Annual report of the

Southern India

Chamber of Commerce

Madras

1952

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ANNUAL REPORT

OF

THE SOUTHERN INDIA CHAMBER OF COMMERCE, MADRAS.

REPORT OF THE COMMITTEE OF THE SOUTHERN INDIA CHAMBER OF COMMERCE PRESENTED TO THE 42nd ANNUAL GENERAL MEETING OF THE CHAMBER HELD ON 4th AUGUST 1952 AT ST. MARY'S HALL, ARMENIAN ST., MADRAS.

I have the honour to present to the members of the Chamber the Report of the Committee together with the audited statements of Accounts for the year ended 31st December 1951.

The 41st Annual General Meeting was held at St. Mary's Hall, Armenian Street, Madras on the 26th June 1951 at 11 A.M. with Rao Bahadur V. S. Subramaniam, President in the Chair.

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

The Secretary read the notice of meeting and the President, Rao Bahadur V. S. Subramaniam, then delivered his Presidential Address after which the Hon'ble Shri P. S. Kumaraswamy Raja delivered his speech.

Shri M. A. Chidambaram the in-coming President, proposed a vote of thanks to the Hon'ble Minister.

Members re-assembled after a brief recess of 15 minutes and Rao Bahadur V. S. Subramaniam moved the adoption of the Annual Report and audited statements of Accounts for the year 1950 which was seconded by Shri M.A. Chidambaram. The Report and statements of Accounts were then adopted unanimously.

The remuneration of the Auditor for auditing the Accounts of the Chamber for the year 1951 was then fixed at Rs. 500/-. As Messrs. V. Soundararajan and V. Swaminathan withdrew their candidature for election, Shri B. M. Kumbhat was unanimously elected Auditor of the Chamber for the year 1951.

The President then announced the unanimous election of Shri M. A. Chidambaram as President of the Chamber for the ensuing year and of the elections of Rao Bahadur V S. Subramaniam and Shri P. R. Nammalwar as Vice-Presidents for the coming year.

Similarly the President announced the elections of Shri Brijmohan Mohunta to represent the city Affiliated bodies on the Committee and of Shri V. S. Lakshmanan to represent the moffusil Affiliated bodies on the Committee.

Shri M. A. Chidambaram then occupied the Chair and thanked members for having unanimously elected him as President and requested for their co-operation. Rao Bahadur V. S. Subramaniam and Shri P. R. Nammalwar also thanked members for electing them as Vice-Presidents. The meeting for the day then terminated.

27th June 1951 was the day fixed for the election of members to the Committee. There were 18 candidates duly nominated for election but before the commencement of election, 7 candidates withdrew and soon after the commencement of election, 3 other candidates also withdrew. Therefore the following 8 members were unanimously elected to the Committee:—

1. Shri K. Govindan,
2. Shri K. Jacob Louis,
3. Shri Laldoss Govindoss,
4. Shri R. K. Murthi,
5. Shri V. S. L. Nathan,
6. Shri V. Pandurangiah,
7. Shri P. Ramaswami,
8. Shri T. Ranganatha Mehta.

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

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

Shri M. A. Chidambaram	(9)
,, P. R. Nammalwar	(9)
Rao Bahadur V. S. Subramaniam	(9)
Dr. Rm. Alagappa Chettiar	(—)
Shri C. Govindarajulu, B.A.	(5)
,, K. Govindan	(7)
Janab K. S. G. Haja Shareeff	(8)
Shri K. Jacob Louis	(12)
Rao Bahadur T. S. Kachapikesa Mudaliyar, B.A.	(7)
Shri Laldoss Govindoss	(6)
,, P. Maruthai	(9)
,, R. K. Murthi	(9)
,, M. Ct. Muthiah	(8)
,, V. M. P. Muthuswamy	(9)
,, A. Nagappa Chettiar	(11)
,, T. Nannu Shankar Tawkar	(7)
,, Narandas J. Dutia	(7)
,, V. S. L. Nathan	(9)
,, V. Pandurangiah	(10)
,, P. Ramaswamy	(11)
,, S. Ramaswamy Naidu	(4)

Shri T. Ranganatha Mehta	(9)
Janab Rasheed Ahmed Sayeed	(11)
Shri M. M. Rawal	(11)
„ T. K. Singaram, M.A., B.Com.	(8)
„ L. Srinivasan, B.A., J.P.	(9)
„ C. M. Sharma	(5)
Janab S. F. H. Akbari	(9)
Shri Brijmohan Mohunta	(6)
„ V. S. Lakshmanan	(2)
„ K. L. Narasimha Rao	(5)
„ N. R. K. K. Rajarathnam	(--)
„ P. Natesan, M.L.A.	(1)

During the year there were 12 ordinary and 6 special meetings. 59 new members were admitted, while due to death, resignation and non-payment of subscription, the names of 64 members were removed from the rolls so that at the end of the year there were 883 members.

The year was one of all round activity. Important Bills like The Representation of People's Bill, Securities Contracts (Regulation) Bill, Essential Goods (Declaration and Regulation of Tax) Bill, Planning Commission's Report, Representation of Chamber on Railway Advisory Committees and on the Corporation Council etc., were considered in great detail and the views of the Committee on these matters have been represented to Government.

The President, soon after assuming office,requested representatives of the Chamber on public bodies to keep the Chamber informed of the meetings so that difficulties experienced by members of the mercantile community could be expressed through them. This had very good results and representatives of the Chamber on the various public bodies especially on the Railway Advisory Committees, Sales-tax Advisory Committee, Posts & Telegraphs Advisory Committee had very many subjects for discussion. The Chamber gave its unstinted support to those representatives and the Committee takes this opportunity of expressing their grateful thanks to the representatives on the various public bodies. As a result of these difficulties being discussed in small compact bodies

many of them have been solved to the satisfaction of the mercantile community.

Another step taken during the year by the President in establishing more frequent contacts between the Office-bearers and the general body of members of the Chamber, was the introduction, during the year of the system of having Quarterly General Body Meetings at the Chamber. Two such meetings were held one in December and another in March this year. Presidents of other Chambers and important members of the public, representatives of foreign Governments etc., were also invited to such meetings and they were very well attended which shows their popularity. The President addressed the general body of members on current topics and members were invited to speak on subjects of topical interest affecting the members of the mercantile community. Such meetings are common among the more important commercial bodies and the introduction of such meetings in the Chamber is yet another land-mark in the history of the Chamber. The Committee thank the President for organising such meetings and thereby ensuring close contact with the general body of members and hope that future Presidents will emulate his worthy example.

There was a reference during the year from Government to the Corporation of Madras to take away the Institutional representation on the City Council. As soon as the Chamber came to know of it, the *President* immediately took the initiative and convened three meetings of representatives of Chambers on the Corporation, Presidents of Chambers of Commerce and Leaders of Parties in the Corporation Council at the premises of the Chamber. The Leaders of Parties in the Corporation Council were informed as to how essential it was for the continuation of the representation of Chambers of Commerce on the City Council and the Leaders appreciated the stand taken by the Chamber and promised their support when the reference came before the Council. The Corporation at a later stage resolved to retain the representation of Chambers of Commerce on the Corporation Council. The Mercantile community in Madras are indeed obliged for the retention of representation on the Council to the President, Rajah Sir Muthiah Chettiar of Chettinad and representatives of the Chambers and our representative Shri P. R. Nammalwar on the City Council for their efforts in this direction.

Representatives of the Chamber on the S. I. Ry. and M. & S. M. Ry. Local Advisory Committees brought to the Chamber's notice of the intention of the Railway Board to abolish the present Railway Local Advisory Committees and to constitute in their place three Regional Advisory Committees to cover the area of the Southern Railway. This subject engaged the serious attention of the Committee and representation has been made to the Railway Board and to Local Government to give adequate representation to this Chamber having regard to its importance standing and reputation, on the three Advisory Committees proposed to be constituted. The Chamber has been informed that as and when the new Committees are constituted the claims of the Chamber for proper representation on those Committees would be considered.

During the year the Draft Five Year Plan of the Government of India was published and the Chamber was invited to offer its remarks on the Draft Plan. The Committee took great pains to study this question and have submitted an elaborate memorandum on the various proposals. This subject is now engaging the attention of Government. The President and the Vice-President Rao Bahadur V. S. Subramaniam had talks over the All-India Radio on this subject.

Throughout the year the food situation in the country especially of this State continued to give considerable anxiety. As in the previous year the Chamber evinced considerable interest on this question and whenever Ministers of Government of India visited Madras, they were invited to the Chamber to discuss this problem. Various representations to the Centre and to the State were made by the Chamber drawing their attention to the plight of people all over the State. In this connection the services rendered by Rajah Sir M. A. Muthiah Chettiar of Chettinad in drawing pointed and repeated attention of Government to the grave food situation cannot be over emphasised. Debates were arranged in the Assembly to focus Government's attention to this all-important question and it may be mentioned that if the rice position has not further deteriorated in the country it was not a little due to the untiring efforts of Rajah Sir M. A. Muthiah Chettiar of Chettinad and to the efforts of this Chamber.

The Deputy Chief Controller of Imports & Exports informed the Chamber that owing to scarcity of paper it was not possible for him to distribute import and export circulars as before along with the Daily List. This circular was considered by the committee to be of importance to the members of the Chamber and purely as an experimental measure the Chamber distributed such copies to the importers and exporters free of cost for three months. Later, after reviewing the situation it was decided to levy a small subscription of Rs. 10/- per year to cover the cost of paper and stationery to members as require such circulars. This service has been greatly appreciated by members and the issue of such circulars is being continued.

Very many other circulars of importance to the members of the mercantile community were brought to the notice of members. The old Duplicator was not found suitable for use and so a new Electric Duplicator has been purchased. Similarly a Franking Machine has been purchased for use in the office.

Incometax problems were found to be assuming importance and at the suggestion of the President Mr. R. Venkataraman has been appointed as the Chamber's Honorary Incometax consultant. The committee express their grateful thanks to Mr. R. Venkataraman for accepting this Honorary appointment.

