be protected or assisted. The Chamber further notes that the Commission is asked to make recommendations as to the machinery required to implement any policy they might advocate and also on any other matter having a direct bearing on the effective implementation of this policy.

That, there is need for formulating a fiscal policy appropriate to the present day conditions of the country needs no stressing. Government of India had recognised this when they announced their industrial policy in 1948.

In this connection, the Chamber would like to place before the Commission a matter which has a vital bearing on the question of laying down an appropriate fiscal policy. It is the subject of taxation of industry in India which has a close bearing and effect upon any scheme of rapid industrialization. The present tax structure, it is felt, very heavily presses on the industries of the country with the result that it has robbed all incentive to start new industries. What is more undesirable is that the level of direct taxation is so high, in fact it is higher than in U.S.A., Canada, Australia and other advanced countries, that no savings could be effected with the result that capital for new business enterprises cannot be found inside the country. Therefore, the existing tax structure has to be examined closely with a view to relating it to the needs of an infant industrial economy like ours so that its incidence need not prevent adequate profit margins and also new capital being formed from savings.

Another question to which the Chamber would like to refer in this connection is with regard to the participation of foreign capital in the country's industrial programme. No doubt the Government of India have referred to this question of participation of foreign capital in the development of our country's industries but it is felt that the Fiscal Commission should go into the question thoroughly and after a close examination of the same should make suitable recommendations. It is no doubt true that the country requires enormous capital resources for developing her industrial potential and that therefore there is great need for inviting foreign capital as our capital resources are not sufficient for establishing all the industries that our country needs. The Government have stated that there will be no discrimination of

any sort against foreign capital and that no restrictions would be placed in their way or making reasonable profits and on remittance of such profits abroad and that in the event of compulsory acquisition of the Foreign Enterprises compensation will be paid on a fair and equitable basis. Whenever foreign capital collaborates and works in partnership with Indian capital and management, it may be treated in the same manner as Indian capital. If on the other hand foreign capital, where ownership and management are not in Indian hands, are to be admitted into the country and given the same favourable treatment as is given to national and national-cum-foreign investments there might be some anomaly in the situation. The Tariff Board which examined the claims of certain industries for protection have raised this very issue. They observed that "Prima facie it would appear anomalous that the Indian Government should pay subsidy to a concern the major portion of the capital of which is held by nationals of other countries." They, therefore, suggested that "It is also a matter of consideration by Government whether as a condition precedent to a grant of subsidy the company should be called upon to alter its constitution so as to vest the majority of the share capital and control into Indian hands within a reasonable period." Therefore, the Chamber would suggest that the Fiscal Commission should also keep in view this aspect of the matter of participation of foreign capital in the development of the country's industries.

More important than foreign capital is technical help from foreign countries to develop our industries. There is therefore clear need for importation of foreign technical personnel. They should be allowed to work in Indian industries till such time as the industry needs and Indian personnel are able to learn the "know how". Therefore the Fiscal Commission may advise Government to allow foreign technical personnel to be invited into the country without restrictions as to period of service.

The Chamber pointed out that many changes have taken place since the first Fiscal Commission reported in 1922 and pointed out the necessity for formulating a suitable policy that will rapidly promote the industrialisation of the country and raise the standard of life of our people. It pointed out that the policy of discriminating protection laid down by the Fiscal Commission of 1922 was inadequate to the needs of the country. The conditions laid down under the triple formula were unduly stringent and could not give effect to a policy of industrialisation. The policy of discriminating protection was so halting and so slow that in spite of our country possessing great natural advantages such as abundance of raw materials supply of cheap labour, adequate source of

power, etc., we did not proceed rapidly on the path of industrialisation. It did not meet the requirements of an industrially under-developed country like India. If we have adopted a bold policy of protection without unduly tying ourselves to the triple formula laid down by them we could have achieved a good measure of industrialisation. While iron and steel, cotton textiles, sugar, paper, magnesium-chloride, artificial silk industries, etc., received protection at various stages many of these industries did not benefit directly from protection. In some cases where the Tariff Board recommend protection the Government rejected the Board's proposal as in cement, heavy chemicals, glass, woollen industry, etc. Further the method of granting protection was so dilatory and slow that it created many obstacles in the way of the industry applying for protection. An applicant industry had to prove that it possessed natural advantages. It had to prove also that it was not likely to develop at all without the help of protection. But as has been stated before no doubt certain industries benefited by protection like cotton, sugar and iron and steel.

Our industrial development very much falls short of our essential requirements. Our industrial structure is very weak and the absence of many industries shows an unbalanced economy which is largely dependent on agriculture. We should have essential defence industries as it would not be prudent on our part to rely on foreign countries for our defence. Certain basic and key industries such as iron and steel, ship-building, heavy machinery like automobiles, etc., electric equipments, heavy chemical industries and other essential industries needed for our defence requirements are necessary. Other essential industries required for civilian purposes are cotton and woollen textiles, silk and silk manufactures, sugar, matches, motor vehicles, glass industry, etc., etc. We must also greatly develop shipping, banking and insurance services. The volume of production needed is great in all sections than has hitherto been obtained. The panels for various industries have set up certain target figures which must be arrived at as early as possible. The target fixed up by the panels for different industries which have been accepted by the Advisory Planning Board as necessary for the needs of our country. The shortage of raw materials for various industries is really a problem for our country. Many of the raw materials have to be imported from foreign sources and Government should find it possible to secure the imports of such raw materials so that the growth of our industries may not be affected. Our present requirement of coal can be supplied from the country itself. But with regard to power we are still very far from our requirements. Water power can be cheaply harnessed and the Government should develop the various projects they have in view. Shortage of technical labour and trained personnel has been

a serious handicap in the development of our industries. Therefore, an industrial bias in education must be given as recommended by the Fiscal Commission of 1922. It is not possible for the country to initiate and carry on industries on a large scale unless it has a trained personnel who can direct and manage these industrial concerns. Therefore, there is imperative need for setting technical assistance from foreign countries. The Government should, also establish the needed higher technical institutions and must train technicians. The efficiency of labour in India has not been high compared to other countries. This may be partly due to want of education on the part of the labourer and also up-to-date machinery.

In an agricultural country like ours it is but natural that cottage and small scale industries should have found a place in the economy of the country. Among the subsidiary occupation of the agriculturists are hand-spinning and weaving, beedi-making, flour-grinding, rice-pounding, basket-making, etc. Steps must be taken to protect and develop the cottage and small scale industries. The small scale and cottage industries must be closely related to agriculture as the agriculturist who does not have a busy time throughout the year may be able to earn his subsidiary income through these industries. The cottage and small scale industries should supplement one another and not compete. For instance small power loom factories are eclipsing the handloom weaver and other cottage industries like tile-making, furniture-making, etc., meet with competition from factories. If different designs suited to the demands of the market could be made by the individual worker there is no reason why the small cottage industries should be eclipsed by big industrialists. Since cottage and small scale industries are an integral part of our economy they are not likely to be seriously affected by the development of large scale industries. They can co-operate with one another and enrich production.

The Fiscal Commission of 1921-22 stated that though India will be seriously affected by the development of large scale industries abundance of raw materials, ample supply of cheap labour and adequate sources of power to enable the country to develop her industries, yet they recommended a policy of discriminating protection. They applied a triple formula for an industry which sought protection, viz., that it must be one possessing natural advantages such as an abundant supply of raw material, cheap power, a sufficient supply of labour and a large home market, next that it must also be one which without the help of protection either is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interests of the country and finally it must be proved that the industry will eventually be able to face

world competition without protection. It has already been said before how this policy of discriminating protection did not promote the growth of Indian industries. The minority in their dissenting minute stated that the main recommendation has been hedged in many conditions and provisions which were calculated to impair its utility. The Tariff Board almost religiously applied the triple formula when investigating the qualification of the each industry applying for protection. The result was that the country did not benefit much by this policy of protection. The method adopted for granting protection also left much to be desired. Without directly applying for protection to the Tariff Board, Industries had to submit their cases to the Commerce Department which decided first whether protection to that industry was necessary. Therefore, the machinery, procedure and formalities connected with the implementation of the policy of discriminating protection also left much to be desired. Though according to the recommendations of the Fiscal Commission the Tariff Board was to be a permanent body, different Tariff Boards were separately constituted for each enquiry, and thus the most important recommendation of the Fiscal Commission, viz., to constitute a permanent Tariff Board was ignored. Again the powers and the functions of the Board were not defined in a statutory manner. In the case of sugar, woollen, glass and match industries the Government did not accept the Tariff Board's recommendations. The Board could investigate only cases of those industries which were referred to it by Government. The Fiscal Commission's recommendation that the Government should publish the results of the enquiries was also not observed.

The laying down of the three conditions by the Fiscal Commission of 1922 for qualifying for protection were unduly rigorous. Therefore, it will not be to the interests of the country to adhere to these conditions for granting of protection to any industry. Both Japan and United Kingdom have cotton textile industries but they do not have the raw materials for these industries in their own country. Again rubber goods are manufactured in U.S.A., though the raw material has to be imported into the country. In spite of want of raw materials these countries have developed these industries in their own country. The strict interpretation of these conditions had resulted in denying assistance to many industries that would have developed had they been granted protection. The policy laid down allowed existing industries to develop but it did not protect industries that would have grown had they been given protection. Therefore, a more liberal policy has to be pursued for granting protection. We have before the country great plan for industrialisation and Government in their industrial policy

have stated as their objective the promotion of industrial activity. Therefore, there is need for a policy of rapid industrialisation. Most advanced countries like United Kingdom, Germany, France, U.S.A., Australia and Canada have achieved their industrialisation by only resorting to protection.

The Fiscal Commission of 1922 recommended the following supplementary measures for the protection of and assistance to industries:

Industrial bias in primary education and training of apprentices, giving facilities for cheap transport and taking appropriate measures against dumping. With regard to giving an industrial bias in education we have answered the question in answer to question No. 6. There is need for giving technical training to a large number of our labour. With regard to the railway rates policy it was found that the railway rates were so framed as to encourage the traffic to and from the ports at the expense of internal traffic. They recommended that internal traffic should be encouraged. Some concessions after great agitation have now been made on this question of railway rate policy and recently telescopic rates have been made available on continuance lines. It is to be hoped that the recently constituted Railway Rates Tribunal will look into any anomaly in the present rate structure and evolve a policy suitable for the growing needs of the country in regard to her industrial programme. Besides these, the Government can give other assistance to industries by providing finance, scientific research and other help.

During the war with the cessation of imports many new industries were established in India. The Government assured industries which started during the war that they would be protected if and when necessary provided they were organised on sound lines. Soon after the announcement of their industrial policy in 1946 an interim Tariff Board was constituted for a period of three years to investigate into the claims of protection or assistance to war time industries. The terms and conditions for the grant of protection were that the industry is established and conducted on sound business lines that having regard to the natural and economic advantages enjoyed by the industry and its actual or probable cost it is likely within a reasonable time to develop sufficiently to be able to carry on successfully without protection or State assistance or that it is an industry to which it is desirable in the national interests to grant protection or assistance and the probable cost for such protection or assistance to the community is not excessive. While admitting that these terms and conditions are better than those laid down by the Fiscal Commission of 1922 it should be pointed that these conditions must not be strictly interpreted.

It cannot be said that the revenue tariffs imposed in the past have had any appreciable effects on the growth and development of our industries and on the course of our export and import trade. The Fiscal policy of the Government of India upto 1923 remained largely free trade in its orientation and the revenue of the Government was the dominating consideration in deciding upon the rates of tariff to be levied. In the case of the sugar industry it should be noted that though imported sugar has been subject to a high revenue duty even before the sugar industry became a protected industry in 1932, the industry did not develop as a result of the revenue duty. The rate of revenue duty on sugar was 5 per cent *ad valorem* from 1894 to 1915 and gradually rose to 25 per cent *ad valorem* in 1922. The *ad valorem* rate became almost 50 per cent from 1925 to 1930. In 1930, the specific duty worked out to an *ad valorem* rate of 120 per cent. The sugar industry enjoyed the advantage of these high rates of specific revenue duty for all these years and yet did not develop on account of the revenue duties.

Due to denial of protection to many industries that might have grown if they were given the assistance by the State we have to import a number of commodities we could have manufactured and we have to export raw materials that could have been utilised in the country itself if the relevant industries had developed inside the country.

It may be necessary for the Government to grant tax concessions for infant industries and for industries that can be started in the country atleast for few years till they are well-established. Provincial taxation must not hamper the growth of industries and there must be a uniform policy with regard to taxation of industries. Other fiscal measures would be to grant protection. The non-fiscal measures needed to promote our industries would be supply of industrial raw materials, technical personnel, etc.

An appropriate tariff policy would be one which would develop such of those industries which have natural advantages and also those industries which are desirable in our national interests.

The objectives of the tariff policy in the short period should be to grant protection to such of those industries which are likely to develop within a short period and thereby reduce our dependence on foreign supplies.

There should be an unqualified pronouncement that the fiscal policy best suited for India is protection.

As has been stated before the principles and conditions for regulating the grant of protection or assistance should be such as

to enable the country to develop the industries that are necessary in our national interests and also those that can be developed within the country.

Special consideration or priority should be given to industries which are essential for our defence. Such other industries which can be developed soon should also be given preference.

Protection should be considered if necessary even before an industry is established as otherwise industries which can be established with advantage may not come up.

The methods of granting protection may have to vary from industry to industry. But generally protective tariff is the commonly accepted method of giving protection. In certain cases subsidies may have to be given. The system of pool prices as an instrument of protection is not satisfactory. Quantitative restrictions, viz., limiting the quotas of import may also be necessary when the home industries are not able to produce all that is required. The normal method of course should be that of protection through import duties.

