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REPORT

OF THE

SOUTHERN INDIA CHAMBER OF COMMERCE

MADRAS

January—December 1950

The Southern India Chamber of Commerce, Madras.

PERSONNEL OF THE COMMITTEE FOR THE YEAR 1950–51.

President :

Rao Bahadur V. S. SUBRAMANIAM.

Vice-Presidents :

M. A. CHIDAMBARAM CHETTIAR, Esq.
R. K. MURTHI, Esq.

Committee :

DR. RM. ALAGAPPA CHETTIAR.
V. K. CHETTY, Esq.
C. GOVINDARAJULU, Esq.
K. GOVINDAN, Esq.
K. S. G. HAJA SHAREEFF, Esq.
Rao Bahadur T. S. KACHAPIKESA MUDALIYAR.
LALDOSS GOVINDOSS, Esq.
P. MARUTHAI, Esq.
M. CT. MUTHIAH, Esq.
V. M. P. MUTHUSWAMY, Esq.
A. NAGAPPA CHETTIAR, Esq.
T. NANNUSHANKAR TAWKAR, 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.
C. M. SHARMA, Esq.
S. F. H. AKBARI, Esq.

BRIJMOHAN MOHUNTA, Esq. M. V. GOPAL, Esq. K. L. NARASIMHA RAO, Esq. N. R. K. K. RAJARATHNAM, Esq.	Affiliated Bodies.

P. NATESAN, Esq., M.L.A., (Ex-officio).

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Subject

Commercial Printing & Publishing House,
46, Armenian St., Madras-1.

ANNUAL REPORT
OF
THE SOUTHERN INDIA CHAMBER OF COMMERCE, MADRAS.

REPORT OF THE COMMITTEE OF THE SOUTHERN INDIA CHAMBER OF COMMERCE PRESENTED TO THE 41ST ANNUAL GENERAL MEETING OF THE CHAMBER HELD ON 26TH JUNE 1951 AT

St. Mary's Hall, Armenian Street, 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 1950.

The 40th Annual General Meeting was held at the Gokhale Hall, Armenian Street, Madras on Thursday the 29th June 1950 at 11 A. M. with Sri A. M. M. Murugappa Chettiar, President in the chair.

The Hon'ble Sri P. S. Kumaraswami Raja, Chief Minister, Madras inaugurated the proceedings. There were other Ministers and distinguished visitors present at the meeting.

The Secretary read the notice of meeting and the President Sri A. M. M. Murugappa Chettiar, then delivered his Presidential Address.

The Hon'ble Sri P. S. Kumaraswami Raja then delivered his speech.

Rao Bahadur V. S. Subramaniam proposed a vote of thanks after which the meeting was adjourned for a short interval of 15 minutes.

Members re-assembling, the Annual General Meeting was proceeded with and Mr. Murugappa Chettiar moved the adoption of the Annual Report and audited statements of Accounts which was seconded by Sri M. A. Chidambaram Chettiar, Vice-President. The Report and Accounts were then passed unanimously.

The remuneration of the Auditor was fixed at Rs. 500/- per year. Sri. B. M. Kumbhat was unanimously elected Auditor for the year 1950.

Sri. Murugappa Chettiar then announced the unanimous election of Rao Bahadur V. S. Subramaniam, as President and of Sri M. A. Chidambaram Chettiar and Sri R. K. Murthi as Vice-Presidents of the Chamber for the coming year.

It was also announced that Janab S. F. H. Akbari was elected to represent the City Affiliated bodies on the Committee.

30th June 1950 was the day fixed for the election of members to the Committee. There were 19 candidates duly nominated for election but 11 of them having withdrawn their candidature, the following 8 members were unanimously elected to the Committee:—

1. Janab. K. S. G. Haja Shareeff,
2. Rao Bahadur T. S. Kachapikesa Mudaliyar,
3. Sri P. Maruthai,
4. Sri M. Ct. Muthiah,
5. Sri V. M. P. Muthuswamy,
6. Sri A. Nagappa Chettiar,
7. Sri T. Nannu Shankar Tawkar,
8. Sri C. M. Sharma.

Dr. Rm. Alagappa Chettiar was co-opted to the Committee in the place of Sri R. K. Murthi, elected Vice-President.

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

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

Rao Bahadur V. S. Subramaniam, (8)
Sri M. A. Chidambaram Chettiar, (7)
Sri R. K. Murthi, (8)
Dr. Rm. Alagappa Chettiar,
Sri V. K. Chetty, (8)
Sri C. Govindarajulu, B.A., (6)

Sri K. Govindan, (6)
Janab K. S. G. Haja Shareeff, (6)
Rao Bahadur T. S. Kachapikesa Mudaliyar, B.A., (9)
Sri Laldoss Govindoss, (5)
Sri P. Maruthai, (7)
Sri M. Ct. Muthiah, (5)
Sri V. M. P. Muthuswamy, (5)
Sri A. Nagappa Chettiar, (7)
Sri T. Nannu Shankar Tawkar, (6)
Sri Narandas J. Dutia, (9)
Sri V. S. L. Nathan, (10)
Sri V. Pandurangiah, (10
Sri S. Ramaswamy Naidu, (4)
Janab Rasheed Ahmed Sayeed, (8)
Sri M. M. Rawal, (7)
Sri T. M. Rangachari, (2)
Sri T. Ranganatha Mehta, (6)
Sri T. K. Singaram, M.A., B.COM., (9)
Sri K. V. Srinivasan, (7)
Sri L. Srinivasan, B.A., J.P., (7)
Sri C. M. Sharma, (8)
Janab S. F. H. Akbari, (6)
Sri Brijmohan Mohunta, (5)
Sri M. V. Gopal,
Sri K. L. Narasimha Rao, (6)
Sri N. R. K. K. Rajarathnam, (1)
Sri P. Natesan, M.L.A.

During the year there were 10 ordinary and 5 special meetings. 75 New Members were admitted, while due to death, resignation and non-payment of subscription, the names of 72 members were removed from the rolls so that at the end of the year there were 888 members.

In order to improve the finances of the Chamber, the Committee were of opinion that the entrance fee, affiliation fee and subscription both for resident and non-resident members should be raised. Accordingly a General Body Meeting of the Chamber was held in the year and it was unanimously decided to raise the entrance fee to Rs. 100/-, affiliation fee to Rs. 75/-, subscription in the case of resident members to Rs. 40/- and in the case of non-resident members to Rs. 20/-. This was given effect to from 1st July in the case of resident members and from 1st January 1951 in the case of affiliated and non-resident members.

The year was full of legislative activities. Important Bills like the revision of the Indian Companies Act, Labour Relationship Bill, Trade Union Bill, Profession Tax Enhancement Bill etc., which were likely to affect the interests of the mercantile and industrial community were considered by the Committee in detail and their recommendations have been submitted to the Government. These recommendations are under the consideration of the Government.

Representatives of the Chamber on the various public bodies continued to do very useful work. Difficulties experienced by merchants and brought to the notice of the Chamber were promptly taken up through the Chamber's representatives in the various Bodies and such redress as is possible has been obtained quickly.

The food situation in the country especially in this Province continues to give considerable anxiety. It was reported that scarcity conditions are prevailing in various districts. The food situation is inextricably connected with the development of trade and industry in the country and the Chamber bestowed considerable attention on this problem. Sources of supply of rice for which South India has a partiality were also mentioned to Government and repeated telegrams urging Government to take immediate action to relieve scarcity conditions were sent to the Government of India and the Local Government were prevailed upon to use their influence with the Central Government to get more foodgrains to tide over the crisis in South India. It is not a little due to the untiring effort of this Chamber that Government of India were after all persuaded to send a Delegation to Burma to negotiate for the supply of rice to India. The thanks of the Chamber are due to the untiring efforts of Rajah Sir M. A. Muthiah Chettiar of Chettinad, Leader of the Opposition in the Assembly, and to Sri P. Natesan the Chamber's representative in the Assembly who have not spared any pains to ventilate the difficulties of the public before the Legislature and Government whenever opportunities arose.

There were a lot of hurdles in the way of Indians proceeding to Burma and Ceylon. Due to the intervention of the Chamber much of the hurdles were got over. I should in this connection place on record the grateful thanks of this Chamber to the Local Government for effectively putting forth the points of view of the public before the Government of India for favourable consideration.

The year 1950 was an all round progress over 1949. The number of letters received and despatched has been greater than that of 1949. Larger number of Certificates of Origin and Certificates of Invoice were issued during the year. Very many circulars relating to Government notifications bearing on industry, trade and commerce have been brought to the notice of the members by circulars issued from the Chamber. Membership of the Chamber has increased testifying to the useful work done by the Chamber.

As a result of the progressive work during the year the income of the Chamber has also increased and can be claimed to be a record in the history of the Chamber.

The Weighment and Measurement Department continues to do useful work. Recently two new lines of Steamers have agreed to utilise the services of the Weighment and Measurement Department of the Chamber. It is to be hoped that other Steamship lines will also utilise the Chamber's services.

The Library of the Chamber is being steadily increased. Visitors in large numbers and members are increasingly using the Chamber's Library for reference. One great difficulty experienced now is want of sufficient accommodation to hold meetings of the Chamber and to accommodate the Library and Reading Room. Considerable difficulty is experienced when meetings have to be arranged at short notice to meet Hon'ble Members of the Government of India and other high ranking officials. Books have to be taken aside and removed from its usual place and rearranged resulting at times in the misplacement or loss of important publications. This is a matter which should engage the attention of the Committee in the years to come.

The claims of Mr. Akbar R. Parpia, Architect, for payment of his fees in respect of the plans for the Chamber's new building at the Esplanade site have been happily settled by the payment of Rs. 10,000/- in full settlement. The Chamber continues to pay to Government Rs. 4,976-14-0 every year towards the ground rent of the vacant site. Steps are being taken for the erection of a building at the site as early as possible.

During the year distinguished members and visitors attended meetings of the Chamber and such meetings were very helpful in resolving difficulties experienced by the commercial community. The President of the Federation also attended a joint meeting of all Chambers of Commerce at the "Gokhale Hall".

Like last year, this year also our members had the usual share of Public honours. Sri. R. Ramanathan Chettiar was elected as Mayor of Madras while Sri. B. D. V. Ramaswami Naidu was appointed as Sheriff of Madras for the current year. Sri. C. M. Kothari was elected President of the Federation of Indian Chambers of Commerce and Industry while Sri. R. Ramanathan Chettiar was elected to the Committee of the Federation.

During the year the City Improvement Trust Act was amended. According to the provisions of the old Act this Chamber had the right of returning one member to the Trust Board. The amended

...as proposed to delete this facility. The Chamber has protested against the measure.

The Import Control Enquiry Committee visited the Chamber and had discussions with the members of the Chamber. Many useful recommendations have been made by the Committee and the views expressed by this Chamber have been in most cases accepted.

The Chamber has recently become a member of the Indian Chamber of Commerce in Great Britain. With its affiliation to the Federation of Indian Chambers of Commerce and Industry, its membership of the Indian National Committee of the International Chamber of Commerce and Indian Chamber of Commerce in Great Britain the Chamber hopes to expand its activities further and be of more real service to the mercantile community.

The Chamber continued to evince a keen interest in the interests of Indians settled in Burma, Ceylon and Malaya. It is a tribute to the solid work of the Chamber that Government of India were at last persuaded to send a Government Delegation to Burma to put forth the points of view of the Government of India before the Burma Government regarding their land nationalisation policy. Large sums of Indian money have been invested by Indian Nationals in those foreign countries. But due to the hostile trend of legislation pursued in those countries Indian investors are eager to bring back their money for investment in our country. If facilities for repatriation are given it is to be expected that most if not all such monies invested overseas would be brought back to the country which will help the rapid industrialisation policy of our Government.

The threat of a III World War continues to persist. The situation all over the world is charged and surcharged with grave doubts and fears. Independent India is still in its infant stage. Economically and financially this country cannot stand the effect of a world war. Already the symptoms have begun to be felt here. Increased prices of raw materials required for her industries has resulted in increase of prices all round. It is to be expected that there may be a shrinkage in the volume of trade in the event of a new flare-up anywhere in the world. This is a time that Government and people should work in close co-operation to avoid as far as possible the evil consequences following a III World War.

There have been talks about industrialisation of the country and various plans have been drawn up. No doubt new industries have been started especially in this Province but most of them have to depend on foreign supplies for their continuance.

In a free and independent India, Chambers of Commerce apart from criticising the Government for their short comings have a different role to play. They must advise and put forth concrete suggestions for re-vitalising the economic structure of the country not only in the interest of their members but also in the interests of the country as a whole. Government on their part should consult always representatives of Chambers of Commerce before introducing new legislations affecting them.

K. A. MENON,
Ag. Secretary.

V. S. SUBRAMANIAM,
President.

Indian Chamber Buildings
Madras I.
8—6—1951.

Present Representatives of the Chamber on Public Bodies.

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

Madras Corporation:—Sri P. R. Nammalwar.

Madras Port Trust:—Sri T. K. Singaram, M.A., B.COM., Mr. M. M. Syed Mohamed Rowther, Sri P. Lakshmipathy, Sri V. Pandurangiah, Sri Narandas J. Dutia and Sri P. Maruthai.

S.I. Railway Advisory Committee:—K. Govindan, Esq.

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

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

Senate of the Annamalai University:—Sri S. Ramaswamy Naidu.

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

Board of Communications:—M. M. Rawal, Esq.

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

Madras Port Committee:—Rao Bahadur V. S. Subramaniam.

Delegate to International Chamber of Commerce, Indian National Committee:—Rao Bahadur V. S. Subramaniam.

Madras Income-Tax Board of Referees:—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:—Rao Bahadur V. S. Subramaniam, Mr. R. K. Murthy, Mr. C. M. Kothari, Mr. R. Ramanathan 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:—D. M. Rawal, Esq.

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

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

Regional Posts and Telegraphs Advisory Committee, Madras:—T. Nannu Shankar Tawkar, Esq.

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

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

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

Madras Telephone Advisory Committee:—Sri L. Srinivasan.

ABSTRACT OF PROCEEDING

THE FOLLOWING IS A SUMMARY OF THE MORE IMPORTANT PROCEEDINGS OF THE COMMITTEE OF THE CHAMBER, DURING THE YEAR 1950. THE PRINCIPAL SUBJECTS THAT CAME UP FOR CONSIDERATION RELATED TO THE FOLLOWING MAIN HEADS:—

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

Industrial and Commercial Legislation

Amendment of the Indian Companies' Act

The Indian Companies Act was revised in 1936, but in its practical working lacunae were found and so Government wanted to modify the Act to suit the present changes and to cover up the lacunae. Two experts in Company Law Mr. Tricumdas Dwarkadas of Bombay and Mr. V. K. Thiruvenkatachari of Madras were entrusted with the work of examining the existing law and the recommendations made by them were examined by Mr. N. K. Majumdar, formerly Registrar of Joint Stock Companies, Bengal and tentative proposals were sent to this Chamber for eliciting opinion. As the tentative proposals are of an important nature they are reproduced below for general information:—

ANNEXURE I

Private Companies

A large number of private companies has been registered during recent years, and the percentage of private to public companies has also increased very much. It is necessary that the activities of private companies should be subject to control and greater publicity in the interest of the public. It has, therefore, been proposed that:—

1. The Balance Sheet and Profit and Loss Account of private companies which are at present not required to be audited by qualified auditors should be so done in future.

2. The annual accounts and the Balance Sheet of private companies should be filed with the Registrar.

3. The Profit and Loss Account and the Balance Sheet of private companies together with the Directors' Report should be circulated to the members.

4. Every private company must have at least one director.

5. The provision in Section 54-A (2) that no public company shall have the power to grant loans, etc., for the purpose of purchasing shares of the company, should be made applicable to a private company.

6. The provisions of Section 91-D requiring that the manager or other agent of the company to disclose the name of the third party with whom a contract has been entered into with the company as the undisclosed principle, should be made applicable to private companies.

7. The auditors of private companies should be qualified persons.

8. In cases of voluntary winding up by ordinary resolution, the resolution shall be filed with the Registrar. This should apply to all companies.

9. The provisions of Section 79 (1) in respect of General Meetings shall apply to all private companies.

10. The Directors' consent must be obtained and filed with the Registrar of Joint Stock Companies.

11. The provisions of Section 87-D regarding loans to managing agents must apply to every private company.

12. The provisions of Section 146 regarding rights of preference shareholders and debenture-holders as to receipts and inspection of report, etc., shall also apply to a private company.

13. Foreign private companies must also comply with the provisions applicable to Indian private companies.

ANNEXURE II

Enforcement and Legal proceedings

The Indian Companies Act makes it incumbent on a company to fulfill certain obligations, as for example filing documents with the Registrar, holding Statutory and Annual General Meetings, etc. The company in default is liable to a penalty as also are the Directors and other Officers responsible for the default, if it can be proved that their default is wilful. A magistrate of the first-class is empowered to deal with these defaults.

There are certain other matters, as for example, winding up, compromise with creditors, amalgamations without winding up, and generally the control of and direction on the company and the management, which are left to be decided by the Court.

A few statutory powers are also given to the Central Government, but unlike the statutory powers of the Board of Trade in the U.K., very little statutory powers have been vested in the Government of India, and such few powers are limited to framing of the rules and prescribing forms, etc.

It has been stated the vesting of such powers to the Registrar or other officer is necessary in some cases where the management of a company has unwarily been in default of some requirement and would be only too glad to comply with those requirements and to pay the prescribed penalty to avoid being drawn to the Court. In other cases such as, calling of a General Meeting in default of one being called by the directors, the Registrar or any other responsible officer is competent to give the necessary direction.

2. Under the existing law the Court means the High Court. The Central Government may, however, empower the District Courts to exercise all the powers of the Court with or without restriction. At present the District Court in some Provinces have been given the power of the Court under the Act in different degrees. It is felt by the public that legal proceedings in a High Court are expensive and, in some cases, takes much time of the Court unnecessarily. It has, therefore, been recommended that, with a view to ensure quick disposal of cases and to make the legal proceedings cheaper than at present, the delegation of powers to the District Courts should be made more extensively than at present and that the delegation in different provinces should be on a uniform basis.

3. It has accordingly been proposed to make the following provisions in the Act:—

(1) In cases of default the company itself should not be penalised, but only its directors and officers responsible for the default.

(2) The directors should name one of the directors or a high official of the company holding the post of Manager, or Managing Agent or Secretary, who will be responsible for the fulfilment of the various obligations under the Act. In case of default, wilfulness and knowledge of the default will be presumed by the Court in the case of the officer or director so named. In the case of other directors and officers, their liabilities under the Law will stand as at present.

(3) Certain statutory powers, which are now exercisable by the Courts or Magistrates and do not involve important judicial decisions, should be given to the Central Government with powers to delegate some of these powers to the Registrar or other officer of the Central Government. Where such powers are so delegated, there should be a right of appeal to the Central Government. Subject to the right of appeal to the Central Government, the officers to whom powers are delegated will, at the request of the parties, be competent to impose and levy the penalty prescribed by law and to permit certain things to be done which could otherwise be permitted by the Court. The Registrar should also be given the power to compound, with the consent of the Court, cases instituted by him, with the exception of those instituted for certain offences, as for example, offences under Section 282. The Registrar should also be authorised, on reasonable grounds being shown and on payment of the prescribed penalty, to condone the default and to extend the time for performance of the obligations under the Act.

In all cases where power is exercised by the Registrar of a Province or any officer of Central Government, a right of appeal will lie to the Central Government, and also a right of appeal from the decision of the Central Government to the Court.

ANNEXURE III

Investigation

In the English Act of 1948, the basis on which application for investigation should be made has been liberalised.

Various complaints have been received from time to time against bad management of companies and undesirable activities on the part of the management in relation to the shareholders and the creditors. The provisions under which the Registrar can take a move are too limited for any effective action and the procedure laid down is so dilatory that by the time an enquiry is held and the time comes for legal action, the culprits manage to tamper with evidence and dispose of the assets of the company, but even this limited action cannot be taken in most cases as various technical requirements are not satisfied. Therefore, it seems to be necessary that, as in the case of banking companies where provision has been made for inspection by the Reserve Bank under orders of the Central Government, a provision for the inspection of other companies by the Registrar or some qualified inspectors when so ordered by the Central Government should be made in the Indian Companies Act.

It is also noticed that in cases where investigation has been held in the affairs of a company, such investigation has hardly resulted in either the rehabilitation of the company or the punishment of the culprits responsible for the mismanagement or misdeed. Some procedure is, therefore, urgently needed for expediting post-investigation actions also. Hence it is proposed that:—

1. The Central Government should be empowered to cause an inspection to be made by one or more of its officers of any company either on receipt of a complaint or on its own motion.

2. The provisions of Section 140 shall apply to such inspection.

3. The Central Government should be empowered to take the following action after inspection of a company as aforesaid or after investigation by an Inspector appointed under Section 138, namely:—

(i) if after considering the report of inspection, the Central Government is of the opinion that the affairs of the company are conducted to the

detriment of the interests of the creditors and shareholders or contrary to the provisions of the Law, it may after giving opportunity to the company to make representation in connection with the report;

(a) direct the Registrar or any other officer to apply to the Court for the winding up of the company;

(b) publish the report or such portion thereof as may be considered fit;

(c) pass such orders as it may deem fit for the conduct of business of the company, or with regard to any objectionable transactions or evils that may prevail in the administration of any company; and default in complying with these orders within a reasonable time specified in the Order will make the directors and other responsible officers of the company liable to penalty of Rs. 50 per day. These orders shall be effective for a period not exceeding six months or till the shareholders have had an opportunity of considering the report of inspection at a general meeting, but the above time-limit shall not apply in the case of any order made in respect of any objectionable transactions;

(d) may by order suspend or remove any managing agents, or managing director or any director without any claim for compensation from any of them. Any managing agent or managing director or director, who has been removed under such an order, shall not be eligible for re-appointment for a term of five years.

(ii) if after perusal of the report it is considered that criminal proceedings should be instituted against the directors or any other officers of the company or any other person, the Central Government may cause such proceedings to be instituted forthwith.

4. The Central Government should be given the power to appoint an Inspector if an application is made, signed by at least 200 members, although such number may be less than 10 per cent, of the total number of members, or less than the number of members holding 10 per cent of the share capital of the company.

5. The Registrar should be given the power of asking for production before him of books of accounts and minute books.

6. The Registrar should also be given the power of routine inspection as and when he deems fit.

7. In Section 137 (6) the term "after giving the company an opportunity of being heard" should be omitted, because this gives an opportunity to the company to destroy the evidence that there might be in support of the complaint.

8. The Registrar may appoint a qualified auditor to help him in such investigation.

9. The Registrar may also take the help of the police officer for the purpose of the investigation, because it has been found that investigation by a police officer assists in the quick and effective prosecution of the guilty persons.

ANNEXURE IV

Transfer of shares

1. As a measure of identification of interests in shares of companies and also prevention of tax evasion, it is necessary that:—

(1) Power should be given to the Central Government to appoint Inspector to investigate the real ownership of companies;

(2) Power should be given to Central Government to require information as to persons interested in shares or debentures;

(3) Power should be given to Central Government to impose restrictions on the transfer of shares or debentures.

2. Some recent decisions make it necessary that the directors should have powers to refuse to register a transfer of fully paid-up shares, if authorised by the Articles, and in circumstances mentioned therein. To prevent indiscriminate use of such powers by the directors, it is proposed to authorise the Courts to allow transfer of shares where the directors have refused such transfer without valid reasons.

ANNEXURE V

Names of companies

It has come to notice of Government that companies are registered with words (being names of well-known persons or of well-known places or of countries) in their names, or grandiose names, which are misleading and can hardly be justified. Companies are also registered with names (which are) identical with or closely resembling the names of existing companies.

It is, therefore, proposed to follow the provisions of the English Act of 1948 in some cases and to introduce changes in the present provisions of Section 11, as follows:—

(1) No company shall be registered by a name which in the opinion of the Central Government is undesirable.

(2) If a company through inadvertence or otherwise has been registered by a name identical with or closely resembling the name of another company in existence, it shall, subject to a right of appeal to the Central Government, change its name as soon as called upon by the Registrar to do so.

It has also been noticed that a company which engages in any undesirable activity or becomes unpopular in one locality, suddenly changes its name and transfers its activities to a new area under the new name and without giving any indication of its former identity. To prevent the public being misled by such malpractices it is desirable that when a company changes its name, it shall, in all places where the new name is used, give an indication of all its previous names.

ANNEXURE VI

Managing Agents

The Managing Agency System has existed in India for sometime past. Various provisions were introduced in 1936 to control the Managing Agency System and to curb many undesirable practices which were attributed to the Managing Agents. Representations have been made that these controlling measures have not produced the desired effect, while on the other hand, taking advantage of the statutory recognition and status extended to this system, the Managing Agents are conducting the affairs of the companies in their own interests. The common complaints made against the System are that—

(1) Though the Managing Agents are supposed to work under the direction of the Directors of the companies, not unoften do the managing agents wield the real controlling power and the directors are either their own nominees or subservient to their interests, or are powerless against them.

(2) The managing agents conduct the affairs of the companies only to advance their own interests and in utter disregard of the interests of the shareholders.

(3) A very disproportionate share of the earnings of the company are appropriated by the managing agents, the shareholders being left to get no or comparatively smaller benefits.

2. The Government of India consider that the institution of the managing agents, being linked with the development of industrial and commercial enterprises should be viewed more from the interests of the investors and the consumers than at present. Having due regard to those interests and after carefully considering the merits and defects of this institution, the Government have come to the conclusion that the restrictive measures incorporated in the Indian Companies Act in 1936 should be further tightened up. With this end in view it is proposed to make the following further provisions:—

(1) The managing agents shall not directly or indirectly engage themselves in business similar to the business of the company in which they are managing agents.

(2) The managing agents shall not be managing agents of two or more companies conducting the same line of business.

(3) The appointment of managing agents in the case of private companies shall be prohibited.

(4) Companies shall not be eligible for appointment as managing agents.

(5) A maximum limit should be fixed in regard to percentage of nett profits payable to the managing agents, and the minimum to be paid in case of absence or inadequacy of profits should be a percentage of paid-up capital according to a scale prescribed for the purpose.

(6) The managing agents' remuneration shall not include any office allowance.

(7) The remuneration of the managing agents should be subject to the approval of the shareholders in the first annual general meeting after their appointment.

(8) Any stipulation for remuneration additional to or in any other form than a percentage of nett profits or a minimum amount in the case of absence or inadequacy of profits shall not be binding on the company. Managing agents or any party in whom managing agents are interested shall not draw any commission on sales, turnovers or purchases.

(9) If the termination of office of the managing agents is effected due to mismanagement, or by voting by holders of shares which are either held or controlled by managing agents, no compensation shall be payable to the managing agents on such termination.

(10) Re-appointment of managing agents either on or before the expiry of the original period should be permissible only by special resolution of the principal company provided that the first term for managing agents shall be for ten years.

only and subsequent terms for periods of five years only. Provided also that if the managing agents have been able to declare an average dividend of a prescribed percentage for each year of the term just completed, their term will be extended by an ordinary resolution by five years and so on for every term. This will hold good for the next twenty years.

(11) The definition of the term "Managing Agents" is to be revised as follows:—

> "Managing Agent" means a person or a firm entitled to the management of the affairs of a company by virtue of an agreement with the company and under the control and direction of the directors, and includes any person or firm occupying such position by whatever name called.

(12) Every managing agency agreement shall be filed with the Registrar.

(13) The managing agents shall not borrow any money without the consent of the directors with three-fourths majority.

(14) The borrowings of a company shall be for bonafide purposes of the company and not for any extraneous purposes. No company or the managing agents on the company's behalf shall borrow for purposes of investment if the company is in possession of investment. Penalty for breach on each director or officer Rs. 5,000.

(15) Penalty for breach of provision of Sections 86-D, 87-D, and 87-E to be Rs. 5,000.

(16) Investments in allied or sister concerns should be totally prohibited. No company shall buy shares in any company or hold share of any firm in which the managing agents are interested. Penalty for contravention should be Rs. 5,000.

(17) Current accounts with the managing agents shall e prohibited. Penalty for contravention Rs. 5,000.

(18) Every Balance Sheet shall be accompanied by a list f investments made by the company stating the names of the companies (with the names of their managing agents) in whose shares, debentures or bonds such investments have been made and the rates of interest on debentures or bonds. The uniform mode of valuation and a definite statement should be made showing that the investments as also stock-in-trade has been valued at cost if below market price, or at market price if below cost. In cases of deviation from this principle, reasons must be given. Penalty for contravention Rs. 5,000.

(19) Any unrealised "book debts" due from allied firms must be made good by the managing agents, and failing this, by the directors.

(20) Funds belonging to a company shall not be utilised by the managing agents for any extraneous purposes, as for example acquisition of managing agency of other companies fully or partially with such funds.

(21) The definition of "Nett Profit" as given in Section 87-C (3) is to be revised as under:—

> From the Gross Profit are to be deducted (1) working charges including directors' remuneration and any bonus or commission paid to any member of the staff. engineers and others, (2) interest on loans and advances, (3) interest on debentures and other fixed loans, (4) repairs and outgoings, and (5) depreciation; to the gross profit are not to be added (*a*) bounties or subsidies from Government or from a public body, (*b*) profits by way of premium on shares sold, (*c*) profits on sale proceeds of forfeited shares, and (*d*) profits from the sale whole or part of the undertaking of the company. As managing agents remuneration is a revenue expenditure it must also be deducted from gross profit before obtaining nett profit on which the percentage will be calculated for managing agents' remuneration.

(22) Compensation for loss of profits shall not be provided in any future contract with the managing agents, including any contracts renewed, and the managing agents after five years shall cease to claim or get any such compensation.

(23) The minimum amount allowed as managing agents' remuneration may be drawn by them in 12 equal monthly instalments. The remainder of the remuneration can be drawn by the managing agents only when the Profit and Loss Account and the Balance Sheet are adopted at the General Meeting of the Shareholders.

(24) The directors must exercise supervision and control over the activities of the managing agents, and particularly in matters of (1) borrowings, (2) investments, (3) granting of loans and advances, and (4) expenditure, notwithstanding anything to the contrary in the agreement with the managing agents. The directors will be rseponsible, along with the managing agents, in these matters for any contravention of the Law or the Articles of the Association and for any loss occasioned to the company.

(25) If in spite of all prohibitions, loans and advances are made to directors, or managing agents or to allied companies interest must be payable by them at a prohibitive rate, irrespective of any other proceedings that may be taken against them under the Law.

(26) A statement has to be appended to the Profit and Loss Account, showing the calculation of the managing agents' remuneration charged in the Profit and Loss Account. The auditor of the company must certify whether the statement shows the correct determination of the remuneration according to the law and to the terms of the managing agents' remuneration as given in the Articles of Association.

(27) The Central Government may declare from time to time that in respect of specified industries or companies the managing agency system shall not be allowed.

ANNEXURE VII

Directors

The present system of control and supervision of the Board of Directors is inefficient and ineffective. Even when there are managing agents, the directors should have general supervision and control over their activities, and should share responsibility along with them for mismanagement and misdeeds and for contravention of the requirements of the law.

It seems also necessary that every company, private or public, should have directors. It is, therefore, proposed that:—

(1) Where a person is convicted in connection with promotion, formation or management of a company or where he is guilty of any offence connected with fraudulent trading or of any fraud in relation to the company or of any breach of duty to the company as an officer, such person may be debarred by the Court from taking part in the management of a company for a period not exceeding five years.

(2) The remuneration of a director should not be paid to him free of income-tax.

(3) No assignment of office by any director should be permissible. If it is permitted at all it should be only by a special resolution.

(4) It should be incumbent on the directors to disclose either in the balance sheets or the profit and loss accounts, as the case may be, certain matters such as the share holdings of the directors and managing agents, particulars relating to director's salaries, pensions, etc., particulars of loans to officers and information as to the terms of compromise with creditors and members.

(5) No payment should be made to a director by way of compensation for loss of office without disclosing particulars to the members of the company and without a special resolution.

(6) Any contract in contraventions of the provisions of Sections 86-F and 91-A should be voidable, and a contravention of Section 86-F will render a director liable to fine up to Rs. 1,000 and also to the penalty of exclusion from the board for a period up to five years, as may be determined by the Court.

(7) For contracts contemplated by Section 86-F, exceeding Rs. 10,000, sanction by special resolution of the shareholders will be necessary.

(8) The restrictions on the grant of loans, etc., to companies having relations with directors should be extended to cover companies registered in the States and private companies.

(9) The appointment of directors should be voted on individually.

(10) An age-limit of 70 years should be put in connection with the appointment of directors as the maximum, a relaxation being permitted by a special resolution.

(11) Every private company should have at least one director.

(12) No director, first or subsequent, of any company, public or private, should be appointed or re-appointed without his consent signified in writing and all such consents should be filed with the Registrar.

(13) For the purpose of Section 86-E, the office of a secretary need not be considered as an office of profit.

(14) The office of a director shall be vacated if he resigns in writing, without the necessity of such resignation being considered or accepted by the Board of Directors.

(15) Acts of a director or manager shall be valid, notwithstanding any defect that may afterwards be discovered in his appointment or qualification (compare Section 180 of the British Act, 1948).

(16) It shall be the duty of directors to disclose age to company (Cf. Section 186 of English Act, 1948).

(17) The Court will have power to restrain fraudulent persons from managing companies (as in Section 188 of English Act, 1948).

(18) A register shall be maintained of the holdings of each director of the company in shares or debentures of the company, giving the number, description and amount, and, in case of acquisition or disposal by transfer, the date of, and price or other consideration for, the transaction (compare Section 195 of the 1948 English Act).

(19) Particulars must be included in accounts of loans made by the company to officers, etc., showing (*a*) the amount of

any loans made during the company's financial year to any officer of the company or any person who after making the loan became an officer of the company, (*b*) the amount of any loans made to any such officer or person before the company's financial year and outstanding at the expiration thereof (as in Section 197 of the 1948 English Act).

(20) It shall be the general duty of the directors and other officers to make disclosures for the foregoing purposes (as in Section 198 of the 1948 English Act).

(21) The directors, notwithstanding anything contained in the agreement with the managing agents, shall have an effective control and supervision over the expenditure of the company incurred by the managing agents and over the investments of the company made by the managing agents, as also on the borrowings of the company made by the managing agents, and shall be responsible for making good any loss incurred by the company on these accounts through their lack of control and supervision.

(22) For any contravention of the provisions of the Act regarding the managing agents (Sections 87-B to 87-I), the directors shall also be liable to prosecution and penalty.

(23) In the case of disputes between two rival groups of directors claiming to manage the affairs of the company, the matters shall be decided by summary proceedings before a District Court.

ANNEXURE VIII

Capital Structure and particulars of shareholders and Directors

The present capital structure of companies has led to great disproportion between authorised capital and paid-up capital, and lack of control over the capital structure of companies has led to disproportionate voting rights for certain classes of shareholders. To avoid these defects and to check the growth of mushroom companies, it is proposed that:—

1. The registration fee shall be Rs. 2 per Rs. 1,000 for any amount of authorised capital and there shall be no maximum.

2. The subscribed capital of every company, and not merely of a banking company, shall be not less than half of the

authorised capital and the paid-up capital shall be not less than half the subscribed capital.

3. The capital of a company other than a banking company may consist of preference shares, ordinary shares and deferred shares.

4. The voting right shall be strictly proportional to the paid-up amount of the shareholders, irrespective of the nature of share held by them and notwithstanding anything contained in the Articles of Association.

5. The rate of dividend payable to deferred shareholders shall not exceed double the rate of dividend paid to ordinary shareholders. Dividend payable to preference shareholders shall be at a fixed rate.

6. The old companies shall be allowed two years' time to fall in line with this scheme.

7. If there is a group of companies with shares interlocked in a circle, all such shares forming the circle shall be omitted from the share registers.

8. The share application form or the share transfer form should contain the information about the nationality of a shareholder, and this is to be recorded in the share register.

9. In the column in the share register and in Form "E" it should not be necessary to give father's name, but in the case of females, the father's name or husband's name must be furnished. The requirement as to caste in Form "E" should be deleted.

10. The full particulars of nationality and other directorships of a director should be given once a year in Form "E", but when a change occurs in the personnel of directors, it should be notified within the prescribed time.

11. Form E need give the particulars of the shareholders once every three years, but all changes and additions are to be shown every year.

ANNEXURE IX

Auditors

The provisions relating to auditors are given in Sections 144 and 145. These relate to their qualifications, appointment and report.

The provisions relating to qualifications of auditors have been examined separately and necessary modifications have been incorporated in the Chartered Accountants Act recently passed.

Certain defects have been found in the audit work of some auditors. But the present system of appointment does not help the production of independent reports. A sub-committee of the Indian Accountancy Board was appointed some time ago to go into the matter relating to audit and accounts of companies, and this sub-committee as also the Special Officers have made various recommendations.

In the light of examination of these recommendations it is proposed that—

(1) In the resolution for appointing auditors, the directors and managing agents shall not vote.

(2) If the auditor's report contains adverse comments on the actions of the management, and if thereupon, he is replaced by another auditor the Central Government may, on a representation made, appoint an auditor to investigate and report to the Central Government whether the adverse report of the retiring auditor was justified on facts. On receipt of this report, the Central Government may decide whether to reappoint the retiring auditor who was not appointed by the company for the next audit in place of the new auditor who was so appointed.

(3) Where a new auditor is appointed jointly with the retiring auditor, this should be treated as a new appointment and usual notice should be required. This should not however be deemed to include cases where an auditor's firm takes in a new partner or leaves an old one.

(4) Where a notice is given for the appointment of a new auditor in place of the retiring one and the retiring auditor makes a representation to the company, the notice sent to the members of the company of the proposal to appoint a new auditor shall make a mention of the representation made by the retiring auditor or a copy of the representation shall be sent to the members along with the notice.

(5) The balance sheet and the profit and loss accounts should be approved by the Board of Directors before the accounts are signed by the auditors.

(6) There should be a penalty of imprisonment for defaults in the issue and circulation of the balance sheet and the profit and loss accounts.

(7) Specific provisions should be made for the circulation of auditors' report if it is made separately.

(8) The auditor should be sole judge as to what is necessary for the performance of his duties in so far as he calls for information and explanation for the purpose of such duty.

(9) The auditor should have the right to receive all notices and other communications relating to general meetings which any member of the company is entitled to receive. They should have the right to attend all such meetings and not the annual general meeting only as at present. They should also be entitled to be heard at such general meetings on any part of the business of the meeting which concerns them as auditors.

(10) An auditor shall be automatically re-appointed at the annual general meeting without the passing of any resolution unless—

(a) he is not qualified for re-appointment, or

(b) somebody else is expressly appointed in his place or he is expressly debarred from re-appointment, or

(c) he is unwilling to be re-appointed and notifies the company in writing to that effect.

(11) Provision should be made for at least 28 days' notice to the members for changing the existing auditors.

(12) At present the auditor's report should state whether or not the balance sheet exhibits a true and correct view of the company's affairs. The words 'true and correct view' should be substituted by the words 'true and fair view.'

(13) The accounts of a private company should be audited by a qualified auditor.

(14) At present any person indebted to the company is not qualified to be appointed as an auditor of that company. An exemption should be made from the disqualification of indebtedness incurred in the course of ordinary business with a public utility concern.

(15) The branch accounts of every company must be examined and certified by a qualified auditor, and if he is different from the auditor auditing the balance sheet of the company, the latter may accept the certificate given by the local auditor or auditors. The auditor performing the statutory audit may insist on auditing personally the accounts and books and accounts of at least ten per cent of the branches of the company, and his remuneration and other charges must be paid by the company for such audit.

(16) If the auditor objects to certain expenses as being contrary to law or facts or as exorbitant, such expenses or the excess over the correct figures, may, subject to consideration of any representations by the management to the Central Government be disallowed by the Central Government and the amount disallowed shall be refunded and made good by the directors and the managing agents or such of them as may be specified in the order.

Annexure X

Accounts

The forms in which the final accounts of the company are to be compiled have been examined at great length by the sub-committee of the Indian Accountancy Board, which have suggested the contents of the profit and loss account and balance sheet, and have also suggested specimen forms of balance sheets for companies other than Banking and Insurance companies.

The form of profit and loss account has also been suggested by the Officers on Special Duty.

Suggestions have also been received for removing the ambiguity in the language of the forms as also in the language of some of the sections of the Act having a bearing on the forms of accounts.

As a result of examination of all these suggestions, it is proposed that—

(1) The form of profit and loss accounts and balance sheets should be as in the form appended.

(2) Figures need only be given to the nearest rupee by omitting annas and pies.

(3) In both profit and loss account and balance sheet, figures for the current as well as the previous year must be given.

(4) The balance sheet has to be made up on the last day of the year or period for which the profit and loss account is made up.

(5) The profit and loss account is to be made up for a period of not more than 15 months at a time ending on some date of every calendar year.

(6) It will be the duty of the directors and managing agents to prepare, sign and place before the auditors every profit and loss account and balance sheet.

(7) Before so signing the directors and the management may assure themselves of the correctness of such accounts and balance sheet, with the assistance of the internal auditor.

Manufacturing and Trading Account.
For the year ended.

Previous year. Rs.		Current year. Rs.	Previous year. Rs.		Current year. Rs.
	Opening Stock—			Turnover ...	
	(a) Raw Materials			Closing Stock—	
	(b) Partly manufactured goods			(a) Raw Materials	
	(c) Finished goods			(b) Partly manufactured goods	
	Manufacturing Expenses ...			(c) Finished goods	
	Trading Expenses			Gross Loss (if any)	
	Gross Profit ...				

Profit and Loss Account.
For the year ended.

Previous year. Rs.	I	Current year. Rs.	Previous year. Rs.	I	Current year. Rs.
	Gross Loss (if any)			Gross Profit or Income ...	
	Overhead charges-			Dividend from subsidiary companies	
	Office Expenses and Working charges including (i) Interest on loans and advances (ii) Repairs and outgoings ...			Income from Investments ...	
	Provisions for—			Amounts credited in respect of provisions made for specific liabilities in excess of requirements ...	
	(i) Bad Debts				
	(ii) Discounts				

Previous year. Rs.	I	Current year. Rs.	Previous year. Rs.	I	Current year. Rs.
	Provisions for depreciation of fixed assetsand amounts written off ...			Other Gains—Exceptional or non-recurring Profits.	
	Provisions for losses of subsidiary companies ...				
	Directors' emoluments ...				
	Directors' Pensions				
	Compensation to Directors for loss of office ...				
	Managing Agents' Remuneration ...				
	Managing Agent's Compensation for loss of office ...				
	Managers' Remuneration ...				
	Bonus and Commission to members of the staff including technical personnel ...				
	Remuneration of Auditors ...				
	Interest on Debentures ...				
	Interest on other Fixed Loans ...				
	Balance carried down (beingNETT PROFIT of which a fixed percentage is to be Managing Agents' remuneration as per section 87-C) ...				

Previous year. Rs.	II	Current year. Rs.	Previous year. Rs.	II	Current year. Rs.
	Amount provided for Taxation of profits ...			Balance brought down ...	
	Amount provided for redemption of- (a) Share Capital (b) Loan Capital			Bounties or subsidies received from Government or from a public body ...	
	Reserves ...			Premium on shares sold ...	
	Balance carried down ...			Profits on sale proceeds of forfeited shares ...	
				Profits from the sale of the whole or part of the undertaking ...	
	III			**III**	
	Dividend proposed and paid— (a) Preference Dividend paid for the year ended—Less tax ...			Balance brought down ...	
	(b) Final Ordinary Dividend proposed for the year ended—Less-tax ...			Amount withdrawn from Reserves— (a) Dividend Equalisation Reserve or Fund (b) Other Reserves ...	
	Balance carried to Balance Sheet being undistributed profits at the end of the year ...			Balance from previous accounts ...	

Balance Sheet of...............
As at...........................

Liabilities.

Figures of Previous year.		Figures of the current year.
Rs.	I. Share Capital.	Rs.

(b) Authorised...... shares of Rs...... each ...
Subscribed (distinguishing between the various classes of capital)...shares of Rs.........each Rs.......called up, of which...shares allotted as fully paid up pursuant to a contract without payments being received in cash (c) and (d).
Less Calls unpaid–
(i) By Managing Agent ...
(ii) By Directors
(iii) By Others ...
Forfeited shares (amount paid up).
Note—Terms of redemption of any Redeemable Preference Capital to be stated together with particulars of any option on unissued capital ...
II. Reserves and Surplus: (Additions and deductions since last Balance Sheet to be shown) ...

Assets.

Figures of Previous year.		Figures of the current year.
Rs.	I. Fixed assets.	Rs.

(Distinguishing as far as possible between expenditure upon goodwill, land, Buildings leaseholds, railway siding, plant, machinery, furniture, development of property, patents, trade marks and designs livestock and vehicles, etc., and stating the original cost and the additions thereto and deductions therefrom during the year, and the total depreciation written off under each head or in the aggregate. Where sums have been written off on a reduction of capital or a re-valuation of assets every balance sheet after the first balance sheet, subsequent to the reduction or revaluation shall show the reduced figures, and with the date

Figures of Previous year.	B.F.	Figures of the current year.
Rs.		Rs.

Capital Reserves not available for Dividend ...
Other Reserves ...
Less-Debit balance of Profit and loss Account (if any)
Any other Fund created out of Net Profit ...
Surplus, i.e., Profit and Loss Account balance after providing proposed allocations, i.e., Dividend, Bonus or Reserves ...

Proposed additions to Reserves ...
Liability Fund—
Any sinking, pension, Insurance or Prov. Fund, etc.

Figures of Previous year.	B.F.	Figures of the current year.
Rs.		Rs.

of the reduction in place of the original cost. Each Balance sheet for the first five years subsequent to the date of the reduction, shall show also the amount of the reduction made) ...
Note.—In case where original cost figures cannot be ascertained the valuations shown by the books may be given ...
II. Investments.–(Showing nature of investments and mode of valuation *e.g.*, Cost of Market Value and distinguishing)—
(i) Investments in Government or Trust Securities.
*(ii) Investments in shares, debentures or bonds (showing separately shares fully paid up and partly paid up) ...
*(iii) Investments in shares debentures or bonds of subsidiary companies ...
(iv) Immoveable properties ...

Figures of Previous year.	B.F.	Figures of the current year.	Figures of Previous year.	B.F.	Figures of the current year.
Rs.		Rs.	Rs.		Rs.

III. Secured loans stating nature of security ...
1. Debentures ...
2. Loans and Advances from Banks ...
3. Other Loans and advances ...
4. Loans from subsidiaries ...
(b)
IV. Unsecured Loans ...
1. Fixed Deposit.
2. Short Term Loans ...
(a) From Banks ...
(b) Others.
3. Other Loans.
(a) From Banks.
(b) Others.
4. Subsidiary Companies (e).
V. Current Liabilities Provisions.
Acceptances.
Sundry Creditors.
Interest accrued and accruing on unsecured Loans.
Interest accrued and accruing on unsecured Loans.

*Note.—Aggregate amount of Company's quoted investments. Aggregate amount of Company's unquoted investments ...

INTEREST ACCRUED ON INVESTMENTS.
III. Current Assets
Stores and Spare Parts ...
Loose Tools ...
Stock-in-trade (stating mode of valuation) ...

(b) Sundry Debtors* ...
Less.—Reserves ...

*(Distinguishing between those considered good and in respect of which the company is fully secured and those considered good for which the company holds no security other than the debtor's personal security, and distinguishing between debts considered good and debts considered doubtful or bad. Debts due by directors or other

Figures of Previous year.	B.F.	Figures of the current year.	Figures of Previous year.	B.F.	Figures of the current year.
Rs.		Rs.	Rs.		Rs.

Subsidiary and subsidiary companies (c).
Provision for taxation.
Provision for Contingencies.
Proposed Dividends
Advance Payments and Unexpired Discounts.
(For the portion for which value has still to be given, *e.g.*, in the case of the following class of companies :—Newspaper, Fire Insurance, Theatre, Clubs, Banking, Steamship Cos. etc).
Unclaimed Dividends.
Other Liabilities (if any).
Contingent Liabilities.
Claims against the company not acknowledged as debts.
Uncalled Liability on shares partly paid held as investment.

officers of the company or any of them either severally or jointly with any other person to be separately stated. The maximum amount due by directors or managers of the company at any time during the year must be shown by way of a note).
IV. Loans and Advances:
(Distinguishing between those considered good and in respect of which the company is fully secured and those considered good for which the company holds no security other than the debtor's personal security, and distinguishing between debts considered good and debts considered doubtful or bad. Debts due by directors or other officers of the company or any of them either severally or jointly with any other persons to be sepa-

Figures of Previous year.	B.F.	Figures of the current year.	Figures of Previous year.	B.F.		Figures of the current year.
Rs.		Rs.	Rs.			Rs.

rately stated. The maximum amount due by directors or managers of the company at any time during the year must be shown by way of a note).

Bills of Exchange.

Advances recoverable in cash or in kind or for value to be received e.g., Rates, Taxes, Insurance, etc.

Balances with managing Agents.

Balances with Customs, Port Trust etc:. (where payable on demand).

Balances with Banker showing amounts respectively on current accounts, call account and deposit account.

Cash in hand.

V. Miscellaneous Expenditure & Losses.— (to the extent not written off).

Preliminary Expenses.

Commission or Brokerage on underwriting shares or debentures,

Figures of Previous year.	B.F.	Figures of the current year.		Figures of Previous year.	B.F.	Figures of the current year.
Rs.		Rs.		Rs.		Rs.

Contingent Liabilities:—

(b) Other Money for which the company is contingently liable (showing separately the amount of any guarantees given by the company on behalf of directors or officers of the company).

Arrears of Cumulative Preference Dividends.

Notes:

(a) The information required to be given under any of the items of sub-items in this Form if not included in the Balance Sheet itself shall be furnished in a separate schedule or Schedules to be attached to and to form part of the Balance Sheet. This is recommended when items are numerous.

(b) Annas and pies can also be given if desired.

(c) In the case of Subsidiary and sub - subsidiary companies, the number of shares held by the ulti-

(b) Miscellaneous Expenditure & Losses—

Discount allowed on the issue of shares.

Interest paid out of Capital during construction.

Profit & Loss Account (only, if there are no reserves from which it can be deducted).

Note—

(1) Assets under Group II and Stock-in-trade under Group III should be valued at Cost, if below market price, and at market price, if below cost, and, if in any case, it is deviated from, the reasons for such deviation must be stated.

(2) A statement should be attached to the Balance Sheet giving a List of Companies in which the Investments under Group II have been made with Amounts of Investments, nature of Investments shares debentures bonds,

Figures of Previous year. Rs.	B.F.	Figures of the current year. Rs.	Figures of Previous year. Rs.	B.F.	Figures of the current year. Rs.
	mate holding company and its subsidiaries to be separately stated. (d) Short Term Loans will include those due not more than one year from the date of the Balance Sheet. (e) 'Sub-subsidiary Companies' include subsidiaries of subsidiary companies, and their subsidiaries to the end of the chain of companies comprising the group. (f) Dividends declared by subsidiary companies after the date of the balance sheet cannot be included unless they are in respect of a period which closed on or before the date of the Balance Sheet. (g) Market value to be stated if it differs from Balance Sheet amount ... (h) Any references to benefits expected from contracts not executed should not be made here but be made in the directors' report...			and the name of Managing Agent of each company. The nature of Immoveable properties under Group II should also be disclosed, together with dates of acquisition and particulars of parties from whom acquired ... (3) As regards Loans and Advances (Group IV), debts due by the Managing Agents, either severally or jointly with any other persons to be separately stated ; the Debts due from other Companies with particulars of their Managing Agents should also be given with names of Companies ; the maximum amount due from any of these at any time during the year must be shown ...	

ANNEXURE XI

Minorities

Generally the business of companies is being carried on according to the wishes of the majority of the shareholders or directors, as recorded in the meetings of the shareholders or the directors' board as the case may be. This rule has not however always been conducive to the interest of the minorities, who have not unoften to bear the oppression of an unreasonable majority. Some effective provisions are therefore necessary to protect the minorities.

In addition to the existing powers of the Court for intervention on behalf of the minorities, it is proposed that—

(1) If any member of a company complains that the affairs of the company are being conducted in a manner oppressive to some part of the members (including himself), the Government of India may make an application to the Court or petition for an order. If on any such petition the Court is of opinion

(*a*) That the company's affairs are being conducted as aforesaid ; and

(*b*) That to wind up the company will unfairly prejudice that part of the members, but otherwise facts would justify the making of a winding up order on just and equitable grounds ; the Court may, with a view to bringing to an end the matters complained of, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future, or for the purchase of the shares of any members of the company by other members of the company with consequent reduction of the company's capital, or otherwise. (Compare Section 210 of 1948 English Act.)

(2) The minority should be given the right of electing a number of directors. The number of directors to be elected ; the method of election and voting, and

the details of share qualification may be prescribed by Rules.

ANNEXURE XII

Foreign Companies

At present there is no restriction on any company incorporated outside India starting any business in India. All that such a company has to do is to file with the Registrar of the province in which the business is established, some returns relating to the constitution, the directors, and to the officers of the company. The accounts of the company have to be submitted to the Registrar of the province where the principal place of business of the company in India is located. It is also provided that if any foreign company wants to sell its shares in India, the prospectus of the company has to be submitted to the Registrar of the province in which it is proposed to sell the shares. The Indian business of the company is also liable to be wound up under the provisions of Part IV of the Indian Companies Act.

The general policy of Government in this respect has been summarised in the statement made on the 6th April 1949 by the Hon'ble the Prime Minister in the Constituent Assembly of India (Legislative).

So far as the Indian Companies Act is concerned it is proposed that—

(i) the papers of all foreign companies shall be centralised at Delhi and filed with the Registrar of Foreign Companies. The company will also deliver to the Registrar of Foreign Companies extra copies of all returns so that such copies may be forwarded to the Registrars of other provinces where the company has places of business.

(ii) the winding up of branches of foreign companies under Part IX of the Act shall be concentrated at Delhi.

(iii) by mutual agreement with the Dominion of Pakistan facilities should be given for the transfer of Pakistan companies (which are treated as foreign companies in India) to India and of Indian companies (which are treated as foreign companies in Pakistan) to Pakistan.

ANNEXURE XIII

Minimum Subscription

A public company cannot commence business from the date of incorporation; as a private company can. A public company must obtain from the Registrar a certificate of commencement of business before it is entitled to commence business. A certificate of commencement of business cannot be granted by the Registrar till,

1. A prospectus or a statement in lieu of prospects has been filed with the Registrar.

2. The minimum subscription has been subscribed for;

3. The directors have made the first allotment of shares not less than the minimum subscription;

4. The directors have paid the application and allotment moneys in respect of the shares allotted to them; and

5. A declaration under Section 103 has been filed with the Registrar stating that all the above formalities have been complied with.

The idea of the minimum subscription is that a company cannot float if a reasonable sum connot be collected so as to meet certain expenses specified in Section 101 of the Act, and that, if the directors proceed to first allotment on an insufficient minimum subscription, the company will come to grief. A reasonable minimum subscription gives confidence to the public who will subscribe to the shares of the company. The larger the minimum subscription, the greater will be this confidence.

"Minimum Subscription" is governed by Section 101 under which allotment of share capital offered to the public is prohibited unless the minimum amount have been subscribed as stated in the prospectus as the amount which in the opinion of the directors should be raised by share capital so as to be sufficient to cover certain items of expenditure, namely:—

(*a*) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue.

(*b*) any preliminary expenses payable by the company and any commission so payable to any person in consideration of his agreeing to subscribe for or of his procuring or agreeing to procure subscriptions for any shares in the company.

(*c*) the repayment of any moneys borrowed by the company in respect of any of the foregoing matters; and

(*d*) working capital.

Section 101 in present form was introduced by the Amending Act of 1936 with the object of discouraging floatation of companies with insufficient capital and in this respect it follows Section 39 of the English Act of 1929 (now Section 47 of the English Act of 1948). While the English Act requires information about the amount in respect of *each* of the four items specified above, the Indian Act only requires information in total, and this has enabled the directors and the managing agents to state a lump sum as the minimum subscription, which does not enable the public to judge whether this lump sum amount is sufficient for the purpose. The discretion given to directors in the matter has not led to any satisfactory result.

It is therefore proposed that—

1. Detailed figures must be given for *each* of the four items specified above.

2. A percentage of authorised capital is to be prescribed by Government for different types of companies.

3. The minimum subscription is to be defined as the greater of these two figures, namely, the sum of the four items and the fixed percentage of the authorised capital.

4. This definition should be the same for all companies whether issuing a prospectus or filing a statement in lieu of prospectus.

5. This minimum subscription with details is to be stated in the prospectus and in the statement in lieu of prospectus (the form for which latter has to be modified accordingly).

ANNEXURE XIV

Prospectus

"Prospectus" has been defined in the English Act as any prospectus, notices, circulars, advertisements, or other invitations offering to the public for subscription or purchase of shares or debentures of companies. The amending Act of 1936 added the clause, i.e., "but shall not include any trade advertisement, which shows on the face of it that a formal prospectus has been prepared and filed."

This has led to certain difficulties, particularly in the publication of advertisements with headings "this is only an announcement and not a prospectus", although such announcements are invitations to the public to subscribe to the shares and debentures of the company, but giving only such extracts from the prospectus as are advantageous to the company and would allure the public. This has been held by the Courts to be contrary to law and not in the best interests of the public.

It is therefore proposed that—

(1) This practice of advertising shall be prohibited.

(2) The directors under whose name such advertisements appear shall be liable to prosecution and penalty.

(3) The province in which the advertisement appears shall be the province in which the prosecution will lie, and proceedings may be taken by the Registrar of such province.

(4) The company, its directors and officers shall be deemed to have contravened the provisions of the act whenever any advertisement of this nature appears in the papers, and it shall not be necessary for the prosecution to prove that the accused persons were actually responsible for the advertisement, the onus shall be on the accused to prove that they were not responsible, and in that case, they must name the officer

of the company who was so responsible, and this officer will then be prosecuted.

(5) Every prospectus must give the details of each of the four items mentioned in Section 101 (2) and their total and the percentage of authorised capital prescribed by Government for this class of companies, and it must also state whether the minimum subscription as stated in the prospectus is the higher of these two figures.

ANNEXURE XV

Statement in Lieu of Prospectus

Section 98 (1) requires that the company which does not issue the prospectus shall not proceed to first allotment of shares unless it files with the Registrar the statement in lieu of prospectus. A form has been prescribed for this purpose, but this form has no column for "minimum subscription."

It is proposed that—

(1) The statement in lieu of prospectus must contain the details of minimum subscription as in the case of the prospectus.

(2) The definition of "minimum subscription" shall be the same for both the prospectus and the statement in lieu of prospectus. It will be the higher of the two figures, i.e., (i) the prescribed percentage of the authorised capital and (ii) the total of the four items given in Section 101 (2) with details for *each* item.

ANNEXURE XVI

Administration

Administration of the Indian Companies Act is a matter of vital importance to the successful working of companies in India. This is at present done through the agency of Provincial Governments. In West Bengal and Bombay only there are separate offices

of the Central Government "under the agency control of the Provincial Governments", where qualified Registrars, have been appointed. In other provinces certain officers of the Provincial Government, as for example, Director of Industries, Registrar of Co-operative Societies, etc., have been entrusted with the task and duty of the Registrar, although they have no knowledge of company law and it leads to certain difficulties in practice. There is also very great divergence in the actual working of the Act in different provinces.

2. In fact there is no administrative machinery of the Central Government to administer the Act which is a Central one. There are various provisions in the Act to control and check the activities of the directors and the managing agents, but there is no machinery for enforcing the provisions. There must be machinery for inspection, routine or otherwise, and the inspection reports have to be considered and action taken thereon expeditiously. All this requires the setting up of a central administrative machinery of the Government of India.

3. It is accordingly recommended that—

(1) A central administrative machinery should be set up at the headquarters of the Government of India.

(2) The head of such central organisation should be designated Registrar-General of Companies.

(3) He will be assisted by the necessary staff at the centre, some of whom shall be chartered accountants.

(4) All the Provincial Registrars shall be qualified accountants and shall work under his guidance and control.

(5) The Government of India may delegate some or any of its powers to the Registrar-General.

(6) An Advisory Board, on which are represented industrialists, labour, stock exchange, investing public and other affected interests should be set up to advise Government on matters affecting Company Law

Administration. The Central Government shall not take action against any company as a result of any inspection or investigation into the affairs of that company without consulting the Board previously.

The Committee of the Chamber considered this proposal and the following reply was sent to Government:—

I am desired by the Southern India Chamber of Commerce, Madras, to acknowledge with thanks the Ministry of Commerce Memorandum of the Amendments proposed to the Indian Companies Act. Before considering in detail the various amendments suggested the Chamber would like to observe at the outset that the time chosen for suggesting the amendments is most inopportune. For various reasons in the recent past there has been a set back in the growth of Indian industries. The stock exchanges have not shown any revival in spite of Government's announcement of their economic policy. Schemes such as nationalisation, profit-sharing, etc., have been responsible for capital becoming shy with the result that there has been no investment by the public in the industries of the country. If industrial co-operation is to be had Government must not by unwise regulations kill initiative in the industrial field. Therefore just now when confidence is reviving in business circles the various proposals now set out for amending the Indian Companies Act is sure to retard the country's advancement in the economic field as it would scare away many honest Managing agents who have great experience in promoting and conducting many industrial undertakings. Many of the proposals contained therein are utterly impracticable and the adoption of the memorandum would cripple private enterprise in this country and would ruin many flourishing concerns which depend upon the expert technical knowledge, administrative experience and integrity of the managing agents.

Annexure I

Private Companies

The provisions suggested regarding private companies would lead to ending of all future expansion of a type of organisation which represents largely family businesses. It is well known that

in this country private companies are owned and managed by certain families and that is the reason why it has not been thought fit to control them to the same extent as public limited companies. The present proposed amendments seek to abolish the distinction between private companies and public companies and with that view suggest many amendments. While there may not be any serious objection to the amendments proposed yet the net effect of these amendments would be to stop the growth of private companies which play a very useful part in the economy of this country.

Annexure II

Enforcement of Legal Proceedings

There can be no objection to vest the Registrar with such powers as has now been exercised by the Court, so that companies may avoid being drawn into Court.

(2) There can also be no objection for empowering District Courts to exercise the powers of the High Court in matters of company law.

(3) (i) In cases of default it is proposed that the companies should not be penalised but only its directors. It is objectionable as the company may be financially sound while the directors may not be so.

(ii) Where default occurs in the fulfilment of the various obligations under the Indian Companies Act the memorandum presumes guilt in the case of the officer of the company. This is contrary to the ordinary principle of the criminal law as well as equity and justice; it would discourage competent and honest men from accepting office as director.

(iii) It is not stated what statutory powers are to be transferred to the Central Government. It is not possible to comment on this section unless the specific powers that are intended to be transferred are given.

ANNEXURE III

Investigation

With regard to the proposal that the Central Government on its own motion may cause an inspection to be made of any company, it is suggested that the Central Government should not *suo motu* order an inspection.

(3) In its present form the action to be taken is very drastic and it would prevent honest and competent businessmen to take part in the supervision or control of any limited public company.

(4) An inspection of a company is to be made only when more than 25 per cent of the total number of members make an application to that effect.

(7) The suggestion to deprive a company of an opportunity for being heard when a complaint is made to the Registrar that the business of a company is carried on in a fraudulent manner is very undesirable. The company must be given an opportunity of being heard in defence to the charges made against it.

(9) The proposal that the Registrar may take the help of the police for the purpose of investigation, is most objectionable and might permanently damage the reputation and credit of the company. The credit of the directors and managing agents of the company will also suffer especially when there is a vexatious or malicious complaint on the part of the shareholders.

ANNEXURE IV

Transfer of Shares

(1) (iii) It is proposed that the Central Government should have power to impose restrictions on the transfer of shares or debentures. This is objectionable as it would destroy the investor's confidence. This will also retard the progress of companies. It will create various complications and there is no reason why an individual shareholder's right should be so fettered.

(2) The proposal that the director's powers to refuse to register transfer of shares should be curtailed is objectionable. Directors must have the right to refuse transfer of shares to persons who are objectionable from the point of view of the company. The present law is sufficient to prevent indiscriminate use of the director's powers and therefore no change is necessary now.

ANNEXURE V

Names of Companies

The proposals that no company shall be registered by a name which is undesirable and that no company should be registered by a name identically or closely resembling the name of another company in existence are welcome.

ANNEXURE VI

Managing Agents.

The memorandum says that after carefully considering the merits and defects of the Managing Agency System the Government have come to the conclusion that the restrictive measures incorporated in the Indian Companies Act in 1936 should be further tightened up. With this end in view various provisions are made which if passed into law would virtually mean the abolition of the Managing Agency System as it obtains in the country at present. It is not necessary to stress the importance of this system to the growth of Indian industrial development to-day. This has played a great part in the development of Indian industries.

(1) The Memorandum says that the managing agents shall not directly or indirectly engage themselves in business similar to the business of the company in which they are managing agents. This is already largely covered by Section 87-H of the existing Act.

(2) The Memorandum says that the managing agents shall not be managing agents of two or more companies conducting the same line of business. If this were to be enacted into law it will deprive a large number of present well managed companies of first class managing agents who have experience in carrying on the business of their companies. The services of these veterans of industry would be lost to the country and to-day we are in great need of their sound guidance especially when we are on the eve of undertaking the industrialisation of our country as rapidly as possible. The enforcement of this provision would leave many companies without sound and expert guidance. At present it is the custom for a firm of managing agents to control many lines

of business and this has very great advantage. First the company will get the benefit of the experience of first-class managing agents who are well-conversant with the business. There are many other advantages like centralised marketing, pooling of technical staff, etc. If managing agents are precluded from working for two or more companies conducting the same type of business it will deprive these companies of all these advantages. Therefore the suggestion is impracticable and must be given up in the larger interests of the country.

(3) It prohibits private companies from being appointed as managing agents. This is not desirable and no reasons are given for the same.

(4) Article 4 that companies shall not be eligible for appointment of managing agents will cause considerable harm as many industrial and business concerns will lose the advantage of continuity of sound policy and administration. So far companies as managing agents have done very well and there is no reason to prohibit companies from acting as managing agents.

(6) The managing agents should be granted office allowance as they have to employ the staff, etc., for the purposes of managing the company.

(7) The proposal that the remuneration of the managing agents should be subject to the approval of the shareholders in the first Annual Meeting after their appointment is unfair to the managing agents. The terms of the first appointment are clearly stated in the prospectus and shareholders invest voluntarily after knowing all the facts regarding the managing agents' remuneration. Therefore the provision is not warranted. Interested parties may demand unreasonable modifications in the terms and discourage the managing agents. The proposal that in the absence or inadequacy of profits the managing agents should not be paid the minimum amount is unfair. Again the Memorandum says that persons in whom managing agents are interested shall not draw any commission on sales turnover for purchases. These may be deleted in the case of genuine agency commissions.

(9) It provides that if the office of the managing agents is terminated due to mismanagement by them no compensation shall be payable to them. This is not necessary as the contracts of parties will generally provide for the results of mismanagement.