During the year there were large references from members and others for survey of disputed goods. In most cases the awards given by the Chamber's Surveyors have led to amicable settlement of the dispute. Large number of Certificates of Origin, Weight and Quality were issued by the Chamber during the year. Similarly there were numerous references from business people all over India and from abroad for opening up of trade relations within Madras and they were promptly given the information required.

The Weighment and Measurement Department is paying its way and continues to do useful work. The Library of the Chamber has been steadily improved. A large number of useful books were purchased during the year under reference and many members are utilising the Chamber's Library. As has been stated in the last year's Report want of sufficient accommodation perhaps is one of the reasons that hampers further expansion and utility. The Chamber continues to pay to Government Rs. 4976-14-0 every year for the vacant site as Ground rent. This is a recurring loss to the Chamber and steps have to be taken immediately for putting up the new building. In this connection the services rendered to the Chamber by the President and Mr. P. R. Nammalwar the Chamber's representative on the Corporation Council in reducing tax on vacant site have to be recorded.

As usual Ministers of the Government of India, Railway Officials and other distinguished visitors attended meetings of the Chamber and such meetings were found very helpful in solving difficulties experienced by the commercial community. The Chamber had its usual share of honours. Janab C. H. Sibghathulla was elected as Mayor of Madras while Shri. T. T. Krishnamachari, was appointed as Commerce & Industries Minister to the Government of India. The President Shri M A. Chidambaram was out of India for two months visiting the Continent. He took the opportunity of visiting Chambers of Commerce in those countries. Mr. R. K. Murthi was elected delegate by the Indian National Committee of the International Chamber of Commerce to the Sessions of the International Chamber held at Lisbon while Mr. V. Pandurangiah had the honour of attending the meetings of the Economic Commission for Asia and the Far East Sessions at Singapore as one of the two representatives of the Federation. Mr. S. Ramaswamy Naidu another Member of the Committee was similarly out of India on tour visiting Malaya and Japan studying conditions of Indians there. Mr. Murthi and Mr. V. Pandurangiah were entertained to tea at the Chamber at two separate meetings when they gave benefits of their experience in Foreign countries.

Almost all members of the Chamber who stood for election to the Parliament and State Legislatures have been returned to the Legislatures which shows the popularity of members of the commercial community.

The general elections under the new Constitution are over. This is the biggest experiment in democracy. The Indian National Congress, the only biggest national organisaiton in India has assumed responsibility for the administration of the country in the Centre as well as in the States. The representation given to the commercial community has been taken away and it is all the more necessary that the commercial community should bestir themselves and continue to fight for their rights and privileges through the elected representatives. Various legislations affecting commerce and industry have either been passed or under contemplation. The commercial community have to pull together and make common cause of their grievances and the co-operation of members is absolutely essential.

The world situation still remains explosive. Hopes of a lasting peace in the international horizon are diminishing. Conflicts of ideologies are threatening world peace. Independent India stands firm maintaining her neutral stand in international politics. This has given her a high and respectable place in international meetings and deliberations. Nearer home the Kashmir situation continues to give anxiety and India is obliged to spend large sums of money to maintain her forces there. If the country is spending large sums of money in safeguarding her frontiers she is not unmindful of her obligation to the people and to place the country high in the industrial map of the world. The Draft Five Year Plan is a land-mark in the history of India. Though the plan falls below our expectation, with all its limitations, it is the first step of an infant Republic to force the pace of her industrialisation. Private enterprise is left free and the members of the mercantile community have a prominent part to play in the economic regeneration of India.

The responsibility of Government in consulting commercial opinion is all the more greater now since representation hitherto given in the Legislatures has been taken away. The Committee hopes that on all matters concerning the commercial and industrial community Government will take them into their confidence and consult them on all such matters. In a free and independent India, Chambers of Commerce instead of merely criticising the policy of Government have also to give their co-operation and constructive suggestions to place the country on the road of prosperity in the shortest time possible. The Committee hopes that the Government of India and the State Government will give due weight to the unbiased opinions of Chambers of Commerce in an increasing manner and will associate accredited representatives of Chambers of Commerce in Committees and Commissions so that the interests of trade and commerce will not go by default.

We have yet a long way to cover to improve the standard of living of the masses. Industrialisation is perhaps the only panacea to solve the malady and the Committee express the hope that the National Government will give all help and encouragement to quicken the pace of industrial development so that India's trade and industry will occupy a more honoured place in the comity of nations.

K. A. MENON,
Secretary.

M. A. CHIDAMBARAM,
President.

"Indian Chamber Buildings"
Madras, 14th July 1952.

Present Representatives of the Chamber on Public Bodies.

Madras Corporation :—	Shri P. R. Nammalwar.
Madras Port Trust :—	Shri A. Nagappa Chettiar, Janab K. S. G. Haja Shareeff, Shri C. Machado, Shri K. R. Sundaram Iyer, Shri S. M. Patel, Shri P. Maruthai.
S. I. Railway Advisory Committee	Shri K. Govindan.
M. & S. M. Railway Local Advisory Committee	Shri A. M. M. Arunachalam.
Senate of the Madras University	Rao Bahadur T. S. Kachapikesa Mudaliyar, B.A., and Shri C. Govindarajulu, B. A.
Senate of the Annamalai University	Shri S. Ramaswamy Naidu.
Board of Industries	Shri M. A. Chidambaram Chettiar.
Textile Trade Marks Advisory Committee	Shri P. R. Nammalwar.
Madras Port Committee	Shri M. A. Chidambaram Chettiar.
Delegate to Internationl Chamber of Commerce, Indian National Committee	Shri M. A. Chidambaram Chettiar.
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 Shri C. M. Kothari.
Delegates to the 25th Session of the Federation	Shri M. A. Chidambaram Chettiar, Rao Bahadur V. S. Subramaniam, Shri R. K. Murthy, Shri R. Ramanathan Chettiar.
Advisory Committee for Madras-Requisitioning of Lands and Buildings	Khan Bahadur Yusuff Sait.

Madras Employment Exchange Committee	Shri K. Jacob Louis.
Employment Advisory Committee	Shri A. C. Seshadri.
Provincial Advisory Committee for Mill Cloth	Shri P. Suryanarayana.
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	Shri L. Srinivasan.
State Trading Schemes Advisory Board	Shri K. L. Narasimha Rao.
Evacuee Property Advisory Committee	Shri V. S. L. Nathan.
Madras Advisory Committee on Food	Shri M. A. Chidambaram Chettiar and Shri Poppat Hansraj.
Madras Telephone Advisory Committee	Shri L. Srinivasan.

ABSTRACT OF PROCEEDINGS

THE FOLLOWING IS A SUMMARY OF THE MORE IMPORTANT PROCEEDINGS OF THE COMMITTE OF THE CHAMBER, DURING THE YEAR 1951. THE PRINCIPAL SUBJECTS THAT CAME UP FOR CONSIDERATION RELATED TO THE FOLLOWING MAIN HEADS:—

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

Industrial & Commercial Legislation

Securities Contracts (Regulation) Bill.

Government of India appointed a Committee consisting of the following members to consider the draft proposals of Government to regulate stock exchange:—

1.	A. D. Gorwala	Chairman.
2.	Mr. K. R. P. Shroff	Members.
3.	Mr. B. N. Chaturvedi	
4.	Mr. V. S. Krishnaswamy	
5.	Mr. Pranlal Devkaran Nanjee	
6.	Mr. L. S. Vaidyanathan	
7.	Mr. P. D. Himatsinghka	
8.	Mr. Jagmohandas J. Kapadia	
9.	Mr. G. P. Kapadia	
10.	The Secretary, Finance Deptt., Government of Bombay.	
11.	Mr. P. S. Nadkarni, Deputy Secretary, Finance Department, Government of Bombay.	Member—Secretary

The Committee after an extensive enquiry formulated its report copy of which was sent to the Chamber for opinion. The Committee having considered the report with the assistance of Stock Exchange members of the Chamber replied as follows:—

The Committee of the Chamber are however of opinion that the Bill cannot be rushed through the Parliament during its last Session. The present Parliament will meet somewhere about in the middle of February for purpose of validating certain ordinances which have already been promulgated and for the purpose of passing an appropriation Bill till the new Parliament meets to frame the Budget. Therefore, there is no prospect of the Bill coming before the Parliament soon and a Legislation of such a magnitude should be given full consideration before it is rushed through the Parliament. The Chamber, therefore, appeal to Government that the Bill may be circulated again for a further period of 3 months and all interested parties be given an opportunity to examine the provisions more closely and the Chamber requests that in that event the Bill may be sent back to the Chamber for further elucidation.

The Chamber is aware that the original Bill drawn up by the Government has been the subject of a report under the Chairmanship of Shri A. D. Gorwala and that the Presidents of the three principal Stock Exchanges in India—Bombay, Calcutta and Madras,—were Members of this Committee. The Chamber has no doubt that with their inside knowledge they have effected the necessary changes, though it is evident from the report of the Gorwala Committee that there have been sharp differences of opinion on one subject namely Blank Transfers.

The Committee of the Chamber feel that generality of powers conferred on Government seem to be far too many and there has been an overwhelming consciousness of the necessity for break-down provisions and emergency measures. It has been pleaded in the past that these powers are to be invoked only in exceptional circumstances. In actual practice however such provisions have, in the past, as in the case of the Indian Constitution itself, been exercised under far slighter provocations than one would have imagined.