As far as possible no export duty should ordinarily be imposed except for purely revenue purposes and that only at very low rates. Export duties may be levied on monopoly products and efforts must be made to see that the export trade does not suffer on account of the levy of these duties. Export control may have to be restored for safeguarding the domestic consumer against critical shortages and for conserving domestic supply of raw materials for utilisation for home industries.

Established industries, in order to maintain their exports, may have to be assisted by giving tax reliefs say by taking the profits of the export trade at a lower rate. The Export Promotion Committee has also recommended this method.

The present method adopted by the Tariff Board in fixing the quantum of protection by the method of comparing the fair selling prices of the domestic products with the landed cost of the imported products seems to be the right procedure. This, while protecting the industry, would also protect the consumer by fixing the rate of protection at the minimum level.

As far as possible variations in duties to meet variations in import costs may be necessary.

A specific duty is preferable to an *ad valorem* duty which is easy to administer. But a specific duty has also its disadvantage because when in a period of falling of prices the specific duty will

prove very high. A combination of both specific and *ad valorem* rates may be tried as this may prove equitable.

Tariff quotas, as far as possible, should be restricted to only one case when our home industries are not able to produce to the extent needed by the country.

The duration of protection should be for such period which would afford sufficient time for the establishment of the industry on a sound basis. The length of time to be allowed should not be too short. A minimum period should certainly be laid down for giving protection.

The revenue tariff classification should be so arranged so that all raw materials which have to be imported for our industrial development should not be subjected to high import duties. They can also import essential plant and machinery by reducing the duty on the import of these capital machinery, etc. With regard to the provision of cheap, adequate and quick transport supply of cheap fuel or power and supply of technical personnel answers have already been given. With regard to the supply of industrial finance recently the Government have started the Industrial and Finance Corporation. It grants advances or guarantees advances against the security of tangible assets. Some Provinces also have started these Finance Corporations to aid industries. What is needed is to extend their activities and to enlarge the scope of industrial finance so that industries need not, for want of finance, be handicapped in their growth.

By constituting joint committees of representatives of trade and industry and Government Departments concerned it would be possible to secure co-operation between industry and trade.

The existing administrative organisation will not adequately deal with the problems of implementation that may arise out of the Government's acceptance of a comprehensive policy as regards fiscal measures and non-fiscal measures.

Therefore, a permanent Tariff Board statutorily recognised must be entrusted with the task of implementing the recommendations of the Fiscal Commission.

An industrial Planning Commission may be set up which may deal with the planning and execution of the various measures and it may have a number of suitable branch organisations to deal effectively with the various questions referred to it.

The Fiscal Commission of 1922 recommended that the successful working of any scheme of protection would require the

existence of a thoroughly competent and important organisation or Tariff Board which should enquire into the condition of industries and recommended whether protection should or should not be extended to them, etc.. They said, that the Board must be one which will command the confidence of the country and must be above suspicion of being subservient to any particular interest. They wanted the Board to be a permanent body. The Tariff Board should be a statutory body also.

The Tariff Board should have powers to undertake investigations on its own initiative and should have power to review the progress of protection of industries from time to time. The Fiscal Commission of 1922 in paragraph 306 of their Report have given the appropriate functions to be performed by the Tariff Board.

It may be necessary for the Government to assist the Tariff Board by giving them the help of technical organisations who would be able to advise the Tariff Board on technical subjects.

The Tariff Board should also be able on its own initiative to investigate the question of granting protection to industries that are essential to our national economy.

The application for protection should be made direct to the Tariff Board.

Expansion of Madras Harbour.

It was reported that the Government have decided to extend the Madras Harbour to the South. As the Chamber felt that the trade trends in the immediate years was not expected to increase the traffic in the Madras Harbour, it addressed the following communication to the Secretary to the Government of India, Ministry of Transport, New Delhi:

"The Committee of the Chamber have on previous occasions protested against the expansion of the Harbour as in their opinion the trade trends in the future years may not justify the costly scheme of expansion now contemplated.

Along with other bodies, this Chamber has also protested against the expansion of the Harbour southwards and it was thought that the scheme was either dropped or shelved for the time-being. The Committee is surprised to find from the papers that the Government of India are intent upon pushing the scheme of expansion and what is worse, have decided to carry out the extension to the South in spite of the vigorous opposition from all concerned and that the local Government have already agreed to alienate lands for that purpose and that the Government of India

desire to speed up the process of expansion. I am therefore directed by the Chamber to reiterate the objections of the mercantile community to the scheme of expansion of the Harbour and particularly to its expansion southwards.

1. Since the ill-advised expansion of the Madras Harbour was decided upon, new events have taken place like the recent decision of the Government of India to stop completely the imports of foodgrains into India after 1951 even at the risk of starvation. This must have influenced the authorities concerned to reconsider the question as to whether the expansion is necessary in the present context of things. Import of foodgrains form one of the principal items of trade of this port and in recent years due to shortage of that essential commodity within the country, large quantities have been imported which possibly would have influenced the harbour authorities to handle the trade, but under the changed policy and the determined efforts the Government of India and the local Governments to make the country self-sufficient in the matter of food supplies and to stop imports completely, the harbour will be relieved of much of its present congestion.

(a) The Chamber takes this opportunity of reviewing the import trade passing through this port. Apart from foodgrains which is one of the principal commodities imported through this port, other imported commodities handled at this port are Railway materials, piecegoods, timber, provisions, beer and wine, sugar, glassware, hardware, etc. Examining the prospect of trade in these commodities, the Chamber is convinced that the future prospects are none too bright to embark on such an expensive and speculative scheme.

In the case of railway engines and materials, Government of Free India have decided to construct Railway workshops for the manufacture of locomotives and spare parts in important centres of the country and the Chamber is definitely of the opinion that the import of these materials will in the year to come disappear or greatly diminish and the volume of the trade in respect of this item handled by the port will correspondingly fall precipitously.

(b) In the case of piecegoods, the volume of trade passing through this port has been steadily falling. From 25,000 tons in 1908-09, it came down to about 4,000 tons in 1939-40 and to 137 tons in 1945-46. The prospect of revival of trade in this commodity is rather gloomy. Many new cotton mills have already been started in this country and Government of India have sanctioned allot-

ment of additional spindles to meet the growing requirements. It would thus appear that the idea of the Government is to make the country self-sufficient in the matter of such essential goods like foodstuffs and clothing. Therefore trade in this commodity also which is one of the main articles of import through this port will not under any circumstances revive but will register further falls and the congestion in the harbour contributed by this trade will become a thing of the past.

(c) In the case of timber and other building materials like cement, etc., the Committee cannot see a bigger volume of trade passing through the port in the years to come. Many cement factories have been started within the country while many more are yet to be started and consequently the demand for imported cement will appreciably fall. Due to the cessation of imports for some time now, there is some demand in recent months but it is not advisable to embark on the expansion on temporary spurts in trade. In the case of imports of timber the bulk of imports were from Burma when it was part of India. Burma is now a free country and there may not be the same volume of exports as before. Moreover in place of timber, people are now depending more and more on concrete structures instead of timber beams, rafters, etc., with the result that the demand for timber may go down in the future.

(d) In the case of beer and wines which accounts for about 5,000 tons of load per year on an average, the Government are aware of the prohibition policy of the local Government and it is not likely that there will be future imports of these items except on a very diminished scale.

(e) Turning to hardware, owing to higher prices demanded by foreign shippers the demand even now is low. Government of India have also plans for the erection of new factories possibly one in South India, and therefore imports will not be maintained on the same scale. Glassware imports will soon disappear as more and more factories are started in India and in this province. Similar is the case of paper and paste boards, cycles and motor cars. In respect of these commodities also, factories for their manufacture or assembling are being either built up or under construction and in any case the Chamber feels that future imports will never be on a larger scale than the present or the past.

(f) It has also to be remembered in this connection that the policy of Government is to make the country self-sufficient in the matter of essential commodities. Now, large quantities of consumer goods like provisions, toilet requisites, fountain pens, pencils, pernicious foods, etc., are imported in large quantities.

The demand for such luxurious goods as mentioned above may not in the years to come be as large as at present as the buying capacity of the masses is dwindling due to the disinflationary policy.

II. Coming to the export trade passing through this port the Chamber would draw the attention of Government to one fundamental point of importance. Export trade passing through this port form only about a third of the import trade of the port. During the 45 years from 1903-04 to 1947-48, the average volume of exports during the same period was only 257, 943 tons, i.e., about a third of the import trade and consequently the Chamber feels that too much reliance cannot be placed on the development of the export trade. It is true that in their export drive, the Government of India have recently appointed Trade Commissioners in important foreign countries but whatever increase there may be in the volume of trade passing through the port it will not compensate the likely fall in the import trade. Moreover the pattern of our export trade in the future is also likely to undergo metaphysical changes. Instead of the raw bulk commodities hitherto exported, we will hereafter be exporting only manufactured or semi-manufactured goods.

Seeds and nuts which are the chief items of export will be used in the country to an increasing extent by factories recently set up in all parts of the country. Government of India is also diverting large areas from commercial crops to food crops so that the exportable surplus will greatly diminish.

Bone-meal, manures and oil cakes are essential for the growing of food crops in the country and the volume available for exports will dwindle. India is fast entering into a new era of industrialisation and therefore instead of more and more raw materials which were hitherto be exported. Therefore though the value of trade will improve the volume is bound to diminish and the harbour authorities need not unnecessarily get nervous in coping with the trade passing through the port.

On a review of the prospects of trade in the years to come, both imports and exports, and judged from the trends Government is ill-advised and rather impatient in sanctioning the expansion scheme. Government probably were led by recent imports and exports of large quantities of essential and unessential goods. That is because of the liberalisation in the import and export policy. It is a temporary passing phenomenon. That phase has disappeared now and trade is adjusting itself to normal. The abnormal

volume of trade handled in recent years should not have influenced the authorities to launch upon such a costly scheme.

III. Another recent development, that has to be considered before embarking on a scheme of such an expensive nature, is the impending break up of the province into linguistic divisions of Andhra, Kerala, Karnataka and Taminad and the consequent repercussions of such divisions both on the import and export trade of the Madras port. Already there are two fully developed major ports one in Andhradesa and another in the proposed Kerala Province. It is to be expected, that with the division of the provinces the new provinces will only patronize the port situated in their own areas even as some extra cost rather than the ports in other provinces. This aspect of the question has an important bearing on the development of the Madras port which will hereafter be patronised by the trade passing mainly in Taminad. The division of the province, will, in the opinion of the Chamber undermine the importance of the port of Madras to a very considerable extent and it is to be expected that thereafter there will not be traffic in the port to the extent as its present capacity can handle. Therefore in launching on such schemes, Government should not be influenced by the temporary spurts in trade but should take a long range view.

IV. The competition from neighbouring ports has also to be taken into consideration before an expansion of the present harbour is decided upon. Vizagapatam on the East Coast and Cochin on the West Coast are recently developed major ports and between them they claim a good slice of the trade which used to pass through the Madras Port. There is already a proposal, and investigations are already proceeding, for the development of a deep-sea port between Cochin and Marmagao on the West Coast. The Chamber anticipate that the construction of this port will also soon be taken on hand. The development of minor ports in the province is already engaging the serious attention of the local Government and they have already decided to refund a large amount taken from the Minor Ports Fund in 1939 in order to develop these minor ports. Government have also a proposal to develop the minor ports of Vadarevu and Point Calimere besides planning extensive improvements for Tuticorin. With the development of new ports and improvements to existing ports, more and more of the traffic now offering through the Madras Port will be diverted, so that the trade likely to be handled by the port of Madras in the years to come will only be a fraction of what it was in the past.

It is true, due to conditions created by war and closure of many minor ports to facilitate customs examination of goods pass-

ing through the ports, and due to the liberalisation of import and export regulations in the years soon after the termination of hostilities, there has been a concentration of trade at the Madras port. Warehouses were found inadequate to cope with the temporary spurt in trade which difficulties were accentuated by the harbour authorities failing to stack goods according to marks and also by importers not taking delivery of goods expeditiously for want of godown accommodation. All these difficulties are passing phases and they have already begun to disappear. Now the major trade handled by the port is the import of foodgrains which as has been already pointed out will be completely stopped by 1951.

Therefore viewed from any angle, the Chamber is of the opinion that the prospects of future trade passing through Madras Port are not bright to warrant an outlay of large capital expenditure on the expansion of the present harbour. The Chamber agrees with the Hon'ble Minister for Public Works of the Local Government that trade in the province is bound to increase after the province is industrialized but where the Chamber differs from the Hon'ble Minister is that with the disintegration of the province into linguistic divisions, and the development of both major and minor ports in the province, the available trade will be distributed among many major and minor ports so that the volume of traffic passing through the port of Madras will be comparatively less. Therefore any increase in capital outlay will be an additional burden on the trade using the port. It has also to be remembered that, though, for building sheds and warehouses, a large area of land was obtained from the Government of India about 12 years ago it was not used solely for such sheds and warehouses but was mostly used for building quarters for officers and it may be pointed out that port trust premises are even rented for other offices.

On a consideration of the above facts the Chamber is of the opinion that the expansion of the harbour in the present context of things is hasty and not warranted by prospects of trade revival either present or future.

V. The Chamber also wish to draw the attention of the Government of the most controversial part of the expansion scheme of the harbour, i.e., expansion towards South. The Chamber takes this opportunity of pointing out to Government that the Madras Marina is acclaimed by all as the best in the East and there was vehement protests all-round against the proposal to convert that beautiful foreshore even as a playground for children. This is a place of resort and recreation for lakhs of people densely populated in the crowded areas of Park Town, Royapuram, and for those in the North of Madras. The important public offices

like the Secretariat, Legislature, etc., located opposite to the proposed expansion site are visited by thousands of people day in and day out and now present a beautiful panorama against the vast expanse of sea in front of it. Costly buildings have sprung up round about that area and it is considered as the life blood of the City's population.