(10) It says that re-appointment of managing agents either on or before the expiry of the original period should be

permissible only by special resolution of the principal company and that the first term shall be for 10 years and subsequent terms for 5 years only. This provision is unwarranted. A period of 10 years and a re-appointment term for 5 years are *too* short to encourage flow of capital to large industrial projects which yield results only over a long period. The proposals say that managing agents can be re-appointed by an ordinary resolution if they are able to declare an average dividend of a prescribed per cent for each year of the term just completed. It is to be noted here that it is not the managing agents but the directors that declare the dividends.

(11) The definition of the term managing agents excludes limited liability companies which is not desirable. Further the definition includes a managing director as a managing agent. This also is not desirable.

(14) It must be made clear that legitimate business transactions are not restricted.

(15) The penalty provided for breach of provision of Sections 86-D, 87-D and 87-E is very excessive. It should be reduced.

(16) The term allied or sister concerns is wide. The position of holding companies will be effected.

(18) Prohibits investment in allied or sister concerns. It also provides that no company shall buy shares in any company or hold share of any firm in which the managing agents are interested. If strictly enforced this would hinder the growth of many sound companies. If the allied concerns are sound ones there is no reason why investments may not be profitably made in the same.

(19) It says that any unauthorised book debts due from allied firms must be made good by the managing agents and failing this by the directors. No definitions of the allied firms are given and this would hamper the business activity of the company. Managing agents would be hesitant to advance goods to other firms for fear of this article.

(21) The proposal to amend the nett profit on which the managing agents' commission is to be calculated will affect the

remuneration of managing agents. At least bounties and subsidies must not be excluded in deferring the nett profit.

(22) Requires clarification. If the company defeats the right of the managing agent by selling his entire undertaking, the managing agents should have compensation for loss of profits.

(27) This says that the Central Government may declare from time to time that in respect of specified industries or companies the Managing Agency system shall not be allowed. This is uncalled for and will make the position very uncertain and thereby managing agents may not be forthcoming to offer their services.

Thus it will be seen that many of the provisions if adopted would prove disastrous to the country's interests. The managing agency system has proved its worth in the years past and it is not a wise policy to abolish the system as the proposals if carried into effect would surely root out the managing agency system as such.

Annexure VII

Directors

The preamble to this annexure says that the present system of control and supervision by the directors is inefficient and ineffective. This is not justified as the present Act gives the directors of the managed companies the right of supervision and also control in all important matters.

(3) Unobjectionable if it is made clear that alternate directors are not assignees of office.

(4) Article 4 says that the shareholding of the directors should be disclosed in the Balance Sheet. This is not necessary as it is shown in the Annual Return to the Registrar.

(5) Requires a special resolution for payment to a director compensation for loss of office. An ordinary resolution may be sufficient.

(6) For contravention of provisions of Sections 86 (f) and 91 (a) a penalty is levied. It should be made clear that the penalty proposed should apply only in cases of wilful contravention of Sections 86 (f) and 91 (a).

(7) This proposal requires that contracts exceeding Rs. 10,000 should be sanctioned by a special resolution of the shareholders. This is impracticable and will obstruct ordinary business operations. For every contract a special meeting of the shareholders cannot be held.

(21) It provides that the directors should be responsible for making good any loss incurred by the company. It is unreasonable for directors to be held responsible for losses caused by careless managing agents or officers of the company. It must be proved that the directors had wilfully neglected their duties and has wilfully participated in wrong doing before he is held liable. Otherwise the director will be held responsible for every financial act of the managing agent. This would scare away honest men from accepting the office of director.

(22) It seeks to make responsible directors for the acts of the managing agents. This is objectionable as innocent directors will be made liable for the dishonest acts of the managing agents. Therefore competent directors will not come forward to accept office of director.

Annexure VIII

Capital Structure and Particulars of Shareholders and Directors

(1) Provision that the registration fee to be at Rs. 2 per Rs. 1,000 for any amount of authorised capital would increase the tax on the raising of necessary capital for industrial and commercial enterprise and as such there is no necessity to raise the fee.

(2) The memorandum suggests that the subscribed capital of every company should be not less than half of the authorised capital and the paid-up capital shall be not less than half of the subscribed capital. This article is unnecessary as it is unrealistic. The directors must be left with the discretion when to call up capital according to the needs of their company.

(4) It unduly prefers the preference shareholder which is not fair to others who bear the greater risk.

(5) The Memorandum suggests that the rate of dividend payable to deferred shareholders shall not exceed double the rate

of dividend paid to ordinary shareholders. There is no reason for this provision; it must be taken that the investor is the best judge for investing his money in the various kinds of shares.

(6) In view of what has been said there is no need for asking old companies to agree to these changes within two years.

(7) It is not clear what the authors mean.

ANNEXURE IX

Auditors

(1) Article 1 says that in the resolution for appointing auditor the directors and managing agents shall not vote. This is objectionable as it deprives the directors and managing agents who hold shares in the company from voting as shareholders in the appointment of auditors. It is the right of a shareholder to vote for election of auditors and it is unreasonable to deprive these shareholders from exercising their right.

(2) It would be difficult to find out whether a change in auditor had taken place because of adverse comments made by him in his report. Further unless the shareholders object there is no reason for the Central Government to interfere in the appointment of an auditor. According to law the auditors are appointed at the General Meeting of all shareholders and they are the best persons competent to appoint an auditor.

(6) It provides for imprisonment for defaults in the issue and circulation of the balance sheet and the profit and loss accounts. This article is vague and does not specify what defaults it refers to and also does not state who is to be penalised. The penalty of imprisonment provided is too vindictive as minor defaults may be due to sheer over-sight and not due to wilfulness.

(11) This article lays down provision that 28 days' notice should be given for changing the existing auditors. There is no ground why double the length of notice required for the consideration of the annual balance sheet and profit and loss accounts and the appointment of directors should be given for appointment of auditors.

(15) It provides that the branch accounts of every company must be examined and certified by a qualified auditor and that he may audit personally the accounts and books of the branches

of the company. This would increase the fee of the auditor and thereby will raise cost to the company concerned. Therefore branch offices of the company may be audited by a local auditor whose certificate may be accepted by the auditor who audits the company's accounts.

(16) Article 16 lays down that if an auditor objects to certain expenses as exhorbitant, such expenses or the excess may be disallowed and the amount disallowed should be refunded and made good by the directors. This is highly objectionable as it would vest the auditor with extraordinary powers. It would be difficult to lay down in any given case what is exactly the correct amount to be spent. Further to ask the director or managing agent to refund certain expenses which the Central Government consider as objectionable or exhorbitant will discourage honest and competent directors and managing agents from offering their services. It is not desirable to give powers to the Central Government to interfere in the internal affairs of companies.

ANNEXURE X

Accounts

(1) It proposes that the form of profit and loss accounts and balance sheets should be as in the form appended. After the word 'appended' the words 'as nearly as circumstances will permit' may be added.

(2) It is not necessary to round off the figures to the rupee.

As regards the form of account to be submitted to the shareholders and to be filed with the Registrar of Joint Stock Companies it is open to objection to make it compulsory to publish a Manufacturing and Trade Account. This will mean a disclosure of important secret information to the competitors in business of the company concerned. It is not in the interests of the company to disclose vital business secrets.

ANNEXURE XI

Minorities

The preamble is wrong when it says that the opinion of the majority is not conducive to the interests of the minority. Therefore the suggestions made in this annexure are unnecessary. The provisions will open the door wide to the professional minority shareholder who would encourage speculative and wasteful litigation. Therefore there is no need to give the minority the right to elect a number of directors. The managing agents and directors have a large stake in the company and they may be expected to look after the welfare of the company. It is not right to create a minority directorate which will create unnecessary friction in the working of the company. It is objectionable on principle and further to leave such important matters as the number of minority directors to be elected the method of their election, etc., to be prescribed by rules is not desirable.

ANNEXURE XIII

Minimum Subscriptions

It provides that a percentage of authorised capital is to be prescribed by Government for different types of companies. It is not necessary to provide that Government should fix a percentage of authorised capital for different types of companies. The other articles are unnecessary. It would be sufficient that a prospectus or a statement in view of prospectus is filed with the Registrar that the minimum subscription has been subscribed, that the directors have made the first allotment of shares which is not less than the minimum subscription and that the directors have paid the application and allotment moneys in respect of the shares allotted to them.

ANNEXURE XIV

Prospectus

(3) The provision that the province where the advertisement appears should take action will lead to difficulties and therefore action should be taken only in the province in which the company is registered.

(4) Article 4 throws the onus of proof on the accused persons. It is wrong in principle. It is the prosecution that must prove that the accused were responsible for the publication of the advertisement.

(5) As has been already stated there is no necessity for Government to fix the percentage of authorised capital.

ANNEXURE XV

Statement in View of Prospectus

(2) As has been stated before there is no need to prescribe a percentage of the authorised capital.

ANNEXURE XVI

Administration

This section does not call for any special comment.

Later on Government of India appointed a Committee to go through various suggestions received from interested parties with Mr. C. H. Baba as its Chairman. The Committee visited Madras and Rao Bahadur V. S. Subramaniam, Mr. A. M. M. Murugappa Chettiar, Mr. K. V. Srinivasan, Mr. S. Ramaswamy Naidu, Mr. B. M. Kumbhat and Mr. K. A. Menon tendered evidence before the Committee on the 27th January 1951. The Committee have not finished its work as yet.

TRADE UNIONS BILL, 1950.

Government of India published a Bill in the *Gazette of India* to provide for the registration and recognition of trade unions and to define the law relating to registered and recognised trade unions. The Bill was extensive in its scope and covered all aspects of the question. As the Bill was considered affecting members, the Committee of the Chamber considered the provisions of the Bill in detail and had the benefit of consultation of the members of the Sub-Committee appointed for this purpose and on the basis of the recommendation the following reply was sent to Government:—

"My Committee have considered the provisions of the Trade Unions Bill introduced in the Parliament and I am directed by them to communicate their views on the various provisions of the Bill and I request the views offered by them may be considered before formulating Government's opinion on the provisions.

Chapter I.

PRELIMINARY.

There is no definition for 'member' of trade unions. It is desirable that the Bill provides a suitable definition as otherwise there may be difference in the interpretation afterwards.

Under the Industrial Relations Act in Bombay "Member" means a person who is an ordinary member of a union and who has paid subscription of not less than two annas per month; provided that no person shall at any time be deemed to be a member if his subscription is in arrears for a period of three months or more next preceding such time.

Member of trade unions should have continued interest in the union as otherwise the privilege will be exploited and biname members would be found in the register. Regular payment of subscription is an indication of the interest of members. Therefore a suitable definition of member as in the case of Bombay is advisable.

Clause 2 (8): 'Labour dispute' is defined as 'any dispute or difference or apprehended dispute or difference between the employer on the one hand and one or more of his employees on the other or between employees and employers'.

It is not stated as to who apprehends dispute. For elucidation it should be clearly stated that dispute is apprehended by "Government."

It is also stated that "dispute or difference between the employer—and one or more of his employees." This requires some amendment. As it is, any one employee of even a big union can create a dispute thus paralysing the work in the establishment. It gives too wide powers in the hands of even individual employees to create dispute or difference. In the interest of healthy growth of relation between employer and employees some restrictions on employees are necessary. Therefore it should be stated that only disputes or difference between an employer and at least 10 per cent of the employees would amount to a labour dispute.

Clause 2 (16): "Strike" is defined as a total or partial cessation of work by employees in combination.

It does not contemplate a condition when 'slow down' of work by a group of employees is intended. This is quite possible and such 'slow down' of work by group of employees will detrimentally affect employers and it may paralyse the work in the other departments of the same establishment. It is necessary therefore that a more detailed definition is made applicable to strikes. It may also be stated that 'strikes' also includes 'any combined go slow or other combined interruption of operation by employees'.

Clause 2 (18): As the Bill stands trade unions can consist of even temporary employees. Some restraint on 'temporary' employees is necessary. The Bill should prescribe some qualifying period for membership of unions. Such employees should have been in the establishment for at least 12 months. As the Bill stands, there is nothing to prevent casual employees also becoming members. Such employees will not have any abiding interest in the progress of the establishment and a group of such employees may do permanent harm.

Chapter II.

REGISTRATION OF TRADE UNIONS.

Clause (4): There is nothing according to the clause to prevent employees having participated in an illegal strike from forming another trade union and applying for registration. This will not promote healthy growth of unions. There should be a condition attached 'that members before applying for registration should declare that they have not prior to such application participated in illegal strikes or unfair methods or were not members of a trade union which has lost its registration for unfair practice.

Clause 5: Under clause 4 above any seven members can apply for registration irrespective of the number of employees. In an establishment having large number of employees there is scope for forming number of trade unions which is not in the interest of the employer or employees. For the efficient working of the union a good number of employees should subscribe to the creed of the union and there should be a restriction regarding the number of unions. In the returns to be submitted for registration, particulars as to the number of permanent employees in the establishment and the number of members in the union should also be included. This is only to prevent growth of mush-room unions.

Clause 6: Before registration of a trade union the Registrar should satisfy himself as to whether the union has made provision in the constitution as to the conditions on which to declare a strike. This is necessary information before registration as otherwise any flimsy cause will provoke a strike.

As regards admission of honorary members under sub-clause (*c*) it is not clear whether honorary membership is open to other than officers. There should be a restriction on admission of honorary members. The same set of honorary members can be admitted in different unions and since they are not subscribing to the funds, they may not have an abiding interest. Honorary membership of unions should therefore be restricted to only 'officers' of the union.

Clause 10—*Cancellation of registration*: The clause does not provide for the cancellation of registration by the employer even under any grave provocation by the union. The clause is only one sided. There should be some provision in the clause to enable the employer to urge the Registrar to cancel the registration under certain conditions. Trade unions which have committed unfair practice should not continue to be recognised and the employer should have the right to bring to the notice of the Registrar such unfair practice and apply for withdrawal of registration.

There should also be provision under which the employer should be statutorily informed of the withdrawal of recognition.

CHAPTER III.

Clause 16 (*d*): The minutes book shall be maintained for the purpose of recording proceedings of the meeting of the Executive Committee or of the general body. It should not be used for any other purpose. The clause envisages that proceedings of meetings of other members should also be recorded. There is bound to be misuse of the provision.

Clause 17 (*d*): The funds of the union shall be spent for the conduct of labour disputes on behalf of the trade union or any member thereof. Funds of the union can be spent only

for the purpose of common benefit in furthering the interests of all members. There should be a proviso to this clause somewhat as follows:—

"Provided such expenditure has been duly sanctioned by the union."

In the absence of such a proviso, funds are likely to be misused. Individual employee may have some axe to grind and if he is assured of sufficient funds it will strengthen his hands. In principle also, common funds cannot be used for individual purposes unless some basic principles are involved.

Clause 18—*Constitution of separate fund for political purpose*: The clause allows contribution from the union's fund to a separate fund for political purpose for achieving certain purpose. This is not desirable. The purpose of the union fund is to promote the welfare of the employees generally of the union in the first place. It has no political basis. There is no objection to a separate fund being created but contributions should not be made to the political fund from out of the union fund. There is also a possible danger of part of the union fund being made over to the political fund without accounts being rendered as to its expenditure.

Clause 22: The books of the trade union should also be accessible to the management for inspection.

Clause 23: If the right of becoming members of the union is extended to minors having attained the age of 15 they should not be debarred from holding office. Generally it is not advisable to allow minors to become members of the trade union. They are in an undeveloped state of mind and crafty leaders may assemble numbers of such minors and form a union. In the interest of the union also it is not advisable to admit 'minors' as members of the union.

CHAPTER IV.

RECOGNITION OF TRADE UNIONS.

Clause 33 (*c*): This clause states that the rules of the union should provide for procedure for declaring a strike. In this connection, it should be laid down clearly that strikes should not be declared unless 80 per cent of the members of the union decide by ballot accordingly. Strikes are harmful to the employers as well as to the employees. Decisions on such matters should not be taken lightheartedly. All members of the union shoud be given an opportunity to have a say in the matter and an overwhelming majority should support it.

Clause 35 (4): This is giving wide powers for display of notice. Display of notice is for the information of members and it should be confined to certain places. The management usually reserves certain place for display of notice for the information of all. Such places can be utilised by the union also for its purpose and the management should give all facility for that.

Chapter V.

UNFAIR PRACTICE.

Clause (40) (*a*): In clause (33) (*e*) it has been mentioned that at least 80 per cent should vote for strikes. If less than 20 per cent of the members vote for strike and the union takes part in strike it should be termed unfair.

Chapter VI.

Clause 45: Levy of penalty for unfair practice as provided in this clause is excessive. Levy of penalty should rather be a graded one say for the first offence Rs. 250, second offence Rs. 500 and third offence Rs. 1,000.

While penalty is provided for in the case of employer, there is no corresponding penalty contemplated in the case of employee. In order to create mutual trust between employer and employee there should be a corresponding provision in the case of employees also.

Copies of the letter were sent to affiliated bodies of the Chamber with a request to take it up with Government.

LABOUR RELATIONS BILL.

Government of India published the Labour Relations Bill to provide for the regulations of the relationship between employers and employees for the prevention, investigation and settlement of labour disputes, etc. The provisions of the Bill were of a fundamental character and it was thought that the view point of the mercantile community should be intimated to the Government. The Chamber constituted a Sub-Committee to go in detail into the provisions of the Bill and on the basis of their recommendation the following reply was sent to Government:—

The Committee of this Chamber have considered the provisions of the Labour Relations Bill introduced in the Parliament and I am directed to communicate to you the opinion of the Committee on the various provisions of the Bill.

At the outset, I may mention that such important measures affecting industries should rather be sent to Chambers of Commerce, inviting their. suggestions. That was a healthy practice which used to be observed previously. No doubt, the Bill was published in Gazette and it is open to all bodies to offer criticism. But it is always better if the attention of all Chambers is drawn to the publication of the Bill either directly or through the State Government whichever is convenient to Government. Government would not lose anything by consulting commercial bodies. On the other hand, they stand to gain by the opinion expressed by such bodies. I hope that Government would bear this in mind and consult the Chambers of Commerce on any such measure affecting industries and labour or other important matters introduced in the Parliament.

The Labour Relations Bill is a comprehensive piece of legislation and is an attempt to provide on the part of Government, a uniform law for the different states. It is extensive in scope and applies to all categories of employees except civil servants, persons employed in the Defence Forces and domestic services and to all establishments working with more than ten employers. The Bill aims at setting up different authorities, i.e., Standing Conciliation Boards, Labour Courts and Appellate Tribunal. It also provides for friendly negotiations between employers and employees and for collective bargaining.

My Committee, having considered the various provisions have directed me to offer the following criticisms on the provisions: —

PRELIMINARY.

Clause 1 (3): It is stated that different dates will be prescribed for different States for the coming into force of the provisions of this Act. The Committee of the Chamber feels that such legislations as are affecting the relationship of labour and employer should rather be brought into force all over India simultaneously. Otherwise some of the States where the legislation is not in force will be handicapped. The legislation is contemplated on an all-India basis and there should not be discrimination between State and State.

Clause 2 (9): The definition of "Collective agreement" is very wide and purports to bring down under this definition privileges, rights, etc., which are not contemplated. The Chamber feels that such rights, privileges, etc., *should be confined to terms and conditions of employment*, and the settlement of any labour dispute. Beyond that, labour should not have power to bring any other question under this "collective agreement" such as, as to how the establishment should be run, or how the profits are to be shared, etc.

Clause 2 (14): Under this clause 'employee' is defined as any person employed in any establishment to do any work for hire or reward whether the employment is expressed or implied. The connotation of the word 'implied' is not given and is capable of different interpretations. Does this also apply to labour provided by an independent contractor working in the premises, of an "employer". In any case sub-contractors and workers on piece-work basis should be excluded.

It is very necessary to exclude from the scope of the provision, persons employed as apprentices, supervisors and such of those as are employed in a confidential capacity. Other statutes exclude such employees.

Clause 2 (16): Defines 'establishment' as including among other things any trade, business, manufacturing industry, service, calling, profession or other occupation in which more than ten persons are employed. According to the above definition it includes all units employing ten or more persons. The Chamber feels that legislation of such a nature should rather be confined to industrial units primarily. Commercial houses excluding of course banks and insurance companies and small industrial units employing slightly more than ten persons should not be brought under this clause. Seasonal factories employing more than ten persons should not also be brought under the ambit of this provision.

Clause 2 (19): "Labour Dispute" is defined as to mean any dispute or difference or apprehended dispute or difference between an employer and one or more of his employees. It is susceptible of very wide application. It should be qualified to mean dispute under the terms of employment alone. Otherwise there will not be any end to such disputes.

Again *apprehended disputes* require some elaboration. Who is to apprehend the dispute? Is it employer, employee or Government? In the opinion of the Chamber it should be qualified by the word "apprehended by the Government".

Similarly it is preposterous to think that a dispute by one employee or employer can create a labour dispute. This gives too much power not only to employees collectively but to individual employees also. It is too much even to think that even one employee among a thousands can paralyse the work in a big industrial establishment. This provision certainly requires a qualification. It should be clearly stated that disputes wherein not less than 10 per cent of the employees art involved will not constitute a labour dispute.

Clause 2 (20): The definition of "lock out" is sufficiently wide but a proviso should be added to read that "the closing of a factory as a result of an illegal strike will not be considered to be a lock out."

Clause 2 (26): According to the definition of the word 'strike' in the Bill, strike will not include slow down of work or other concerted interruption of operation by employees. This also should be provided for. Hartals are also too frequent now-a-days. That should also be brought under the definition.

Clause 2 (28): The definition of 'wages' differs materially from the definition in the Payment of Wages Act, the Employees State Insurance Act, the Minimum Wages Act, the Madras Shops and Establishments Act, etc. While it is legitimate to include dearness allowance which is paid regularly under 'wages' it is undesirable to include in the definition the value of house accommodation, travelling concession and other amenities given to employees and whose value cannot exactly be determined. The Chamber feels that as far as possible such important terms which occur in various clauses of the Bill, should have a very clear and unambiguous definition and should be in conformity with the definition expressed in other important statutes.

CHAPTER II.

AUTHORITIES UNDER THE ACT.

Clause 5 (1)—"*Works Committee*": This clause provides for the appointment of Works Committees. The number of such committees is not limited nor is there any indication that the number of such committees should be related to the number of workers. The Industrial Disputes Act provide for the appointment of only one Works Committee. While the Chamber agrees that there is scope for the appointment of more than one committee it should like to point out that the number of such committees should have some relation to the number employed. Ordinarily there should not be more than one Works Committee in factories if the number employed is less than 200.

Clause 5 (2): It is better in the interest of all concerned that the workers' representative be chosen from among non-union members and the union keep aloof. Representative of workers from union members will be an interested member and cannot be expected to bring unbiassed opinion for the settlement of dispute.

Clause 5 (3): The scope of the Works Committee is explained in the clause. It is to promote amity and good relation between employer and employees for increasing production and for settlement of any labour dispute that may voluntarily be

placed before them. It is better to provide in this clause itself that when the Works Committee comes to a unanimous agreement on any dispute such matters should not be referable to Courts of Tribunal.

Clause 9 (1)—*Commission of Inquiry*: The appropriate Government shall constitute commission of enquiry for inquiring into any matter referred to it whether or not such matter is connected with or relevant to a labour dispute.

This is giving too wide powers to the Commission. The term of reference to the Commission of Inquiry should be confined to labour matters alone.

Clause 11—*Labour Tribunals*: It is always better if the Chairman of the Tribunal be appointed from among those who have experience in such matters. Apart from the qualification mentioned in the clause it is preferable to attach a rider to the effect "and preferably one who has some knowledge of labour matters".

Clause 12 (3) (*d*): Under this sub-clause "Secretary" to the Government of India is capable of being appointed to the Appellate Tribunal. Secretary to the Government need not be a person with judicial knowledge. This clause may be deleted. The Chamber also suggests that a Chartered Accountant be included in the Appellate Tribunal.

Clause 14: According to this clause the authority of the Government in appointing members of the Works Committee or Tribunal cannot be questioned. There should be a proviso to this clause somewhat to read as follows:—

> "Provided on sufficient grounds in writing either party can challenge such appointment."

While the Chamber feels that there is room for challenging such appointment by either party and may delay such appointment Government should not take too wide powers on matters concerning the employer and the employee. Such persons should command the confidence of both the parties.

CHAPTER III.

Clause 15—*Scope of application of standing orders*: The orders under this Act will apply to all establishments where

100 or more employees are or were appointed and to other establishment or class of establishments which Government may prescribe.

It is necessary to exempt seasonal factories who employ at times more than 100 people though ordinarily few alone will be employed.

Clause 17: The Registration Officer should not have the right to question or adjudicate the reasonableness of standing orders.

Clause 18: Some time-limit say three months should be fixed for the registration of Standing Orders. Three months' time is sufficient for reference of the orders to parties concerned and modification if necessary.

Clause 20 (2): This sub-clause says that in case standing orders are not registered, the model standing orders prescribed by Government would prevail.

Instead of the model standing orders prescribed by Government it would be better that the standing orders certified under the Industrial Employment (Standing Orders) Act, 1946 or any other standing orders at present in force are made applicable.

Clause 24—Exclusion of oral evidence: There need not be any provision in the Act for this purpose. Admissibility of oral evidence be better be left to be decided by the Court.

CHAPTER IV.

SETTLEMENT OF DISPUTES BY NEGOTIATION AND CONCILIATION OFFICES.

Clause 26: It should be made clear in the Bill that before referring any dispute or apprehended dispute to any other authority under this Act such disputes should first be discussed at the Works Committee level. It should also be provided that in the event of a unanimous agreement on such disputes in the Committee it shall not be referable to any other authority.

Clause 26 (1): This clause gives power to a single employee to give notice to the employer of a labour dispute which has arisen or is likely to arise between the employer and the single employee. This will be found too harassing as any one single employee can give notice. To avoid frivolous and mischievous reference to the authorities and waste the time of all concerned there should be a provision that notices of dispute under this section should be given only on the representation of the majority of the employees or a certified bargaining agent. This restricts the scope for mischievous disputes.

Clause 28: This clause defines that the dispute concerning public utility service shall be concluded within 14 days after negotiation and in any other case within seven days. There is no reason why there should be discrimination between public utility concerns and any other concerns. Seven days time is too short a period for the settlement of claims. It should, therefore, be made in the Bill that the dispute should be concluded within 14 days whether it be emanating from a public utility, service or any other concern.

Clause 29: This clause states that on the receipt of notice referring to a dispute, the conciliation officer shall hold conciliation proceedings.

It is advisable that before the Conciliation Officer interfered some time should be given to the parties to settle the disputes among themselves. Only after that period or when either of the parties report to the Conciliation Officer of the failure of their negotiation he should interfere and settle the dispute. It is always advantageous to have the matter settled up without the intervention of a third party.

Clause 31: This relates to the report of failure of conciliation.

No time-limit is prescribed under this clause for reporting failure of conciliation. In the absence of stipulation of any time-limit, the Officers will take their own time to report thus prolonging the dispute with no prospects of settlement. It should be specified under this clause that the Conciliation Officer should report to the Chief Conciliation Officer the failure of conciliation proceedings within 30 days after the conciliation proceedings.

CHAPTER V.

COLLECTIVE BARGAINING AND CONCILIATION OFFICERS.

Clause 33: Under this clause a Registered Federation of Trade Unions having a membership of not less than 15 per cent of the total number of employees and a Registered Trade Union having a membership of not less than 30 per cent of the total number of employees can apply for certification as the "Bargaining Agent".

The percentage of 15 per cent and 30 per cent is too low. There is scope for two or even three Federations or Unions applying for certification as Bargaining Agents. This will not promote healthy conditions among unions and the Chamber feels that the limit should be fixed at 51 per cent in either case so that there can be no application from another trade union from the same establishment. It should also be made clear that membership of a Registered Trade Union or of a Registered Federation of Trade Unions shall automatically lapse if the subscription fee of any member is in arrears for three months or more.

Clause 34 (1): There should be provision for appeal to lie to the Tribunal against any certification of bargaining agents by a Labour Court.

Clause 34 (2) (*a*): The sub-clause says there shall not be more than one bargaining agent in respect of the same establishment.

The interests of manual labour will be different from that of clerical labour. There is no harm in recognising two 'Bargaining Agents' one for clerical labour and another for manual labour.

Clause 39: According to this clause, seven days time is given for furnishing return statement. This is too short a period and in consonance with remarks made in respect of other clauses the period should be extended to 14 days.

Clause 45: According to this clause the failure of conciliation should be reported to Government. But no time-limit is fixed. In the interests of speedy settlement of claims, some

time-limit should be prescribed and the Chamber suggests that within 30 days after the completion of the conciliation proceeding a report should be submitted to the Chief Conciliation Officer of the failure of such proceedings.

CHAPTER VI.

REFERENCES OF DISPUTES AND OTHER MATTERS TO BOARDS, TRIBUNALS AND COMMISSIONS BY APPROPRIATE GOVERNMENT.

Clause 48: The reference to the inclusion of other establishments in a dispute for being referred to a Tribunal is unnecessary.

CHAPTER VIII.

LABOUR COURTS AND LABOUR TRIBUNALS.

Clause 60: Under the explanation to this clause, the time taken for collective bargaining or conciliation proceedings, etc., is excluded for purposes of calculation of three months' period fixed for reference by either party to the dispute to the Labour Court. There is therefore every possibility of the dispute being protracted indefinitely before a settlement is arrived at. There should be an upper limit also fixed within which time the dispute should be finally settled. The Chamber suggests nine months' time as the upper limit.

The clause also empowers either party to refer the dispute to a Tribunal direct. The Labour Court will have many references and their time should not be wasted by vexatious and frivolous complaints. Some restraint on such references should be provided for and the Chamber suggests that if in the opinion of the Labour Tribunal such references are found frivolous and vexatious, the party making such reference should pay the cost to the opposite party. This is but fair to either party and will avoid flimsy references. Payment of such penalty in civil proceedings is also recognised.

Clause 66: Government have power under this clause to reject or modify the award in the event of the Tribunal refusing to reconsider their award on reference by Government. But in sub-clause (2) it is mentioned that Government should take the earliest opportunity of referring the award to the Legislature or Parliament for their consideration and modification or rejection.

In view of the provision in sub-clause for reference to the Legislature, it is unnecessary to arm the Government with power to modify or reject the award. Government cannot anticipate the decision of the Legislature.

Clause 67: This clause gives power to the Tribunal for the reinstatement of a dismissed employee or order payment of compensation.

This gives rather very wide powers to the Tribunal. After all the decisions of the Tribunal have to be ratified by the Legislature in case of reference by Government. It is not therefore final. To give power to the Tribunal for reinstatement or for payment of compensation is therefore not necessary. It has also to be mentioned that maximum compensation payable under the Act should be fixed.

Clause 69: When an appeal is admitted against an award an order for stay in implementing the award should follow automatically.

Clause 72: This clause lays down that an application under clause 71 will have to be treated by the Tribunal as though it is a reference made by the appropriate Government for adjudication and that the provisions of this Act shall apply accordingly, i.e., the decisions of the Tribunal will not become effective until the appropriate Government has published it in the prescribed manner. This procedure is considered unnecessary as this will delay the publication of the decision but in all the matters enumerated in clause 71 a quick decision is desirable and there is no reason why the Tribunal should not be empowered to give its decision and make it binding on the parties without the publication by the appropriate Government. If a party is aggrieved by the decision of a Tribunal there is remedy provided in clause 73 (i) (b) (vii) whereby an appeal could be filed before the Appellate Tribunal and in that case the Appellate Tribunal has the jurisdiction to go into the facts of the case.

Chapter IX.

APPELLATE TRIBUNAL.

Clause 73: According to this clause the Appellate Tribunal is invested with authority and have jurisdiction to hear appeals from every award involving question of law. The Chamber feels that there should be provision in this clause to the effect that the Appellate Tribunal shall have jurisdiction to hear appeals both on questions of law and fact except on the award agreed to by both the parties.

Clause 76: Clause 76 says that within 30 days from which the award becomes enforceable an appeal shall lie by any party to the award or the appropriate Government or Central Government, etc.

This is contrary to all notions of justice that a right of appeal should be given to a person or association not a party to the original dispute. It may at times be necessary for Government to be heard in the course of a dispute but it is unnecessary to empower Government to appeal while the parties themselves are content with the adjudicator's award.

Clause 78: This clause states that implementation of an award can be waived if the Appellate Tribunal is convinced that its implementation will have "serious repurcussions in the industry, etc." It is to be remembered that admission of an appeal itself is *prima facie* recognition of the fact that there are points for arguments and evidence to support the request for reconsideration. The stay of implementation should therefore be automatic when an appeal is admitted. Otherwise the meaning and intention of the words "serious repurcussions in the industry, etc." or industries should be amplified.

Clause 80: Clause 80 empowers Government to reject the decision or modify the decision of the Appellate Tribunal.

The Appellate Tribunal is constituted of persons having the status of High Court Judges and it will be inadvisable to tamper with their decisions. It is not also advisable that there should be executive interference with the judicial decisions. It has to be remembered that employees certainly and employers possibly will not kindly take to the rejection of the award favourable to them and therefore the provision will become inoperative if Government is given power to reject. If at all Government should be given power, they can be conceded the right to reject or modify an award on the grounds of public experience alone. Even in such cases Government should state reasons for rejection before the Legislature. What will become if the action of Government in rejecting the award is not supported by the Legislature ?

Clause 81: Empowers the Appellate Tribunal to have superintendence over all Labour Courts and Tribunals. This clause requires some amendment, so that it be armed with power to issue directives to the Labour Courts and Tribunals only with regard to the general principles under which different issues have to be settled.

CHAPTER X.

Clause 83 (3): It is provided in this sub-clause that a Commission, Labour Court, Tribunal or the Appellate Tribunal may appoint one or more persons as assessors to advise it in any proceedings.

The Chamber suggests that assessors should be co-opted only to advise on technical matters alone. It should also be provided that assessors to advise the Appellate Tribunal shall be appointed if either or both parties to the appeal shall so desire.

Clause 86: Defines the period of operation of orders and awards. Government is given wide powers. The power so given to Government should be made exercisable only after hearing the parties and if so desired by them.

Clause 91: This clause says that conditions of services, etc., should remain unchanged during the pendency of proceedings. This would mean that the employer is prohibited from discharging or punishing whether by dismissal or otherwise any employee in such dispute without the permission in writing of an appropriate authority. It is quite impossible for an employer to refer matters of normal administration to the appropriate authority when proceedings are taken before them. Therefore if any dismissal or other punishment is to be inflicted on an employee for a matter unconnected with the dispute pending before the authority, the employer should not be called upon to

refer it to the authority as administration of any big establishment will come to a stand-still and the authority will find it practically impossible to proceed with its work as it will have to give its decision daily on matters referred to it for purposes of normal disciplinary action in the establishment. It should therefore, be provided in this sub-clause that when a discharge or dismissal or any other punishment is to be inflicted on any employee for an offence unconnected with the dispute pending before the authority, reference to the authority is unnecessary.

CHAPTER XI.

STRIKES AND LOCK-OUT.

Clause 95: This clause prohibits strikes without due notice in the case of public utility services. An invidious distinction is sought to be made between public utility service and private and other establishments. There is no reason why employees should not give strike notice in the case of industries which are not declared public utility service. Lightning strikes without due notice cause dislocation in work and sometimes even cause breach of peace. This should be avoided.

Clause 96: Sub-clause (1) of clause 96 permits the declaration of a strike during the pendency of any conciliation proceeding before Tribunal on a fresh issue not connected with the terms of reference to the Conciliation Board. This provision is unnecessary. It should be provided that as soon as proceedings have commenced, an order shall be made prohibiting the continuance of any strike though it was legal at the time of its commencement and if such an order is not complied with, the strike shall be declared illegal.

Clause 99: 'Go Slow Policy' of employees or employers be deemed illegal strike or lock-out. Government have not declared as to what constitute 'Go Slow Policy' of employers. It is desirable that a proper definition of the word 'Go Slow' of employers is given.

Clause 100: Under sub-clause (2) of Clause 100, provision is made that in the case of lock-out, the employer shall for the period of such lock-out pay to the employees wages at the rate of twice their average pay.

Payment of wages on the usual average pay for no work by the employee is by itself enough punishment to the employer for declaring an illegal lock-out. To make him pay twice the average pay is to bring about the ruination of the industry. It is also out of proportion serious to impose on employer who indulge in the illegal strike. Therefore, the clause should be amended so as to provide that the employer shall pay only the average pay in case of illegal lock-out.

Clause 102: This clause provides for the payment of allowance to an employee during the strike period. If the employer does not get any relief for declaring any lock-out which is not legal, it is wrong in principle to make provision for giving relief to workers who have gone on strike which is not legal. In such cases as this, it should be the proper function of the Trade Union to have a separate fund from which doles can be given to employees in deserving cases. It is preposterous to suggest that the employer should pay to the employee allowance or other consideration during the strike period.

Chapter XII.

ENFORCEMENT OF SETTLEMENT, COLLECTIVE AGREEMENT ORDERS AND AWARDS.

Clause 104: This clause states that in the event of an employee refusing to comply with the award he shall forfeit claims to bonus and contribution to Provident Fund. This is too small a punishment for an employee when employers are called upon to give allowance even during the strike period. The refusal to contribute to the Provident Fund or for bonus would appear to be nothing. After all, contribution towards bonus is exgratia payment and an employer cannot withold contribution to recognised Provident Fund. In such cases, dismissal from service would be suitable punishment for non-compliance with the provision of the award.

Clause 105: This provides for the liability for the Trade Union or Certified Bargaining Agent for failure to comply with the terms of settlement. It is provided that a Trade Union or a Certified Bargaining Agent which fails to comply with any terms of settlement or any collective agreement shall forfeit its rights of recognition and registration and certification respectively. It should also further be provided if the same set of persons who did not comply with the terms, apply for fresh registration or certification it should not be given to them unless and until they comply with the terms of settlement or collective agreement which they defined.

Clauses 106 *to* 111: These clauses relate to the control of industry

Government are already assuming powers in regard to controlled undertakings under the Industries Development and Regulation Bill. It is, therefore, unnecessary to strengthen their hands in this Bill also. This provision therefore, should be deleted from the Bill.

Chapter XIII.

PENALTIES.

Clause 112: This clause state that any employee who goes on illegal strike shall be punishable with imprisonment for a period of one month or with fine extending up to Rs. 50 or with both, and in the case of employer who commences lock-out he shall be imprisoned for a term of one month or with a fine extending to Rs. 1,000. Detention though no doubt prohibitive is not desirable. The penalty in the case of employer is too much

Clause 120—*Offences by company*: According to this clause every Director, Manager, Secretary, Agent, or other officer or person concerned with the management of a company is liable unless he proves that the offence was committed without his knowledge, to be deemed guilty.

Director, Manager, Secretary, etc., may be thoroughly unaware of the default and to penalise them will be indeed hard. What is required is that the shop or institution concerned should alone be deemed guilty and fined and not individuals.

Chapter XIV.

Clause 122: This clause makes provision that in the case of surplus employee his service can be terminated by giving one month notice or wages in lieu of notice and on the employer pa ing to the employee gratuity calculated at the rate of 15 days' average pay for every completed year of service.

This provision is extremely hard especially in the case of establishment where there is a recognised provident fund, which are instituted for the benefit of employees who will be able to get lump payment after the completion of their services, than other establishments where there is no system of provident fund in force. In such cases, the employers will be at a greater advantage than those who institute provident fund for the benefit of the employees. Therefore, in making provision for payment of gratuity the payment made out of the provident fund should be deducted in calculating gratuity.

Clauses 130 *and* 131: It authorises Government to make rules and regulations. There should be a provision that before finalising the rules and regulations the parties concerned should be consulted.

I am to request that the suggestions made above may be considered.

The Bill is yet to be considered.

BILL TO PROHIBIT MANUFACTURE AND IMPORT OF HYDROGENATED VEGETABLE OIL.

Pandit Thakurdas Bhargava introduced a Bill in the Central Legislature with a view to prohibit manufacture and import of vegetable ghee as in his opinion it was thought that the use of such vegetable preparation was found more injurious to health. The Chamber sent a telegram protesting against the Bill but later on true copy of the Bill was received in the Chamber and the provisions were of a very drastic nature. Large sums of money have been invested in the manufacture of this vegetable ghee and there was no decisive opinion against the use or to suggest that it was injurious to health. The Committee of the Chamber considered the various provisions of the Bill and replied as follows: —

My Committee are of opinion that the above is a piece of mischievous legislation directed against one of the most food industries in the country. The vanaspati industry is now a well-established industry in the country in which very large sums of public money are invested and which directly offers employment to thousands of educated and uneducated people in the country apart from being the source of employment to many more thousands of people engaged in the cultivation of crops which are grown in the villages for the utilisation by the industry and for those who are actively connected with the industry in its storage and distribution. The industry pays a very large slice of revenue both to the Central and States Governments by way of freight both on transport of raw materials and of finished products, income-tax, excise revenue, sales tax, town duties, licence fee, etc. The expansion of the industry was planned and sanctioned by the Government and it has still greater scope for further expansion to meet the growing requirements of an increasing population in the country and has potentialities of developing an export market.

One great advantage with regard to this industry is the availability at all times of sufficient raw materials required by the industry in India itself and has not to depend for it on foreign imports. It has to be borne in mind that till the development of the local industry, all the available raw products were exported to foreign countries at uneconomic prices and the primary producers were helplessly dependent on foreign buyers. India thus was all along a supplier of raw products to foreign factories remaining content with whatever price was offered to them for all the sweat and labour. Now that the local industry is developed, India need not have to depend on the export markets alone and in the competition resulting due to local and foreign demands the producer is assured of a fair price.

Apart from the uneconomic prices offered by the foreign buyer, the drain from the country of kernels and seeds has resulted in grave injury to the agricultural wealth of the country as a whole. The cakes left behind after the extraction of oil for the use of the vanaspati industry. has been recognised now as an important manure for agriculture apart from its utility as fodder for cattle. When the raw products were exported outside the country the cakes were not available within the country to help agricultural operation or as fodder for cattle and consequently the output of agricultural production and the cattle wealth of the country suffered considerably. Now that these raw products are utilised within the country itself the cakes become available for the improvement of agriculture and animal husbandry of the country. The Chamber wishes to impress this important aspect upon Government before they formulate their opinion on the Bill under reference.

According to the statement of objects and reasons of the Bill, the Committee are of opinion that the remedy suggested in the Bill is worse than the disease. The statement says that adulteration of ghee with vanaspati is practised on a wide scale so that it is not possible to get in the market original ghee and that the adulterated ghee is injurious to the health of the citizen and the mover evidently wants others to believe that the moment manufacture and import of hydrogenated oil is prohibited the country will be flowing with milk and ghee and that the consuming public will be assured of sufficient quantities of pure ghee at fair prices. The Chamber in this connection wish to point out that there is admittedly great shortage of natural ghee in the market. The prohibition of manufacture or import of hydrogenated oil is not at all going to increase the output of natural ghee for which other measures are necessary. The vanaspati industry is comparatively of recent origin but the adulteration of ghee was going on for years together. The mover of the Bill does not seriously want to contradict the opinion predominently prevailing in the country that the process of adulteration of ghee with some foreign matter or other was practised in the country for ages together. There were heavy imports of white oil and mutton tallow into India ostensibly for purposes of adulteration with ghee. There was then no agitation as at present. The Chamber do not at all mean to say that since that practice was allowed it should continue. All that the Chamber wish to impress is that adulteration of ghee is not of recent origin and that the manufacture and import of vanaspati is not at all responsible for such adulteration.

The statement of objects and reasons further says that the use of vanaspati has been found to be injurious to health of the people. This statement is questionable. If the Bill is framed on this assumption the Chamber respectfully begs to

enter its emphatic protest against the measure. It has been conclusively proved and established by eminent doctors not only in India but in foreign countries that the use of vanaspati is not deleterious to health. The Chamber will be glad to know on the basis of what report the mover of the Bill has stated that it is injurious to health. The Chamber would like to draw the attention of the Government to the proceedings of the meeting of the Vanaspati Research Planning Committee held on the 24th November 1949 wherein it is stated:—

> "Human feeding trials carried out at four different centres also indicate that vanaspati of melting point 37° C has no harmful effect as compared with raw groundnut oil."

In the face of such a finding the Chamber is at a loss to know as to how the mover has stated that the use of vanaspati is injurious to health.

The Chamber would not have hesitated to support the Bill had it been conclusively proved to the satisfaction of all concerned that the use of vanaspati is injurious. But to condemn an industry which has been steadily built up at a time when supply of fats in the country is abnormally low, an industry in which large sums of public money has been sunk, an industry which is the means of employment to thousands of workers, an industry which pays large sources of revenues both to the Central and State Governments, on the basis of unproven facts and on sentimental objections is illogical and is very unfair to the industry.

The Chamber is aware that a portion of vanaspati manufactured in the country are used for purposes of adulteration with pure ghee. The Chamber has no hesitation in condemning this practice. But the quantity of vanaspati available for such adulteration is only a fraction of that manufactured and the statement of the mover that vanaspati is extensively used for adulteration is incorrect and fantastic. Large quantities of vanaspati are now used for consumption by the military, biscuit factories, hospitals, hotels and other institutions and similar large quantities are sold in small tins for consumption by domestic users so that the quantity available for adulteration is comparatively small.

The best remedy to prevent adulteration is not by killing a well-established industry but to increase the commodity in short supply, and by the enactment of stringent laws against adulteration and its vigorous enforcement and by mobilisation of public opinion against the purchase and use of adulterated stuff. These measures have been found successful in other countries and there is no reason why they should not succeed here. The problem of adulteration, at any rate has to be taken separately on an all-India basis and should not be left to the States.

6. The Chamber has also considered the feasibility of colouring vanaspati manufactured in the country for deducting adulteration but has come to the conclusion that even if such a scheme were possible it is bound to be very costly. For one thing a very large quantity of colouring matter has to be imported at considerable cost at a time when it is found increasingly difficult to find foreign currency even for the importation of essential foodstuff. For another thing, as has been stated above the quantity which now goes for adulteration is only a very small fraction of what is manufactured and it is not at all advisable or desirable to colour all that is manufactured.

Vanaspati is the poor man's luxury and when it has been established on scientific facts that its use is not injurious to the health, there is no reason why the poor man who cannot afford to buy pure ghee because of its scarcity and high cost should not be allowed this luxury. It meets the popular demand for consistent fat. Very large quantities of powdered milk, condensed milk, etc., are freely imported and allowed to be used in the country. Similarly the use of artificial manure is encouraged though opinion is divided about its utility in the long run. Artificial food, farinaceous provisions, etc., are extensvely imported and used though Ayurvedic science would not recognise its importance. The Chamber therefore sees no reason why the manufacture and import of hydrogenated oils should be singled out and prohibited especially when eminent scientists have declared that the use of vanaspati is not deleterious to the health of the people.

The Chamber having considered all aspects of the question has no hesitation in opposing the Bill in toto and would strongly recommend to Government to oppose the Bill.

Similar protests were known to have been sent to Government by other bodies also as a result of which it is understood the

mover has withdrawn the Bill on the assurance given by Government that they would appoint a Committee to go into the question of adulteration of ghee.

CENSUS OF MANUFACTURING INDUSTRIES.

Representations were received in the Chamber drawing the attenton to the difficulties in complying with the provisions under the Industrial Statistic Act and the Chamber made a representation to Government as follows:—

I am desired by the Southern India Chamber of Commerce, Madras, to bring to your notice the difficulty experienced by occupiers of factories due to the short time which is given to them now to furnish returns under the Census of Manufacturing Industries Rules, 1945. The rules require that the returns are to be submitted within two months after the close of the accounts on 31st December. The time granted, the Chamber is informed by occupiers of factories to furnish the return is not sufficient since the accounts have to be kept open for some time and finalised only when all the entries have been put in the same. Even companies who close their account books on 31st December each year, i.e., those whose financial year corresponds to the calendar year take a good deal of time to close their accounts. Therefore, the Chamber suggests that in order to render accurately the statistics that are to be filed with the Government the Government should consider extending the time-limit and should so revise the rules as to allow the returns to be filed in the month of April or May of the next year instead of within two months after the close of the year ending 31st December. The Chamber is no doubt aware that under the rules there is a proviso which says that on representation being received from any occupier the statistical authority may allow an extension of time upto one month beyond the date specified in the rule for the submission of the return. But as has been pointed out the time given is not sufficient and therefore, the Chamber would like the Government to extend the time sufficiently to enable the occupiers to furnish the returns. In view of the labour involved in furnishing the returns which require various details to be furnished and in order to make the returns as accurate as possible if sufficient time is given it would enable the eoccupiers of factories to file an accurate return. The Chamber is sure that the Government will consider this aspect of the matter and try to extend the time-limit to file the returns required under the rules.

LEVY OF PROFESSION TAX.

The Corporation of Madras proposed to increase rates of profession tax. There is a long history behind the levy of profession tax. As early as 1865 the tax was levied in the City for Police services and the conservancy and the improvement of the town. That tax was based upon a schedule of arts, professions and callings and the Corporation was wise enough to limit the maximum payable under this tax by an individual to Rs. 50 per annum. Since then there have been amendments to our local laws and the position prior to the passing of the Profession Tax Limitation Bill in 1941 by the then Central Government was that the tax levied under this head by local bodies, municipalities and district boards was based on income—a virtual encroachment on the Central finance. The tax was payable on a person's income and in the case of the City of Madras it was as high as Rs. 1,000 per year. In 1941 Sir Frederic James introduced the Bill called 'The Profession Tax Limitation Bill' and the Chamber supported its provision. The Bill limited the payment of tax to Rs. 50 per year as prevailing in other Provinces. Since then the taxpayer of Madras heaved a sigh of relief. Now the Constitution Act provides for the levy of a tax upto Rs. 250 per year. It would appear that the Government have sent a draft rules to the Corporation for their opinion on their proposal to increase the tax in accordance with the Constitution Act. The drafted proposal stated as follows:—

For incomes of more than Rs. 18,000/- a maximum half yearly tax	... Rs. 125/-
For incomes between Rs. 12,000/- and Rs. 18 000/-	... Rs. 100/-
Between Rs. 9,000/- and Rs. 12,000/-	... Rs. 75/-
Between Rs. 6,000/- and Rs. 9,000/-	... Rs. 50/-
Between Rs. 4,800/- and Rs. 6,000/-	... Rs. 25/-
Between Rs. 3,000/- and Rs. 4,800/-	... Rs. 12/-
Between Rs. 1,800/- and Rs. 3,000/-	... Rs. 6/-
,, Rs. 1,200/- and Rs. 1,800/-	... Rs. 4/-
,, Rs. 600/- and Rs. 1,200/- a maximum half yearly tax of	... Rs. 2/-

According to the above proposal the Corporation would receive an income of Rs. 6,30,000. The present rates of tax are as follows:—

For incomes of more than Rs. 9,600/-	Rs. 25/- per half year.
Between Rs. 7,000/- and Rs. 9,600/-	Rs. 18/-
,, Rs. 6,000/- ,, Rs. 7,800/-	Rs. 13/-
,, Rs. 4,200/- ,, Rs. 6,000/-	Rs. 9/-
,, Rs. 3,000/- ,, Rs. 4,200/-	Rs. 6/-
,, Rs. 1,800/- ,, Rs. 3,000/-	Rs. 3/-
,, Rs. 1,200/- ,, Rs. 1,800/-	Rs. 2/-
,, Rs. 600/- ,, Rs. 1,000/-	Re. 1/-

Consequent on the introduction of the Profession Tax Limitation Act by which the tax was limited to Rs. 50 per year (maximum) Government agreed to compensate for the loss sustained by local bodies by paying the difference between the average of income derived by the local bodies for three years prior to the passing of the Act.

The Corporation Council considered the proposal and agreed to support the suggestion put forward by the Commissioner in his note. The Commissioner's proposals were to levy tax as follows:—

For half yearly income of more than Rs. 12,000.	Maximum half yearly tax ... Rs. 125/-
Income between 9,000 and 12,000	... Rs. 100/-
6,000 and 9,000	... Rs. 75/-
4,800 and 6,000	... Rs. 50/-
3,600 and 4,800	... Rs. 30/-
2,400 and 3,600	... Rs. 18/-

1,800 and 2,400	... Rs.	12/-
1,200 and 1,800	... Rs.	8/-
600 and 1,200	.. Rs.	4 -

The Chamber having considered the implications and its effect on the mercantile community addressed Government as follows:—

I am directed by the Committee of the Chamber to draw the attention of the Government to the proceedings of the Madras Legislative Assembly held on the 31st ultimo relating to the amendment of Rule 8 of the IV Schedule of the City Municipal Act enhancing the levy of profession tax. The Committee of the Chamber feels disappointed that such a measure affecting thousands of people should have been proceeded with such haste and without giving an opportunity to responsible bodies like Chambers of Commerce to place their suggestion before Government. I am also to bring to your kind notice that in recent times Government have given up the healthy practice of referring such important matters to public bodies for an expression of their opinion. I am to mention here that previously even draft bills of the Government of India and of the local Government used to be circulated to Chambers of Commerce in advance inviting their suggestions. Such a practice gives an opportunity to responsible public bodies to place before Government their unbiassed views on such matters as taxation, labour laws, etc., before Government for their consideration and if Government are convinced of their suggestions they could amend the provisions in the light of such criticisms and the public would have the supreme satisfaction of their suggestions having been considered by Government. Government would not stand to loose anything by such consultation but on the other hand they will be benefited by such suggestions and it is always left to the Government to accept such suggestion or reject them or modify their proposals. I am to express the hope that Government may be pleased to resume the wholesome practice of consulting responsible bodies such as Chambers of Commerce in advance on their proposals affecting the mercantile community. This Chamber will be only too glad to give their

unbiassed opinion on such proposals and the possible effects of such proposals on members of the mercantile community.

The levy of profession tax is an important measure affecting the mercantile, public and on former occasion this Chamber has offered its comments. The Committee of the Chamber recently considered the proposals of the Madras Corporation and of the decision of the Legislatures regarding the levy of tax under this head and I am desired to make the following representation:—

I am directed to point out that as early as 1865 this tax was levied in the City of Madras for police services and the conservancy and the improvement of the city and it was based on a schedule of arts, professions and callings and the City Fathers were wise enough to limit the incidence of this tax on any individual to Rs. 50 per year. Since then there have been many amendments to our local laws and local bodies, municipalities and district boards calculated the incidence of this tax on the basis of income which was a virtual encroachment on the Central finance. The incidence of this tax in the City of Madras reached the very high figure of Rs. 1,000 per annum and as it became oppressive 'The Profession Tax Limited Bill' was introduced in the then Central Legislature in 1941 which limited the tax to Rs. 50 per year. The Bill was passed itno law and the taxpayer in Madras was relieved to a considerable extent. But this was only for a brief period as the Constitution Act has now enhanced the limit of this tax to Rs. 250 a year.

Though there is provision in the Act to levy the tax to the maximum extent the Chamber wouid like to point out that this is the most inopportune moment to revise taxes in the upward direction. The tax is borne mainly by the middle class section of the society and they are the worst affected section of the people due to the present high standard of living. Prices are still mounting, shortage of essential articles are felt all round and even in the case of controlled commodities fancy prices have often to be paid. Housing problem is still acute and they find themselves unable to make both ends meet. Though dear food allowances are granted to employees they are not at all commensurate with the increase in prices with the result there is a growing discontentment among them. The increase in the rates of profession tax will be another stupendous burden on the already over-taxed section of the people.

It is dangerous for local bodies to build their finances upon profession tax. The Hon'ble Sir J. Raisman, a former Finance Minister, Government of India stated "it is no secret that the Government of India have for many years been discouraging this type of tax which does unfortunately find a place in the finances of local bodies. I myself have taken a part in pointing out to Provincial Governments that they were erecting a superstructure of local or provincial taxation on a foundation which was to say the least, of very doubtful validity and that at any moment it was liable to be upset by rulings in courts of law and that in any case it was, on general principles highly objectionable that the field of income-tax jurisdiction should be invaded in this surreptitious way by various ways by what I can call only "squatters, for the whole field of our income-tax jurisdiction was being squatted upon by various kinds of authorities."

It is interesting to note what the Marquis of Zetland, a former Secretary of State for India said. He said "taxes on income other than agricultural income were a federal source of revenue, whereas taxes on profession, trades, callings and employment were a provincial source of revenue. It was never intended that taxes under these provincial heads should be so imposed as to constitute an income-tax and so trespass upon the central field of revenue. The main purpose in view when these headings were included in the provincial list was to keep alive a right which Provincial Governments have exercised in the past empowering local authorities such as municipalities and district boards to levy rates for local purposes which were commonly described as taxes on profession, circumstances and property. It was of course characteristics of these taxes that their incidence upon the individual taxpayer was a very small one. Experience had shown however that it was possible to levy taxes under these heads which in fact were nothing less than income-tax in disguise. It was quite clear that this would have constituted a serious invasion of one or more important sources of revenue assigned to the Federal Government and it was equally clear that if it were to be permitted on a huge scale, it would have the effect of upsetting seriously the balance between Federal and Provincial fields of taxation."

The Chamber is glad to note that Government have whittled down the proposal of the Madras Corporation. Even now the rates proposed by the Government for adoption in the City are

high having regard to the rates prevailing before. As the former Secretary of State stated the profession tax now bears the stamp of another income-tax. The mercantile community are even now subject to a series of taxation. Besides they have to conform to the extravagant provision of many labour laws the cumulative effect of which is to increase the cost of production or sale price of articles. The objects of Government to bring down prices and thus arrest the spiral of inflation will be defeated if new taxes are imposed on them or existing taxes are imposed on them or existing taxes enhanced.

It is on a consideration of all the foregoing facts especially as it applies to the middle class that Government of India took a more realistic view and enhanced the exempted limit for purposes of income-tax. By permitting the local bodies to enhance the rates of profession tax Government of Madras have indirectly gained about 12 lakhs of rupees which was granted to local bodies as compensation for loss of revenue due to limitation of profession tax. But the taxpayer is yet to get even an iota of relief in the incidence of tax. On the other hand they are asked to pay more.

The Local Finance Enquiry Committee is already examining the question of finances of local authorities. They are expected to make concrete suggestion for the improvement to local boards and the Chamber feels that Government have rather been hasty in getting the sanction of the Legislatures for this increased levy.

Government having received the assent of the Legislature for this increased levy without inviting opinion on their proposal, it is now too early to think of revising it. But the Chamber do hopes that Government will bear this in mind and would take the earliest opportunity of revising the rates in the downward direction. The Chamber also express the hope that Government would consult Chambers of Commerce and other public bodies before introducing such taxation measures so that they can offer their suggestion in time.

The Secretary to the Government of Madras however replied as follows:—

With reference to your letter cited, I am directed to state that the proposal to amend Rule 8 of Schedule IV to the Madras

City Municipal Act, 1919 so as to revise the classification of assessees and the maximum rates of half-yearly profession tax leviable on them with effect from 1st April 1950 consequent on the raising of the maximum limit of the tax from Rs. 50 to Rs. 250 per annum in the Constitution of India, was duly pub- lished in the *Fort St. George Gazette* for general information and six weeks' time from the date of publication was allowed for the receipt of objections and suggestions in regard to the proposal. I am to invite your attention in this connection to the notifica- tion published on pages 15-16 of the Rules Supplement to Part I-A of the *Fort St. George Gazette*, dated 14th February 1950. Gov- ernment have carefully considered the various suggestions and objections received from the Corporation of Madras the general public and other institutions in regard to the proposal and have revised the classification of assessees and the maximum half-yearly tax leviable by the Corporation of Madras wherever necessary. The rates of tax finally approved by Government are lower than those suggested by the Corporation.

Even now there was a proposal to increase the rates of pro- fession tax by the Corporation authorities.

SALES TAX ON INDENT AGENTS.

Members brought to the notice of the Chamber the difficulties arising out of the working of sales tax particularly in its appli- cation to Indent Agents. It was thought that the difficulties should be explained in person and so a deputation consisting of Rao Bahadur V. S. Subramaniam, Sri V. Pandurangiah, Sri P. Natesan, M.L.A., Sri R. K. Murthi, Sri K. Govindan and Sri K. A. Menon waited on the Finance Minister, Government of Madras and discussed the following memorandum:—

"This deputation is not going to raise any new issue or difficulty pertinent to the provisions of the Madras General Sales Tax Act. Nor is it an incident of administration unthought of earlier or unknown in the earlier years of administration. The idea of exempting indent agents and commission agents from the Turnover Tax is as old as the Act itself and from the earliest days the statutory provisions and Rules have consistently empha- sised that exemption. If any complaints arose in the interval it

was entirely due to variation in interpretation of their letter and spirit by local officers.

The occasion for the present representation has arisen in the following circumstances. A prominent Indian import house which has been doing indent business in this City for many years past has had during the war period, under the exigencies of the changing Import Regulations, been vested with certain import rights in the form of import licences. These licences are gene- rally issued by the Central Government on various considerations. The basis for the issue of licences is the previous import or interest in the import trade in the past years, which in the case of the import house in question has been solely indent business in the past. The purpose of the issue of such licences in the main, among other things, is to ensure equitable distribution of arriving supplies in times of scarcity such as the present, and to ensure rock bottom prices to the consumers round about the actual landed cost. That is why the import licences are entrusted to houses of repute. If these import houses take up these licences and open letters of credit in their own name, it is only to facili- tate administration of controls and fulfil the great objects that the Government have in view. They gain nothing by this new procedure, their remuneration being the same stereotyped per- centage of small commission, generally or two or three per cent. Neither the character of their business nor their financial com- mitments in these transactions have changed by reason of this new procedure which is necessitated by Government's control regulations. They take indents from principals, get the credits to be opened and financed by them, get the drafts honoured by them in time and get the goods delivered to them direct just as before without an iota of difference. These indenting houses take no risk of their own, nor do they accept or reject quotations on their own behalf, nor invest any money of their own, nor gain or lose anything by market fluctuations, nor collect Sales Tax from their principals to dealers.

These circumstances have led the City Commercial Tax Officers to think that the indent houses should be treated as dealers liable to Sales Tax. The special circumstances that have induced this belief are that the licences are issued in their names and the credits are opened in their names. According to them, once the import regulations are removed these indent houses no more remain liable to Sales Tax even though there is not the slightest change in the nature or structure or remuneration of their business, nor in their obligations and responsibilities to the principals. That is a position which we request Government to be good enough to closely examine and give a suitable direction to the department before unnecessary harassing proceedings are taken.

It is a refreshing feature that this interpretation of the law is not universal among the officers. On an appeal, the Board of Revenue went to the extent of condoning and ignoring even the circumstances of an indent house issuing its own invoice and held that it was not liable to turnover tax. They said " the appellants did not gain any advantage from the transaction except the commission agreed to be paid by the principals and undertook no personal responsibility. It was under the express instructions of the principals that the order was booked and if there is any doubt the Commercial Tax Officer could easily have satisfied himself by calling upon the appellant's principals, to confirm or deny that fact. The fact that the invoices were made out in the appellant's name does not indicate that the appellant had purchased the goods on his own account. It is perfectly open to an agent to get the invoices in his own name and there is ample authority for that proposition. What really determines the character of the appellant's relationship is shown vis-a-vis Sha Jothajee Maniram is the native of Ex. A, which clearly appoints the appellants as agent. The invoices had to be made out in the name of the appellants since the import licence was obtained at the request of the principals in their (appellant's) names." (Vide Revision Petition against the order in Appeal No. 2 of 1948-49 on the file of Commercial Tax Officer, North Madras—Messrs. Allwell Traders—Appellants).

We request that without further delay the position of indent agents should be clarified beyond any doubt even in the minds of the most exacting officers so that agents may not be subjected to irksome and wasteful proceedings and annoyance varying with the temper and zeal of the officers in charge. The following position of the indent agents in all circumstances should entitle them to exemption from the turnover tax:—

(i) That their relation to the buyer or dealer in India is not as principal but as buying agent.

(ii) That they merely communicate the offer and acceptance of quotations of parties.

(iii) That they do not invest their own money either for credit to be opened or for drafts to be retired or to handle the goods or to pay customs duty.

(iv) That they do not make their own invoice, nor handle documents of title or of shipment.

(v) That they are not to gain or lose by rise or fall of the market between the time of booking orders and arrival of goods.

(vi) That the property in the goods never passes to them.

(vii) That they do not collect sales tax from their dealers.

(viii) That once the import regulations disappear the indent agents once again become automatically exempt in the eyes of those very officers who seek to tax them now.

SECTION II

Tariff and Taxation

ALUMINIUM INDUSTRY.

The Tariff Board during the course of the year examined the question of the protective duty on aluminium industry. The opinion of the Chamber was sought in this connection. The Chamber after consulting interested members gave its reply as follows:—

"The Committee of the Chamber have considered the questionnaire issued by you regarding the scheme of protection for the aluminium industry and I am directed to reply as follows:—

Q. 1—*Estimated annual Indian demand for aluminium for the next three years:*

In this connection I am to state that the Tariff Board in their report dated 20th June 1946 on the aluminium industry stated in page 12 "that the country would find no difficulty in absorbing 20,000 tons of aluminium per annum in the cooking utensils industry alone, the total requirements according to them being not less than 25,000 tons per annum." The Chamber sees no reason to doubt the accuracy of the estimate of the Tariff Board but are inclined to think that the use of aluminium will be considerably increased in the years to come the limiting factor being only the price structure both in relation to the purchasing capacity of the masses and also its price in relation to other metals. The use of aluminium has become widespread throughout the country but in recent times due to a heavy increase in price, consequent upon the high incidence of import duty, the demand has appreciably slumped down. If the present oppressive rate of duty is abolished or reduced considerably, the Chamber feels, the demand for aluminium in the years to come will be more than 25,000 tons rightly estimated by the previous Tariff Board.

Q. 2—*The quality of indigenous aluminium as compared with the imported one:*

This Chamber is aware that the indigenous products of one of the producers compare very favourably and in some cases are an improvement upon some of the imported varieties. But it has also been noticed that in the case of the other producer the purity is not maintained at a uniform level. But that can be improved and Government will do well in advising such producer to improve their quality. There is absolutely no prejudice against the indigenous products.

Q. 3—*The incidence of the protective duty-cum-subsidy to the Indian aluminium industry on the subsidy industries:*

As has been stated in reply to question No. 1 the demand for aluminium goods will be greatly enhanced if prices are made more attractive. In order to make the prices attractive the scheme of protection should be so based as not to hit the rolling and fabricating industry and ultimately the poorer section of the people who are the principal users. There are other competitive metals closely competing with aluminium but in the case of aluminium though it is not as durable as utensils made of other metals the compensating feature will always be the price factor. But when the consumer finds that it is not to his advantage to go in for aluminium goods on account of their high prices, the demand for such goods will deteriorate to the detriment of the local rolling and fabricating industry. The aluminium industry is a basic industry with a vast scope for expansion and is very important from the point of view of national defence as well. There can, therefore, be no two opinions on the question of giving protection to this industry. But the whole thing revolves on how best to give protection to this industry so as to promote its uninterrupted progress and at the same time encourage the expansion of the subsidiary industries, who are their real consumers.