It is proposed under the Bill to constitute a Stock Exchange Commission. It is to be expected that the powers of Government would be delegated to this Commission and that the Commission would be charged with the duty of exercising a beneficial influence by being vested with all the control and regulation. A casual perusal of the provisions of the Bill would show that this is not the position. To the principle of control and regulations of Stock Exchange activity itself the Chamber has reason to subscribe in full. The Committee also agree about the desirability of having one Stock Exchange in each centre and to the routing of Stock Exchange business through recognised Stock Exchanges. Uniformity in business practices and the necessity for a uniform set of rules all over the country would make for more smooth inter-market trading and this is certainly to be welcomed. The enforcement of the principle of a single Stock Exchange in each centre involves statutory provisions for recognition and the voiding of all contracts outside the range of the Stock Exchange. The Chamber feels that the vesting of powers in Government to interfere with the rule-making authority of the Stock Exchanges themselves seems to be too heavy an inroad into the internal administration of the Exchanges. The Chamber expresses the hope that once a uniform set of rules has been evolved and approval of Government obtained therefor, Government will have very little reason or provocation, for altering or amending the rules at a later stage and that the powers conferred under Article 12 will remain a paper power in the hands of Central Government. The power of Central Government to supersede governing bodies of Stock Exchanges and to suspend business on Stock Exchanges are part of the break-down provisions, to which reference has already been made. The Chamber assumes that the Presidents of the respective Stock Exchanges who are on the Stock Exchange Reforms Committee, have agreed to these provisions in consideration of the fact that the present large-scale trading on the curb will be rendered void by this legislation and that this business will go through recognised Stock Exchanges, which should greatly benefit its Members.

The entering into of principal contracts outside the range of Stock Exchange, except with the consent or authority of the person with whom the contract is entered into and on the condition that it is disclosed in the contract is unexceptionable. The power to prohibit contracts in cetrain cases in notified areas seems to be unnecessary as the Chamber believes this refers to contracts entered into outside the range of the Stock Exchange, in view of the provision of Section 15 which renders such contracts void.

The prohibition of option business under Clause 20 is only a statutory enforcement of the present ban on Options which obtains on all the principal Stock Exchanges.

The power to compel a company to list its shares or debentures in a Stock Exchange is, the Committee presumes intended to make a Stock Exchange Official List representative. While this no doubt seems like conferring a new power on Government, the trouble will be that a Company, for reasons of its own, may prefer to keep its shares from out of the Official List which Government may not appreciate. For instance, a Company which is not doing well may not like to have its shares quoted at a heavy discount and may prefer to apply for an official quotation to the Stock Exchange after it enters on better times. Under such circumstances the company may be acting wisely in not asking for a quotation. In those circumstances, it would amount to an interference not quite in the interests of the Company. The Committee suggest that this point may be examined more closely from the point of view of the Joint Stock Companies rather than from the Stock Exchange point of view.

As regards Section 22, it is only right that Government should have the power to direct a Stock Exchange to list a company, if a quotation has been refused by the Exchange concerned for reasons which are not satisfactory or which are not in public interest.

On the question of maintaining a Clearing House, opinion is divided in responsible sections. The Committee do not see why smaller Exchanges whose business does not warrant a Clearing House should be compelled to maintain a Clearing House. In the first place, the mechanism of a Clearing House does not admit of an indefinite variety of shares being cleared through it, as experience shows; and in small Stock Exchanges where the turnover is poor, it may not pay to keep a Clearing House unless a large variety of shares are cleared to make up for the smallness of turnover and thus make up horizontally what is lost vertically. It will not be advisable on the part of Government to force an uneconomic machinery on a Stock Exchange, without due regard to its size or scale of business.

Title to Dividends.—To confer a right on the seller to retain the dividend, irrespective of his having sold the shares, unless he lodges the shares for registeration within fifteen days of the date of payment, looks prima facie equitable but in actual practice may work a lot of hardship on buyers who are now in Law entitled to such dividend. This is no doubt intended as a curb on blank transfers—a subject which seems to be bristling with difficulties. This question of title to dividends, should be determined alongside of the comprehensive question of blank transfers and the Chamber suggests that the provisions of Section 24 may be held over till a decision is reached on the more comprehensive question of blank transfers.

The penal provisions on the making of offences cognisable are logical sequences in this enactment.

As regards Section 30 which enunciates the power of delegation the Chamber would like to state that under the provisions of the Indian Companies' Act, State Government act as Central Government agents to implement the Act. The machinery of the State Governments functioning through the Registrar of Assurances, has been found to be an inadequate machinery for implementting the Act. In view of the experience gained in the matter of implementing the Companies' Act, the Central Government should not be too eager to delegate powers to State Governments but delegate these powers to the Stock Exchange Commission who should directly go into every question or problem affecting Stock Exchanges, as the legislation deals with Stock Exchanges and they are necessarily more limited in number than Joint Stock companies. Delegation of powers to the Commission rather than to the State Governments is not likely to result in administrative complications, or embarrass the Commission with too much work.

Representation of People Bill

The report of the Select Committee on Representation of People Bill came up before the Parliament. This report prevented people holding a licence, permit or authorisation for the purpose of trading in any commodity from being a member of any State Legislature or Parliament. This, in the opinion of the Chamber, prevents members of the mercantile community from seeking election to the House of the Legislature. Soon after the publication of the report the Chamber sent the following telegram:

REPORT OF SELECT COMMITTEE ON REPRESENTATION OF PEOPLE BILL, SEEKING TO BAN A PERSON HOLDING A LICENCE PERMIT OR AUTHORISATION FOR THE PURPOSE OF TRADING IN A COMMODITY FROM BEING A MEMBER OF ANY STATE LEGISLATURE OR PARLIAMENT, IS DISQUIETING AND CAUSING GREAT SURPRISE TO THIS CHAMBER AS IT DISABLES TENS OF THOUSANDS OF WORTHY HONEST PERSONS OF INTEGRITY ALL OVER INDIA FROM BEING CONSIDERED AS ELIGIBLE CANDIDATES THOUGH THERE IS NO BLEMISH AGAINST THEM IN ANY WAY (stop) LARGE NUMBER OF EMINENT PERSONS CONNECTED AS DIRECTORS OF PUBLIC COMPANIES OR SHAREHOLDERS OF PRIVATE COMPANIES RUNNING WELL KNOWN NEWSPAPERS WHO HAVE DONE GREAT SERVICE FOR THE CAUSE OF FREEDOM WILL BE DISQUALIFIED BECAUSE THEY HOLD A LICENCE OR PERMIT FOR NEWSPRINT (stop) MANY EDUCATIONISTS SCHOLARS SCIENTISTS EMINENT AUTHORS LAWYERS WILL BE DEBARRED ON ACCOUNT OF THEIR BEING DIRECTORS OF PUBLIC COMPANIES OR SHAREHOLDERS OF PRIVATE COMPANIES ENGAGED IN PUBLISHING BOOKS PERIODICALS IN POSSESSION OF LICENCE OR PERMIT FOR PRINTING PAPERS (stop) WELL KNOWN DOCTORS HOLDING LICENCES THEMSELVES OR BEING DIRECTORS OF PUBLIC COMPANIES OR SHAREHOLDERS OF PRIVATE COMPANIES HOLDING LICENCES FOR CHEMICALS OR PHARMACEUTICALS WILL ALSO BE DISQUALIFIED (stop) A HUGE NUMBER OF PERSONS OR DIRECTORS OF PUBLIC COMPANIES OR SHAREHOLDERS OF PRIVATE COMPANIES CONNECTED WITH PLANTATION LIKE TEA RUBBER COFFEE AND CERTAIN OTHER AGRICULTURAL FARMS AND LARGE NUMBER INCLUDING AGRICULTURISTS AND PERSONS CONNECTED WITH RICEMILLS AND OILMILLS OR PROCUREMENT OF COTTON UNDER THE NEW ZONAL PURCHASE SCHEME WILL GET SAME FATE BECAUSE THEY HOLD LICENCES OR PERMITS OR GOVERNMENT CONTRACTS FOR SUPPLY OF GOODS (stop) IN SHORT PROPOSED AMENDMENTS IN EFFECT DISQUALIFY FROM BEING ELIGIBLE FOR CANDIDATURE TO LEGISLATURES TENS OF THOUSANDS OF PERSONS OF HIGH INTEGRITY OF VARIOUS SHADES OF OPINION MOST OF WHOM BELONGING TO THE BIG NATIONAL ORGANISATION THE CONGRESS HAVING SACRIFICED AND SERVED THE CAUSE OF THE FREEDOM OF THE COUNTRY (stop) MAJORITY OF PERSONS WHO WILL BE DISQUALIFIED UNDER THE PROPOSED AMENDMENTS BELONG TO THE MIDDLE CLASS (stop) THIS CHAMBER IS SURE THAT THIS CANNOT AT ALL BE THE INTENTION OF THE GOVERNMENT (stop) CONTROLS ARE ADMITTEDLY OF NOT A PERMANENT NATURE AND CONSTANTLY CHANGING AND TO CONNECT THE SYSTEM OF PERMIT AND LICENCE RELATING TO TRADE AS A DISQUALIFICATION FOR LEGISLATIVE MEMBERSHIP WOULD BE HIGHLY UNJUST AND WORK HARDSHIP ON MEN OF INTEGRITY WHO HAVE NOT VIOLATED OR ABUSED ANY PERMIT OR LICENCE UNDER ANY CONTROL ORDERS (stop) PERSONS INVOLVED IN CORRUPT PRACTICES AND IN VIOLATING AND ABUSING CONTROLS MAY BE GIVEN DETERRENT PUNISHMENTS AND BE DISQUALIFIED FROM MEMBERSHIP OF LEGISLATURE BUT MERE HOLDING OF A PERMIT OR A LICENCE OR CONNECTED AS A PARTNER OF A FIRM OR A DIRECTOR OF A PUBLIC COMPANY OR A SHAREHOLDER OF A PRIVATE COMPANY SHOULD NOT DISQUALIFY A PERSON FROM STANDING AS A MEMBER FOR LEGISLATURE (stop) ELSE IT WILL DEPRIVE VALUABLE RIGHTS TO MANY THOUSANDS OF HONEST PERSONS ALL OVER INDIA (stop) THIS CHAMBER SUBMITS THAT THE CONSTITUTION OF INDIA GUARANTEES EQUALITY TO ALL CITIZENS AND IT OFFENDS THE SPIRIT OF THE CONSTITUTION IF A CATEGORY OF CITIZENS ARE DEBARRED FROM STANDING AS CANDIDATES TO LEGISLATURES (stop) THIS CHAMBER THEREFORE EARNESTLY REQUESTS THAT THESE PROPOSED AMENDMENTS BE DROPPED"

Copies of this telegram were sent to other Chambers of Commerce all over India requesting them to make similar representation. In continuation of this telegram the Chamber made the following representation to the Hon'ble Pandit Jawaharlal Nehru.