The industrial development of the City is towards the North and many new factories, mills and other manufacturing concerns and other offices have recently sprung up in the north of the City. The proposed motor assembling plant is also to be located in that part of the City. The Industrial and Commercial Conference held in Madras and presided over by Sir M. Visweswarayya in 1945 unanimously passed a resolution recommending to Government to develop industrial belts round important ports and towns. There is also the proposal to amalgamate the two Railway systems and to have a common terminus somewhere to the north of the present Central Station. The advantage in having such a common terminus is great and there is immense scope for considerable expansion without detriment to the interest of the residents of the City. It is therefore in the fitness of things that in the event of Government ultimately deciding on the expansion of the harbour, it be extended to the north to facilitate the transport of raw materials and finished products to the fast developing industrial area in the north of the City.

In this connection, it has also to be remembered that the portion north of the City and adjoining the harbour is open to erosion and if left uncared for, that part of the City will ere long be subject to severe erosion and by and by will be washed by the sea. This therefore is an opportunity for preventing erosion on the north and expansion of harbour in the south. It will be advisable to combine both the schemes together, by the expansion of the harbour, if found necessary, to the north.

The construction of the docks, big marshalling yards, warehouses, etc., right in front of the Secretariat and public offices as now proposed, will effectively mar the beauty of the City and imperil the health of the citizens. The foreshore which is now being utilised by lakhs of people every day will be converted into smoky factories, warehouses and clumsy dwelling places for labourers. It is no consolation to say that facilities will be provided for people to use the foreshore. The value of lands and buildings round about will appreciably fall down and the present Secretariat which now houses the Legislature will be effectively shut off from the sea.

Therefore, considered from all points of view, the expansion of the harbour southwards is ill-conceived and hasty and in the opinion of the Chamber has to be given up.

I am also to refer Government to the recommendation of the Armstrong Committee who stated that the "Major ports have on the whole being confidently meeting the needs of trade in the past whether in peace-time and in making recommendation for improvements we are only dealing with the possibilities and eventualities."

Having regard to the circumstances mentioned above, the Chamber urges upon the Government of India not to rush up with the proposal for the expansion of the Madras harbour but to reconsider the whole question afresh in the light of the facts mentioned above and to institute a thorough enquiry and pending the decision of such an enquiry to give up the question of the expansion for the present.

The Chamber enters their strong protest to the proposal to expand the harbour southwards as in their opinion such expansion is not in tone with the needs of the industrial and commercial community but will effectively mar the beauty of the City, injure the health of lakhs of people and bring down artificially the value of buildings and sites round about that locality for which no Government or local body will pay compensation.

22nd Annual Session of the Federation of Indian Chambers of Commerce & Industry, New Delhi.

For the 22nd Annual Session of the Federation of Indian Chambers of Commerce and Industry, New Delhi, which took place on the 3rd and 4th March 1949 at New Delhi the Chamber sent the following as delegates of this Chamber.

1. Rao Bahadur T. S. Kachapikesa Mudaliar,
2. Mr. R. Ramanathan Chettiar,
3. Mr. V. K. Chetty,
4. Mr. K. L. Narasimha Rao.

The following resolutions were forwarded by the Chamber for being moved at the 22nd Annual Session of the Federation.

Resolution No. 1.

TAXATION.

The Federation is of the considered opinion that the Industrial development of India, has been retarded by the high incidence of taxation which has affected considerably the ability to save and thereby resulted in choking capital for investment and requests the Government of India to straight away appoint a taxation enquiry committee consisting of non-officials to review the existing tax structure of the country both provincial and central and to suggest measures to relieve the existing burden of taxation especially on industry with a view to induce accumulation of capital and for investment of the same for the industrial expansion of the country.

Resolution No. 2.

INDIAN INTERESTS IN FOREIGN COUNTRIES.

This Federation views with great alarm the expropriatory measures undertaken by foreign Governments especially Burma, in the matter of nationalisation of lands held by Indians and while the Federation is grateful to the Government of India for

the appointment of a high power committee, requests the Government of India to urge upon foreign Governments especially Burma Government to grant adequate compensation as determined by an impartial authority before acquisition and nationalisation of lands.

On this question, the Federation requested the President of this Chamber to speak on the Federation's Resolution on export Trade. Rao Bahadur T. S. Kachapikesa Mudaliar spoke as follows :

"I have very great pleasure in seconding the resolution on the development of Export Trade, so ably moved by my friend Sjt. Tulasidas Kilachand. It is hardly necessary for me to speak at length to this enlightened audience on the importance of developing the export trade of the country. To-day conditions are such that more and more exports should be encouraged not only to pay for our normal imports and the huge amounts spent annually for our food imports but also to pay for the import of capital machinery so necessary for the industrialisation of the country. The import of foodstuffs to the extent of Rs. 130 crores is upsetting all our calculations. It is, therefore, all the more necessary that we should export more. But going through the figures of our export trade as published by Government we are led to conclude that things are going against us. During the year 1939-40 our total imports were valued at Rs. 165 crores while exports including re-exports amounted to Rs. 214 crores leaving a favourable balance of Rs. 49 crores. The favourable balance rose to Rs. 70 crores in the year 1941-42 and to Rs. 93 crores in 1943-44 but from the year 1945-46 it began to fall steadily and for the year 1947-48 for which year alone latest figures are available it is only about Rs. 5 crores. Even this small surplus has disappeared as is evident from the recent trade trends. This is indeed a disappointing state of affairs and unless timely correctives are applied the balance of trade in the years to come will be adverse to India.

It is, therefore, high time for us to review the situation and see how best we can revive our position and place our export trade on a high level. In this connection it is interesting to note what other countries have done. In the United Kingdom there exists a separate department called the Export promotion Department attached to

the Board of Trade. Information from all centres is collected and made available to exporters. In U.S.A. an exporter similarly gets information on the kind of goods that are required in particular countries. He is also invited to mention types of goods for which an export trade can be developed. We, in India, have yet to develop such departments for the promotion of our export trade. It may be said that the pattern of our trade is different from that of U. K. or U.S.A. and further that we are exporters of raw commodities. But the time has come when we shall not be satisfied with the export merely of raw commodities but should be in a position to compete in the foreign markets in finished products also. Therefore, it has become necessary more in the present state of things, to organise a separate department in the Ministry of Commerce exclusively intended to cater to the development of our export trade.

Our Government have not been slow in recognising the importance of the export trade in relation to the growing economy of this country. They have been very prompt in appointing Indian Government Trade Commissioners abroad to watch our interests in these countries. But it must be said that our Trade Commissioners are mostly chosen from the Commerce Department or other departments of Government and they are usually burdened with routine work. They have not further got the necessary practical experience of shrewd businessmen. The Commercial Community have, therefore been urging Government for the appointment of practical businessmen as our Trade Commissioners so that they may be more useful in promoting our export drive, and I would, therefore, request Government to make their future appointments at least from practical businessmen. In view of the competitive markets at present prevailing, exporters should not only get information on the kind of goods received in particular countries but should also be told of the types of goods for which an export trade can be developed. In short they should function like an Export Promotion Department of the United Kingdom, to study market trends and tastes of people, to substitute products competing with Indian goods there, to report market conditions, to participate in fairs and exhibitions and to maintain a museum of Indian Commodities and manufacturers in their areas. They should at the same time take care to see that inordinate delays are avoided in the matter of contacting parties through trade Commissioners and also without observing unnecessary formalities as is being done at present.

There are various handicaps operating at present against the development of our export trade. It is indeed regrettable to note that in the matter of disputes even now India has to remain hopelessly dependent on arbitration proceedings conducted in foreign countries where our exporters are not at all represented.

This is the case with regard to our largest export of hides and skins, groundnut kernel and oils for which surveys and arbitrations are held in foreign countries without our being represented there. It is a pity that we should be left to the tender mercies of the foreign importers in the matter. I venture to suggest that the Government of India should lose no time in constituting expert Committees at principle ports in India, having representative of the exporter, the foreign importer or their representative and other interests. This Committee should have the power to pass or reject the goods tendered for exports and when once it is allowed to export the shipper should not have any further anxiety.

We have also to take note of the changed circumstances of present day commerce, in adopting to competitive prices, we stand to lose our export trade in the foreign markets which we have steadily built up in the past. Similarly synthetic products are also competing at uneconomic prices in our established markets. This may be due to either to the restrictions in our export or to the high costs of production prevailing in the country. Unless our prices are adjusted to the prices prevailing in the consuming markets there is the possibility of our losing the entire export trade in those commodities. In the case of groundnuts we are fast losing ground in favour of South Africa, Tea in favour of Ceylon and East Indies. Even our monopoly products like jute is being threatened with uneconomic competition from South America. These are significant pointers and unless we apply correctives in time we may lose our hold there.

Our exporters experience another competition from inside also. The Government sponsored co-operative societies is a recent addition to the export field and with Government support and patronage they compete on unequal terms with the private exporters. They are not burdened either with the Sales Tax or income tax etc. and despite all that in the grant of export permits they are shown special preference. It is not my purpose here to object to the special

favour shown to them but what I wish to emphasise is that they should also be treated on a par with the private exporter.

Yet another difficulty confronting our export drive is the high incidence of duty on some of the principle articles of export. Whatever justification there was for their levy, times have changed now and in the present circumstances such high duties will be a milestone round the neck of these commodities. In particular I may mention groundnut oil and kernel, tea, jute coffee, raw hides, piece-goods etc. There should be a proper re-adjustment of duties to enable Indian commodities to compete with similar goods in the foreign market.

It is true that due to historical accidents our foreign trade got concentrated in the hands of a few foreign nationals. Every other country is making steady attempts in seeing that their trades are concentrated largely in the hands of their own nationals and India should take a leaf from them and conserve to its own nationals the foreign trade of the country as far as possible.

In the prevailing conditions of the country's shortage of supplies some restrictions in the export is necessary to conserve available supplies for local requirements. But this should not be an excuse to restrict the export of all sorts of commodities not required essentially. We should have correct statistical data regarding production, consumption and surplus. The issue of licence also should be simplified and handled expeditiously. Foreign markets are often lost due to the inordinate delays in the handling of export applications. Vexatious details should as far as possible be avoided. The arbitrary determination of destination quotas should be reviewed to suit changed circumstances. Some destinations may not be able to absorb all the quotas allotted to them and in such cases quotas should be made transferable.

Having said so much about the part Government have to play in the export trade, I will be failing in my duty if I do not sound a note of warning to my brother exporters. Rightly or wrongly Indian exporters are often accused by the foreign importers of not conforming to the quality, weight or measurement of the various commodities exported with the result that our reputation in the foreign market has fallen considerably. It may be true of isolated cases but all the same the reputation of this country suffers. There-

fore, every possible attempt should be made by exporters to conform to the standard of quality, weight and measurement and thus pave the way for the successful building up of the trade and commerce of Free India.

Indo Burma Relations

It was pointed out during the last year to the Chamber that the separation of Burma from India and from the British Commonwealth had created innumerable problems for Indian Nationals in Burma and also for those who have invested their capital in Burma. The Govt. of Burma had passed three acts; the Transfer of immovable property; Restriction Act, Tenancy Standard Rent Act and the disposals of tenancy Act in 1948 which had considerably affected the Indians and had the effect of depriving them of their valuable assets and capital in Burma. Apart from these Acts, the Government of Burma, Land Nationalisation Act whereby lands in Burma were nationalised and amount of compensation fixed under the Act was ridiculously low. The Chamber wrote to the Government of India on this question as follows:—

The Political and economic trend in Burma as followed recently are so sweeping and have come so suddenly that Indian interests are affected considerably and unless Government of India take a very strong attitude and make representations to Government of Burma thousands of Indians settled there for years and tens of thousands of families will be completely ruined. It is very comforting to note that the Government of India have lost no time in taking representatives into their confidence and making timely representations.

The Committee of this Chamber had the benefit of consulting members who attended the conference held by the Government of India on 1-7-1948 and have directed me to represent as follows:—

The statement of Prime Minister Thakin Nu that "the question of compensation should be decided according to the circumstances, only after the acquisition of lands" have caused grave concern to owners of properties in Burma. It is against this background that the Chamber has considered the above question and I am to point out that the Government of India should first get an assurance from the Burma Government that before nationalisation of lands in Burma, Government of Burma should in the first instance accept

the principle of paying compensation to owners of landed property and secondly that adequate and equitable compensation should be paid for lands so acquired under the Nationalisation scheme. Justice, equity and fair play require that payment of adequate compensation should precede acquisition. The statement of the Prime Minister Thakin Nu referred to above is, on the other hand indefinite and evasive and is likely to cause much difficulty and unpleasantness for the future so that it is even now necessary that the Government of India should insist on the Government of Burma to clarify the position and to accept the principle of settlement of compensation before nationalisation. This is nothing new as in our own country this principle is acted upon in the case of abolition of Zamindaris.

The finance and economy of Burma have been badly shattered now. Under such circumstances nationalisation of lands in Burma at the present juncture is a stupendous task. We realise that it is not our business to suggest that. But on the other hand we should be prepared with a ready and acceptable proposal for assessment of value of our properties. The acreage involved is very huge. It is estimated that in lower Burma alone not less than 12½ millions acres of lands were under paddy, out of which 50% was in the hands of Burmese and Indian non-agriculturists, while the other half was in the hands of agriculturists. Till now in Burma persons supervising agricultural operations and whose chief means of livelihood was agriculture were termed as agriculturists. But the present statement of Thakin Nu recognised only tillers of the soil as agriculturists and aims at the nationalisation of not only paddy fields but all agricultural lands throughout Burma. Under such circumstances the acreage involved in the hands of non-agriculturists is immense, as there are more than two crores of acres under different crops in the whole of Burma. Out of these two crores roughly, the Indians own 30 lakhs of acres.

The Chamber is of opinion that to assess the value of such vast acreage a simple and workable formula acceptable to all the parties concerned should be evolved.