The scheme of protection now given to the industry is defective. For one thing the entire burden of protection has been thrown on the subsidiary industries which are now gravely handicapped on account of the excessive burden thrown upon them. The present oppressive rates of import duty on aluminium have been mainly responsible for enhancement of prices of finished products and no progress was therefore possible. Moreover there is a considerable shrinkage in demand for the aluminium products in the foreign markets, because our products due to their high prices cannot compete with similar products in the foreign markets as well. Though it is a fact that exporters are given a duty drawback of 7/8th of the duty paid on imported sheets and circles once the goods are shipped, it has to be stated that even then the 1/8th duty is a handicap for the development of our export trade. The duty drawback concession should be extended to shipments made from imported ingots in case duty was to be levied thereon.

Aluminium industry, as has been previously mentioned, is one of the basic industries of the country and is vital to the national defence. It is only for this reason that the export of aluminium was banned during the pendency of war from all producing countries. That shows the supreme importance of this industry for defence purposes. An industry of such importance should rather be the concern of the nation as a whole and should not be left to the tender mercy of a subsidy dependent on the levy of excessive duty. The industry, having regard to its utility not only for domestic requirements but in the major interests of national safety and defence, should be considered as a national concern and the cost of protecting such a national industry should be shared by the nation as a whole out of its general revenues and should not be thrown on the shoulders of the subsidiary industry which would result in increasing the cost of the product to the consumers who are mainly drawn from the poorer strata of the society. Any scheme of protection by which the subsidiary industry alone has to foot the entire bill of protection will definitely work adversely in the long run. It is merely a question of "robbing Peter and paying Paul." For one thing it will strangulate and positively discourage the growth of aluminium rolling and fabricating industries which now give employment to thousands of skilled and unskilled labourers.

Q. 4—*The degree of present control over imports and the effect of the control on the prices of Indian aluminium*:

In framing import control regulations, Government were mainly concerned with assistance to the Indian producer. The principle, laudable though it is, there is a certain amount of unstability in the policy which puts consumers at a great disadvantage in the matter of getting right quality of the goods and in sufficient quantities. There are also violent changes in the import policy so that the consuming industries are not in a position to plan their production schedule ahead. This being of national importance, there is no reason why Government should not allow import of ingots, circles and sheets from such countries as Holland, Japan, etc., also where prices are more competitive and supplies can be forthcoming in appreciable quantities. The Chamber wishes also to point out that the policy of Government regarding import of these raw materials should be announced sufficiently early in consultation with the consuming industries concerned so that subsidiary industries can plan their production schedule sufficiently in advance and so that work in such factories need not be stopped for want of this metal.

Q. 5—*Your views in general regarding the possibilities of further expansion of this industry in India and your suggestion, in particular, for keeping the cost to the consumer as low as possible*:

In any scheme of protection it is the consumer that requires to be protected in preference to all other conditions. The scheme of protection, therefore, should be so devised so as not to fall heavily on the shoulder of any one set of people. In the case of aluminium it has also to be remembered that it is of national importance and highly beneficial for strategic reasons. This industry, it will be admitted on all hands, requires protection not only in national interests but in the interest of other subsidiary industries. But in offering protection as has been stated above, the burden should be shared by Government and not by the consumers alone at the risk of the subsidiary industries. The present method of protection by asking subsidiary industries to foot the entire cost is not in the interest of the subsidiary industries who pass on the burden to the consumer and, therefore, requires an early revision. What is more urgently required is to create an incentive on the part of industrialists to invest more and more capital to expand this industry without which the main purpose will not be served. The present production of 3,500 tons in a year will not touch even a fringe of our requirement and will not be of much avail to build up stocks for defence plans for the country much less will it be found useful to effect economy to our subsidiary industry. Steps have, therefore, to be taken to give protection to the aluminium ingots industry and thereby enable it to attract more capital to produce between 30 and 50 thousand tons of aluminium annually to meet our requirements and also to encourage subsidiary industries to expand in all sectors. It has also to be borne in mind that at present 95 per cent of aluminium is used for the manufacture of domestic utensils while only 5 per cent of aluminium is used in respect of other industries. Aluminium has a wider application and many other industries can be started in the country. In other countries, to the knowledge of the Chamber, only a very small percentage of aluminium is utilised for domestic utensils while the major part is used for the manufacture of other materials used in the economy of the country. The aim of this industry should also be diverted in the same direction so that the major portion of the aluminium be utilised for the manufacture of articles required for industrial uses. Before diverting the major portion for the manufacture of such other industries the country should be assured of steady source of supply to the extent of 30 to 50 thousand tons.

annually at an economic price having relation with world parity prices so that such of these subsidiary industries need not be stranded. The question therefore revolves again in the supreme necessity of installing bigger plants capable of producing about 50 thousand tons annually at an economic price. The Chamber, therefore, feels that in giving protection to the aluminium industry Government have to find out ways and means of ensuring this metal readily available in the country and the policy of Government should be directed to encourage the setting up of such large industrial unit. The present small plants which are incapable of solving our economic problems can be termed as only trial plants and meant for coaching our workers.

Q. 6—*Your views regarding the desirability or otherwise of the continuance of protection-cum-subsidy scheme to the Indian aluminium industry*:

The present scheme of protection by which the entire burden of protection has fallen on the subsidiary industries is very defective, unworkable and should be revised as early as possible. Though the use of aluminium is widespread in the country, that metal alone is discriminated and subjected to heavy import duty, while other non-ferrous metals are allowed to be imported duty-free. What is worse, the entire cost of protection has been asked to be met by the consuming industry so much so that raw material for the consuming industry has become very much costlier resulting in shrinkage of sales both locally and in the foreign market so that the consuming industries are threatened with extinction not in the distant future not to think of further expansion for which there is immense scope. The Chamber strongly feels that the duty now imposed on aluminium ingots and scrap should be abolished and a duty not exceeding 20 per cent be levied on semi-finished products. In view of the importance of aluminium industry in the national and defence economy, it is but proper that the burden of protection should be borne by the State. Such a scheme, apart from developing the aluminium producing industry, will also help the growth of the processing industry. If the processing industries are able to get the raw material at economic prices they will be in a position to supply manufactured goods at considerably lower prices so that the demand, both internal and external, will greatly improve resulting in increased revenue to the State as well. Over and above the reduction in prices to the consumers, the availability

of raw materials at reduced prices will promote and stimulate the growth of many other subsidiary industries, chiefly producing articles for industrial and other essential uses."

FACILITY FOR REPATRIATION OF INDIAN CAPITAL.

There is shortage of funds for financing new industries and in spite of the best efforts of the Government funds are not forthcoming for industrialisation. This might probably be due to the vacillating industrial policy of Government their attitude towards labour and system of taxation prevailing in the country. In respect of foreign capital it is also not forthcoming for industrialisation. Large amounts of Indian capital are invested abroad and due to unsettled policy of those Governments Indian investors are in a mood to bring back here capital from those countries to India and which might go for industrialisation of the country. But the taxation policy of Government do not encourage such repatriation of Indian capital. This question was engaging the attention of the Chamber and the Chamber wrote to Government as follows:—

"This Chamber has noted with interest the correspondence that passed between the President of the Federation of Indian Chambers of Commerce and Industry, New Delhi and the Hon'ble Finance Minister, Government of India regarding tax exemption on profits earned abroad. This Chamber desire to bring to the notice of the Government an important aspect of this question for your consideration.

Government are aware that a good deal of Indian capital has been invested in Burma, Malaya, Ceylon, Indo-China and other countries in real properties. The recent trend of legislations in those countries are highly discouraging to the Indian investors in those countries. Hence, there is a strong tendency to dispose off the properties owned by Indians in those countries and to transfer the capital to India. The law of Indian Income-Tax in India as applied to world income is a great handicap to such transfer of capital, apart from other difficulties such as exchange restrictions, etc. What Indian investors fear is and it is also a matter of procedure of Income Tax Law, that the difference in the appreciated value of sales of these properties as compared to the value found in the books of accounts will be taken as the income earned in that year and taxed to Indian Income Tax as such. It was this sort of fear that was mainly responsible to discourage the Indian land owners in Burma to sell off their properties before the year 1941, before Japanese invasion took place in that country. Had it not been for this discouragement among other causes a good deal of land should have been sold there and the Indian land owners will not be in the precarious position in which they are placed now.

To-day, in Malaya on account of the good prices prevailing for rubber, Indian investors are desirous of disposing off their properties to bring back the monies here. This may happen in Ceylon also with regard to the several estates owned by Indians. In Burma the position is not favourable at present. But conditions may improve in due course. So also is the case with Indo-China, where the political conditions, the dislocation of trade and the exchange restrictions are not favourable for the disposal of real properties and transfer of capital now. The conditions may change in due course.

What the Chamber therefore, suggests to the Government of India is that they should be pleased to look into the question to exempt the income derived from the sale of properties from the Indian Income Tax Act so that it may serve as an incentive for the property owners to dispose of their properties and transfer their capital from foreign countries to India. The Chamber feels strongly that some such concession will encourage the Indian property owners in their desire to bring back the capital from foreign countries to this land.

The Government are anxious and are prepared to make several concessions to foreigners for encouraging them to invest their capital in industrial undertakings in this country and if only Government show this amount of concession to Indian property owners in foreign countries, there is a great scope for attracting Indian capital from foreign countries for industrialisation of this country."

The Chamber's representation have been sent to other commercial bodies requesting them to make similar representations.

It was discussed with Mr. K. Govindan Nair, Member, Central Board of Revenue when he visited the Chamber. A resolution on those lines has been recently moved at the Annual Meeting of the Federation also.

MOTOR VEHICLE TAXATION ENQUIRY COMMITTEE.

Government of India undertook a scientific examination of the present methods of taxing motor transport to bring about uniformity in the basis as well as the level of taxation to remove anomaly of the double and multiple taxation and to promote inter-state reciprocity. The terms of reference to the Committee were as follows:—

"With a view to establishing a fair basis of taxation of motor vehicle users by the Union and State Governments and local authorities and for the purpose of furnishing advice and information upon which legislation may be undertaken, the Committee shall—

(1) Survey the existing systems of taxation of motor vehicle users in India; and

(2) recommend—

(*a*) the basis of scientific system of taxation of the motor vehicles users to ensure the provision and development of cheap, rapid, and efficient transport, for different categories of user by the means best suited for the kind of traffic involved and with a view to obtaining proper co-ordination between the different forms of inland transport;

(*b*) the method of securing reciprocity in taxation between the various taxing authorities; and

(*c*) the principles on which any part of the proceeds of the taxation of motor vehicle users by the Union and State Governments and local authorities, should be made available for road maintenance and development."

The Committee appointed by Government issued a questionnaire which is reproduced below:—

GENERAL INFORMATION

The question of undertaking a scientific examination of the present methods of taxing motor transport, to bring about uniformity in the basis and level of taxation and to secure an equitable incidence of the tax burden, to remove anomalies of double and multiple taxation, to promote inter-State reciprocity, to ensure a sound utilisation of the proceeds of the taxes, and to develop a properly co-ordinated and regulated system of road transport in the country, has been under consideration for some time.

A definite recommendation was made by the Transport Advisory Council at its meeting held in July 1949 that a committee to report on the subject should be appointed.

In view of the growth of motor transport in the country in recent years and the constitutional developments that have taken place, the Government of India has agreed that the time has come when an attempt should be made to collect all available data on this difficult subject so that a decision may be facilitated and the lines of legislation to be undertaken under entry 35 of the Concurrent List of the Seventh Schedule of the Constitution of India settled.

Accordingly the Motor Vehicle Taxation Committee has been appointed to take such evidence as they consider desirable and to furnish a report.

2. The terms of reference to the Committee are as shown below:—

"With a view to establishing a fair basis of taxation of motor vehicle users by the Union and State Governments and local authorities and for the purpose of furnishing advice and information upon which legislation may be undertaken, the Committee shall—

(1) Survey the existing systems of taxation of motor vehicle users in India; and

(2) recommend—

(a) the basis of scientific system of taxation of the motor vehicle users to ensure the provision and development of cheap, rapid, and efficient transport, for different categories of user by the means best suited for the kind of traffic involved and with a view to obtaining proper co-ordination between the different forms of inland transport;

(b) the method of securing reciprocity in taxation between the various taxing authorities; and

(c) the principles on which any part of the proceeds of the taxation of motor vehicle users by the Union and State Governments and local authorities, should be made available for road maintenance and development."

3. The composition of the Committee is as shown below:—

Chairman:

Shri M. N. Dalal, Chairman, Indian Roads and Transport Development Association.

Members:

Mr. G. M. McKelvie, Consulting Engineer to the Government of India (Roads).

Shri N. C. Ghosh, Director-General, Transportation, West Bengal and (ex-officio) Secretary, Home (Transport) Department and State Transport Commissioner.

Shri T. S. Krishna of Messrs. T. V. Sundaram Iyengar & Sons, Ltd., Mathurai (Madras).

Shri K. R. P. Aiyangar, Ministry of Finance, Government of India.

Mr. A. A. Brown, Director, Traffic (General), Railway Board.

Secretaries:

Shri C. S. Anantapadmanabhan, Officer on Special Duty, Roads Organisation, Ministry of Transport, Government of India.

Shri C. S. Nair, Secretary Indian Roads and Transport Development Association, Bombay.

4. To enable them to take into account the points of view of all the interests likely to be affected, the Committee feel that an opportunity should be given to every person interested in the subject to give evidence before them. All persons interested in this important matter are therefore invited to send in writing any evidence that may like to place before the Committee.

5. To assist the Committee in their deliberations, a questionnaire has been prepared (Appendix II). Replies to the questionnaire should as far as possible conform to the scheme of arrangement contained therein and paragraph numbers and headings should be set out accordingly. It is requested that ten copies of the replies may be sent.

6. Additional copies of this questionnaire may be obtained on application from the Secretary of the Committee

7. Persons desiring to be called as witnesses should apply in writing to the Secretary as early as possible and in any case well before the date on which the Committee is scheduled to meet at the place where oral evidence is desired to be given (please see tour programme of the Committee (Appendix I). Any such request should give the name and the address of the person together with a brief memorandum on the points on which it is desired to give evidence. It is also essential that a written reply to the questionnaire should be sent while or before applying to give oral evidence.

Appendix II.

QUESTIONNAIRE.

Note:—In replying to the questions below, facts and figures should as far as possible be supplied in support of any statements of opinion made.

1. Full name (Block capitals)

2. Designation

3. Address

4. Representing

I. PRINCIPLES OF TAXATION.

1. Do you think it is right to differentiate in the matter of taxation between motor vehicles and the commodities required for their maintenance and working on the one part and other commodities liable to customs or excise duties on the other part? If so, do you consider such differentiation is justified?

2. Do you think the guiding principle in taxing motor vehicles should be to collect the greatest possible revenue, the limit of such taxation being governed solely by what the commodity can bear?

3. If not, do you think the guiding principle should be that motor transport, as a service, should only be taxed to prove—

(*a*) a contribution towards general revenues to the same extent as the railways or other services contribute to general revenues; and in addition,

(*b*) to pay a fair share towards

(i) the cost of upkeep and development of roads; and

(ii) the cost of administering and controlling this form of transport?

4. If your answer is in the affirmative, do you think it is possible to lay down principles which would produce the results specified in question 3 above while at the same time ensuring there is no unfair competition between different forms of transport and encouraging the use of that means of transport best suited for the kind of traffic involved ?

5. If you have other views, what do you think should be the principle on which taxes on motor vehicles should be levied and what should be the limit of such taxation ?

II. MOTOR VEHICLE TAX ASSESSMENT BY DIFFERENT TAXING AUTHORITIES.

6. (1) Do you consider that the existing rates of the following taxes are inadequate, excessive, inequitable, or unjustified?

(*a*) Central Government Taxation.

(i) Import and excise duties on motor vehicles, parts and accessories, tyres and tubes, machinery and other materials required for the motor transport business ;

(ii) Import and excise duties on motor spirit, power alcohol, diesel oil, lubricants ;

(iii) Any other taxes, direct or indirect (to be specified) ;

(*b*) State Government Taxation.

(i) Taxes on motor vehicles ;

(ii) Permit charges and inspection fees levied on transport vehicles and buses ;

(iii) Driving licence fees ;

(iv) Other miscellaneous fees ;

(v) Sales tax on motor vehicles, spare parts, fuel, lubricants and other items ;

(vi) Taxes on goods and passengers carried by road ;

(vii) Tolls ;

(viii) Pilgrim and other taxes (to be specified).

(*c*) Taxation by local bodies.

Local taxes, including municipal vehicle tax ; wheel tax ; tolls and octroi duties ; rent for bus-stand ; and other taxes or charges (to be specified).

(2) If so, state what the present rates of taxes are and to what extent they are inadequate, excessive, inequitable, or unjustified and what you consider to be the proper rate and method of taxation in each case.

(3) Would you advocate the merging of local bodies' taxation into that collected by the State ? If so, on what basis should the local bodies be compensated ?

7. (1) Would your reply to question 6 above be altered if any change is made in the appropriation of the proceeds of the taxes—for example, if greater proportions of the proceeds of the taxes are regarded as tolls or rents for the use of roads and are utilised towards development or maintenance of roads and providing amenities for road users.

(2) If so, indicate as far as possible the extent to which the taxes should be limited for the purposes of general revenues, for utilisation on road development, etc.; and justify differentiation in the case of motor vehicles or road transport when the proceeds of general taxation are not earmarked for specific purposes.

8. Would your answer to question 6 be different if road transport were a nationalised service ?

9. Do you think, as between different classes of vehicles the following basis of assessment on the lines recommended by the Technical Sub-Committee of the Subject Committee on Transport in 1943, is satisfactory ?

Motor Cars	..	Unladen weight.
Buses	...	Seating capacity.
Goods vehicles	...	Laden weight.
Luxury vehicles	...	Luxury tax.

If so, do you think this could be accepted as a uniform basis throughout the country, the levels of assessment on this basis possibly being allowed to vary ? Would you in addition favour a uniform level of taxation throughout the country ?

Or

10. Would you suggest any other basis of assessment as between different classes of vehicles ? And could this basis in your opinion be applied uniformly throughout the country ?

11. Do you think that a sound principle would be that every vehicle, in addition to being taxed to provide a contribution to general revenues, should be taxed in accordance with the use it makes of the road, in the shape of—

(*a*) a fuel tax, as a measure of wear and tear caused to the road (compensating taxes being levied when any fuel, such as diesel fuel cannot be properly taxed) ?

(*b*) a weight tax, as a measure of damage caused to the road ? and

(*c*) an availability tax, as a measure of road facilities available ?

12. Do you approve of taxes, cesses, or surcharges on passengers or goods carried by road ? If so, on what basis should such taxes be levied ?

III. INCIDENCE OF TAXATION.

13. Do you consider that the existing taxes on transport are in any way inequitable or discriminatory:—

(i) as between classes of road users,

(ii) as between road users and users of other forms of transport,

(iii) as between road users and other beneficiaries from road availability, or

(iv) as between the road transport industry and other industries considered as contributors to the general revenues of the State ?

14. (1) Do you consider that, generally, the existing incidence of taxation as between different classes of road users is fundamentally sound in principle ?

(2) Can you suggest any principles which should govern the incidence of taxes on transport ? If so, can you suggest changes in the existing structure of such taxation ?

15. Would you accept the principle that where a road offers facility of access to a property, the property should be taxed in respect of such benefit ? If so, would you agree that roads in urban areas should be mainly financed out of property taxes whereas through routes should be mainly financed by road user and betterment taxes ?

16. Should there be a single tax collecting authority or a single tax paid in a lump sum on each vehicle at a fixed time ?

17. Do you advocate a uniform scheme of taxation for the whole country and have you any suggestions to make on this account ?

18. Do you represent any particular commercial interest ? If so, is your interest in any way hampered by the existing structure or rates of motor vehicle taxation ?

IV. RECIPROCITY IN TAXATION.

19. Detail any difficulties experienced at present owing to the absence of reciprocity in taxation measures, as between different regions, and as between different authorities ?

20. Do you think that for the purpose of avoiding double taxation the rate of tax should be uniform throughout the country? If so, how should States obtaining a diminished revenue on this account be compensated?

21. [*Note*:—This question is intended only for regional taxation authorities (or authorities who impose a tax on motor vehicles registered in or plying in their jurisdiction) i.e., State Governments, and local bodies.]

(1) Have you any objections to the adoption of a full scheme of reciprocity with respect to all the other regional authorities in India in respect of taxation of all types of motor vehicles? If you have any objections please indicate them in detail.

(A 'full scheme of reciprocity' implies that, if a motor vehicle or accessory has been taxed by one authority, it can be brought in or used in the territory of another authority without any further payment of the corresponding tax for the same period; taxes will be considered annual for this purpose.)

(2) If your answer to (1) is negative or qualified, indicate whether your answer would be different with respect to regions contiguous to yours, and give full details of the differences in treatment you are prepared to meet out in that case.

(3) At present there is a limited amount of reciprocity between some of the regional taxation authorities. State whether in your experience it is satisfactory and whether it should be extended or modified in any manner.

V. PRINCIPLES OF APPROPRIATION OF THE PROCEEDS OF MOTOR VEHICLE TAXATION.

20. Do you consider that motor transport is at present contributing adequately to general revenues and towards road maintenance and development?

23. Do you consider that motorists on the one part and others directly benefitting from roads (e.g., agriculturists, owners of house property, or professional bullock-cart owners) on the other part, are each paying their due shares in return for the benefits actual or potential derived by them from roads and as contributions towards general revenues?

24. Have you any reason to consider that at present an adequate portion of the receipts from road users are not being spent towards road development or maintenance?

25. Would you support an increase in the existing taxation if the proceeds thereof were invested by statute on road development or maintenance? If so, to what extent?

VI. CO-ORDINATION AND UNFAIR COMPETITION.

26. How would you adjust the tax structure so as to assist in the attainment of proper co-ordination of transport and, in particular in the provision and development of creap, rapid, and efficient transport for different categories of users by the means best suited for the kind of traffic involved? In this connection would you—

(*a*) penalise, by high taxation (except for perishable goods), long distance bulk motor transport on the assumption that the railway are best suited to handle this kind of transport and if so, would you consider '150 miles or more', a definition of long distance?

(*b*) discourage monopoly road transport as making for insufficiency? and

(*c*) encourage the granting of permits to private operators as a protection against possible slowness, dearness, or other inefficiency of State Transport Services?

VII. REGULATION.

27. (1) Do you agree that every undertaking that partakes of the nature of a service should be subjected to some form of regulation to safeguard the interests of the public?

(2) Do you agree that road and rail transport, in particular, should be subject to regulation ?

(3) The railways being so meticulously regulated as at present do you concede that competition on a basis of equality between road and rail can take place only by providing either—

(i) greater liberty for the railways ? or

(ii) greater regulation of road transport ?

(4) Which of the alternatives referred to in the previous sub-question would you recommend under Indian conditions, why, and to what extent ?

28. The railways work on a system of regulation of rates d are subject to certain statutory obligations. Do you not agree at road transport should also be subjected to regulation in der to avoid uneconomical competition ?

29. Do you agree to the following:—

(1) that each road user should have freedom of choice of the means of transport which he considers best suited for his purposes;

(2) that taxation should not be aimed at restricting this choice;

(3) nevertheless, that railways are so essential that they must stay even if motor transport has to pay towards their efficient survival;

(4) that road transport can be taxed to an extent which will offset such advantages as it has over an efficient railway service.

(*Note*:—If you do not agree with any of these, please indicate to what extent, if any, you would be prepared to concede to each.)

30. (1) Do you think that the predominent motive in the operation of public carriers and public service vehicles should be the benefit of the community or private profit or both ?

(2) To the extent, if any, to which you consider road transport is a public service (vide your reply to the previous sub-question), are you satisfied that the rates and fares authorised are properly related to the real cost of the service ?

(3) To the extent, if any, to which you consider road transport can be considered as a profit making industry, [vide your reply to sub-question (1)] what regulatory measures do you consider are necessary to prevent the charges becoming excessive ?

(4) As judged from the rises in fares and freights in recent years, what do you think, is the relative importance of the following items in fare and freight rates—

(i) price of capital goods,

(ii) cost of labour, material and other working expenses,

(iii) taxation,

(v) profit margin.

(5) In the above case, is the index of increase in taxes higher than the index for the increase in fares and freight rates for both road and rail transport generally and those attributable to the other items mentioned in the previous question ?

31. (1) Would inflating the cost of transport have a restrictive effect on industry in general ?

(2) If so, would you suggest fixation of maximum rates or any alternative means as a possible solution ?

32. (1) Do you think one of the objectives of a national transport policy should be to secure for the community the full benefits of technical progress in the transport field ?

(2) If so, do you think that motor vehicle taxation should be imposed with a view to implementing

this policy, and not merely to contribute towards general revenues or to the upkeep of roads ?

(3) Does the levy of taxes at present have in your opinion any restrictive effect upon the objective referred to in (1) above and if so what changes would you suggest ?

33. Do you think there is any necessity to require transport operators to maintain and furnish statistics of their operations, as a means of enforcing regulation ? If so, what statistics should be required to be maintained ?

VIII. MISCELLANEOUS.

34. Does the motor transport industry or user have to bear, in your view, any unduly high charges, for example, to meet the cost of transport or distribution of fuel ? Would you advocate a uniform charge for motor fuel throughout the country ?

35. Are taxes levied in a manner convenient to the taxpayer or does he suffer from inconvenience and inordinate delays ? What improvements would you suggest ?

36. Is the method of collection of taxes systematic, simple, and methodical, or complicated and wasteful of effort and expensive to the taxpayer ?

IX. GENERAL.

37. You are invited to furnish any other facts or considerations that are relevant to the terms of reference of the Committee and that you would like to place before the Committee for consideration. Any information available with you regarding the position of Motor Vehicle Taxation in other countries may also be given mentioning the source. The terms of reference of the Committee are given in paragraph 2 of "General Information" at the beginning of this pamphlet.

Your reply should be addressed as stated in paragraph 8.

The Committee of the Chamber consulted members interested in the trade and on the basis of replies received the following representation was made to Government:

"*Full name*: The Southern India Chamber of Commerce.

Address: "Indian Chamber Buildings",
28-30, North Beach Road,
MADRAS-1.

I. PRINCIPLES OF TAXATION.

1. Do you think it is right to differentiate in the matter of taxation between motor vehicles and the commodities required for their maintenance and working on the one part and other commodities liable to customs or excise duties on the other part ? If so, do you consider such differentiation is justified ?

The differentiation is not justified. The recent increase in the import duty by the Government of India on motor vehicles and their component parts to 90 per cent for giving protection to an industry which has not yet come into existence is quite unjustified and if allowed to continue will cripple the motor transport industry.

2. NO.

3. If not, do you think the guiding principle should be that motor transport, as a service, should only be taxed to provide—

(*a*) a contribution towards general revenues to the same extent as the railways or other services contribute to general revenues ; and in addition

(*b*) to pay a fair share towards—

(i) the cost of upkeep and development of roads, and

(ii) the cost of administering and controlling this form of transport ?

YES. The guiding principle should be to provide for the contribution towards general revenue and to pay a share towards the cost of upkeep and development of roads and the cost of administration and control of this form of transport.

4. If your answer is in the affirmative, do you think it is possible to lay down principles which would produce the results specified in question 3 above while at the same time ensuring there

is no unfair competition between different forms of transport and encouraging the use of that means of transport best suited for the kind of traffic involved ?

It is possible.

II. MOTOR VEHICLE TAX ASSESSMENT BY DIFFERENT TAXING AUTHORITIES.

6. (*a*) (i) Import and excise duties on motor vehicles, parts and accessories, tyres and tubes, machinery and other materials required for the motor transport business ?

The present rates of import and excise duties are excessive, inequitable and unjustified.

(ii) Import and excise duties on motor spirit, power alcohol, diesel oil, lubricants ?

Import duty on petrol is excessive and that on diesel oil and lubricants is equitable.

(iii) Driving licence fees ?

Corporation tax on incomes at the present rate of 2½ annas in the rupee is excessive.

(*b*) (i) Taxes on motor vehicles ;

Provincial tax on motor vehicles in Madras State is excessive and unjustified as this tax is the highest in the world and three times the next highest in India. In a few States in India, it is equitable and in some others inadequate.

(ii) Permit charges and inspection fees levied on transport vehicles and buses ;

Permit fees may be reduced to Rs. 10 and renewal to Rs. 5 and for temporary permits Rs. 5 subject to the condition that the amount will not be refunded to unsuccessful applicants. Inspection fees may be reduced to Rs. 15.

(iii) Driving licence fees ;

The present driving licence fee is reasonable.

(iv) Other miscellaneous fees ;

No remarks.

(v) Sales tax on motor vehicles, spare parts, fuel, lubricants and other items.

Sales tax should centrally be levied like income-tax and contributions to be given to the States. The present system of levy of Sales Tax by different States and even by the same State at different points is very much oppressive, inequitable and unjustified. It amounts to double and sometimes multiple taxation.

(vi) Taxes on goods and passengers carried by road ;

No such taxes are collected by Madras State and therefore no remarks.

(vii) Tolls.

Tolls to be abolished in all States and collection of motor vehicles tax to be centralized, giving contributions to State Governments who will in their turn give contributions to the local bodies under their control in compensation of the loss in revenue derived from tolls.

(viii) NIL.

TAXATION BY LOCAL BODIES.

(*c*) Local taxes, including municipal vehicle tax ; wheel tax ; tolls and octroi duties ; rent for bus stand ; and other taxes or charges (to be specified).

The present levy of bus-stand fee has to be abolished. This stand fee levied by the local bodies at the rate of four annas and in some cases eight annas per bus per day without providing proper amenities to the travelling public as well as parking sheds, etc., has given rise to considerable resentment among the transport operators. Such levy should not be allowed to be made by the local bodies but they can be given contribution by the Government out of revenue derived from Motor Vehicles Tax and the Government should lay down the specifications for bus-stand and standards of amenities to be provided and only if such conditions are satisfied the local bodies should be given such contribution. The contribution for the bus-stand should be for the purpose of the upkeep and maintenance of the stands and not to form a source of revenue to the local body.

(2) If so, state what the present rates of taxes are and to what extent they are inadequate, excessive, inequitable, or unjustified and what you consider to be the proper rate and method of taxation in each case?

Import duty on motor vehicles and their components now increased to 60 per cent in some cases and 90 per cent in other cases *ad valorem* to be reduced to the previous level of 30 per cent.

The import duty on motor spirit which is now at Re. 0-15-0 per gallon to be reduced to Re. 0-10-0 per gallon.

The present Excise Duty on tyres at 30 per cent has to be reduced to 15 per cent.

STATE GOVERNMENT TAXATION.

The present rate of Provincial Taxation in Madras State is as follows:—

For vehicles fitted with pneumatic tyres:

	RS.	A.	P.
(1) Motor cycles below 3½ H.P. if not used for drawing a trailer or side-car	9	0	0
(2) Motor cycles below 3½ H.P. if used for drawing a trailer or side-car and motor cycles above 3½ H.P. whether used for drawing a trailer or side-car or not.	12	0	0
(3) Goods vehicles (according to laden weight):			
Minimum	67	0	0
Maximum	467	0	0
(4) State carriages:			
Mofussil buses—			
For every seated passenger ...	30	0	0
For every standing passenger ...	10	0	0

City buses—			
For every seated passenger ...			
For every standing passenger ...	5	11	[illegible]
(5) Motor Cabs:			
Vehicles permitted to carry in all not more than five persons.	75	0	[illegible]

The Chamber suggests that this may be revised as follows:—

(1) Motor cycles below 3½ H.P. if not used for drawing a side-car or trailer	7	8	[illegible]
(2) Motor cycles below 3½ H.P. if used for drawing a trailer or side-car and motor cycles above 3½ H.P. whether used for drawing a trailer or side-car or not	10	0	0
(3) Goods vehicles (according to laden weight):			
Minimum	50	0	0
Maximum	200	0	0
(4) State carriages—			
For every passenger	20	0	0
(5) Motor cabs: Vehicles permitted to carry in all not more than five persons	50	0	0

(3) Would you advocate the merging of local bodies' taxation into that collected by the State? If so, on what basis should the local bodies be compensated?

YES. We would advocate the merging of local bodies' taxation into that collected by the State. The local bodies to be compensated according to the length of the roads maintained by them and the bus-stands provided and maintained by them.

7. (1) Would your reply to question 6 above be altered if any change is made in the appropriation of the proceeds of the taxes—for example if greater proportions of the proceeds of the taxes are regarded as tolls or rents for the use of roads and are utilised towards development or maintenance of roads and providing amenities for road users?

More miles or roads and better roads are absolutely necessary for the economic development of the country. A Government will be justified by collecting tax from motor transport and spending a bulk of it on the laying of more roads and proper upkeep and maintenance of them.

(2) If so, indicate as far as possible the extent to which the taxes should be limited for the purposes of general revenues, for utilization on road development, etc.; and justify differentiation in the case of motor vehicles or road transport when the proceeds of general taxation are not earmarked for specific purposes?

Ninety per cent of the taxes collected from motor transport should be spent on the laying out and maintenance of roads and only ten per cent should be appropriated towards general revenue.

8. NO.

9. Do you think, as between different classes of vehicles the following basis of assessment on the lines recommended by the Technical Sub-Committee of the Subject Committee on Transport in 1943, is satisfactory?

Motor Cars	...	Unladen weight.
Buses	...	Seating capacity.
Goods vehicles	...	Laden Weight.
Luxury vehicles	...	Luxury tax.

If so, do you think this could be accepted as a uniform basis throughout the country, the levels of assessment on this basis possibly being allowed to vary? Would you in addition favour a uniform level of taxation throughout the country?

YES. Satisfactory. The basis of assessment as recommended by the Technical Sub-Committee of the Subjects Committee on Transport can be adopted throughout the country. We are in favour of a uniform level of taxation throughout the country.

10. Would you suggest any basis of assessment as between different classes of vehicles? And could this basis in your opinion be applied uniformly throughout the country?

No other suggestion.

11. Do you think that a sound principle would be that every vehicle in addition to being taxed to provide a contribution to general revenues, should be taxed in accordance with the use it makes of the road, in the shape of:—

(*a*) A FUEL TAX, as a measure of wear and tear caused to the road (compensating taxes being levied when any fuel, such as diesel fuel cannot be properly taxed)?

(*b*) A WEIGHT TAX, as a measure of damage caused to the road? and

(*c*) ON AVAILABILITY TAX, as a measure of road facilities available?

Every vehicle may be taxed to provide contribution to general revenue as also for use of the road in general without particularising as fuel tax, weight tax and availability tax.

12. Do you approve of taxes, cesses, or surcharges on passengers or goods carried by road? If so, on what basis should such taxes be levied?

NO. It is impracticable and difficult of administration.

III. INCIDENCE OF TAXATION.

13. (i) As between classes of road users,

It is inequitable that motor vehicles alone should [illegible] mulcted with taxes of various kinds while the other vehicles such as bullock carts are left off without payment of any tax whatsoever. It is a fact that bullock carts damage not only to the surface on the roads but also to the motor vehicles by their tyres being spoiled by bullock shoe-cuts. They are not taxed for their use of the roads and for causing damages to them. Some sort of machinery should be introduced to levy taxes on other kinds of road users also, such as bullock carts.

(ii) As between road users and users of other forms of transport,

YES.

(iii) As between road users and other beneficiaries from road availability, or

YES.

(iv) As between the road transport industry and other industries considered as contributors to the general revenues of the State ?

YES. In Madras State road transport industry pays a very heavy tax compared with other industries.

14. (1) Do you consider that, generally, the existing incidence of taxation as between different classes of road users is fundamentally sound in principle ?

NO. (Reasons given in 13 above.)

(2) Can you suggest any principles which should govern the incidence of taxes on transport ? If so, can you suggest changes in the existing structure of such taxation ?

All classes of road users should be taxed without any discrimination. Non-motor vehicles like bullock carts should be taxed for using the road. Owners of house properties also should be taxed for benefits derived by them by the use of roads leading to the houses.

15. Would you accept the principle that where a road offers facility of access to a property, the property should be taxed in respect of such benefit ? If so, would you agree that roads in urban areas should be mainly financed out of property taxes

whereas through routes should be mainly financed by road user and betterment taxes ?

YES. We agree.

16. Should there be a single tax collecting authority or a single tax paid in a lump sum on each vehicle at a fixed time ?

YES.

17. Do you advocate a uniform scheme of taxation for the whole country and have you any suggestions to make on this account ?

The motor vehicles taxation should be uniform for the whole country. This should be centralised and collected as in the case of income-tax and contributions made out of it to the State Government according to the mileage of the motorable roads in each State.

18. Do you represent any particular commercial interest ? If so, is your interest in any way hampered by the existing structure or rates of motor vehicle taxation ?

NO.

IV. RECIPROCITY IN TAXATION.

19. (1) Have you any objections to the adoption of a full scheme or reciprocity with respect to all the other regional authorities in India in respect of taxation of all types of motor vehicles ? If you have any objections please indicate them in detail.

(A 'full scheme of reciprocity' implies that, if a motor vehicle or accessory has been taxed by one authority, it can be brought in or used in the territory of another authority without any further payment of the corresponding tax for the same period; taxes will be considered annual for this purpose.)

Double taxation of motor vehicles by adjoining States in respect of motor transport vehicles plying inter-State (e.g., Madras and the United States of Travancore and Cochin).

(2) If your answer to (1) is negative or qualified indicate whether your answer would be different with respect to

regions contiguous to yours, and give full details of the differences in treatment you are prepared to mete out in that case.

Collection of tolls by an adjoining State in respect of cars for which Provincial Tax has already been paid in one State (e.g., vehicles plying between Madras State and Mysore State).

(3) At present there is a limit amount of reciprocity between some of the regional taxation authorities, state whether in your experience it is satisfactory and whether it should be extended or modified in any manner.

20. Do you think that for the purpose of avoiding double taxation the rates of the tax should be uniform throughout the country? If so how should States obtaining a diminished revenue on this account be compensated?

YES. In order to avoid such double taxation, the rate of tax should be uniform throughout the country. As easy method will be to centralise taxation and allocate to the various States on the basis of relative mileages of motorable roads in each.

V. PRINCIPLES OF APPROPRIATION OF THE PROCEEDS OF MOTOR VEHICLE TAXATION.

22. Do you consider that motor transport is at present contributing adequately to general revenues and towards road maintenance and development?

YES. Adequate in Madras State.

23. Do you consider that motorists on the one part and others directly benefitting from roads (e.g., agriculturists, owners of house property, or professional bullock-cart owners) on the other part, are each paying their due shares in return for the benefits actual or potential derived by them from roads and as contributions towards general revenues?

NO. Motorists are paying more than what is due from them. The professional bullock-cart owners or agriculturists using their own bullock-carts are not paying their share of tax for their use of the road. Owners of house properties are also not paying roads leading to them.

24. Have you any reason to consider that at present an adequate portion of the receipts from road users are not being spent towards road users development or maintenance?

YES. The Governments, both Central and State, are loath to spend any substantial amount towards the development and maintenances of roads. They are adding the bulk of the revenue derived from motor vehicle taxation direct and indirect only towards the general revenue and the development and maintenance of the roads are neglected. The Nagpur Plan is still only a paper plan and has not been put into effect seriously.

25. Would you support an increase in the existing taxation if the proceeds thereof were invested by statute on road development or maintenance? If so, to what extent?

NO. The existing level of taxation of motor vehicles in Madras State is already very exorbitant and more than sufficient for expenditure on development and maintenance of roads and also to contribute to the general revenue. Any further increase in taxation is not supported at all, even if it be for spending the whole proceeds on road development and maintenance.

VI. CO-ORDINATION AND UNFAIR COMPETITION.

26. (*a*) Penalise, by high taxation (except for perishable goods) long distance bulk motor transport on the assumption that the railways are BEST SUITED to handle this kind of transport and if so, would you consider '150 miles or more', a definition of long distance?

Co-ordination and avoidance of unfair competition cannot be achieved by adjustment of tax structure only. It can be achieved only by proper and judicious control by the authorities concerned of the operation of motor transport and also by moderate and equitable taxation of motor transport.

Railways are a national asset and passenger transport services should be allowed to be used only for supplementing, assisting and feeding the railway and should not be allowed to compete with them. More villages should be connected to the main roads by laying of new roads and buses should be operated for co-ordinating with the railways and not to compete with them. No new permits should be given for buses on railway parallel routes and buses should be allowed only on roads not fed by the railway and similarly, no new railway lines should be laid on routes properly served by motor transport.

Again to avoid unfair competition among motor transport, there should be a scientific alignment of bus routes and overcrowding of buses on routes should be avoided.

It is wrong to assume that the railways are best suited to handle 'long distance bulk motor transport' and on this assumption to penalise by high taxation long distance motor transport. Experience has shown that motor transport can undertake with ease long distance goods traffic. The only way to avoid wasteful competition between railways and motor transport in haulage of goods is to restrict the number of motor transport to a level which would allow both the railways and motor transport to exist and flourish side by side.

(*b*) discourage monopoly road transport as making for inefficiency; and

No monopoly need be created as such. But a monopoly which results from amalgamation or sale need not be broken for the mere pleasure of breaking it, especially when the monopolist is upright and operating efficiently.

(*c*) encourage the granting of permits to private operators as protection against possible slowness, dearness, or other inefficiency of State Transport Services?

Experience of State owned transport in this country has shown that nationalisation of motor transport is a failure and it cannot give cheap, rapid and efficient service to the public. In order to protect such inefficiency of State Transport service, and in order to create healthy competition, granting of permits to private operators should be encouraged.

VII. REGULATIONS.

27. (1) Do you agree that every undertaking that partakes of the nature of a service should be subjected to some form of regulation to safeguard the interests of the public?

YES.

(2) Do you agree that road and rail transport, in particular should be subject to regulation?

YES.

(3) The railways being so meticulously regulated as at present do you concede that competition on a basis of equality between road and rail can take place only by providing either—

(i) greater liberty for the railways? or

(ii) greater regulation of road transport?

YES.

(4) Which of the alternatives referred to in the previous sub-question would you recommend under Indian conditions, why and to what extent?

Greater regulations of road transport and better enforcement of the powers relating to control and regulation, as at present there is not sufficient enforcement of the powers of control over road transport even though the requisite legislation is there.

28. The railways work on a system of regulation of rates and are subject to certain statutory obligations. Do you not agree that road transport should also be subjected to regulation in order to avoid uneconomical competition?

We do agree.

29. Do you agree to the following?

(1) That each road user should have freedom of choice of the means of transport which he considers BEST SUITED for his purposes,

YES.

(2) that taxation should not be aimed at restricting this choice,

YES.

(3) nevertheless, that railways are so essential that they must stay even if motor transport has to pay towards their efficient survival,

YES.

(4) that road transport can be taxed to an extent which will offset such advantages as it has over an efficient railway service.

Steps should be taken to see that road and rail transport do not compete with each other but should work in co-ordination. Both must stay and flourish. If this can be achieved, the question of taxing motor transport to an extent to offset such advantages it has over an efficient railway service does not arise.

30. (1) Do you think that the predominant motive in the operation of public carriers and public service vehicles should be the benefit of the community or private profit or both ?

Benefit of the community and private profit.

(2) To the extent, if any, to which you consider road transport is a public service (vide your reply to the previous sub-question), are you satisfied that the rates and fares authorised are properly related to the real cost of the service ?

The rate of fare at six pies per mile for passenger transport is an equitable rate considering the fact that a bus is a poor man's conveyance. If the tax on motor vehicles both direct and indirect (i.e., Provincial taxation and import and excise duty) is reduced and proper control is exercised in grant of permits for buses taking care to see that the routes are not overcrowded with buses and railway parallel routes are avoided, the rate of fare of six pies per mile will be properly related to the real cost of the service.

(3) To the extent, if any, to which you consider road transport can be considered as a profit making industry, (vide your reply to sub-question (1)] what regulatory measures do you consider are necessary to prevent the charges becoming excessive ?

There should be a statutory fixation of maximum fares and rates to guard against their becoming excessive.

(4) (i) price of capital goods,
Price of capital goods increased ;

(ii) cost of labour, material and other working expenses,

Cost of labour, material and other working expenses have increased.

(iii) taxation,
Taxation has increased.

(iv) profit margin ?
Profit margin increased.

(5) In the above case, is the index of increase in taxes higher than the index for the increase in fares and freight rates for both road and rail transport generally and those attributable to the other items mentioned in the previous question ?

YES. Index of increase in taxes for road transport is higher than the index in increase of fares and freights and also other items mentioned in the previous question.

31. (1) Would inflating the cost of transport have a restrictive effect on industry in general ?

YES.

(2) If so, would you suggest fixation of maximum rates or any alternative means as a possible solution ?

Statutory fixation of maximum rates of fares.

32. (1) Do you think one of the objectives of a National transport policy should be to secure for the community the full benefit of technical progress in the transport field ?

YES. In imposing motor vehicle taxation regard should be had merely for the contribution towards general revenue and upkeep of roads but also to secure for the community the full benefits of technical progress in the transport field.

(3) Does the levy of taxes at present have in your

opinion any restrictive effect upon the objective referred to in (1) above and if so what changes would you suggest ?

YES. The present levy of tax on motor transport has a restrictive effect upon the technical progress in the transport field and we suggest the following changes:—

(*a*) there should be a centralised levy of tax on motor transport.

(*b*) The present rate of tax both direct and indirect should be reduced.

(*c*) Sales Tax on motor vehicles and accessories should be centralised and collected at one point only.

33. Do you think there is any necessity to require transport operators to maintain and furnish statistics of their operations as a means of enforcing regulations ? If so, what statistics should be required to be maintained ?

YES. Absolutely necessary. The following statistics should be required to be maintained:—

(1) Daily collections vehiclewar.

(2) Operational costs under various heads of expenses.

(3) Passengers travelling in every trip.

(4) Mileage done by a transport vehicle every day.

(5) Pay load of goods vehicles.

VIII. MISCELLANEOUS.

34. Does the motor transport industry or user have to bear, in your view, any unduly high charges, for example, to meet the cost of transport or distribution of fuel ? Would you advocate a uniform charge for motor fuel throughout the country ?

NO. There should be a uniform charge for motor fuel throughout the country except for the addition of transport charges from the port to the place of destination.

35. **Are taxes levied in a manner convenient to the taxpayer or does he suffer from inconvenience and inordinate delays? What improvements would you suggest ?**

More staff should be provided by the Government for the collection of tax and issue of licences as at present there is a lot of delay in issuing licences on payment of Provincial Tax.

36. Is the method of collection of taxes systematic, simple, and methodical, or complicated and wasteful of effort and expensive to the taxpayer ?

The present method of collection can be continued. In order to prevent fraud or misappropriation, payment may be allowed to be made by cheques on scheduled banks and licences, etc., can be issued after the amount is realised by the Government.

IX. GENERAL.

37. You are invited to furnish any other facts or considerations that are relevant to the terms of reference of the Committee and that you would like to place before the Committee for consideration. Any information available with you regarding the position of Motor Vehicle Taxation in other countries may also be given mentioning the source. The terms of reference of the Committee are given in paragraph 2 of "General Information" at the beginning of this pamphlet.

The tax levied on motor transport vehicles in the Madras State is the highest in the world and three times that of the next highest rate levied in a State in India. In some States in India, the tax levied is very negligible. Hence, we strongly suggest that there should be a uniform rate of tax throughout India and for this purpose, the level of taxation in the Madras State should be brought down and the level in other States increased.

The Committee, appointed by Government, have formulated their recommendations but the actions taken by the Government on the recommendations of the Committee are yet to be known. The Committee have recommended for a substantial reduction in the rates of tax prevailing in Madras.

CESS ON OIL PRODUCE IN VILLAGES.

The Indian Central Oil Seeds Committee appointed a Village Industries Survey Sub-Committee to go into the working of village oil industries with a view to find out the existing position of industry as carried on in villages and to make suitable recommendations for its furtherence. The Village Sub-Committee after surveying the position recommended the levy of a cess at one pice per pound or Re. 1-4-0 per maund on oil produced in mills. Mr. K. L. Narasimha Rao, Member of the Oil Seeds Committee brought this to the notice of the Chamber and the Chamber protested against the levy of any cess. The Chamber represented to Government as follows:—

"The attention of the Committee of the Chamber has been drawn by members to a proposal of the Village Oil Industry Survey Sub-Committee for the levy of a cess of three pies per pound of oil produced in mills to help to encourage the cottage oil industry in the country. The Chamber also understands that this report is before your Committee and of the Provincial Governments. Before arriving at a decision on a matter of such importance affecting the future development of the industry, I am directed by the Committee of the Chamber to place the following facts for the consideration of your Committee:—

The proposed cess of three pies per pound of oil is bound to prove a very great burden on the oil industry of the country. Indian prices for kernels and oils are higher than world prices for similar goods and this has seriously affected the competitive strength of Indian goods in the foreign markets. Sardar Datar Singh, President, Indian Central Oilseeds Committee in addressing the Committee on the 29th October 1949 has rightly said "the fundamental factor which is operating as a hindrance in the maintenance of trade and also against its expansion is reported to be the high prices of oilseeds and oils which are out of parity with the prices in other countries." The Committee of the Chamber endorse the above remark and takes this opportunity to point out that the demand for Indian goods in the foreign markets will hereafter be determined by the price factor rather than anything also. Government of India are making an all-out effort to encourage our exports to foreign countries. The success of these efforts will also depend to a large extent on the prices at which we are able to sell our goods in those countries. This, therefore, is the most inopportune moment to burden the industry with any additional levy which will result in a further increase of prices.

The demand for oil in the country has greatly increased in recent times. The growth of population, the scarcity in the supply position of natural ghee and its high prices, the higher purchasing power of the masses, etc., have all contributed to a higher demand for oil which is an essential requirement for the middle and lower middle class population of the country and the Chamber feels that it is inadvisable to tax this section of the population to any greater extent.

The analogy sought to be established between the cotton mill industry and the handloom industry on the one hand and the oil mill industry and the villages oil crushing industry on the other is not very appropriate. At the time an excise duty was levied on certain varieties of cotton mill piecegoods, prices for similar goods in the foreign markets were much above the prices prevailing for Indian goods and therefore goods manufactured in India could stand such a levy without impairing its competitive power. That cannot be said of the oil mill industry whose prices even now are higher than world prices. The analogy therefore is not appropriate in this case.

The proposed cess of three pies per pound of oil is, in the opinion of the Chamber, unduly high and will seriously affect the development of the oil crushing industry. This cess works out at about Rs. 1-5-0 per maund, which is too high even under present circumstances. Ordinarily the price of groundnut oil works out at about 1 anna or 1½ annas a pound and the proposed cess will work out at 20 or 25 per cent of its price which the Chamber feels is very heavy and oppressive.

The Villages Industry Survey Sub-Committee have recommended a uniform rate of cess on all oils irrespective of their prices. The prices of oils are not uniform. Thus the price of coconut oil is different from gingelly or mustard or groundnut oil and it is very unfair to levy a uniform cess on all oils without regard to their prices.

According to reports available, the yield from the cess at the rates recommended by the Committee is estimated at Rs. 75 lakhs. The Chamber is of opinion that this is an under-estimate having regard to the fact that Government of India are mostly encouraging exports of oil in preference to seeds or kernels. The quantity of seeds or kernels which used to be exported in the raw stage therefore becomes available for local crushing to a greater extent and the yield from the cess will therefore be proportionately higher. There is no immediate use for such a large fund. The Oilseeds Committee levies only a cess of one anna a maund and the proposed cess of three pies per pound of oil is out of proportion heavy.

Having regard to the foregoing facts this Chamber is of opinion that the levy of a cess on oil under present circumstances is inadvisable and will be detrimental to the growth of the oil crushing industry and the Chamber would suggest to drop the proposal under present conditions. If the Committee ultimately are determined to proceed with the proposal of the Survey Sub-Committee in spite of its ruinous effect on the industry, the Chamber suggests that a cess of three pies per *maund* will be more than sufficient for the purpose in view.

Copies of the Chamber's representation were sent to other interested members and the levy has not since been proceeded with. Copy of the representation was also sent to local Government requesting them to protest against such proposal. The scheme has not been proceeded with.

GENERAL AGREEMENT ON TARIFFS AND TRADE.

The Federation of Indian Chambers of Commerce and Industry informed the Chamber that a Conference at Torquay will be held in September 1950 to consider the general agreement on tariffs and trade. The Chamber forwarded the following views to Federation:—

"The Committee of this Chamber have considered your letter No. F.3125/709, dated 25th May 1950, on the abovementioned subject and I am directed to reply you as hereunder:—

The mercantile community have been repeatedly urging Government that it is not in the interest of India to bind herself at this period of transition by any agreement on trade and tariff with any other country. They have also in unmistakable terms represented to Government that it is not in the interests of the country to ratify the Havana Charter. This question is being examined by the Indian Fiscal Commission whose report is awaited. We cannot anticipate the recommendations of the

Fiscal Commission and it is too early to know the reaction of the Government on such recommendations.

Statistics relating to the Sea Borne Trade of India with countries mentioned in your letter are not readily available. Our trade with Germany, Austria, Guatemala, Peru, Philippines, Turkey, etc., cannot be readily available in the present publications. The Annual Sea Borne Trade Returns that is available now for consultation relate to the year 1945-46 when we had absolutely no trade with those countries owing to the continuance of war. This is also an age when prices are inflated so that reference to the statistics of trade will not give a correct idea of the normal trade. It is therefore extremely inadvisable to bind oneself by agreement with any other country without having a complete picture of our trade. It would be better if such agreements are thought of when trade assumes a more normal form so that our requirements can be more properly gauged and concessions requested.

With regard to our trade with *Austria,* our principal exports in the pre-war days were coffee, tea, groundnuts, skins, jute goods, cotton waste, raw cotton, coir yarn. In the case of coffee we were meeting with competition from Brazil and Argentina and in respect of tea from Ceylon. We can export larger quantities of coir yarn, tea, coffee, rubber and a preferential duty in these commodities in Austrian market will be of positive advantage in promoting our exports with that country.

GERMANY.

We have been exporting large quantities of groundnut, jute, cotton, hides and skins, tea, manganese ore, etc. Under present circumstances when India herself is running short of cotton and jute it will not be to the advantage of India even if concessions are granted in Germany for our exports of these commodities. It has been the policy of Government of India not to encourage export of groundnut kernel since it can be retained here not only in the interests of our local vanaspati industry but also to encourage our agricultural operations so that it is extremely inadvisable to ask for concession for that commodity but it has to be pointed out that unless we retain the market there, there is always the possibility of our competitors stealing a march over us and keeping us aloof. Though we may not be able to send our goods to the same extent as before, it will be in the interests of India to retain that market for groundnut kernels. Hides and skins and finished leather goods, wool, tea, etc., can thrive in those markets if concessional tariffs are granted for our exports.

PHILIPPINES.

Exports of jute manufacture were prominent in our trade with Philippines. Hides and skins, linseed oil and lac also were exported from India. We may not be in a position to export jute manufactures as before as we have to depend for our raw materials even for our own requirements on Pakistan. Export of lac, hides and skins, ores and to a smaller extent unbleached cotton piecegoods can be stimulated if some tariff concessions are allowed in that markets.

TURKEY.

Oilseeds, tea, piecegoods, cotton yarn, hides and skins, metals and minerals were prominent in our export trade with Turkey. Our spices can always find a market there. We may not find enough jute and jute goods for exports under present circumstances. We might request for concessional tariff for our exports of spices, oilseeds, tea and leather.

GUATEMALA.

Our exports were very little and jute manufacture alone were exported. There is no point in urging concession for a commodity which we may not be able to export.

PERU.

We can export larger quantities of lac and coir manufactures. Tea should also find a more prominent place in our export trade with Peru.

DENMARK

With regard to our exports to Denmark we are now getting concession for our export of coir yarn, jute piecegoods, shellac. In respect of preferences given to jute piecegoods and jute manufactures it might be stated that the concession has no value under the changed circumstances. Moreover they are monopolistic commodities and irrespective of concession our goods can find a market there. But it is extremely problematical whether India under present circumstances can increase her exports in these goods. Our tobacco and our spices and woollen carpet will find a better appeal in those markets if tariff concessions are given.

FINLAND.

The concession granted to Indian goods relate to shellac, coir matting and cashew kernel. The volume of trade in these goods is comparatively small. But India is giving concessions on the imports of wall boards, wood pulp, cigarette paper which are their main exports. The margin of preference now given to our exports may be widened.

GREECE.

There is a possibility of a bright export trade with Greece for our commodities like lac, coke and coal. India can afford to export more coke and coal under present circumstances. The possibility of a market for our groundnut should also be explored more fully and concessional tariff in respect of the above goods will be useful.

ITALY.

Our hides and skins are meeting with competition in the Italian market from Argentina and Netherlands; in the case of Paraffin solid Poland is our competitor. Tea can find a better appeal if preference is shown to Indian tea. Similarly is the case with manganese ore. The concession now given to jute and jute bags will not be of much avail under the present conditions.

SWEDEN.

We can increase our exports of manganese ore, spices generally and tea. India is even now giving preference for Swedish sponges, wall boards, wood pulp, ball and roller bearings, potassium chlorate, etc. The value of our present exports will not be considerable, but if preference is given for our tea, ore, spices we can develop our trade with that country to a greater extent.

Later on the Conference was held and certain broad principles were agreed to by Government after consulting the views of the Federation.

SALES TAX ADVISORY COMMITTEE.

During the year the Sales Tax Advisory Committee was reconstituted and Mr. V. Pandurangiah, Member of the Sales Tax Advisory Committee requested for subjects for discussion at the meeting of the Sales Tax Advisory Committee. After consulting members the following suggestions received from them were communicated to Mr. V. Pandurangiah for discussion at the meeting:—

1. (*a*) Government have now decided that sales tax on goods exported outside India is not leviable with effect from 26th January 1950 and wherever such tax has been collected already it should be taken up in revision or appeal. Reports are received that even now payment of tax is insisted upon for commodities exported. Instructions to Commercial Tax Officers to the above effect may be issued advising them not to collect such taxes. Instead of individual exporters taking the matter in appeal Government should issue instructions to grant refunds where tax has been collected on exports.

(*b*) Government have now recognised the importance of export trade and in consequence have exempted these commodities from payment of tax. But this relief is given only to the ultimate exporter. When commodities are purchased only for purposes of export trade and are not meddled with or used for sales within the Province, although such commodities change hands within the Province before it is ultimately exported they should also be exempted from sales tax.

(*c*) The handloom exporters who are only interested in exports outside India have to pay a licence fee of Rs. 1,000 now. They have no local business. Government have now decided not to levy tax on exports. The levy of licence fee on exporters would therefore be anomalous and should not be insisted upon.

(*d*) According to Section 286 (2) of the Constitution Act, 'no law of a State shall impose or authorise the imposition of a tax on the sale or purchase of any goods where such sale or purchase takes place in the course of inter-State trade or commerce'. Whether Government have implemented this section in the State, if not, when will it be acted upon.

(*e*) The imposition of the sales tax on absolute necessaries such as foodgrains, sugar, firewood, cloth, etc., has to be revised with a view to its exemption. I understand that the Foodgrains Committee of the Government of India have also recommended its abolition.

2. The levy of sales tax on sales tax is not contemplated under the Act. The returns which dealers, who now act as collectors of tax, have to submit contains entries to show the aggregate and net turnover separately. Tax can be calculated on the net turnover which represent the actual sales. Collection of tax on aggregate turnover amounts to levy of tax on sales tax.

3. Collection of tax on the value of packing materials is uncalled for. Salt is free from tax but tax is collected on gunny. Similiary collection of tax on the amounts paid towards insurance premia is illogical. So also is the case of rail freight which has to be paid by the seller when quotations are given on F.O.R. terms. This is in accordance with Section 2 (1) but it is not now allowed and sales tax is levied on rail freight also.

4. In the classification of commodities there should be uniformity between Government and Government. In the case of cycle dynamo lamp, the Central Government for purposes of grant of import licence and tariff assessment classify it as cycle accessories while the local Government classify the same under electrical materials and subject it to a higher rate of tax than is warranted.

5. Transport operators, in the course of their normal business have to condemn vehicles as road unworthy and have to dispose such vehicles. They are after all casual sales. They should not be taken as dealers and such sales should not be subject to sales tax.

6. In the execution of Government contracts where all materials have been supplied by Government and the contractor supplies only labour for the work, it is illogical to subject to sales tax.

7. Transfer of stock by the same dealer from his wholesale department to the retail department should not be interpreted as sales and subject to tax.

8. In the case of groundnut cultivation, it is usual for the ryot to take loan from millowners in advance and pledge the harvest with them in the godowns of the millowners. When

such goods are sold the owner, i.e., the ryot has to pay the tax. What is not understandable is that the millowner who advances the money is also called upon to pay the tax which also has to be met by the ryot so that he has to pay tax twice on the same transaction.

9. Hotel proprietors in Tiruchirappalli are called upon by the Deputy Commercial Tax Officer to maintain their accounts in two forms each containing 14 and 16 columns, prescribed by him. Failure to maintain accounts in that form is visited with the levy of tax in his own discretion. Either Government should prescribe the form if found necessary for being followed all over the Province or they should be allowed to maintain accounts in their own way.

The Deputy Commercial Tax Officer, Tiruchirappalli has however come to the conclusion that for every measure of milk purchased 40 cups of coffee can be prepared and he has estimated that the sales including cost of tiffin for every measure of milk would amount to Rs. 12-8-0 and on that arbitrary estimate tax is levied. This is unwarranted.

10. Rebate claims are now allowed to be accumulated till the final 'check up' of accounts is made which usually takes months after assessment year. In such cases adjustments should be allowed and such rebates should be allowed to be deducted from further instalments. Otherwise large amounts will lie idle with Government.

11. Information of a confidential nature such as those relating to position of stocks, gross profits, trading account etc., given to Commercial Tax Officers are misused and divulged to rivals in trade. To prevent such misuse, powers given to Officers may be withdrawn. Sales tax turnover as certified by a certified auditor to be accepted.

12. Levy of sales tax at six pies for rupee on the first sale of locally manufactured goods and three pies for subsequent transactions is not fair to local industries. They should be encouraged and there should not be any discrimination.

13. According to Section 8 (*b*) (2) all amounts of sales tax collected have to be paid to Government. In the case of sales to other Provinces, merchants may be allowed to collect the full amount of tax refund being allowed after the assessment by Government is over. Otherwise the refund allowed to customers outside the State may not be accepted in full by Government and the dealer in the State stands to lose. Section 8 (*b*) (2) has therefore to be amended accordingly.

14. The application of the Act to small repairs carried on in motor workshops is far fetched. In the case of repairs to vehicles in some cases supply of new materials may be required by way of replacement and in some cases labour and technical knowledge alone is required. To define such replacement as sales and to classify the repairer as dealer in the commodity for assessment is only an over enthusiasm of tax collectors.

15. (*a*) In the case of principals who send goods to commission agents for sale it is unfair to assess the agent when the principals could not be traced.

(*b*) Having regard to the present inflated cost of materials there is a strong case for raising the exempted minimum from Rs. 10,000 to at least Rs. 20,000.

(*c*) Tobacco is an exempted commodity and registration fee need not be insisted from merchants exclusively dealing in tobacco.

(*d*) Auctioneers to be exempted.

(*e*) Sales tax on purchase of raw cotton is a burden on the industry. Similarly levy of tax on waste cotton is unwarranted.

16. (*a*) Appeals against assessment can now remain with officials alone. It is high time that Appellate Tribunal is constituted.

(*b*) Officials at times are found to be woefully lacking in knowledge of accountancy and commerce.

(*c*) Prompt payment of tax should be encouraged and they may be given a rebate of 6¼ per cent.

(*d*) It is very necessary that at least 15 days' time be given for production of books before taxing officers.

(*e*) It is better to adopt the assessment year as accounting year.

SALES TAX ON DRY SALTED GOAT SKINS.

On a representation received from members the Chamber addressed Government as follows:—

"I am directed to draw the attention of Government to the extreme difficulty caused to exporters of dry salted goat skins owing to the levy of an excessive Sales Tax on export of those commodities. Unlike other commodities tax on goat skins cannot be passed on to other buyers or could be realised from consumers at the ultimate stage. In the case of export of this commodity the last exporter has to pay the entire duty of 1-9/16 per cent and it is absolutely impossible for him to realise this tax from the buyer who happens to be abroad. The buyer abroad will refuse to pay the tax because he can get similar goods from other Provinces where the levy is not so very oppressive. There is every chance of business being transferred to other centres to the detriment of merchants of this Province. The tanning industry is a well-developed industry in South India and we have to depend upon foreign markets for the sale of these finished goods. The high impost will cripple and affect the competitive power of this Province in other markets.

Whatever justification there was for the imposition of the high tax in the past there is no more justification for its continuance after the inauguration of the Indian Republic. In this connection I am directed to invite the attention of Government to a news item appearing in the *Hindu*, dated 29th June 1950 wherein Government of Madras would appear to have informed the Hon'ble Minister for Law, Government of India to the effect 'that instructions have been issued by the Government of Madras to ensure that from 26th January 1950 no Sales Tax is levied under the Madras General Sales Tax Act, 1939 on any transaction of sale resulting in export outside the territory of India'. I enclose for your ready reference the news item referred to above.

Though the decisions of Government have been communicated to the Government of India long before, it is distressing to find that exporters are even now called upon to pay this tax. The exporters are experiencing great competition in the international markets and the payment of a heavy tax locally is a huge burden on them and militate against our bargaining power in the foreign markets. I am to request that Government may

be pleased to issue immediate instructions to stop the collection of Sales Tax on exported goods and also be pleased to refund the tax already collected from 26th January 1950."

As a result of the discussion of this subject at the Advisory Committee meeting many of the difficulties experienced by members in the working of the Act have been mitigated. Recently Government have made a proposal for the appointment of a Sales Tax Appellate Tribunal.

ANNUAL REVISION OF TARIFF VALUES.

As usual the opinion of the Chamber was invited by Government relating to their proposals for annual and mid-year revisions of tariff values and the Chamber in consultation with those interested in the trade forwarded their suggestions. Most of them have been accepted by Government.

SECTION III

Communications

PACKING CONDITIONS.

The Indian Railway Conference Association at the instance of the Railway Board forwarded to the Chamber their proposals relating to packing conditions for different commodities tendered for transport by rail and connected services. At present some of the commodities are not brought under any packing conditions. But according to the revised proposals most of the commodities are brought under one or the other condition. These new proposals will affect the despatch and movement of goods. The Committee after consulting interested members wrote to Government as follows:—

"I am to thank you for your letters mentioned above and for kindly agreeing to consider the suggestion of the Chamber regarding new packing conditions proposed to be introduced on goods tendered to Railways for transport. As the subject had to be considered by interested members some delay in the submission of views was inevitable and I am therefore thankful to you for your assurance to consider Chamber's suggestions even though they are delayed.