"I confirm this Chamber's telegram dated the 3rd instant on the above subject.

It is reported in the Press that certain important changes have been made in the 'Representation of the People (No. two) Bill' by the Select Committee in its report to Parliament, submitted on the 31st March 1951. This Chamber is seriously concerned on the following two such changes.

(1) "Persons holding Government contracts for the supply of goods will be disqualified from being members of Parliament or State Legislatures or from standing for elections."

(2) "Persons holding licence, permit or authorisation from the Government for the purpose of trading in any commodity which is subject to any regulation are also disqualified from standing for elections."

It is added that the disqualification from membership in respect of permits or licences would not apply to persons who are only shareholders of public companies having such contract or licence or permit. It is evident from this exemption that the directors of public companies and shareholders or directors of private companies are also disqualified from standing for elections.

These two amendments have caused a great surprise to this Chamber, as it disables tens of thousands of worthy honest persons of integrity all over India from being considered as eligible to the Legislatures, though there is no blemish against them in any way.

In this category of directors of public companies or shareholders or directors of private companies who are disqualified from standing as candidates for Legislatures fall a large number of eminent persons belonging to several walks of life. A large number of distinguished public workers who are running well-known newspapers in this country and who as directors cum-editors have done great service in the cause of freedom will all be disqualified because the institutions they are concerned with have got licence or permit for newsprint.

Many educationists, scholars, scientists, eminent authors will be debarred on account of their being directors of public companies or shareholders or directors of private companies engaged in publishing books and periodicals in possession of a licence or permit for printing papers.

Well-known doctors holding licences themselves or being directors of public companies or shareholders or directors of private companies holding licences for chemicals or pharmaceuticals will also be disqualified.

A huge number of persons or directors of public companies or shareholders or directors of private companies connected with plantations like tea, rubber, coffee and certain other agricultural farms will get the same fate because they hold licence or permit or government contracts for supply of goods.

In the countryside, there are several thousands of middle class men connected primarily with agriculture who are running rice mills or oil mills in their respective areas, but on account of recent and temporary phase of procurement system, rice mills and oil mills are working with permit or licence under control orders. A very large number of persons connected with these rice mills and oil mills, will all be disqualified.

The one organised political party in the country to-day is the Congress. There are thousands of worthy persons of high character belonging to the Congress organisation or who hold the views of the Congress but unattached to any political party, all of them devoted citizens and avowedly against Communism and violence and wishing the return of Congress in the next elections; but they are unnecessarily debarred from being considered as candidates in the election, for the simple reason that they are directors of public companies or shareholders or directors of private companies or partners of firms holding licences or permits or contracts.

There are thousands of persons of integrity who are directors of public companies or shareholders or directors of private companies who are not responsible for acting under any control orders. But just because they are directors or shareholders, they disqualified from Legislative membership.

There are investors in public and private companies who will invest only, if they are directors, so that they can satisfy themselves about the affairs of the company. If such persons are disqualified from Legislative membership, subscriptions to share capital of new industrial companies may not be forthcoming, while the Government are anxious that public should subscribe largely to industrial concerns.

There are several companies who are exactly doing the work of the co-operative societies distributing goods and a large number of persons are directors of such companies. For no fault of theirs, directors or shareholders of such companies will be disqualified from Legislative membership, though many of them would have rendered commendable service and sacrifice in the cause of the country.

Government has said on several occasions that controls are not permanent and as and when they are not found to be necessary, controls will be removed item by item.

Controls for several commodities are changing constantly according to the conditions in the country and needs of the situation. To give an illustration of the changing controls, still more often changing licence and permit system, a cotton merchant may have to procure cotton under control orders for a certain variety of cotton for a certain time and soon after, that variety of cotton may be removed from control. A cotton merchant dealing in certain other varieties of cotton not under control for a certain time, may soon after be brought under control. Similarly, there can be changes both ways in regard to other commodities.

Under certain control orders, Open General Licence for import and export of a commodity is issued which is really not a control or a rationed permit; but the licence in such a case is merely intended as an ordinary regulation for maintaining statistics of quantities imported or exported; but even such a licence holder or a person connected with a company or firm holding such a licence will be debarred from Legislative membership.

A person dealing in a commodity not under control, at the time of election, may, get himself elected; but after a few months, if that commodity happens to come under control, licence and permit become necessary, and that Legislative member loses his membership, though he may not have committed any offence under the control order of that commodity. Vice versa it may be that a few months after the person loses his membership, the control of that commodity may be removed. All the same, the member cannot get back his seat, as it would have been filled up earlier.

Under these circumstances, to connect the system of permit and licence relating to trade which is very often changing as a disqualification for Legislative membership would in the opinion of the Chamber be highly unjust and work severe hardship on men of integrity who have not violated or abused any permit or licence or control orders.

This Chamber is sure that the Government will not have the slightest intention to shut out effectively eminent persons of integrity in several walks of life, business, agriculture, industry and commerce as enumerated in the previous paragraphs from Legislatures. On the other hand, our responsible leaders have said, time and often, that men of integrity and ability in

several spheres of national activities should be elected to the Legislatures.

This Chamber has absolutely no sympathy with persons involved in corrupt practices or in violating or abusing controls, and would urge that deterrent punishments should be given to such persons. They would further suggest that such persons convicted of offences relating to abuse or violation of permits or licences or contracts should be disqualified from membership of the Legislature.

But mere holding of a permit or a licence or connected as a partner of a firm or a director of a public company or a shareholder or director of a private company, should not disqualify a person from standing as a member for Legislature.

This Chamber submits that these amendments will deprive valuable rights from many thousands of honest persons all over India.

This Chamber further submits that the Constitution of India guarantees equality to all citizens and it offends the spirit of the Constitution, if a category of honest citizens are debarred from standing as candidates for legislatures.

This Chamber, therefore, earnestly requests that this representation may kindly be given due consideration and the proposed amendments to debar from legislative membership, directors of public or private companies or shareholders of private companies or partners of firms or persons holding licences or permits or Contracts in the Representation of the People (No. two) Bill recommended by the Select Committee, be dropped."

Printed copies of the above memorandum were distributed to the members of the Legislature, Chambers of Commerce and other interested parties. As a result of this the Bill has been modified so that members of the mercantile community were enabled to stand for the election to the Legislatures.

Commercial Crops — Levy of Special Assessment

The Draft Five Year Plan of Government of India was published. According to the report the Provincial Governments have to find resources to the extent of Rs. 20 crores for financing proposals contained in the report of the Planning Commission.

The Land Revenue Reforms Committee, appointed by Government examined the existing land revenue system in this

State and they made the following recommendations, among others:—

(1) That there should be a proportionate enhancement of the current assessment in the case of lands on which commercial crops, including plantation products, are raised; and (2) that a surcharge based on a slab system should be levied on holdings paying an assessment of over Rs. 150, the levy being restricted to the portion above that limit.

The principle hitherto adopted during settlements and resettlements was that the assessment should not vary with reference to the crops actually raised. The Committee, however, pointed out that the cultivation of commercial crops is always profitable, that the income derived therefrom is much higher than that derived from food crops even after making due allowance for the extra cost of cultivation, and that this results in the assessments being small in proportion to the net income from the land. The Committee, therefore, considerd that there is ample justification for levying the extra charge on land growing commercial crops including plantation products such as tea, coffee, etc.

The Committee also considers that the levy of an additional assessment on large holdings is a measure of progression in the land revenue system and is an alternative to agricultural income-tax.

The Government have considered these recommendations and pending considerattion of the principles on which the standard assessment on lands should be fixed, have accepted the recommendations with certain variations, with a view to strengthening the finances of the State.

Provision has accordingly been made for the levy of a special assessment on certain commercial crops, e.g., sugarcane, coconut, plantains, tobacco, coffee and rubber, the rates of assessment varying from six to 16 annas in the rupee of the current assessment and in the case of crops like tobacco from Re. one to Rs. 10 per acre. Power has also been taken by the Government to notify any other crop for this purpose; the rate of assessment in such a case will be specified in the notification, but will not exceed 16 annas in the rupee of the current assessment or Rs. 10 per acre. Where two or more crops are raised on any land during a year, the special assessment will be levied only in respect of that one of the crops on which the highest amount is payable.

Provison has also been made for the levy of an additional assessment on the holders of lands situated in a revenue district who are liable to pay not less than Rs. 150 as land revenue for a year. The slab rates of additional assessment fixed range from $1\frac{1}{2}$ annas to eight annas in the rupee and these rates may be altered by the Government by notification, but not so as to exceed the limit of eight annas in the rupee of the land revenue.

Any notification issued by the Government notifying crops on which special assessment is to be levied or altering the limits or rates of additional assessment will, however, take effect only after it is approved by the Legislative Assembly.

The provisions of the Madras Revenue Recovery Act, 1864, and the Madras City Land revenue (Amendment) Act, 1867, have been made applicable to the special and additional assessments leviable under the Bill.

The Government have been empowered to exempt, wholly or partly, any lands from levy of special assessment in respect of specified crops, and also any class of registered holders from the levy of additional assessment. Every notification issued by the Government granting exemption has to be laid on the table of the Legislative Assembly for a period of two months while it is in session."

In the light of the recommendations Government wanted to levy from every registered holder for the year commencing on the 1st day of July, 1951 and for each subsequent year the additional assessment rates of which are given below:—

RATES OF ASSESSMENT.