The rent obtained by land owners from his tenant in the year prior to Japanese occupation of Burma can be taken as basis for finding out the net return of land owner. Out of this rent the land

owner has to pay land revenue to Government. The rent is invariably paid in kind and the net income of land owner for a particular piece of land is the grain obtained in a year at the present price after deducting the land revenue on that price of land. 25 times of this annual income can be taken as compensation for acquisition of freehold right of the land owner in the property. The normal year for the purpose can be taken as the year prior to Japanese occupation of Burma.

In suggesting the above procedure the Chamber is only evolving a simple formula to work out the figures of compensation. If the Government of Burma have any alternative proposal in arriving for payment of equitable compensation the Chamber will be glad to offer its suggestions.

The Chamber wish to reiterate that from 1939 onwards Indians who have come in possession of lands in Burma have been freely selling their lands but this process by such acts as The Standard Rent Act, the Transfer of Immovable Property Restriction Act, and the Disposal of Tenancy Act major portion of the lands in possession of Indians would have been sold to the Burmese peasants who are always anxious to purchase our properties. After that limited period of 5 years there may be small pieces of lands with the Indian non-agriculturists and there would be no difficulty in nationalising them.

As regards the machinery to be set up for the above purpose, the Chamber is of opinion that a Central Board should be constituted at Burma wherein adequate representation should be given to Chettians, Indians, Burmese, and other landed property owners. Under the Board may be appointed assessors having sufficient experience in land records and agriculture in every district to assess the value of lands to be nationalised according to the formula arrived at. The Board may also be invested with powers of payment of compensation. Provision should be made for appeals to the High Courts of Judicature at Rangoon against the decisions of the Board.

Apart from the all-important point mentioned above, there are several other outstanding problems to be negotiated between the two countries. Till a decade ago Burma was a part and parcel of India and very large number of Indians live in that country. In that respect Burma occupies unique position and Indians have staked

considerable amounts for the rehabilitation of Burma. A large number of Indians are residents in Burma. There is considerable volume of traffic both in imports and exports between the two countries, so much so that even if we liquidate our vested interests there, there would be a very large number of Indians settled in Burma. Their citizenship right and other privileges would also have to be settled by negotiations before, they are absorbed in that country. Among the Indians settled there, there are several thousands of Indians who are tillers of the soil for several decades, and the Government of India should see that this class of Indians get their proper share and are benefitted like any other citizen. Several crores of Rupees arising out of war damages are still pending scrutiny and payment. Trade treaty is yet to be negotiated. Immigration and Emigration agreement has not yet been settled. These are some of the outstanding problems requiring urgent handling at Government levels.

Having regard to the close ties of friendship between the two countries, the Chamber is very much anxious that all the outstanding problems mentioned above should be settled in a friendly way. Any loss of Indian investments in that country will result ruination to several thousands of families in India. What is worse, this will be cited as an example by other countries where Indians have settled. To settle all these outstanding problems in the most friendly manner having regard to the close ties that existed between India and Burma till recently, the Chamber is of opinion that the Government of India should be good enough to sponsor an Indian goodwill Mission with the President of the Indian National Congress as head of the mission. The various interests should be properly represented on the Mission and it should be charged to explore all avenues for a friendly settlement of all the outstanding problems. The mission will be in a position to move about freely among all leaders of public opinion and strengthen the bonds of friendship, exchange views between leaders and discuss the question of compensation, rate of payment etc., ultimately leading to friendly agreement between the two countries. Having regard to the urgency of the problems, the Chamber would request the Government to move fast in the matter and make immediate representation to the Government of Burma, before it is too late. It is also essential that the good will Mission may also be arranged to visit Burma as early as possible. The

Chamber feels that under a National Government the interests of Indians overseas are sufficiently safe and that the Government of India would take proper steps to safeguard the interests of Indians overseas."

Subsequently, the Chamber understood that the Burma Government constituted a ten man Commission under the Burma Land Nationalisation Act to determine the basis and manner of payment of compensation. The Chamber pointed out that schedule two of the Act itself providing only for nominal compensation and it had been represented that the Commission should not be vested with power and whittle down the compensation that are fixed by the Act. The Chamber apprehended that the proceedings of the Commission will come to whittling down the maximum compensation provided under the Act and thereby compensation affect prejudicially the Indian interests.

It pointed out how the previous delegation under the leadership of Rastrapathi Pattabhi Seetharamiah had to postpone departure to Rangoon due to the request of Burma Government now it was understood that before further proceeding in the matter, the Burma Government will negotiate with the Indian Government on this question. The Chamber requested that the Government of Burma should satisfactorily settle the claims of Indians who were responsible for the large scale land reclamation of Burma. It pleaded that the matter must be discussed on Government level and that the Commission should not prejudice the issue.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras to draw the attention of the Government of India to the distressing state of affairs of many wealthy Indians who have sustained serious losses due to the damages inflicted in the war in Burma and to request the Government of India to do all in their power to alleviate the distress of these war victims.

The Government of India is well aware that Indians who have carried on business in Burma and who have sunk their capital in property and industries in Burma sustained very heavy financial losses amounting to several crores of rupees as a result of damages to their property in Burma due to the war and enemy occupation of that country.

The Committee wishes to point out to Government that the case of these claimants for payment of war damages is just as most of the sufferers amongst Indians are middle class people, who due to their losses in Burma, are facing utter ruin. The Government of India is also aware that a War Damages Commission was appointed in Burma and Indians along with other communities submitted their claims with this Commission. It is to be regretted that this Commission published no reports though more than two years have elapsed since it finished its enquiry.

But now the Committee of the Chamber understands from Press Reports that Sir Stafford Cripps, Chancellor of the Exchequer stated in a written reply to Parliament that the British Government would make an *ex gratia* payment of £. 10,000,000 to British business interests whose property sustained war damage in Burma. He is also reported to have stated that the decision was without prejudice to any further action which might be taken by the Government of Burma or to any claim made against that Government. It may also be noted that Burmese Parliament in 1948 passed a resolution recommending that Government should take action to secure very early payments of compensation by the British Government for property belonging to Burmese nationals destroyed or damaged on account of the war. The then Foreign Minister for Burma replied to that debate on the resolution and stated that the Government proposed to accept the wishes of the House as indicated in that debate and to convey to the British Government the request urged in the resolution. He also added that it was also the Government's intention to press for adequate compensation.

The Committee of the Chamber should press upon the Government the claims of Indians who sustained damages due to direct acts of war like bombing, scorched earth policy followed by the military authorities in Burma with a view to denying the use of the property to the enemy, loss or damage caused by seizure of destruction by enemy forces, loss or damage directly attributable to withdrawal of protection by His Majesty's Government owing to imminence of enemy occupation, loss or damage during the re-occupation of the country by the allies and due to commanding by military authorities etc., These Indians as pointed out are middle class people where as the British sufferers are mighty joint stock companies who can stand the losses. It is high time that the question of compensation

for Indians' losses in Burma is settled expeditiously. The British are ultimately responsible for the settlement of claims of war damages in Burma and it would not be fair on their part to other members of the commonwealth if they do not settle the claims of these but only give exgratia payment to their own nationals.

Therefore, the Committee of the Chamber would urge upon the Government of India to negotiate with the British and Burmese Governments and secure at an early date reasonable compensation for the losses suffered by Indian nationals in Burma during the War.

The Chamber trusts that the above will receive your sympathetic consideration."

Levy of fee for import licences for application

From Press Reports the Chamber learns that in order to meet the expenditure involved in the continuance of the Import Licence Organization, the Government proposed to levy a fee of Rs. 10/- for each applicant of licence. The Chamber, therefore wrote to the Secretary of Commerce Department, pointing out that there was no justification for levy of special fee for granting import licence.

"The Chamber understands from Press Reports that with a view to meet the expenditure involved in the continuance of the Import Control Organization it is proposed to levy a fee of Rs. 10/- per application of import licence. It is stated therein that the Government is considering the amendment of the Import and Export Control Act of 1947 to empower the Government of India to levy this fee from next year. The Chamber does not know how far this news is correct but if what the report says is true the Chamber would like to point out that it is not just on the part of the Government to demand a fee from merchants who apply for import licences. Due to heavy restrictions in import merchants do not get even a small quota of what they were formerly importing. But unfortunately they have to maintain the establishment which works out as a great hardship on them. If further to this they are also to pay fee for every application it would add to their financial burden at a time when their turnover is below normal due to heavy restrictions in import. Further, there is no justification

for levying a special fee as no special service is being done to these classes of persons.

The Chamber trusts that the Government if they have an idea of levying a licence fee for import applications the same is dropped in view of the circumstances stated above."

Import Licences

The Chamber pointed out the difficulties of Indent Agents who are forced due to their clients in taking charge of goods to make some arrangements to clear the goods, and addressed the following communication.

The Chamber would feel much obliged for your clarifying the following point. An indent agent places an order say for supply of pencils on a valid import licence of a client of his A when the goods arrived this client of his A does not take charge of the goods. Therefore, the indent agent arranges with another client of his B who has also a valid licence for import of pencil to agree to take licence of this consignment. Can the import being originally made in the cleared A may be under the licence of B? If B is not allowed to clear the goods then the indent agent will be put in a difficult position. Therefore, in these cases though the import of the goods are originally made in the licence of one party, if that party refuses to take charge of the goods the indent agent may be allowed to clear the goods on a valid import licence of another party who of course possesses a licence for similar goods. I will be glad to have your ruling in the matter.

On the question of Artists' Brushes from U.K., the following letter was addressed by the Chamber to the Chief Controller of Imports, New Delhi.

"The Chamber wishes to bring to your notice a hardship caused to importers of Artists Brushes due to the fact that these are not separately classified under the Import Trade Control Schedule. The same is classified in the I.T.C's Schedule under the serial number 321 of Part 4 under description of commodity 'Paint and Varnish Brushes'. The Chamber wants to point out that paint and varnish brushes are different from Artists Brushes and to classify them under 'Paint and Varnish Brushes' causes difficulty to importers of Artists Brushes. Rule 23 of the Principles governing the issue of import licences for July/

December 1949 says that no quota licences will be granted in cases where the quota found admissible to calculation is less than Rs. 500/- in the case of imports from sort currency areas. This means that an importer of Artists' Brushes must have imported, during the basis period, goods to a very high value viz., about Rs. 5 to 10 thousands. It may be that importers of paint and varnish brushes might have imported for this large amount. But certainly not importers of Artists' Brushes. This is how the classification of Artists' Brushes along with paint and varnish brushes in the I.T.C.'s Schedule causes hardship to the importers of Artists' Brushes.

The Chamber, therefore, requests that the Artists' Brushes should be classified separately and the minimum value of quota licences should be reduced so that the importers of Artists Brushes may be enabled to import same. The Chamber trusts that this matter will receive your earnest attention.

The Chamber pointed out that the applications for licence submitted under O.G.L. 15 concessions have not been issued by the department and whenever they were issued the validity was restricted to 5 months. Therefore, the Chamber requested that licences may be expeditiously extended to one year.

"I am to draw your attention to the fact that applications for licences submitted under O.G.L. 11 & 15 concessions have not in most cases been issued by the department and when they are issued their validity is restricted to five months, with a warning that no extension will be granted.

I am to point out in this connection that against O.G.L. 11 & 15 large items of machinery were ordered and when these licences were cancelled manufacturers in U.K., suspended those orders and diverted those goods to other countries. Later on, when licences are issued, orders have to be booked afresh and generally it takes a year for compliance so that it becomes impossible for the manufacturer to supply the goods within the period of five months as restricted in the licence. Unless a sufficient time is given importers may not be able to book the order through and get the goods. There is no reason why Government of India is not giving sufficient time as the British Government is known to have granted release of sterling sufficient to cover all imports under

O.G.L. XI and XV. This aspect of the question may be looked into and Government may be pleased to issue licences and also validate them for a period of atleast one year.

It has also been brought to the notice of the Chamber that against the new Import Policy announced on 12th September 1949, applications were submitted by importers and though it is nearly four months now, no licence seems to have been issued. The policy of issuing licences for a period of six months seems to be inadequate. During the previous licencing period, they were issued for a period of one year and there is no reason why during the present period its life should be restricted to six months. Manufacturers are unwilling to book orders for a period of six months.

Government may be pleased to consider the above difficulties and issue instructions for the issue of licences expeditiously and to extend the period to one year instead of restricting to six months."

Duty on Self Raising Flour

The Chamber addressed the following communication regarding the Levy of Import Duties on Self Raising Flour.

I am directed by the Committee of the Southern India Chamber of Commerce Madras to bring to your notice the financial loss and hard-ship caused to merchants importing Self Raising-flour due to the sudden decision of Government to levy customs duties on the import of this commodity.

The Chamber understands that self raising flour was being imported into India from December 1947 and that first consignment was brought into Madras Port in June 1948. When the goods had to be cleared the question of duty and other facts were considered by the Local appraising authorities in consultation with the Import Trade Controller and in view of its components viz., 96 to 97 percent wheat extraction and 3 to 4 percent foreign matter and in view of the fact that "Maida" or wheat Flour is imported by the Government free of duty and decided that it should be allowed free without any duty. They also treated the classification under S. No. 12 of Part V of the licence given as incorrect and referred the matter to the Chief Controller of Imports, New Delhi for necessary amendment. The Chief Controller of Imports, taking

into consideration all the facts finally decided and amended the classification and issued subsequent licenses under S. No. of Part V which for customs tariff purposes is item II (1). This item is a duty free item. Under this head merchants began to import further quantities till now without any duty being levied as this food stuff was an additional source of supply of our country's food supplies.

Even with regard to fresh import licences merchants have been advised by the Chief Controller of Imports to apply under the head Part V Serial No. 3 (this item as stated above is classified for customs tariff purposes as item II (1) which is a duty free item.) As such, these goods were imported free of duty till now.