I am directed to point out that under the present proposals a very large number of commodities which were so far free from any conditions as to the method of packing have been brought under one condition of packing or another. In some cases existing conditions have been tightened up further. The cumulative effect of these proposals will be an all-round increase of prices for commodities tendered to Railways for transport. While my Committee agree that uniformity of packing conditions should be ensured over all the railways and certain conditions should be prescribed so as to absolve the railways, from payment of large amounts by way of claims arising out of leakage or damage or pilferage of goods tendered to Railways nothing as far as possible should be done to increase the cost of goods which is already high and to divert traffic from the Railways to other forms of road transport. That is a very serious thing which the Railways should consider before prescribing stringent packing conditions.

The Road Transport is already there the competition from which was not felt so long since the railways due to want of sufficient renewals and replacements could not cope up even with the existing traffic offered to it but the Chamber feels that this competition may assume menacing proportion in the years to come and it would be in the interest of Railways to realise the force of this competition well in advance and switch their policy accordingly in time. Road transport has many attractions and unless the policy of railways is tuned to attract traffic to itself in the years to come, the Chamber feels that railways will have a bad time in facing cut-throat competition from road transport.

Similarly the development of water transport has also to be taken into consideration before formulating conditions of packing. Transport of goods by water is found to be always cheaper and no irksome conditions are attached to packing. Government of India and State Governments are known to take keen interest in the development of water transport and when that becomes an accomplished fact railways will have to combat with not only the well-organised road transport but with water transport also.

I am also to point out that Government have chosen the most inopportune moment in prescribing stricter conditions of packing. At present gunnies, oil paper, wooden cases, iron hoops and wire are in great scarcity and cannot be availed of easily except at fancy prices. Any intake of such goods for packing purposes will further accentuate the shortage and consequent heavy increase in price at a time when Governments are bent upon reducing cost and arresting the spiral of inflation. It has also to be borne in mind that many of the commodities transported over the railways are subject to price regulations of the Government and any increase in the ceiling price of these commodities consequent on the imposition of new packing conditions will be resisted both by the Government and the consumers alike.

What is more important than packing is the way in which articles are being handled by the railway authorities. It cannot be disputed that articles tendered to the railways are handled properly but due to rough handling by porters goods are often mutilated and destroyed and are often subjected to pilferage, and shortage and it is almost a superhuman task to establish claims as railways are well fortified under the shelter of one or other Risk Note forms.

When a revision of the packing conditions is undertaken by the railways the Chamber feels that it will greatly facilitate if a thorough revision of the present Railway Risk Note forms is also simultaneously considered. A revision of the one-sided risk note forms is long long overdue. Some years ago, there was a report of a Special Committee on the Revision of Risk Note forms but nothing has been done so far. The Chamber would urge you to undertake the revision of risk note forms also.

I am also directed to point out that some of the conditions suggested under the present proposal would be found more costly than for transport by sea. Conditions of transport by rail and sea are found to be different and exporters and merchants will find it not only costly but also inconvenient to adopt two systems of packing. Ordinarily packing for transport by rail and steamer should be more strong but it is found from the proposals under consideration that conditions attached for transport by rail are more stringent and costly. This has to be avoided and no two different standards should be adopted.

Government of India are bent upon on export drive. Our ability to sustain our existing markets and to capture new markets will primarily be determined by the price factor and the competitive strength of our goods in international markets and the

Chamber is strongly of opinion that by imposing stringent conditions of packing prices should not be increased to impair our bargaining power in those markets. Railways should on the other hand help the laudable objects of Government in promoting the export drive in all possible ways.

Having regard to the above facts, the Chamber feels that this is not the opportune time to introduce stringent stipulation involving extra cost on goods. If, however, the Association is proceeding with the proposals on hand, I am to offer the following suggestions for your consideration:—

I am to mention that conditions attached to the packing of heavy steel castings is unnecessary and undesirable as the goods do not require any packing at all. Apart from that they are bound to be mistaken for lighter goods under the new packing conditions and the loading staff are likely to get hurt. In certain other cases the mere fact of stipulated packing conditions may deter the movement of goods. In such cases, the sellers desire to assure safe and correct delivery of the merchandise will compel safe and reliable packing and it is better to leave them alone.

Some of the proposals are loosely worded "Securely packed" may mean tieing up the loose ends or stitching completely the loose ends. To give discretion to the booking staff to interpret the meaning is to invite trouble for all concerned. Again under the proposals the use of re-sewn and used gunnies is forbidden. It is very unfair especially at a time like this to insist for the use of new gunnies. Similarly the supply of wooden cases is short and it is not desirable now to insist for wooden case packing.

The chamber therefore, requests that—

(1) there should be no prohibition in the use of re-sewn or used gunnies;

(2) there should be no insistence on the use of wooden packing cases for packing; and

(3) there should be no obligation to use double hessian for packing.

I am also to give below Chamber's suggestions regarding the 29 conditions of packing:—

P-1. "Securely fastened". This should be properly defined and "or stitched" may be added "Ladders" should be exempt.

P-2. Cheaper packing materials may be included.

P-5. Mats for packing may also be included.

P-6. Goods coming under this classification are not of high value and therefore used and re-sewn gunnies may also be used.

P-7. The use of used and re-sewn gunnies may be allowed as the goods under this condition are heavy and double gunny packing is mentioned.

P-10. Even for export purposes the use of single hessian is allowed. Not to insist double hessian. Omit 'baskets'.

P-11. Comments same as above.

P-21. The stress on "steel strappings under tension lengthwise and breadthwise" may be liberalised. Many merchants may not have strapping machines. Even for export purpose only strapping either lengthwise or breadthwise is needed. Therefore 'both ways—length and breadth' may be deleted.

P-24. Double hessian should not be insisted on. Conditions for internal movement should not be more stringent than those for export outside the country. Having regard to the practical difficulty of getting hessian and its exhorbitant cost and having also regard to the fact that prices of materials which are proposed to be included under this condition of packing are controlled by Government such as piecegoods it is not advisable to insist double hessian packing.

P-25 & 26. Re-sewn and patched gunnies may be permitted and so 'gunny' packing alone will do.

I request that the above suggestions may be considered.'.

This subject was discussed when the Chief Commissioner visited the Chamber.

GOODS SHED AT BEACH STATION.

Goods and parcels are accepted for booking both at Egmore Station and Beach Station. Goods booked at Beach had to incur inordinate delay owing to detention of wagon at Egmore. This led to delay in the movement of goods and parcels. This subject was engaging the attention of the Chamber and the Chamber wrote to the S.I.Ry. authorities as follows:—

"The Committee of this Chamber has been considering for some time the question of quick movement of goods and parcels intended to Madras and despatched from the City to different destinations. They feel that though the present difficulty of getting waggons may be got over by the allotment of more waggons as a temporary measure they feel there are some inherent difficulties under the present arrangement in the booking of goods and parcels. As it is, registration for wagons is made both at Egmore and Beach Stations and in some cases, wagons are allotted to the same party at both stations, so much so, merchants actually in need of wagons are unable to get them when they require. Large quantities of goods brought by rail to Madras from the various centres are mainly intended for merchants carrying on business near to Beach area. Similarly goods despatched to several up-country places mainly emanate from the town area. The Committee considers that it is to the advantage of the mercantile community in the City if the goods booking is confined to one station very *near to their place of business.* I am therefore, directed to suggest the following procedure for the consideration of the South Indian Railway and if found acceptable to the Railways to follow it up as early as possible:—

(1) *To concentrate goods booking at Beach Station.*

According to the present procedure, requirements for wagons are registered both at Egmore and Beach Stations. Having regard to the fact that most of the goods are intended for businessmen carrying on business near Beach Station it will be to the advantage of the mercantile community if booking of goods is concentrated at Beach Station *alone.* This is nearer

to the business premises of these mercantile firms and it is the opinion of the Committee that transport charges can be minimised if booking is done at Beach alone. It is also close to the Harbour. If this procedure is accepted it would avoid unnecessary delay in having goods booking at two stations three miles apart.

Goods booking at Egmore has been going on for some time now and it is the opinion of the Committee that such booking should not be closed immediately. South Indian Railway may maintain a small out-agency office at Egmore Station for receiving "C" smalls.

The Committee has also considered the question of inconvenience due to the level-crossing gate at High Court. This gate causes considerable inconvenience especially for hand-carts owing to the closing of gates at frequent intervals. This problem can be solved once for all only by the construction of an over-bridge but the Chamber is aware that it may not be feasible in the immediate future. To get over this difficulty the Committee have directed me to suggest that the present parcel office situated at the North Beach Road and attached to the Beach Station can be converted into goods booking office where goods coming under "C" small categories can be accepted for booking. A considerable volume of traffic now offering come under this category so that delay and inconvenience due to closure of level-crossing gates could be avoided to the extent possible. The goods shed at Beach will then be used mainly for waggon load bookings and the inconvenience will not be experienced by a large body of merchants. The Chamber is of opinion that goods for wagon load are comparatively small and at any rate the majority of merchants will stand to gain by the suggested change.

(2) *To concentrate booking of parcels at Egmore.*

Parcels are accepted for booking both at Beach and Egmore. A considerable delay is experienced under present circumstances, owing to loading of parcels at Egmore Station soon after the departure of train from Beach Station. In the City there need not be booking at two stations separated by three miles, resulting in delay and inconvenience to members. There may not be sufficient facilities and accommodation of parcels as well, at the Parcel Office attached to the Beach Station and it is therefore advisable to confine parcel booking to Egmore alone. The Chamber is aware that traffic in parcels is offering at Beach Station but there is already a booking office at Esplanade right in the centre of the business locality and parcels can continue to be accepted for booking there. This will avoid inconvenience to merchants. More over the majority of such parcels are handed to or cleared by carting agents and the inconvenience will not be experienced by the public to any great extent by the change. On the other hand the resulting quick movement of parcels is to the advantage of merchants in that parcels can be delivered at the destination much earlier.

I am to request you to be good enough to consider the suggestions mentioned above and if there be no insuperable difficulty in accepting them, you may be pleased to carry them into effect as early as possible."

This subject was discussed at the Regional Committee Meeting also. It is understood the subject is engaging the attention of the Railway authorities.

OPERATIONS OF BOGUS RAILWAY RECEIPTS.

During the course of the year it was brought to the notice of the Chamber by members that owing to the operation of bogus railway receipts merchants were put to heavy, severe loss. The Chamber, therefore, wrote to the Railway Board as follows:—

"The Chamber has been receiving complaints from members that large number of bogus railway receipts are moving in the market and many innocent merchants have fallen victims owing to the movement of such bogus receipts. There have, of late, been many such bogus receipts and the amounts involved have been enormous. What is worse it appears that the movement of such receipts is not confined to any particular area but has for its operation a very wide area embracing all over the country. Recently there have been many cases in this Province and it is reported that the Police have already taken the matter under investigation. Some of these receipts would appear to have been negotiated through banks also.

The Committee of the Chamber had occasion to consider this matter and they have directed me to bring to your kind notice that transfer of such receipts from merchant to merchant causes

great loss to them. The Chamber is quite aware that Government cannot be held responsible for such a state of affairs but unless effective steps are taken to prevent this practice many innocent merchants who believe in the bona-fides of the receipts will stand to lose heavily in the course of transaction which appears to them quite normal. Some method has to be devised under which there should be some distinguishing feature in the receipts issued by the railways. It will also be helpful if the despatching stations care to reply promptly to enquiries emanating from receiving stations on such suspected receipts. The Chamber wants to impress upon Government that the operation of such bogus receipts should not stand in the way of bona-fide transactions affecting the trade and commerce of the country. I shall be grateful to you if you will kindly let me know what steps Government are taking to prevent the use of such bogus receipts."

The Railway Board promptly brought this to the different railway administration and wanted the Chamber to furnish particulars to the various railways. The Chamber informed members accordingly and the operation of such bogus railway receipts has been eliminated.

S.I.Ry. LOCAL ADVISORY COMMITTEE.

Mr. K. Govindan, Chamber's representative on the South Indian Railway Local Advisory Committee, had been asking for subjects for discussion at the Local Advisory Committee. He was furnished with subjects and they were discussed at those meetings. Some of the subjects forwarded by the Chamber for discussion are given below:—

Exports to Pondicherry: Steel furnitures are allowed to be exported to Pondicherry without any restriction by Government of India. But goods agents at Egmore and Beach refuse to accept consignments. They insist on the production of Customs Certificate or Licence.

In the absence of any such restrictions in the export of goods to Pondicherry, there is no meaning in insisting upon the production of the licence from Export Control authorities. The Railways if they so desire can get the information from Customs and parties should not be put to any difficulty on this score.

Inter-class travel: The removal of cushions from the upper berths of inter-class compartments has resulted in inconvenience to passengers, especially those who undertake long journeys. After the removal of such cushions there is practically not much difference between III class and inter-class travel. Provision of such cushions in inter-class is necessary.

> "that the through carriage to Nagore at present attached to the Trivandrum Fast Passenger, leaving Madras Egmore at 9-40 p.m. be discontinued, and attached instead to the Indo-Ceylon Express leaving Madras Egmore at 8-10 p.m."

It has been found that the Trivandrum Fast Passenger often do not reach Mayavaram at the schedule time and therefore through carriage passengers are forced to remain at Mayavaram. This causes considerable inconvenience to passengers proceeding to Nagapattinam and Nagore. The Indo-Ceylon Express consists through carriages to different sections and it can therefore take the through carriage to Nagore also.

Booking of milk powder: In the absence of goods booking of milk powder, merchants have to send it by a railway parcel paying higher railway freight and dealers are put to loss on account of this. Goods booking for this commodity should be made available expeditiously."

PROPOSALS OF THE INDIAN RAILWAY CONFERENCE ASSOCIATION.

A very large number of subjects were received from the Indian Railway Conference Association asking the opinion of the Chamber on the correct classification of commodities tendered to railways for transport. In all these cases the views of the Committee were obtained and they were communicated to the Indian Railway Conference Association.

RAILWAY ACCIDENTS.

The Chamber was very much concerned at the increasing number of accidents which became a feature of railway travel. In one of the communications the Chamber addressed to Government as follows:—

"The Chamber is very much concerned to understand the growing number of major accidents over the railways involving in the loss of life and injury and loss of property to many innocent passengers. Such accidents are happening too often now-a-days and has created a feeling as to whether travel by rail is safe under present conditions.

The Chamber is glad to note that railway administrations are taking all possible care to prevent such accidents and have been posting sentries at certain lengths of the tract. They have also been attaching dummy carriages adjacent to the engines and have controlled speed limits of trains. These steps taken by the railways have infused confidence among the travelling public and have minimised the scope for accidents. But I understand from reports that the railways are contemplating the abolition of such safety measures as the removal of speed limits, withdrawal of sentries and the non-attachment of dummy carriages.

The Chamber feels that it is extremely inadvisable and inopportune to take away such precautionery measures just at present in view of the many accidents that are reported. Slight inconvenience to passengers by the late arrival of trains is preferable to such grave accidents. The Chamber would also urge that the attachment of the present dummy carriage next to the engine should be continued for some time more. The parcel van should preferably be attached to this dummy carriage so that in case of accidents, injury to passengers may be minimised. The posting of sentries similarly should be continued for some more time until confidence is restored. The running of a pilot engine just in advance of important trains will likewise be welcomed.

The Chamber hopes that the suggestions made above will receive your immediate attention."

The Secretary to the Railway Board however informed the position as hereunder:—

"Please refer to your letters Nos. K.858/50 and K.863/50 dated the 8th instant to the Honourable Minister for Transport and Railways and the Honourable Minister of State for Transport and Railways respectively.

It need hardly be mentioned that the Government are deeply concerned at the unfortunate spate of accidents of late

The Honourable Minister for Transport and Railways in his broadcast on the evening of the 8th instant referred to the steps Government are taking to prevent accidents.

I am, however, directed to make a few observations on the specific points made in your letters under reply:—

(i) *Removal of speed limits*: The maximum permissible speeds on Indian Railways are kept well within safety limits. They are prescribed with the sanction of the Government Inspector of Railways. To run trains at speeds lower than those normally permitted would not minimise the possibilities of accidents resulting from interference with track. The manner of tampering with the track in some of the recent cases does not enable a driver to notice the defects unless he were moving at a *very* slow speed. A general slowing down of trains would severely interfere with the total output of transportation without any corresponding addition to safety element. On sections where it may be otherwise desirable to run trains at reduced speeds, necessary speed restrictions are imposed.

(ii) *Withdrawal of sentries*: The reference apparently is to the patrolling of the line. Wherever patrolling of the line is considered necessary on the advice of the States Governments, Railway administrations make necessary arrangements according to the circumstances of each case. The question whether the entire or most of the railway track mileage in the country should and can be patrolled is at present under urgent consideration of Government.

(iii) *Dummy vehicles behind the engine and a pilot ahead of every passenger carrying train*: The dummy carriages referred to by you were attached to trains after the accident at Sulurupeta more for the purpose of creating a psychological effect than of additional safety. As the kinetic energy possessed by normal running trains is considerable, a dummy coach immediately behind the engine may not be effective as a shock absorber or a damping device in case of a mishap. It, therefore, does not afford any real immunity against danger to the passenger coaches behind it. It has happened in some cases of collisions that the foremost one or two coaches behind the engines have suffered comparatively lesser damage than the following one or two coaches which may telescope one into another. There is, therefore, no point in encouraging the use of dummy coaches to the detriment of the normal usage to which such stock could be put.

It is also not a practical proposition to run pilot engines in advance of all important passenger-carrying trains, as such a step would reduce considerably the power capacity of railways and most adversely effect rail transport capacity.

Your Chamber may, however, rest assured that every precaution to ensure safe working and to prevent accidents is being taken and that the Government and Railway administrations are determined to make railway travel as safe as possible."

This subject was more fully discussed when the Chief Commissioner visited the Chamber. As a result of precautions taken by Government accidents are much fewer now.

AIR TRANSPORT ENQUIRY COMMITTEE.

Government of India in the Ministry of Communications set up a Committee to enquire into the present state of air transport in India and to advise Government on the best lines on which future developments might be organized. The detailed terms of reference of the Committee were as follows:—

"To enquire into and report upon and to make recommendations in regard to the following matters, viz.:—

(a) the present state of the air transport industry in India in regard to both internal and external services;

(*b*) the short-comings, if any, in the organisation and management of the industry as a whole or in regard to any individual company or companies;

(*c*) the major difficulties and defects in the industry as at present constituted;

(*d*) the manner in which Indian air services, internal and external, could best be operated with the maximum economy, having due regard to all relevant factors, including passenger fares and freight and mail rates, during the five years 1950-54, providing also for adequate development of the air services and, for such purpose,

(1) the reasonable needs of the industry of assistance from the State and the manner and extent of such assistance and cost thereof to the State;

(2) regulation of the industry and control over its management by the State;

(3) any necessary re-organisation of the industry;

(*e*) the desirability, practicability and economic consequences of the operation of the said air services under State ownership and management, either direct or through a body corporate, and the cost of acquisition of such ownership."

The Committee issued a questionnaire and the opinion of the Chamber was invited.

QUESTIONNAIRE OF THE AIR TRANSPORT INQUIRY COMMITTEE.

PART G.

(Questions to be answered by Trade Associations, other bodies and persons interested in air transport and members of the general public.)

Please answer only those questions on which you have knowledge or information.

Q. 114. Do you consider India's present air route pattern, both internal and external services, satisfactory? If not, have you any suggestions to make for its improvement?

Q. 115. What rate of increase in the volume of traffic do you expect on the existing routes during the next five years?

Q. 116. What in your opinion are the possibilities of developing new routes, for both internal and external services, during the next five years? Please give details of the proposed routes and an estimate of potential traffic on each route.

Q. 117. Is the present level of passenger fares, freight rates and mail rates reasonable?

Q. 118. Do you consider that a reduction in the fares and freight rates would lead to an adequate increase in traffic so as to (*a*) maintain and (*b*) increase, the net revenue of the operating companies? If possible, please give estimates.

Q. 119. Are there any serious difficulties in this country in regard to the availability (i) in adequate quantities and (ii) at reasonable rates, of (*a*) fuel and oil and (*b*) stores and spares? If so, what remedies would you suggest for overcoming the difficulties?

Q. 120. How do the prices of (*a*) fuel and oil and (*b*) stores and spares in India compare with those in U.S.A., Canada, U.K. and Australia? Please give figures.

Q. 121. (1) Is the supply of (*a*) flying personnel and (*b*) engineering personnel adequate and available on reasonable term? If not, what suggestions would you make to improve the position? Is it feasible to introduce a measure of standardisation in their emoluments? (2) How do the emoluments of different categories of staff in India compare with those in U.S.A., Canada, U.K. and Australia? If possible please give figures. (3) Do you consider the training facilities available in the flying clubs and the Civil Aviation Training Centre, Allahabad, adequate to meet the present requirements of the industry?

Q. 122. What are the present arrangements for India Life Insurance Offices' Association insuring (*a*) aircraft, (*b*) personnel and (*c*) passengers? Do you consider these arrangements satisfactory and economic? If not, have you any suggestions to make for their improvement?

Q. 123. Do you consider the "All-up' mail scheme and the institution of the Night Air Service satisfactory? If not, what modifications would you suggest for their improvement?

Q. 124. Are you in favour of the continuance of operations by non-schedules operators in competition with scheduled operators?

Q. 125. Do you consider it desirable to extend the facilities for air travel by introducing a "Coach Class", service on an austerity basis at cheaper fares? By 'austerity basis' is meant a reduction in passenger comforts by providing accommodation for a larger number of passengers and the withdrawal of the facilities of free surface transport and free food.

Q. 126. Do you consider it desirable to introduce exclusive freighter services where they do not exist at present? If so, what suggestions in this regard would you make?

Q. 127. If it is proposed to undertake further development of air transport in India, will it be possible to raise the necessary capital for it in the existing conditions of the industry and the present state of the capital market. If not, how should the proposed development be financed?

Q. 128. Do you consider that for the purpose of such development, there would be an adequate supply of technical personnel, such as pilots and engineers? If not, what suggestions would you make to improve the position?

Q. 129. If it is found necessary for Government to give a subsidy or other kind of financial aid to the air transport industry should there be any Government control over the working of the companies concerned? If so, what should be the extent and method of such control?

Q. 130. Have you any suggestions to make to enable the air transport industry to function with greater economy and efficiency?

Q. 131. Do you consider the present organisation of the

industry for the operation of scheduled air services satisfactory, having regard to also to its development during the next five years? If not, what suggestions would you make for its reorganisation with a view to making the operations self-supporting?

Q. 132. If the operations cannot be made self-supporting at an early date, what is the extent and duration of State assistance that would be required by the industry? In what form should it be given?

Q. 133. Having regard to the present state of the industry and the need for its development on sound and economic lines, do you consider that State ownership and management of the industry would be desirable? Will such a step be practicable at the present time or during the next five years from the point of view of—

(*a*) availability of necessary capital;

(*b*) efficiency of management; and

(*c*) economy of operations?

Please give reasons for your views.

Q. 134. If the industry is to be owned by the State, can you give an estimate of the total cost of acqusitions? On what basis has your estimate been worked out?

Q. 135. If the industry is to be managed by the State, should this be entrusted to a Government Department or to a Statutory Corporation?

The Chamber after consulting members replied to the questionnaire as follows:—

The Federation of Indian Chambers of Commerce and Industry has forwarded to me copy of the questionnaire issued by you. The Committee of the Chamber having considered the questionnaire have directed me to reply Part G of the questionnaire. I am accordingly submitting the views of the Chamber on the questionnaire of Air Transport Inquiry Committee.

PART G.

Q. 114. Do you consider India's present air route pattern, both internal and external services, satisfactory? If not, have you any suggestions to make for its improvement?

Till the traffic—passenger and freight—increases appreciably, India's present air route pattern will be quite sufficient.

Q. 115. What rate of increase in the volume of traffic do you expect on the existing routes during the next five years?

This question is not possible to answer.

Q. 116. What in your opinion are the possibilities of developing new routes, for both internal and external services, during the next five years? Please give details of the proposed routes and an estimate of potential traffic on each route.

Please see answer to Q. 114.

Q. 117. Is the present level of passenger fares, freight rates and mail rates reasonable?

Compared to the fares in the other countries the fares in India are reasonably low. However, the average Indian is poorer than the citizen of the other countries and would therefore need a much lower level of fares than even the present ones before he can be tempted to us air transport to a greater extent.

Q. 118. Do you consider that a reduction in the fares and freight rates would lead to an adequate increase in traffic so as to (*a*) maintain and (*b*) increase, the net revenue of the operating companies? If possible, please give estimates.

The answer to this question is in the affirmative. The maintenance at the present level of or even an increase in the net revenue of air companies will certainly be easier if quite a bit of unnecessary establishment charges—*not those incurred on the flying or engineering personnel*—is eliminated. For example at every airport and at at least one office in every town every one of the air transport company maintains staff for booking and other work connected with the movement of their passengers. Surely only one establishment is necessary for a city as in the case of the Railways administration which actually handles a considerably larger volume of traffic. Additional waste in this direction are the number of motor vehicles and their drivers, etc., run by the several companies. It seems that there is scope for considerable economy in this direction.

Q. 119. Are there any serious difficulties in this country in regard to the availability (i) in adequate quantities and (ii) at reasonable rates, of (*a*) fuel and oil and (*b*) stores and spares? If so, what remedies would you suggest for overcoming the difficulties?

The general public understand from the press that Government has in hand schemes for:

(*a*) Production in India of fuel and oil; and

(*b*) expansion of existing aircraft engineering establishments. If the schemes are in hand these must be expedited. If the schemes are not taken in hand immediately, particularly with regard to aircraft spares, it is well-known that most machines now in operation may prove unserviceable in about five years from now. The sooner we establish factories to provide equipment to make them serviceable the better it will be for India.

Q. 121. (1) Is the supply of (*a*) flying personnel and (*b*) engineering personnel adequate and available on reasonable term? If not, what suggestions would you make to improve the position? Is it feasible to introduce a measure of standardisation in their emoluments? (2) How do the emoluments of different categories of staff in India compare with those in U.S.A., Canada, U.K. and Australia? If possible, please give figures. (3) Do you consider the training facilities available in the flying clubs and the Civil Aviation Training Centre, Allahabad, adequate to meet the present requirements of the industry?

The necessity for immediate encouragement for a lot more of Indian young men to take to flying and aeronautical engineering as careers has been stressed so often. Still very little has been done. It has also been noticed that the various air companies employ foreigners while it is an acknowledged fact that Indians are as good as any in the world in "flying and allied activities". In short the training facilities as well as the prospects offered to qualified personnel need drastic revision.

Q. 122. What are the present arrangements for India Life Insurance Offices' Association insuring (*a*) aircraft, (*b*) personnel and (*c*) passengers? Do you consider these arrangements satisfactory and economic? If not, have you any suggestions to make for their improvement?

Some insurance companies are already covering flyers against flying accident. Beyond that the insurance companies have not been properly tackled or coached up to undertake insurance of aircraft or insurance on present employed aircraft. Now that the New Insurance Act is taking so much trouble to make all insurance companies efficient and more economical, the Government may also issue instructions impressing upon these insurance companies the profitable nature and the necessity of undertaking insurance of aircraft and personnel connected with air transport.

Q. 123. Do you consider the "All-up' mail scheme and the institution of the Night Air Service satisfactory? If not, what modifications would you suggest for their improvement?

The present night air service is doing useful work and has brought the various cities of India much nearer for correspondence and contact. They must be encouraged and improved by special support from the Government.

Q. 124. Are you in favour of the continuance of operations by non-schedules operators in competition with scheduled operators?

No. At the present moment this opinion does not, however, apply to the various flying clubs which are proving useful in the way of coaching up flying personnel and giving joy-rides to the public to make the public more air-minded.

Q. 125. Do you consider it desirable to extend the facilities for air travel by introducing a "Coach Class", service on an austerity basis at cheaper fares? By 'austerity basis' is meant a reduction in passenger comforts by providing accommodation for a larger number of passengers and the withdrawal of the facilities of free surface transport and free food.

No. Reduction in passenger comforts for air passage will, in the opinion of the Chamber, do more harm than good

with regard to increase in traffic. Even as it is, the comforts given to the passengers in the present services, over long distances, are not adequate, nor do these compare favourably with the comforts provided in the big Trans World lines. It is very important to remember, if the free service transport from the aerodrome to the cities is either completely discontinued or in any way restricted, this will immediately tell upon the traffic available for air. With the present service, transport, except by way of regulating it and making it more efficient and more economical by two or three air companies pooling their resources together to convey passengers to and from the aerordome will prove harmful. The coach class idea will not work at all. Generally the poorer classes in this country cannot afford to pay the fares of even the first class or second class rail traffic. Railway statistics must convince the Government that most of the travelling public use the third class in railway travel mainly. To those people we cannot appeal by putting in a coach class in aerial transport.

Q. 126. Do you consider it desirable to introduce exclusive freighter services where they do not exist at present? If so, what suggestions in this regard would you make?

Exclusive freighter services may be introduced after two or three years, not at the present moment, with lowered freighter rates. The present freight rates for air freight are prohibitive and very few people are taking advantage of same.

Q. 127. If it is proposed to undertake further development of air transport in India, will it be possible to raise the necessary capital for it in the existing conditions of the industry and the present state of the capital market. If not, how should the proposed development be financed?

With the constant threat of nationalisation by the Government of all public utilities, it is next to an impossibility to raise the capital from the middle classes for development of air transport. It is the few big capitalists in important centres like Bombay, Calcutta and other cities that may be in a position to put up the capital. But they must have an assurance of a proper return and non-interference by the Government by way of expropriety legislation later. Taking all things together, now that the Government has launched even to take over the road transport schemes as in Madras, private capital will not, be forthcoming freely.

Q. 128. Do you consider that for the purpose of such development, there would be an adequate supply of technical personnel, such as pilots and engineers? If not, what suggestions would you make to improve the position?

An adequate supply of technical personnel such as pilots and engineers will easily be forthcoming in this country provided those services are made interesting to youngmen and handed to them on the basis of merit, not on the basis of political opinions or communal basis. It is acknowledged in many parts of the world that the Indian pilot is counted among the very best class of flyers in all the world and an Indian Ground Engineer is ranked probably the finest in the world to maintain in efficient condition service aircraft.

Q. 129. If it is found necessary for Government to give a subsidy or other kind of financial aid to the air transport industry should there be any Government control over the working of the companies concerned? If so, what should be the extent and method of such control?

Experience has shown that Government control over business has proved not happy and beneficial. Consequently Government should keep its hand off on business enterprises if such business enterprises are expected to develop to their maximum efficiency.

Q. 130. Have you any suggestions to make to enable the air transport industry to function with greater economy and efficiency?

Please see answer to question 118 above.

Q. 131. Do you consider the present organisation of the industry for the operation of scheduled air services satisfactory, having regard to also to its development during the next five years? If not, what suggestions would you make for its reorganisation with a view to making the operations self-supporting?

The present organisation of the industry for the operation of scheduled air services is satisfactory subject to the remarks mentioned above to minimise and make efficient the staff and the road transport system.

Q. 132. If the operations cannot be made self-supporting at an early date, what is the extent and duration of State assistance that would be required by the industry? In what form should it be given?

The Government must maintain at all costs—if necessary subsidise fully out of the enormous profits earned by the railways every year—the air transport industry in uninterrupted working condition. Such a step is absolutely essential for the safety of the country as proved by the "Kashmir Incident." During the latter, it was the diversion of all the resources of the air transport companies to defence purposes that enabled us to rush aid to that State. The effort required by a really major emergency—with the whole country being involved in a war—will be several times greater than in Kashmir *and as things are at present* will be beyond our capacity unless we wake up immediately.

Q. 133. Having regard to the present state of the industry and the need for its development on sound and economic lines, do you consider that State ownership and management of the industry would be desirable? Will such a step be practicable at the present time or during the next five years from the point of view of—

(*a*) availability of necessary capital;

(*b*) efficiency of management; and

(*c*) economy of operations?

Please give reasons for your views.

Q. 134. If the industry is to be owned by the State, can you give an estimate of the total cost of acquisitions? On what basis has your estimate been worked out?

Q. 135. If the industry is to be managed by the State, should this be entrusted to a Government Department or to a Statutory Corporation?

Probably at the present moment due to the present conditions in this country, it will be best for the Government to keep a strict watch on the scheduled services and help those services by subsidising to maintain efficiency of management and economy of operations. A special department of the Government must be entrusted with this task so that in case of emergency the Government may be in a position to take over the whole industry with the least possible delay for national safety. Once conditions in this country get settled the industry must be handed back to private organisations to work efficiently under the supervision of Civil Aviation Department in the Ministry of Transport. The organisation of a statutory Government, Corporation will not, for various reasons, be in the best interests.

The Enquiry Committee is known to have submitted its report.

AIR ACCIDENTS.

As in the case of railways air accidents were also on the increase. There was a terrible catastrophe at Ootacamund where all the crew and passengers were buried. The Chamber was very much concerned and wrote to Government drawing their attention to such accidents and suggesting ways and means to minimise air accidents.

"The Chamber is very much concerned at the increasing number of accidents that are being witnessed in recent times arising out of civil aviation flights. In particular the Chamber has in mind the unfortunate accident that has happened to the plane which left Bangalore to Coimbatore on its scheduled flight. It is reported that the plane has not so far been traced even six days after the accident. It is impossible to describe the anxiety of relatives of passengers and crew left in the plane. There have been greater casualities but the results of the casualities were known immediately or within a day or two of the accident but in this case even six days after the accident no trace of the plane or whereabouts of the passengers and crew are yet forthcoming, in spite of the fact that Government sent military personnel to search the missing plane and even offered a reward to the finder.

There are two routes from Bangalore to Coimbatore, one along the motor route by Husur, Salem, Erode, Coimbatore, while the other route is over the Nilgiris. The difference in mileage

between the two routes cannot be more than 50 miles and the saving in time is not more than 15 to 20 minutes. There is no particular reason why the schedule flights should be over that route. As against the saving of 15 to 20 minutes of flying hours, there is always the danger of some such serious accidents because the Nilgiris Hills are several feet over the sea-level and for more than six months in a year the area will be covered by thick fog and mist so as to render visibility very faint. Low flying is out of question over that route and high flying is attended with less visibility. In sanctioning routes for air passages the Chamber feels that such circumstances should have been taken into consideration. After all this route is apparently chosen to save 15 to 20 minutes. Flight over the Nilgiris route is always attended at least for six months with such fear of less visibility and inability to make low flight. At least during this period if not during the rest of the year Government would have been well advised in following the other route which is not attended with so much of danger and which is more or less in the same plateau as Bangalore.

The Chamber feels that such accidents have to be avoided if possible to restore confidence in the minds of the public. Civil aviation in India is comparatively of recent origin and has within the short period made good progress and it is essential that the efficiency of the service should be maintained. Apart from holding an enquiry to find the causes for such major disaster Government would be well advised, having regard to this disaster, to choose as far as possible a route more or less parallel to road routes though it be some what more circuitous."

Copies of Chamber's letter were sent to various departments. The Ministry of Communication replied to the Chamber as follows:—

"I am directed to acknowledge receipt of your letter No. K.2420/50, dated the 19th December 1950 addressed to the Hon'ble Minister for Communications and to say that the Government of India is grateful for the suggestions made therein. The proposal for an alternative route for the sector between Bangalore and Coimbatore of the air service at present operated by Air India, Limited has been carefully examined by the Director-General, Civil Aviation. The alternative route no doubt lies over an easier terrain but it is longer about 40 miles and contains a number of bends. It will be appreciated that aircraft will not be able to fly along such a route in poor visibility or at night because they will not be able to see and obtain any visual guidance from the ground for following the bends in the route.

The existing Bangalore-Coimbatore sector of the route on the other hand is adequately equipped with radio aids to navigation. The high grounds and hills encountered on this route are well below the normal operational altitude of Dakota type aircraft and as there is little risk in flying direct between Bangalore and Coimbatore, provided proper flight procedures are observed by the aircraft, there appears to be no necessity for an alternate route."

POSTS AND TELEGRAPHS.

During the year the Posts and Telegraphs Advisory Committee was constituted and the Chamber was given a representation on the Committee. Mr. T. Nannu Shankar Tawker was elected to the Committee. There were frequent meetings of the Committee and it did very useful work. For each meeting of the Committee the Chamber after obtaining views of members had them discussed at the meeting.

The following are extracts from the proceedings of the meetings:—

"(i) *Foreign telegrams*: The Committee felt that it would not be possible to investigate a general complaint about delays. Specific instances should be furnished by the Southern India Chamber of Commerce.

(ii) *Telephone Directory*: The Chairman informed the Committee that the Director-General had since decided that Telephone Directories should be printed twice a year. The Chairman regretted that there had been undue delay in these publications so far due to the shortage of paper and other causes; efforts would be made to publish them in time, hereafter. As regards the suggestion of the Southern India Chamber for a single Telephone Directory for the whole of Madras Circle, the Committee felt that an omnibus directory was not necessary. Mr. Ian Cumming suggested that changes in the telephone number or additional telephones should be published and notified to the

subscribers every month. He also raised the question of having an uniform rate for trunk calls throughout India during the half and one-third rate periods. The Committee was of the opinion that both the suggestions of Mr. Ian Cumming should be investigated.

(iii) *Opening of new Public Call Offices*: The Chairman informed the Committee that the possibilities of opening Public Call Offices or new telephone exchanges were under close examination. The urgent need for Public Call Offices at Manachanallur and Alagappanagar, referred to by the Southern India Chamber of Commerce, was also under active consideration.

(iv) *Extension of express delivery system to Erode*: It was decided to extend the express delivery system to Erode."

"*Item* (viii): Reopening office of exchange for foreign mails at Nagapattinam. (*Proposed by Shri T. Nannu Shankar Tawker.*)

Shri Nannu Shankar Tawkar read out a letter received in this connection from the Nagapattinam Chamber of Commerce. Prior to 1942 mails to and from Malaya were exchanged through Nagapattinam, but after the fall of Malaya during the last World War, Nagapattinam ceased to be an office of exchange, for these mails. When the service with Malaya was resumed, Madras became the sole office of exchange. The Chairman promised that the question of constituting Nagapattinam as an additional office of exchange for mails for and from Malaya would however be fully examined.

Item (ix): Publication of up-to-date P. & T. Guide. (*Proposed by Shri Nannu Shankar Tawkar.*)

It was pointed out by the Chairman that the P. & T. Guide is published by the Director-General of Posts and Telegraphs who would be addressed to expedite the issue of the next edition.

Item (x): *Restoration of 'L.C.' class foreign telegrams.* (*Proposed by Shri Nannu Shankar Tawkar.*)

The Chairman explained the present classification of foreign telegrams to the Committee and it was agreed that this was quite suitable and no further changes were necessary. It was therefore decided that this matter need not be pressed.

Item (xi): Upgrading Edathara B.O. (*Proposed by Shri Nannu Shankar Tawkar.*)

Mr. Nannu Shankar Tawkar stated that his object in making this proposal was to ensure that Edathara B.O. would be invested with Savings Bank powers and arrangements would be made for earlier delivery and later despatch of mails. The Chairman explained that if justified even the existing B.O. could be vested with Savings Bank powers and the question of arrangeing earlier delivery and later despatch of mails would be fully examined. In order to achieve these objects there was no necessity to raise the status of the office, especially as the income of the office did not justify this. In the circumstances, the proposal was not pressed by Shri Nannu Shankar Tawkar.

Item (xii): Express delivery arrangements at Pudukkad P.O. and delivery arrangements at Punkunnam P.O. (*Proposed by Shri Nannu Shankar Tawkar.*)

The Chairman explained that the system of express delivery on Sundays had been confined to large towns and cities only. Usually express delivery was issued at places which were served by head post offices and selection grade sub-post offices. Pudukkad post office was a non-combined sub-post office and it would be readily appreciated that it would not justify the extension of this facility.

As regards the conversion of Punkunnam extra-departmental sub-office into a delivery office, the Chairman pointed out that the proposal was being accepted and necessary orders were under issue.

Item (xiii): Installation of a telephone system at Erode. (*Proposed by Shri Nannu Shankar Tawkar.*)

The Chairman stated that it was hoped that an exchange would be opened at Erode within the next six months. Owing to the stores position, it was not possible to open the exchange earlier.

Item (xiv): Providing a telephone extension to Messrs. Appadurai & Sons, Tiruchy. (*Proposed by Shri Nannu Shankar Tawkar.*)

The Chairman pointed out that this was a matter outside the scope of the present Committee in view of the fact that there was a Telephone Advisory Committee at Tiruchy.

Item (xv): Opening of a telephone exchange at Alagappanagar. (*Proposed by Shri Nannu Shankar Tawkar.*)

The Chairman pointed out that the opening of a Public Call Office at Alagappanagar as an extension to the proposed Ollur Public Call Office has already been approved and the work will be put in hand as soon as the requisite materials are received from Calcutta. The installation of a regular telephone exchange at Alagappanagar could not be effected owing to its prohibitive cost. A cheaper proposal for the installation of a private automatic branch exchange at Alagappanagar was however still under examination. In any event, the progress of the Public Call Office would be carefully watched in order to see what further telephone facilities would be justified.

Item (xvi): Publication of new Telephone Directory for Madras. (*Proposed by Shri Nannu Shankar Tawkar.*)

The Chairman pointed out that this was outside the scope of this Committee, but the District Manager, Telephones, Madras District, would in any case be requested to expedite the publication of a new edition of the Telephone Directory.

Item (xvii): Opening of a Public Call Office at Manachanalloor. (*Proposed by Shri Nannu Shankar Tawkar.*)

The Chairman pointed out that owing to financial stringency the proposal for the opening of a Public Call Office at Manachanalloor could not be taken up during the current year. This scheme had however been included in the programme for the next year."

TELEPHONE.

A representation was received in the Chamber regarding the difficulties experienced by members of the mercantile community in getting telephone connections. The Chamber forwarded the representation and the following reply was received from Telephone Department:—

"With reference to the joint representation without date received in this office on the 4th January 1950 from certain members of your Chamber headed by Messrs. Dulichand Omraolall against the procedure adopted by this district in the acceptance of deposits on the opening day, viz., 3rd January 1950, I wish to apprise you of the present position.

Arrangements are being made to provide the connections, in the first instance, to the first 120 applicants among whom fall the signatories to the abovementioned representation. These applicants are being separately addressed simultaneously in the matter and, as soon as the hiring contracts which are being forwarded to them are returned duly completed, steps will be taken to provide service. I may, however, mention that it may not be possible to provide service on the same day to all the applicants and there may be some delay in the case of some of them depending upon the amount of technical difficulties such as the erection of overhead route or the provision of underground cables, which may have to be done before the service can actually be given. It is, however, expected that it would be possible to provide service in all these cases within six to eight weeks from the date of return of the duly accepted hiring contracts.

A copy of this letter is being forwarded to Messrs. Dulichand Omraolall, and I shall be grateful if you will also kindly apprise your members concerned of the correct position."

The Telephone Advisory Committee was reconstituted and Mr. L. Srinivasan was nominated to Telephone Advisory Committee. There were frequent meetings of the Telephone Advisory Committee and the representative was good enough to intimate the date of meeting and invite suggestions for consideration in the meeting. Members were contacted and the difficulties brought to the notice of the Chamber were taken up for consideration through the Chamber's representative. The Committee did very useful work and the difficulties of members were fully represented by the representative.

SECTION IV

Interviews and Meetings

VISIT OF MR. M. A. MASTER.

Mr. M. A. Master, Delegate to the International Labour Conference visited the Chamber on the 10th January 1950. In welcoming Mr. Master, Mr. A. M. M. Murugappa Chettiar, President, spoke as follows:—

"On behalf of the Southern India Chamber of Commerce I have great pleasure in welcoming you to our midst. It is indeed very kind of you to have accepted our invitation and we look forward to hear from you your expert opinion on the future of Indian Shipping Policy.

Mr. Master, you need no introduction to our friends here. We all know the great part you have played for so many years now in the industrial and commercial field. You have been the President of the Federation of Indian Chambers of Commerce and Industry and you have been intimately connected with the Federation for a long number of years as a Committee Member. Further, you have been closely associated with the important National Industry Shipping on which depends the prosperity and growth of our commerce. You have had ample opportunities to study the various difficulties which confront business and industry in all its stages, especially when an infant nation like ours in the economic field has to compete with well-established foreign firms with ample resources.

All of us assembled here are interested in the growth of Indian Shipping. We are anxious that for the safety and as well as prosperity of our country, we should have an adequate and efficient fleet of ships that would facilitate the growth of our commerce.

I would request you to address us on the fundamentals of National Shipping Policy.

Once again I thank you for your having readily responded to our invitation.

The proceedings of the meeting is reproduced below:—

"Mr. Master said that India should approach the question of her shipping policy from the point of view of an independent maritime power. Sea power, Mr. Master said, had assumed vital importance in modern times. A large and adequate navy was essential both for defence and for supply. The true test of sovereignty was the ability to defend the country and to develop its resources. Thus it was obligatory on an independent country to build up its navy of defence and its navy of supply.

Reviewing the position of Indian shipping to-day, Mr. Master said that its tonnage had increased after the attainment of independence from 150,000 to nearly 350,000 and was earning a freight of Rs. 10 crores. There were at present 19 Indian shipping companies and one British shipping company on the Indian Register. If the tonnage of the British-owned company was excluded and if the tonnage under construction was not taken into account, the tonnage in commission to-day was 350,721 gross tons. India did not possess even half a per cent of the world tonnage though her trade exceeded over four per cent. Other maritime countries whose shipping was till recently undeveloped were stealing a march over India. India did not have even the tonnage of Argentina, China, Finland and Brazil.

There were a number of difficulties in the way of a rapid development of Indian shipping, Mr. Master continued. The cost of ships was very high and the cost of building them in India was prohibitive. The cost of operation had risen and was still rising. Taxation was a crushing burden. Considerable difficulties were experienced in placing orders for building ships in British shipyards. But side by side with these obstacles, Mr. Master said, there were also certain favourable circumstances. During the last three years the Government were paying on an average nearly Rs. 20 to Rs. 25 crores on freight cargo imported on their account. Freight on account of food imports must have amounted to nearly 20 crores in 1949. Even if food imports were

left out, cargo moving on Government account would amount to nearly 6 lakhs to 7·5 lakhs of tons. This would involve a freight of Rs. 4 to Rs. 5 crores. If this continuous flow of cargo was made available to Indian shipping by the Government of India, it was quite possible that more ships could be run on the overseas routes. A committee was recently appointed by the Government of India to consider this question.

It would be unfortunate, Mr. Master said, if 'obsessions' about the fulfilment of international conventions should stand in the way of the Government of India's adoption of a policy favourable to Indian shipping. Before giving vent to their zeal for ratifying international conventions, the Government should carefully examine what other countries had been doing. France had introduced a clause in the licence given for imports that the goods should be carried by French vessels. Egypt wanted to attain the same end by issuing letters of credit only if importers agreed to import cargo by Egyptian vessels. India too, Mr. Master emphasised, should have the courage to adopt such action to develop her shipping.

The Government of India, the speaker said, wanted to form three shipping corporations to put more ships on overseas routes. But only one corporation was likely to be formed and that too with a greatly reduced capital. Foreign shipping interests, therefore, were planning to approach the Government of India for floating new corporations. A reputed shipping journal had reported in December 1949, that negotiations were taking place between the P. & O. and the Government of India in regard to shipping services and that the proposals under consideration involved the establishment of two shipping companies with 60 per cent Indian and 40 per cent British capital. The journal had added that the proposals included permission to participate in the coastal trade which the Government of India had exclusively reserved for Indian nationals. Reports were current that American interests were also in the field, Mr. Master stated. 'Any association with non-nationals in any form would be a calamity for Indian shipping,' Mr. Master declared. 'I cannot understand how the Government of India can enter into any partnership with British elements.' Let them remember that 48 Indian shipping companies were ruthlessly wiped out by the foreigners. Considerations of safety and security, if nothing else, should prevail with the Government in ruling out any such course of action.'

'I do not want to convey,' Mr. Master said, 'that the Government of India had accepted the proposals put forward by foreign shipping interests. I am only making this point because reports had appeared in responsible journals. The proposals mentioned in these reports, if given effect to, would be highly prejudicial to the growth of Indian shipping. Why should not the Government come forward and take the public into their confidence ?'

The Government of India, Mr. Master pointed out, had accepted the definition of Indian shipping given by the Shipping Policy Committee as 'shipping owned, controlled and managed by the nationals of India.' The Government of India should not allow themselves to be deflected from the position which they had originally taken."

Mr. C. M. Kothari proposed a vote of thanks.

REGIONAL COMMITTEE MEETING.

The Chief Traffic Manager to S.I.Ry. was good enough to convene two Regional Committee Meetings at the office of the Chamber. Other commercial bodies and Passengers' Association were also represented at the meetings. The following subjects were dealt with:—

1. *Mangalore Express Trains Nos. 13 and 14*: Nos. 13 and 14 Mangalore Express Trains do not stop at Parli. Members suggest that Parli may be made a stopping place for these express trains. Alternatively they suggest that the Trains No. 721 and 722 may be allowed to run upto Olavakkot. [In this connection, I may refer to letter No. 43, dated 27th May 1949 from Kumar Industries to the Chief Commercial Manager (Movement), S.I. Railway, Tiruchirappalli.]

The Mangalore Express Trains do not also stop at *Tirupur* which is an important trade centre. These express trains may be made to stop at Tirupur.

2. *Cochin Express*: The Cochin Express at present does not stop at Vaniambadi which is an important tanning centre. Members request that this may be made to stop at Vaniambadi as the tanners of this place have often to undertake business trips to Cochin.

3. *Trains between Mettur Dam and Salem Junction*: The present trains running between Mettur Dam and Salem Junction, members say, do not connect most of the important trains which arrive at Salem and passengers have to wait for four or five hours at Salem for catching the important trains. Members request that these train timings may be so arranged so that there may be convenient trains both in the morning and in the night between Salem and Mettur Dam. They also request an additional train to be introduced in the afternoon between Salem and Mettur Dam and *vice-versa*. (In this connection, I may refer to the letter No. 2467/49-50, dated the 4th October 1949 from the Mettur Sandalwood Oil Company to the General Manager, South Indian Railway, Tiruchirappalli.)

4. *Connecting train to No. 5 Trivandrum Express from Tiruchirappalli Junction to Rameswaram* via. *Tiruchirappalli-Manamadura chord line*: At present No. 5 Trivandrum Express reaches Tiruchirappalli Junction at about 3-30 a.m. Till about 7 in the morning there is no train on the Tiruchirappalli-Manamadura Chord Line. Newspaper parcels to stations on the Tiruchirappalli-Manamadura Chord Line have to depend upon buses. Therefore, members suggest that if a connecting train to No. 5 Trivandrum Express runs from Tiruchirappalli Junction to Rameswaram on the Tiruchirappolli-Manamadura Chord Line it will be of great help. Further to this train may be attached two compartments—one upper and one lower class—from the Trivandrum Express so that passengers travelling by Trivandrum Express from Madras to Rameswaram may be enabled to go via this chord Line.

5. *Wagon allotment*: At present the allotment of wagons are intimated to the party concerned at about 11 a.m. It seems that the wagons are to be loaded within 5 p.m. Supposisg it is not possible to load the whole wagon within the time prescribed the loading will have to be completed the next day. Even though the loading is completed at 8 a.m. the next morning the goods authorities refuse to issue the rail receipt on the ground that

re-allotment should be intimated from the Control Office. This causes inconvenience.

The Sivakasi Chamber of Match Industries state that wagons sometimes arrive on Sundays or on a Government holiday for loading. Since they have to be loaded on the same day of arrival they feel a great difficulty since matches before despatch have to be supervised by the Central Excise Department Officers. On a Sunday or Government holiday while the wagon is waiting for loading this permission from the Excise Department for despatch of matches could not be obtained. Therefore, they request that wagons may be directed to wait for a day, without cancelling their allotment due to this difficulty of obtaining the permission of the Excise Department on a holiday.

6. *Insured Parcels*: At present the Chamber is informed that the Railway authorities do not take parcels insured for more than Rs. 900 without the permission of the higher authorities. The Railway authorities may instruct their subordinate officers to accept insured parcels even though they may be insured for more than Rs. 900. It seems that at Egmore to get an insured article a party has to wait for the Station Master who is available only at certain hours. The office must be instructed to deliver insured parcels during working hours. There is no provision for despatching insured articles at the Parcel Office in Mount Road. This may be remedied.

7. *Certificates for surrender of unused tickets*: At present passengers who are unable to complete their journey and who surrender their tickets to the Station Masters where they detrain do not get certificates, when demanded, from the Station Masters to the effect that they have broken their journey at that station. The passenger who surrenders his ticket has no other record in his possession to show that he broke the journey before completely using his ticket. Consequently the claim he makes is subject to delay for railway authorities have to make inquiries whether the claim is bonafide. Station Masters may be instructed to issue certificates to passengers in these cases.

8. *Transport of cotton mill sweepings*: The Chamber understands that a minimum of 160 mds. for metre gauge and 250 mds. for broad gauge is prescribed as wagon load for transport of cotton mill sweepings. Since the value of cotton mill sweepings

is very low the fixing of heavy minimum wagon load is very unfair. It seems that the railway freight is much more than the value of the consignment itself. As in the case of cotton waste the minimum maundage for cotton mill sweepings may be fixed at 80 and 120 mds. for metre gauge and broad gauge wagons.

9. *Booking of parcels*: It is pointed out to the Chamber that on Fridays there is a heavy congestion at the Parcel Office in Madras due to various weekly magazines, etc., being despatched on that particular day from here. It is requested that some additional staff may be appointed to cope with the work on this day.

10. *Information regarding goods bookings*: At present the places to which booking of goods are available are made known to the merchants through boards that are exhibited outside the goods sheds. This means that merchants have to send some one to find out the information. When they telephone to the Goods clerk they are not able to get any information. Therefore, the Railway may instruct the Goods clerk to inform merchants through telephone whenever enquiries are made about booking of goods.

Whenever there is a heavy arrival of wagon carrying timber, due to lack of crane facilities, unloading these cause inconvenience. This may be looked into.

11. *Transhipment*: Whenever goods have to be trancferred from metre gauge to broad gauge wagons permits may be given to the consignor to allow his representative to supervise the transhipment.

12. *Delay in transit*: It seems that three packages of tobacco which were despatched from Tiruchirappalli on 27th September 1949 to Nagapattinam did not reach the place till 6th October 1949. The goods were intended for Singapore. As the ship left Nagapattinam on 3rd the party has been put to loss due to this delay. The Railway may instruct the booking staff not to delay booking of these goods.

13. *Loss in transit*: The National Sewing Thread Company, Limited. Chidambaram, inform the Chamber that four cases of machineries were despatched from Bombay to Chidam-

baram via Cochin Harbour on 11th September 1949. At the time of delivery the cases were found damaged and open delivery was obtained. A certificate for the damage as well as for the shortage weight was issued to the party by the Commercial Inspector of the South Indian Railway on 10th October 1949. It seems that the Railway authorities do not admit their liability for the short weight as well as for the damages. This may be looked into.

14. *Goods rate from Tanjore to Bombay*: At present it is represented to the Chamber that the Railway freight for cocoanuts for one wagon of 10 tons comes to nearly Rs. 686-4-0 from Tiruvarur to Wadi Bunder. It works out roughly to Rs. 68 per 1,000 cocoanuts. The Tanjore Co-operative Marketing Federation say that this is a very high rate and wants the Railway to recommend concessional rates for sending cocoanuts from Tanjore to Bombay.

15. *Settlement of claims*: Messrs. Soundararajan and Company, Madras, complain that out of 200 bags of sugar despatched by them from Hathuwar under invoice No. 1 of 26th June 1949 only 105 bags were delivered on 21st July 1949. The remaining 95 bags, when they arrived, were found to be wet and there was also shortage in weight. The Claims Inspector, Tirunelveli who surveyed the bags assessed the damage at 35 per cent on the total weight of the 95 bags and the short weight was also found to be 30 mds. and 17 srs. The party has claimed 50 per cent compensation and also compensation for short weight. They have filed their claim on 17th September 1949 but till now they have received no information. They would like the claim to be settled soon.

(*b*) The Tanjore Co-operative Marketing Federation inform the Chamber that they imported groundnut cakes from Kurnool, and Bellary to Tanjore, since October 1948 and were charged excess amount while taking delivery of the bags and when they made a claim for return of the excess they were informed that except for certain items their claims was time-barred. The Chamber requests that where there has been an excess collection from parties the Railway should not take advantage under Section 77 of the Indian Railway Act.

(*c*) The National Sewing Thread Company, Limited say that they have made a claim for Rs. 62-7-0 (which was collected from them at Chidambaram on 8th March 1949) and that only now the Railways have intimated them that they were going to refund Rs. 8 only on account of this claim.

16. *Wagon-loads charged—Excess charged*: The Scientific Fertilisers Company, Limited say that the scheduled minimum weight for manure mixture in wagon-loads over the metre gauge is 300 mds., per four-wheeled wagons. But the Station Master at Lalgudi has been collecting over charges from the company's agent at Lalgudi based on the full-carrying capacity of the wagons and also charged for an extra half ton in respect of four-wheelers and for one ton in respect of eight-wheelers. They say that they are always paying excess freight every time and have to apply for refund. They request that the freight may be collected at Lalgudi in accordance with the rules.

17. *No uniformity in charges*: It is represented to the Chamber that different rates are charged by the goods authorities for articles like timber and tiles which are sent by wagons though they have been loaded from one and the same place and consigned to the same place.

The South Indian Swadeshi Match Manufacturers' Association, Sattur, say that till recently it was the practice to issue more than one invoice per each wagon-load of matches and that this was stopped for the last three months. They request that the old practice of issuing more than one invoice per each wagon-load of matches may be restored.

They further complain that there is great delay in despatching small consignments. They suggest supplying of three wagons atleast in a week to clear smalls.

They want a water carrier to be provided at Sattur for the convenience of the passengers.

The following is the proceedings of the meeting:—

Mr. A. M. M. Murugappa Chettiar, President of the Chamber welcomed the Chief Traffic Manager of the S.I.Ry. The Chief Traffic Manager thanked the Chambers for arranging this meeting and hoped that these regional meetings would go a long way to ease the difficulties of the mercantile community concerning their transport problem.

The Southern India Chamber of Commerce took up for discussion on the subjects already submitted to the railway along with their letter No. J. 2519/49, dated 16th December 1949.

1. *Mangalore Express Trains Nos. 13 and 14*: The Chief Traffic Manager pointed out that the Mangalore Express Trains did not stop at Parli because it was not an important station. Further he said that the object of the Railway administration was to speed up these trains so that they may reach Mangalore early before sun set and that they may start from Madras a little later. As such he said the policy was not to stop the trains at unimportant stations. He said that he would consider the running of trains Nos. 721 and 722 upto Olavakkot as soon as engines are provided to the railway which, he expected will be some time in June.

With regard to the point that the Mangalore Express does not stop at Tirupur also he said that since the Nilgiri Express and the Cochin Express stop at Tirupur and as these trains closely follow the Mangalore Express it was not thought necessary to stop the Mangalore Express at Tirupur.

2. *Cochin Express*: With regard to the point that the Cochin Express does not stop at Vaniyambadi the Chief Traffic Manager informed that he will pass the request for stopping the train at Vaniyambadi to M. & S. M. Railway authorities and stated that if possible the M. & S. M. Railway will stop it at Vaniyambadi.

3. *Trains between Mettur Dam and Salem Junction*: With regard to the question of arranging the train timings of trains running between Mettur Dam and Salem Junction in such a way to make them convenient to passengers the Chief Traffic Manager informed the Chamber that on that section no night trains could be run and as such passengers have to wait at Salem to catch the important trains. But he said that in June he will increase the present number of trains running between Mettur Dam and Salem Junction to three.

4. *Connecting train to No. 5 Trivandrum Express from Tiruchirappalli Junction to Rameswaram via Tiruchirappalli-Manamadura Chord Line*: With regard to this point it was stated that the Trivandrum Express was already over-crowded and if a connecting train as suggested was provided the Trivandrum Express will become more crowded as all passengers would like to travel only by that train as it was an early train. For this reason the Chief Traffic Manager said that he was not in favour of introducing a connecting train to No. 5 Trivandrum Express from Tiruchirappalli to Rameswaram on the Tiruchirappalli-Manamadura Chord Line.

5. *Wagon allotment*: With regard to the allotment of wagons he said that if the wagon allotted is taken up and loaded on the day itself and in case it was not possible to load the wagon within the time prescribed the loading may be completed the next day and for this purpose re-allotment was not necessary and that further he would look into the matter. With regard to the question of allotment of wagons on Sundays or on Government holidays he said that it was an all-India question and that higher authorities may be approached.

6. *Insured parcels*: He said that the Railway authorities do not accept parcels valuing more than Rs. 1,000 as insured parcels. He stated as the reason for this that this was necessary in the interest of safety. Whenever insured parcels for more than Rs. 1,000 are submitted to the Railway authorities for booking the local authority can contact the District Traffic Superintendent on the phone and obtain the permission for accepting the same. This might cause only a small delay but in view of there being a necessity for some check this procedure has to be adopted.

Insured articles were not accepted at Parcel Office in Mount Road as well as in all other Parcel Offices not located in the railway station itself because of the attendant risks. Therefore, in the interests of safety insured articles at Parcel Offices outside the station premises, he said, were not accepted. With regard to the difficulty experienced in getting an insured article at Egmore the Chamber was informed that the Station Master was available at all office hours and that parties can get their insured articles during these hours. If any long delay was felt in getting insured articles at Egmore he wanted that the matter be reported to him for taking necessary action.

7. *Certificates for surrender of unused tickets*: With regard to this point he said that there was a system by which Station Masters are authorised to issue certificates for partially used tickets that are surrendered to them.

8. *Transport of cotton mill sweepings*: He said that this matter was under consideration and he said that he will consider fixing the minimum maundage for cotton mill sweepings at 80 and 120 maunds for metre gauge and broad gauge wagons.

9. *Booking of parcels*: In order to relieve congestion at the Parcel Office in Madras he said that two additional hands have been appointed. But in case more hands were required this would be considered.

10. *Information regarding goods bookings*: With regard to this point he said that the Telephone clerk himself may not know the exact places to which bookings are available every day and that only concerned clerks would know about it.

With regard to providing more cranes he said that if traffic justify the provision of more cranes he will do the needful in the matter.

11. *Transhipment*: With regard to the question of supervising the transhipment of goods the Chief Traffic Manager informed the Chamber that if any person who regularly send particular types of goods which required transhipment wants, general permission should be given so as to enable him to supervise the transhipment.

12. *Delay in Transit*: On this question he said that he found the delay in despatching the goods unjustifiable and therefore he said he was taking action.

13. *Loss in Transit*: With regard to the question of damages to four cases of machineries despatched from Bombay to Chidambaram the Chamber was informed that the machineries were accepted by the Railways at owner's risk and the Railway risk note was signed by the consignor wherein it was stated that the packing was weak, liable to get loose and therefore the goods were likely to be damaged. As such he said that the Railways could not accept responsibility for the damage.

14. *Goods rate from Tanjore to Bombay*: He said that the question of railway rates were outside the purview of discussion at the Regional meetings but if the trade furnished full facts and figures to show how the existing rates were prohibitive and how it hits the trade he would go further in the matter.

15. *Settlement of claims*: With regard to the settlement of 200 bags of sugar he said that the claim will be settled in a month's time. With regard to the Tanjore Co-operative Marketing Federation's claim he said that their claims were time-barred and as such nothing could be done in the matter.

16. He said that manure mixture is chargeable at W.L./B. scale of weight OR ; CC ; L. Charges are correctly due for the permitted carrying capacity of the wagon in respect of wagon load for the metre gauge.

17. He said that the rates are outside the purview of discussion at Regional Committee Meetings and that the matter be referred to him direct.

With regard to the issue of more than one invoice for each wagon load of matches he said that the railways are issuing more than one invoice. With regard to the complaint that there is delay in despatching small consignments he said that he will look into the matter. With regard to the provision of a water carrier to be provided at Sattur he said that there are already iron drums filled with water at Sattur.

With regard to the question of irregularities in bookings to Mettupalayam and Coonoor he said that since the capacity of the mountain railway was limited and as foodgrains had to be moved over this Railway there would be difficulty in getting goods bookings. With regard to freight of scrap iron when booked in wagon-loads they have to pay the minimum wagon-load charges. If the scrap is packed and despatched, actual weight rate can be paid. With regard to the question of pilferages from Railway premises he said that since the consignment was received under the "said to contain receipt" and since the staff did not count the number of bars unloaded the Railway could not make itself responsible for the shortage. On the question of the Railway demanding the difference in rates if by mistake they have charged less he said that genuine mistakes were likely to occur and that this matter is one to be settled by the Station staff and the concerned party.

Another meeting of the Regional Committee was held at the Chamber on 13th November 1950 when the following subjects were discussed:—

1. (a) *Goods booking to be confined at the Madras Beach and parcel booking at Egmore*: Probably booking of goods at two different stations, i.e., Madras Beach and Egmore is responsible for some delay in the movement of goods. Mercantile houses are mostly located nearer to Madras Beach. Goods coming into Madras or going out of Madras, emanate from business houses located near about the Beach Station. The Chamber is of opinion that it is to the advantage of the commercial community to have goods booking confined only to only one station, i.e., Madras Beach. This is the terminus of the South Indian Railway system and is very close to the harbour as well. "Smalls" can be received at the present parcel office attached to the Beach Station so that inconvenience due to the closure of the level-crossing gate could be minimised. If it is confined to only one station, registration now done by the same merchants at two different stations can also be avoided much to the convenience of all.

(b) Goods booking at Egmore Station has been in existence for some time past and it should not be closed immediately. A small out-agency office may be retained at Egmore Station to receive "C" smalls.

(c) Similarly parcel booking can be confined to Egmore Station. A considerable delay is now experienced owing to loading of parcels at Egmore Station soon after the departure of train from the Beach Station. In order to meet the demands for parcel booking facilities from merchants and public from the Beach area, the present booking office at Esplanade may continue to be maintained.

2. *Difficulties at Singanallur*: It has been represented that movement of goods from Singanallur along most of the routes are restricted and in certain cases bookings are closed for days on end, so much so, congestion is experienced and huge working capital is locked up. Much delay is also caused. This may be rectified.

3. *Free time for loading and unloading*: Free time for loading and unloading of goods be increased from 6 hours to 24 hours in respect of wagons in private sidings at least. When wagons are received for loading or unloading on weekly holidays, much difficulty is experienced to get labour to load or unload wagons. The grant of weekly holidays is absolutely necessary

under the Shops and Establishments Act and time for loading or unloading may be extended.

4. *Delay in settlement of claims*: The Tamilnad Foodgrains Merchants' Association, has brought to the notice of the Chamber that there are cases of inordinate delay in the settlement of claims. This may be looked into and claims may be settled as expeditiously as possible.

5. *Minimising loss in consignments of sugar during transit*: Pilferage to goods in transit has often been brought to the notice of the Chamber by members. In the case of sugar particularly which is a rationed commodity, such loss is taken serious notice of by Government and merchants are penalised for no fault of theirs.