(2) In case any of the following crops are raised on any land, there shall be levied from the registered holder thereof a special assessment at the rates specified below:

(a) Betel vines, chicory, coconut, fruits of the citrus varieties, sugarcane, turmeric, and vineyards, 16 annas in the rupee of the land revenue payable.

(b) Mangoes, onions, and plantains, eight annas in the rupee of the land revenue payable.

(c) Cotton, six annas in the rupee of the land revenue payable.

(d) Pepper and tobacco, Rs. 10 per acre.

(e) Cardamom, coffee, and tea, Rs. three per acre.

(f) Groundnut, Re. 1-8 per acre.

(g) Rubber, Re. one per acre.

(h) Any other crop notified by the State Government in this behalf, rate specified in the notification but not exceeding 16 annas in the rupee of the land revenue payable or ten rupees per acre.

Where two or more crops are raised on any land during the same year, the special assessment shall be levied only in respect of that one of those crops on which the higher or the highest amount of special assessment is leviable under this sub-section.

(3) In case the registered holder of any lands situated in a revenue district pays, or is liable to pay, for the year commencing on the 1st day of July, 1951, or for any subsequent year, not less than Rs. 150 by way of land revenue in respect thereof, there shall be levied from him in respect of such lands an additional assessment for such year calculated at the rate or rates specified below:

(a) On the first Rs. 150 of the land revenue payable, nil.

(b) On the next Rs. 100 of the land revenue payable, one and half annas on each rupee.

(c) On the next Rs. 250 of the land revenue payable, three annas on each rupee.

(d) On the next Rs. 500 of the land revenue payable, four annas on each rupee.

(e) On the next Rs. 1,500 of the land revenue payable, six annas on each rupee.

(f) On the balance of the land revenue payable, eight annas on each rupee.

Provided that the State Government may by notification alter the limits or rates specified above.

Provided further that the rates, as so altered shall in no case exceed eight annas in the rupee of the land revenue payable.

(4) No notification under this section shall come into force unless it is approved by a resolution of the Legislative Assembly.

Provided that every notification so approved shall take effect from the commencement of the year in which it is approved.

The proposals were examined by the Committeee of the Chamber and it was thought that the levy of such additional assessments will have far-reaching effects on the trade, industry and commerce of the country and the following note was forwarded to the Chamber's representative in the Assembly to be taken up when the Bill came for consideration:—

"The Committee at their meeting held on the 30th ultimo considered the provisions of the above Bill which is likely to be introduced in the Assembly on Monday the 3rd inst., and have desired me to send the following note:—

The Bill is the direct outcome of the recommendations of the Madras Land Reforms Committee. The Committee have recommended that the cultivation of commercial crops is always profitable and the income derived therefrom is more than that derived from growing food crops.

The Bill is silent on the object of raising this extra tax. There is no big gap in the current year's budget and Government in all fairness should have indicated the proceeds from this extra levy. This is a lacuna in the Bill. In the absence of any statement of objects evidently we have to presume that this extra amount is required for implementing the recommendations of the Planning Commission for which the State Government have to find an extra Rs. 4 crores every year for five years. This might be a measure to raise part of the amount.

Some of the following points require consideration and may be raised if you think them proper:—

The revenue of this State has grown beyond recognition. About 15 years ago the revenue was about Rs. 16 crores including excise revenue, which was about Rs. 5 crores. Now excluding revenue from excise the revenue of the State has increased to nearly Rs. 60 crores i. e., within this brief period it has increased by more than five times not taking into consideration excise revenue. The share of state's taxation per head of the population in this State alone works out at more than Rs. 10/- per head.

The Planning Commission's report has not yet been adopted by Government of India or State Government and Government should not show such indecent haste to finance programmes which may or may not materialise.

This is the fag end of the life of the present legislatures. Such measures should rather be left to be decided by the new legislatures.

The Report of the Land Reforms Committee on whose findings this measure is introduced is by no means unanimous. Almost all the members have appended minutes of dissent. The Report is yet to be approved by the Legislature and accepted by the Government.

The levy of special assessments on crops grown in this Province alone will militate against their competitive capacity in the international market in comparison with similar crops grown in other provinces.

Most of the crops for which special assessments are proposed are raw materials for recently started industries and such industries located in this State will be at disadvantage.

Government are probably under the impression that the commercial crops command a better price than food crops just at present and therefore they can bear this extra levy. This is no doubt true for the time being because of the present international demand and stock piling of goods by foreign countries. This may be a temporary feature and such legislations having a far-reaching effect should not be enacted.

Assessment to special levy on an acreage basis without reference to yield or production is unsound in principle.

Government of India wants increased area under cotton sugarcane, jute etc., to make the country self-sufficient. The present proposal militates against that principle.

It is true that area under food crops has been dwindling because of the uneconomic prices fixed by Government and under such circumstance the grow-more food campaign will cease to encourage food production. This Chamber has suggested fixation of increased prices for crops and still believes that it is by encouraging food production by attractive prices that Government could bring more area under food crops and not by discouraging cultivation of other crops by such vexatious levy.

Government have not indicated the yield from this source and this is a lacuna in the Bill.

The Bill discriminates between food crops and cash crops. Whether this is in consonance with the Constitution has to be clarified.

At any rate, the proposed special levies are too heavy. This will positively discourage the export of commodities not only to foreign countries but also to neighbouring states and dislocate normal trade.

The recommendations of the Planning Commission have to be implemented not at the ruination of existing agriculture or industries. They have to be developed and encouraged. After all Rs. 20 crores contribution by this State Government is not going to stand in the way of implementing these schemes costing Rs. 1,500/- crores.

Government have gambled away Rs. 17 crores revenue every year on the pursuit of ideological schemes. This Rs. 17 crores of revenue would have easily grown to not less than Rs. 30 crores now. The policy of prohibition is now subjected to severe criticism and other State Governments are known to be considering a reversal of that policy. Consequent on the introduction of such a policy various measures of taxation have been introduced and the tax bearing capacity of the people has reached the saturation point. Government spokesmen no doubt assert that this policy has been a great success. But prohibition cases reported in the papers are increasing in numbers. There are so many unreported cases and it is not such a success as reported in spite of the colossal expenditure on enforcement. This Chamber had no illusions about it. A reversal of that policy and earmarking revenue derived from that source for the spread of elementary education and for the implementation of the Planning Commission's report will be appreciated and welcomed.

From newspapers, it is understood, that the Bill may be referred to a Select Committee. A memorandum is being drafted in detail and a copy of that will be sent to you in due course."

As a result of this agitation not only by this Chamber but by others also Government dropped the Bill for the time being.

The Essential Goods (Declaration and Regulation of tax on Sale or purchase) Bill 1951.

Article 286 of the Constitution prevented any other Government from levying tax on certain goods declared essential for the life of the country. According to that provision Government of India declared certain goods as essential to the life of the nation. The following were goods so declared:—

1. Cereals and pulses in all forms, including bread and flour, including atta, maida, suji and bran (except when any such article is sold in sealed containers).

2. Green or dried vegetables and flower seeds, bulbs and plants and fresh and dried fruits, other than medical preparations (except when any such article is sold in sealed containers).

3. Fresh milk, whole or separate, and milk products.

4. Salt.

5. Coarse and medium handloom and mill-made cotton cloth and handloom woollen cloth.

6. Fertilizers and agricultural machinery and implements.

7. Raw cotton, including ginned and un-ginned cotton or kapas or cotton thread, cotton seed, raw jute and sugarcane.

8. Coal, including coke and other derivatives petroleum and petroleum products, including motor spirit and electrical energy, except energy intended for domestic use.

9. Iron and steel.

The Chamber made the following representation to Government:—

"I am directed by the Committee of the Chamber to invite your kind reference to the above Bill published in the Gazette of India and to state as follows:—

The Bill is the result of a provision in the Constitution Act of India. The Constitution came into force on the 26th January 1950 and it is now nearly more than one and a half years. The Bill should have been introduced long before so that the public and the consumers who are groaning under the dead weight of a spiral of inflation could have got some relief much earlier. But the Bill has been delayed so long and the Committee think that the Bill will soon be passed into law given effect to immediately in all the States.

Article 286 (3) of the Constitution lays down as follows:—

> "No law made by the Legislature of a State imposing or authorising the imposition of a tax on the sale or purchase of any such goods as have been declared by Parliament by law to be essential for the life of the community shall have effect unless it has been reserved for the consideration of the President and has received his assent."

It is on a consideration of the different aspects that this clause was introduced in the Constitution, firstly to introduce certain amount of uniformity in the levy of sales tax in the different States, to prevent State Governments from increasing the prices of essential goods by taxing them unduly and on the exigencies of their budgetary position and to place a restraint on the State Government from acting in a way counter to the policies and intentions of the centre. Viewed in that background the Committee fail to see a corresponding sentiment in the Bill introduced in the Parliament. Clause 3 of the Bill says:—

> "No law made *after* the commencement of this Act by the Legislature of a State imposing or authorising the imposition of a tax on the sale or purchase of any goods declared by this Act to be essential for the life of the community shall have effect unless it has been reserved for the consideration of the President and has received his assent."