But now, suddenly we understand from the Local Customs that they have received an order from the Revenue Board to charge self raising flour 30 percent duty and therefore, the Local Customs authorities have classified self raising flour under 21 (1) for customs tariff purpose which amounts to S. No. 97 of Part IV of the import Trade Control Schedule. They have levied a duty of 30% on consignments which have arrived recently, while the Chief Controller of Imports has classified the item as S. No. 3 of part V it is not known how the same is classified by the Customs as S. No. 79 of Part IV. On the basis of the former classification by the Chief Controller of Imports namely, S. No. 3 part V, merchants have imported self raising flour and as is usually customary in the trade they have been making forward sales. These sales, have not taken into consideration the payment of any duty as no duties have been collected on the import of these goods so far. To levy a duty suddenly without prior intimation on goods that were shipped as early as June 1949 is hardly fair to the merchants who have been importing these goods.

The Chamber would request the Government to allow the merchants to clear the goods without payment of duty as they have already effected forward sales and have made no provision for the payment of the duty as no duties were levied till now by the Government on import of self raising flour.

In this connection, the Chamber would like the Government to inform Merchants by a notification of any amendment that are

being made to the Customs Tariff Schedule so that merchants may know before hand."

To this, the following reply was received. I am directed to refer to your letter No. J. 1611/49 dated the first September 1949. As regards the cases in which forward sale contracts have been entered into prior to the revised classification of Self-raising flour for tariff purposes came into force, attention is invited to the provisions of section 64A of the Indian Sale of Goods Act, 1930. It is not the usual practice to give any special treatment in respect of goods already ordered or imported when any change in customs duty or tariff classification is made.

With regard to the last paragraph of your letter under reply, it may be mentioned that orders or instructions are necessarily by notification in the Gazette. However, important decisions are incorporated in the Indian Customs Tariff Guide (Public Edition) which is a priced publication."

Dock Strike in London

The Chamber in the following letter pointed out the hardships caused to merchants in India due to Dock Strike in London. Therefore, it pleaded that the validity of certain licences due to expire by 31st July 1949 should be extended by at least 4 to 6 weeks.

I am directed by the Southern India Chamber of Commerce, to bring to your notice the hardship and inconvenience caused to merchants in India due to the dock strike in London. The goods for various destinations have been held up in London for some time past on account of the strike. Even if the strike is withdrawn immediately there will be lot of delay in the shipment of the goods due to the large accumulation at the Docks. Owing to the strike, shippers have written to the importers that the vessels in which some of the shipments were intended to be booked were withdrawn on account of this strike.

It is brought to the notice of the Chamber that the validity of certain licenses are due to expire by 31st July 1949. As there will be considerable delay in the shipment of goods due to strike many of the importers will find that the validity of their import licences would have expired, before goods are shipped.

Therefore, the Chamber feels that there is every justifiable reason to extend the validity of the import licence expiring on 31st July 1949 by at least 4 to 6 weeks. The usual grace period of 15 days under the present circumstances will be of no avail.

In this connection, it may be pointed out that when there was a similar strike in U. K., last year, the Government was pleased to extend the validity of the licence expiring on 13th July 1949 by at least 2 months."

To this the following reply was received from the Import Trade Controller.

" It has been represented to the Government of India that in view of the recent London Dock Strike Shipments from London Port of goods covered by valid import licence have been delayed. In order to cover imports of any consignments so held up in London port, it has been decided, as a special case that in respect of all import licences including special O. G. L. XI licences, on the United Kingdom, which expired on or due to expire between 24th June 1949 and the 31st July 1949, shipments will be regarded as having been made within the validity of such licences, if a letter from the Port of London authorities or a Wharf receipt is produced before the Customs authorities in India to prove delivery at the London docks on or before the date of expiry of the licence. For this purpose, the expiry date of licence will be calculated as usual, i.e., after allowing the fifteen days' grace period.

This concession will be deemed to be withdrawn for actual shipments effected after the 15th August 1949.

Import Advisory Committee

The Chamber's opinion on the following points were requested by the Federation's representative on the Import Advisory Council,

1. Open General Licence be revised so as to exclude therefrom items that are produced in India in sufficient quantities and in future no items should be placed under Open General Licence without prior consultation with the Import Advisory Council.

2. When established importers of a commodity have gone out of trade, the issue of licences should be extended to new-comers

of substance and reputation actually carrying on that particular trade so as to ensure that trade channel practices are kept intact.

3. To avoid ambiguity income-tax certificates to be produced by applicants for licences as established importers should specify the particular goods in which the applicant was dealing as importer and necessary instructions in this connection may be issued to the Income Tax Officers.

4. When an applicant claims to be an established importer, his case should be investigated. If the supply is alleged to be for the Government, his case may be gone into by making inquiries from the officer concerned. For civil supplies, the Director of Civil Supplies' Report be called for by the Department.

The Chamber wrote as follows :—

The Federation has informed the Chamber that you intend to bring certain subjects for being included in the agenda of the next meeting of the council to be held at the end of this month. The Chamber circulated these items and I am to write you on that as follows :—

(1) It is necessary in the interests of import trade that the Government of India should lay down a long term import policy so that the importers may not be taken by surprise and be unnecessarily put to lot of hardships. It has been found that the Government have been following a policy of shifts from time to time without laying down a clear policy. A definite policy for imports have been responsible for the unfavourable balance of trade and unless food imports are cut down the overall balance of payments of position is not likely to improve. There is need for a review of the food import policy for the current year. Once this is done the Government will be in a position to note where we stand with regard to imports of goods and what financial commitments we can undertake. It is necessary that a long range view is taken and there need to be no frequent changes with regard to the Open General Licence system. Only when the Government is satisfied that certain goods are manufactured in India and can meet the country's requirements the Government should remove those articles from the Open General Licence schedule. There are no doubt certain goods which have flooded the markets and therefore, the Government may find it necessary

to revise the O.G.L. Once the Government takes a decision it is advisable to stick to it unless extra-ordinary events upset the conclusions and force the hands of the Government to change their policy. Otherwise frequent changes affect the importers in an adverse fashion.

(2) There can be general agreement with the second point viz., that the issue of licences should be extended to newcomers of substance and reputation but it should be noted that this should not be made the occasion to discriminate in an arbitrary fashion. From past experience it is feared that this power of discrimination in the hands of import licensing authorities is likely to be misused. Therefore, great care should be taken.

(3) Income-tax certificates:—There is a strong objection to the production of Income-tax certificates. It is said that this would mean that Income-tax Officers will have to call for the books of account of each applicant for three or four years. Even as it is there is lot of difficulty in obtaining these certificates because of procedural delays. It is felt to be a vexatious process and in addition to it if they are asked to specify particular goods in which the applicant was dealing which would entail a lot of difficulties. Therefore, this point may be dropped.

(4) Established importers:—Already established importers produce proofs of the past imports when applying for licences and therefore there is no need for any investigation in the matter.

I am to request you to do your best for the trade at the next meeting of the Import Advisory Council."

DIFFICULTIES TO EXPORT HANDLOOM GOODS TO BURMA.

It was brought to the notice of the Chamber that difficulties were encountered in the export of handloom cloth from India to Burma. Therefore, the Chamber addressed the following letter requesting the Government to help in the export of Handloom cloth to Burma.

"I am directed by the Committee of the Southern India Chamber of Commerce, Madras to bring to your notice the difficulties that are experienced by Indian Importers in the matter of obtaining licences for Handloom lungyis from India.

The Government of Burma, though called for applications for import licences, did not give any licences. Even for the second half year applications for import licences were called and no licences seem to have been given so far. Suddenly the Ministry of Commerce & Supply, Rangoon by their notification dated 26th July 1949, have declared that the import of Handloom lungyis into Burma is prohibited with a view to encourage cottage industries in Burma. The result is Indian merchants who were hoping that their applications for licences would be granted, incurred very heavy expenses by maintaining their establishments in Burma. Also they have been purchasing in Madras for supplying to Burma. This has resulted in a large accumulation of stock with the Madras exporters. Now the Government of Burma prohibits the import of these lungyis into Burma. The merchants who have been hoping to send these goods to Burma are put to lot of difficulties.

The Chamber is certainly aware that the Independent Government of Burma can follow a trade policy of their own but in view of the fact that Burma has all along been a very good market for Madras Handloom goods and as this Province is well known for the manufacture of these goods, atleast for some time to come this province has to have the Burma market. Thousands of weavers are employed and depend for their existence on this Handloom industry and the economy of the Province will be severely affected if handloom goods are not being able to be sent to Burma.

In view of the importance of the industry to the Province the Chamber trusts that the Government of India will be able to persuade the Government of Burma to grant permits to Indian merchants to import these goods into Burma. Burma, which depends for many essential articles of India, should comply with our request as a neighbouring country and it is up to the Commerce Ministry to persuade the Government of Burma in this regard."

The Chamber also took up the question of export of Groundnut and Groundnut oil, chillies, and onions etc., whenever representations were received by the Chamber.

The Chamber also took up the following subjects at the Port Committee Meeting.

Shippers in French Possessions in India.

The position of established shippers in French possessions in India requires to be clarified. Since April 1949, they are denied export licences, even though they have branch offices in British India. Their case has to be reviewed and quota issued to them at least on the basis of their export from British India."

The Chairman explained that according to the instructions issued by the Government of India, firms and individuals in French Possessions were not now eligible to receive export licences from us unless they had a place of business in India. There could be no objection, therefore, to the issue of quotas to established shippers in French Possessions provided they have a place of business in India and have been paying taxes to both the Central and provincial Governments authorities regularly. The quotas due to them would be calculated on the basis of their past exports from only Indian Union ports. Any hard cases deserving special consideration might be forwarded to him to enable him to take up the matter with the Government of India.

2. The Committee then proceeded to consider the next resolution moved by the President of the Southern India Chamber of Commerce :—

Resolution 2. "Hides and Skins"

Licence for the exportable quotas will be issued by the Dy. Chief Controller of Exports, Calcutta on the basis of the principle of 'First come, first served'. In the case of hides and skins, the principal export centre is Madras and the office is located inconvenient to the Trade. Instead of the principle of 'first come first served' there should be a scientific system for issue of licences and the importance of this province in the matter of the hides and skins trade must be considered, in issuing licences".

The Chairman remarked that the reference was evidently in respect of export of certain varieties of raw hides and skins controlled under item 31(1), Part of the Export Trade Control Notification, as all tanned hides and skins were now either decontrolled or licenced freely. Export of the controlled varieties of raw hides and skins was that there were no established shippers of such varieties of hides and skins at this port. If there were

any exporters interested in the export of these varieties to hard currency areas it was open to them to apply to us. Such applications would be duly forwarded to the Deputy Chief Controller of Exports, Calcutta, to be dealt with by him within the over-all quota prescribed by the Chief Controller of Exports. The Committee agreed to the suggestion.

3. The third resolution taken up for consideration was also moved by the President of the Southern India Chamber of Commerce :—

RESOLUTION 3

"COTTON PIECEGOODS TO NETHERLANDS EAST INDIES"

It is stated in the Export circular that quota holders of cotton piecegoods to Netherlands East Indies can contact established importers in that country and export their quotas. But the Chamber understands that the Netherlands East Indies Government would not permit the import of Textiles from any other country except Holland. Therefore, it is necessary to have the quotas granted to countries like these transferred to other destinations like Malaya etc."

The Chairman remarked that diversion of these quotas were freely permitted to all permissible destinations except Pakistan. As a matter of fact four established shippers from this Province had already applied for such diversion and shipped to other destinations. The remaining, presumably, have not applied because they are all quota holders for cotton handloom piecegoods which are at present licensed freely to all destinations upto 30-6-1949".

The Chamber was given to understand that due to want of export sheds at Madras Port exporters were put to difficulty. The Chamber, therefore, addressed the following letter.

"The Chamber understands that at present the harbour authorities in Madras have not provided sheds where goods that are to be exported from this port could be stored pending the arrival of the steamers. It seems that there are sheds for imported goods but there are no sheds for the exports from this port. I am to request you to take up this subject at your next Port Committee meeting."

To which the following reply was received, from the Chairman Port Trust, Madras.

With reference to the complaint you have received with regard to providing accommodation for export cargo, I have to point out that this cargo forms approximately 27 per cent of the entire traffic passing through the port, neglecting coal and bulk oil. Last year I took an analysis of the type of cargoes accommodated in warehouses and found that approximately 35 per cent of the total warehouse accommodation at the port was occupied by cargo earmarked for export. There is, therefore, no doubt that so far as warehouse accommodation is concerned, export cargo is adequately provided for.

But unfortunately the exporters and the Customs Authorities want covered accommodation on the quayside, which is difficult to provide, when our imports are unusually large, as they have been for the past seven months. The Government of India raised this point with me in a letter received from the Madras Port Committee some months ago and in reply I informed Government that as far as possible we should try and provide approximately 9,600 sq.ft. in two transit sheds on the West Quay for export cargo where circumstances permitted and shedding equivalent to 2,500 sq.ft. on the South Quay.

I am aware that very often this is not sufficient, and for this reason, the Board sanctioned the construction of "H" Warehouse which is to be used as an overflow shed for import cargo lying on the West Quay berths. With the completion of this Warehouse in a year's time measuring 50,000 ft., it is proposed to release permanently 8,000 to 9,000 sq. ft., in accommodation for export cargo.

From the above, you will gather that we are aware of the paucity of accommodation for export cargo, and in a year's time we hope to rectify the shortage.

The Chamber took up with the Port Trust the question of calculating free days for the demurrages in view of the fact that the Port Trust observe holidays different from that of the Customs Trust, the Chamber addressed the following letter to the Chairman Madras Port Trust, MADRAS.

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras to bring to your notice the following

grievance of the mercantile community who use the port and to request you to redress their grievance in this regard.