6. *Restoration of platform passes to established dealers*: Platform passes are essential to transact business. It is represented that this facility was withdrawn and the Tamilnad Foodgrains Merchants' Association has represented to the Chamber that owing to the cancellation of such facility, merchants are put to considerable difficulty. This facility may be restored wherever it has been withdrawn.

7. *Booking of shipment cargo*: It has been represented, that there was inordinate delay in handling cargo intended for shipment and goods could not reach at the port of shipment in time though it was booked sufficiently early. The party was put to serious loss, and railways disowned responsibility for such loss. In such cases where delay was due to the Railways the parties may be reimbursed the loss.

8. *Closing of bookings without notice*: It is represented that booking to certain sections close down suddenly without any advance information and then after a week or more it is opened for a day or two resulting in a great rush for bookings. When notice of booking is put up, there is invariably a great rush to despatch goods and instances are known when goods are not properly weighed or marked often resulting in wrong delivery at the destination.

9. *Non-supply of wagons for despatch of agricultural implements*: The Madras Auto Service Company have represented that though they registered their requirement for wagons

for despatch of agricultural pumps they were not supplied with wagons. Agricultural pump sets are urgently required to help the 'Grow More Food Campaign' and wagons have to be ensured for their despatch as expeditiously as possible.

10. *Booking of handloom goods to Patna*: The Chamber has been informed that though the Government of India had issued a Press Note stating that parcels of handloom cloth booked by passenger train will be charged only half parcel rate to help the growth of handloom industry, station authorities at Patna are reported to levy double the rate from the consignees. It would appear that the Station Master at Patna had informed the party that the half-rate charged are applicable only to bundles and not for bales. This is a very narrow interpretation of the generous concession allowed by the Government of India. While other stations accept handloom cloth at half parcel rate for bundles or bales, the station authorities at Patna are taking a different attitude. This anomaly may be removed as early as possible and the Chamber feels that this can best be done by your corresponding with other railways concerned.

11. *Goods booking*: It has been represented that the consignments used to be accepted for booking to all stations on the broad gauge section of South India Railway both at Egmore and Madras Beach Stations. This facility has been suddenly stopped, and goods intended for broad gauge stations are not accepted for booking which has resulted in great inconvenience.

It will help greatly if intimation of bookings to different stations is published in the daily newspapers prior to the date announced for booking. This will save many merchants from sending their employees to stations to enquire about availability of bookings.

Considerable difficulty is experienced by exporters of glassware goods to Ceylon due to the severe restrictions in the booking of goods to Ceylon. The off-take of 15 packages only for a week will not serve any useful purpose. Import of glassware into Ceylon is restricted and when licences are issued orders should be executed in time. Provided booking is allowed, there is considerable scope for improving our market in Ceylon.

On days when there is booking, facilities are given for booking only 6 maunds to a particular place. Usually, the usual bundles of brass or copper sheets weigh 5 cwt. which is more than 6 maunds. Manufacturers should have all the required sizes. Booking facilities for at least 2 tons a day to a particular place is required.

12. *Passenger facilities*: It has been brought to the notice of the Chamber that as against the provision for accommodation of eight gentlemen passengers and two lady passengers to stations beyond Tiruchirappalli for the first class in Indo-Ceylon Express before it has been reduced to two seats for gentlemen and two seats for ladies. This has resulted in great inconvenience to passengers proceeding to stations beyond Tiruchirappalli. Of course, there is sufficient accommodation in first-class upto Tiruchirappalli but passengers going to stations beyond Tiruchirappalli have, in such cases, to detrain at Tiruchirappalli which is very inconvenient. Sufficient accommodation therefore has to be made for through passengers proceeding to stations beyond Tiruchirappalli, by allotting at least six seats for gentlemen passengers and two seats for ladies.

The following is the proceedings of the meeting:—

The representatives of the Madras Chamber of Commerce were not present for the meeting and hence the subjects put forward by that Chamber were not discussed. The following subjects were then taken up for discussion:

1. *Goods booking to be confined at MSB and parcel booking at MS.*: There was a general discussion on the feasibility or otherwise of such an arrangement. The general feeling was that this would be a suitable arrangement but that an out-agency should be opened in the George Town area to deal with parcels traffic. It was however felt that the various interests concerned should be consulted before introducing such an arrangement. The Chief Traffic Manager stressed that the introduction of such an arrangement would involve a certain amount of alterations involving capital outlay at MSB. If the arrangement has to be given up subsequently this capital outlay would become infractuous.

2. *Booking facilities at SHI very unsatisfactory*: It was explained that most of the restrictions in regard to movement of goods were due to operational restrictions imposed from

time to time at the instance of foreign railways. In regard to other facilities required at this station for booking consignments it was explained to them that when the new Singanallur-Coimbatore North diversion is completed it was proposed to transfer passenger booking to a new Singanallur station on the diversion. It would then be possible to improve the goods booking facilities at the present station.

3. *Free time for loading and unloading*: The members were told that this is a matter affecting all railways in India and the present practice of allowing a free time of 6 hours of daylight for loading and unloading has been fixed by the Railway Board and this Railway cannot make any deviation in this respect. There has already been a lot of correspondence on the subject between the Federated Chambers and the Railway Board.

4. *Delay in settlement of claims*: Members complained that there was inordinate delay in the settlement of claims. The various steps taken to expedite settlement of claims were explained. It was pointed out there was actually no claim pending for more than three months.

5. *Minimising loss in consignment of sugar during transit*: Special steps taken in this railway to minimise loss, damage, etc., to consignments were explained.

6. *Restoration of platform passes to established dealers*: The members were informed that for doing business with the railway no platform pass is required, and the D.O.Ss. have been instructed to issue platform passes on payment to such persons who have business of their own on the platform at train times, the number of such annual passes, however, being kept down to a minimum.

7. *Booking of shipment cargo*: It was complained that due to excessive delay in the transit time of cargo intended for shipment abroad, merchants were put to considerable loss. As an instance the case of tobacco booked under Inv. No. 130 of 27th September 1949 ex TPMB to NGT was cited and when the party claimed Rs. 480 by way of damages and loss of profits due to the delay in transit, the Railway Administration refused the claim. The rules and liability of the railway in such cases were explained. The aggrieved party in the case cited above was himself present and he explained that this was not the first time that such a delay had occurred and that he was made to understand as a result of a similar delay on a previous occasion, that if he had stated in the F. Note itself that the consignment was for shipment, quick transit, would have been ensured. It was, agreed that this case would be further looked into to see who was actually responsible for this delay and suitable disciplinary action taken against staff at fault, if any. (This has ref.: to case Y 2899-49/5.)

8. *Closing of bookings without notice*: Such closure of bookings, it was explained, was as a result of restrictions imposed by foreign railways, or as an operational necessity on this railway. Whenever such restrictions are imposed they are duly notified through the notice boards at stations for the information of the public.

9. *Non-supply of wagons for despatch of agricultural implements*: Preferential supply of wagons for this traffic was requested as these implements were required for Grow More Food Campaign. The members were told that the railways now had no powers to move goods under a Priority System as was in vogue formerly, the present system being on the principle of "first come first served". The delay in the supply of wagons for the instance quoted was due to limited quota to Mathurai.

10. *Booking of handloom goods at Patna*: As this referred to difficulties complained against Patna, a station on the foreign railway, the matter could not be set right from here and the member concerned was asked to refer to the foreign railway concerned.

11. *Goods booking*: The difficulty in booking consignments in smalls were raised. It was explained that difficulties arose partly due to imposition of restrictions on the acceptance of goods, which were of a temporary phase, and partly due to the System of Nominated loading. The members then complained that even on Nominated Days free booking was not allowed, as there was a quota restriction, in respect of maundage allowed to each place. The D.O.S. was instructed to remove with immediate effect as a trial measure, all maundage restrictions, and submit his report.

12. *Passenger facilities*: Paucity of accommodation in first class in through express trains was brought to notice. It was

explained that of late the experience of the railways was that in most of the express trains first class accommodation was not well patronised due to air travel facilities. The present system of guaranteed reservation from intermediate station was explained to the members.

13. *A common rate for tiles from Mangalore and Feroke*: In order to compete in distant markets of tile from MAQ as compared with those from FK or OJA a uniform rate was requested. The members were told that the railway does not ordinarily equalise rates for any particular commodity from all places of production thus nullifying any geographical advantage any locality enjoys over others. The question whether any general reduction was necessary in the WL/C scales for tiles was investigated and it was found that there was no justification for it.

14. *Facilities at Mangalore*: The members were informed that the administration is aware of the difficulties at Mangalore, but that it was mainly a question of finance. MAQ is not the only station in need of improved facilities and improvements are being effected at stations one by one to the extent funds are available each year.

15. *Membership of Regional Committees*: It was explained that strictly speaking there was nothing like the membership of Regional Committees. These meetings are open to all interested parties. Generally speaking notice of such meetings is given to Chambers of Commerce, Trade Associations, Passenger Associations, etc. The press are not invited nor any press communique issued. But press representatives are not debarred from attending and reporting if they consider the items discussed to be of sufficient interest to their readers.

16. *Free time allowed for obtaining refund of deposit amount on season tickets*: It was suggested that the present time for claiming refund of deposit of season tickets, viz., 12 hours on the day following the date of expiry, was considered to be too small a margin and the old practice of allowing withdrawal of the deposit to the midnight of the day following the date of expiry should be allowed. The reason for enforcing the revised orders were explained, but it was, however, agreed to extend the time-limit by another couple of hours, i.e., upto 14 hours on the day following the date of expiry.

17. *Supply of meals in Vegetarian Refreshment Rooms*: One of the members complained that bonafide passengers were not able to obtain meals in VRRs in view of the present restrictions in the sale of meals. It was explained that a sale of meals was restricted to train times only due to the limited quantity of rice allotted to railway catering establishments by Civil Supply authorities and to obviate persons other than passengers, taking up the day's quota to the detriment of bona fide passengers. One member suggested that the production of railway ticket at the time of purchase of meal tickets should be insisted. There was general agreement about this course of action, but one member protested against what he felt would be a vexatious and irksome condition. It was agreed that the matter deserved consideration.

Such meetings were found to be very beneficial inasmuch as difficulties experienced by members were discussed in personal rather than by protracted correspondence. Other difficulties brought to the notice of the Chamber regarding booking of goods, etc., were promptly taken with the Railway authorities.

VISIT OF THE HON'BLE SHRI K. M. MUNSHI.

Understanding from press reports that the Hon'ble Mr. K. M. Munshi was visiting Madras the Chamber sent a telegram requesting the Hon'ble Minister to visit the Chamber during his visit. The Minister kindly agreed. A meeting of members was convened on the 7th July 1950 to meet the Hon'ble Minister. Rao Bahadur V. S. Subramaniam, President, in welcoming the Minister spoke as follows:—

"I consider it a great privilege to have this honour of welcoming you to-day to this premier Chamber of Commerce in this Province on the occasion of your first official visit to this State as Minister for Food and Agriculture of the Republic of India and it is indeed very kind of you, Sir, to give us some time in the midst of your crowded engagements in the City. You are no stranger to us. Your reputation as a legal luminary has been well-established over the length and breadth of the country. Your name as a devout follower of Mahatmaji and his teachings has been well-enshrined in the hearts of people.

The Republican Government has done well in appointing you as Minister in charge of food and agriculture at this critical juncture when the country is passing through a crisis in its food supply and production. With your vast and varied experience and your mature knowledge of the country and its people I am sure that during your term of office the country will be enabled to shake off the control measures which now damp enthusiasm for increased production. I feel confident that with your knowledge of men and matters you will formulate and carry out well-devised schemes to solve the food problem to a degree that will give satisfaction to the producer and consumer.

The most difficult task in India to-day as in other countries is the production and supply of food. People are already underfed and we cannot expect any further sacrifice on their part. India though predominently an agricultural country has to import large quantities of food to feed her millions from other countries. This is not advantageous to the country. If the money spent in buying foodstuffs is utilised abroad on goods and services it will help us to build up our industries and to make a general advance in trade and prosperity. Time will come when food will be very hard to buy. Ways and means have therefore to be devised to increase India's agricultural production to ensure adequate supplies of essential foodstuffs to her increasing population.

Government of India and States Governments are already taking concrete steps to attain self-sufficiency in this matter and they have ambitious schemes on hand to augument food supplies. But the progress has been slow. It is a matter of regret to note that the deficiency to the extent of 7 per cent in food supply could not be made up during the last ten years. An all-out effort is therefore necessary to make the country self-sufficient not only for the present population but also to provide for the growing needs in the country. While the Chamber do not want to minimise the importance of schemes of Government both major and minor to increase food supply or their "Grow More Food Campaign" we feel that other measures have also become necessary to tide over the present crisis.

All talks of collective farming re-distribution of lands, etc., will take away the incentive for increased production. Collective farming just at the present moment when the country is passing through a crisis is like changing horses in the midstream. Government on the other hand would do well to create the machinery

and environment that will enable the peasant to produce the crop required. The importance of the peasant who is the key-man under the present context of things has to be recognised. He must be given what he needs. What does he need is the question. He needs power and water. He also needs good seeds and cattle. Seed distribution has to be organised on a nation-wide scale. Erosion has to be stopped at all costs and the holdings of lands of small and scattered units must as far as possible be brought together.

The Chamber ventures to suggest that one of the methods of increasing the yield from lands is by growing tubers. It is estimated that while the average yield of rice per acre is half a ton that of fresh tubers is estimated at 4½ tons which when dried would yield 1½ tons. Australia has been making artificial grain called "Reycene" looking like wheat and this was used during war. Travancore State is understood to have planned to bring one lakh of acres under tapioca cultivation. If the large scale making of artificial grain is economically feasible the yield from the present lands can be greatly enhanced.

Another important source of food supply which has not been sufficiently exploited is fish, both marine and fresh water variety. The Nutrition Advisory Committee of the Indian Research Fund Association as recently as July 1949 recommended as follows:—

> 'The Committee feel that large amounts of nutritious food can be made available by paying immediate attention to conserve fish supplies. A major proportion of these are being lost on account of faulty methods which are capable of improvement even with the present equipment and facilities. If facilities for quick transport marketing and processing of fish are conceded high priority, the population of the coastal regions of India will be able to considerably augment their food supplies. Developmental plans for deep-sea fishing, refrigeration, adoption of modern processing methods, etc., can meanwhile be implemented.'

The Chamber would seriously suggest to Government to bestow their early attention to this important suggestion.

Yet another step to supplement the meagre rations now allowed by Government is the relaxation if not the abolition of controls on imports of pulses and grams. Import of pulses is now prohibited. They are usually imported from soft currency countries especially from Burma. At least restricted imports would go a long way in bridging the gulf. Similarly relaxation of controls over imports and movement of Bengal gram will help to tide over the crisis to a certain extent. Aden, Burma, etc., are usual sources of supply. The importance of semolina under present circumstances cannot be minimised. During the current licensing period only 20 per cent of previous imports are allowed to be imported. Having regard to its increasing use there should be a liberalisation in the import policy not only for the present but during the next periods also. In the case of barley, imports can better be encouraged by insisting bulk imports rather than in tins and containers.

The restrictions now imposed on the milling of rice is of doubtful advantage. It only reduces the quantity of bran available to cattle without a corresponding increase in the effective quantity of rice available to the people. The quality of rice supplied in ration shops contains an admixture of stones, mud particles, sand, etc. In the case of semolina they are worm-eaten and in certain cases are unfit for human consumption. Hence proper attention may be given to storage and warehousing.

The incidence of Sales Tax on transactions in food grains is falling heavily on consumers. On hotels and catering establishment the levy is very oppressive.

The Chamber is totally opposed to the Bill now before the Parliament to prohibit manufacture and import of hydrogenated vegetable oils. The expansion of the industry has been planned and sanctioned by Government. Large amounts of money have been invested in the industry. There is admittedly great shortage of milk and ghee in the country and the industry helps to meet the popular demand of people who cannot afford to buy ghee and there is no deleterious effect produced by vanaspati. Recent researches have proved the harmlessness of this product and in fact 'a bill of health' has been given to this product.

Agriculture the most widely practiced profession is the backbone of the Indian economic system and the economic pro-

sperity of India is inextricably bound up with the prosperity of Indian agriculture, but our average peasant is condemned to be born in debt, live in debt and die in debt. Hence the Government should do what all is possible not only to assist him in his work but also supply him with the requisite implements. Steps have to be taken to relieve the land of its pressure by the development of complimentary agricultural and rural industries. Any scheme for the proper development of agriculture in India has to tackle and solve the question of the increasing pressure on land, the low-yield per acre and the extremely low income of the farmer.

It is idle to expect the farmer to break up new lands for cultivation when the future is uncertain and imports might at any time break up agricultural price levels. The regular supplies to farmers at low prices of his essential requirements of improved seeds, fertilisers, agricultural implements to facilitate intensive cultivation might also be continued with advantage.

India now enjoys an enviable position in respect of manufacture and marketing of cotton piecegoods. Now is the time for her to establish new markets and stabilise her old ones. Of late cotton piecegoods have become a dollar-earning commodity for our country. But unfortunately we have not sufficient cotton to keep our mills going. We are therefore obliged to import substantial quantity of cotton from foreign countries. It is gratifying to note that the Central Government have ambitious plans to make this country self-sufficient in cotton by bringing more lands under cotton cultivation. If this is accomplished, we would not only become self-sufficient in cotton piecegoods but also will have sufficient quantity to export to other countries and earn more dollars which would in turn help us to speed up the industrialisation of the country within the shortest possible time.

I may also, Sir, say a few words regarding sugar industry in our country. The recent sugar 'muddle' has set us thinking more about this industry. India is almost self-sufficient in sugar. But, it may have to increase its production of sugar to meet the requirements of its growing population. Therefore an expansion of the industry has to be planned and carried out in the near future. To increase the output of sugarcane, we have to bring more land under sugarcane cultivation and also increase the yield per acre. The Chamber trusts that the Central Government would not loose sight of this question in the midst of the varied other problems pressing their attention.

Before I conclude, I thank you once again for the honour you have done us by visiting our Chamber this afternoon."

The proceedings of the meeting is given below:—

After thanking the Chamber for the welcome given to him Mr. Munshi said: "As you very well know, my knowledge of agriculture is limited to the culture part of it only (laughter) and I feel a better choice might have been made for looking after this portfolio. But I never quarrel with the task that comes before me, and I will contribute what I can towards its fulfilment. Since I became Minister advice has been pouring from all directions, and they are such valuable suggestions that even if I had no knowledge of agriculture, I would become an expert very soon. In this country, there is one presumption that every one knows more about a subject than the Minister and the expert. Every day people are asking me questions. Bhagawad Gita defines the qualities of a person who is willing to learn. He must be humble; he should know the art of putting questions; and he must do service by deeds. Most of us are of the intelligentia, one-third good learners and two-thirds bad ones. We are only expert at putting questions. Ever since the Tree Planting Week was organised people had been asking every kind of conceivable questions —Why should there be tree planting? Why should it be done in July? What about protection of trees? There is a kind of defeatism which makes some persons think that though tree planting was good, it would not be successful. On the contrary, the people are wonderful. They ask no questions. They feel the joy of doing deeds and they plant trees instead of asking questions."

Replying to the suggestions made by the President regarding increased production, Mr. Munshi said they must realise that the present lack of equilibrium between the supply and production position of food was the result of certain tremendous forces which had been working for the last few years. The world war, the partition of the country, the inflation which came as a result of the war, the separation of Burma, their rice granery, and the high cost of living were some of the causes which brought about this result. The old system had undergone a vast change and the change had been so swift that they had not been able to cope

with it. There was real maladjustment, and it must take time before they could readjust themselves to the demands of the new life. This was a material point which they should bear in mind

INTENSIVE CULTIVATION.

Referring to the question of intensive cultivation, Mr. Munshi said that it required to be examined in detail. In the British regime, the rulers were interested in building towns at the cost of the villages. They were interested in taking away raw materials and in creating a middle class of businessmen. During the war this shifting of interest from the villages to cities was accentuated and the process of urbanisation became faster than ever before.

"India", Mr. Munshi said, "is largely an agricultural ocuntry. Agricultural industry is our very life-breath and unless we reverse the process and go back to ruralisation of our economy and place greater emphasis on villages, we can never hope to solve the numerous problems with which we are faced. We should try to see that there was a large influx of young and intelligent men from the cities to the villages. For that purpose we must evolve a new scheme and it must be on two lines. First, the farmer, however small he might be, must be invested with a status and with means whereby he can live a dignified, decent and comfortable life, and his status must be as high as that of a lawyer, or a businessman or a Minister. Unless we are able to get such a class of farmers, it will not yield good results. Secondly, wherever we find large untenanted areas, they must be brought under a scheme of scientific farming and the farmers must be given all facilities. In this connection, we are doing our best to ensure as rapid a progress as possible. I have been studying and devising schemes for intensive cultivation. I may say that I may be able to give a substantial programme about this to-morrow."

Referring to the use of subsidiary food, Mr. Munshi said that self-sufficiency in food would never be achieved if people relied only on eating rice, wheat and millets. "I am anxious", he said, "as every one of you to do away with food controls. They are harassing and demoralising. But before we remove food control we must have food, and unless you help in producing proper conditions there is no question of removing the controls. Let the country prepare for December 31, 1951, when we can see the end of these tyrannous controls. But that is possible only if you help. Do not depend upon the Minister. So far as my study goes, there is no hope or possibility of decontrol if we do not change our outlook on wild animals and food habits. For instance, on an estimate there are five crores of monkeys and wild animals, and five crores of men over fifty years of age. You must make up your mind to do without the one or the other. There is not enough food for both in this country. Our sentimental attitude towards several questions is something shocking. I found that Mathura was infested with monkeys and I asked the people to drive them away to the jungles, but they would not. We are an extremely funny people, who will not change our outlook on something, even when we know it to be dangerous. Before December 1951 our food habits must be changed. We cannot be self-sufficient without such a change. We must observe our religious injunctions but within the injunction there should be no squeamishness. Those who eat fish and meat should substitute vegetables or cereals; those who eat bacon, fish and eggs must concentrate on intensively developing those food resources. The Government of India and the Bengal Government are doing their best to increase our fish supply. As regards Madras, I will be able to assure you to-morrow that Madras will be doing its best in this direction and the Government of India are sure to assist it in the best way it can.

SUBSIDIARY FOOD.

"The vegetarians have the key of decontrol in their hands because they consume the largest amount of cereals. I do not quarrel with the vegetarians. I am myself a vegetarian and do not propose to change. The vegetarians must be vegetarians; we must give up the psychological resistance. I found one curious thing in Madras. When millet is given with rice, a man would rather starve himself, by taking only the rice portion and not the other. It is purely a psychological phenomenon. The same thing is found in other States also. Sweet potatoes were grown in Bombay and they were offered at cheap prices and because the Government was offering it for sale, the people did not want to take it. We must give up our psychological resistance and replace cereals by vegetables, fruits and tubers. I am told they are very costly. It is not true. The Bombay Government recently grew them in abundance. They were cheap; the tubers flooded the markets but people would have none of them. If the Government asks the people to take to sweet potatoes they simply decline to do so. The reason is simple. Freedom from foreign bread has no appeal for us. We would rather be slaves than free in this respect. I consider every rupee we pay to a foreign country for the food we get, we are paying a tribute to the foreign country. In a world of peace, we can import and export but if an emergency arises, we cannot get food from abroad. Our whole outlook on import of foodstuffs requires to be revised. It is slavery of the worst order that we in our country cannot have sufficient food for ourselves, if an emergency arises.

"I am told that 80 to 90 per cent of the people in Madras eat fish, and I do not know why they should worry about rice. We must grow vegetables and tubers in the vicinity of big cities whose food problem creates scarcity of food. If we want decontrol, three things must be done. The meat-eaters must reduce their cereal consumption. Hotels and catering houses must have a 'Vegetable Day' and should be content with six days' cereal rations. There should be one 'Vegetable Day' in a week in all homes. This cannot be done by law. It can only be done by mobilising public opinion. Do not forget that in our old days, almost every woman had her Ekadasi when either she went without food or ate only vegetables and fruits. So did a majority of men. Of course we now think it is not fashionable to observe Ekadasi."

One from the audience: We are having Ekadasi every day with seven ounces of rice.

Mr. Munshi: I am not quite sure about it. You don't look it. (Laughter.)

Mr. Munshi said that it was a question of changing a habit. During the war, England learnt a lesson. Englishmen realised that their food production was very meagre. Then they began to grow vegetables. Their austerity measures were wonderful. They continue them even now. Mr. Munshi said it would not be very difficult for the people in India to grow vegetables in their homes, sufficient for a day in a week. He said he did not place much hope on men doing this. If the women took interest in this matter, he was sure the food habits would be changed much earlier.

With regard to pulses and grams, Mr. Munshi said that in the case of grams there was considerable difficulty. On the question of light milling of rice, he said he did not consider that much was being taken away. He did not know what was being done by millers. But he would say that the rice they gave was not unhealthy. It was a question of taste, and depended on the food habit. He hoped that the millers would apply their mind to give the right food. They were all businessmen and he would leave it to the businessmen to do the necessary things.

As regards cotton and sugar, Mr. Munshi said that Government were doing their best. They must realise that the rise in prices of any commodity in this country was closely linked with the cost of living and any increase would upset the balance which they had now restored. If they allowed the cost of living to shoot up, it would be followed by disaster. As regards sugar, Mr. Munshi said there had been a muddle and that was now being examined. It was not very difficult to set right the sugar position. Production was not so bad, but unless the whole situation improved it would be very difficult to consider the question of removing controls. As regards cotton, the Government had done their best.

In conclusion, Mr. Munshi said he had every hope that they would be able to get out of the difficulties very soon and appealed to every one to help the Government without grumbling and without any sense of frustration to tide over the crisis which is before them."

Mr. M. A. Chidambaram Chettiar, Vice-President of the Chamber proposed a vote of thanks.

VISIT OF THE CHIEF COMMISSIONER OF RAILWAYS.

As usual the Chamber was intimated of the visit to Madras of the Chief Commissioner of Railways and the Chamber ascertaining the difficulties of members discussed them with the Chief Commissioner of Railways when he visited the Chamber on the 24th August 1950. Rao Bahadur V. S. Subramaniam, President, in welcoming Mr. Bhakhale to the Chamber made the following speech:—

"It is indeed my privilege to welcome you, Sir, to this Chamber on the occasion of your monsoon tour. Railways in

India is the biggest asset and cover nearly 34,000 miles and have a capital outlay of Rs. 775 crores. An efficient system of transport is absolutely essential for the orderly progress of the nation and I am glad to mention here that in spite of the many handicaps that the Railways in common with other undertakings have to face they are aiming to give to this country of distances a cheap and efficient form of transport. I realise that labour is giving constant headache to the administration but it is well to realise early that while it is necessary to give labour what is their due share, no undertaking of this nature can follow a fleeting shadow at the expense of the tax-payer.

The Railways, may I say, can now be said to have turned the corner and it is time that they divert their attention to providing more amenities to the travelling public especially to the third-class passengers and to the other users of railways. They have no doubt ambitious schemes on hand to make travel more comfortable but such amenities should not be unduly delayed. Wagon supply is far from satisfactory and almost every day the Chamber receives complaints about the non-supply of wagons for movement of essential goods or of their non-arrival in time. Railways have of course the stupendous difficulty of moving food-grains but it should be noted that movement of other goods is equally important to prevent dislocation in the work of the factory and to ensure steady supply of goods in consuming centres.

I am happy to note that some of the suggestions previously communicated to you for discussion such as amalgamation of the S.I. Railway and M. & S.M. Railways, provision of four classes of accommodation, introduction of inter-class accommodation in the S.I.Ry. have either been acceded or are engaging the attention of the Railways and I have therefore deleted those subjects from the memorandum set out for discussion. Regrouping of S.I.Ry. and M. & S.M. Ry. into one administrative unit will help economise expenditure on administration and bring about greater cohesion.

The problem of ticketless travel is no doubt assuming a menacing proportion. It should continue to be the constant endeavour of the Railway to completely eradicate this pernicious and anti-social element and give fare-paying passengers their due rights.

I may on behalf of the mercantile community assure you of the wholehearted co-operation of the mercantile community in all the attempts of Government to make the Railways more efficient and less costly to serve the growing needs of Independent India,

The following memorandum was then discussed:—

(1) *Packing conditions of goods*:—While the Chamber feels that uniformity of packing conditions should be ensured over all the railways and certain conditions should be prescribed for general guidance, it is not in the public interest to prescribe too stringent conditions for packing of goods tendered to the railways for transport. The force of competition from road transport and from water transport has to be taken into account. It is also to be mentioned here that in some cases at least packing conditions for shipment goods is not so very stringent as those prescribed for railways. There cannot be two sets of packing conditions, one for inland transport and another for shipment cargo. Cost of packing materials has also to be taken into consideration. Care should also be taken to see that movement of goods to consuming centres is not retarded by prescribing too stringent conditions and making goods too costly. Very large number of commodities which were under no special packing conditions before have been brought under one or other of the 27 conditions now prescribed. The cumulative effect of all these conditions is to make the goods costlier to the consuming public.

(2) *Railway travel and adoption of safety measures*:—The history of accidents in Indian Railways especially after the attainment of independence provides dismal reading. Safety of passengers travelling by rail has to be ensured at all costs. Complacency at the present situation would be suicidal. Even more determinedly than before, security measures, better maintenance, and staff efficiency must be aimed at in preventing such tragedies. A thorough investigation into the system of administration in addition to enquiry into specific causes of a particular disaster is urgently required. If sabotage is so widespread as the Railway authorities would have us to believe the efforts of the administration should be directed to maintain supervision over the track and catch the saboteers at their foul game. The railways constitute a major important feature of India's economy and therefore it beholds the managment to administer it in proper

manner so that this national asset may steadily grow and develop both quantitatively and qualitatively and contribute to the prosperity and progress of the country. No doubt Government and the Railway administrations are determined to make railway travel as safe as possible but having regard to the prevailing conditions and the systematic accidents that are occurring, the Chamber feels that some precautionary methods like limiting of speeds, patrolling of the railway lines, putting dummy vehicles behind the engines and running a pilot engine in advance of important passenger trains will serve to minimise such accidents. The Chamber feels that accidents occurring are due to prevalence of indiscipline and a sense of complacency among the services.

(3) *Constitution of the Local Advisory Committees*:—Under the revised constitution of the Railway Local Advisory Committees representations so far enjoyed by trade and industry have been whittled down. In a body consisting of 11 members, only three seats have been reserved for the representation of trade and commerce. This is too inadequate having regard to the vast interests that they have to represent. For the S.I.Ry. Advisory Committee this Chamber used to have two representatives, one to represent this Chamber and another to represent the mofussil Chambers of Commerce affiliated to this body but now it has been reduced to one. This is the most inopportune time to reduce representation enjoyed by commercial bodies on such Advisory Committees, particularly when representation of commercial bodies on the Legislatures have been taken away.

(4) *Formation of Advisory Committees at important goods stations*:—" Keep wagons moving " is the motto of the Railways but it is a cry in the wilderness. The allotment of wagons are not made promptly and there is widespread discontent all round especially at important stations. If Advisory Committees are formed at such important stations or junctions consisting of representatives of important trades and businesses in the locality they may be in the best position to advise the needs of the trade for wagons. The Committee may consist of officials also and they can meet weekly and they will be in the best position to assess the requirements for wagons and to know the difficulties of the trade.

(5) *Declaration of goods under Section* 106 *and miscellaneous consignments*:—Railways have recently issued a circular

that penalty for misdeclaration of goods will be enhanced from Rs. 10 to Rs. 50. There are certain difficulties with regard to declaration as in the case of mixed consignments. Dealers have often to send different varieties of goods in the same package and it is not possible to mention the names of all commodities in the forwarding note. It has therefore become necessary to have a common classification for sundry goods of mixed nature. Otherwise it is quite possible that many merchants will be proceeded against for misdeclaration.

(6) *New railway connections—(a) Iringur-Coimbatore*:—This Chamber has been informed that the South Indian Railway administration have surveyed the above line and have made its recommendations to Government. The Chamber feels that this connection is an important one and will be glad to know how the position stands.

(*b*) *Coimbatore-Satyamangalam-Chamarajanagar*:—The mercantile community have been for a long time pressing the railways for this important connection. This has been engaging the attention of the railways also in the past. But it does not appear that Government have taken a decision in the matter. This is an important connection and will short circuit important commercial centres. We would request you to take up this matter soon.

(7) *Electrification of M. & S.M. and S.I.Ry.*:—Electrification of the suburban section of the M. & S.M. Railway will go a long way in effecting quick movement of passengers and parcels and in relieving congestion in the City to a great extent. Similarly extension of electrification to stations upto Chingleput on the S.I.Ry. section will help considerably passengers located on those areas and who have to come to the City daily in pursuit of their occupation.

(8) *Booking difficulties—(a) Non-availability of booking even after notification*:—It is very difficult to get booking facilities as and when required. But what is more disappointing is that even after the notification of booking for particular stations on a particular day to be told that bookings have been stopped. Apart from the loss and inconvenience caused to merchants owing to such refusal, contracts have often been cancelled. This Chamber would suggest that notifications as to the availability of booking

should be drawn on the previous day and railways should accept booking of goods on those days without fail.

(*b*) *Booking to Gauhati*:—Exporters of goods to Assam have reported that there have been no booking to Gauhati for a considerable length of time. Even from Calcutta booking to those places are not available. This hampers the flow of goods. Assam is an important market and if facilities are given for direct booking there will be considerable volume of traffic to those places. Handloom goods, beedies, etc., are moving in large quantities to those markets.

(*c*) *Change of names*:—Since the attainment of independence names of certain stations especially in the South Indian Railway have been changed. This changed names are not found in the alphabetical list of stations and consequently foreign railways are not in a position to find out the changed names and therefore merchants are put to a great inconvenience in booking of commodities in time.

(*d*) *Issue of clear railway receipts*:—It has been brought to the notice of the Chamber that though wagons were loaded at Salt Cottaurs in the presence of the railway staff, the railways refuse to issue clear receipts and that receipts were all endorsed as usual (said to contain and loaded by the owner). In the case of S.I.Ry. they have informed merchants that if wagons were loaded in the goods shed and under the supervision of the goods-shed staff, clear receipts will be issued. But in the case of M. & S.M. Ry. such clear receipts are not issued. This may be looked into.

(*e*) *Supply of wagons*:—Very many complaints are received in the Chamber regarding non-supply of wagons for considerable lengths of time resulting in great inconvenience to merchants. Factories are burdened with stock and their work is hampered threatening retrenchment of staff. Contractual obligations cannot be fulfilled and business is affected. It is no doubt true that wagons are more or less commandeered for transport of foodstuff but the demands from the mercantile public have also to be met with. The Chamber also feels that the cancellation of special rates quoted to ports is also responsible for the shortage of wagons. When such special rates were in operation goods used to be booked to ports from where it was transported to the interior by rail, lorry or carts. The turn round of wagons was also quick and the authorities could easily locate the wagons. But with the cancellation of special rates wagons are despatched to all stations offering even low tonnage and they are delayed at these stations due to a variety of causes and the authorities are not in a position to locate the wagons easily. Madras Province has large number of ports covering very many interior stations within 150 miles. If special rates to ports are reintroduced, the Chamber feels that the wagon position will greatly improve.

(9) *Facilities—(a) Paymnt of rate by cheque*:—There have been lootings by goondas in open day light. Cartmen refuse to take large amounts of money to pay railway freight so that merchants are forced to depute responsible people to pay the freight and clear the consignment. The Chamber suggests that arrangements may be made to accept cheques by railways instead of cash. If necessary such of those merchants who have large dealings may be asked to make deposits carrying interest with the railways.

(b) *Concessional railway freight*:—With a view to keep the cost of aluminium utensils as low as possible aluminium circles which are used for the manufacture of utensils are quoted concessional rates from Calcutta to Madras. It will help the industry very much, if similar concessional freights are quoted from Madras to Calcutta, Madras to Bombay and Calcutta to Bombay.

(c) *Restoration of old minimum wagon load*:—Recently the minimum wagon load was raised from 80 mds. to 160 mds. and it has caused great hardship to the match industry. For one thing customers cannot afford to pay huge sum of Rs. 20,000 which is the cost of 160 mds. in a single transaction and because it is not insurable, the maximum amount being limited to Rs. 15,000. Moreover over-loading of wagons with such dangerous materials is likely to cause accidents also.

Aluminium utensils consists mostly of hollow type articles and the fixation of 240 mds. as the minimum load should not be made applicable to it. A lower minimum of 120 mds. may be allowed in this case.

(d) *Speedy settlement of claims*:—The Chamber suggests that consignments despatched per goods train should be delivered

within a month after the despatch and that despatched by passenger train within 15 days. If goods are not delivered accordingly claims may be allowed to be filed and it should be settled within the course of at least two months. It is the experience of merchants that often six to eight months' time is taken for settlement of claims. In no case claims should be allowed to be with the railways for more than two months.

(e) *Settlement of claims at the destination point*:—Claims arising in cases of through consignments passing through different railways should be settled by the destination railway. Consignees are driven from one railway to other for settlement of their claims resulting in inconvenience and loss to merchants. The Chamber has been informed that a wagon booked on 13th August 1948 from Dacca to Madras reached Salt Cottaurs in April 1949 and the goods were in a damaged condition. Claims were filed with the Eastern Bengal Railway and with the M. & S.M. Ry. But each railway was trying to absolve itself of its responsibility. There should be a definite undertaking that in such cases claims should be settled at the destination point.

(f) *Priority movement of shipment goods*:—Often times it happens that goods booked from producing centres and intended for shipment are not delivered in time to catch the sailing of vessel and exporters are put to inconvenience. Letters of credits opened in respect of these consignments cannot be extended indefinitely. Railways should give preference to goods intended for shipment. Government of India is already committed to expand their export trade and railways should play its part in the export drive. It has also been brought to the notice of the Chamber that goods booked subsequently from the same station reach the destinaton earlier than goods despatched previously.

(g) *Issue of cheap week-end tickets*:—This concession used to be of considerable benefit especially to the mercantile community. It has been withdrawn and has not been restored yet. No doubt railways have recently introduced the concession ticket system but it is not sufficiently advantageous. Since the position of railways has improved considerably and the railways have turned the corner the issue of week-end tickets at least between important stations may be revived without further delay. This will encourage travel and improve business activity.

(*h*) *Transit between Madras and Waltair:*—There is considerable inconvenience to the travelling public especially between Waltaira nd Madras on account of the huge pilgrim traffic that go to Tirupati almost every day. A weekly special from Waltair to Gudur for the use of pilgrims will considerably relieve congestion. In the movement of goods also there is an unusual delay for transport between Waltair and Madras section. This may also be looked into.

The platform at Gudur is very low and it requires to be raised.

(10) *High freight and movement of ores:*—Now that the railways have been nationalised, it should be possible for them to encourage exports of ores especially of low percentage by quoting lower rates. Then alone such ores can compete in the international markets. Though there is a considerable demand for ores from India in foreign countries the incidence of high railway freight is standing in the way of export trade. Railways should consider this question and grant concessional rate for the transport of ores.

(11) *Movement of manure mixture:*—The M. & S.M. Ry. have agreed to reinstate manure mixture under "chemical manures—divisions." The S.I.Ry. have not recognised any minimum weight conditions for it as for chemical manures resulting in manure mixture being charged on the carrying capacity of wagons. In this respect the S.I.Ry. has not fallen in line with the M. & S.M. Ry. These manure mixtures help 'Grow More Food campaign' and the S.I.Ry. may be advised to charge manure mixture as for "chemical manures" and thus help its freer movement.

The proceedings of the meeting are given below:—

'Mr. Bakhle replied to the various points raised in a memorandum submitted to him by the Chamber. In regard to the suggestion that the rules governing packings should be made less stringent, Mr. Bakhle said the present conditions were less stringent than at any time. 'Nominated loading' in the M. & S.M. Railway (Broad guage) had not been completely done away with ; it had merely to be suspended owing to some dislocation caused by the shortage of wagons.

With regard to the Chamber's suggestion that running pilot engines and attaching dummy vehicles would minimise accidents, Mr. Bakhle said that the number of major accidents that had recently occurred was four or five. The Government Inspector of Railways who had enquired into the causes of the accidents, had given a finding that they were all due to sabotage. There was only one accident which was not due to sabotage. Apart from this single instance, safety on the Indian Railway could not be said to be bad. Definite steps had been taken towards preventing sabotage. As against the four or five cases where the saboteurs had succeeded, there were cases where their efforts had been foiled by the vigilance of the staff. The Railway authorities were obtaining the assistance of the State Governments in full measure. They were introducing certain physical features in the rail joints which would make the removal of the fish plates very difficult, if not impossible. However, he added, it would take some time to effect that improvement in the 34,000 miles of rail-route in the country. There might be other minor accidents which might be attributable to careless working. The Department was taking severe measures to ensure that the safety rules were very carefully followed.

Proceeding, Mr. Bakhle said that various suggestions had been received by the Department to prevent such accidents and they were all being carefully considered. But it was not always possible to put a light engine to pilot every train or to atach dummy carriages. They had not sufficient locomotives for that purpose. Further, it was not as if in cases of accidents only the first few carriages would suffer.

It was represented by the Chamber that under the revised constitution of the Railway Local Advisory Committee, representation so far enjoyed by trade and industry had been whittled down and it was urged that trade and industry should get greater representation on the Committee.

Mr. Bakhle said that the Central Advisory Board had left the question to the Railway Board and the Ministry of Railways to allow any relaxation in the rule that they deemed necessary.

Regarding the Coimbatore-Satyamangalam-Chamrajnagar Railway link, Mr. Bakhle said that a detailed survey report from the South Indian Railway was expected, after which the project would be placed before the Central Board of Transport for consideration.

Electrification of suburban railways:—The Chamber submitted that electrification of the suburban section of the M. & S.M. Railway would go a long way in effecting quick movement of passengers and parcels and in relieving congestion in the City to a great extent. Similarly, extension of electrification to stations up to Chingleput on the S.I. Railway section would help considerably people living in those areas who would have to come to the City daily on business, etc.

Mr.Bakhle said in reply to this representation that there were no proposals for electrification in any part of the M. & S.M Railway. He added: 'There are certain proposals for extension of electrification on the S.I. Railway. But no decision has yet been reached. The project is under examination. It is a question of finance.'

In regard to the question of booking difficulties, Mr. Bakhle said that there was a shortage of wagons, especially on the metre gauge, because they had been compelled to transport some metre gauge wagons in the South to railways in the North. The difficulty arose because of the denial of traffic facilities in Eastern Pakistan. They were taking steps to increase the number of wagons. Orders were about to be placed for purchase of new wagons and provision had been made for this in the Budget. Regarding delay in bookings to Gauhati, Mr. Bakhle said that goods had to be carried to Gauhati by the Assam Railway. The capacity of that line was limited. Added to that, the line was recently breached and booking by steamer had also to be suspended. Booking by steamer had now been revived, and the breaches on the railway line had been restored. Mr. Bakhle added that the Railway Department had to meet essential traffic needs. They had to give priority to coal, foodgrains and other essential commodities. 'I think', he said, 'you have to bear with us a little more. We are carrying a considerable amount of traffic.'

The Chamber pointed out that there was considerable inconvenience to the travelling public, especially between Waltair and Madras, on account of the huge pilgrim traffic and suggested that a special train should run weekly from Waltair to Gudur.

Mr. Bakhle said that this line was already working to capacity, so that the Railway Department itself was taking steps to increase the capacity of the line. It would take some time before they were able to make any appreciable progress.

Regarding overcrowding in certain classes in trains, Mr. Bakhle said that the position was being watched from time to time and suitable proportion of various classes was put. They were spending a very large proportion of capital works programme to providing operational improvements."

VISIT OF IMPORT CONTROL ENQUIRY COMMITTEE.

Government of India constituted an Import Control Enquiry Committee and the Committee visited Madras in August last. The Chamber invited the Committee to the Chamber and Mr. G. L. Mehta, President and Mr. D. L. Mazumdar, member of the Import Enquiry Committee visited the Chamber on the 31st August 1950. A preliminary meeting of members was convened to draw up a memorandum and the following memorandum was discussed:—

I. *Import Advisory Committees at the ports*:—Now that there is no early prospect of the import controls being abolished, this Chamber suggests the constitution of Import Advisory Committees at important Ports on the lines of the Port Committee now functioning for export. The Chamber is aware that there is already an All-India Import Advisory Council. But the Chamber feels that one single body, however representative it might be is not sufficient to ventilate the difficulties of importers all over India and obtain satisfactory redress.

The Port Import Advisory Committee may be constituted with the Import Trade Controller as the Chairman and representatives of important Chambers of Commerce in that area, members of the All-India Import Advisory Council from the area served by the port serving on the Committee and other important trade interests. Special difficulties experienced by importers served by the respective ports and their peculiar handicaps could be discussed at the meeting of this Port Import Advisory Committee and brought to the notice of the Government for such speedy remedy as might be necessary and consistent.

II. *Need for a stable import policy*:—In any system of import control, the need for a stable policy with as little variations as possible cannot be over emphasised. Such a policy will have a stabilising influence in the market and will curb the tendency for speculative activities which often bring about increase in prices and a consequent increase in the cost of living. Owing to frequent changes in the import policy either there is a shortage of goods in the market resulting in increase in prices or "loaded orders" are placed with manufacturers or shippers in foreign countries who dictate their prices. The result is that consumers are worse off and importers are accused of inflating prices. This could be avoided by following a stable policy with regard to import of commodities essential to the common consumer. The present policy of allowing imports of certain commodities in one half year and prohibiting their import in the next half year and vice-versa has been responsible for creating chaotic conditions in the market. This Chamber urges that there should be one well conceived policy and that should not be changed without sufficient reasons.

III. *Import licensing and protection to indigenous industry*:—The Chamber feels that "import licences" should not be used as a lever for the protection of indigenous industries. The Chamber however is not in any way against due encouragement of the local industry. When the local industry has made out a case for protection, by all means let it be protected by tariff or subsidy.

IV. *Changes in classification*:—Interpretations by Customs authorities as to whether particular items come under one classification or other, vary from time to time and from port to port leading to great confusion and unjust levy of penalty. In order to obviate such injustices, the Chamber suggests that the Indian Customs Tariff Guide should be periodically brought up-to-date and made easily available to the public; every variation in the interpretation should be widely published and also be communicated to the various Chambers of Commerce from time to time before giving effect thereto. No penalty should be levied on imports made on the basis of current interpretations which at a later date is altered by the Customs for reasons best known to themselves.

V. *Validity of licences*:—The validity of licences issued

to importers is limited to a period of six months and the Chamber submits that it is insufficient. O.G.L. licences sometimes are for shorter durations. While in the case of regular licences there is some relaxation with regard to certain commodities, the validity is generally limited to six months period. This is too short a period and importers in their anxiety to get the goods within the validity period have to pay higher prices to the foreign shippers which are reflected in the prices prevalent in the local markets. They have not got the time necessary to get quotations from different markets and to look after other formalities incidental to the trade. There is rush for goods from the several licence holders and shippers dictate their prices which often varies from importer to importer in one and the same import centre. The Chamber is emphatically of opinion that if the validity of the Open General Licences is extended to at least one year, importers have greater latitude and time to buy in a competitive market and to sell at economic prices.

VI. *Interchangeability of licences*:—Licences issued for import from Trade Agreement countries occasionally become difficult to work for some reason or other. This Chamber suggests that in such cases the licences should be revalidated freely for import from other countries in the same currency area on proper representation.

VII. *Basis for allocation of monetary ceilings*:—The Chamber is not aware on what basis monetary ceilings are allocated between the various classes of importers such as 'actual users', 'established importers' and 'New Comers'. It is suggested that Chambers of Commerce may be advised of the broad principles governing this allocation and their views invited. However this Chamber wish to point out the anomaly of any 'new comer' being granted licences for larger amounts than the least of the established importers.

VIII. *Licences under Part I of Import Trade Control Schedule*:—According to the present Import Trade Control Schedule, licences for items under Part I of the schedule, excepting those transferred to Deputy Chief Controller of Imports, Calcutta are issued by the Iron and Steel Controller under instructions from the Industries and Supplies Department. Licences are issued valid only for January-June or for July-December of each year. A licence issued in May expires in June with only two months for the import of goods. There is no reason why these items alone should be treated separately. The Ministry of Commerce are primarily concerned with the foreign trade of the country and the Chamber sees no reasons why there should be a departure in respect of these items alone. The functioning of two separate independent authorities in the realm of foreign trade is creating confusion. For purposes of greater co-ordination and cohesion, the Chamber would suggest that this section might also be brought under the administrative control of the Ministry of Commerce and licences issued under this category might conveniently be made valid for a period of one year if not more from the date of issue.

IX. *Delay in the issue of licence*:—The delay in the issue of licence has become almost a chronic one and importers are put to unnecessary trouble, loss and inconvenience. Even repeated telegrams, not to speak of letters, and registered letters, remain unanswered and applicants have often to make pilgrimages to Delhi and Calcutta to know the fate of their applications. Precious time and money are wasted. Import Control department in the meanwhile is expanded and importers have to pay an exhorbitant fee. Applications sent by registered post are not traced and copies have often to be submitted. This is a sorry state of affairs and there should be a radical change for the better. All applications should be acknowledged and they should not be rejected on flimsy ground or on technical mistakes and in case additional information is required it should be called for. All licences should be issued at least within a specified period say one month from the date of the receipt of applications and in the case of refusal, reasons for such refusal should be clearly set out.

X. *Issue of licences to established importers at the ports*:—When the general basis for the issue of licences to established importers has been laid down, it should be possible for importers to obtain their licences on production of the necessary records at the Port Controller having jurisdiction. This Chamber suggests that the issue of such licences may profitably be entrusted to the respective Port Controllers.

Most of the recommendations made by the Chamber have been accepted by the Import Control Enquiry Committee and recommendations have been published by Government. Most of the recommendations have been implemented by Government in their new import policy.

VISIT OF HON'BLE MR. M. THIRUMALA RAO.

Understanding from newspapers that the Hon'ble Mr. M. Thirumala Rao, Deputy Minister for Food and Agriculture, Government of India was coming to Madras the Chamber contacted him by telegram and requested him to attend a meeting of the members. The Hon'ble Minister agreed to visit the Chamber and accordingly a meeting of members was convened in the Chamber on 26th September 1950.

Rao Bahadur V. S. Subramaniam, President of the Chamber in welcoming Hon'ble Mr. Thirumala Rao to the Chamber spoke as follows:—

"We are indeed proud to-day to welcome you here not only as the Deputy Minister holding the important portfolio of Food and Agriculture of the Government of India but also as a distinguished citizen of this State. Your appointment at this juncture, when the country in general and this Province in particular is passing through an unprecedented period of food scarcity, is welcomed on all sides and we have every reason to believe, that with your wide experience as the Chairman of the Foodgrains Procurement Committee and your intimate knowledge of the requirements of the people especially of this Province, you will be in the best position to appreciate the hardships caused to them due to scarcity conditions previaling all over the Province for rice and to allot sufficient quantities of this essential foodgrains to this State to tide over the present crisis. We are sure that through your untiring efforts, the country may not have the painful necessity of going through similar ordeals in the years to come and that Government of India and the Local Government will take adequate steps in advance to prevent such a crisis resulting in malnutrition and under-feeding.

2. We are aware that the Government of India and the State Governments have ambitious plans to make the country self-sufficient in the matter of food supplies by the end of 1951. Laudable though such schemes are, we as practical businessmen have to face realities. The demand for essential foodgrains required for daily consumption cannot be put off by enunciating the policy of self-sufficiency by 1951. With the growth in population and increase in the standard of living, the demand for foodgrains especially for rice has been increasing steadily. On the other hand this Province has witnessed a decrease in the area

under rice cultivation by about 7 lakhs of acres in spite of huge sums of money spent on 'Grow More Food' campaigns. The Chamber is convinced, that so long as it is not possible to restrict the increase in area under cultivation of other commercial crops like groundnuts, sugarcane, tobacco, plantains, etc., and so long as the price of paddy is fixed at this level which compares unfavourably with other cash crops, the area under rice cultivation will not improve and the present unsatisfactory state will continue. A revision of price of paddy corresponding to, the rate of increase of prices or other commodities and a more generous understanding of the requirements of the ryots in the matter of allowances for cultivation and his other requirements are urgently called for, with a view to give him further inducement for the cultivation of rice crops.

3. Till such time, as the country is in a position to grow enough food to ensure the minimum requirements of 16 ozs., of foodgrains, the necessity for import of foodgrains should be recognised and that steps should be taken in time to assure this minimum quantity to each and every citizen. Rise in the standard of living, increase in industrial output, the creation of welfare state. self-sufficiency in food supplies, etc., are incombatable under present condition of under-feeding and mal-nutrition everywhere. The Chamber is glad that Government of India are not slow in appreciating the hardships of people and have deputed topranking officials to America to explore the possibilities of importing wheat from that country for our 1951 requirements. I should. however, like to mention in this connection that the South Indian has a partiality for rice and they require rice and rice alone. It is cheap and does not require ghee or oil as in the case of wheat.

4. There are sufficient quantities of rice even now available in adjacent Burma and provided a right approach to that Government is made, the Chamber feels that quantities sufficient to meet requirements of South India could be purchased by Government even before the harvest begins there. In this connection, I would mention to you of a leading article published in 'The Nation' Rangoon and contributed by U Chit Hlaing, a former Speaker of the Burmese Legislature. It would appear that 2,00,000 of tons are available for export than their estimated figure and provided Government of India make a determined effort now and send top ranking officials to Burma also to nego-

tiate a rice deal with Burma Government, it is quite possible that we may be able to get the 1,70,000 tons already contracted for 1950-51 even before the end of 1950 and can contract for fresh supplies of enough quantities for 1950-51. Owing to natural calamities, earthquake in Assam, floods in North India procurement of foodgrains will not come up to expectation and consequently the demand for foodgrains and especially for rice will be greater. This aspect may be kept in view in negotiating contracts for supplies of foodgrains from foreign countries.

5. At times of acute shortage of essential food supplies, the price factor should not stand in the way of getting supplies from any source. After all the prices quoted by Burma is only £40 per ton. Even for rice available in U.P., Government of Madras were forced to pay higher prices and our loss in this transaction amounted to about Rs. 108 lakhs in the purchase of 40,000 tons of rice. Other countries like Ceylon, Indonesia, Japan, etc., have purchased rice from Burma at this price and Government should not grudge to pay this price especially when we in South India are passing through a great food crisis. Other countries like Ceylon are known to subsidise and supply rice to their citizens at 3 measures per rupee.

6. For reasons beyond the control of merchants, it is not possible for private merchants to import rice from Burma. Government of Burma have monopolised the trade to themselves and exports are possible only at Governmental level. Moreover, Government of Burma are known to purchase rice in Burma at much lower prices and sell to other countries at £40 per ton to fill up her budgetary deficit and Government of Burma would not allow exports by private merchants. Under such circumstances it is impossible for merchants here to import rice from Burma and the Chamber wants you to appreciate the handicap of merchants and take up this question on Governmental level. Time is of the utmost essence now and we would urge you to take up this matter urgently.

7. In reply to the Chamber's representation to Government to import more rice from Burma, the Regional Food Commissioner has informed the Chamber, that 'Government of India are not interested in the import of rice from abroad for the present as they have already succeeded in getting their requirements for 1950.' If Government have succeeded in getting their require-

ments of rice, the Chamber sees no reason why the rice contents of ration should not be allowed in full.

8. Now that the allocation of foodgrains is in the hands of the Government of India, it should be possible for Government to allot more rice to South India. South India requires rice and rice alone. Habitually wheat-eating areas may be supplied with more wheat instead of rice and rice-eating areas may be supplied with more rice instead of wheat. Allotment of rice to a habitually rice-eating area is meagre and the Chamber would request that a more scientific allotment of the available supplies will go a long way in mitigating the suffering in South India.

9. In reply to a short notice question in the local Legislature the Hon'ble Mr. Roche Victoria informed Rajah Sir Muthiah Chettiar of Chettinad that Government of India have allotted 56,716 tons of rice to Madras for September 1950. Out of this allotment only 35,300 tons have been reported to have been despatched. The Chamber would request you to allot more rice to South India and expedite the despatch of the allotted quantity to relieve the shortage.

10. The levy of sales-tax on essential necessities of life has to be looked into with a view to its early removal on at least foodgrains.

11. This Chamber has received representations from members stating that the prices fixed for Bengalgram is uneconomic and that importers have been put to loss. According to the prices fixed by Government, the cost price to the wholesale importer works out at about Rs. 39 for a bag of $2\frac{1}{2}$ maunds and it is not possible for the retailer to sell it at Rs. 40 per bag after giving allowance for the importer, wholesaler and retailer. The O.G.L. will expire by 31st December 1950 and it has been reported that stocks are not available at the sources of supply at present. The Chamber would suggest the extension of the period of O.G.L. at least upto 30th June 1951 and for a revision of prices.

The following additional points were also discussed:—

1. The Chamber would be glad to know what steps Government are taking to restore the shortage of area under rice cultivation in Madras.

2. Stocks of foodgrains are reported to be very low in this Province. Will Government take urgent steps to restore back the stock position to at least 4 lakhs of tons.

3. Are the Government of India giving any subsidy to the local Government to help distribution of foodgrains at cheaper prices.

The Ceylon Government have increased the subsidy for the distribution of foodstuff and are able to give three measures of rice per rupee instead of $2\frac{1}{2}$ measures and 4 lbs., of wheat per rupee instead of 3 lbs., before, and the amount of subsidy works out at Rs. $4\frac{1}{2}$ crores more than what they were giving before.

4. The Chamber will also be glad to know when Government will be able to restore the full ration of 16 ozs.

5. Government have contracted for 1.7 lakhs of tons of rice on the basis that only about 7 lakhs of tons will be available for export from Burma. It would be advisable to enter into another agreement with Burma to allot to India whatever supplies are available in Burma over and above the 7 lakhs of tons which is the estimated surplus in Burma. The advantage is that India need pay in sterling whereas for wheat from America we have to pay in dollar.

The Chamber would suggest that top ranking officials of the Food Department may be posted in rice producing areas like Burma, Siam, Italy, Egypt, etc., to procure and despatch all available surpluses of rice there to India.

The proceedings of the meeting is given below:—

Mr. Thirumal Rao began by saying that there was no gainsaying the fact that Madras State was faced with the acute problem of rice shortage, "and I have made it clear that the Government of India has never minimised the gravity of the food situation in this State."

Pointing out that the Government of India was straining every nerve to avoid scarcity conditions, or to meet the scarcity conditions in any part of India, he defended the self-sufficiency objective of the Union Government.

Businessmen, he said, knew that foreign exchange had to be conserved for the upkeep of the general economic activity of the nation, and the drain caused in the foreign exchange by foodgrain imports was something phenomenal, "and made every responsible Government think and take note of the situation." It was the perpetual deficit in the country's overall food position that set the Government thinking about making India self-sufficient in food. It could not perpetually depend on foreign imports costing over Rs. 140 crores. That was not a healthy sign for any nation. Therefore, an all-round programme to increase food production in all the States had been scientifically planned, and was being implemented with the assistance of the country's resources, technical, financial and organisational.

Mr. Thirumal Rao then detailed the calamities that had befallen the various States such as the Punjab, Assam, the Uttar Pradesh, etc., due to floods, and earthquakes, and said thousands of tons of foodgrains were lost, and so the Union Government's expectations of getting help from the surplus States to tide over the crisis in the deficit areas had failed. Simultaneous demands for food from all directions had put such a heavy strain on the resources of the Government of India that it was not able to meet wholly all the requirements in a manner it would have liked.

The Deputy Food Minister disagreed with the Chamber's suggestion that corresponding to the rate of increase in the price of commercial crops, food crops should also be given a better price so as to give an incentive to the cultivator.

He said the prices of food crops could never compete with the price of a commercial crop such as tobacco. Essential foodgrains had to be supplied to the consumers, who were poor people in the majority, at a price within their means and so the Government could not accept the proposition of revision of prices of foodgrains as suggested by the Chamber.

He agreed that there must be crop planning so as to see that the economy of the country was developed on an all-round basis suited to the requirements as regards commercial and food crops without any lopsided development. That was an important matter in which the Government had to make the necessary legislation so as to arm itself with more powers so as to see that essential foodgrains were given the first priority in cultivation. The whole question of crop planning and crop rotation was

engaging the serious attention of the Government of India. But if they increased the price of foodgrains in competition with cash crops, it only led to a vicious circle.

Mr. Thirumal Rao assured the Chamber that the Government of India had been making every effort to secure rice from Burma, Indo-China, Egypt, Turkey and Italy. After contacting the Indian Ambassador in Rome, the Government of India had learnt there was at present no rice available there. Some people had said earlier that rice was available in Italy. "We are making inquiries in every country. From Turkey also the Government has been trying to secure rice, but so far its efforts had not materialised.

Referring to the communication received by the Chamber from the Government of India through the Regional Food Commissioner "that the Government of India is not interested in the import of rice from abroad for the present as it has already succeeded in getting its requirements for 1950," and which reply was taken exception to by the Chamber, the Deputy Minister said the communication should have been better worded as it did not explain the correct position. Though the Government might have completed the purchases for the year, that did not mean it was not going to purchase more rice.

"This purchase of rice is a continuous process of finding out where rice is available and to fit in the supplies with our requirements and with our plans for the coming year also," he said. Therefore, the proposition of the Chamber that steps should be taken to get more rice from Burma even this year would be examined by the Government.

There was no question of the Government of India losing interest in the import of rice. "Our interest is perpetual as long as there is deficit." Every suggestion made by responsible bodies like the Southern India Chamber would receive the greatest and most careful consideration at the hands of the Government, "and your co-operation is essential in finding out what article is available in what part of the world."

Mr. Thirumal Rao stated that he did not minimise the importance South Indians attached to rice diet. Personally he had developed a taste for wheat though he was a rice-eater. Wheat also gave more stamina.

Mr. Thirumal Rao said he did not agree with the view that rice did not require ghee or oil unlike wheat, and hence South Indians had a partiality for rice. He said that for the poor people whether in the North or the South, the question of oil and ghee did not come in. Ghee and oil were as much beyond the means of wheat-eaters as of rice-eaters, and he knew that most poor people in the North took wheat preparations without any ghee or oil. Therefore, on no account could he minimise the importance of oils and fats for rice-eaters.

A member said the Government should make it possible for the poor people to buy groundnut oil or gingelly oil, now selling at over Rs. 3 per viss. Unless the Government of India took steps to see that the prices of oil were reduced, any attempt to popularise wheat in the South would be a failure.

Another member, interrupting, said that even wheat was not available in required quantities to the people. The Deputy Minister said he agreed it should be made available in required quantities.

In that connection the Deputy Minister revealed that the Government of India had an unpleasant experience in the control of coconut oil prices which it once tried. The result was huge stocks went underground. So, in all controls merchants' co-operation mattered a great deal.

Mr. Thirumal Rao said that as Deputy Food Minister he was constantly trying to bring the difficulties of the people over the food problem to the notice of the Union Government, "and I am concentrating my attention on the food side."

Referring to the request for increase in the price of Bengalgram, the Minister asked merchants to consider the matter from the point of view of consumers.

The Chamber pointed out that the Ceylon Government had increased the subsidy for the distribution of foodstuffs and the Minister wanted more information about the matter.

The Government of India, said Mr. Thirumal Rao, had never said that it was not going to import foodgrains. "But we have to keep our imports in proportion to our capacity to import them, and in relation to our requirements."

Mr. R. K. Murthi proposed a vote of thanks.

VISIT OF HON'BLE DR. B. V. KESKAR.

It was announced in the papers that the Hon'ble Dr. B. V. Keskar, Deputy Minister for External Affairs was on a visit to Madras. As there were many important subjects for discussion with the Hon'ble Minister the Chamber sent a telegram requesting the Hon'ble Minister to visit the Chamber. The Minister agreed to visit the Chamber and accordingly a meeting was fixed to take place on the 4th September 1950. It was not possible for the Hon'ble Minister, due to his being detained at Nagapattinam, to visit the Chamber. However, the following speech prepared by the President to welcome the Hon'ble Minister was forwarded to him.

"Myself and the members of this premier Chamber of Commerce in this Province are profoundly grateful to you for visiting this Chamber in spite of your multifarious engagements. Due to the very short notice several of our members have not been able to attend this meeting and place before you personally their difficulties and distress. The portfolio entrusted to your care is full of vital and intricate problems relating to the welfare of our Brethren settled in countries adjoining our Union for several decades. I am sure that a person of your eminence and experience having devoted the best part of your life in the cause of Indians settled abroad will be able to successfully resolve the several difficulties confronting them to-day.

This Province is particularly concerned with the fate of several thousands of Indians settled in the neighbouring countries like Burma, Malaya, Ceylon, etc., and I am placing before you some of their difficulties for your sympathetic consideration and speedy redress.

BURMA

This Chamber is indeed very grateful to the Government for having sponsored an Official Delegation to Burma to discuss with that Government matters relating to the Land Nationalisation policy of that Government and payment of adequate and just compensation to Indian owners for land taken over by that Government. The Chamber is aware that the delegation has very forcefully put forward before that Government the feelings of Indians on this vexed question which is of vital importance to them. This Chamber has not been advised of the results of the discussion. In the meantime a report from Rangoon states that a Ten-Man Commission is now touring Burma surveying and assessing for the Government's Land Nationalisation programme and that the rate of compensation is fixed provisionally at 12 times the amount of revenue paid on the land and that the representations made by the Indian Delegation have not in any way changed the attitude of that Government. The Chamber cannot but view such reports with grave misgivings. The Chamber is not opposed to the Nationalisation Policy of the Government of Burma which is free to follow any policy suited to the needs of her people but has to point out very respectfully that whenever lands are nationalised, fair, adequate and equitable compensation should be paid before nationalisation. The process of nationalisation which is taking a long time is causing great financial loss to Indian land owners who own about three million acres of land. They have not been getting any returns from such lands ever since the Japanese occupation, i.e., for about ten years for various reasons. Government can well imagine the difficulties of these land owners as they have been entirely depending on this income for the maintenance of themselves and their families out here.

The hardships experienced by families in India who are entirely dependent on incomes from Burma cannot be over emphasised. The Exchange Control Order of the Burma Government has drastically reduced the amount that could be remitted by Indians from Burma. This has crippled several families in the South.

PASSPORT SYSTEM

The sudden introduction of the passport system from 1st September 1950 after it has been postponed indefinitely is causing much inconvenience and hardship to passengers proceeding to Burma. Passports are issued only after exhaustive enquiries and naturally takes time. Moreover after issue it has to be visaed by a Burmese Consul. All these formalities are bound to cause considerable delay and the large number of passengers who are already in possession of valid certificates or permits and whose presence in Burma is required will be seriously inconvenienced. The Chamber urges the postponement of this scheme to 1st January 1951 before which date pucca arrangements could be made by both the Governments for the issue of such passports expeditiously.