The word "after" in the clause has materially altered the purpose with which the article has been introduced in the Constitution Act. The purpose of introducing article 286 (3) is as has been stated above to secure uniformity in the levy of sales-tax in all Provinces. That purpose is defeated by the introduction of the word "after" in the Bill under reference. This in effect would mean that all States which have been levying sales-tax to meet their budgetary position will be free to do so hereafter also irrespective of this Act. The Bill restrains only such of the States as have not introduced any sales-tax and they alone will be under an obligation to refer it to the President for ratification. In effect the Bill places a premium on those States who have been vying with each other in the matter of levying sales-tax and it is not expected that the public have anything to enthuse over by the introduction or enactment of such a legislation. Taking the case of Madras there is an oppressive levy of sales-tax on almost all commodities in use irrespective of the fact whether they are essential to the life of the nation or not. The tax is already steep here and there is nothing in the Bill under consideration to check or prevent the continued levy of such taxes on essential articles also. The Chamber wants to impress upon Government that an enactment by the Central Legislature should operate uniformly in all States. That exactly is the reason why the Constitution has introduced this article 286 (3). If a new Legislation cannot curb the activities of the States in the matter of levying of tax even on essential articles there is no force in reserving this subject for enactment by the Central Legislature. The Committee are therefore of opinion that the Bill be so amended so as to be in consonance with the provision of the Constitution and the Chamber recommends that a separate clause should be added making it imperative on all the States to faithfully follow the provisions of the Central Act. If any State Government have been levying taxes on such articles which are now declared essential to the life of the nation they should revise their policy of taxation and exempt such of those goods as are mentioned in the schedule to the Bill from extra taxation. Then only can the Government of India hope to have a uniform system of taxation on essential commodities throughout the country.

I am also to draw the attention of Government to the list of goods published in the schedule and declared essential for the life of the community. Whereas essential articles of consumption like cereals and pulses, vegetables, milk, salt, and medium handloom, and millmade cotton and woollen cloth are sought to be exempted, other equally essential articles have not been included and brought under the purview of the Bill. There are equally important commodities which are essential to the life of the community and without which it is impossible for any human being to carry on. My Committee have considered the commodities which are important to the life of the community and they have directed me to mention the following commodities also to be included in the schedule:—

firewood, matches, sugar,
kerosene cheap utensils.

While coal is included as an essential article for consumption there is no reason why firewood should not be included as an essential commodity for the life of the community. So is the case with the kerosene. According to the Delhi salestax, articles like meat, fish, egg, livestock, fruit, curd sugar and molasses pepper tamarind, chillies, turmeric, all edible oils etc., etc., have been omitted from the Bill and there is no levy of sales-tax on such goods, thereby showing that these articles are considered by Government as essential to the life of the nation. If it be not possible to include all those commodities, Government of India may be pleased to include in the schedule articles mentioned by the Committee i. e., firewood, matches, sugar, kerosene, cheap utensils."

It was represented on behalf of the Government that these commodities were subjected to salestax even before so that the curtailment of those facilities under the Bill would be a grave handicap to the State Government in that they may not be able to finance the ameliorative schemes undertaken by them.

Government of India however were inclined to interpret that articles already subjected to tax should not get the benefit of the present Bill under section 286 so that commodities which were already subjected to tax prior to the introduction of the Bill continue to be levied the same tax so that this State has not derived any benefit under the Constitution Act.

Paddy Straw (Prevention of use for Packing) Prohibition Order 1951.

In an order of the Government of India the use of paddy straw as packing material was prohibited. This was considered to be a great handicap to the exporters of goods from places of production to places of consumption. The Chamber in the course of a communication addressed to Government stated as follows:

"I am directed to draw your kind attention to the above order prohibiting the use of paddy straw for packing purposes and to point out as follows:—

Use of straw for packing purposes has been in existence from times immemoral. One reason for its wide application is that it is cheap for packing purposes and manufacturers do not want to enhance price of materials to the consumers by using costly packing materials. No doubt the Chamber sees that at a time when straw is difficult to obtain even for fodder purposes, utmost economy should be practised in the use of such essential materials. Government probably are under the impression that these straws which are used as packing materials are wasted and if such materials are conserved it will be of use as fodder. The Chamber wishes to point out that straw used for packing are not at all wasted. At the destination they are used either again as packing material or as fodder at the destination. There is, therefore, no loss in using straw for packing materials.

The issue of a blanket prohibition for the use of straw as packing materials has caused much inconvenience to the trade. There are glass materials which necessarily require packing materials for its safe despatch. In the absence of any other cheap packing materials paddy straw is used for packing purposes. It is comparatively cheap and is a safe method of packing. If such materials are not used goods cannot be delivered in good condition at the destination. There will be heavy loss resulting from breakages and shortages. Similarly in the case of eggs Government will realise that unless sufficient packing materials are used for their despatch, this commodity, which is very essential to the life of the nation, will be completely destroyed in the course of transit. Similarly is the case of aluminiumware, brassware utensils, stainless steelware, glassware, porcelainware, medicinal goods etc., which require some packing materials for their safe transit. Otherwise in some cases they will be destroyed and disfigured at the destination point. Much damage will be caused to them during transit. The consumer will hesitate to buy such articles and the industrialist will be put to heavy loss. Claims against Railways will be becoming more and more and it will be a serious strain on the Railway revenues. Even now Government of India have appointed a Special Officer to minimise claims arising out of shortage or breakage to goods. When the Transport Department is making earnest attempts to minimise such loss during transit another Department goes contrary to the intentions of the Railway Department. Non-use of packing materials will, as Government are already aware, cause serious damage to goods and in the absence of any other cheaper materials for packing purposes paddy straw is extensively used for such purposes. The total prohibition, therefore, for using straw for packing purposes will cause inconvenience to the trade and result in serious losses not only to the factory owner but the retail merchant also. The Chamber, therefore, while agreeing with the intention of Government that the utmost economy should be practised in the use of such packing materials, wishes to point out that in the case of such articles mentioned above there should be relaxation. Use of any costly materials for packing purposes will result in enhancement of prices of materials concerned tending to an increase in the cost of living which is contrary to the intention of Government. I am, therefore, directed to request you to be good enough to reconsider the position and allow some relaxation in the order to enable the use of packing materials in the case of essential commodities as mentioned above."

Owing to similar protests from different quarters Government of India modified the order and their use as packing materials has been allowed.

11. TARIFF AND TAXATION

Central Budget.

On the 28th February 1951 the Hon'ble Shri C. D. Deshmukh presented the budget of the Government of India for 1951-52 in the Parliament wherein he made several taxation proposals which had the effect of converting a deficit of Rs. 5.54 crores into a surplus of Rs. 25.61 crores. In the field of direct taxation the Finance Minister proposed an increase of a quarter of an anna in Corporation tax and a levy of a surcharge of 5 per cent on all income-tax and super-tax rates excluding Corporation tax.

Further proposals were indirect taxation in the form of enhanced surcharge on all items in the import schedule, export duty on groundnut kernel, surcharge on import duty on liquor, increase in excise duty on motor spirit and kerosene and an increased export duty on black pepper and cotton waste, reimposition of export duty on cotton cloth and further changes in the tobacco tariff, etc.

Soon after the publication of the budget speech the Vice-President, Shri M. A. Chidambaram, issued the following statement:—

"The budget proposal of the Government of India is a novel departure from the ordinary budget proposal in that for the first time the Finance Minister of the Republic of India wants to finance capital expenditure from current revenues. The usual feature of every budget is to cover up the deficit by fresh proposals for taxation but the present budget apart from covering the deficit of about Rs. 5 crores provides for a convenient surplus of Rs. 25 crores for financing capital expenditure.

The proposal for fresh taxation is likely to fall heavily on the poorer sections of the society for whom Government have been expressing so much of solicitude. The immediate effects of this proposal is a further increase in the cost of living and consequent demand for higher wages and salaries alround and is likely to frustrate attempts of Governments both Provincial and Central to bring down the cost of living to sizable limits. The upper class, the middle class and the poorer section of the society all are subjected to additional doses of taxation. The surcharge of 5% on Incometax and Supertax and the enhancement of Corporation tax is not likely to encourage fresh investment to industry and will discourage capital formation. The proposal to impose Rs. 80/- per ton on exports of groundnut kernel and 10% ad valorem duty on export of coarse and medium cloth made from Indian cotton and the proposal to make certain readjustment in the concessional assessment of the existing duty on pepper and cotton waste are likely to damp export trade. The recommendations of the Export Promotion Committee seems to have been conveniently forgotten or ignored. Indian cloth is already experiencing competition in the international market and one is left to wonder whether this is the opportune time to levy on the export duty. This duty was tried and given up before. The enhancement of duty by 5% on motor spirit will not only affect the richer class but will hit hard the middle and poorer classes of the society in that there is bound to be a corresponding increase in bus-fares which is the poor man's vehicle. This is in a line with the proposal of the Hon'ble Minister for Transport for enhancing 111 Class fares. Similarly is the case with the increase in duty on kerosene mostly used by the poorer classes of the society. The unkind cut of all is the proposed change in the tariff on tobacco, which is expected to yield an additional thirteen crores of rupees. Tobacco cannot under the present circumstances be considered as a luxury at all. Beedies, snuff, cheap cigarette etc., are all only used by the poorer people and it is on them this heavy duty falls. The use of tobacco has come to stay with almost all the sections of society."

The Committee of the Chamber having considered the budget proposals made the following representation to the Government of India:—

"My Committee have considered the budget proposals of the Government of India for the year 1951-52 and I am directed to forward the following views of the Committee on those proposals.

This Chamber is of opinion that the proposals to bring in additional revenues for financing capital expenditure is not in consonance with the admitted principles of taxation. While the deficit for the year is estimated at Rs. 5.5 crores, the Honourable Finance Minister has provided for an additional revenue of Rs. 31.15 crores resulting in a surplus of Rs. 25.61 crores. This might probably be due to the shyness of capital for subscribing to Government loans and is necessitated by the prevailing situation. But the Chamber hopes that as a matter of general principle this practice of finding more revenue for financing capital expenditure will not be resorted to at least in the future.