The Port Trust observes only the Charter Party Holidays whereas the Customs observe the holidays under the Negotiable Instruments Act. Consequently the Port Trust is open on days when the Customs department is observing a holiday with the result that the holidays observed by the Customs are not taken into account for calculating the free days for purpose of charging demurrages. The Chamber, therefore, requests that the holidays observed by the Customs should be taken into account for calculating the free days allowed for goods to be cleared from the Harbour premises. It is requested that no demurrage charges may be charged by the Port Trust for days observed as holidays by the Customs department.

The Chamber trusts that it will be possible for you to accede to this request, to which the following reply was received from the Chairman Madras Port Trust, Madras.

With reference to your letter No. J. 1950/49, dated the 11th October 1949, I have in reply, to state that in view of the very generous allowance in the matter of free days, that is being given by the Port Trust compared with other major ports in India, I regret I am unable to meet your request, viz., to include the holidays observed by the Customs Department as free days.

2. On investigating your complaint, I find that although the Customs observe more holidays than the Trust, arrangements are made by the Customs to attend to urgent work on holidays between specified hours. Consignees of cargo can, therefore, have little or no difficulty in passing documents through Customs if the clearance is urgent, or if the time at their disposal is limited owing to unforeseen circumstances. It must also be remembered that the holidays observed by the Customs Department are published months in advance, and it should be possible to adjust the filing of documents in such a way that only urgent and unforeseen work need be transacted on holidays.

If any attempt is made to amend the Port Trust Scale of Rates with regard to calculating the free days for the levy of transit dues, I am afraid we shall be compelled to fall into line with other major ports where the number of free days allowed before transit dues are imposed is less than that at Madras."

Alteration of Holidays.

The Chamber took up the question of sudden alteration of holidays under the Negotiable Instruments Act by the Government of Madras as the same causes considerable difficulty to the Mercantile Community, because of closing of the Banks etc., Therefore the Chamber addressed the following communication to the Chief Secretary, Government of Madras.

"I am desired by the Committee of the Southern India Chamber of Commerce, Madras to draw Government's attention to the avoidable inconvenience caused to the Mercantile Community by Government's decision at the last moment to alter the holiday granted under the Negotiable Instruments Act for the Vaikunta Ekadasi festival. The Government is aware that according to the previous notification the holiday for this festival was granted for Monday the 10th January 1949. Only on Saturday 8th suddenly the Government decided to grant this holiday on Tuesday the 11th January, 1949 instead of Monday the 10th. This was made known through the papers and the Chamber got intimation only at 11-30 A. M. on Saturday. You would readily agree with the Chamber how this sudden alteration in the date causes confusion and puts the Commercial Community to great inconvenience as it is not possible for the Chamber to inform them before hand about the change in the date of the holiday.

This is not the first time that this had happened but unfortunately in recent times this has been happening. The Chamber wish to impress upon the Government that they are not against the Government changing the date of the holidays so as to conform to the dates of the festivals for which the holidays are granted but what they wish to impress upon Government is that the Government should decide about the alteration of the date sufficiently early, at least a week before, so as to enable the Commercial Community to know on what date exactly the holiday falls under the Negotiable Instruments Act.

I am sure that the Government will agree with the views of the Chamber and in future would avoid changing the holiday date suddenly."

To this the following reply was received. In reply to your letter No. J. 32/49, dated 10th January 1949 I am directed to state

that the difficulties pointed out in your letter cited have been noted by Government and to assure you that every possible precaution will be taken to avoid a recurrence of last-minute change in the dates of notified holidays."

WORKING HOURS OF BANKS

It was represented to the Chamber that working hours of banks were to be extended which would be a great help to the public as well as to the Mercantile Community. Therefore, the Chamber, addressed the following communication to the Manager, Reserve Bank of India, Madras.

"I am desired by the Southern India Chamber of Commerce, Madras, to request you to let us know whether banking business hours cannot be extended by one hour that is to say from 10 A.M. to 3 P.M. instead of the present working hours of 10 A.M. 2 P.M. You are no doubt aware that during the prewar years the banks were transacting business from 10 A. M. to 3 P. M., and only during the war years there was a curtailment by an hour perhaps due to the advancement of the time by one hour during the war years. Now that the War has ended and normal times restored, would it not be possible for the banks to restore prewar working hours in Banks so that the public may transact business with the banks from 10 A. M. to 3 P. M.? The Chamber understands that in all the other important cities in India the banks are open for 5 hours for the public to transact business.

The Chamber trusts that you will find it possible to extend the working hours of the banks by one hour."

To this, the following reply was received.

"Please refer to your letter No. J. 316/49, dated the 2nd March 1949 regarding the above. From enquiries made, we understand that in other important cities like Bombay, Calcutta and Delhi banks are open for business only for 4 hours on week days and 2 hours on Saturdays as in Madras. You will appreciate therefore that there is no case for extending the business hours of banks in Madras and practically so in view of the operation of the Madras Shops and Establishments Act. As the general tendency of the clientele is to transact business nearer the closing hour, the extension of business hours is likely to cause delay in closing of

banks' books daily with consequent risk of contravention of the provisions of the Madras Shops and Establishments Act."

REMITTANCE RESTRICTIONS BY CEYLON

Owing to the Ceylon Exchange Control Regulations lot of difficulties were felt by businessmen of South India who have business in Ceylon as these people are subjected to payment of income tax in India on their income arising in Ceylon due to the exchange restrictions imposed by the Government of Ceylon. Therefore, the Chamber addressed the following communication to the Secretary, Finance Department Government of India, NEW DELHI.

I am directed by the Southern India Chamber of Commerce to draw your attention to the great difficulties and considerable hardships of business men of South India who are carrying on business in Ceylon, owing to the operation of the Ceylon Exchange Control Restrictions.

It is not necessary for the Chamber to acquaint the Government of India who are well aware of the manner in which Ceylon's Exchange Control Restrictions have been administered in regard to Indian residents and businessmen there. While Ceylon is free to frame whatever regulations are best suited to her, it is not fair to treat businessmen who have for a long time established and carried on their business in Ceylon and who have been responsible for the development of that Country by their enterprise and labour with unfair treatment. It is also not fair to impose vexatious restrictions on remittances

These restriction cause considerable hardships to businessmen, most of whom are South Indians who have to pay incometax in India on their income arising in Ceylon. A number of the Indian assessee, derive their only or main source of income from businesses in Ceylon. When these assessee apply in the prescribed manner to the Ceylon Exchange Control Department for issue of permit for remitting monies to India to meeting these taxes, very many of them are either asked to pay such taxes from prior remittances or out of their income in India. It is not fair to expect the assessee

to reserve any amount of their past remittances for payment of fares as they could not have expected the Exchange Control Regulations Department, of the Government of Ceylon to prevent them from getting money from Ceylon for payment of taxes in India. These prior remittances have been spent before the Indian income tax assessments were completed and the taxes became due in India. Hence, the assessee are at a loss to find out ways and means to secure funds for payment of income in India.

While the Ceylon Government on the one hand does not permit these Indian assessee to bring money from Ceylon for payment of their incometax in India (as they have to pay Indian Incometax on their income from Ceylon) the incometax department in India on the other hand do not hold over the payment of taxes by these assessee. Therefore, these assessee are put to considerable difficulties to find the money to pay the India incometax on their Ceylon income.

It is, therefore, necessary for the Government of India to evolve suitable financial arrangements with the Government of Ceylon, so that these assessee in India are enabled to pay their taxes. The Indian Government should persuade the Government of Ceylon to permit these businessmen who derive income from Ceylon to bring money from Ceylon at least for the payment of their income tax dues in India.

To this, the following reply was received from the Secretary, Central Board of Revenue.

With reference to your letter No. J. 1331/49, dated the 27th July 1949, regarding the restriction on remittances from Ceylon I am directed to say that instruction have already been issued that in cases when due to the Controller of Exchange, Ceylon not permitting remittance of monies to India, the assessee feel difficulties in paying the tax levied on profits earned in Ceylon, suitable extension of time should be allowed for collection of such tax. Cases of hardship, if any, may be brought to the notice of the Commissioner of Income-tax Madras."

The Chamber took up the question of passports to India in Ceylon as the Ceylon Government had prescribed therein loss for emigration, franchise, passports remittances etc., which affected the Indians in Ceylon, the Chamber took up this question with the Government of India by sending the following telegram.

Indians mainly responsible for development of Ceylon to the present state stop they have invested large sums of money in trades business plantation and other immovable properties there stop large number of families in India depend on remittances from Ceylon either from employment or investment and about seven lakhs of Indians are in Ceylon stop in recent times condition of Indians in Ceylon fast deteriorating stop before it becomes irretrievable chamber requests Government of India to examine the question in all its aspects stop chamber suggests the appointment of a top ranking delegation to visit and discuss with Government of Ceylon such intricate questions as Franchise emigration issue of passport visas exchange control regulations remittances permits etc., affecting Indians stop having regard to the vast stakes of Indians in Ceylon and the present restrictions imposed on Indians Chamber would urge you to appoint without delay a top ranking delegation as suggested above.

To this, the following reply was received.

I am directed to acknowledge the receipt of your telegram dated the 24th November 1949 and I am to say that the Government of India are fully aware of the developments in Ceylon which have affected the Indians there and are already taking all such steps to remedy the situation as are possible without seeking to interfere with the present sovereign status of Ceylon."

City Improvement

The Chamber from Press Reports came to know that the City Improvement Trust had resolved to draw up a scheme for the

ordnance area in George Town. Since it was stated therein that sites will be provided for buildings to serve as shops in the ground floor, etc., the Chamber in the interest of the Mercantile Community wanted to know whether the City Improvement Trust would like to lease plots for private Commercial houses. Therefore, the Chamber addressed the following communication to the Chairman, the City Improvement Trust, Madras.

From Press reports the Chamber understands that the City Improvement Trust has resolved to draw up a scheme for the ordnance area in George Town. It seems that the proposal is to replan the whole area by making improvement. One of the proposals seems to be to provide sites for buildings to serve as shops. Therefore, the Chamber, would be glad to know whether any provision will be made by the City Improvement Trust for leasing or selling road side plots for private commercial firms."

To this, the Chamber received the following reply.

"While thanking you for the interest evinced by your Chamber in the Ordnance Lines Area Improvement Scheme, framed by this Board, I am to say that the main purpose underlying the scheme is to develop 379 sites into shops of different sizes varying from 40' x 100' to 15' x 30'. Of these, about 217 sites are proposed to be leased out to private commercial firms for erection of buildings according to the standards to be prescribed by this Board. On 162 sites the Trust itself proposes to erect buildings. All the buildings are proposed to be of 3 storeyed type, the ground floor serving as a shop, the first floor providing office accommodation for commercial firms and the second floor providing office accommodation or lodgings.

The main purpose of the scheme however, is to eliminate the ugly and obsolescent buildings, in the heart of the city. As many as 285 shops are proposed to be acquired and cleared.

As you will see from the statements above, alternative accommodation for all the trades thus displaced, will be provided by the buildings, to be erected by the Board. The other buildings to be erected by the lessees, will provide alternative shopping and office accommodation and the scheme will enable the Trust, to frame

another scheme in due course for the clearance of the terribly congested areas in the close vicinity of the area covered by the present scheme.

You may be interested to know that the scheme also proposes to reserve a large area for the Reserve Bank and the General Post Office and the Telegraph Office so that, these Offices may serve well the interests of the business community. The tramlines are proposed to be re-aligned so as to be least hazardous to the pedestrians and the passengers. I shall be glad to have any comments, that your Chamber may like to offer, in regard to the scheme, which was published on the 28th of June 1949.

Since from the City Improvement Trust's reply it was found that the Trust itself proposed to erect buildings, the Chamber wanted to know whether preference will be given to established business concerns who do business in Madras to have accommodation on these sites. Therefore, the Chamber addressed the following letter to the Chairman, Madras City Improvement Trust, Madras,

I am directed by the Committee of the Southern India Chamber of Commerce Madras, to acknowledge with thanks your above letter in reply to Chamber's letter of June the 27th.

The Chamber is greatly obliged to you for the details you have furnished us regarding the development of the Ordnance Lines Area and notes that the main purpose underlying the Ordnance Lines Area Improvement Scheme is to develop 379 sites into shops of different sizes. It also takes note that about 217 sites are proposed to be leased out to private commercial firms for erection of buildings according to the standards to be prescribed by your Board. On 162 sites the Trust itself, the Chamber understands from your communication, propose to erect buildings. The Chamber is happy that the scheme when completed will eliminate the ugly and obsolescent buildings in the heart of the City. This is in accordance with the modern trends where all the big cities of the world plan their shopping areas and make it beautiful. While no doubt it may be necessary to provide alternative accommodation for all the trades which may be displaced by your scheme it is very necessary that preference should

be given to established business concerns doing business in Madras and who have been doing business in the City for a long period and who have no premises of their own. While the buildings to be erected by the lessees may be required to be according to the standards prescribed by your Board, some scope within the frame work of your standards should be given for the needs of individual businesses.

In leasing out sites for private commercial firms the Chamber is sure that selection of tenants will not be done by mere auctioning of plots giving it to the highest bidders as this method has been found very defective and undesirable as there is bound to be unhealthy competition. In this connection, the Chamber, is sure that the Trust will take sufficient safeguard to prevent tenants from getting sites for purposes of re-selling them at profit or transferring it to others for consideration.

The Chamber would be glad if you would acquaint the Chamber with the progress and details of the scheme so that it may give its suggestions in the matter in the interests of the entire commercial community of Madras."

Iron and Steel Trade

The South India Iron & Hardware Merchants' Association in a letter to the Chamber pointed out that merchants dealing in Iron and Hardware were put to difficulties since the normal trade channels were not being utilised for allotment of defectives in Iron and Steel. It requested the Chamber to take up the question with the Government of India. Therefore, the Chamber addressed the following communication to the Industries and Supplies Department Government of India, New Delhi.