BURMA EVACUEE CERTIFICATE HOLDERS

There was a recent press communique issued by the Government that Burma Evacuee Identity Certificate Holders will lose their evacuee status unless they return to Burma before the 31st December 1950. If evacuee certificate holders did not return to Burma it is entirely due to reasons beyond their control. Government is probably under the impression that all these evacuees have a place of business or occupation in the Rangoon town wherein normal conditions of life exist and law and order is maintained. The Chamber would like to bring to your notice that most of the evacuee certificate holders have necessarily to proceed to the interior parts of Burma which until recently were in the hands of one rebel group or other and that due to political unrest life and property were not safe. Consequent on the very stern and effective measures taken by the Burma Government, conditions of life in the interior areas are showing signs of improvement. It is expected that before the end of the next year normal conditions of life would be restored in all interior parts of Burma. As and when conditions in the interior of Burma improve and protections to the person and property is assured such evacuees would return to Burma in larger numbers. The Chamber therefore urges Government to prevail upon the Government of Burma to extend the period for the return of Burma Evacuee Certificate Holders up to the 31st December 1951 without loosing their evacuee privileges.

CEYLON

The Immigrants and Emigrants Act No. 20 of 1948 as well as the rules framed thereunder has classified Indians in Ceylon into two groups—one satisfying a residence test of over five years and the other under five years. While the Act provides that "no temporary residence permit shall be refused for Indians who are ordinarily resident in Ceylon for a period of at least five years immediately proceeding the appointed day, viz., 1st November 1949" no such provision either express or implied has been made in respect of persons with a shorter residence than five years in Ceylon. It is unfair and not just to refuse residence permits to persons who were in the island on the 1st November 1949 but unfortunately are unable to comply to the regulation mentioned above having had no notice about the introduction of this regulation. They have stayed there all along attending to their normal trade and other avocations. The present legislation is calculated to prejudice the rights of those who entered Ceylon before the legislation was enacted. The result is that large number of Indians who are well settled there are leaving Ceylon without any prospect of returning because they are refused residence permits on the ground of their shorter period of residence before 1st November 1949. Occasional visits to their homeland to meet the members of their family residing here, it will be conceded were an absolute necessity. Government of Ceylon by refusing the grant of residence permits which alone can entitle them to return has ruined the careers of several well-settled Indians if I may be permitted to say so. It is true that in some cases permits are issued to persons with less than five years residence but the fact remains that the bulk of Indians with less than five years have been refused permits which alone would entitle them to return. During a period when ingress into and egress out of Ceylon were free, Indians moved between the two countries unaware that they would be called upon at a future date to quote their dates of arrival and departure on which the issue or otherwise of a residence permit is now based. Indians settled in Ceylon are therefore greatly handicapped.

There are about 9 lakhs of Indian residents in Ceylon but it is reported that only less than 2,500 have been able to acquire Ceylon Citizenship rights. Since the decision of the Ceylon Indian Congress to lift the boycott of the Indian and Pakistani (Resident) Citizenship Act more Indian residents and especially those employed on estates are applying for registration as Ceylon citizens in very large numbers. The proposal of the Ceylon Government to establish only three centres in the plantation area to facilitate registration is too meagre and the Chamber feels that at least 20 such centres should be established one for each small group of plantations.

There is a very great necessity to provide assistance to the applicants, for advising them on the procedure to be followed in applying for registration and if necessary give them assistance for such appeal as may be necessary. Indian High Commissioner's office in Ceylon should be specially instructed to depute assistants fully conversant with the languages of Indians in Ceylon and the procedure to be adopted for registration, etc., to help those that require assistance in filing their application for registration.

There are very many Indian establishments in Ceylon and their system of trade and accounting require the employment of

their countrymen. The proposal of the Government of Ceylon that if "gentle and persuasive" methods failed to induce non-Ceylonese firms to employ a greater number of Ceylonese, to introduce legislation to carry out Government's plan of Ceylonisation in private employment, cannot but be viewed with grave misapprehension. The reservation of $33\frac{1}{3}$ per cent of import quota to Ceylonese and the proposal to raise it to 75 per cent will also affect business of Indians settled there for several decades.

MAINTENANCE REMITTANCES

Considerable distress is caused in many homes in India owing to exchange control restrictions now operating in Ceylon. Under the present restrictions, only a third of the earnings is allowed by the Exchange Controller to be remitted which is totally inadequate for the maintenance of families in India. The District Magistrate's certificate of proof of dependants, now insisted upon gives the number and names of dependants their age, relationship to applicant and income. The Chamber suggests that the maintenance remittance sanctioned for each applicant must be based on the number of dependents, their standard of living. A workable scheme should be evolved for different income groups.

The Exchange Controller in Ceylon is prepared to allow collection and remittance of premium on insurance policies to India provided the insurer gives an undertaking that in case he remains in Ceylon at the time of maturity, the claim will be settled in Ceylon by bringing the amount from India to Ceylon. The Reserve Bank of India has not approved of this suggestion. Indians in Ceylon who have taken life policies in India are therefore placed in a sorry predicament.

INDIAN INVESTMENTS ABROAD

The Chamber takes this opportunity of placing before you the difficulties which Indian investors abroad find in bringing back their investments to India which would go a long way in financing several schemes for the rapid industrialisation of the country. Large sums of Indian capital have been invested in foreign countries especially in Burma, Malaya and Ceylon spread over for a period of several years. The recent trends of legislation in those countries are not encouraging to Indian investors and they are anxious to bring back their monies to India. The law relating to world income " under the Indian Income-tax laws is a deterrent to such transfer. According to the Act the difference in the present appreciated value on sales of those properties consisting of lands, plantations, mills, houses and other properties and the book value of these properties has to be taken as incomes earned in that year and taxed as such. Owing to the present appreciated values of such properties in these countries, Indian investors are desirous of disposing of such properties and Government should help transfer of such capital to India by exempting such incomes derived from the sale of real properties from the operations of the Indian Incometax Act. The Chamber earnestly urges you to consider this aspect of the question and give a lead as early as possible."

VISIT OF MR. K. GOVINDAN NAIR, MEMBER, CENTRAL BOARD OF REVENUE.

Mr. K. Govindan Nair, Member, Central Board of Revenue (Income-tax) visited the Chamber on Saturday, the 30th September 1950 when the following memorandum was discussed:—

I. *Incometax verification certificate*:—(*a*) The procedure followed hitherto requires modification for the convenience of the applicants. Cases wherein even though some arrears of tax are involved, should be dealt with sympathetically and certificates issued. The present system of wholesale rejection on the slightest ground without any respect for genuine and merited case needs to be substituted by more sympathetic regulations.

(*b*) It has been recently noticed, that incometax verification certificates are refused because proceedings initiated under Section 28 with a view to levy penalty are pending. The refusal to furnish such certificates either merely when penalty proceedings are pending or where penalty has been levied or even when penalty has been levied on an appeal against the order levying penalty is pending, would lead to the result that the assessees would be driven out of their business. Even if ultimately no penalty is levied by the Incometax Officer or penalty levied by the Incometax Officer is cancelled by the Appellate authorities, there would ordinarily be a lapse of three years between the order

levying the penalty and the final determination as to the validity of the penalty and the assessees would, in the meanwhile, be completely out of business. The levy of penalty itself is a punishment for no offence for which the assessees would be said to be guilty of, and the additional punishment of driving them out of their business by not issuing the incometax verification certificate is not justified as it is a further penalty for an offence which has already been penalised. It is therefore suggested that incometax verification certificates should not be refused by reason of merely the pendency of Section 28 proceedings.

(*c*) The incometax verification certificates are again refused for non-payment of taxes. Non-payment of taxes punctually may conceivably be due to the sheer inability of the assessee to pay the tax assessed. In such cases although the tax on admitted income is paid and the assessment is being contested on appeal, the Incometax Officers refuse to furnish the incometax verification certificate with the result that assessees have to close down their business. It is quite probable that such manifest injustice was not contemplated when incometax verification certificates were required to be produced for import or export licences. The incometax verification certificate should, therefore, be issued where non-payment of tax is due to assessees' inability to pay.

II. *Property tax*:—The recent decision of the Supreme Court of India treating the municipal tax as an allowable expenditure in computing the income from property under Seciton 9 has not been given effect to in the regular assessments. They are being held up indefinitely for want of instructions from the higher authorities. Immediate instructions on the point therefore are necessary to the Incometax Officers to allow this expenditure having regard to the provision of local Municipal Act.

III. *Double taxation relief between India and Burma*:—By the passage of India (Provisional Constitution) Order, 1947, the India and Burma (Incometax Relief) Order, 1936 under which double taxation relief was sought has become inoperative. Though Section 49 (A) has been amended providing such arrangements, no notification has yet been issued under the section as amended to provide for double incometax relief in relation to incometax in India and Burma. This has left some of the assessees in very precarious conditions. The Government of India in such cases should intervene and impress upon the Government of Burma to keep in suspense the assessment proceedings and also the collection of tax till the negotiations are finally completed. Moreover, any arrangement that the Government of India may arrive at with the Government of Burma should be given retrospective effect and the relief should be made operative in continuation of the previous relief.

IV. *Remittance of capital and profit from outside*:—The Government of India is well aware that the residents of India are vitally interested in their investments in Near and Far East, Africa and other places. Trouble is brewing all over the world and the uncertainty is hanging on the Near and Far East as well as in Africa. Many of the Indian merchants are desirous of bringing safe their capital as well as profits earned to date. They feel reluctant to do so as the Indian Incometax Act as it stands to-day will take away the lion's share. In the interest of India as a whole, and specially when India needs capital for her industrialisation it is desirable that such capital and profits should be permitted to be remitted to India without being subjected to income-tax.

V. *Assessment*:—(*a*) The tendency to keep pending the assessments for two to three years or even at times more for some reason or other is on the increase. The assessees feel greatly embarrassed and find it difficult to comply with the directions of the department in providing with the information as well as in payment of tax. It also acts deterrently so far as trade and business activities are concerned. The Board will do well to bring the amendments to the Act requiring the Incometax Officers to complete the assessments within two years from the year of assessment.

(*b*) The officers often feel it their duty to relegate big loss cases and first concentrate on the revenue yielding cases. This naturally creates great hardship and suspense so distressful to the assessees whose cases remain pending for a year or two. Even considerations must be given to all files irrespective of the revenue.

(*c*) The assessment work is considerably delayed in the Department with the result that assessees have no knowledge of their liability for several years and by the time the assessments for a number of years are made at the same time, there is a considerable demand of tax which the assessees are unable to pay and which tax they would have paid quite easily if demanded in

the respective years of assessment. The assessment work should, therefore, be speeded up considerably. Similarly assessments which result in refunds are also considerably delayed.

(*d*) The assessments based on comparative gross profit percentage are most inequitable and unscientific. It fails to take into consideration several factors which have a large bearing or stake in pulling up the profits. The capital, administration, experience, manner and method of dealings, stocks, imports, transport facilities, situation of shop and efficiency, play, by no means, a small part in determining the gross profit. It is not possible for the Incometax Officer to scientifically analyse in each and every case all the factors before he rejects the accounts. In the circumstances, arbitrary assessments made by adopting the percentage as disclosed by others is incorrect and is an unnecessary burden on the assessee. More suitable method is required to be devised to measure the actual profits made by each and every dealer.

(*e*) The assessing officer invariably rejects the accounts and adopts the percentage as found in the case of one or two dealers of the same line without giving any opportunity to the assessee to bring out the inequalities. It results in an assessment which is most unsound and far from the real state of affairs.

(*f*) Invariably the assessing officer takes a very unsympathetic attitude at the first sight of the smallness of the profit. In their subsequent conduct they are solely guided with profit increasing motive and all reasons and pursuasions fail to influence their mind. Meticulous insistence for proofs and evidence without regard to the probabilities of the case and the circumstantial evidence in respect of the cash credit is inconsistent with the fair reasoning. The benefit of doubt should always be given in favour of the assessees.

(*g*) Administrative instructions of the higher authorities over-riding the discretionary powers vested in the assessing authorities invariably act detrimentally to sound justice. It has happened in number of cases involving cash credits. A more rational view on the part of the department is required for a fair assessment.

(*h*) The assessment of mill owners in Vizag Districts and Rayalaseema are invariably arbitrary and no amount of reason or pursuasion seems to influence the Incometax Officer to follow the more reasonable view. The average out-turn fixed by the department after sample workings in the mill in 1940 by the departmental officials has not been honoured. So is the case with minimum and maximum yield of oil and kernel given in the groundnut marketing report of the Central Government in or about 1940. Much often than not, the valid receipts and proper vouchers are disbelieved and on the non-production of the persons after three to four years when the assessments are taken up for completion, adverse inference is drawn and consequently accounts are rejected. Factors which contribute low percentage of yield are ignored by the Incometax Officer by generalising the issues. Special instructions are therefore needed to the assessing officers requiring them to be more sympathetic and appreciative of the practical difficulties and shortcomings of the trade.

(*i*) It is found frequently that heavy assessments are made on mere flimsy grounds without giving assessees sufficient opportunity to meet the case against them. Such assessments are usually made in February and March and heavy demands of tax are made. No doubt, assessees have a remedy to get such assessments modified on appeal to the Appellate Assistant Commissioner or to the Tribunal, but the difficulty is that the Incometax Officer, irrespective of the merits of the appeal insist on the payment of the tax and with the delay of about an year for the appeal before the Appellate Assistant Commissioner and another two years before the Tribunal, assessees are very much hard put in paying the full demand of the Incometax Officer. Where assessees do not pay the full amount of tax demanded, penalties are levied and restraint proceedings taken and the assessee is practically ruined with the result that even if he succeeds in the appeal the relief has come to him rather too late. It should therefore be possible to hold over the collection of tax in *bona fide* cases where appeals are pending and particularly where the delay in disposing of the appeals is due to the departmental machinery being too slow.

VI. *Collection of tax*:—(*a*) Very scant respect is shown by the department where there is real hardship to meet the obligation of incometax liability in time, especially when three to four years assessments are made at a time. No consideration is allowed to influence the minds of the Incometax Officers where substantial points of dispute involving huge taxes, are under appeal either before the Appellate Assistant Commissioner of Incometax or before the Appellate Tribunal. Instructions may be issued that in such cases, collection of tax on the disputed items be kept in abeyance till the appeals are finally disposed of. Suitable amendments to Section 45 of the Incometax Act in our opinion should also be made.

(*b*) There are quite a number of instances where Incometax Officers insist on the payment of the full tax assessed in India although a substantial portion of such tax is liable to be refunded on account of relief from double taxation. With the proverbial delays of the department in dealing with claims for relief from double taxation, assessees are very much affected in that they have to pay the full tax demanded in Ceylon or Burma for instance and also the full tax demanded in India before their claims for relief from double taxation is put through. The result of paying the full tax assessed in both the places is, that assessees have to pay more than the income assessed as tax and wait on the convenience of the Incometax authorities to obtain relief from double taxation. Necessary instructions should, therefore be issued that where it is apparent on the record that a substantial amount of the demand should be refunded by way of relief from double taxation such portion should not be made payable and should be settled only when the relief from double taxation is taken up. This is a manifest injustice which requires immediate remedy, particularly in view of the fact that the rates of incometax in India and foreign countries are now fairly high and instances of where an amount more than the income has been paid as tax, are not uncommon.

(*c*) Heavy penalties are frequently imposed for non-payment of tax punctually even where such failure is due to oversight. Much of the friction with and complaint against the department could be avoided if the Incometax Officers invariably before levying penalties intimate the assessees in default of their liability and allow a short time, say, a week or ten days to pay tax and levy penalty after such period has expired.

VII. *Advance payment of tax*:—(*a*) Where advance tax under Section 18-A is paid and the return is subsequently filed showing a loss or income less than the income on which advance has been paid, there is no provision by which tax paid in excess under Section 18-A could be refunded. Such assessments are not taken up by the Incometax Officers as completion of the assessment would result in a refund while if the return filed shows income in excess of the income on which advance tax has been paid Section 23-B provides for provisional assessment to be made and tax demanded. This procedure results in manifest hardship and directions must be issued to the effect that assessments resulting in a refund should be dealt with as expeditiously as assessments resulting in demands; or alternatively where, in any year, the tax paid under Section 18-A is in excess of the tax payable as per the return subsequently filed, the difference should be immediately refunded.

(*b*) Under Section 18-A the assessees have to pay advance tax to the Incometax Department. But it generally happens that some assessees, out of ignorance of law, do not pay the advance tax in time nor do they intimate the department that they are liable to advance income-tax under certain circumstances. It is admitted that under the provisions of the Act, these assessees have committed default and the department can levy penalty on such defaulting assessees. While no exception can be taken to the levying of penalty on such assessees, it is submitted that the department should not make this a source of income by levying unconscionable penalties on the assessees. After all, for a technical default, there is no justice if the department goes on levying penalties running into thousands of rupees. Where a person cannot establish his bonafides the department may be tempted to levy a heavy penalty as a punitive measure. But where the assessees' intentions are quite bonafide, it is suggested that only a nominal penalty may be levied.

For instance, there are cases where large amounts of refund are due to the assessees in respect of some old assessments. Independently of this, they are called upon to pay advance tax under Section 18-A. In all good faith, they do not pay the advance tax as they are under the impression that in view of the large amounts of refund due to them, they need not pay any advance tax to the department. Technically speaking, the procedure adopted by the assessee is not correct. Irrespective of the fact that some refunds are due to him on some old assessments, he must pay the advance tax. But when he represents that there are already large amounts to his credit and in those circumstances he is not in a position to pay or he is not agreeable to pay advance tax, it will not be justice if the department levies a heavy penalty on the assessee for mere technical default. The department may as well consider that at a time when there are large amounts of refunds due to the assessee and they are not prompt in sending the refund vouchers to the assessees, the assessees should not be penalised for a mere technical default. It is suggested that a very nominal penalty of, say Rs. 100 may be levied on the assessee just to satisfy the technical requirements of the Act. In other words, it should neither be a source of income to the department nor put the assessee to a heavy financial loss.

(*c*) *Section* 18-A—*Interest*:—Credit for interest accrued upto the date of provisional assessment should be allowed to the assessees at the time of provisional assessment and should not be deferred to date when final assessment is made.

VIII. *Assessees difficulties in merged States*:—(*a*) Consequent on the financial integration of Travancore, Cochin and other States, adequate arrangements have not been made in these States for the speedy disposal of assessments pending before the financial integration. Several large claims for relief from double taxation are pending in Travancore and Cochin States and in view of the pendency of these applications corresponding reliefs in India are also delayed, with the result that as between the two States, assessees have paid the whole tax and suffer by not being able to get refunds in time.

(*b*) In view of the merger of Pudukottah State, persons residing in the State are now deemed to be residents and ordinarily residents of India. The ex-residents of Pudukottah State were not liable to be assessed to incometax in respect of their profits accruing or arising outside India and brought into or received in India. The position, however, has now changed and although profits accrued or arose to such ex-residents outside India, they would be liable to incometax now if such profits are received in India. The Merged States (Taxation Concessions) Order, 1949 provides for the exemption of profits accruing or arising in Pudukottah State as well as profits accruing or arising outside India upto 1st August 1949 but does not provide for the exemption of profits accruing or arising outside India before the 1st August 1949 and brought into India in the years 1948-49 and 1949-50 or in later years. It is manifestly inequitous that, while profits accruing outside India are not taxable, such profits should be taxable by being received or brought into India. Suitable instructions may be issued or necessary modifications made in the Merged States (Taxation Concessions) Order, 1949, to exempt the profits accruing or arising to ex-residents of Pudukottah State outside India and brought into India at any time.

(*c*) Profits accruing or arising in Pudukottah State to persons residing in Pudukottah State before the 1st August 1949 are exempt from taxation by reason of the rate in Pudukottah State being nil. The liability to taxation of such profits of ex-residents of Pudukottah State remitted to any part of India other than the merged State should also be nil. It also appears on the face of it that there is no liability to taxation. A close examination of the provisions of law, however, indicate that such exemption is merely to be inferred and not anywhere specifically expressed. A person residing in Pudukottah State becomes a resident and ordinarily resident of India by reason of the amendments of the Incometax Act introduced by the Taxation Laws (Extension to Merged States) Ordinance, 1949. Explanation 4 to Section 4 (1) (*b*) (iii) of the above Ordinance which was introduced on the 26th August 1949 makes liable to incometax profits and gains accruing or arising in Pudukottah State received in any part of India other than the State. This was obviously introduced to annul the exemption which persons residing in India other than the merged States could claim in respect of their profits accruing or arising in the merged territory and received outside the territory after the merger on the ground that such a receipt was a receipt from a part of India to another part of India. The result of the explanation, however, is not confined to annul such claims only. The result is that persons residing in the former merged territory becomes liable to be taxed under the Act in India on profits accruing or arising in Pudukottah State and received in India other than the merged territory during 1948-49, 1949-50 and later years. Clause 8 (1) of the Merged States (Taxation Concessions) Order, 1949 however, provides for the exemption from taxation of such remittances received after the 31st July 1949, in terms, implying that such remittances before the 31st July 1949 were never liable to tax. In practice, however, Incometax authorities are taxing remittances received in India before the 31st July 1949. This is manifestly unjust as profits accruing or arising in Pudukottah State were never liable to taxation and would not be liable to taxation if received or brought into India after the 31st July 1949, and *bona fide* residents of Pudukottah State would not have been assessed in India as residents for three years out of six years from

1943 to 1949. It would, therefore, appear that suitable amendment to clause 8 (*1*) of the Merged States (Taxation Concessions) Order, 1949 is necessary. For instance, if the words "31st July 1949" are eliminated the desired object could be achieved.

IX. *Double excess profits tax relief*:—(*a*) Under the Colombo Excess Profits Tax Law a partner residing in Colombo is liable to pay excess profits tax in Colombo in respect of his share income from a firm carrying on business outside Ceylon. There are a number of instances of partners in Indian firms residing in Ceylon who should become liable to pay excess profits tax in Ceylon on their share income from the firms in India. Under the Indian Law a firm is a separate entity for the purpose of excess profits tax and is liable to pay excess profits tax. Suitable instructions may be issued to secure that in such cases the double excess profits tax relief is given to the partners who happen to be residing in Ceylon and pay excess profits tax in Ceylon on their share income from their firms in India.

(*b*) There are also cases where the firm in India is not liable to pay excess profits tax in view of the minimum standard profit being Rs. 36,000 while a partner in the firm residing in Ceylon becomes liable to pay excess profits tax in Ceylon in view of the minimum standard profit tax in Ceylon being only Rs. 7,000. In such cases the assessments of the partners in India should be made after deducting the excess profits tax paid in Ceylon as otherwise the partners would be liable to pay incometax in India on the amount paid to the Ceylon Government as excess profits tax and it is quite conceivable that the total tax paid in India and Ceylon would, in such cases, exceed the income.

X. *Set-off of losses*—24 (2):—On equity basis, losses arising out of one source of income which could not be set off against all sources of income in the same year be allowed to be set off against other sources of income in the subsequent year.

XI. *Assessment of bus companies*:—(*a*) In recent years, the Incometax Department has been rejecting the accounts for bus companies and estimating the income per bus. No discrimination is shown even in favour of companies whose record as assessees has been excellent. This is really an arbitrary procedure followed by the department. Where there is nothing wrong or suspicious in the accounts, the books of the assessee may be accepted and tax levied only on the income disclosed by the books.

(*b*) Even though relief is granted by way of extra and initial depreciation on new acquisitions, it does not compensate the extra capital investment that is needed to replace worn-out plant and machinery, at a very much higher cost than the original cost. In so far as the present method of allowing deductions from profits for tax purposes is insufficient to cover the full replacement cost of subsequent assets, it amounts to taxing larger profits than actually made. Substantial refunds should be granted by way of an *ad hoc* allowance approximating to the average increase in cost of plant and machinery since the year of steep rise in prices of capital goods. The additional concession, if allowed, may go to form a sort of reserve and this for financing the replacement of the worn-out assets. This will indirectly increase the efficiency and productivity of the existing industries and automobile service stations where the most up-to-date and scientific equipments are needed.

(*c*) The Incometax Officers do not allow initial depreciation on the Diesel engines and producer gasplants fitted to old vehicles on the plea that they were not originally fitted to the vehicles when they were put on the road.

Fitment of Diesel engines and producer gasplants are made with a view to save valuable foreign exchange and to run the vehicles to the maximum extent possible as per requests made by the Hon'ble Minister for Motor Transport of the Madras State. Fitment of these Diesel engines and producer gasplants not only save foreign exchange but cut down the cost of operation and made the transport cheap and efficient. Producer gasplants and Diesel engines are complete units transmitting power to the transport vehicles. Therefore, they are to be considered as machinery and full depreciation as per the Incometax Act should be allowed.

XII. *Administration*—(*a*) *Incometax Manual*:—Enormous amendments and changes in the Indian Incometax and Rules framed thereunder are brought up from time to time. It is desirable that every year before 15th of July Incometax Manual should be brought upto date.

(*b*) *Transfer of officers*:—Sudden transfer of officers in

the middle of the year causes undue hardship to the assessees. Accounts which have already undergone examination, are once again subject to fresh scrutiny. It involves duplication of work and also waste of time and labour. Suitable arrangements are needed to avoid this duplication.

(*c*) *Situation of Incometax office*:—The present location of the Incometax office at Madras causes great inconvenience and involves waste of time which the assessees can ill-afford. The shifting of office therefore, to some central place in the town may be considered very early.

Mr. K. Govindan Nair replied as follows:—

1. (*a*), (*b*) & (*c*) *Incometax verification certificate*:—The Incometax Verification Certificate form has been adopted as per the requirements of the Import Trade Controller and the official and semi-official bodies. Instructions are already given to the effect that all possible delays should be minimised. It is only in exceptional cases, wherein the assessee fails to co-operate with the department in completion of his assessments or fails to pay the tax after all reasonable opportunities are afforded, having regard to the circumstances of the case, that the Incometax Officer either declines to grant the certificate or withholds his assent on the application.

As regards the delay caused on account of the penal proceedings pending, it is only in exceptional cases involving moral terpitude quite apparent from the facts of the case, that the Incometax Officer applies a check. Cases wherein hardship has been caused on account of no fault of the assessee, may be brought before the Commissioner for suitable action.

2. *Property income*:—It is engaging the attention of the Government. (Since meeting the Board member, the Government has come out with an Ordinance nullifying the effect of the recent Supreme Court's decision. No property tax, therefore is now allowable under the Act as amended by the Ordinance dated 7th October 1950.)

3. *Double taxation relief between India and Burma*:—The Board Member stated that the Government is earnest in its job and every endeavour is being made to pursuade the Govern-

ment of Burma to come to reciprocal arrangements. The Board Member also promised to impress upon the Burma Incometax authorities the desirability of giving relief with retrospective effect.

4. *Remittance of capital and profit from outside*:—The Member promised to take into account the representations of the Chamber and assured that it will receive the attention of the Board.

5. (*a*), (*b*), (*c*), (*d*) & (*e*) *Assessments*:—As regards the representations on the above points, the Board Member stated that the Government is alive to the difficulties and hardship caused on account of delayed assessments. This situation has arisen on account of shortage of proper and experienced hands and specially after the merger and accession of States where the Incometax Act has been extended. Every effort is being made to speed up the assessments and before long, the situation will regain its normality. As regards the relegation of loss cases, there are no such instructions to withhold the assessment to a future convenient date.

The estimation of income is within the discretion of the Incometax Officer and he is the best judge having regard to the facts of each case. Cases wherein true profit cannot be ascertained from the defective books maintained and in the absence of any other suitable substitute, the Incometax Officer is guided by a common mean. But any factor or factors which largely influence the profit, the Incometax Officer when brought to his notice, shall certainly take into consideration.

Assessments of income below Rs. 15,000:—Instructions are being issued to deal leniently cases with small income, that is, below Rs. 15,000. Deep examinations and insistance upon meticulous proofs are to be dispensed with in small income cases. Every sympathetic consideration will be given to the points raised by the assessees in course of their assessment proceedings.

Administrative instructions:—Instructions of the Inspecting Assistant Commissioner of Incometax are more to the advantage of the assessees rather than the department. He always acts as a proper check upon the hasty assessments by inexperienced Incometax Officers.

Mill-owners' assessments:—Regarding the mill-owners' assessments, the Board Member was of the opinion that unless the books are defective and there is a valid material in the hands of the Incometax Officer, the books shall not be rejected. But unfortunately glaring defects exist. If any specific instances are brought before the Commissioner, he will make enquiries therein and rectify the mistake if any. As regards out-turn ratio proportion arrangement, he will look into the affair.

6. (*a*) *Collection of taxes*:—The Government is confronted with huge arrears of tax and unless stringent measures are employed, it is not possible to recover the tax, but at the same time every consideration is shown where it causes undue hardship. The specific cases wherein such consideration have not been shown may be brought to the notice of the Commissioner who will take suitable action.

(*b*) *Collection of taxes wherein double taxation relief is pending*:—The Member assured that the representation of the Chamber on this point will receive their thoughtful consideration.

(*c*) *Penalty for non-payment of tax*:—As regards the penalty, the Board Member was of the opinion that the penalty is not imposed indiscriminately, but is done after careful consideration. As regards the non-payment of tax, only nominal penalty is being imposed. There may be rare cases where after taking all factors into consideration the Incometax Officer would have been compelled to impose heavy penalty.

7. *Advance tax*:—There are no such instructions that the revenue yielding cases should receive priority so as to withhold the refund of advance tax if any. On the other hand, the Incometax Officer is required to show the minimum number of disposal every month, and hence he cannot relegate refund cases. Anyhow, the member assured to look into the representation.

As regards refunds due to the assessees, the instructions are, that before making a demand the refund due to the assessee should be set off.

As regards interest to be credited at the time of original assessment, the member regretted his inability to accede to the representations as it involves lot of difficulties and also it is legally a doubtful issue.

8. *Merged States assessments*:—The Board Member appreciated the difficulty arising out of the delayed assessments involving double taxation relief. Every endeavour is being made to expedite the disposal.

As regards profit arising in foreign places and brought into Pudukottah State and the taxable territories, the member assured that the Board will give its thoughtful consideration.

9. *Excess profit tax double taxation relief*:—The Board will consider the representation made.

Set-off of loss:—The Board Member declined to give effect to the representation since it concerned the enactment and no such suggestion has been made by the Investigation Commission in its report.

10. *Assessment of bus companies*:—The Board member was of the opinion that the accounts of the bus owners have been rejected as they were found defective in number of ways. Specific cases wherein the Incometax Officer has indulged unjustly, can be brought to the notice of the Commissioner who will take necessary action.

As regards the initial depreciation on diesel engines, the Board Member agreed to examine the points raised.

11. *Transfer of Officers*:—Instructions are issued that as far as possible the Incometax Officer should complete the cases which he has examined before he takes charge of the other office.

12. *Situation of the office*:—The Member appreciated the difficulty, but due to the lack of suitable accommodation in the town, the office has to be retained at the present place.

SECTION V

Miscellaneous

FOOD SITUATION

The food situation in the country and especially in this Province has been giving much anxiety and this Chamber whenever opportunities offered took up the matter with the Government of India and with the Provincial Government. When the Hon'ble Shri K. M. Munshi, Minister for Food, Government of India visited this Chamber, it was urged to him that South India requires more and more food to tide over the difficulties. Similarly when the Hon'ble Shri Thirumala Rao, Deputy Minister for Food and Agriculture, Government of India, visited this Chamber, it was again urged before him that since South India is a habitually rice-eating province more rice should be assured to South India. It was the contention of the Government that rice was not available in sufficient quantities. The Chamber, therefore was keenly watching the supply position of rice particularly in Burma. There was an article in *The Nation* contributed by U Chit Hlaing, the former Speaker of the Burma Legislature. It showed that there was sufficient rice in Burma. The Chamber took out copies of this and sent to the Ministers of Government of India and the Provincial Government. A copy of that article is reproduced below:—

"Recently, a local contemporary of ours has thought fit (the) to criticise Burmese Government's selling rice to India at £40 per ton when the would-be price is £44 sterling. If the forecast price is correct, the Burmese Government cannot be congratulated for the sale.

We have been given to understand that Government's rice exportable surplus stood approximately at 800,000 tons for 1950 crop, but after some areas that had been occupied by insurgents were retaken it was reported that 200,000 tons more would be available, and thus Burma expects to be able to export altogether one million tons before the new crop is harvested.

With over 700,000 tons of rice having been exported by the end of July the Burmese Government has nearly 300,000 tons available for export, and the Government proposed to sell the present rice stock at the price of £40 per ton. As the Indian and Ceylonese Governments required 470,000 tons, the sale contracts were made from present and new rice so that the buyers can get regular supply for some months.

Under the new dispensation of our Socialist Government, the Burmese farmers have progressed considerably since we gained our independence, but the landowners have suffered severely. The farmers of Burma have been granted agricultural loans by the Government with interest at six per cent per annum whereas landlords and money-lenders used to charge an interest of 18 to 24 per cent per annum. Besides the Government charges land rent at only Rs. 6 to Rs. 10 per acre when landlords collected at the rate of Rs. 30 to Rs. 50 per acre. Thus while the landlords under the present Government are obviously in the dog-house, the farmers are in clover alright, and greater production of rice is bound to follow the better pacification of our country.

Some of our readers will remember that the Burmese Government notified in October 1949 that new rice would be available from January 1950 at £40 per ton, but India, Pakistan and Ceylon refrained from buying at that price because they could get rice at £38 per ton in 1949. However, with Japan buying in March and April 1950 at £40 per ton other buyers later followed suit.

It may be stated that as India can get wheat at £27 per ton the poor classes preferred cheaper foodstuffs and this had delayed the buying of Burma rice till now.

True friends, according to the proverb, may be tested by the example of their conduct. Our neighbours India and Ceylon have helped us in our time of need by making loans to Burma, free of interest, repayable in twenty years, and as such we should not grudge selling rice at a reasonable price whenever a rice shortage occurs in those friendly countries."

The Chamber repeatedly sent telegrams to Government of India pointing out that other Government like Japan, Ceylon, etc., have agreed to purchase large quantities of rice from Burma and requesting Government to take this opportunity of the availability of rice in Burma to buy more rice for India particularly for South India. There was information about the availability of large stocks of rice in Burma more than the anticipated quantity which Government of Burma were prepared to sell on a long term basis. This fact was also brought to the notice of the Government of India. Copies of telegrams were sent to members of the Parliament with a request to take up the matter with the Government.

Rajah Sir Muthiah Chettiar of Chettinad evinced keen interest in getting more rice for our Province to tide over the present crisis, and whenever opportunity offered this matter was discussed in the Legislature.

As a result of repeated representations, Government of India appointed a Trade Delegation to visit Burma mainly for the purpose of purchasing more rice for India and other cognate trade questions. The Hon'ble Shri K. M. Munshi lead the Delegation. Prior to their departure, there was an informal conference and Mr. Ramanathan Chettiar, Mayor of Madras attended the conference and placed before them the difficulties which South India was passing through owing to lack of adequate quantities of food and has pointed out the availability of stocks in Burma.

ABOLITION OF CONTROLS

The Executive Committee of the Congress party in the Parliament sent to the Chamber a copy of the questionnaire relating to abolition of controls and asked the opinion of the Chamber on the various controls now in operation and wanted our views. The Committee considered this question and replied as follows:—

ARE YOU IN FAVOUR OF OR AGAINST?

	YES.	NO.
1. (A) Foodgrains control in the form of:—		
(a) Total Rationing in all Urban and rural areas:—		
(b) Total Rationing in all Urban areas only:—		
(c) Total Rationing in all big towns:—	Rationing to continue in deficit areas.	
(d) Partial Rationing in big towns (for persons with income upto Rs. 100/- p.m.) together with open market for all and free mo.ement of foodgrains.		
(B No Rationing at all and open grains market of foodgrains throughout and free movement of foodgrains.		
2. Coal Control.		NO.
3. Cement Control.		NO.
4. Cotton Control.		NO.
5. Cotton Textile Control.		NO.
6. Iron & Steel Control.	YES.	
7. Kerosene Control.		NO.
8. Paper Control,		NO.
9. Petrol Control.		NO.
10. Salt Control.		NO.
11. Sugar Control.		NO.

EXPORT RESTRICTIONS

The Chairman of the Madras Port Committee informed the Chamber that there would be a meeting and wanted subjects to be forwarded for discussion. The following difficulties received from members were forwarded to the Chairman, Madras Port Committee:—

1. *Export of bonemeal*:—The export of bonemeal of 3/32 inches is not allowed, presumably because Government are under the impression that they should be conserved to meet the demand of the agriculturists. But ryots have a partiality to use only mixtures of ammonium sulphate. The local Government are not buying the bonemeal at present and they have decontrolled the price but its movements have been restricted with the result that the fertilizer firms are offering only uneconomic prices. Its exports outside India and to Ceylon will ensure a market in the foreign countries.

2. *Export of wool*:—Export of wool of all varieties is prohibited. When there was a similar ban before the difficulties of producers were represented to Government and it was then decided that low graded short staple wools are not utilised by the local carpet industries and therefore such wools were allowed freely to be exported. The present ban on export has affected the wool trade and short staple wools have become stagnant in tanneries. South India produces large quantities of black and grey wool and the prohibition in export has affected South Indian industries. North India produces white wools. White wools that are used mainly in the carpet industry while wool produced in South India, i.e., black and grey wools are short staple wools and are not used to any great extent in the manufacture of carpet industry. The ban on wool is applicable to all kinds of wool irrespective of the quality. While it is necessary that white wools which are used for carpet industry should be conserved within the country, the ban on export of black and grey wools will do harm to producers and tanneries. Government of India may be requested to lift the ban on the export of black and grey wools.

3. *Export of glue stock (Hide fleshings & hide pieces)*:—Government of India have allowed export of glue stock materials and have fixed an upper limit. This upper limit has never been exceeded. The Export Trade Controller issues licence when

the exporter obtains a certificate from the Director of Industrie and Commerce stating that the quantity is surplus to the loca glue manufacturers. Such certificates are issued by the Directo only after inspection by the District Industries Officer and afte ascertaining that the shipper has ready stocks of the full quantity By the time these formalities are attended to, the steamer migh leave the port. When an upper limit is fixed there would appea to be no meaning in getting certificate from the Director o Industries. It may also be stated that the upper limit fixed by Government has not been exceeded. The Export Trade Con troller may issue licences to the exporters even without the pro duction of certificate from the Director of Industries. The procedure for the issue of licence may be changed accordingly

4. *Export of coarse and medium cloth*:—Under the present procedure quota licences in connection with the expor of coarse and medium cloth have to be confirmed within one month of the date of its issue by producing consignees order letters of credit and contracts with supplying mills in India This one month period is found too insufficient for producing all evidences. Owing to the recent textile strike in Bombay during the months of September and October supplies of cloth were not available. This is an unusual feature unthought of and exporters are not able to secure the full complement of their goods. In such cases there should be discretion with the local Export Trade Controller to extend the period of licence for the submission of particulars.

In the absence of the President, Mr. M. A. Chidambaram Chettiar, Vice-President attended the meeting of the Committee The following are extracts from the proceedings of the meeting held on the 23rd November 1950:—

1. Before taking up the subjects in the agenda, Mr. M. A Chidambaram, representative of the Southern India Chamber of Commerce suggested that the quarterly bulletins issued by the Export Trade Controller, should contain, in addition to infor mation relating to changes in the policy relating to the export of various commodities from India, information regarding the changes in the import regulations in the importing countries The Chairman pointed out that the circulars issued by the Export

Trade Controller gave invariably publicity to any changes in the import regulations of the importing countries which are of interest to the exporters of this country and which the Government thought should be brought to the notice of the trade from the point of view of our export trade. In view of the difficulty, however, felt by the trade to obtain this information from our Trade Commissioners abroad or the Trade Commissioners of the Foreign Governments in India the Chairman suggested that such information may find a place appropriately in the Indian Trade Bulletin issued by the Ministry of Commerce and that he would suggest this to the Commerce Ministry. The members of the Committee agreed to this suggestion.

2. The next item of the agenda relating to the extension of time for converting quota licences into final licences in respect of mill piecegoods (coarse and medium varieties), notice regarding which was also given by the Southern India Chamber of Commerce and which was included in the agenda as item 9, was then taken up. The Chairman pointed out that the Chief Controller of Exports to whose notice the difficulties of the trade were brought has since agreed to the extension of the period of quota licences by the month and, has in addition also extended the period of validity of confirmed licences for shipment upto the 31st January 1951. Mr. Majid stated that the trade was satisfied with the action of the department and that these two items could be passed over.

3. Consideration of the next item of the agenda was then taken up. Mr. M. A. Chidambaram stated that his Chamber has received a complaint from an exporter of bonemeal who contended that the export of bonemeal of 3/32 inches and below should be allowed as they are not much in demand in the country as manure and also they could be offered for sale locally only at uneconomic prices. The Chairman said that before the Committee could go into the question they should have information with regard to the stocks available of this commodity and that they are surplus to the needs of our Agricultural Department. He also pointed out that so far as Ceylon was concerned a quantity of 100 tons was allowed as a special case, recently. The Chairman suggested that on the receipt of statistics the matter might be further taken up. Mr. M. A. Chidambaram demurred and stated that it was not the duty of the Chamber to gather such information but that the Government should take up this work.

Mr Abdul Majid in the course of the discussion said that in the past when such questions were discussed Government departments used to collect statistics and forward them to the Government of India and that the onus of such collections should not be thrown on the Chambers. The Chairman pointed out that he should not be asked to take action on a hypothetical case and that before the matter is taken up for examination, the Chamber should bring forward a prima facie case in their representation. He brought to the notice of the members that the department had received some complaints and representations complaining of default in the contracts to ship crushed bones by some exporter and that the investigations made by the department showed tha the supply position of this commodity was not very easy. He was, however, prepared to consider the position if the Chambe would get further particulars regarding the supply position o the commodity and their unsaleability in the country. Th members agreed to get these particulars.

4. Mr. M. A. Chidambaram then represented that expor of wool of all varieties was prohibited and that short staple wool (black and grey) which are not used in the carpet industry shoul be allowed to move out of the country as they have becom stagnant in tanneries and represented that black and grey woo should be allowed to be exported. The Chairman replied th Government of India have since reviewed the supply positio of wool in the country and have allotted a quantity of 15 millio pounds for export and he hoped that the relaxation of the ba would give the required relief to the producers and tanners.

Mr. Nazir Hussain raised another point in this con nection, viz., that the Customs authorities were interpreting woo to include goat hair and were charging 30 per cent duty. Th Chairman remarked that this question of duty should be take with the Central Board of Revenue and added that so far as expo Trade Control was concerned a separate classification existe for wool and goat hair.

5. The next and last item of the agenda was then take up Mr. M. A. Chidambaram represented that Government India have fixed an upper limit for export of glue stock an that the present procedure which insisted on the production a "No objection certificate" from the Director of Industries an Commerce before a licence could be issued made for delays an that the production of such certificates should be dispensed wit

The Chairman remarked that this question was already raised with the Chief Controller of Exports who took it up with the Ministry of Industry and Supply. That Ministry were, however, unable to waive the production of such certificates as this provision was necessary to enable the Director of Industries to ensure the steady supply of the requirements of the local glue industry based upon the supply position. Mr. M. A. Chidambaram suggested that the quotas may be allotted on a quarterly basis. But the Chairman remarked that the trade might not find a quarterly distribution economical and convenient. Mr. Chidambaram complained that the trade were finding it difficult to get those certificates expeditiously from the Director of Industries on account of the procedure followed by him regarding the issue of such certificates and as the trade had no other complaints on the procedure except that their obtaining of the certificates led to delay, it was agreed by the Committee to pass a resolution and to request the Chairman to convey it to the Director of Industries. The following resolution was adopted:—

> "Resolved that the Chairman should write to the Director of Industries and Commerce, Madras bringing to his notice that considerable delay occurs in the issue of a 'No objection certificate' after receipt of applications from exporters of glue stock and requesting the Director that he should kindly issue necessary instructions to his staff to ensure the expeditious issue of the certificates in the interests of export promotion."

Prior to breaking up, the representatives of the Southern India Chamber of Commerce brought to the notice of the Committee the need to exempt charities from the operation of the notification of levy of fees on export applications. The Chairman said he would look further into the matter if the member would forward to him information as to the authority under which the institute is exempted from taxation and also a copy of the representation stated to have been forwarded to the Chief Controller of Exports.

ACCOMMODATION FOR RESERVE BANK.

It was announced in the papers that Reserve Bank of India would construct its own premises in the Island Grounds, Madras.

This premises in the opinion of the Chamber were not ideal for the habitation of the Reserve Bank of India.

"The Chamber understand from press reports that Government have almost decided to construct a new building for the Reserve Bank at Madras on the Island Ground, Madras. In putting up permanent building for the Reserve Bank the convenience of other member banks and of the public has also to be taken into consideration. Island Ground is located away from the business locality. It is also far away from other banking institutions which are mostly located in the George Town area. It will not, therefore, conduce to the convenience of member banks if the Reserve Bank is located in the Island Ground. Under present conditions of housing shortage experienced here, it is impossible for any of the banks now operating in George Town area to shift their offices to any near the Island Ground.

It is also to be mentioned here that the safety of the public has also to be taken into consideration. Very often reports are appearing in the papers about the armed hold-ups and dacoity committed on investing public by unsocial elements. Though Police are vigilant, such armed dacoities and hold-ups are occurring now and then causing panicky conditions more especially among the business community. It is, therefore, safe to have banking institutions right in the centre of the business locality so that such armed dacoities can be minimised to the extent possible.

Therefore, in choosing a place for the permanent habitation of the Reserve Bank, this point has also to be considered. Unfortunately Island Ground cannot claim to fulfil the abovementioned conveniences. The location of the Reserve Bank on the Island Ground will also cause serious inconvenience to the public as well. Judged from the above facts the Chamber is of the opinion that Island Ground is not a very ideal place for the permanent location of the Reserve Bank."

In deference to the wishes, the Reserve Bank has altered its proposals to put up a site at the Island Ground and has acquired land near the Level Crossing Gate near the High Court for putting up a permanent structure.

RESERVATION OF BUNGALOW OF KAKINADA MUNICIPALITY.

A member brought to the notice of the Chamber that Rajahmundry Municipality after giving permission for accommodation of representatives of member bodies changed their mind to seek convenience to Government officials and representatives were put to much inconvenience. This was brought to the notice of the Chamber as it involved a member and the Chamber wrote to Government as follows:—

"The attention of the Chamber has been drawn by a member to the very great inconvenience caused to him owing to the refusal by the Kakinada Municipality of accommodation after having received from him fees for reservation in the Municipal Travellers' Bungalow. It would appear that the member concerned applied to the Kakinada Municipality for reservation of accommodation for the dates 21st, 22nd, 23rd and 24th March 1950 and on being asked to pay the rent in advance the amount required was remitted to the Municipality. But wheen the party went to Kakinada with the full confidence of getting accommodation in the Municipal Bungalow the caretaker told him that due to the arrival of a Government official the accommodation reserved for him has been cancelled. Naturally the party was put to a very great inconvenience at midnight and it was only due to the sympathy and kindness of a gentleman that he could get accommodation elsewhere in some of the hotels.

The Municipality having received advance for the accommodation it is but natural that accommodation should be provided for him in the Municipal Bungalow. If there had been any pressure for accommodation due to the unexpected arrival of Government officials after receiving the advance the least that a responsible body like the Municipality could have done is to communicate to him well in advance of its inability to provide accommodation so that he could make alternate arrangements. Municipal Bungalows are intended for accommodation of guests subject to their by-laws but they are under an obligation always to provide accommodation once the advance is received. It is no excuse to say that because a Government official visited that place at that time, the accommodation already reserved for should be cancelled. It is represented that there is already a P.W. Inspection Bungalow in Kakinada which is kept exclusively for the use of Government officials. The attitude of the Municipality in the circumstances is all the more to be regretted. Work of travelling salesman and tourists are also important and there is no reason why Government officials alone should be given preference in providing accommodation. This has put the party into great inconvenience and the Chamber requests Government that you may be pleased to enquire into the matter and to kindly see that such things do not re-occur."

TEXTILE DELEGATION TO AUSTRALIA.

The Federation of Indian Chambers of Commerce and Industry, New Delhi, wrote to the Chamber to say that the Government of India would be prepared to consider to send a delegation to Australia to explore the possibility of increasing the trade of Australia. The Federation invited the Chamber to nominate members to be included in the delegation. The delegation should consist of representatives of silk and art silk industry, handloom industry, Indian Steamship Owners' Association. The Committee of this Chamber recommended the inclusion of Mr. M. A. Chidambaram Chettiar, Vice-President, in the proposed delegation. But in the meanwhile the supply position of textiles within the country itself deteriorated considerably and Government therefore stated that the delegation should be sent after some time. This question has not yet been revived.

TRADE MARK REGISTRY OFFICE AT BANGALORE.

When the Trade Marks Law came into operation in 1941 a branch of the Trade Mark Registration Office was maintained in Bangalore. There was a proposal by Government of India to shift this office from Bangalore as a measure of economy. The Chamber knowing that, addressed to Government as follows:—

"The attention of the Chamber has been drawn to a proposal by Government of India to shift the Trade Mark Registry Office at Bangalore to Bombay and I am directed to represent to Government as follows:

Before the enactment of law for the registration of trade marks, Chambers of Commerce in the various parts of the country were registering trade marks for the benefit of merchants and industrialists with a view to give at least an idea of the association to the mark with the user. This Chamber along with many other Chambers of Commerce in South India were registering trade marks and there were large number of applicants coming for registration. Even when the Bill was considered by the Government, this Chamber made representation to the Hon'ble Sir A. Ramaswamy Mudaliar the then Commerce Minister who was piloting the Bill to maintain a registry office at Madras and the Chamber was then informed that the claims of South India for a registration office would be considered later. Since then there has been many political changes and for one reason or another no office was maintained in Madras. But people of South India had the satisfaction of having a fully equipped office at Bangalore and many applications were sent there for registration.

There are a large number of small-scale industries in South India like handloom weaving, beedies, cigarettes,cigars, matches, perfumes and toiletory goods, etc., run by small-scale manufacturers and most of these commodities had only local sales and they are manufactured by small industrialists. It is not possible for all of them to go to Bombay or Calcutta either for inspection of their mark or to get them registered. That would result in considerable loss of time and inconvenience to industrialists. Again it has to be noted that since some of the marks have only a local applications it is not worthwhile to go all the way to those centres. Some of the marks registered will die a natural death within two or three years so that unnecessarily huge amounts cannot be wasted. Large number of applications were received even when Chambers of Commerce were registering trade marks showing that there was good scope for an office in Madras even before 1940 for registration of trade marks from all over South India. It is therefore very essential that having regard to the nature and volume of applications coming from South India there should be a Trade Mark Registry Office somewhere in South India. Madras is the centre of South India and the Chamber would suggest that the Registry Office may be maintained in Madras. The Chamber has seen the representation by the Mysore Chamber of Commerce to you on this behalf requesting you to retain the office at Bangalore or at

Madras. For various reasons Madras would be a better place for the maintenance of that office. The office functioning at Bangalore may be shifted to Madras.

The location of only two offices for a big country like India is thoroughly inadequate. There is bound to be considerable delay and inconvenience for the registering public if offices are concentrated only in two places far away from the applicants. The applicants will have to refer the registers frequently in the course of registration and no amount of correspondence will give them necessary details to help registration.

Having regard to the large number of applications emanating from South India, i.e., from Hyderabad, Mysore, Travancore-Cochin State and the rest of South India for registration of trade marks and having regard to the inconvenience involved in applicants going to Bombay or Calcutta from these areas either to have their trade marks registered or to get a clarification Government would be convinced that it is better to have an office in some central locality like Madras to help the registering public. The Chamber would request you to be good enough to consider this suggestion and be pleased to open a Registration Office at Madras. The Mysore Chamber of Commerce has no objection in having this office either at Madras or at Mysore."

Copies of the Chamber's representations were sent to other commercial bodies requesting them to take similar action. It is understood that Government have abandoned that proposal.

Questionnaire issued by the Central Arecanut Committee

The Indian Central Arecanut Committee forwarded to the Chamber for opinion in elaborate questionnaire. Members interested in the trade were consulted and the following replies were forwarded to Government:—

REPLY TO THE QUESTIONNAIRE ISSUED BY THE PRICE ADVISORY COMMITTEE OF THE INDIAN CENTRAL ARECANUT COMMITTEE ON PRESENT PRODUCTION, IMPORT AND DISTRIBUTION OF ARECANUT IN INDIA.

Q. 1.—Are any nuts imported into your area ?

A.—Yes.

Q. 2.—If so, what are the sources and mode of import ?

A.—Arecanuts are imported from Ceylon by rail and sea and from Malaya. From Malaya imports are from Singapore and Penang.

Q. 3.—How many importers are there in your locality ?

A.—Though accurate number of importers is not ascertainable because it depends upon the issue of licence, the Chamber is of opinion that there are not less than 200 importers.

Q. 4.—Do you import only arecanut or other commodities as well ?

A.—Mostly these importers confine their activities only in the import of betel-nuts. But some importers are known to be interested in spices, rattan, etc.

Q. 5.—What is the quantity of imports annually ?

A.—About 12,000 cwts. according to 1949-50 imports.

Q. 6.—What is the average import price for 1949-50 ?

A.—Prices varied from Rs. 40 to Rs. 60 per cwt. depending upon the quality. Roughly the average price was about Rs. 50 per cwt.

Q. 7.—What is the selling price for the imported nuts ?

A.—The selling price moved between Rs. 120 and Rs. 140 per cwt.

Q. 8.—In what form of trade varieties are they imported ?

A.—They are usually imported in rasi, sliced, mixed, mature, and immature including dust powder.

Q. 9.—Is any further processing or curing done of the imported nuts ?

A.—Yes. After import they are sorted as Sitanan, Viruvu and Vettai varieties.

Q. 10.—Are imports received throughout the year and if so what are the peak periods ?

A.—Yes. Generally they are imported throughout the year But the season is generally from May to September when peak imports are done.

Q. 11.—What are the items of incidental expenditure in importing you have to incur per ton ?

A.—Incidental expenses work out to about Rs. 1,100 per ton. They usually are landing and clearing charges Rs. 25, Customs duty Rs. 1,050 and transport charges Rs. 25.

Q. 12.—Are there retailers in the area for imported nuts ?

A.—Yes.

Q. 13.—What are the trade channels for distributing the nut from important centres to the consumers ?

A.—The importer sells his goods to the retailer in the various centres from where it trickles down to the consumer.

Q. 14.—What are the important places of re-export of imported nuts within our country ?

A.—Madras and Nagapattinam.

Q. 15.—Is imported nut inferior or superior to local nuts ?

A.—Imported nuts are inferior to local production.

Q. 16.—Is restriction on imports or any price fixation necessary ?

A.—It is not necessary.

Q. 17.—What is the means of transport of the imported nuts ?

A.—Distribution is done mainly by rail, lorry and country-cart

Q. 18.—Is there any necessity for increasing imports ? If so, in what manner and on what basis the increase has to be fixed ?

A.—Yes. The local production is not sufficient to meet the local demand.

Q. 19.—Are you satisfied with the present method of imports ? What changes would you advocate ?

A.—The issue of import licence may be liberalised. At present middle-class importers are unable to import the entire quantity in one lot as they have to find sufficient finance to pay the price of the nuts and also the heavy Customs duty. The present method of issue of licence primarily to established importers shuts off many new-comers in the field. The issue of licence should be more broad based. This will help to create the competition in the local market and ultimately benefit the consumer who form the poorer strata of society. It might be mentioned that import of larger quantity is detrimental to local production. But local production is only a fraction of our requirments. The introduction of prohibition has diverted the attention of many to chewing and consequently there has been a greater demand for betel-nuts.

Q. 20.—Can you furnish any other information regarding import of arecanuts that deserves attention of authorities ?

A.—The Import Control authorities now prop up some reason or other to refuse import licences to applicants. They use to rely on the certificate issued by the banks. Banks are not expected to know all the commodities handled by the applicants. New-comers are given the benefit of import licences to put them on the trade in the absence of regular imports during the period prescribed by Government. To shut them under some pretext or other is not in the interest of the trade. The Mysore variety is too costly whereas Malabar production is thoroughly inadequate. In spite of the heavy duty of Rs. 1,050 per ton imported variety is comparatively cheaper and within the reach of the chewing public. It is no more a luxury. It has become almost an article of necessity especially to the poorer classes. The brunt of the heavy duty is now being met by the poorer section of the society. They require some relief and if competition is allowed to play probably they stand to gain.

There is a tendency to smuggle the goods imported into Pondicherry and Karaikal. This also is mainly due to the present restricted imported policy followed by the Government of India. This Chamber suggests that a thorough revision of import policy as far as this commodity is concerned is necessary with a view to allow increased imports of this article of almost daily necessity. Suggestions have been received in the Chamber to put arecanut under Open General Licence system.

C. (*For Traders*)

Q. 1.—Is yours an important arecanut marketing centre ?

A.—Yes.

Q. 2.—How many merchants are there dealing in arecanut ?

A.—About 50 in Madras City alone.

Q. 3.—Do they deal in any other commodities ?

A.—Yes. Mostly they are dealing in spices such as cloves, cardamoms, etc.

Q. 4.—Are they dealing on commission basis or making outright purchases on their own account ?

A.—They are making outright purchases on their own account.

Q. 5.—Which are the places from where arecanut is brought to your market ?

A.—This will depend upon the market. Mostly they are imported from Malaya, Ceylon and to some extent from Malabar and Mysore State. But in the interior nuts from Mysore are not at all imported.

Q. 7.—What are the different trade varieties that come to your market ?

A.—The mature and immature in sliced, splits and cut-nuts varieties.

Q. 8.—Is your market dealing only in local arecanuts or also in imported ones ?

A.—All important markets are dealing both in local arecanuts as well as imported nuts.

Q. 9.—Is grading of nuts done in your market ?

A.—Yes. They are assorted before sale.

Q. 10.—What are the different grades and what is the basis for grading ?

A.—What nuts are imported they contain mature and immature nuts. They are separated and then sorted according to sizes as Sithanam, Virivu, Alagu, Thool, etc.

Q. 11.—Are the nuts graded by the growers before bringing to the market or are they graded by the merchants ?

A.—No. Producers do not grade the nuts. It is generally done by the merchants.

Q. 12.—What are the market charges that the grower has to incur ?

A.—Generally no market charges are being met by the grower.

Q. 13.—Is market in your locality regulated according to the Commercial Crops Markets Act ?

A.—No.

Q. 14.—Do growers directly come to the assembling market or do they sell away their nuts in the curing yards ?

A.—Where there are curing yards the growers sell there itself. Otherwise after curing the nuts are brought to the market.

Q. 15.—Do growers know the prevailing market rates ? Does any market intelligence service exist ?

A.—Growers generally are sufficiently intelligent to know the market reactions and therefore no intelligence service is necessary.

Q. 16.—What is the disparity in prices between the assembling market and the growing area and the assembling market and the distributing centres ?

A.—In this respect growers of arecanut are under no special difficulty. Needy growers as in the case of other commodities part with their produce to merchants while growers who are in a position to command money or members of the assembling market and generally sell their produce only at the prevailing rate.

Q. 17.—Do growers experience any difficulties in marketing their produce ?

A.—Nil.

Q. 18.—Do any peculiar features exist in the market practices which are worth nothing ?

A.—At present there is no special feature to be mentioned regarding market practice. But some time back there was an admixture of extraneous material along with the betel-nuts but that has been successfully handled and eradicated by growers themselves.

Q. 19.—Does any transport difficulty exist at present and what are the means of transport ?

A.—The main form of transport is by means of railways. But now owing to an all-round shortage of wagons considerable

difficulties are experienced in getting wagon space for their movements and growers are therefore forced to transport their stuffs by lorries which means of transport is more costly.

Q. 20.—Which are the places to which the nuts are exported ?

A.—Betel-nuts are mainly despatched to Berhampur, Mysore, Ramnad, Mathurai and Tirunelveli.

Q. 21.—Have import of arecanut any influence on the market ?

A.—As has been stated above imported arecanuts are cheaper in spite of the heavy import duty and so the price factor counts very much and people go more for the imported nuts rather than the indigenous one.

Q. 22.—What is the difference in rate between the local and imported nuts ?

A.—Local nuts are always costlier and beyond the reach of the ordinary chewer. Imported nuts on the other hand in spite of the heavy duty are comparatively cheap and are within the reach of the people. Only in the absence of the imported variety people go in for the local variety.

Q. 23.—Do you suggest increase in imports ? If so, what is the reason ?

A.—Yes. Use of betel-nuts has come to stay with the majority of population. Its use in recent years has been considerably increased owing to the prohibition policy of Government. This is a cheap luxury availed of by the common man and in majority of cases at least unless this becomes available they feel helpless. The use, therefore, is there. But local production is far from being satisfactory. Imports, therefore, have become absolutely necessary to meet the requirements.

Q. 24.—Do you suggest changes in the methods and arrangements for imports existing at present ?

A.—Some change in the method of issue of licence is urgently called for. According to the present policy applications are invited both from the established importers and from new-comers. Established importers are few and they have to submit to an elaborate scrutiny of their account by the import control department and licences are issued on the basis of their imports during the basic period. In the case of new-comers they have to submit their applications with the certificate from banks. Banks are not expected to know the full dealings of the applicant and they can, therefore, only give a general certificate which is turned down by the Import Trade Controller on the ground that the certificate does not specifically state that the applicant is dealing in betel-nuts. So many unnecessary conditions are prescribed in the application form and even after satisfying all the searching enquiries it is extremely doubtful whether licence will be issued to all. A simple process for the issue of licence should be devised without taxing too much either the importer or the consumer indirectly. A more liberal issue of licence will steady the fluctuations in the market and make betel-nut available within the reach of the chewing public.

Q. 25.—Is adulteration possible and practised ?

A.—Adulteration is possible in respect of all commodities and so also with betel-nuts. It is reported that betel-nuts were mixed with date seeds and sliced sweet potatoes. Date seed also is used in mixing with nut powder largely.

Q. 26.—Is any re-grading done in the distributing market ?

A.—Grading is done. Mature and immature nuts are first separated and then picked according to sizes.

Q. 27.—Does any cross movement in the transport o arecanut exist at present ?

A.—Nil.

Q. 28.—If so, what are the means to be adopted to avoi the same ?

A.—Nil.

Q. 29.—Are there any co-operative societies handling i arecanut and are they popular ?

A.—Nil.

Q. 30.—Are there any special disabilities in marketing of arecanuts ?

A.—Nil.

Q. 31.—What is generally the margin of profit for the trader ?

A.—When imports are strictly controlled the volume of trade handled by the importer is very much reduced and so he now gets an enhanced margin of profit between 15 and 25 per cent. But normally the trader gets a profit of 5 to 6 per cent.

Q. 32.—Do you advise any control of price under the present circumstances ?

A.—Price control is uncalled for.

Q. 33.—Is the consumption of arecanut increasing or decreasing ?

A.—Owing to reasons stated above the demand for betel-nuts is increasing presumably due to the prohibition policy of Government. But the price factor discourages the use of betel-nuts to a great extent. The Chamber is of opinion that when there is relaxation in import control and large quantities are allowed to be imported resulting in reduction in prices the demand will be very high.

Q. 34.—Are consumers suffering on account of prevailing prices of nuts ?

A.—Yes. Owing to the prevailing high prices the demand for nuts especially from the poorer section of the people who are the largest users has considerably shrunk.

Q. 35.—Will further increase of imports affect growers ? If so, how are we to check it ?

A.—For some time to come production will not come up to requirements within the country. Moreover large areas are now diverted for food crop and consequently the Chamber do not envisage the situation in the near future when larger areas become available for cultivation of arecanut trees. Importation of larger quantities will not, therefore, affect Indian cultivation for some time.

Q. 36.—Is any restriction on or regulation of imports necessary ?

A.—Import control is necessary to the extent to ensure steady supply only. Liberalisation in the issue of licence is necessary.

Supplementary Questions.

Q. 1.—Are the prices in your part constant throughout the season or are there any variations with adverse effects on the growers ?

A.—Prices are not constant. Growers are not affected by the variation in prices. Already the growers are protected by a high tariff duty and the restriction in import.

Q. 2.—What are the factors that contribute for such variations, if any ?

A.—Shortage of nuts in the market is mainly responsible for variation in prices.

Q. 3.—How do you think it is possible to maintain the prices, which would be remunerative to the growers, profitable to the traders and economical to the consumers ?

A. —Regulated imports of betel-nuts just to meet the requirements in the country will ensure a fair price to the growers and at the same time be economical to the consumer. The high tariff duty is sufficient to protect the grower.

Q. 4.—Do you think the present mode of imports having monetary ceiling satisfactory. Or do you suggest quantitative ceiling ?

A.—Quantitative ceiling is preferred to monetary ceiling.

DISTRIBUTION OF IRON AND STEEL.

There was a proposal before the Government of Madras to take over the procurement and distribution of iron and steel by the co-operative societies from the hands of registered stock-holders. The Chamber was of opinion that such a diversion would dislocate normal trade channels and so the Chamber addressed the Government of Madras as follows:—

"The attention of the Chamber has been drawn to a news item appearing in the *Indian Express*, dated the 30th March 1950, to the effect that there is a proposal before the Government to transfer to the co-operative societies the work of procurement and distribution of iron and steel in respect of agricultural quota for the State and I am directed to state as follows:

The present method of procurement and distribution of iron and steel through the registered stock-holders of this Presidency has worked very well in the past. The registered stock-holders have all along co-operated with the Government in acquiring steel from the producers of steel through Government and are supplying them to persons and departments of Government under permits issued by the Director of Controlled Commodities. The Registered Stock-holders' Association are thoroughly representative of the entire iron and steel trade in the Province. The Association had a membership of 300 but owing to the paucity of sufficient stock the number has been reduced to 150 and these traders solely depend on the iron and steel trade. They employ a large number of trained staff.

The proposal of the Government to snatch away this trade from the hands of the established traders in favour of the Co-operative Department will result in throwing out of employment not only long established traders, but also many of their dependents. Even under the existing circumstances, 150 registered stock-holders for the whole of the Province are too low and the proposal of the Government to dispossess them of their long established trade will be too hard upon them.

The trade has no objection to the distribution of iron and steel by the Co-operative Department instead of the Agricultural Department but what the Chamber wants to impress upon Government is that the registered stock-holders should be allowed to procure the steel direct allotted from the producers. The existing system of procurement and distribution does not involve any investment by the Government or by its departments but on the other hand, the registered stock-holders invest their funds and experience in the procurement of steel and keeps stock ready to be operated upon by the Department. The system of procuring stock through the registered stock-holders has worked well and the stockholders form an important link in the chain of transaction and the proposal to cut off that link without any corresponding benefit either to Government or to the consumer is not worthwhile attempting.

The registered stock-holders have fully co-operated with the Government in the procurement and distribution of stock allotted to them from time to time. They have invested their own capital and they employ staff trained by them for many years. Their experience in the business is an asset to Government. Before thinking of disturbing them now Government should have the necessary personnel and other trained staff. A large amount of capital outlay will immediately be required for financing the scheme. Past experience in similar undertakings by Government has never been happy. In the matter of procurement and distribution of firewood, textiles, etc., the experience has not been encouraging.