The Committee of this Chamber are concerned very much with the proposals of the Government to levy a duty of 10% on the export of coarse and medium varieties of cloth. A similar duty was levied in 1947 but owing to protests from all quarters and the inability of the commodity to bear this heavy incidence, as it has to compete in the international markets, Government were persuaded at last to abolish this duty. The present duty is admittedly higher than the duty levied in 1947 and the Chamber is of the opinion that competitive strength of Indian cloth made of Indian cotton will greatly be impaired by the incidence of such a high duty. The export of coarse and medium varieties of cloth for the current half year has been drastically reduced

and the realisation from this source cannot be much but the duty will do permanent harm to one of the principal items of export trade. Foreign markets are cultivated after years of pioneering work and if due to high prices of Indian goods such markets are unable to import our goods those markets may be lost to us and it will then be rather very difficult to capture them again. The Chamber requests you to kindly consider the implications of this levy and to abolish altogether if possible the duty on export of cloth or to lighten the burden as much as possible. In any case the Chamber feels that there is no case for the levy of a duty on export of handloom cloth. Handloom Industry is already passing through anxious days for want of yarn and the demand from foreign markets has considerably fallen owing to the consequential enhancement of local prices. The levy of a duty of 10% will be a millstone round the neck of the handloom industry and will positively annihilate it under present circumstances. I hope Government will not levy duty at least on handloom exports.

The enhancement of duty on motor spirit and kerosene is equally unwelcome. Recently the Honourable Minister for Transport, has by his budget proposals, enhanced the rate of fares for all classes of travel. This rate has fallen more steeply on IIIrd Class travel and it has been raised by about 25%. This rate of increased fare falls more heavily on the poorer and middle class sections of the population who alone travel by IIIrd Class. Buses play an important part in the rural economy and is resorted to by poorer sections of the population. An enhancement of the duty on motor spirit will naturally be reflected in an enhancement of bus fares all over the country and there again it is the poor sections that are mostly affected by this incidence. The increase in duty may be 5% but its reflection on the fares will be more. Similarly kerosene is increasingly used in remotest villages by the public. Wherever power supply is available richer sections of the population go in for that but even in such places it is the poorer section that mostly use kerosene. To tax them on an article of daily necessity, will increase the cost of living of the poor and it is the avowed object of Government by all means to bring down the cost of living. The proposal therefore, to increase the rate of duty on motor spirit and kerosene will have an adverse effect and will rather help to increase the spiral of inflation. The Chamber is of opinion that this duty may be waived.

The use of tobacco in its raw state or manufactured form has come to stay with the majority of the public. Especially the case of beedies which is manufactured out of tobocco is indispensable with poorer sections of the public. Tobacco in one form or other is an inseparable item of the family budget of the working classes and the masses. The manufacture of beedies is carried mostly on a cottage industry scale and gives employment to a very large section of the public especially drawn from the poor. One peculiarity is that large number of women are also engaged in the manufacture and process of beedies. There is a lucrative export trade in this commodity from Madras to Burma, Malaya, Ceylon etc, apart from its wide local sale. It may be termed that the use of tobacco is a luxury but with many, its use has become a necessity. They may be, prepared even to forego food but the use of tobacco is an indispensable item with at least the majority of them. Therefore, enhancing the rate of duty on tobacco will result in enhancing the cost of living especially of the poor. Already there is a clamour for increased wages and salaries and the demand for such increase will all the more be insistent and cannot be waived.

Government have been expressing their solicitude for the poor. The Chamber feels that many of the proposals contained in the budget are likely to tend to increase the cost of living especially of the poor. The Chamber, therefore, appeals to the Government to re-examine the proposals and lighten the burden wherever it affects especially the poor."

The proposals of the Government were not at all altered.

MADRAS BUDGET.

On the 26th February 1951 the Hon'ble Shri B. Gopala Reddi, Finance Minister of the Madras Government introduced the budget for the year 1951-52. According to the budget a deficit of Rs. 67 lakhs was anticipated but no taxation proposals were made. The Hon'ble Minister gave some relief by way of exemption from the levy of salestax on newspapers and by halving salestax on handloom cloth sales. The Committee of the Chamber considered the proposals of the Government and authorised the office to send the following note on the budget proposals to the Chamber's representative on the Legislative Assembly for being taken up:—

"According to the Budget proposals of the Finance Minister, Government of Madras, there is a deficit of Rs. 67 lakhs during the year 1951-52. Considering the revenue of Rs. 59.63 crores the defict is small and the Finance Minister has been good enough not to suggest any proposals of fresh taxation. But the Honourable Minister claims to have given some relief by way of exemption from the levy of salestax on newspapers and by halving salestax on handloom cloth sales. Apart from this there are no other concessions and no proposals for fresh taxation.

Food position in the province continues to give much anxiety not only to the Government, but also to the public at large. The reduction to 9 ounces is only a counsel of despair and brings to light the glaring inability of the local government to insist for allocation of additional quantities of rice to Madras. While Bombay province also is similarly placed she has been given increased allotment and the claims of Madras Government has been brushed aside. The Government claim to have done much to subsidise sale of foodgrains to the public but an examination of the expenditure incurred by the Local Government will show that it has been very niggardly. On an average the local government have been expending Rs. 2 crores per year for a population of 6 crores in the state, that is to say on an average the local government have been spending less than 6 annas per head of the population for a year i e., less than 1/2 anna per head per month to meet a calamitous condition like food shortage. This is too meagre. It may be that it is not possible for government to spend more but conditions now prevailing in the province are bordering to famine and this is not the time to consider how best to finance but this is a time to give additional quantity at fair prices. Government could meet the deficit from the reserve if found necessary. What is wanted is an all out attempt to get increased quantities for this state and to sell it at subsidised price. Government are not in a position to pay increased dearness allowance to their staff and there is, therefore, no reason why they should enhance the prices of rice by 4 pies per measure.

The Government also claim to have spent large amounts of money towards well subsidy. This item of expenditure has been severely criticised. The Grow More Food Campaign has been found to be a thorough failure allround. In spite of this campaign prevailing for more than 6 or 7 years now the area under rice crop has shrunk and the out-put has fallen. The only panacea to keep to maintain the area under rice crop would appear to be an enhancement of prices for food crop so as to encourage cultivators to grow more food crops either by extensive or intensive cultivation of food crop. The money spent on well subsidy and on Grow More Food Campaign might better be utilised for giving all round increase in procurement prices of rice and paddy. When there is restriction in the area for cultivation of commercial crops and when their prices are not controlled, there is always the inevitable temptation to grow such crop to the determint of food crop. Unless a scientific adjustment of price is made, one cannot expect the ryots to sacrifice their interest by growing food crops which has long ceased to be remunerative.

Abolition of rationing all over the district is only an expression of inability of the Government of Madras to ensure food for its population and which is the primary responsibility of any recognised Government. At a time when dame nature has failed consecutively for 5 or 6 years and when famine conditions are prevailing in many of the districts, the Government of Madras have absolved themselves of all responsibilities to supply food in the districts. Irrespective of cost, government should straightaway open fair price shop in all districts so that villagers can get their minimum requirements of rice. Many villagers are known to migrate to adjacent districts in search of food and work.

The Government no doubt have reoriented the State Aid to Industries Act and have set up the Industrial Investment Corporation. Government state that a sum of Rs. 45 lakhs is expected to be disbursed this year under the State Aid to Industries Act. It is also stated that industry can secure a loan at 5½% interest. Curiously enough Government state that the share capital of the corporation has not been fully subscribed. This is only to be expected. Government are probably aware that recently Government of India have floated 3½% tax free Treasury Savings Deposits. It is therefore extremely doubtful whether any investor will come forward to invest money on the Industrial Investment Corporation which guarantee only 3% return which after payment of tax would dwindle down to about 2%. Unless the terms are substantially altered, it is extremely doubtful whether shares of the Industrial corporation would be subscribed.

In respect of heavy industries, it would appear that the local Government has a proposal to locate an aluminium factory. This province has rich deposits of iron. The only difficulty in setting up an iron and steel factory in this state, according to experts, is the shortage of coal nearby. South India is a big consuming centre of iron and steel and it will considerably help if an iron and steel factory is located in this state.

MOTOR TRANSPORT:—The Finance Minister states that "our fares are the cheapest in India". He conveniently forgets that taxation of motor vehicles in this province is perhaps the highest in India. Government have not conceded that the motor industry in this province is the highest taxed and some relief by way of reduction in taxation is long over due. The Motor Vehicle Taxation Enquiry Committee have come to unanimous conclusion that taxation of motor vehicles in this state is highest and have recommended for relief. As a gesture of goodwill the Honourable Minister for Finance could have given some relief especially when there is not much deficit in the current year's budget.

The abolition of the entertainment tax on dramatic performances with effect from 1st April 1951 is no doubt welcome but one is left to wonder whether this form of relief is given to the society which requires it. Dramatic societies are patronised by the higher sections of society. A partial relief in the entertainment tax with regard to cinemas would not have given room for any criticism.

• The salestax, as the Finance Minister stated is proving to be a Kamadhenu of the Provincial Government. From Rs. 5.8 crores in 1945-46, it has risen to Rs. 15.8 crores according to the revised estimate for 50-51. In spite of the definite provision in the Constitution of Republic of India, the local Finance Minister is very adamant and does not want to give any relief by way of exemption from levy of tax on essential commodities.

In a budget of Rs. 55 crores the variation comes to more than 4.5 crores i. e., nearly 9% which shows to what extent loose budgeting can go. The budget estimates for 50-51 was Rs. 51.2 crores while the revised estimate is Rs. 59.7 crores and probably the actuals would be more. Similarly is the case with regard to expenditure also. The Finance Minister seems to rely more on public loans and Government of India advances for financing capital expenditure. Under present conditions in the investment market it is doubtful whether public will come forward to invest on Government loan unless the terms are very attractive. The issue of 10 year Treasury Savings Deposits by the Government of India has diverted capital from investment in banks, and trade and industry are likely to be affected more for want of financing agencies. If Government of Madras wants the public to subscribe towards loans they have to attract it by sufficient inducement i.e., by increased rates of interests.

CORPORATION BUDGET.

Shri P. R. Nammalwar, Chamber's representative on the Corporation asked for views of the Chamber on the budget proposals of the Corporation and the following note was prepared and sent to him:—

"I thank the Commissioner for presenting a modest budget proposals. Within the limited scope it could not be otherwise. The powers of the Corporation to bring in additional revenue by fresh ambitious proposals are limited by the Constitution of the country and by the local Government snatching away elastic sources of revenue. We are trusted with a muzzle and are given only a very limited field of taxation and we are expected to perform miracles. Under such circumstances, the Commissioner and Members of the Taxation and Finance Sub-Committee are to be congratulated for presenting to the Council a modest budget.