"I am desired by the Committee of the Southern India Chamber of Commerce, to bring to your notice a great grievance of the merchants dealing in Iron and Hardware due to the non-utilization of the normal trade channels, in allotments of "defectives" in Iron and Steel.

The Chamber understands that allotments of defectives in wagon loads are being made direct on the "Madras Fabricators" association from Tata which means that the normal trade channels are being bypassed. It is highly necessary for the Chamber to reiterate the as

surances given by the respective Ministers in the legislatures of the country at a time when controls were being imposed that the normal trade channels will not be ignored and will be utilised to the fullest extent possible. This being so the Chamber is unable to understand why normal trade channels should not be utilised when allotments of defective in Iron and Steel are made, especially when in this trade there is a great short supply of Standard steel.

This Chamber would request Government to implement in practice their assurances that normal trade channels will not be overlooked when controls are being exercised by the Government, and would therefore, pray for immediate cancellation of such allotments made direct on the Fabricators Association and divert this and future allotments to the normal trade channels.

The Chamber once again takes the opportunity to assure the Government that it will have the fullest cooperation of private trade in implementing Government's policy.

To this, the following reply was received.

"I am directed to refer to your letter No. J. 682/49 dated the 21st April 1949 and to say that the allotment of defectives that has been made to fabricators in Madras was an *ad hoc* allotment of sheet cuttings to relieve congestion at the works of the main producers. The cuttings in question were offered to the various Provincial Governments against their quota but some of the scrap Merchants nominated by the Provincial Governments including those of Madras Government refused to accept the material. As a result, stock of these cuttings were accumulating at the Producers' works, causing serious inconvenience.

Another cause which necessitated this course of action was that the monsoon was approaching and these light cuttings were deteriorating due to exposure. This being the case permission was given as a special case for making an *ad hoc* allotment direct to fabricators to save time and the releases effected by the producers were in accordance with this permission.

The Government of India, however, desires to assure the Chamber that such *ad hoc* allotments will not be repeated provided

the provincial Governments and scrap merchants under their control extend their cooperation by accepting what is offered to them and do not insist upon selecting categories of scrap thereby necessitating *ad hoc* allocations like the one in question".

Corporation Licence.

The Madras Kirana Merchants' Association an affiliated body of the Chamber in a letter drew the attention of the Chamber that their members were experiencing difficulties due to the Corporation not renewing their licenses for storage of Camphor and other licensable articles. They pointed out that till then licences were being renewed as a matter of course, but now only they have not being renewed. Therefore, the Chamber addressed the following communication to the Commissioner of Corporation requesting him to issue licences for storage of camphor and enable merchants to carry on their business as before.

"I am desired by the Committee of the Southern India Chamber of Commerce to bring to your notice that considerable difficulties are being encountered by certain members of this Chamber for obtaining the necessary Corporation licence for storage of camphor in their business premises. The Chamber understands that in certain cases licences have been refused.

The Chamber is aware that these merchants for several years have carried on their business in Govindappa Naick Street, Audi-yappa Naick St., and Narayana Mudali St., and have been dealing extensively in camphor and also in other commodities and there has been no difficulty at all so far in obtaining the usual licence for the storage of camphor. Further the Chamber understands that these persons have been strictly complying with the conditions laid down for the grant of a license. They have provided the means and appliances to combat any fire accidents by keeping water and sand bags very near the place of storage. Therefore, the Chamber feels that they should be given licences as they are willing to comply with any reasonable conditions imposed by the Corporation for the grant of licences for storage of camphor. It is a matter of vital importance to these merchants who are in the camphor trade for the past so many decades and it is only fair that they should not be denied license for storing camphor. The Chamber would request you to

direct your subordinates to re-inspect the business places of the merchants whose licences have been refused so that they may satisfy themselves that the merchants have taken all steps which would enable them to renew their licences.

The Chamber trusts that you will find it possible to issue the licences and thereby enable them to carry on the business which they have been doing for the past so many years. The Chamber trusts that this will receive your immediate attention as the business would be put to lot of hardships if their licences are not issued or renewed.

Licence for Transport

The South Indian Swadeshi Match Manufacturer's Association, Sathur, requested the Chamber to take up the question of transport licence for transport of potassium chlorate and sulphur from the godown to the Match Factories. The Chamber took up the question by addressing the following letter to the Secretary, Home Department, Government of Madras.

The South Indian Swadeshi Match Manufacturers' Associations Sattur, has brought to the notice of the Chamber the difficulties experienced by the match industries for obtaining transport licences for transport of potassium chlorate and sulphur from the godown where these are stored to the match factories.

In this connection, the Chamber, understands that during pre-war days chlorate of potash was not included in the Arms Act and that licence for possession and sale was not necessary. Now that the situation in the country has returned to normal the Government may consider the question of allowing transport of potassium chlorate to the match factories without transport licenses. This association states that the godown in Sattur is situated a few yards away from the Panchayat Board limit and in order to bring chlorate of potash from match factories a transport licence has to be obtained which takes a long time. Since the match factories are situated near the godown of the Imperial Chemicals, it is hoped that the Government would find it possible to allow these match factories to transport potassium chlorate from the godown of the

Imperial Chemical Industries Limited to the Match factories at Sattur without obtaining a transport licence.

In the case of sulphur, the Chamber is given to understand that during pre-war days it can be transported for bonafide industrial purposes and can be had in possession upto the extent of trial without a licence. But now a transport licence has to be obtained. The Association says that it takes a long time for members to obtain transport licences.

They, therefore, request the Chamber to urge upon the Government to cancel the transport licences required for moving these products at least within the district of Ramnad.

The Chamber trusts that the Government will favourably consider this request."

Supply of tender forms

The Chamber was informed that firms situated in Madras who were interested in submitting their tenders to the Directorate-General Industries and Supplies were under great handicap as the office of the Deputy Directorate-General of the Supplies Madras, did not contain the drawings specified in the tender notice which Madras firms, are unable to inspect. Therefore, it addressed the following communication to the Directorate-General of Industries & Supplies, New Delhi, requesting them that the drawings specified in the tender notices must also be made available in the Madras office in order the tenderers may inspect the same and submit their quotations.

"I am desired by the Southern India Chamber of Commerce, Madras to bring to your notice the great handicap to which firms situated in Madras Province, who are keenly interested in submitting their tenders is put to and to request you to do the needful in the matter.

The office of the Directorate-General Industries & Supplies New Delhi, from time to time issues notices inviting tenders for the requirements of Government departments including railways etc. Those who intend to tender are directed to apply to the Deputy Director of Supplies, Madras for the tender forms and specifications.

The Deputy Director of Supplies, Madras, who is a representative of the Directorate-General, Industries & Supplies of New Delhi is able to furnish only copies of tender forms and specification, but in respect of supplies of engineering materials, certain drawings as specified in the tender notices is required by the tenderers to submit their quotations. These drawings are not available in Madras, with the Deputy Director of Supplies. When tenderers in Madras request the Delhi Office to furnish them with copies of these drawings, they are directed to have an inspection of such drawings either at the office of the Director of Supplies, Bombay or Calcutta or at the Directorate-General's Office, New Delhi.

You will readily appreciate the great disadvantage to which tenderers from Madras are put to since they do not have the drawings they are unable to submit their quotations with the result that much of the business that can normally come to the South Indian firms are diverted. It is not easy for any firm from the South, to send technical representative to the Office in Bombay, Calcutta and Delhi, to have the inspection of the drawings etc. It is therefore requested that the drawings specified in the tender notices are also made available in the Madras Office as they are made available in Bombay, Calcutta and Delhi.

The Chamber trusts that you will see no difficulty in complying with this request so that the South Indian firms are not placed at a disadvantage when compared to firms situated in Bombay and Calcutta."

ACCOUNTS

THE SOUTHERN INDIA CHAMBER

Building Fund Statement of Account

INCOME		Rs.	A.	P.
Contribution by way of Shares (debentures)		70,000	0	0
Contribution in Cash		24,204	10	0
Contribution by Dr. Alagappa Chettiar Towards Ground Rent		4,976	14	0
Contribution by South India Industrial & Commercial Conference		10,233	12	10
Miscellaneous Receipts		140	7	9
Interest from Bank		63	15	11

1,09,619 12 6

Madras,
22nd March 1950. }
16

B. M. KUMBHAT, B. COM., F.C.A.,
Chartered Accountant, Auditor.

OF COMMERCE, MADRAS

as on 31st December 1949.

EXPENDITURE	Rs.	A.	P.
Ground Rent	18,871	12	10
Cost of Fencing the Ground	1,640	4	3
Secretary's conveyance & sundry expenses	116	8	0
Petrol & Oil	51	10	0
Drivers Salary	28	6	1
Postage	1	12	0
Stationery	2	0	0
Rent for Safe Deposit Vault	40	0	0
Advertisement	25	8	0
Bank Commission	5	6	0
Transfer Fees	375	0	0
Cash on Hand	5	0	2
Cash in Current Account with Indian Bank Ltd.	18,456	9	2
5% Alagappa Textiles (Cochin) Ltd. 750 Debentures of Rs. 100/- each Rs. 75,000/-	70,000	0	0

1,09,619 12 6

A. M. M. MURUGAPPA CHETTIAR
President.

K. A. MENON
Ag. Secretary.

THE SOUTHERN INDIA CHAMBER

Balance Sheet as at

CAPITAL AND LIABILITIES.	Rs. A. P.	Rs. A. P.
Outstandings due		672 9 1
Prepaid Subscription		110 0 0
Members Application Deposits		663 0 0
Rent Deposit		350 0 0
Prime Minister's Relief Fund		6 0 0
Independence day celebration fund		564 14 6
GENERAL FUND :		
As per last Balance Sheet	50,628 7 10	
Transfer from Members Application Deposits...	786 0 0	
Excess of Income over Expenditure for the year	6,628 0 10	
		56,912 8 8
CONTINGENT LIABILITY :		
The following suit is pending against the Chamber:		
P. Raghavan Nair (Ex. Secretary)	31,038 14 6	
Carried over		88,888 0 8

OF COMMERCE, MADRAS.

1st December, 1949.

PROPERTY AND ASSETS.	Rs. A. P.	Rs. A. P.
Buildings at cost :	20 272 11 8	
As per last Balance Sheet	15,829 5 11	
Less Depreciation upto date		4,443 3 9
Furniture at cost :	7,560 8 1	
As per last Balance Sheet	160 0 0	
Less Sales during the year	7,400 8 1	
	5,579 9 7	
Less Depreciation upto date		1,820 14 6
Library books at cost :	5,927 13 8	
As per last Balance Sheet	108 12 0	
Additions during the year	6,106 9 8	
	4,928 4 5	
Less Depreciation upto date		1,178 6 3
Weights and Measures at cost :	2 019 13 6	
As per last Balance Sheet	398 15 0	
Less Depreciation upto date		1,630 13 6
Deposit with the Government of India		43 14 3
Central Publication Branch		20 0 0
Deposit with Madras Electricity System		1,741 0 0
Deposit with City Bank Ltd. (in liquidation)		60 0 0
Members Subscription due		187 8 0
Rent Outstanding		674 9 3
Suspense (Conference account)		41 7 9
Suspense Postage account		132 14 3
Interest accrued on Investments		
Investments :		
3% 1953 Madras Government Loan (Face value Rs. 15,000/-) at cost	14,825 0 0	
3% 1959 Madras Government Loan (Face value Rs. 7,000/-) at cost	6,895 0 0	
3% 1963-65 Govt. of India Loan (Face value Rs. 5,200/-) at cost	5,096 0 0	
3% 1916 Govt. of India Loan (Face value Rs. 5,000/-) at cost	4,971 14 0	
Carried over		31,787 14 0
		43,752 10 6

THE SOUTHERN INDIA CHAMBER

Balance Sheet as at

CAPITAL AND LIABILITIES	Rs.	A. P.	Rs.	A. P.
Brought forward ...			59,388	0 8
Total ...			59,388	0 8

K. A. MENON,
Ag. Secretary.

AUDITOR'S

I have examined the above Balance Sheet of the Southern India & Expenditure Account for the year ended that date with the Books of the required. In my opinion, the Balance Sheet and Income & Expenditure and correct view of the state of affairs of the Chamber according to the best the Chamber. In my opinion, the Books of Account have been kept by the

Madras,
22nd March 1950. }

OF COMMERCE, MADRAS.

31st December, 1949.—(contd.)

PROPERTY AND ASSETS.	Rs.	A. P.	Rs.	A. P.
Brought forward ...			43,752	10 6
PORTRAITS ACCOUNT :				
Cost of photos as per last Balance Sheet ...			1,855	0 0
CASH AND BANK BALANCES :				
Cash on hand ...	85	0 0		
Petty cash ...	100	0 0		
Stamps on hand ...	61	7 9		
In Current account with Indian Bank Ltd...	13,483	14 0	13,780	5 9
Total ...			59,388	0 8

A.M.M- MURUGAPPA CHETTIAR,
President.

REPORT

Chamber of Commerce, Madras, as at 31st December, 1949, and the Income Chamber. I have obtained all the information and explanations I have Account are drawn up in conformity with the Law; so as to exhibit a true of my information and explanations given to me and as shown by the Books of Chamber as required by Section 180 of the Indian Companies Act.