The present organisation has worked well and at a time of grave crisis they have fully co-operated with the Government. The Chamber therefore sees no reason why an organisation which has a splendid record of service should be disturbed and the large number of traders and their dependants should be thrown out of work in these days of high cost of living. The Chamber, therefore, requests Government to reconsider the matter and be pleased not to disturb the existing arrangement."

RE-ISSUE OF HIGHER DENOMINATION OF CURRENCY NOTES.

In January 1946 Government withdrew from circulation currency notes of higher denomination than Rs. 100 and still it has not been re-introduced. The Committee thought that the re-introduction of higher denomination notes is necessary and therefore the Chamber wrote to Government as follows:—

"The withdrawal of higher denomination currency notes in January 1946 has resulted in great inconvenience not only to the banks and commercial community but also to the public in general. The Ordinance was promulgated as Government believed that 'the working capital of blackmarket operation was held in a large measure in the form of high denomination note.' Whatever justification there was in believing the above that has ceased to exist. The sudden withdrawal of notes has put many parties to hardship as their business required the keeping of large working capital in cash. The withdrawal even now from the circulation of higher denomination notes has resulted in putting the banks and other traders to serious inconvenience. The purpose of the issue of such higher denomination notes was to relieve the inconvenience to which such people will otherwise be put.

As it is, cashiers at counters at banks and their customers have to waste considerable time in counting notes whenever large sums are presented or withdrawn. Such notes for purpose of safety have to be counted and re-counted over and over again involving considerable delay without any corresponding benefit to any of the parties. It has also to be borne in mind that in these days carrying of large amount of notes by banks and businessmen is not at all safe. There have been many hold-ups by armed gangsters resulting in loss of life and money.

Government probably want to see that old high denomination notes should not be enabled to be cashed. This purpose can be secured by authorising the re-issue of currency notes of different designs altogether so that the prospect of old notes again re-appearing can be avoided. The Chamber, therefore, requests Government to be good enough to take an early decision in the matter and re-issue higher denomination notes."

Government of India have informed the Chamber that the views expressed by the Chamber have been noted.

CITY IMPROVEMENT TRUST ACT

Under the City Improvement Trust Act, this Chamber and the Madras Chamber of Commerce is each given a seat on the Board of Trustees. Government of Madras introduced a legislation so as to remove special representation given to Chambers of Commerce. This Chamber, in a representation to the Chamber's representative on the Legislature, wrote as follows:—

"Government in the Legal Department published a Bill to provide for the improvement and expansion of the City of Madras and the constitution of an Improvement Trust therefor, in the *Fort St. George Gazette* Extraordinary, dated March 27, 1950. According to Section 4, Chapter II, the Board consists of 10 trustees out of which one of the trustees will have to be elected by the Southern India Chamber of Commerce.

I now understand that this Bill was referred to a Select Committee who have submitted their report to Government and the report of the Select Committee is expected to come before the Assembly soon for their consideration. It is also the information of the Chamber that the Select Committee have clubbed the representation given to this Chamber and to the Madras Chamber of Commerce into one unit and have thrown it open for election by all the Chambers of Commerce functioning in the City put together or that Government would assume power in their hands to nominate two members from among the members of all Chambers of Commerce. This is against the interests of this Chamber which has been enjoying representation right from the very beginning of the Act.

Out of the 10 members who will form the trustees, this Chamber was allotted a seat because of its representative character. The Madras Chamber of Commerce was also accorded a seat. The Act has been in operation for about four years now and all the while the representatives of the Chamber (Mr. S. Krishnier and now Mr. V. Pandurangiah) have been doing very good work on the deliberations of the Board. There is no reason why the separate representation given to this Chamber should now be taken away.

This Chamber is the oldest and most representative Chamber of Commerce among Indians Chambers in this Province. It has now more than 900 members on its rolls scattered all over the Province with about 45 District Chambers of Commerce and Associations affiliated to it. More than 650 members are from the City itself so that Government can have an idea of the representative character of this oldest Chamber. It has now to represent the interest of the mercantile community through one representative. This Chamber is neither communal nor linguistic but has been representing the interests of all sections of the mercantile community throughout. It is only on a consideration of the above facts when the original Act was put through the Assembly that this Chamber was given individual representation on the Board. Even the Amendment Bill published in the *Gazette* of the 27th March, 1950, has recognised the importance of this Chamber for individual representation and has provided for its continuance also.

What transpired at the Select Committee stage is not known to the Chamber. Evidently it must be due to pressure from other City Chambers of Commerce. If it is so it has to be resisted. Other Chambers of Commerce are comparatively new and are either linguistic or communal in their character and activities. Their activities are confined to particular areas or to particular section of the business community but this Chamber seeks to represent the interest of the entire mercantile community of the Province without discrimination of caste, creed or language.

If the proposal to club these two seats has emanated from Government themselves that also has to be opposed. If it is the idea of Government to give representation to other Chambers of Commerce, this Chamber has no objection. That can be done by increasing the number of trustees on the Board and providing for the representation of those Chambers. After all the Board consists of only 10 members and increase by one or two seats will not make it unwieldy. Government can increase the strength of the Board from 10 to 11 or 12 and give representation to those Chambers if in the opinion of the Government they deserve it. Chambers of Commerce not given representation now under the present Act may be clubbed together and one or two seats in the expanded Board may be thrown open for election by those Chambers or Government can nominate one or two members from those Chambers to the Board. But what the Chamber wants to point out is that such representation should not be at the expense of this Chamber and Government should not rob Peter and pay Paul. It is to be remembered that the representatives of this Chamber have been contributing their experience to the deliberations of the Board for about five years now and the Chamber has reason to believe that their work has been appreciated by Government right through. There is therefore no provocation for Government right through. There is therefore no provocation for Government to take away the seat once allotted to this Chamber for very valid reasons.

I am directed by the Committee of the Chamber to request you to oppose the report of the Select Committee as far as their recommendations in this respect goes and try to retain the seat allotted to this Chamber under the Act and the subsequent amendment Bill published by Government. It is most unfair that a body which all along has been recognised for representation should be deprived of its seat for no fault of theirs. I am to request that you will take up the matter in the Assembly when the Bill comes up for discussion and see that the seat is retained in the name of the Chamber exclusively."

The amendment of the Act as suggested by Government was carried out but the Minister stated in the Assembly as follows:—

"Firstly, 'the special representation given to the Chamber of Commerce was considered necessary and the Government were given powers to nominate three persons to the Board instead of one as proposed in the Bill.' Sir, in the original Bill we find that the Board was to consist of 'a member of the Chamber of Commerce, Madras, elected by that Chamber, of the Southern India Chamber of Commerce, elected by the Chamber, and a person appointed by the Government.' It was considered in the Select Committee that as there are more than two Chambers of Commerce—mentioned in the original Bill—in Madras, there would be demands by the other Chambers for representation on the Board. So, it was decided in the Select Committee, that three members might be nominated by the Government themselves; and I may assure Hon. Members that the Government in making the nominations, will certainly take into consideration the claims of the respective Chambers. I specifically mention this point now because I find the Hon. Member representing Commerce in the City here has already given notice of an amendment that the Southern India Chamber of Commerce, should be given a seat on the Board. Not that I have any particular objection to the Southern India Chamber—on the other hand, I think if any Chamber of Commerce deserves representation on the Board, it is perhaps the Southern India Chamber. But the idea with which the Select Committee made the change was that the House need not make a choice between one Chamber and another even now,

but may give the power to the Government and expect the Government to do the right thing. That is the idea with which the change has been made by the Select Committee."

It is therefore to be hoped that a representative of the Chamber will be nominated to the Board.

ASSESSMENT OF VACANT LANDS IN THE CITY.

On the recommendations of the Provincial Housing Committee, the Corporation of Madras reconsidered the question of assessment of vacant lands in the City. This question was considered on a previous occasion but was subsequently dropped. The recommendations of the Housing Committee was—where open spaces in Madras City exceeded 20 times the plinth area of the house or two acres, such extra space should be subject to taxation based on the market value, as against the present assessment based on the rental value of the building. This proposal was considered to be not in the interests of the citizens and the Chamber wrote to Government as follows:—

"The attention of the Chamber has been drawn to the proceedings of the Council of the Corporation of Madras, dated the 21st March 1950, wherein the Council have decided in principle to levy tax on vacant lands in the City and I am directed to represent to Government as follows:—

The present decision of the Council is based on the findings of the Provincial Housing Committee recommending the levy of tax on vacant lands exceeding twenty times the plinth area or two acres whichever is greater on the market value of the vacant site. It would appear that on a previous occasion the very same proposition was considered by the Council and it was dropped. The subject was taken up for reconsideration at the instance of the Government and it has been agreed in principle to tax such lands.

In this connection I am directed to point out to Government that the number of houses within the City limits having such extensive areas are few and far between. Such vacant lands serve a very useful purpose and they are essential for the healthy growth of the citizens not only occupying those houses but also for neighbours residing in adjacent overcrowded areas. The benefit of such open lands is shared both by people residing round about that area and is not monopolised by the residents of that house alone. These open lands which has become an eye-sore serve as lungs in an overcrowded city and deserve to be preserved in the interests of the health of the citizens. These open spaces in an otherwise crowded city helps to keep the city beautiful. Even now playing fields are snatched away for building purposes while round about the City an industrial belt is being formed so much so people cannot hope to get access to uncontaminated air even outside. Whatever open space is available in the City should not therefore be taken away for building purposes.

The Provincial Housing Committee has recommended that it would give a stimulus to building activities within the City if vacant sites are subject to taxation. The Chamber is of opinion that if vacant sites are not being increasingly utilised they are due to reasons beyond their control. For one thing building materials like iron, cement or bricks are not easily available and cannot be got when required, and often fancy prices have to be paid; labour charges are exhorbitant so much so the cost of construction of new buildings has increased beyond recognition. Side by side with this the earning capacity of the people is steadily falling down and therefore tenants may not be forthcoming to occupy such premises built at enormous cost. It would not therefore be paying to the owner to build houses and allow them to lie vacant. There is also a tendency on the part of the tenants to go as far outside the congested areas for residential purposes and thanks to the house-building programmes of the co-operative societies and of the Corporation tenants are attracted to these areas, increasingly. The Society and Corporation have ambitious plans to build more houses and there is bound to be a slackening in demand for houses. Even otherwise due to stringent import restrictions business has considerably fallen and import houses are seriously considering the question of retrenchment so that the demand for houses is bound to fall. House owners therefore are reluctant to invest large amounts on housing schemes because of the uncertainties of the future.

The practical administration of this measure is also bound to be not easy. The assessment will have to be revised very often as owners may put up a shed in the vacant area and

determination of vacant area will have to be worked out. For another thing owners may divide the properties and put up accommodation. The market value of the site may vary from time to time and assessments have to be changed as otherwise the owner will be put to heavy taxation.

The Corporation has to maintain separate staff for assessment proceedings which will not be worthwhile because of the abovementioned uncertainties.

The recommendation of the Housing Committee to limit the area to twenty times the plinth area or to two acres is very limited. This will not give enough room for further expansion of existing house or construction in the same area to accommodate the near relatives of the owner. The Chamber, therefore, feels that there is a case for reconsideration of the area exempted and the Chamber recommends that at least five acres should be free from taxation.

The vacant sites now attached to houses were in the past a source of revenue to the Corporation. Good plantations of coconut trees were there which used to be let out for toddy tapping. But that trade has become unremunerative owing to the prohibition policy of Government for which the house owners should not be penalised. House owners also are anxious to get extra income from vacant lands but because of the difficulties and extra cost involved under present conditions and the uncertainty of future demand for houses they do not want to take risks.

The income which the Corporation hopes to get from this source limiting the area to two acres is about a lakh of rupees under present inflated prices of vacant sites. If the areas are increased to five acres as is reasonable and the value of sites depreciates, the number of vacant sites is bound to fall considerably and the proceeds from this measure of taxation will be niggardly while the expenses of collection will remain stagnant and high.

In view of the facts mentioned above the Chamber requests Government to reconsider the question and be pleased not to proceed with the amendment of the City Municipal Act for the purpose."

The proposal has not been proceeded with.

ALLOWANCE TO CITY COUNCILLORS.

There was a proposal to grant allowance to City Councillors, the allowances not to exceed Rs. 150 per month. This in the opinion of the Chamber was an undesirable feature. The following note was prepared and sent to the Chamber's representative on the Corporation Council, to be taken up:—

"A news item appearing in to-day's paper state that a meeting of the Corporation will be held on the 10th instant to consider an amendment to the City Municipal Act, making a provision in the Act for payment of an allowance not exceeding Rs. 150 per mensem to all Councillors of the Corporation.

The meeting is convened on a requisition by 14 Councillors who have given notice of the resolution.

Some time back there was a similar proposal with regard to Corporation of Bombay. An allowance of Rs. 150 is paid to members of the Legislature now, but that is on a different footing. The present proposal of the Madras Corporation can be considered only as the thin end of the wedge. There is nothing to prevent the Corporation from enhancing the allowance sometimes afterwards. Even as it is, Corporation is not able to make both ends meet. There are large deficits year after year and the Corporation is at its wits end to find revenue for the growing needs of the City. Ambitious developmental plans are kept in cold storage for want of adequate finance. Over and above that the Corporation has proposals to increase property tax, to assess vacant lands in the City, to increase the rates of profession tax, etc. But there seems to be no proposal before them to restrict expenditure. The proposal to allow Rs. 150 to Councillors will be another great strain on the slender resources of the Corporation.

If an allowance of Rs. 150 is paid to ordinary Councillors, the claims of members of the various Standing Committees, who attend more number of meetings for increase of allowance cannot be refuted, with any semblance of reasons or justice. They

attend at times four or five meetings in a week and devote more attention to the proceedings of the Corporation. The question of payment of suitable allowance for the Mayor, Deputy Mayor and Alderman and Chairman of various Standing Committees have also to be considered in its proper perspective. All these are bound to re-act on the meagre finance of the Corporation whose only source of income is by fleecing the tax-payer.

If allowance to the Corporation Councillors becomes an accomplished fact, the question of payment of similar allowances to members of the District Boards, Mofussil Municipalities and Panchayat Boards have also to be considered. Many of these District Boards and other local bodies are running short of funds. At least in the case of District Boards' members have to come from long distances and they have greater justification to demand an allowance, because, they are not in a position to attend to their own work in their localities. Many Panchayat Boards are yet to be constituted and this question of allowance will be a mill-stone around the neck of those bodies.

Councillors of the Corporation are residents within the City limits and after all they spend half to one hour a week out of their own love for the improvement of the City. This is in fact, the first training ground for the future politicians and statesmen and they should not barter away their patriotisms for the paltry allowance of Rs. 150. There is nothing to prevent them to attend their own business or profession or avocation. They are not spending days, weeks or months, in devoting their attention to the affairs of the Corporation alone.

Members of the Legislature stand entirely on a different footing. There is no analogy between members of the Corporation and members of the Legislature. Members of the Legislature have at times to be in the headquarters for sessions extending at times to two months, one month, etc., depending on the duration of the session. They are expected to bestow their undivided attention to the affairs of the State and to protect interests of the citizens. They cannot attend to their own work and this sustaining allowance of Rs. 150 is only a humble token of the abiding interest that members of the Legislature take ftr the progress of the country. On the other hand, Councillors of the Corporation need not spend so much time or energy for the affairs of the Corporation. There is nothing to prevent them from carrying on their own business. The proceedings of the Corporation being invariably after 5 p.m. alone and they need attend the meeting only after 5 p.m. There is therefore, no considerable sacrifice on their part in attending to civic needs.

If allowance is paid to the members of the Corporation, they become, more or less paid servants and rules applicable to paid servants have to be observed by them as well. This is slighting the dignity of the members of the premier Corporation. They also become liable for pressure from official quarters and they may not be able to discharge their honorary responsibilities with dignity or decorum. Some members might come half or one hour late. Some members attend the meeting merely for the purpose of keeping of attendance and inspite of payment of allowance, it is not expected that they will change their practice. Above all these drawbacks the question of finance stands foremost. Water-supply position, elementary education problems, control of epidemics, clearance of slums, etc., are some of the major problems which are held back, for want of finance. Only after those problems are satisfactorily solved and the finance of the Corporation are put on a broader and firmer basis, the question of allowance to Councillors should be considered."

The proposal has not been proceeded with.

SALE OF PEAS FLOUR.

Merchants dealing in peas flour, especially in the West Coast, were put to considerable difficulties owing to prosecutions launched against them for sale of gram flour which in the opinion of the Municipal authorities were adulterated. The Chamber submitted a memorandum and interviewed the Hon'ble Minister concerned. The following is the text of the memorandum:—

"I am directed by the Committee of the Chamber to invite your kind attention to the extreme hardship caused to merchants due to prosecution launched against them by Municipal Health authorities especially in Mangalore for selling what is called peas flour and I am directed to submit as follows:—

In the absence of sufficient production of Bengalgram flour or dhals in this State our requirements are met to a great

extent from imports from other Provinces. Large quantities of such flour are imported from Bombay to meet our own requirements. Local merchants import such stuff from reputed mills in Bombay. They are sold in the local market under particular trade marks. It would appear that samples of Bengalgram flour, toor dhall and other dhalls imported from Bombay have been recently taken by the local Municipal Health department for purpose of testing their composition and often prosecutions are launched against merchants resulting in heavy fines. This has caused a flutter in the market and honest merchants for no fault of theirs are penalised.

The Chamber wish to point out that the imported gram flour are sold in the local market without any adulteration. Local importers and merchants are not aware of the contents of these imported flour and dhalls. Admixture of any flour or colour, if at all it exists, is not due to adulteration by local importers or merchants. It might have occurred at the place of manufacture. The Chamber also would like to point out that flour imported now and distributed in the market is in the same condition as in the past. Such flour was actually distributed by Government through private dealers and ration shops at the time when there was control over the distribution of Bengalgram flour and dhal.

Lank flour or kesari flour is declared as a prohibited article and its sale or storage within this Province alone is prohibited. As has been stated above local merchants or importers are thoroughly unaware of any such admixture and merchants have no hand in the production or packing of flour. To penalise local merchants for no fault of theirs is very hard. If Government are convinced that Bengalgram flour imported into this State contain a large percentage of the prohibited stuff, i.e., kesari dhal or lank flour it is open to Government to prohibit the import of this stuff into this State. Merchants have not the machinery nor the equipment to test the contents of each bag before they are sold out. According to the usual custom of the trade they import and distribute it at a time when there is acute scarcity for foodstuff in the country. It is not at all their intention to sell admixed flour which are injurious to the health of the population. If at all some such sale has taken place due to their ignorance or by following the usual custom of the trade Government should give a warning to the trade or prohibit the import altogether of such spurious stuff before launching prosecution and imposing heavy penalties upon innocent merchants.

I may however mention in this connection that lank dhal is produced in large quantities in Madhya Pradesh and they are consumed in other States. There is no similar ban in the import or sale of such dhal or flour in other States. Under the existing regulations in Bombay the stocks supplied by merchants there to importers in this State are not spurious and importers in this State have bought such goods in good faith as peas flour and now to proceed against them is to say the least unfair.

Government in their G.O. No. 3082, dated 1st September 1950 have prohibited the sale of mixture of kesari dhal and Bengalgram flour. This Government Order came into force in September 1950 without giving any advance indication of such an amendment. In the absence of any such rule, merchants in their normal course of business have imported large quantities of such flour and have invested large sums of money in such stocks. On a similar issue, before, Government allowed sufficient time to merchants to dispose off their stock said to be injurious to public health. That has been very much appreciated by the trade and it is only but fair that a similar provision should be made to enable merchants to dispose off their stocks imported by them in all innocence.

It has been represented that very many merchants have been proceeded against. As has been mentioned above it is not due to their wilful neglect that merchants have imported and sold such stocks. Their cases may be viewed leniently. On a consideration of these matters the Committee have directed me to request you that (1) prosecutions pending at present against merchants for having sold peas flour which was stated to be mixed with lank flour, may be withdrawn, (2) prosecutions against merchants for having sold toor dhal coloured as was said may also be withdrawn, (3) that merchants should be given sufficient time to dispose off their stock held by them which are stated to be adulterated. Having regard to the importance of the subject and also to the very many prosecutions that have been launched against merchants the Kanara Chamber of Commerce an affiliated member of this Chamber have expressed their desire to wait in deputation on you to explain the difficulties experienced by merchants. The Chamber would be very grateful if you would

kindly agree to receive a small deputation of merchants to express their difficulties to you in person. I request that you may be pleased to fix a very early date to receive the deputation. The time and date for receiving the deputatitn may kindly be intimated to me."

The Secretary to Government, however, replied as follows:—

"With reference to your letter No. K. 2331-50, dated 2nd December 1950 on the above subject I am directed to state that the requests contained in your letter cannot be complied with, considering the previous history of the case and the number of warnings issued by the Government in the matter in the shape of Press Notes and Communiques.

As regards the plea of the ignorance of the local merchants regarding the contents of the flours imported by them, I am to invite your attention to Section 6 of the Madras Prevention of Adulteration Act.

I am to add that in view of the position stated the Government regret their inability to agree to receive a deputation of the merchants over the matter."

EXPORT RESTRICTIONS.

Handicaps to exporters arising out of export restrictions were dealt with as and when such difficulties were brought to the notice of the Chamber. In one of its letters, the Chamber wrote to the Indian Government Trade Commissioner, Ceylon as follows:—

"I am to draw your kind attention to the losses and inconvenience caused to Indian importers of onions carrying business in Ceylon due to the present policy of the Ceylon Government in allowing imports of this essential article only by the Co-operative Wholesale Establishments in Ceylon.

It has been represented to the Chamber that during last year no private merchants in Ceylon were allowed to import onions and that the Government of Ceylon have put a ban on the importation of onions by private merchants. The Indian exporters of onions are compelled by Ceylon Government's intervention to export their quota of exports of this commodity to the Wholesale Co-operative Establishment alone.

Licences are issued on the basis of exports from India during 1941-42 and 1942-43. Only a percentage of exports made in those years are allowed to be shipped and Indian importers of onions there have to carry on with this small turnover for a six months' period. They used to dispose these goods in Ceylon at the prevailing market rate and they could meet their high establishment charges without incurring loss. But now owing to the present policy of the Ceylon Government, the Indian exporters are offered a rock-bottom price and at times they are put to serious losses. The cultivator and exporter in India are thus left to the mercy of the co-operative establishments in Ceylon. The Co-operative Wholesale Establishment in Ceylon enter into contracts with Indian exporter in advance and owing to fluctuations in prices in the Indian market at the time of shipment, the exporters are often put to losses. Apart from that, their sister concerns in Ceylon have no business and they are incurring heavy loss there.

The Chamber has no objection to the import trade in this commodity being entrusted to the Wholesale Co-operative Establishment provided it is going to be of distinct benefit to the consumer in Ceylon, but it is represented that this Co-operative Wholesale Establishment after importing these goods at the rate of Rs. 250 per ton sells it in the market for Rs. 500 per ton and which in turn is sold to the public at the rate of Rs. 600 in the market. Therefore the consumer in Ceylon is not benefited to any extent by the Co-operative Wholesale Establishments taking over this import trade. The customer on the other hand and the Indian merchant in Ceylon are put to serious losses. It has also been represented that the Wholesale Establishment has now entered into contract at the rate of Rs. 200 per ton and this has reflected in a set back in price in the Indian market much to the detriment of the Indian cultivator. The Chamber would therefore, request you to be good enough to let me know how far the policy of Ceylon Government is affecting the import trade of Indian merchants there in this commodity and how far the consumers in Ceylon are benefited by the Co-operative Wholesale

Department taking over the import trade. If it adversely affects Indian importers there without any corresponding benefit to the consumer in Ceylon, you will agree there is case for Government intervention in the matter.

I shall, therefore, be thankful for favour of an early reply."

In another letter addressed to the Commercial Secretary, Embassy of India, Rangoon, the Chamber represented the difficulties of handloom exporters as follows:—

"This Chamber has received representations from exporters and manufacturers of handloom piecegoods to Burma drawing the attention of the Chamber to their pathetic condition due to the ban placed on the import of Indian lungies in Burma. It has been represented to the Chamber that at a time when Burma was in dire need of such cloth exports of lungies from India were freely allowed to Burma. Strangely enough the import into Burma of such lungies was discouraged though they had been calling forth applications from their own nationals for the import of such lungies during the latter half of 1948. In August 1949 Government of Burma published a notification to the effect that the imports of handloom cotton lungies into Burma had been prohibited in order to protect the local handloom industry in Burma. Since there had been no exports of Indian lungies to Burma and this has created a problem for the handloom industry in this country.

Indian manufacturers and exporters expecting that Burma will continue to demand lungies from India large quantities of lungies specially manufactured for the Burman market have been kept in stock and it is estimated that the value of such stocks with Madras merchants alone would amount to more than two million rupees. These goods are not used in any other countries nor locally because these are of special type used only in Burma. This stock, therefore, has become a dead stock with merchants and all their available resources are locked up in goods which cannot be consumed either here or in any other foreign markets. It is true that in order to protect the industry in Burma the Government of Burma should properly safeguard it. But it is the information of the Chamber that the cloth position in Burma is still far from satisfactory and it will take many more years before

Burma attain self-sufficiency as regards lungies are concerned. There are many other industries protected in different countries but that is not by banning completely the import but by imposing protective tariff alone. The action of the Burma Government in totally banning the import of Indian lungies is therefore in the opinion of the Chamber not calculated to foster friendly trade relationship between India and Burma. If sufficient time had been given to Indian manufacturers and exporters that import of lungies into Burma would be prohibited they would not have undertaken manufacture of such type of lungies. As it is, the notification banning import was promulgated and imports were suddenly stopped. Exporters therefore are burdened with heavy stocks.

This Chamber will, therefore, request you to represent the difficulties of Indian exporters of lungies to the Government of Burma and urge upon them to allow imports of at least regulated quantities of lungies especially manufactured for that market at least till the present stocks are cleared away."

The difficulties experienced by raw-wool exporters was taken by the Chamber when the Chamber made the following representation:—

"The attention of the Committee has been drawn to the notification issued by the Export Trade Controller, Customs House, Madras, dated the 12th July 1950 reproducing copy of a Press Communique, dated the 7th July 1950 issued by the Ministry of Commerce, prohibiting the export of raw-wool with immediate effect. There was however, another notification issued by the Export Trade Controller, dated the 20th July 1950 allowing export of raw-wool in cases in which firm commitments with foreign buyers had been entered into before the 8th July 1950 and letters of credit have been opened before that date and cases where through bills of lading had been issued by the steamer companies before the 8th July 1950.

The concessions are intended to cover all cases affected by sudden promulgation of ban on export and it will not in many cases mitigate the hardship to exporters of wool. The Chamber is aware that large exports had been made and the available stocks should be conserved for local use. But in doing so, it should be taken into account that all available quantities of wool that

are produced in the country are not used locally, but only a portion is used for local industries. What is required for local consumption is shorn and pulled wools while black and grey wools and reds of inferior quality (limed tannery wools) are not at all used to any considerable extent for local use. The conservation of such stocks as are not utilised in the country do not serve any useful purpose but will only tend to depress the market and affect considerably the prices of other varieties of wool also. This is not the first time that ban on exports of wool was introduced and on a previous occasion when a similar ban was introduced, this Chamber drew the attention of the Government to the difficulties arising therefrom and Government allowed export of wool that were not required for local consumption.

Limed wools of all qualities, black, grey and white and reds are not utilised by Indian mills nor or they marketable locally. The prohibition in export of such qualities will not be of any advantage to the local industry.

The Chamber would therefore request Government to allow export as before of wool which are not consumed locally or marketable here. Government may be pleased to issue instructions accordingly and immediately."

Regarding the exemption of export duty on groundnut oil, the Chamber made the following representation, to the Government of India, Ministry of Commerce:—

"The attention of the Chamber has been drawn to rumours in the market to the effect that Government of India are contemplating the imposition of an export duty on groundnut oil. This has caused nervousness in the market as it will seriously affect trade in groundnut oil for which huge commitments have already been entered into with foreign buyers. It is represented to the Chamber that contracts for over 20,000 tons have already been entered into with foreign buyers and this large quantity has to be shipped before the end of February 1951. Government can therefore see that the imposition of an export duty at present on contracts already entered into will gravely cripple export trade and put to serious loss to many of the exporters who have already entered into such contracts.

Government are probably under the assumption that the exporters of oil are making huge profits out of such sales. This is far from true. There is lot of competition and Indian oil has to meet with cut-throat competition in the foreign markets. There are various substitutes coming into those markets such as cocoanut oil, soyabean oil, whale oil, etc., apart from oil produced in U.S.A. and China. In view of such serious competition, the margin now left to the Indian exporter is very meagre. The imposition of an export duty will therefore be another handicap to the exporters and their margin will be reduced to an uneconomic extent.

It has also to be borne in mind that foreign buyers refuse to bear this duty and contracts are entered into now with the stipulation that in the event of an export duty being levied it should be borne by the seller alone so much so in the event of an export duty being levied hereafter this duty cannot be passed on to the foreign buyer but that has to be borne solely by the Indian exporter. The levy of a duty at this stage when trade is being carried on at a very low margin of profit will cripple the export trade and will take away the incentive on the part of the exporters to explore new markets for groundnut oil. It is a cash crop and large quantities of oil are now exported from Madras Province. Groundnut cake thus made available to the country is extensively used for manurial purposes and that has considerably helped the 'Grow More Food Campaign' of Government but in the event of a duty being levied, export will be crippled so much so sufficient quantities of groundnut cake will not become available for manurial purposes. Government have in recent times been following the wholesome policy of allowing export of finished products rather than raw materials. This has been working well and consequently large number of people are employed in the process of conversion of raw materials into finished products. If Government ultimately decide to levy export duty on groundnut oil, trade in the groundnut oil will receive a serious set-back and instead of the finished product, groundnut kernel will be exported in large quantities so much so there is bound to be unemployment all over the country. Groundnut cake will not also become available for manurial purposes to the same extent.

It is represented to the Chamber that there are even now heavy commitments and substantial orders have been enter-

tained by Indian exporters for shipment of oil one of the conditions being that export duty if levied will be borne by the exporter himself. The levy of a duty at this state will therefore hit the exporter hard leaving other links in the chain of transactions free. The foreign importer will get his goods at the price contracted for, so that the brunt of the duty will fall only on the exporter who under present circumstances is unable to bear as the margin on such sale is reported to be very small. Nor can he pass on the burden to the supplier. Before contemplating the levy of any such duty, Government would be pleased to take into consideration the difficulties of the exporters stated above and see that contracts already entered into will be respected and such goods will be exempt from the levy of duty if at all it has to be levied."

There was a similar proposal to levy a duty on hides and skins exported outside India. But the Chamber got an assurance from Government that there was no such proposal. In all these cases, the representation made by the Chamber was duly considered and relief granted wherever it was possible.

Regarding the export of goat hair and its classification as raw-wool, the Chamber represented to Government as follows:—

"The attention of the Chamber has been drawn to the difficulties of exporters of goat hair owing to the decision of the Government of India to classify goat hair along with wool for purposes of collection of export duty. This decision was arrived at all on a sudden and is responsible for great repurcussions in the market. The Chamber is not aware on what basis Government have classified goat hair along with wool.

Goat hair and wool are two different commodities and has been recognised as such all along. Goat hair is a bye-product of the tanning industry and large quantities of goat hair used to be exported to foreign countries all these years without any assessment. Its value is very low compared to that of wool and it cannot be utilised by mills in India for the manufacture of fabrics. It is the information of the Chamber that in India, there is no machinery for the proper utilisation of goat hair. Its use is also limited compared to that of wool. Mostly this goat hair is used in the manufacture of only flooring carpet and rugs and felt. Wool on the other hand is many times costlier. An indication of the difference will be evident when it is known that prices of wool is not less than 25 times that of goat hair. Wool is used for purposes like the manufacture of fabrics, rugs, shawls, suitings and mufflers, etc., in addition to the manufacture of carpets, rugs, etc., of high quality. Compared to this, the use for which goat hair can be put to is extremely limited and perhaps is confined to the manufacture of flooring carpets of a rough variety. In view of this difference in quality between the two commodities and the use to which they are put, the Chamber is convinced that classification of goat hair along with wool for purposes of assessment is illogical and is likely to cause irreparable harm to the trade in the export of goat hair. Goat hair is heavily limed and as has been stated above is only a bye-product of the tanning industry and if its exports are handicapped by incidence of such heavy export duty not only the trade in goat hair but also the tanning industry will also greatly suffer.

That goat hair and wool are two different commodities has been recognised by Government so long and even now. When there was a ban in the export of wool previously the export of goat hair continued to be free. Even now, for purposes of export regulations wool is restricted and only 15 million pounds of wool are allowed to be exported out of India whereas the export of goat hair is free and there is no quantitative restriction. At a meeting of the Port Committee held at the Custom House, Madras, on the 23rd November 1950, this question came up for consideration and the Chairman remarked that "that this question of duty should be taken up with the Central Board of Revenue and added that so far as export trade control was concerned a separate classification existed for wool and goat hair." It would therefore be clear from the interpretation of the Chairman of the Port Committee also that wool and goat hair come under two different classification. In view of this case, the decision of the Government to levy the same amount of export duty on goat hair has caused not a little surprise to exporters of goat hair.

When there is no justification for treating the two commodities alike the levy of a heavy duty on contract already entered into will be too oppressive. The trade had no idea that the incidence of duty will fall heavily on export trade as according to the terms of the contract they cannot recover the duty from importers abroad or collect the duty from local suppliers. Such contracts were entered into many months before and it will be a serious burden on the exporter if Government now decide to levy duty on such contracts also.

The levy of an export duty on hides previously created a country-wide protest and trade in hides suffered a severe set-back owing to the operation of duty. The Chamber feels that incidence of a similar duty on a bye-product of the tanning industry is similarly bound to have a serious reaction not only on the tanning industry which is wide-spread in South India but also on the trade in goat hair which as has been stated above is used entirely for a different purpose like manufacture of flooring rugs or belting for machinery mentioned above. The Chamber requests that Government may be pleased to reconsider this question and exempt goat hair from payment of duty on exports."

Subsequently, the duty imposed on goat hair was cancelled.

INDEPENDENCE DAY CELEBRATIONS.

As usual, the Independence Day was celebrated at the office of the Chamber on the 15th August 1950. The Hon'ble Mr. J. L. P. Roche Victoria presided. Rao Bahadur V. S. Subramaniam in requesting the Hon'ble Minister Mr. Roche Victoria to unfurl the Flag of Independent India stated as follows:—

"It is indeed my proud privilege to welcome you, Hon'ble Mr. Roche Victoria and friends on the occasion of the celebration of the Independence Day at the Chamber.

To-day is the proudest day in the annals of Indian History for it is on this day three years ago that India attained her independence through a bloodless revolution under the inspiring leadership of Mahatma Gandhi whose loss we deplore. On this memorable day especially, our thoughts go back in deep reverence to those mighty sons and daughters of India who have sacrificed their all even their lives for the attainment of freedom from foreign domination. We are assembled here to-day to celebrate the consumation of their lifelong struggle and aspiration. We are honouring them to-day by re-dedicating ourselves to the cause which they held dear and which has resulted in the attainment of our long cherished dream of independence and has secured for us a unique place in the comity of Nations. Fifteenth of August will always remain a memorable day in the history of independent India for this day marks the culmination of the struggle for independence for which a Gokhale wrote, a Motilal Nehru suffered and a Mahatma won. I am sure their spirits will be pervading the Indian horizon and watching the progress of their hard-won achievement.

To-day three years after the attainment of independence, we can look back with pride on the solid achievements in this brief period after nearly a thousand years of foreign domination. In this short period we have really made a tremendous impression abroad and consolidated our general position at home. The impression we have created in the proceedings of international councils and committees and the vital role which Independent India plays now in such conferences and councils during this short period has clearly carved for her a place which is second to none. The peaceful integration of hundreds of scattered states all over India in such a short time is a miraculous achievement in the history of any nation. The framing of a comprehensive and workable constitution to suit the genius of India is another achievement on which we can look back with satisfaction and pride.

But gentlemen, while we can look back with pride on our achievements, this is no time to rest on oars. There is plenty of more work to be done. Political independence ceases to have any meaning if it does not also result in economic independence and assures a higher standard of life to the common man. The food problem in the country has assumed menacing proportion. What with increasing salaries and wages, more leisure, security of service and other privileges, if people are not assured of their essential basic demands for food, cloth and shelter, the above amenities will not find an echo in the heart of the common man. It is not my purpose here on this day to catalogue a list of grievances. But in the economic regeneration of the country, which should claim top priority, Government would be well advised in having at heart, the uniform progress of all sections of the society rather than satisfying the rapacious demands of any particular section of the society. The need of the hour is more production and at economic prices. 'Industrialise or perish' should be our watch-word and in this indefatigable attempt, all sections of the society

have worthy contributions to make and may I, as the President of the parent Chamber of Commerce in the State, assure you, Sir, that the mercantile and industrial community will play a worthy part in making Independent India worthy of our dreams and aspirations and attain for her a high status in the industrial map of the world.

Gentlemen, the international situation is anything but stabilising. The rumblings of another international conflagration is becoming increasingly felt nearer home. In this disturbed atmosphere of a world, charged and surcharged with grave doubts and fears, Independent India has a vital role to play and has to spread to other war-worn nations, the message of India so that the world in ruins to-day might be redeemed from 'sorrow, unhappiness, exploitation, misery, poverty, disaster and death. That is the message of India. We have stood for it. There is one thing that has always been true, one authentic feature that brings every nation together and that is the common ideal of peace, not the peace of negation, not the peace of surrender but the peace of a militant, creative human spirit that rises to exaltation. Mahatma Gandhi had taught us that it is not through bitterness and anger, not through hatred and strife, but through compassion and love and forgiveness shall the world be redeemed. That is the message of India and may the Flag of Independent India spread this message of peace and tolerance to a world torn asunder by conflicting idealogies, hard cruel offence and misunderstanding and may it leave only the deep, underlying unshakable faith in the message of India and progress of mankind. May the Flag of India be the source of inspiration and strength to tens of thousands of Indians far flung in the various corners of the world and may it ensure peace and prosperity to mankind. 'Singing ever thou soarest, and soaring ever thou singest.'

It is now my request to you Hon'ble Mr. Roche Victoria to unfurl the Flag of Independent India.

The Hon'ble Mr. J. L. P. Roche Victoria made a suitable reply and the large gathering dispersed after light refreshments.

REPUBLICAN DAY CELEBRATIONS.

The Republican Day was celebrated at the Chamber Buildings on the 26th January 1950 when the Hon'ble Shri Sitarama Reddy presided. Mr. A. M. M. Murugappa Chettiar, President of the Chamber spoke as follows:—

"It is with great pleasure I welcome you all to the Chamber to participate in to-day's joyous function.

This day marks the birth of the Republic of India and this day, the New Constitution of India comes into force. We are not here to celebrate this unique occasion, unique in the history, for never before indeed, and not excluding the Chinese Republic, has an area so vast and a population so great been brought under the direct control of a single democratic Government. Our feeling of rejoicing is naturally great and vivid. The happiness that we all feel, especially those of an older generation, who have toiled for decades for the political emancipation of the country and have dreamt of a time when that emancipation will be complete, this happiness must be unalloyed and complete. Some at least of those at the helm of affairs at present are tried veteran patriots whose sole concern, in their advancing years, is the happiness of the common man and the preservation of the freedom which we have after all attained. Let us, therefore, in the midst of our rejoicings invoke the blessings of Providence and utter the prayer that the Indian Republic may endure for ever and that the people of this ancient land may be happy and contented.

We have gathered here, essentially businessmen and industrialists, to share with our fellow countrymen the happiness of this day. It may not be inappropriate for me to dwell on the part that we have played so far in promoting the interests of our country and the part that we hope we shall continue to play in the economic and industrial progress of our land. Against great odds, sometimes overwhelming difficulties, against competitions of the most severe kind, businessmen and industrialists of this land have struggled for decades in the hope that the time will come when we shall be free to adjust our affairs even as other similar interests in other countries have been in a position to do. We were the first to rejoice when, on August 15, 1947, a democratic Government, free from any alien control, was established.

We hoped that the restrictions and inhibitions, to which we were subject, were at last removed, and that our plans for the industrial and commercial progress of the country could be carried out effectively and as soon as possible. It is a matter of common knowledge that the industrial and business community have, during the last year in particular, passed through a very critical time. A sense of frustration prevails in the community. It is no exaggeration to say that, owing to a feeling of uncertainty regarding the future of industrial concerns, there is a lack of that enterprising spirit which prevailed among the community in the past. Contradictory policies enunciated sometimes by the Central Government, and more often by Provincial Governments have led to confusion and consequent inertia among businessmen. While the Prime Minister and, more emphatically, the Deputy Prime Minister have tried to allay some of the apprehensions of the business community, it is to be candidly confessed that some of the other Ministers, both at the Centre and in the Provinces, have by their statements and utterances undermined the feeling of confidence which was sought to be engendered in the community by the two leaders.

I do not put forward the claim on behalf of the business community that the actions and activities of everyone of them have been either above board or free from criticism. There have been unfortunate examples of some who have not kept the strict principles of business integrity constantly before them. I would only like to state in this connection that the condemnation of a whole group of persons on account of the misdeeds of a few is neither fair nor just. Such errant members are found among all sections of the community. Referring to the trade and commerce in particular, the charge of blackmarketing has been constantly laid in a very general way against all businessmen. The system of controls and the ineffectiveness with which officers of the Government, particularly in the lower ranks, carries out their duties are not a little responsible for the state of affairs. In fact, the Deputy Prime Minister only the other day pointed out what a mess has been created by too much interference by Government in the normal course of trade and commerce.

I would like to suggest one other factor which has gravely contributed to the state of affairs. Thanks to the policy of control established by various Governments, a new set of people and in fact a very large section, have been introduced into the commercial field—people who have never had any experience of commerce before and who, without the established traditions of businessmen behind them, have not always kept to the straight and narrow path. An examination of blackmarketeers' activities would show that a very considerable portion, in fact the major portion, of these activities can be attributed to some of these new-comers whose anxiety to make quick profits has led them to devious ways. While we do not want a monopoly for those who have been in business before, it may yet be subject to serious consideration whether indiscriminate admission into business, of men, who but for the controls would not have entered it, has not contributed in a major measure to the complaints which the consuming public are launching against all businessmen. A radical remedy is required for this state of affairs. The influence of these new-comers and their example has also materially affected the normal high morale which established businessmen unusually maintain.

The Government is naturally anxious to increase the export trade of India. Complaints have been made openly of the fraudulent methods adopted by exporters in sending goods which are not upto specifications. Such practices naturally ruin the export trade of India. If a scrutiny were made of the persons who were guilty of these malpractices, I venture to state that it is mainly the new-comers who get these export licences without any previous knowledge of the trade and without an acquaintance of the requirements of the export market that have brought down the reputation of the country. Our Chamber is equally interested in industry and in commerce and I venture to make an earnest appeal that. with reference to export markets, established trade channels and established businessmen in any such export commodities should be given the opportunity to recapture the export markets and maintain the reputation of the country.

Let me take this opportunity of stating the views of the Chamber with reference to State trading. It is a novel idea foreign to this country, that the States should engage in direct trading with foreign countries. The pitfalls in such experiments are all too clear. If the State were to do it properly, it would require an army of trained businessmen who, acting as bureaucratic officials, must deal with these problems. The mere recruitment of men, who have no previous knowledge of the trade, and the casting of the obligation on them to find proper commodities, fix proper prices and ensure the quality of these commodities, will

prove almost an impossible proposition. I hope that this idea, which fundamentally is uneconomic and finally will not secure the objective of claim foreign trading, will be abandoned by the Government.

The industrialist is also, as I have already stated is in a difficult position. All the blame for either his inability to continue the plant to work as assiduously as before or to control the distribution is thrown on him even where little initiative is given to the manufacturer to arrange his business. Unfortunately it is too easy to lay the charge on the industrialist or the manufacturer, both for increased cost and for mal-distribution of the goods he produces. The consumer knows that it costs him to purchase a certain type of goods and, with rising indignation, he compares it with what prevailed before the war. He does not realise what proportion of these costs are due to excise duties by the Centre, sales tax by Provincial Governments, other charges that are levied too easily by local authorities and all the incidental additions that are made to the manufacturing cost by various organisations, governmental and semi-governmental. If the cost of living is to be brought down and the common man is to be contented, it can only be done by a thorough survey of the entire position of the cost structure of each manufactured commodity and by easing the incidental charges which have accumulated in a large measure to increase the price of the material.

I should not like to treat this occasion as an opportunity for expressing the difficulties of industrialists or businessmen. I have referred to these factors only to express the hope that from this day, which marks a new era for our country, we may emerge into a position where there will be all-round satisfaction. Governments are after all functioning on the basis of joint responsibility and the leaders in the Cabinet have a responsibility to see that other members do not make statements in contradiction to the declared policies of the Government. Such a state of affairs has interfered not only with the enthusiasm of national industrialists and businessmen but it has had a very deterrent effect on foreign investors. We hope also that the industrial and commercial community will no longer be treated as a special class of undesirable but that due credit will be given to them for what they are striving to accomplish.

In all that I have said, it should not be understood or implied that we are against promoting the conditions of service and the amenities of the labour employed in industries. But extravagant hopes held to such workers by men in responsible position in governments without realising the strict limitations of the industry concerned, could only lead to chaos. A new outlook is therefore necessary both on the part of industrialists and commercial men towards labour and equally on the part of labour and of Government towards industrialists and commercial men. In an atmosphere of mutual goodwill and understanding, in an atmosphere where there is no deep suspicion one of the other, and above all, in an atmosphere, where the motto of all for each and each for all is whole-heartedly subscribed to, lies the salvation not of industrial and commercial men alone but of every section of the community. We have no direct representation as industrial or commercial men in the new councils of the land. We can only get our viewpoint expressed in the assemblies of the nation if some of us have an opportunity of becoming representatives of the people. Such opportunities will be negligible and, in fact, non-existent, if by continuous propaganda the impression is created that the industrialist and the businessman is the enemy of the worker and of the consumer. I, therefore, venture to look to a new era wherein all sections of the community are treated equally and given a fair chance to do their duty by the country and by themselves.

I need hardly say how much depends upon the manner in which the new Constitution is worked both at the Centre and in the Provinces. It is not merely individual prosperity but the prosperity of the nation itself, its well-being and the contentment of the common man that is and can only be based on the knowledge, good judgment and appreciation of both sides of the question which those in authority display. I cannot do better than quote from an author who was an acute student of Governments and politics. "To balance a large State or society, whether monarchy or republic, on general laws is a work of so great a difficulty that no human genius however comprehensive is able, by the mere dint of reason and reflection, to effect it. The judgements of many must unite in the work. Experience must guide their labour. Time must bring it to perfection and the feeling of inconvenience must correct the mistakes which they inevitably fall into in their first trials and experiments." May I express the hope that the period of trials and experiments is over and that, with the dawn of this day, we shall enter into an era of sound progress.

Gentlemen, I do not wish to take much of your time except once again to thank you for kindly responding to the Chamber's invitation. To you, Sir, who have been so kind to accept our invitation to preside over the Chamber's function despite the many engagements you have to-day, our thanks are specially due and I now request you Sir, to unfurl the Flag of the Republic of India and also unveil the portrait of Mahatma Gandhi, the father of our nation.

The Hon'ble Minister replied and the large gathering dispersed after refreshments.

23RD ANNUAL SESSION OF THE FEDERATION.

Mr. A. M. M. Murugappa Chettiar, President of the Chamber along with other delegates attended the 23rd Annual Session of the Federation of Indian Chambers of Commerce and Industry, New Delhi. There was a resolution on State Trading in moving which Mr. A. M. M. Murugappa Chettiar, Chamber's delegate spoke as follows:—

"The resolution which I have the pleasure to support is a comprehensive one and has been ably moved, seconded and supported by the previous speakers. My task therefore, is rendered easy. Whatever be the pattern whether the Government directly participates in trading activities or whether it is left to be handled by private enterprise the end all and be all should be as to how the common man is benefited by such activities whether of the State or of the private enterprise. The end and aim of any Government should be the welfare of its people. We have therefore to look at this question from that angle and it undoubtedly has assumed some air of importance in recent times.

Before launching on such novel experiment as State Trading if we are to profit by the experiences in other countries we should know (*a*) how other countries which have adopted it have benefited by it and (*b*) how our country have found it in the limited sphere of activities which Government took up.

Now turning to the experiences in other countries the U.S.S.R. Nationalised Foreign Trade in 1918 but it cannot be compared to the Indian condition. Argentine did the experiment in a flourished sellers market. So that also cannot be taken as an example. In the United Kingdom, the United Kingdom Commercial Corporation was undertaken certain trading operations. This organisation has been criticised on the ground that bulk buying is unsound. Any way after the war this corporation did not exist.

India has not fared much better in the limited field in which Government have participated. Government of India at a time of grave emergency participated in trading activities in such enterprises as import of foodgrains, steel, fertiliser, and latterly on import of cloth from Japan. In the case of foodgrains in addition to high prices paid by Government it was found that the overhead charges were abnormally high and the wastages excessive so much so the Government appointed an Imported Foodgrains Committee to report as to how best to minimise cost and eliminate wastages.

In the case of steel and electric material which was bought by the Government the prices were not advantageous to India. In the case of Japanese piecegoods which were bought recently by the Government the goods were not to the requirements of India.

Judged from the above instances we can definitely say that the experiences of Government either in foreign countries or in India in their attempts to usurp private trade have not been happy. This is only to be expected. Whenever Government go to purchase abroad, the sellers in foreign countries enter into a combine and artificially force up prices. The result is that consumers in the country are forced to pay higher prices than they have to pay when they buy from private importers. Therefore, the objective of the Government in entering the field of trade is completely frustrated.

This apart, there are other formidable obstacles in the Government participating in the trade. Finance will certainly be an insurmountable problem. There are many governments in certain countries which keep certain consumable goods as their monopoly such as tobacco or salt or asafoetida, etc. The only idea behind it is to make maximum profit at the expense of the consumer. We are yet to find a government which has

entered competition in the open field and survived for any length of time, because it is the hall mark of inefficiency and redtapism.

It would be seen from the experiments conducted in other countries that they have resorted to this means under desperate conditions. Even countries which has resorted to this scheme have reverted the trade to normal trade channels when the emergency was over. There were about 113 purchase missions and corporations representing 54 countries doing business in America during the war but where are they now ?

Adoption of State Trading as an instrument of trade policy would have serious repurcussions not only on our foreign trade but also on our entire economy. The machinery of the State is not well equipped and lacks the necessary knowledge and experience to conduct successfully a business undertaking. It is also not necessary for the State to interfere for implementing the commitments coming under the bilateral trade agreement which India has conducted in recent times. Even before the war there were bilateral trade agreement with U.K., Japan, etc., and private trade could carry these obligations without the least interference by the State. Moreover these agreements are for short durations to overcome temporary difficulties and other countries which have entered into the agreements are allowing private trade to function.

While the major difficulty is the extreme unwisdom of setting up a corporation at this time when markets are falling the expedient of State Trading is more likely to prolong the transition and to postpone the return of normal foreign trade which is built up in the last resort through innumerable private contacts and the profit motto, economic policy in any country is successful if at all not because it is theoretically complete or is based on impressive precedent or even because it has been successful in the past in other countries but because it is suited to the circumstances in which it is functioned.

Foreign trade is one of extremely complicated technique. A wrong technical word in the contract, a delay of day in shipment, a slight mistake in specification is enough to result in loss of lakhs and crores. Where to buy, when to buy similarly to sell is a matter of great caution and circumspection. For ages the mercantile public from generation to generation has been studying this technique to perfection and it is best in the interests of all to leave trading in the most efficient and economic hands as hitherto.

Viewed from all angles it is not at all advisable for the State to interfere in the normal trade channels."

I have pleasure in supporting the resolution before the House.

INDIANS IN BURMA.

Under the Land Nationalisation Act of Burma meagre compensation was allowed when such lands were nationalised. Government of India proposed to send a delegation in the beginning of the year but owing to the unsettled conditions in Burma they could not proceed as proposed. Meanwhile the Ten-Man Commission appointed by the President of Union of Burma was understood to carry on the work of Land Nationalisation. The Chamber, therefore, drew the attention of the Government by telegrams as follows:—

"Chamber understands that the Ten-Man Commission appointed by the President of the Union of Burma—Under the Land Nationalisation Act is meeting regularly since October 1949 and that vital issues regarding basis of compensation and the manner of payment are being determined by them stop—There is every likelihood of the Commission taking decisions on these points and it will be impossible to alter those decisions afterwards stop—It is only on these issues that Government of India wants to put forward their suggestions stop—It is therefore imperative that the proposed Indian Delegation to Burma should proceed without any further loss of time stop—Chamber submits that the Indian landowners are eager to dispose their possessions in small lot to the extent a cultivating indigenous agriculturists can own stop—But under Section 3 read with Schedule I of the Land Nationalisation Act such transactions after fourth January 1948 will not be recognised stop—The Burmese peasants anxious to purchase land and Chamber understands that some sales are taking place stop—The promulgation of the Act in six areas has created an anamolous position in that all rights of landowners have ceased in such areas but owing to disturbed conditions there Government of Burma unable to implement provisions of Act in such areas and to provide safeguards for collection of rents due to the dispossessed landowners till compensation is determined and paid stop—Ever since Japanese occupation that is for about ten years now Indian landowners have not received any returns from their lands and their dependents plight in India is miserable stop—Political conditions have considerably improved in Burma and Honourable Thakin Nu have stated during his recent visit to India and Ceylon that Government of Burma would be willing to discuss these matters stop—Chamber feels that this is the most opportune moment for the Indian Delegation to visit Burma for discussion of these outstanding questions at a very early date stop—Chamber requests that Government of India should not lose any more time but send a Delegation at least before end of April."

Copies of the telegrams were sent to Ministers in Madras requesting them to take up the matter. Government of India informed the Chamber that the matter was receiving their best attention.

There was a report in the papers that the Government of India also decided to postpone the visit of the Indian Delegation to Burma. The Chamber was anxious that the Delegation should proceed before harm is done to Indian landowners. Therefore another telegram was sent to Government as follows:—

"Chamber disappointed to find from papers that Government of India have decided to postpone the visit of the Indian Delegation to Burma to discuss grant of compensation for Indian landowners stop—Chamber aware that conditions in Burma are still unsettled and that elections have been postponed to 1951 stop—In spite of that the work of the Land Compensation Commission is proceeding and India's case may go by default stop very difficult afterwards to alter decisions already arrived by the Commission stop—Chamber requests reconsider and send Delegation expeditiously otherwise urge Burma Government to postpone work of Land Compensation Commission till opportunity given Indian Delegation to place their case before the Commission."

As a result of this report, the Indian Delegation consisting of the Hon'ble Mr. Bhaktavatsalam, the Hon'ble Mr. B. Gopala Reddi visited Burma and have submitted a report. It is engaging the attention of Government of India.

Meanwhile, another difficulty relating to passengers proceeding from India to Burma cropped up. For the first time passport regulations were introduced and it was stated that only people having valid passports could proceed to Burma. The Chamber thought that this was a hardship having regard to the large number of passengers proceeding to Burma and therefore sent the following telegram to Government of India:—

"Understand from press reports that Government of India insisting passport regulations with regard to passengers proceeding to Burma from first August 1950 stop—Very many passengers in possession of valid permits issued under present regulations stop—It will be definitely impossible for all passengers intending to proceed to Burma to be in possession of valid passports before first August 1950 stop—Chamber urges Government to postpone enforcement of new regulations till first January 1951 and in the meanwhile the present system to be continued stop—Request issue instructions accordingly."

The Chamber also informed the member bodies and the Federation of Indian Chambers of Commerce and Industry, New Delhi to take up the matter with the Government.

The local Government also was addressed in this connection, and it was represented that the introduction of this system may be postponed for one year. In not getting a satisfactory reply, the Chamber addressed another telegram as follows:—

"The introduction of passport system for passengers proceeding Burma from first August will result in considerable inconvenience and difficulties stop—Thousands of passengers proceeding to Burma will be handicapped for want of passports stop—Not possible to issue passports to all such passengers before first August stop—Elaborate enquiry resulting inordinate delay for issue passports already experienced in respect of passengers proceeding other destinations stop—Insistance of such passports with regard to Burma passengers also will result in further delay stop—Chamber therefore request that Government be pleased to postpone introduction of this system in respect of passengers to Burma till thirtieth December or atleast extend time by three months more."

Member bodies of the Chamber and commercial institutions were requested to make similar representation. Government of

Madras informed the Chamber that the scheme of admitting into Burma, only Indians holding National Passports duly visaed for Burma by the Burmese Consul or representative in India would not come into effect from 1st August 1950 but from a later date to be decided hereafter by the Government of Burma.

The Government of India also issued a Press Communique as follows:—

"From August 1, 1950 Indians coming to India from Burma will be required to be in possession of valid Indian passports.

The Government of India, however, understand that the Burmese Consulates in India will not be in a position to issue visas to Indians proceeding to Burma for at least another one month. For the time being, therefore, Indians going to Burma can continue to travel on other valid documents issued by the Government of Burma for the purpose.

The Passport Issuing authorities in India are being instructed not to insist upon the possession of passports by Indians proceeding to Burma."

They further informed the Chamber that for the time being Indians going to Burma can continue to travel on entry or re-entry certificates issued to them by Government of Burma. The Government also informed the Chamber that it was at the instance of the Government of Burma that passport restrictions were imposed on Indians proceeding to Burma and that the Chamber would appreciate that since Burma was a foreign country and that India herself has imposed similar restrictions on Indians returning from Burma to India, it would not be desirable for Government of India to ask the Government of Burma to postpone imposing these restrictions till the end of December 1950. There were reports appearing in papers to the effect that Government of India indefinitely postponed the operation of the passport system. In order to review the whole position, the Chamber wrote to Government as follows:—

"I am to acknowledge with thanks the receipt of your letter mentioned above together with a copy of Press Communique issued by the Ministry of External Affairs, dated the 27th July 1950 and to thank you for the same.

In this connection, I am to invite your kind attention to a news item appearing in the papers emanating from Calcutta stating as follows:—

> 'Calcutta, 31st July 1950: The Government of India have postponed indefinitely the operation of the passport system for entry into Burma, it was understood. The Government of Burma had earlier postponed the operation of the system to September 1st this year.'

I am to add that in reply to the Chamber's representation to the local Government, the Home Department in their letter, dated the 31st July 1950 stated (in paragraph No. 2 . . .):—

> 'I am to add that information has been received from the Government of India that the scheme of admitting into Burma only Indians holding national passports duly signed visaed for Burma by a Burmese Consular representative in India will not come into effect from 1st August 1950 but from a later date to be decided on hereafter by the Government of Burma.'

This item of news also appeared in newspapers and passengers intending to proceed to Burma were led to think that passport restrictions will not be introduced so soon. It is therefore a matter of surprise to many passengers to see another news item in the papers reading as follows:—

> 'Rangoon, August 5: Reports, which have appeared in the press recently regarding the postponement of the application of the passport rules to Indian citizens are incorrect.' Said a press note issued by the Indian Embassy: 'The correct position, the press note added is that with effect from September 1st, require Indians entering Burma from India also to hold passports.'

I find from your letter mentioned above, that passport restrictions are being imposed at the instance of the Burma Gov-

ernment and that it will not be desirable for the Government of India to ask for an extension of time since India herself has imposed similar restrictions. I am to point out that while the number of Indians returning from Burma to India, is small the number proceeding to Burma for essential purposes to look after their employments, or avocations are many times greater in number and it will be difficult for all of them to be in possession of valid passport before the first September. It has to be borne in mind that it will be impossible for many of them atleast to be in possession of national passports duly visaed for Burma by Burmese Consular Representative in India within the time. There is hardly 20 more days left to get all these formalities completed. The issue of passports itself is by no means easy. It is issued only after ascertaining full particulars of the passenger and necessarily it is bound to take sufficient time. All these formalities have been undergone before the issue of entry and re-entry permits which were issued only after elaborate enquiry. To ask the same passengers to be in possession of passports in addition to the entry and re-entry permits which were issued only after elaborate enquiry is, the Chamber submits, unnecessary and uncalled for. The Chamber also feel that no harm can be done if the introduction of the new system is postponed by two or three months. Within this time all arrangements can be perfected by either Governments and passengers may not be put to unnecessary worry of going hither and thither to have their passports duly authenticated and visaed. The introduction of the system from 1st September when people were led to think that the introduction will be put off indefinitely will cause very great inconvenience to the thousands of passengers that are proceeding to Burma.

The Chamber, therefore, requests you to be good enough to consider the abovementioned difficulties and be pleased to postpone the introduction of passport regulations to 1st January 1951."

These letters were also forwarded to local Government with a request to take up the matter with the Government of India. This was strengthened by a telegram as follows:—

"Chamber invites your kind attention to letter 1476 of tenth instant regarding passport restrictions for Indians proceeding to Burma stop—There are thousands of persons who have to obtain passports and Chamber feels that within this short time it is impossible for a large body of them to obtain such passports stop—Chamber informed by Home Department, Government of Madras on the thirty-first July that the introduction of passport system would be decided on a later date stop—Press Note issued by you also stated that Indians going to Burma can continue to travel on other valid documents since Burmese Consulate in India not in a position to issue visas to Indians proceeding to Burma stop—The introduction of this scheme so soon will cause inconvenience to many passengers stop—The Chamber requests you to prevail on Burmese Government not to insist on the introduction of the scheme just at present but to continue the existing practice for at least six months more or to grant time till the end of year before the introduction of passport regulations."

The Chamber followed this telegram with a report reading as follows:—

"I am directed to draw the kind attention of Government to the press note issued by your department, dated August 12, stating as follows:—

'Evacuees from Burma started to return to that country in 1946. It is felt that sufficient time has been given to the evacuees to decide their future and that almost all the evacuees who intend to return to Burma have already left India for that country. The Government of Burma have, therefore, decided that evacuee identity certificates will be invalid for entry into Burma from January 1, 1951. Evacuee identity certificate holders who do not return to Burma by December 31, 1950, will therefore, lose their evacuee status, and will become subject to the immigration regulations in the same way as other foreigners. The holders of evacuee identity certificates who intend to return to Burma are therefore, advised to do so by December 31, 1950.'

In this connection, I am directed to draw the kind attention of Government to the fact that there are still thousands of evacuee identity card-holders who in spite of their desire have not been able to return to Burma owing to the unsettled conditions prevailing there and also due to many of the interior places and towns in Burma not being approachable as those places were in the hands of one rebel group or other. Though there is calm and tranquillity in the town of Rangoon itself, it cannot be stated that law and order prevail in many of the

interior towns and villages in Burma. Government probably are under the impression that most of the card-holders proceeding to Rangoon have settled business or other occupation in the town of Rangoon itself. The Chamber would like to point out that most of the card-holders have no business interests in Rangoon town itself but are connected with mofussil areas and towns which have not been under the effective control of Burmese Government. It is due to this unsettled condition in Burma that many of the card-holders could not return to Burma so far.

Such adventitious circumstances were beyond the control of card-holders proceeding to Burma and if they have not proceeded to Burma it is due to circumstances narrated above and over which they had absolutely no control. Even now though it can be stated that conditions are fast improving, sporadic attempts to bring into contempt law and order in the mofussil towns and villages are not wanting. Evacuees therefore are only waiting to see conditions improve before proceeding to Burma so that they can continue to peruse their trade or other occupation even in the interior without being disturbed due to political unrest.

The Chamber is glad to note that Government of Burma are taking strict measures to control law and order throughout Burma and they have been very successful in curbing rebellious tendencies in most part of Burma, and conditions have considerably improved. By pursuing such measures it is hoped that the situation will considerably improve in course of time but till then it is not advisable nor safe for Indians to proceed to Burma in large numbers to pursue their avocations there. It is hoped that within an year at least law and order will be maintained throughout Burma effectively and Indians need not have any fear of loss of life and property owing to unsettled conditions.

It would be clear from what has been stated above that if identity card-holders did not return to Burma in the past it was due to circumstances beyond their control. Therefore to deny Indian card-holders of the status of evacuees after the 31st December 1950 is not fair to the large body of evacuees almost stranded in Indian soil. They have considerable interest in Burma and it was only due to force of circumstances that they were unable to proceed to Burma so long. It is not possible for many of them to return to Burma before 31st December 1950 as normal conditions are not fully restored as yet. But due to strenuous efforts which Government of Burma have now on hand the Chamber fully believes that they will radically change for the better by the end of next year when it will be safe for them to proceed to Burma.

The Chamber, therefore, requests that Government of India may be pleased to urge upon the Government of Burma as to the reasons as to why Burma evacuee identity certificate-holders were unable to return to Burma so long and also prevail upon them as to how essential it is to extend the time for the return of such certificate-holders at least upon 31st December 1951. The Chamber wishes to point out that having regard to the vast stakes that such certificate-holders have in Burma, it will be very hard on them if the time is limited upto the end of the year for them to return. As has been pointed out above conditions in Burma are bound to improve considerably in the course of another year and identity certificate-holders will have then nothing to fear. The Chamber therefore requests you to be good enough to persuade the Burmese Government to extend the time for the return of identity certificate-holders upto 31st December 1951."

The local Government was also addressed in this matter with a request to take up the matter with the Government of India. The Government of India further replied as follows:—

"With reference to your letter No. K. 1566/50, dated the 25th August 1950, on the subject mentioned above, I am directed to say that the Government of India have given careful consideration to the representation of your Chamber. It is true that some Indians might have been deterred from returning to Burma by the prevalence of unsettled conditions there but, so far as the Government of India are aware, even if law and order is restored to normal, economic conditions will be such as not to offer a fair field of employment to foreigners. Moreover, the Government of the Union of Burma do not want too many Indians to enter Burma. In the circumstances even if the Government of the Union of Burma were to accede to a request to extend the date not much good would result. All indications, however, are that

that Government would not agree to any extension and the Government of India are, therefore, reluctant to make a request to that Government."

To this, the Chamber made a further representation as follows:—

"I am to acknowledge the receipt of your letter mentioned above informing the Chamber that the economic conditions in Burma will be such as not to offer a fair field of employment to foreigners and that Government of the Union of Burma do not want too many Indians to enter into Burma and I am to represent as follows:—

There are even now not less than three lakhs of Burma evacuee identity certificate-holders mostly concentrated in South India who have a considerable stake in Burma either in agricultural operations or in trade, commerce or industry. Government are probably aware that many of them have considerable landed property in Burma. They own houses, mills and small-scale industries and their presence in Burma to look after their business or avocations is extremely necessary. If they do not elect to return to Burma so far, it was as mentioned in my previous letter due to reasons beyond their control. Life and property were not safe till recently but the Chamber has reason to hope that due to the effective measures now taken by the Government of Burma conditions are improving and are coming back to normal. It is due to these reasons of insecurity that the evacuee identity certificate holders did not return to Burma so far. But already there are indications that many of these certificate holders are leaving for Burma.