B. M. KUMBHAT, B. COM., F.C.A.,
Chartered Accountant. Auditor.

THE SOUTHERN INDIA

Income and Expenditure Account

PARTICULARS OF EXPENSES	Rs.	A.	P.
To Establishment	21,173	7	4
.. Contribution to Provident Fund	779	4	0
.. Postage & Telegrams	1,754	13	0
.. Printing & Stationery	3,228	5	0
.. Telephone Charges	608	4	0
.. Rent paid for open Land & Shed	329	8	0
.. Electric Charges	152	15	9
.. Repairs & Maintenance	1,195	2	9
.. Fire Insurance	140	10	0
.. Property Tax	627	14	5
.. Advertisement Charges	323	8	0
.. Audit Fees	500	0	0
.. Legal Fees	25	0	0
.. Catering & Entertainment	839	1	8
.. Conveyance Charges	14	12	0
.. Bank Commission	32	0	0
.. Market Report	60	0	0
.. Newspaper & Magazines	656	7	6
.. Travelling Expenses	381	0	0
.. Survey & Sampling	466	4	0
.. Groundnut Oil Survey Expenses	245	0	0
.. Handloom Piecegoods Survey Expenses	20	0	0
.. King George V Memorial Fund	5	0	0
.. Subscription to other Chambers	1,100	0	0
.. Subscription to Indian Standards Institution	250	0	0
.. Andhra Cyclone Relief Fund	1,001	0	0
.. Donation to Southern India Journalist Federation	351	0	0
.. Dr. Parthabhi Sitaramayya's Visit Expenses	285	0	0
.. Miscellaneous Expenses	246	14	5
.. Depreciation :--			
On Building @ 2½% per annum	113	14	4
.. Furniture @ 7% " "	137	0	0
.. Library @ 10% " "	130	14	0
.. Weights & Measures @ 6% per annum	103	7	0
Excess of income over Expenditure for the year carried to balance sheet	485	3	9
	5,528	0	10
Total	42,445	6	6

MADRAS,
22nd March 1950.K. A. Menon,
Ag. Secretary

CHAMBER OF COMMERCE, MADRAS

for the year ended 31st December 1949.

PARTICULARS OF INCOME	Rs.	A.	P.	Rs.	A.	P.
By Subscription :--						
Resident Members	19,605	0	0			
Non-resident Members	2,610	0	0			
Affiliated bodies	2,350	0	0	24,565	0	0
Entrance Fees				8,100	0	0
Nomination Fees				2,600	0	0
Certificate of origin				482	0	0
Certificate of Invoice				167	8	0
Certificate of Weight				40	0	0
Certificate of Handloom & Piecegoods				980	8	0
Groundnut Oil Survey Fees				1,115	0	0
Weights & Measures Fees				10	10	0
Survey & Sampling Fees				1,313	0	0
Miscellaneous Receipts				312	5	1
Rental Income				2,187	8	0
Interest :						
On Investment	657	6	10			
.. Current Account	34	8	7	691	15	5
Total				42,445	6	6

Examined and found correct.

A. M. M. Murugappa Chettiar,
President.B. M. Kumbhat, B. COM., F.C.A.,
Chartered Accountant, Auditor.

THE SOUTHERN INDIA CHAMBER OF COMMERCE, MADRAS.

PROVIDENT FUND REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1949.

EXPENDITURE	Rs. A. P.	INCOME	Rs. A. P.
To Provident Fund Closure	...	By Subscription by employees	747 6 0
		„ Chamber's Contribution	779 4 0
		„ Interest Received	517 12 7
		„ Excess of Expenditure over income debited to the Fund	8,162 11 8
			10,207 2 3

PROVIDENT FUND BALANCE SHEET AS AT 31st DECEMBER 1949.

LIABILITIES	Rs. A. P.	ASSETS	Rs. A. P.
Employees' Provident Fund as per last Balance Sheet	35,078 0 7	National Savings Certificate	13,102 0 0
Less :— Excess of Expenditure over Income	8,162 11 8	Cash in Current Account with Indian Bank Ltd.	4,076 5 8
Investment Reserve	...		
Total	16,915 4 11	Total	17,176 5 8
	361 0 9		

Madras, } K. A. MENON, V. S. SUBRAMANIAM Examined and found correct.
 22nd March 1950. } Ag. Secretary. M. A. CHIDAMBARAM B. M. KUMBHAT,
 } B. COM., F.C.A.
 } Chartered Accountant
 } and Auditor.

List of Dailies, Journals, Periodicals and Government Publications received in the Library during 1949

Dailies

Daily List of Imports and Exports at Madras Port
 The Hindu
 The Mail
 The Indian Express
 Hindustan Times

Weekly

Machinery Market
 Board of Trade Journal
 Capital
 Commerce
 Weekly Bulletin of Statistics
 Eastern Economist
 Fort St. George Gazette
 Gazette of India
 Indian Finance
 Indian Trade Journal
 The Economist
 The Chamber of Commerce Journal
 Foreign Market Review
 Indian Market Review
 Business Week
 Prosperity
 The Chemical Age
 Import Licence Statement of C.C.I. New Delhi
 Import Licence Statement of D.C.C.I. Calcutta
 Import Licence Statement of D.C.C.I. Bombay
 Import Licence Statement of I.T.C. Madras
 Export Licence Statement of E.T.C. Madras
 Export Licence Statement of Amritsar
 Export Licence Statement of D.C.C.E. Calcutta
 Steel Import Licence Statement of Steel Import Controller Calcutta

Monthly and Quarterly

Mysore Commerce
 Mysore Information Bulletin
 Monthly Survey of Business Condition
 Ceylon Trade Journal
 Industry
 Coasting Trade and Navigation of British India
 American Exporter
 American Exporter Industrial
 Tata Quarterly
 Income-tax Gazette
 Indian Market
 Mercantile Guardian
 Indian Exporter
 Swiss Industry
 Machinery Lloyd
 Trade and Engineering
 Indian Cotton Review
 Spinning and Weaving of the Indian Mills
 Sea Borne Trade and Navigation in British India
 Divanchand Review
 Businessman
 Australian Exporter
 Quarterly Bulletin of Agricultural Statistics
 The Record

Directories

All India Business Directory
 Birmingham Chamber of Commerce Year Book
 Calendar—Madras University
 Do. Andhra University
 Do. Annamalai University
 Do. Mysore University
 Acme Commodity and Phrase Code

Bentley's Complete Phrase Code
 Osaka Trade Directory
 Bentley's Second Phrase Code
 Encyclopaedia Britannica
 Five Letter ABC Universal Commercial Telegraphic Code
 Film Diary
 Oriental Self-Checking Three letter Code
 Peres Triple Combination Cipher Code
 Western Union Telegraphic Code Five letter
 Commodity Year Book
 Consular Directory
 County Hand Books of England
 Daily Mail Year Book
 Danish Export Firms & Articles
 Egyptian Directory
 Ferguson's Ceylon Directory
 Financial and Economical Annual of Japan
 Fraser's Canadian Textile Apparel and Fur Trade Directory
 Fraser's Canadian Leather Directory
 Fraser's Canadian Trade Directory
 Hand-book of Commercial Information for India
 Indian Year Book
 Indian States Register and Directory
 Indian Annual Register
 Indian Manufacturer
 Industry Year Book & Directory
 Indian Trades Encyclopaedia
 Insurance Year Book
 Investor's India Year Book
 Industry in Sweden
 Kelly's Directory
 Krag's Export Directory of Denmark
 Lloyds Directory
 The Oriental Economic Directory of Tokyo
 P.I.G. Catalogue of Japan
 The London Directory
 Madras Motor Directory
 Peck Chittagong Directory
 The Mercantile Directory of Mysore
 Manchester Chamber of Commerce Hand-Book
 Oil and Petroleum Year Book
 Pear's Encyclopaedia
 Philip's Atlas
 Ports and Cities of the World
 Planting Directory of South India
 Skinner's Cotton Trade Directory of the World
 The Southern India Investor
 Swedish Export Calendar
 Statesman's Year Book
 Statistical Year Book of the League of Nations
 Sudan Directory
 Swadeshi Directory
 South American Hand-book
 Thacker's Indian Directory
 Year Book of the National Association of Cotton Manufacturers
 The Times of India Directory
 Travancore Business Directory and Who is Who
 Whitaker's Almanac, 1939
 Outline of the World-to-day
 National Directory and British (Sell's Exporters Register)
 British Chemical Plant Official Directory
 Investors Encyclopaedia
 Nalanda Year Book
 Madras States Directory
 New Year Book
 Directory of Exporters of Indian Produce
 Directory of Indian Industries
 Indian National Year Book
 Directory of Indian Manufacturers
 Indian Textile Diary
 M. M. Year Book

AFFILIATED BODIES.

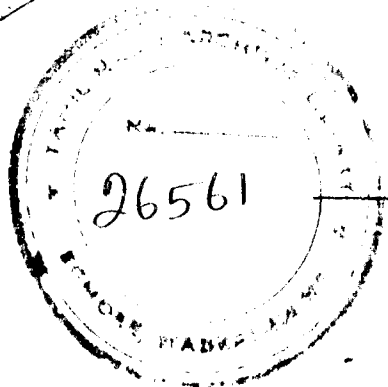
Names and addresses of Chambers of Commerce and Associations in the City and Mofussil affiliated to the Chamber.

1. The Andhra Oilseed Dealers Chamber, 18/301, Purnanandampet, Bezwada.
2. Chirala Colour Merchants Association, Main Street, Chirala (Guntur Dt.)
3. The Cochin State Tile Manufacturers Association, Manaly, Pudukad Post, Cochin State.
4. Coimbatore Handloom Cloth Merchants Association (Regd.) B. Section, 11/6, Lingappa Chetty Lane, Coimbatore.
5. Dindigul Exporters Association, Thadicombar Road Dindigul.
6. The East India Tobacco Federation, 2/6, Second Line Beach, Madras.
7. The Erode Oil Merchants Association, Erode.
8. Fort Market Vegetable Merchants Association, Fort Tanjore.
9. The Godavari Chamber of Commerce, Innes Buildings, Cocanada.
10. The Indian Chamber of Commerce, 14/73, Oppanakara Street, Coimbatore.

11. The Indian Chamber of Commerce, Guntur.
12. The Indian Chamber of Commerce, South Raja Street, Tuticorin.
13. The Indian Tobacco Association, Agraharam, Guntur.
14. The Kanara Chamber of Commerce, Bunder, Mangalore.
15. The Madras Hotels Association, 289, China Bazaar Road, Madras.
16. The Madras Provincial Hotels Association, 289, China, Bazaar Road, Madras.
17. The Madras Iron Hardware & Machinery Merchants' Association, 27, Linghi Chetty Street, Madras.
18. Madras Iron & Steel Essential Products Fabricators' Association, 174, Nainiappa Naick Street, P. T. Madras.
19. The Madras Memon Merchants' Association, 24, Davidson Street, Madras-1.
20. The Madras Jewellers & Diamond Merchants' Association, Car Street, China Bazaar Road, Madras.
21. The Madras Kirana Merchants' Association, 18, Audiappa Naicken Street, Madras.
22. The Madras Metalware Manufacturers & Merchants' Association, 102, Narayana Mudaly Street, Madras.
23. The Madras Mica Association, Gudur.
24. The Madras Opticians Association, 9/9, Broadway, Madras
25. The Madras Sowers' Association, 104, Narayana Mudaly Street Madras

26. The Madura Dyers' Association, 253, Ramnad Road, Madura.
27. The Madura Foodgrains Wholesale Merchants' Association 170, Chitrakara Street, Madura.
28. The Madura Ramnad Chamber of Commerce, 273, Ramnad Road, Madura.
29. Malabar Produce Merchants' Association, Copra Bazaar, Calicut.
30. The Masulipatam Rice Mills Association, Robertsonpet, Masulipatam.
31. The Negapatam Chamber of Commerce, Negapatam.
32. The Oilman Stores & Sundry Merchants' Association, 3, Bunder Street, Madras.
33. The Palghat Chamber of Commerce, Palghat.
34. The Rajapalayam Chamber of Commerce, "S. N. B. Buidings", Bank Road, Rajapalayam (Ramnad Dt.)
35. The Salem District Chamber of Commerce, Cherry Road Salem.
36. The Sivakasi Chamber of Match Industries, Valapalakada Street, Sivakasi (S. India)
37. The Sivakasi Master Printers' Association, Sivakasi.
38. South Indian Iron & Hardware Merchants' Association, 80, Sembudoss Street, Madras.
39. South Indian Swadeshi Match Manufacturers Association, Railway Feeder Road, Sattur P. O., Ramnad Dt.

40. The Tanjore District Merchants' Association, East Gate, Tanjore.
41. The Tanjore Co-operative Marketing Federation Ltd., Vijayapuram P. O., Tiruvarur.
42. The Tobacco Merchants' Association, C/o T. P. S. M. Sons & Co., Tindivanam.
43. The Trichinopoly District Chamber of Commerce, The Rock Fort Provident Insurance Co., Building, Trichinopoly.
44. The Trichinopoly District Merchants' Association, 42 Gandhi Market, Trichinopoly.
45. The Virudhunagar Chamber of Commerce Ltd., Virudhunagar.



APPENDIX

Presidents, Past and Present.

Sir P. Theagaraya Chettiar (1909-21)
M. Jamal Mohamed Sahib Esq. (1921-22 and 1929-34)
Sir M. Ct. Muthiah Chettiar (1922-28)
Nawab C. Abdul Hakim Sahib Esq. (1928-29 and 1935-37)
Diwan Bahadur Govindoss Chathurbhujadoss
(1934-35 and 1937-38)
Diwan Bahadur Sir M. Balasundaram Naidu (1938-39)
The Hon'ble Mr. M. Ct. M. Chidambaram Chettiar (1939-40)
Khan Bahadur Adam Hajeer Mahomed Sait (1940-41)
Rajah Sir M. A. Muthiah Chettiar of Chettinad (1941-42)
Rao Bahadur C. Gopal Menon (1942-44)
Khan Bahadur Yusuff Sait (1944-45)
Dr. K. N. Alagappa Chettiar (1945-47)
V. Pandurangaiah Esq. (1947-48)
Rao Bahadur T. S. Kachapikessa Mudaliar, B.A. (1948-49)
A. M. M. Marudappa Chettiar Esq. (1949-50)