The Chamber also wishes to point out that these evacuee certificate holders should not be treated on a par with foreigners. At a time of grave emergency they had to leave Burma for reasons of safety and because the conditions in Burma did not show any improvement and as parts of Burma were in the hands of one insurgent group or other, they could not return so far. It is to be borne in mind that many of these evacuee certificate holders have their place of occupation or business or other avocation mostly in the interior parts of Burma and not in the town of Rangoon itself. Government will readily admit that conditions of life in the interior parts of Burma were anything but normal and will, therefore, appreciate the position of such identity card-holders if they did not elect to return to Burma under such circumstances.

From now on upto 31st December 1950 there is hardly three months left during which time not less than three lakhs of evacuee identity certificatee holders have to return to Burma as otherwise they will lose their evacuee status. The Chamber would like to point out in this connection that there is only one sailing for about 20 days to Burma from Madras. Calculated on that basis there may be in all five or six steamers sailing to Rangoon utmost each with a carrying capacity of not more than 1,500 passengers so that in all event if there be regular sailing in 20 days not more than 12,000 passengers would be able to go to Burma as against not less than 3 lakhs left in India. It is therefore physically impossible even if they desire for all the evacuees to return to Burma within the time. Granting that Government of India put additional steamers the Chamber is doubtful whether even 10 per cent of the evacuees now left behind will be in a position to go to Burma.

Another handicap for evacuees proceeding to Burma is the introduction from 1st September of the system of passport regulations under which procedure all persons whether evacuees or not have to be in possession of valid national passports. The issue of such passports is by no means a routine affair but they are issued only after elaborate enquiry often taking not less than two months. Evacuee identity certificate holders are again called upon to report to the village munsif, the District Magistrate and finally the Home Department to get such passports often entailing considerable delay, expenses and inconvenience. Even after undergoing such inconveniences, the question of passage facilities is extremely doubtful.

Under such circumstances, to restrict the time-limit for the departure of evacuees back to Burma upto 31st December 1950 is indeed a hardship and will deny to them the right of proceeding back to Burma to look after their avocation. Even now the local Secretariat is busy with an army of applicants for passports and unless the time is extended by at least one year the Chamber feels that the facility of return back to Burma by the evacuee certificate holders will practically be denied to them and many of them will be stranded, without any one to look after their interests in Burma. This Chamber, therefore, request you again to reconsider the whole position in the light of the facts mentioned above and be pleased to prevail upon the Burma Government to extend the time for the return of evacuee certificate holders upto 31st December 1951."

Passengers experienced considerable difficulties in getting accommodation in steamers sailing to Rangoon. This was a subject of representation to Government represented as follows: —

"Consequent on the introduction of the system of passports even for Burma evacuee identity certificate holders, the Chamber has received many representations stating that the issue of passports has been delayed resulting in inconvenience to them. These identity certificate holders should return to Burma before the 31st December 1950 as otherwise they will lose their evacuee status. It is therefore imperative that evacuee identity certificate holders should return to Burma before that time. There is hardly three months' time left with them to return and there are several hundreds of thousands of evacuees still left behind in India. They have considerable stake in Burma either in agricultural operation, trade, commerce or industry.

The Chamber understand that the steamer which sailed on the 28th of August 1950, i.e., prior to the introduction of passport system to Burma, carried not less than 1,500 deck passengers; while in the steamer which sailed after the 1st September i.e., after the introduction of the passport system, there were hardly 60 deck passengers. This is due to the delay in the issue of passports, and intending passengers could not avail themselves of the facility and return to Burma. This delay in the issue of passports as is evidenced on the above facts will do serious harm to the certificate holders in that they may not be able to return to Burma before the appointed time. It is the information of the Chamber that even these identity certificate holders have to follow a circumlocutious procedure in making their application for passports which the Chamber thinks is unnecessary since such permits were issued only after elaborate enquiries. In their case at least the issue of passports may be a routine affair with minimum checks to avoid falsification alone. It should be made simple, inexpensive and expeditious.

As has been stated above there are several evacuees left behind who are eager to go to Burma as early as possible. The delay in the issue of passports is a great handicap to such of those passengers. There are important centres like Mathurai, Ramnad, Tiruchirappalli, Tuticorin, Malabar, Vishakapatnam and Kakinada which are all important centres from where large number of evacuees are to proceed to Burma soon. In view of the fact that there is only hardly three months left behind, Government may be pleased to make necessary arrangements for the expeditious issue of passports to passengers especially from the areas mentioned above and Collectors in those places may be instructed not to delay in forwarding applications from those centres. All applications for passports received by them before the 15th of October should be forwarded expeditiously and passports may be issued before the 1st of November to enable them to take the earliest steamers. The Chamber would request you to be good enough to issue necessary instructions to Collectors in all the districts and especially the Collectors of the areas mentioned above to take steps for the issue of passports and if necessary they may be given additional staff to cope with the increased volume of business."

Short notice of questions were forwarded to members of the Parliament and the State Legislature with request to take up this matter in those legislative bodies. It was later understood that a previous Burmese Foreign Minister would be visiting India and discussing matters relating to Indians in Burma. The Chamber took that opportunity and sent a telegram to Government of India as follows:—

"Understand from to-day's press reports that Burmese Foreign Minister U Sai Hkun Hkio is expected to discuss with the Government of India problems relating to immigration position of Indian nationals there compensation in respect of lands owned by Indian nationals and commerce treaty stop—Chamber feels that the opportunity of this visit should be taken to impress upon the Burmese Minister as to how essential it is to settle such outstanding problems affecting Indians so as to have a lasting solution stop—The question of payment of equitable compensation for lands nationalised in Burma should be satisfactorily settled stop—Though Indian landowners are dispossessed of lands eviction proceedings for nonpayment of rent are being proceeded with and in spite of protest by India's Ambassador lands are auctioned and this should be stopped stop—Thousands of Indian families dependent solely on incomes from Burma are in a pitiable position here stop—Government may be pleased to press upon the Honourable Burmese Minister that the question of payment of compensation should first be decided before nationalisation of lands is enforced stop—Another equally important question is the necessity of extending period for return of Burma evacuee identity certificate holders to end of 1951 stop—Several thousands of such evacuees have still to return as due to the unsettled conditions they could not return so far stop—They have to be there to look after agriculture trade industry or commerce and the question of their return may be viewed accordingly and should not be left to be decided by the Burmese Government alone stop—They have invested all their savings there stop—The issue of passports is not expeditious but are delayed due to elaborate procedure for its grant even to certificate holders stop—Steamer sailings are few and according to the present arrangement it is physically impossible for more than ten thousand certificate holders to return before thirtyfirst December 1950 as against several thousands left behind in India stop—In the Commerce treaty to be negotiated large supplies of rice from Burma may be ensured and set off against exports from India of goods such as handloom cloth, etc., stop."

The local Government was requested to make representation to Government of India on those lines and the following is the text of the representation addressed to them:—

"I beg to draw your kind attention to reports appearing in the papers that the Hon'ble U Sao Hkun Hkio, Foreign Minister for Burma is holding discussions with the Government of India with a view to arrive at a lasting solution of the outstanding questions affecting the two countries particularly relating to the land nationalisation policy of the Burma Government, trade agreement between the two countries, emigration and immigration, etc. The report says that they had already discussions with the members of the Government of India. This Chamber has already addressed Government of India urging them the supreme necessity of coming to a solution of these questions as early as possible. I beg to enclose herewith a copy of the Chamber's telegram.

Indian landowners in Burma have invested large sums of money and for the last nearly 10 years they had not been receiving any rents out of such investments. What is worse, lands in certain districts are reported to have been sold in public auction in spite of the protest by the Indian Ambassador for non-payment of rents. Thousands of families in India are helplessly dependent on incomes from those investments and their plight here can better be appreciated. It is very important that the opportunity of this visit should be taken to impress upon the Government of Burma the necessity of coming to an early agreement for payment of equitable compensation before lands are sought to be nationalised.

Equally important is the question of extending the period of validity for the return of Burma evacuee identity certificate holders at least upto the end of 1951. Government are aware that there are several thousands of such certificate holders left in India who due to reasons beyond their control could not return to Burma so far. They have considerable stake in Burma and their presence there is absolutely essential to look after agriculture, trade, commerce or industry. Under present circumstances of limited sailings it is physically impossible for them all to return and according to the present estimates it is not possible for not more than 10,000 of such certificate holders to return to Burma before the end of December 1950, as against several thousands left behind. The issue of passports is also delayed for necessary checks. Considering all these questions it is but proper that Governmnt of India may be urged to prevail upon Burmese Government to extend the period at least to the end of 1951.

This Chamber is also very much interested in the proposed trade talks between the two countries. Till now they formed part of the same Government and their economies were mutually supplementary. Burma can offer India much quantities of rice at a time when India wants it most while on the other hand, India can supply large quantities of handloom piecegoods, groundnut oil, etc.

As it is expected the discussion with the Burmese Foreign Minister would be finalised soon, this Chamber would request you to be good enough to send telegram to Government of India requesting them to include such important topics also for discussion."

The Government of India replied to the Chamber as follows:—

"I am directed to acknoweldge the receipt of your letter No. 1785/50, dated the 5th October 1950 on the subject mentioned above and to say that as already stated in this Ministry letter of even number, dated the 14th September 1950, the Government of India have given very careful consideration to the points raised in your representation but for the reasons stated therein they regret their inability to approach the Government of Burma to extend the period of validity of the Burma evacuee identity certificates. Your Chamber is no doubt aware that due to the policy of nationalisation of Government of Burma in matters concerning trade, agriculture and employment a large number of Indians have already been displaced in that country and thousands of them have had to repatriated as destitutes at the expense of the Government of India. You will, therefore, appreciate that it would neither be desirable nor in the interest of the Government of India to encourage Indian nationals to go back to Burma.

As regards the difficulties in obtaining passports mentioned in paragraph 5 of your letter I am to say that necessary instructions have been issued to all Passport Issuing Authorities in India to deal with application for passports from evacuee identity certificate holders more expeditiously and it is hoped that passports will be issued to the applicants without delay or inconvenience."

As a result of this representation, the position of Indians proceeding to Burma, has been made much more easy.

INDIANS IN CEYLON.

There are large number of Indians especially from South India in Ceylon. Under the Ceylon Citizenship Act, Indians domiciled there have to get themselves registered but the arrangements made in Ceylon for the registration of Indian settlers were far from satisfactory. This would result in many Indians being not qualified to be included under the Ceylon Citizenship Act. Having regard to the large number of South Indian settlers there the Chamber made a telegraphic representation as follows:—

"Facilities for registration of Indians under Ceylon Citizenship Act far from adequate stop—Chamber understands that only four thousand out of nine lakhs Indians registered stop—Only three centres opened for registration stop—Procedure adopted for registration also dilatory and elaborate stop—As there is little time for registration Chamber feels that at least twenty such centres should be opened immediately in different centres and Indian High Commissioner's office should be strengthened to help registration of Indians stop—Chamber requests you to urge upon Ceylon Government to open more centres for registration of Indians under Ceylon Citizenship Act."

The Chamber also understood from press reports that the Ceylon Government were pursuing a rigorous policy of Ceylonisation and were taking steps to replace non-nationals by Ceylon employees. While the period fixed for registration of Indians as citizens of Ceylon would expire by August 1951 Government of Ceylon were understood to be taking interest to see that as many Indians are not registered under the Act so that programme of Ceylonisation could be carried. This would affect many number of Indians settled there for years and therefore the Chamber sent another telegram to Government as follows:—

"Chamber understands that serious attempts are made by Ceylon Minister to Ceylonise all commercial, industrial and estate establishments and especially to retire persons of non-nationals aged fifty-five and seriously to restrict recruiting fresh staff from non-nationals stop—Chamber submits that this move on the part of Ceylon is premature and prejudicial to Indians and will forestall claims of Indians for Ceylon Citizenship stop—Under the Citizenship Act there is nearly a year more for Indians to get themselves registered as Ceylon ciitzens stop—If Ceylon pursues its present policy of Ceylonisation several Indians may be ousted from services who may be entitled for registration for citizenship rights stop—Chamber also invites Government's attention this present policy is in contravention of the assurance given by the Ceylon Prime Minister to the Indian Prime Minister stop—Chamber understands that the Honourable Minister assured Pandit Nehru that Indians who are not qualified to become Ceylonese by registration but continue to remain Indian citizens will be allowed to carry on their avocations in Ceylon without hinderance whatsoever stop—In view of such assurance Chamber would request Government of India to make immediate diplomatic representation to Government of Ceylon to see that Ceylonisation is not enforced at present stop—Chamber would

also reiterate that more centres should be opened in Ceylon for registration of Indians under the Ceylon Citizenship Act."

Government informed the Chamber that the matter was receiving their attention. This matter was included in the subjects for discussion with the Hon'ble Dr. B. V. Keskar who was to have attended a meeting of the Chamber.

Remittance facilities, franchise, citizenship right, emigration and immigration facilities, etc., were some of the problems affecting Indians settled there. The Chamber was of opinion that a Round Table Conference consisting of representatives of both the Governments would facilitate to bring the two countries together to thrash out such outstanding problems and therefore the Chamber suggested to Government to convene a Round Table Conference. The following telegram was sent to the Hon'ble Pandit Jawaharlal Nehru:—

"Position of Indians in Ceylon fast deteriorating stop—Various problems such as franchise, citizenship rights Ceylonisation remittance facilities emigration and immigation etcetera require to be negotiated expeditiously before the situation deteriorates and becomes difficult of solution afterwards stop—A Round Table Conference consisting of representatives of India and Ceylon meeting early either in India or in Ceylon will enable speedy exchange of views on these questions and will pave way for an early solution of these outstanding problems between two neighbouring countries stop—Chamber would like to draw your kind attention to news item appearing in press of todays date relating to position of Indians in Ceylon stop—Chamber would respectfully urge you to convene such a Round Table Conference as expeditiously as possible."

Copies of the telegram were sent to local Government also for being taken up with the Government of India.

In the meanwhile reports were again appearing in the papers that residence permits were not given to many Indians in Ceylon which would debar from registration under the Ceylon Citizenship Act. The Chamber wanted the attention of the Government to be drawn to this irregularity and so represented to Government as follows:—

"Indians connected with Ceylon and our Chamber grateful to Honourable Prime Minister of India for ensuring equal rights in the matter of employment facilities for Indians becoming Ceylon citizens with Indians born in Ceylon and also for other Indians who are in Ceylon upto 1948 stop—Understand from news published in Hindu today from Ceylon correspondent that Ceylon Minister is willing to allow new concession only for such Indians who were in Ceylon upto July 1948 for being employed or reemployed or continued in employment stop—As Indian and Pakistani Citizenship Act in Ceylon promulgated only in October 1948 and as important and necessary amendment to the Act is to be introduced this month it would be just and fair if all Indians who are connected with Ceylon before December 1950 should be enabled to be continued or reemployed in Ceylon and for which purpose necessarily the Controller of Immigration Ceylon should without much irksome procedure issue residence permits for such persons stop—Chamber would earnestly request Government of India to urge upon Ceylon Government to give residence permits to all Indians if they are connected with Ceylon upto the end of 1950."

In a letter to the High Commissioner for India in Ceylon the Chamber made the following representation:—

"The attention of this Chamber has been drawn to a news item appearing in the newspapers here from a Colombo correspondent. The news is as follows:—

> 'Colombo, Nov. 15: From Thursday onwards, Indians remitting monies for the maintenance of their families will be refused Ceylon citizenship rights, if in their applications to the Exchange Control authorities for permits they declared themselves temporary residents.
>
> The Commissioner for Registration of Indian and Pakistani residents has posted his officers at the Exchange Control Office to scrutinize records of persons who have been making remittances since 1948.'

According to the Indian Pakistani Residents Act there is time upto August 1951 for registration as citizens of Ceylon. The

reported action of the Government of Ceylon in refusing remittance facilities to India will cause great hardship. As long as they are in Ceylon and as long as there is time for Indians to register themselves as Ceylon citizens, the Chamber sees no reason why they should be refused remittances to support their dependents in India. Large number of families in India depend for their existence on such remittances and if it is prevented there will be great sufferings for very many families.

This Chamber is considering the question of urging Government for an extension of time for registration of Indians in Ceylon as citizens of Ceylon. Government of Ceylon are also known to be introducing important and necessary amendments to the Indian and Pakistani Residents Act soon and therefore the present move of Government of Ceylon to refuse remittance facility for the maintenance of dependents in India will be a serious handicap and this Chamber would request Your Excellency to make immediate representation to the Government of Ceylon urging on them as to how important it is that remittance facility should be continued uninterruptedly. It is premature to judge whether all those Indians now making remittances to India will be qualified to become citizens of Ceylon under the Act. Until that question is decided for which there is still time it will really be hard if such irksome restrictions are placed on remittances."

As a result of this concerted action not only by this Chamber but other leading interests the position has much improved.

HARASSMENTS TO INDIANS RETURNING FROM OVERSEAS.

The Chamber received a representation from a member that passengers returning back from Malaya, Burma, etc., were subject to harassment at the hands of the Customs officials and many of them were searched and humiliated. The Chamber made a representation drawing the attention of the Government of India to treat passengers with consideration. Particulars of families who were humiliated were also furnished to Government. The Assistant Collector of Customs, Madras, to whom the letters were forwarded by Government, decided to include a representative of the Chamber while checking passengers. The Chamber accordingly nominated Mr. P. Maruthai to be included when passengers were inspected.

The Central Board of Revenue wrote to the Chamber as follows:—

"I am directed to refer to your letter No. K. 1671/50, dated the 13th September 1950, on the subject noted above.

The inquiries made show that a large number of passengers had to wait for a long time before their baggage could be passed through the Customs owing to inadequacy of examination space. The question of extending passenger shed accommodation and also certain amenities in the sheds, is engaging the attention of the Port Trust authorities.

As regards the allegations of indiscriminate searches and discourtesy shown to women passengers, I am to state that personal searches are only carried out in suspected cases where Customs have information that the individual are carrying jewellery for other parties and that the women passengers were gently and respectfully treated and were dealt with only through the lady searcher.

The Customs authorities are required to show every courtesy and respect while dealing with the public."

With regard to facilities for passengers the Port Trust informed the Chamber as follows:—

"The extension to the passenger shed was kept in abeyance owing to the anticipated extension of the harbour southwards, where provision has been made for a Passengers Examination Building with ample room for Customs and Medical Examination both at the time of embarkation and disembarkation, but, as it was found that the extension would take some time, proposals are being prepared to extend the present waiting shed to accommodate about 300 to 400 more passengers.

I understand that the Traffic Manager informed you that the benches for the passengers are nearing completion.

Regarding drinking water in pots, it is a pity this was not brought to the Traffic Manager's attention at the time of your inspection, as he would have shown you the existing pots, which are refilled whenever required These pots are in addition to the water taps in the waiting sheds.

Regarding the Canteen at the South Quay, which is on a lease, I agree that the arrangements are not probably all that they should be and that the quality of the food served may not be as good as that of the "Modern" Cafe, or the "Ambis" Cafe. However, the point I must emphasise is that we have an agreement with the contractor operating the stall near the passenger shed and whilst this agreement is in force I cannot permit mobile canteens or other competition near the stall.

The question of the Trust handling passengers' baggage has been the subject of correspondence between the steamer agents, the Trust and the Customs for a fairly long time, but the steamer agents are not keen to hand this over to the Trust. While handling by the steamer agents is a 'free' service, the Trust would of course have to levy a charge which would be opposed by the passengers themselves. I can only consider this particular subject if the Chambers of Commerce come to an agreement and then ask the Trust to perform the service."

IMPORT CONTROL.

Owing to the operation of import controls and the sudden changes in policy, large number of difficulties were experienced by members and as and when such difficulties were brought to the notice of the Chamber they were taken up with the Government with a veiw to mitigate the difficulties as far as possible. Some of the problems were taken up with the Government as a result of which partial relief was given to importers. The following are some of the communications addressed to the Government of India:—

"I am enclosing herewith copy of a public notice published by the Assistant Iron and Steel Controller, Calcutta and appearing in the local papers. The notice is dated the 6th November 1950 and it has appeared in the local papers only on the 12th instant. The notice invites applications for the import of certain categories of iron and steel and such applications should reach the Iron and Steel Controller before certain dates prescribed in the notification. One of the items for which applications are invited is re-rollable scrap and according to the notice applications for import licences for the import of that commodity should reach Calcutta on or before 25th November 1950. It is also mentioned in the notice that 'the general and special conditions under which applications are invited and issue of licences for import will be considered, will appear in the *Indian Trade Journal* and the *Gazette of India* (Part I, Section I) before 20th November 1950.'

It woud be seen from the above that intending applicants have to wait for the notification appearing in the *Indian Trade Journal* or the *Gazette of India* till 20th November 1950. I may mention here in this connection that most of the intending importers may not be subscribing to either of these journals and it will necessarily take more time for some of them to hunt after this notification appearing in Government publications so that the time at their disposal is much more short. I may also mention that applicants have to wait for this publication till 20th November 1950 thereafter make enquiries in the market, attend to all the complicated formalities of import trade control regulations and have to submit their applications so as to reach the authorities before 25th November 1950, i.e., this notification allows only barely five days for undergoing all these formalities and to submit applications in time. Government will see how difficult it is for importer to attend to all these formalities and submit his application before 25th November 1950 which is the time prescribed for submission of such applications. This is particularly hard for intending applicants located in far off places from Calcutta and more so in the case of applicants residing in the remote parts of the country.

The intending applicants have to contact foreign shippers to know the availability of stocks, prices, shipping time, etc. It is not as though goods can be had at the best price from one shipper alone. Applicants have to cable or send 'Air Mail' letters to different shippers in different countries in the continent to get replies and pro forma invoices and to know when shipping of the contracted goods will take place, etc. 'Air Mail' letters take at least four or five days to reach the shippers and the shippers take their own time to get those particulars and it will take another

five or six days time for the 'Air Mail' letters to reach the applicants. Government would therefore see that it is not so easy a matter as the Assistant Iron and Steel Controller seems to think to submit applications on the strength of the notice appearing in the paper. All these formalities would mean at least not less than three weeks and it is therefore denying the facility of import control by giving such short notice.

There was nothing to prevent the Iron and Steel Controller to advertise similarly in the notice itself as to the general and special conditions when the applications are invited so that applicants need not wait to see such conditions in the *Gazette* or *Indian Trade Journal* on or before the 20th instant. Publication of such conditions along with the public notice itself would have served much better and intending applicants can then straightaway contact shippers in the different countries. Now as it is, they have to wait till 20th November 1950 before contacting the shippers and precious time is lost.

This is not the first occasion where sufficient time has not been given for applicants. This Chamber has on former occasions also drawn the attention of Government to the inadequacy of time with no good results. Such notifications could have been published sufficiently early or sufficient time should have been given to the applicants to submit their applications after completing all formalities. Government would realise that to comply with all the formalities mentioned in the applications it necessarily takes not less than three weeks time and the grant of barely five days time practically amounts to denying the facility to the importers. Similarly there are applications invited for other commodities for which applications have to reach the Iron and Steel Controller's office on or before 30th November 1950. As stated above time given for submission of applications is too short.

The Chamber sees no insuperable difficulty in giving sufficient time for applicants. After all nothing is lost by giving sufficient time but on the other hand importers can make elaborate enquiries in the local market about the supply position and then contact different shippers in the continent to get goods at the most competitive rates before submitting their applications. But by giving such short notice applicants are hustled for time and this will benefit only as is justly feared some applicants who are located near about Calcutta. Government have prescribed fees for submission of import or export applications and it is less than fair if applicants are not given sufficient time. It is also known that applications are rejected if all the particulars called for in the applications are not furnished so much so applicants will have to take extra care and make elaborate enquiries before remitting the prescribed fee and submit applications. The Chamber therefore requests Government that this notification should be amended and at least one month's time should be given for applicants to enable the applicants to submit their applications. I therefore request you to issue another notification amending this and giving at least a month's time from the date of publication for submission of applications. I would also request Government to consider the feasibility of giving in the notice itself the general and special conditions to enable the applicants to get all particulars from the notice itself."

The notification was subsequently amended.

With regard to the import of mercury the Chamber wrote as follows:—

"While thanking you for your letter No. 97-Pol. (93)/50/7675, dated the 20th November 1950 regarding the import of mercury, I am to point out that the information contained in the letter is very belated. This Chamber wrote to you as early as 4th July 1950 for which it was possible for you to send a reply on the 20th instant alone, i.e., after a lapse of nearly five months. What is more the information contained in your letter has become public property as early as the 5th August. No useful purpose will therefore be served by sending such a reply. The purpose in writing to you was that the position relating to the import of mercury may be clarified as early as possible but you were pleased to send a reply four months after the decision has been arrived at in this matter. I have again to point out that a reference to Chamber's letter quoted is rather misgiving. Our Chamber's letter No. K. 1207/50, dated the 4th July 1950 has been mentioned in your letter as dated 29th August 1950. This letter related to the import of mercury for which a reply is received. In your letter you cited Chamber's reference letter as dated 29th August 1950. This is another letter No. K. 1585/50, dated the 29th August 1950 which relates to import of yarn. Your letter evidently is a reply to our former letter of the 4th July 1950. I am yet to hear from you relating to my letter of the 29th August

1950 relating to import of yarn. It would have been so good of you to have informed the Chamber as soon as a decision was arrived at. Such belated information is neither helpful to Chambers of Commerce nor to importers. I request that Government may be pleased to inform their decision whenever it has been taken as early as possible."

Request contained in the letter has since been conceded.

Regarding import of grains and pulses the Chamber wrote to Government as follows:—

"Imports of grains and pulses are now permitted under O.G.L. the validity of which extends only upto 31st December 1950 after which date imports of these essential foodstuffs are not allowed. This O.G.L. was introduced to tide over the food situation acutely facing this country. It cannot be said that the country has turned the corner in the matter of such supplies. Scarcity for grains and pulses still is felt all over the country and prohibition in their import after 31st December is not advisable under the existing circumstances. I may mention here that though Government of India decided not to import foodgrains like rice after March 1951, having regard to the existing circumstances in the country and the scarcity for foodgrains Government are known to have at least revised their decision and have extended the period upto March 1952. This shows how essential it is to continue import of essential foodgrains. It is still more so in the case of grains and pulses. South India hopelessly depends upon supplies from North India, Pakistan, Burma, Aden, Kenya Colony, Sudan for its supplies of grains and pulses. Due to the failure of rain here production is not expected to come up to the normal standard so much so the dependence of this part of the country on imported grains and pulses have become all the more greater. Due to the restriction in the period of validity of O.G.L. upto 31st December 1950 foreign shippers were led to demand higher prices from Indian importers and due to the limited availability of the licence period importers have to agree to such prices or to let go the offer. If the validity of the licence is extended for a longer period it is quite possible for importers to contact different shippers in the various countries and get their requirements at competitive prices so that consumers can get such essential grains and pulses at cheaper prices. In this limited period importers cannot get their stuff as grains were not available or there were shipping difficulties. It is expected that Burma crop would be available in January, February 1951 and that too in large quantities. It is, therefore, in the interests of the consumers not to speak of importers if the O.G.L. is extended for a period of one year from 1st January 1951. I request that the above points may receive your earliest consideration and Government will be pleased to issue an early notification announcing their policy with regard to the import of grains and pulses. As has been stated above this Chamber is of opinion that if the O.G.L. relating to import of grains and pulses is extended for a further period of one year the scarcity felt all over the country for this essential commodity will be considerably relieved, and consumers will be able to get the commodity in the open market at competitive prices."

Government accordingly modified the O.G.L.

Regarding the difficulty experienced by importers of mantles the Chamber represented as follows:—

"The attention of the Chamber has been drawn by members to the discriminatory treatment shown in the matter of issue of licences for the import of mantles.

Though the import of mantles was completely banned for the January/June and July/December 1950 period a reference to the list of licences issued by you will show that certain firms have been issued licences for the import of these mantles while applications from some other firms have been turned down.

If the idea underlying the prohibition in the import of mantles is to help the growth of indigenous industry, the Chamber has no reasons to grudge against it. Of course, local industries require sufficient encouragement and the best means of encouraging such industries is to help them by using products manufactured by these industries especially by departments under the control of Government. I understand that certain licences have been issued for the import of mantles for supplying to the Director of Supplies, Calcutta and B.N. Railways while another licence was issued for supply of these goods to the Deputy Director of Supplies, Madras. If there is sufficient production of these goods locally, you will agree that there is no justification for its import. But there is a shortage of production and the quality of local production leaves much to be desired. It is necessary therefore to supplement local production by import of limited quantities at least. In the

import of such quantities, the Chamber feel that distribution of licences should be on a scientific basis. It has been brought to the notice of the Chamber by members that their applications for import of mantles have been turned down while licences have been issued by you to others. Some of the applicants undertake repairs to incandescent lanterns in the course of which they have to supply mantles also. They have to supply lanterns to Municipalities and Panchayat Boards, etc., and so they have to supply these mantles also along with such lanterns. As they supply such mantles to users of their lamps they have to be considered as coming under the category of 'actual users' also. Some of those applicants have been importing large quantities of such mantles from U.K. and Sweden but under the present policy import of such mantles is not allowed resulting in shrinkage of their business in mantles also apart from the serious inconvenience to Municipalities and Panchayat Boards.

The Chamber is also given to understand that only one variety of mantles, i.e., silk mantles alone are manufactured locally which as stated above has not come up to expectation either in point of quality or quantity. The other variety of mantles known as 'Kitson' mantles are not manufactured in the country and the demand for such mantles is generally more than that of silk mantles. Kitson mantles alone are used for lanterns maintained by Railways, Municipalities, Panchayat Boards, etc., and naturally therefore the demand for such mantles is greater.

Government would seem to have appreciated this position and have decided to refer applications for import of mantles to an ad hoc Committee. The Chamber ventures to suggest that reference to an ad hoc Committee will result in considerable delay and cause great inconvenience not only to the trade but also to the consumers. When Government have recognised the need for the import of this essential material it is advisable to follow some acceptable principle in considering applications for import. Government have adopted the principle of issuing licence on the basis of previous trade leaving of course some percentage for 'new comers' and the Chamber sees no inherent defects in that policy and sees no reason why that principle should not be followed in the case of mantles also.

The Chamber therefore requests you to consider the above suggestion and be pleased to issue licence for established importers of mantles."

With regard to long term licensing policy and the notification of Government refusing to entertain application the Chamber wrote to Government as follows:—

"I am to draw your kind attention to the notification, dated 15th December 1950 announcing the import policy for the licensing period January/June 1951. My attention has been particularly drawn to page 632 wherein it is stated 'no further application for licences for goods falling under the long-term licensing scheme will be entertained as the last date fixed in that behalf in public notice No. 14. I.T.C. (PN)/50, dated 15th June 1950 have now expired.' This has created great difficulties for established importers and I request that their case may be reconsidered.

According to the notification mentioned above, it would mean that established importers who have not submitted their applications for licences for January/June 1951 before 30th October 1950 would lose the benefit of their quota and no licence will be issued to them for import. The notification No. 141 I.T.C. (P.N.)/50, dated the 15th June 1950 was not clear that importers should take advantage of the long-term licensing scheme and failing which they stand to lose their quota for January/June 1951. Though it has been stated that applications 'may be made forthwith' for the licenses for January/June 1951 period as well as for the July/December 1950 period there was no specific mention that if not applied before 30th of October 1950 established importers cannot apply for January/June 1951. The wording of the notification dated 15th June 1950 has given room to genuine misunderstanding and established importers had a feeling that for January/June 1951 period they can apply for licences under the scheme within the date prescribed for that period. They were therefore waiting for the announcement of policy for the half-year January/June 1951 and it was a surprise to many of these established importers to note that they cannot under the present policy apply for licences. Though Government have stated 'forthwith' the word 'may' in the same notice has been taken to mean that they can apply for January/June licence under the new policy. The Chamber wishes to point out that due to an incorrect interpretation of the order of 15th June 1950 or otherwise importers were led to think that there was nothing to prevent them from submitting their application under the long-term licensing scheme according to the new policy. Several established

importers have not submitted their applications for import licences and if there is a strict interpretation of the policy announced recently many of these established importers will stand to lose their business. The Chamber do not believe that it is the intention of Government to deprive the quota of the importers for January/June 1951 especially in view of the improved foreign exchange position. Such a procedure will affect many established importers to a very great extent as it is the information of the Chamber that most of the established importers have not availed of their quota for January/June 1951 in advance under the long-term licensing scheme. Rightly or wrongly the wording of the notification of 15th June 1950 has misled many importers and the Chamber requests that Government may be pleased to appreciate their genuine misunderstanding.

The Chamber therefore, requests you to reconsider the position and be pleased to issue necessary instructions to issue licences for January/June 1951 quota to established importers who have not already availed of the same. As the time for receipt of such application is only upto 28th February 1951, and as many formalities have to be gone through before submitting applications, you may be pleased to issue instructions immediately."

It has accordingly been amended.

The import of dental alloy was a subject of another communication and the Chamber made the following representation:—

"Import of dental alloy was all along guided under licence issued by your department; but when O.G.L. XX was introduced, such goods were imported under that according to the requirements of the trade. By the very nature of the commodity, these dental alloys are imported only in small quantities. As Government are aware, these preparations are not manufactured anywhere in India and the profession has to depend on imported stuff alone. These alloys come under different trade names according to the manufactures of these commodities. Some manufacturers style it as Dental Alloy, some other Clinical Alloy and others Solila Alloy. Such names have become to be associated with manufacturers and are more or less a trade mark. But the Chamber may assure you that though they are called by different names the compound is one and the same substance. These goods are very essential and are used by qualified Dentists alone to relieve acute pains suffered by patients.

Recently it has been brought to the notice of the Chamber that a small consignment of Clinical Alloy of 25 oz., was imported by Post parcel and under O.G.L. XX, the Appraiser allowed that consignment to be cleared without raising any objection whatsoever. But a similar consignment of Solila Alloy of 36 oz., imported by steamer, seems to have created some suspicion in the minds of the Appraising department and therefore, the clearance of that parcel has not yet been effected and in spite of representation made by the party, the Customs authorities state that this commodity requires a licence for import. The Chamber is unable to understand why a differential treatment should be given to the same commodity imported through different sources. As has been already stated above, this preparation is absolutely essential for the well being of the people and that explains the reason why Government have put dental and surgical goods under O.G.L.

The Chamber also understand that representatives of the All-India Dental Dealers' Association interviewed you in this connection some days before and represented their grievances and you were good enough to assure them that import of these goods will be guided by the O.G.L. But in the absence of any such specific orders to that effect to the local authorities, importers are penalised and patients are put to unnecessary suffering. The Chamber will be very glad if you would allow clearance of such dental goods required for dentists' use under the O.G.L."

On the subject of import of Hex, Bolts, and Nuts the Chamber made a representation as follows:—

"It has been brought to the notice of the Chamber that against their applications for import of Hex, Bolts and Nuts of certain specified varieties, licences have been granted for certain other varieties and descriptions not applied for with a direction to the applicants that they can import only such varieties as are permitted by the Government and that importation of any other variety would be treated as unauthorised import, and I am directed to point out as follows:—

Applications for licences are submitted only after assessing the requirements of the locality and also after elaborate corre-

spondence with the shippers in foreign countries as to their supply position prices and period of shipment, etc. It is only after assuring oneself about the supply of certain varieties of goods that applications are duly completed and the prescribed fee are submitted to Government for licences. It would therefore appear that before submitting applicants are fully satisfied that the importation of those varieties alone for which they have applied would find a sale in the local market and the shipper would be able to ship only such of those varieties as are mentioned in the application, and at prescribed prices. Any other variety may not be suitable for the locality or the shipper may not be able to supply such goods. There is therefore, no meaning in asking the applicant to import certain other varieties which are not covered by the application. In the first place those varieties may not be as fast selling as the variety applied for, the shipper may not be in a position to export those goods as are mentioned by you. In such cases the grant of licences for import of different varieties as prescribed by you would not be at all useful to the applicant and the grant of licence under such circumstances would be unnecessary. It is open to you to reject the applications submitted to you after an elaborate enquiry or grant licences for the import of variety mentioned in the application. But to issue licences for a different variety serves no useful purpose to the applicant. Import of such varieties would only result in locking up of capital in unwanted goods and applicants will be prevented from utilising their capital to better purpose.

Now, unlike before, applicants have to remit the fee as prescribed by Government before submitting applications. Applicants therefore take extra care to see that the goods for which they apply should appeal to the market and should be readily available for shipment within the prescribed time. Instead of granting or rejecting such applications it would serve no useful purpose if licences are issued for a different variety altogether. Applications have to forfeit their fee in such cases because it would be impossible for them to import varieties as prescribed by Government and that too within the short time given to them.

It is the information of the Chamber that licences granted by you for varieties other than that covered by applications have been returned to you unutilised and in certain other cases, inspite of the applicant's earnest endeavour to import varieties prescribed by you they were unable to get supplies of those sizes prescribed by you and in either case licences have remained unutilised. It would mean so much fees paid to Government by way of licence fee have been practically of no avail. This is a thing not contemplated when Government prescribed fee for applications. Government while granting licences for other varieties have recognised the need for import of such goods and it should have been left to the taste of the applicant to prescribe the variety and it is no good in imposing on him other varieties which are not required. In such cases, there is a clear case for the refund of fee submitted along with the applications because it is not due to the fault of the applicants that Government have imposed on them a different variety for imports.

The Chamber, therefore, requests you to reconsider the whole question and be pleased to issue licences for such of those varieties as have been applied though in smaller quantities and in case where Government have thought fit to grant licence for a different variety to refund the fee submitted along with the application."

The ploicy of Government in bringing many articles which are placed under import regulations to the free list of imports was causing disturbances in the market and the Chamber made a representation reading as follows:—

"The attention of the Chamber has been drawn to the recent notification issued by the Government of India, Ministry of Commerce, New Delhi, bringing many items, which were till now under Import Control restrictions to the free list of import under O.G.L. The Chamber is thankful to Government for bringing under O.G.L. commodities which are essential requirements in the country.

When these goods were under import restrictions very many importers all over the country have applied for licences as prescribed in the notification after payment of the required fee. Some of those items for which licences were applied for have now been brought under O.G.L. and therefore, no licence is required for their importation. In many cases licences have not been issued and Government would be doing a magnanimous thing if in such cases where no licences have been issued or where licences cease to have any attraction under the revised procedure, Government agree to refund the amount of licence fee to the applicants.

The Chamber is aware that refund of fee once paid will entail considerable dislocation in the office but having regard to the huge amounts involved there is no ground to retain such fees with Government.

The attention of the Chamber has also been drawn by very many importers stating that they have been refused licences on the basis that bankers certificate issued to the applicant does not specifically state that the applicant has been dealing in that particular commodity. A bank is after all not a competent authority to declare what all commodities the applicant is dealing. In these days of restrictions, merchants will have to shift from one line of business to another as it is not possible for them to stick on to the same line of trade owing to the changing policy of Government to control imports of some commodities in one half-year and relax such controls in the next half year. Under such circumstances importers have to take to new lines of business and it is quite possible that banks may not be aware of this. Therefore, too much reliance cannot be placed on the certificates issued by banks as they are not in the best position to give a complete picture of all lines of business handled by the applicants and consequently the refusal to issue licences on such imperfect certificates issued by the banks is hardly fair to the large body of applicants. The Chamber may also point out in this connection that it was no where stated in the notification that banks certificates should cover up all the items of goods handled by the applicant.

The term 'new comers' seems to have acquired new connotation for purposes of disposal of import applications. It is generally understood that the term includes all importers other than established importers for whom certain qualifications have been prescribed under the notification. But no definition has been given to the term 'new comers' and it is taken to include all applicants other than 'established importers' whether they are dealing in the commodity for which they have submitted their application for import or not. But many instances have been brought to the notice of the Chamber that Government have turned down applications summarily with the remarks 'that the applicant is not dealing in the commodity and hence licence is refused. The Chamber submits that it is illogical to turn down applications with such remarks especially so when the notification does not prescribe any such qualifications. In these days when import trade is regulated in water tight compartments many importers who are not qualified as 'established importers' or are not dealing in these commodities would submit their applications to keep their business going on and to maintain their establishments without disbanding them. They have deposited the necessary fees as prescribed by the rules before submitting their applications. If the intention of Government is to refuse the issue of licences to such of these applicants as are not dealing in these commodities, the Chamber feels that Government should have taken particular care to prescribe such conditions in the form of application itself. If any such indication has been given applicants would have been careful and many who are not so qualified would not have applied for licence. As it is, the notification did not prescribe any qualifications and so after ascertaining particulars regarding source of supply, time of shipment, prices, etc., after elaborate enquiry and after remitting the prescribed fee applications were submitted by large number of importers. To turn down such applications for no fault of theirs is unfair to them. Similar concessions were offered in the past for 'new comers' for export and the Chamber do not think that any such subtle distinction was observed in the grant of licence for export. The Chamber feels that an applicant having a place of business and who is regularly paying income-tax if he is qualified should be entitled to submit his application under 'new comer' scheme and such applications should not be disqualified for the simple reason that he has not dealt in that particular commodity.

The Chamber requests that the foregoing facts may be taken into consideration in the matter of issue of licence."

The difficulties experienced by handloom weavers in not getting sufficient quantities of higher counts of yarn was brought to the notice of the Government in a communication addressed to the Government:—

"I am directed by the Committee of the Chamber to draw the attention of the Government to the serious inconvenience and difficulties caused to handloom weavers in several weaving centres scattered over this Presidency owing to their inability to obtain yarn of higher counts as and when they require in their respective weaving centres. This shortage for higher counts of yarn is the direct result of the present import policy of the Government allowing import of such yarn *only* by actual users. The produc-

tion of this yarn—high counts—by the Indian mills is very low and weavers have to depend very largely on imported yarn of higher counts.

The usual custom of the trade is for established importing houses to import higher counts of yarn and distribute them to retail dealers in the various consuming centres for delivery to the handloom weavers in the several weaving centres in such small lots as they could conveniently hold either for cash or for credit. The ordinary handloom weaver is not an educated person and is not in a position to contact shippers in foreign countries for the small lots which he is likely to require consistent with his finance. He has neither the finance nor the equipment to submit his application for import licence and to open letters of credit with banks or to observe other incidental formalities connected with the complicated import control machinery. He has been depending on the retail distributor in the weaving centre or the wholesale dealer in that district for the supply of adequate quantities of yarn as and when required. Very often he obtains the requisite quantity of the various counts of yarn on credit from the merchant and the amounts due are paid only after the sale of manufactured goods. It is, therefore, practically impossible for each individual weaver to submit his application to the import control authorities, get the licence and then make arrangements for the import of goods in such convenient economic lots as he might require.

The present restrictions placed by the Government regarding the import of yarn have not taken into account the important role which the established importing houses play in the chain of transactions and in making adequate supplies of yarn available to the weaver. Such established importing houses have a fully equipped office, and have facilities to attend to the several formalities necessary for obtaining licence and importing the yarn. These importing houses being in constant contact with the foreign markets are also in a position to get yarn at competitive prices and offer them at economic cost to the weaver.

It will, therefore, be clear that the facility now offered to the weavers for the importation of the higher counts of yarn has no value and consequently have not been taken advantage of. There is, therefore, shortage of yarn of higher counts in the market and many weavers are thrown out of work. Government can well imagine their plight in these days of high cost of living.

It will not be out of place here if I mention that the Government have allowed importing houses to import art silk yarn and they distribute them to weavers subject to certain rules and restrictions. Procedure similar to this may be adopted for the importation and distribution of yarn of higher counts.

I am, therefore, directed to request you to be good enough to consider the facts mentioned above and be pleased to issue instructions immediately for the importation of higher counts of yarn by established importing houses thus ensuring a steady supply of yarn of higher counts to the actual users in the several weaving centres and thus relieve their distress."

Its import has subsequently been brought under O.G.L.

Polishing compositions were not available in the market and factories were put to much inconvenience. The Chamber therefore wrote to Government as follows:—

"Members have brought to the notice of the Chamber their difficulties owing to the regulated imports of polishing composition falling under Part IV, S. No. 136 (d) by actual users and to a very small extent by dealers. It is reported that stocks of such polishing composition are not available in the market and that factories are put to much inconvenience. Imports by actual users are not possible for various reasons. They are not able to get certificates from the Director of Industries and Supplies nor incometax verification certificate and moreover this procedure is bound to take considerable time. They are not also in a position to contact shippers at the other end nor arrange for opening of letters of credit and other formalities incidental to the complicated import trade. The concession given to actual users has not, therefore, been of much avail to the trade and after all the requirements of individual consumers will be small and it is not worth their while to undergo such a procedure for their small requirements.

Government have been pleased to include polishing bobs and wheels and brushes under O.G.L. Polishing composition is equally important as polishing bobs and one cannot be used without the other; they are complementary in their use. Unfortunately Indian substitute is not available for the same quality or

in as great a quantity as required. Local supplies are moreover very inferior and large quantities are required for getting done the same work and unnecessary time is involved. Polishing composition is an industrial raw material directly required for the production of various commodities. Wanting this essential material the output of several factories is restricted.

Government have no doubt recognised the importance of this material and have allowed limited imports by actual users and to a certain extent by established importers. Because of the facts mentioned above the concession given in the case of actual users could not be availed of and so to that extent the supply position in the market has become bad. If this material is placed under O.G.L. there will be freer imports and stocks will become readily available in the market. I am, therefore, to request you to include this material under the Open General Licence."

There was a notification by the Government that goods falling under O.G.L. should be imported from the country of origin of the goods alone. This creates difficulties to importers and the chamber made a representation reading as follows:—

"I am directed to bring to your notice the difficulties experienced by importers owing to the stipulation in the O.G.L. XX that the goods faling under O.G.L. XX should be imported from the country of origin itself and request you to look into the matter and waive such stipulation in deserving cases.

It has been brought to the notice of the Chamber that mercury and industrial diamond boarts can be imported under O.G.L. XX. But it has stipulated in the O.G.L. that they should be imported from the country of origin alone. In the case of industrial diamond boarts they can mainly be had in Tankaniyaka whose entire output is sold to the Diamond Corporation, Ltd., London. The custom of the trade was to get these goods from the Diamond Corporation, Limited, London. The manufacturers in Tankaniyaka ship the goods direct to the Diamond Corporation who in turn receive orders for their supply to the various importers so that London was supplying to the different markets though it is not the country of origin. It is, therefore, practically impossible to get the goods from the country of origin in such cases. Inquiries were made to the Indian Government Trade Commissioner for East Africa and Belgium Congo and he has informed the enquirer to contact 'The Diamond Corporation, Ltd., London who handle all sales.' The Mercantile Bank of India have also informed parties accordingly. Government can therefore see that it is not possible to get such goods from the country of origin.

Similarly in the case of mercury, imports were usually received from London though it is manufactured in Spain and Italy. Manufacturers in Spain and Italy have appointed their selling agents in London, though it cannot be disputed that small quantities are coming direct also. But the selling agents in London always keep ready stocks to meet demands at any time so that it is much easier to importers to get goods from London instead of from Spain or Italy. London unfortunately is not the country of origin and according to the conditions stipulated in the O.G.L. it has to be imported from the country of origin.

It has also been brought to the notice of the Chamber that newsprints are mainly manufactured in Canada but they are cut and packed in U.S.A. from where alone they are shipped. It will not be to the advantage of the importer to send the goods back after cutting and packing to Canada for shipment from there. Apart from the loss involved in that procedure it would mean considerable delay in shipment.

The validity of O.G.L. expires on the 31st December 1950 and it may not be possible to get imports of these commodities from the country of origin within this time. In such cases the Chamber submits that the stipulation mentioned in the licence may be relaxed and importers may be free to import goods from their usual sources of supply. You may, therefore, be pleased to look into the difficulties of the importers and wherever possible relax the condition attached to the O.G.L. so that the full benefit of the O.G.L. may be availed of by importers."

The request contained in the Chamber's letter has been acted upon.

The Chamber wanted that licences at least for some commodities like motor spare parts should be issued on a regional basis and made a representation:—

"I am directed by the Chamber to invite your kind attention to the difficulties experienced by motor vehicles and parts dealers in South India owing to the allotment of meagre quota for the import of vehicles and parts into South India.

As it is, licences for the import of motor and spare parts are issued on the basis of ceilings for motor vehicles and parts from hard and soft currency areas. Previously the main distributors of these goods were located either in Bombay or Calcutta and on the basis of their previous imports, licences are issued to them for large amounts. When there were no limits for importation, large quantities of these goods were imported by them and merchants in Madras dealing in these goods used to get their requirements, apart from their own imports, from these importers there. As competitive conditions prevailed then, the dealer in Madras could get these goods at fair prices.

Conditions have changed now and South Indian markets are starved of its requirements. Dealers here have to look to Bombay or Calcutta, who because of the import restrictions more or less dictate prices. Moreover there is in Bombay a heavy sales tax of about 6 pies in the rupee so that it is not at all to the advantage of the Madras dealer to get goods from Bombay for re-sale here. The result is that essential parts of vehicles are not easily available and when it is available, fancy price has to be paid so that the road transport industry is starved of its essential requirements resulting in dislocation of traffic, delay in the movement of goods and inconvenience to the public.

In recent times motor industry in this State has made considerable head-way. I am reproducing below the position of motor vehicles plying in India and in South India's on 31st March 1949 for your ready reference:—

	All-India.	*South India.*
Private Cars ...	1,33,399	31,340
Buses	26,571	7,659
All total	2,69,669	62,038

It would be seen from the above statement that South India has about 30 per cent of All-India vehicles.

Motor vehicles in South India are also put to maximum use. Normally according to the number of motor vehicles, South India should consume only 147.6 lakhs of gallons of petrol based upon the average Indian consumption but actually the off-take is round about 164.24 lakhs of gallons, which is more than 10 per cent more than the average consumption in any other State.

As has been pointed above though South India has a large number of motor vehicles and though their use in South India is greater than in any other State, yet under the present regulations of imports, it gets barely half of its requirements of spare parts, and has to depend on other import centres like Bombay and Calcutta for the balance of requirements, which as has been mentioned above is not in the interest of either the dealer or the consumer or the public.

Even with the existing number of motor vehicles, the transport problem is by no means easy. Large number of vehicles cannot be used for want of essential repairs and replacements. Trains are over crowded and lack of booking facilities has become a general complaint. Factories are burdened with accumulating stocks and consumers are put to much inconvenience. Lorries and other forms of motor vehicles form a dependable form of transport and unless they are properly supplied with spare parts at economic cost, public cannot be ensured of a satisfactory form of transport and the transport bottle-neck now experienced by the railways will all the more become greater.

On a consideration of this important question, the Chamber has come to the conclusion that there should be a more scientific re-allocation of quota for the import of these essential goods more on the basis of the number of vehicles plying in the area and depending upon their usage. Having regard to the number of vehicles and their usage, as suggested above, the Chamber feels that at least 20 per cent of the available All-India quota for import of motor vehicles and parts should be ear-marked for allotment to applicants from South India. This can best be ensured by allowing fleet owners of 20 or more vehicles to import goods worth Rs. 500 per vehicle per half year while at the same time fixing a minimum of Rs. 5,000 for the issue of such licences. Reservation of 20 per cent of the All-India quota for applicants from South India will enable dealers not to depend on other importing

centres for their supplies and also enable fleet owners to keep their vehicles in road-worthy condition.

I am to request you to consider the suggestions mentioned above and be pleased to issue immediate instructions accordingly."

There was considerable difficulty experienced by members and by the public in getting cycles and spare parts. The Chamber on a consideration of this difficulty made a representation to the Hon'ble Commerce Minister reading as follows:—

" "I am directed by the Committee of the Chamber to invite your very kind attention to the great inconvenience experienced by the public and by members of the Chamber to the extreme difficulty of getting cycles and spare parts in the market for essential use.

Cycle is a poor man's vehicle and it is increasingly used by the middle class employees, and people and by office peons. Owing to the shortage of other transport vehicles especially during rush hours cycles are being depended upon by employees. In up-country places also there are no regular bus service or any other alternate transport and there also cycles are mainly depended upon. Offices, companies and firms keep cycles for use by their peons for delivery of letters, to attend to bank work and errands, so much so the use of cycles has come to stay with the public and commercial firms and is now an indispensable necessity to them.

The Tariff Board have, in 1946, estimated that the annual requirements of cycles in India is six lakhs. In 1949, they have estimated the requirements at four lakhs of cycles. The Chamber feels that this is a gross under-estimate of requirements having regard to the increasing demand for cycles in the country and the extreme shortage now experienced. As stated above the demand for cycles has considerably increased in recent times due mainly to the industrial advancement and improvement in the standard of living. The demand for cycles is bound to grow higher having regard to the fact that in India only 3.85 persons out of 1,000 own cycles against 255 in U.K. and 539 in Denmark. Judged from the increasing demand, the Chamber feels that the country's requirements of cycles can be safely estimated at a million cycles if not more for a year and Government's estimate of 6,00,000 of cycles to meet our needs is an under-estimate.

The local production amounted to only 55,000 cycles in 1948 and to 72,000 in 1949. Allowing for an increased production in 1950 it cannot be stated that the local production will be more than 1,00,000 cycles in the year on a very outside estimate against the very modest estimate of 6,00,000 cycles required per year according to Government's own findings.

There is, therefore an admitted shortage of 5,00,000 of cycles in the country during the current year and this has to be met from imports alone. Cycles play an important role in rural and urban economy of the country. It is the poor man's vehicle and under present conditions of transport they are absolutely essential and no considerations of paucity of exchange should be allowed to stand in the way. Government have their own reasons in finding exchange for the import of pleasure cars and cannot at the same time deny exchange for the import of an essential requirement for the poor man who have to go miles to reach his place of business in the factory or office daily. Owing to the high increase in the cost of living he cannot afford to go by buses or other forms of transport even if they are available but has to trudge his way on his cycle every day.

It is represented to the Chamber that the annual requirements of cycles in this Province and the United States of Cochin and Travancore and Mysore is more than 1,20,000 cycles whereas available supplies with merchants amounts to less than 2,000 cycles. Indigenous supply is thoroughly inadequate to meet this requirement and the Chamber is informed that Hind cycles have allotted only 1,000 cycles a month for this area against a monthly requirement of 10,000 cycles. Even this meagre allotment has not been supplied as only 1,160 cycles alone are reported to have been supplied or promised during the three months in 1950.

Consequently the market is experiencing great scarcity for cycles. The stocks with merchants have already been sold out and in the absence of stock, prices are tending to increase. Even the indigenous cycles which were not very popular before, have registered an increase in price to the extent of about Rs. 30 to Rs. 40 over the advertised price.

Cycle importers and merchants also are passing through a crisis in the history of their business. With no cycles and consequently no business they have to maintain a heavy establishment, pay godown and office rent, pay taxes and meet other commitments incidental to business. With no business on hand now or in the future owing to the present policy of Government, they will be forced to reconsider the situation and think of seriously retrenching the staff who have been attached to them for long.

Having regard to the facts mentioned above this Chamber would suggest to Government in all seriousness to reconsider the present import policy especially in as far as it relates to cycles and spare parts and be pleased to issue licence for the import of 2½ lakhs of cycles during the first half year 1950. Issue of licence for a proportionate import of spare parts is also necessary to maintain the system in a state of good repair as otherwise even the meagre number of cycles now found on the road will soon be found road unworthy aggravating the shortage.

The Chamber requests Government to issue early orders for the import of this essential requirements."

It was brought to the notice of the Chamber that many applications from South India for import of pipes were rejected and the Chamber made a representation to Government as follows:—

"The Chamber has been receiving representations from members that their applications for licence for the import of the above material have been rejected. The Chamber is further given to understand that the claims of importers in this Province are not properly assessed in issuing licences to them, but on the other hand firms whose offices are located outside the Province are given licences.

The Madras Circle Pipe Dealers' Association, Ltd., who are controlled stockists of pipes, tubes and fittings, have forwarded to me the following letter:—

'We have to bring to your serious attention a matter of grave injustice and discrimination adversely affecting the trade of Madras Province and South India, as a whole, in a very essential commodity, viz. imported steel pipe and pipe fittings, which are in acute short supply, to the utter inconvenience and hardship both of domestic users and agriculturists. The matter involves the licensing vagaries of the Government of India which has also been a matter of recent vehement discussion in the Indian Parliament.

The Government of India in December 1949 invited import licence application for about 3,000 tons of steel pipes from the trade and allotted 600 tons for Madras Province. A number of applications were received by them and among these were our two applications enclosing undoubtedly very favourable foreign quotations, in support of the application, as required by the Government.

The Government had, unusually enough, converted this import licensing, in this particular instance, as one of inviting tenders for the lowest quotation which they stated will be the criterion for the grant of licence, even over-riding regional needs.

We understand that about 960 formal applications were received at Calcutta presumably supported by personal representations also. Our Secretary was in Calcutta towards the end of January last and personally convinced the authorities very amply that our quotation which worked out to Rs. 667 per ton was the lowest and he was finally given to understand that Calcutta would only send recommendations, to New Delhi after sifting the applications, and licences will be issued by the Central Government.

We have documentary evidence of the various foreign quotations and offers, which are, after all not very vast in numbers in the present conditions, and of our own quotation submitted along with our import licence application, which are the lowest obtainable. In spite of this we are sorry to state that the Central Government have passed over the entire trade of South India and have granted import licences for the entire 3,000 tons to only three applicants out of 960 or so, and all the three are from North India

or Bombay and have thus completely denied any allotment by way of import licence to our Association, which is an organisation representing the body of Pipe Dealers of the Madras Province and solely functioning as the only controlled stockist for pipe tubes and fittings and appointed by the Government as such, since war-time controls necessitated such an organisation.

The discrimination against the Madras Trade Body in this particular and very essential commodity, and that too for no valid or cogent reasons is an act of apparent injustice and passing over of the rights of regional established firms. We understand that this will be a prelude to further such inroads on the trade of South India if this act of blatant injustice is allowed to go unprotested by you as the greatest representative body of the Trade and Commerce of South India.

We therefore request you to take up the matter very very strongly with the proper authorities and vindicate out rights.

We shall be pleased to furnish further details of this matter, whenever required by you.'

The Committee of the Chamber considered the above representation and have directed me to forward it to you for being considered by your department. It is hoped that in future at least the claims of applicants from South India will receive due consideration from your department."

Difficulties experienced by trade owing to enhancement of duty on Diesel Engines formed the subject-matter of a representation to Government of India. In a letter the Chamber pointed out as follows:—

"I am directed by the Chamber to invite the kind attention of the Government to the enhancement of duty on the import of the above engines and the consequent loss and difficulties caused to importers and to make the following representation:—

Under the Tariff Amendment Act the duty on importation of engines and spare parts has been increased from 30 to 90 per cent and the enhanced duty is applicable to Diesel Engines. The object of the Government in enhancing the duty to such an unconscionable level is to safeguard the production of spare parts and accessories in India. Diesel Engines deserve to be treated in a different manner for the following consideration:—

There is acute shortage of petrol in the country and Government are at their wits end to supply petrol even to existing road transport vehicles. Import of more petrol means extra foreign exchange which the country cannot provide for. Road transport vehicles are on the increase and the problem of giving petrol to an increasing number of vehicles will continue to be a baffling problem for some time to come.

Gas plants no doubt can be fitted to vehicles but the question of getting enough charcoal to run such vehicles has to be taken into consideration. Even now for domestic consumption sufficient quantities are not forthcoming even at fancy prices owing to the diversion of charcoal for use in buses and lorries. Government also are not encouraging deforestation so that fitting more and more vehicles with gas plants can be ruled out as impracticable.

The use of road transport as an alternative, cheap and efficient form of transport has come to stay with people. They are, under the encouragement given by Government in the past, touching the remotest part of the villages in a country of distances and the Chamber feels that any handicaps placed in the growth of such transport is bound to prove to be highly inconvenient to lakhs and lakhs of passengers all over the country not to speak of the terrible inconvenience caused to the movement of goods from places of production to places of consumption. The transport position over the railways even now is not quite satisfactory but owing to the operation of road transport this difficulty was not keenly felt. The present enhancement of duty to such an abnormal level is bound to discourage road transport to the inconvenience of all concerned.

Having dismissed the idea of importing more and more petrol under present conditions and having given up the conversion of petrol run vehicles to gas plant vehicles due to shortage

of charcoal the only alternative that commends itself is encouragement of imports of more and more Diesel Engines to avoid transport bottle-necks.

Diesel Engines are driven by fuel which is available in plenty and is much cheaper than petrol.

The demand for army surplus vehicles will grow with diesels as the transport operators prefer installing the diesels on such vehicles to going in for brand new chasis. To increase the popularity and use of diesels sufficient encouragement require to be given for its importation. As it is the price of such engines is costly and the enhancement of duty makes their import prohibitive.

There are various reasons as to why the import of diesel engines require to be encouraged.

For one thing the use of diesel engines will make it possible to get over the difficulty of importing more and more petrol under present condition and help conserve available supplies of charcoal for domestic consumption instead of it being diverted to gas plant filled vehicles.

For another thing it will help to relieve the present congestion experienced in railway and other road transport vehicles, which are bound to decrease in number owing to the levy of an exhorbitant rules of duty. The levy of 30 per cent duty as before for diesel engines will not harm the local industry.

There is no indigenous industry in India producing high speed diesel engines or component parts and the Chamber feels there is not enough scope for opening a factory for the production of such engines or component parts. The demand for such engines is restricted and the relative cost of setting up a factory so high, it is not worthwhile undertaking such a venture. Moreover skilled labour and technical 'know how' is not at present available in the country. Therefore under present circumstances it is neither feasible nor advisable to start factory for the manufacture of diesel engines or parts and protection to such a non-existent industry is uncalled for.

It has also to be borne in mind that the amended Act propose to levy 90 per cent duty when imported as motor spare parts or accessories and leaves out of consideration parts imported for industrial purposes. Diesel engines imported by an engineering firm for use as industrial equipment is still assessed that 5 per cent duty while the same engine if imported by an automobile dealer, with mounts and some attachments, for use as automobile trucks is assessable at 90 per cent duty. What is more anamolous is that if the bare engine is imported by engineering firms the duty is 5 per cent and there is nothing to prevent transfer of such engines to fleet owners afterwards.

Having regard to the facts mentioned above the Chamber feels that the imposition of such a heavy duty especially on diesel engines which are not manufactured locally at present and there is no prospect of manufacture in the immediate future is injurious and is bound to give much loss and inconvenience not only to the trade but also to the travelling public and request Government to issue instructions to Collectors of Customs at the various ports not to levy duty on such engines at enhanced rates and if collected already to refund them."

When the Import Control Enquiry Committee visited Madras some of these subjects which were previously represented were taken up with them. As a result of this relaxations have been granted in many cases and import policy of Government has also been suitably amended in many other cases.

AMENDMENT OF ARTICLES OF ASSOCIATION OF THE CHAMBER.

The Committee had under consideration the subject of amending the Articles of Association of the Chamber with a view to improve the finances of the Chamber. The permission of the Government was obtained for amending the Articles of Association. The recommendation of the Committee was circulated to General Body of the members and a General Body Meeting was convened on the 6th July 1950 to effect the recommendation of the Committee. It was unanimously resolved to raise the entrance fee from Rs. 50 to Rs. 100 and to enhance the subscription in the

case of affiliated bodies from Rs. 50 to Rs. 75, in the case of resident members, from Rs. 30 to Rs. 40 per year and in the case of non-resident members from Rs. 15 to Rs. 20. The effect was given to the above resolution with effect from 1st July 1950 in the case of resident members and from 1st January 1951 in the case of other members. There was also a proposal before the Committee to elect an honorary Secretary from among the Committee every year. But this did not find favour and so the subject was dropped.

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, Vijiawada.

2. The Cochin State Tile Manufacturers' Association, Manaly, Pudukad Post, Cochin State.

3. The East India Tobacco Federation, 2/6, Second Line Beach, Madras.

4 The Erode Oil Merchants' Association, Erode.

5 Fort Market Vegetable Merchants' Association, Fort, Tanjore.

6 The Godavari Chamber of Commerce, "Innes Buildings", Kakinada.

7 The Indian Chamber of Commerce, 14/73, Oppanakara Street, Coimbatore.

8 The Indian Chamber of Commerce, Guntur.

9 The Indian Chamber of Commerce, South Raja Street, Tuticorin.

10 The Indian Tobacco Association, Agraharam, Guntur.

11 The Kanara Chamber of Commerce, Bunder, Mangalore.

12 The Madras Hotels Association, 289, China Bazaar Road, Madras.

13 The Madras Provincial Hotels Association, 289, China Bazaar Road, Madras.

14 The Madras Iron Hardware & Machinery Merchants' Association, 27, Linghi Chetty Street, Madras.

15 The Madras Iron & Steel Essential Products Fabricators' Association, 22, Ravana Iyer Street, P.T., Madras.

16 The Madras Jewellers' & Diamond Merchants' Association, Car Street, China Bazaar Road, Madras.

17 The Madras Kirana Merchants' Association, 18, Audiappa Naicken Street, Madras.

18 The Madras Metalware Manufacturers' & Merchants' Association, 102, Narayana Mudaly Street, Madras.

19 The Madras Mica Association, Gudur.

20 The Madras Opticians' Association, 9/9, Broadway, Madras.

21 The Madras Sowcars' Association, 104, Narayana Mudaly Street, Madras.

22 The Madura Dyers' Association, 258, Ramnad Road, Mathurai.

23 The Madura Foodgrains Wholesale Merchants' Association, Ltd., 170, Chitrakara Street, Mathurai.

24 The Madura Ramnad Chamber of Commerce, 273, Ramnad Road, Mathurai.

25 Malabar Produce Merchants' Association, Copra Bazaar, Calicut.

26 The Negapatam Chamber of Commerce, Negapatam.

27 The Oilman Stores & Sundry Merchants' Association, 3, Bunder Street, Madras.

28 The Palghat Chamber of Commerce, Palghat.

29 The Rajapalayam Chamber of Commerce, "S.N.B. Buildings," Bank Road, Rajapalayam (Ramnad district).

30 The Salem District Chamber of Commerce, Cherry Road, Salem.

31 The Sivakasi Chamber of Match Industries, Valapalakadai Street, Sivakasi (S. India).

32 The Sivakasi Master Printers' Association, Sivakasi.

33 South Indian Iron & Hardware Merchants' Association, 80, Sembudoss Street, Madras.

34 The Tanjore District Merchants' Association, East Gate, Tanjore.

35 The Tanjore Co-operative Marketing Federation, Limited, Vijayapuram P.O., Tiruvarur.

36 The Tobacco Merchants' Association, c/o T.P.S.M. Sons & Co., Tindivanam.

37 The Trichinopoly District Chamber of Commerce, Sub-Jail Road, Tiruchirapalli.

38 The Trichinopoly District Merchants' Association, 42, Gandhi Market, Tiruchirapalli.

39 The Virudhunagar Chamber of Commerce, Ltd., Virudhunagar.

40 Tamil Nadu Foodgrain Merchants' Association, Mathurai.

41 The South India Mica Mine Owners' Association, Gudur (Nellore district).