This time every year is a crucial period for the public particularly to the citizens of the Corporation. The Honourable Transport Minister has his proposals to enhance railway fares in spite of convenient surpluses, the Hon'ble Finance Minister, Government of India has his own proposals during this time not only to balance his budget but also for financing capital expenditure also from the current revenue. The Finance Minister, Madras has his proposals for balancing his budget—we should be thankful for his small mercies to exempt salestax on newspapers and halving tax on sale of handloom cloth. In the spate of so many proposals the citizens of Madras are left to wonder what fresh taxes are in store for them. They have to stand the strain of all these proposals of the Transport Minister, Finance Minister of India, Finance Minister Madras State and the Corporation proposals all of them also have something up their sleeve every year for bringing additional revenue. It looks as though Finance Ministers have an inexhaustible source of revenue to tap every year. The Corporation is no exception to it. In the absence of any fresh source they dig deep till they find water. But the fountain sources of revenue are fast getting dried up.

The elaborate statements of income and expenditure looks as though they are balance sheets drawn up by Managing Agents of Limited Companies and presented to the shareholders in attractive figures. But Mr. Worshipful Mayor, Managing Agents have come in for severe criticisms in recent times and we have to take note of the change.

The Budget proposals contain no bold proposals to place the Corporation on sound economic footing so as to be free from the trouble of finding revenue year after year for financing the normal working of bodies like the Corporation. When that itself is found difficult because of lack of fund how can we launch on ambitious schemes and provide amenities for the growing population in the premier city which should set an example to other municipalities and other local boards.

Taking the case of this year's budget, there is provision for a revenue of Rs. 194 lakhs out of which debt charges Rs. 32.19 lakhs, contributions to City Improvement Trust Rs. 2.5 lakhs, Pensions and gratuities Rs. 2.77 lakhs Salaries of establishments Rs. 41.53 lakhs, wages for labourers Rs. 41.56 lakhs i. e., 120.55 cannot be touched and remain inviolate whole, out of the remaining 37% of the revenue we have to provide for communications, lighting, Elementary education mid-day meals clothing for employees, lighting, water supply, drainage, public health and a host of other essential maintenance and upkeep for which the Corporation has undertaken a statutory responsibility. How then can one look up to the other aspect of providing civil amenities of the population, improve the marina, maintenance of parks and gardens etc., which are essential for the present needs of the population.

The population of the City has increased beyond recognition as revealed by the recent census figures. There has been heavy influx of population resulting in scarcity for living accommodation water and for everything. There has not been a corresponding increase in the resources of the Corporation. The same old sources of revenue alone remain with increase in the responsibility under such circumstances. I should have expected the Taxation and Finance Sub Committee to come forward with bold proposals to bring in additional revenue mostly from the new settlers, so that it will discourage further influx of population into this already congested City.

I am not really enamoured of the proposals now before the Council for bringing in additional revenue by increasing property tax on the lowest strata of uneven group however necessary it is. We are paying more than Rs. 32 lakhs by way of fixed interest charges. There are various loans on which we pay an interest rate which is more than the present rate of interest prevailing in the market. Recently the Corporation loan for Rs. 15 lakhs was heavily oversubscribed. That shows we are in a sound condition. Why not take advantage and raise loans at the present market rates to pay off old loans at higher rates. The terms of loan may not permit us but we must prevail upon the Government to accept repayment or ask them to lower substantially the rate of interest. I am convinced that will make a substantial alteration in our budgetary position.

There have been a heavy increase in population witnessed in recent times and the resources of the Corporation have been strained to the utmost in providing water and other civil amenities. These additional population are not contributing to the resources of the Corporation. Some method have to be devised by which these new people should be called upon to play their part. These new entrants have no permanent stake but they enjoy all the benefits of the City life. I leave it to you to work out a scheme for taxing these new comers. Those who live in the City for more than three months in a year must bear a portion of the tax and I leave it to the Commission to devise a way as to how best to rope in these people. If the show of such tax is high it will be a positive discouragement for new comers and if they are settling here it is proper that they should pay a tax.

Another source of fresh revenue is by a heavy increase in the licence fee for new constructions and extensions. The rent rates have increased. My suggestion will be discounted in that it may appear that at a time when housing accommodation is deplorably low, we should not discourage fresh construction. But I am convinced that those who attempt new constructions have vast resources and if they have resources to buy iron & steel, cement etc., at extra cost why should they grudge to pay some more extra money to the Corporation. The licence fee for new buildings and extensions must be even trebled or at least doubled.

The proposal to increase the charges for excess water consumption is meagre. After all excess water is consumed by such of those population as can bear it. I would suggest an increase of 25% instead of 10%.

The property tax is the Kamadhenu of the Corporation as the sales tax is that of the Hon'ble Mr. B. Gopal Reddy but this source should not be unduly strained. I am against discrimination. If there is going to be an enhancement in the rate of tax well it should be made applicable to all classes of property. Let not the richer sections of the property owners go away scot free. If any section of the population requires relief it is the poorer sections of property owners. There should be an all round increase instead of piece meal increase.

The rates of profession tax was only increased recently and there was stout protest all round. It is too early to think of further increase at present.

DONATIONS TO CHARITIES AND FUNDS—EXEMPTION FROM PAYMENT OF INCOMETAX.

It was brought to the notice of the Chamber that donations made by companies and individuals to charitable institutions

and funds were not exempt from payment of incometax and such exemption was limited to certain funds approved by Government under section 15-B of Incometax Act. On a consideration of these factors the Chamber thought it desirable that Government should enact a legislation of a general nature enabling philanthropic firms, companies and individuals to make donations to institutions, charities and funds and such donations be exempted from payment of incometax. The Chamber, therefore, made a representation to the Government of India as follows:—

"I am to draw the attention of the Government to the necessity for enacting legislation of a general nature enabling philanthrophic firms, companies and individuals to make donations to institutions. charities and funds and for the need of exemption of such charities from payment of incometax.

Government are aware that there are many institutions charities and funds which are engaged in useful activities and of service in one kind or another to the community and to the general public at large. Government accord recognition to some such institutions and charities and funds alone which are established exclusively for charitable purposes like relief of the poor, education, medical relief. Donations made to such approved institutions alone are exempt from tax under Section 15-B of the Incometax Act.

It is needless to state that there are many other similar institutions, sanghams, samajams etc., which are not approved by Government under the above Act and donations to which are not exempted from payment of incometax. The very purpose of exemption of such donations from tax is to encourage donations to institutions established for charitable purposes. Charities have now assumed different forms and does not confine in building chatrams for convenience of pilgrims, Bhojana salas alone.

The Hon'ble Mr. K. C. Reddi, Chief Minister of Mysore, stated recently that it was necessary to find out now means of preserving and developing India's art and culture as the Rajas and Zamindars, who promoted them hitherto, were no longer able to do so in the new order in India. It is quite possible that under the present set up music and other arts might receive a set-back in the present political and social system. The courts of the Princes, and the palaces of Zamindars, who are descendants of ancient independent rulers, are now shorn of such of the pageantry which for long, fostered art, and kept alive the traditions of Indian culture. The Congress Working Committee when it drew up its new election manifesto sensed the popular disappointment at the weakening of the impetus to art. The manifesto says: "Art and literature, music and drama, singing and dancing should be encouraged."

Many sanghams and samajams have been established for purposes of encouragement of learning, development of culture, music and art. These sanghams and samajams etc., are also designed for the same purpose and the need has risen that such institutions may also be recognised as coming under the Section 15-B of the Incometax Act, and donations to such sanghams and samajams should be treated on a par with donations to institutions, charities and funds which are now approved by Government. This will greatly encourage donations by way of charities to such sanghams and samajams which are also established for improving culture or some other useful work for the good of humanity. By prescribing only certain institutions under Section 15-B people who are in a position to donate large sums of money for the above purposes are not coming out for such philanthrophic work. They may have a liking to donate charities for purposes of certain stipulated institutions, sanghams, samajams, but as there is no inducement from the part of Government to exempt such donations they are not coming up.

There are high schools, music acadamies and colleges also solely set apart for the advancement of music, established in many parts of the country and philanthrophists who have special liking for the advancement of such studies may like to donate large sums of money for its advancement but are now prevented in doing so because such institutions are not approved under Section-15, B of the Incometax Act and donations made to them will not be exempted from the payment of incometax. The Chamber sees no reason why such donations are not also to be exempted from payment of tax. These institutions will also serve very useful purpose. They disseminate knowledge and information to large sections of people and encourages the growth of fine arts. The Hon'ble Sri C. Rajagopalachari in a recent speech at the opening of a College in Madras stated:—

> "Philanthrophy need not be discouraged because it is directed towards one's own community. Charity is good even though limited to within a narrow circle. Every one who is favoured by fortune is not of a cosmopolitan mould. The springs of charity can be dried up by insisting on too much of broad-mindedness. Those who are well off should share their good fortune with those who are unfortunate. To the extent this is done, society gains even though it is based on a somewhat narrow kind of sympathy. Charity may well begin with help to the unfortunate among one's own people before it widens out......If we discourage or render impossible denominational philanthrophy, I fear we shall dry up the fountains of charity in our country and the burden on state finances will become inconvenient and even impossible. We should encourage all charitable men and women and show them the way to benefit those whom they would most like to help."

The Hon'ble Mr. B. Gopala Reddi, Finance Minister, Government of Madras, also has realised the importance of encouraging donations for public causes and in a recent speech delivered at Tenali the Minister appealed to rich incometax assessees to come forward with liberal donations for public causes promising that they would have the benefit of an incometax rebate from Government.

Under the present law of Incometax as has been stated above only donations to approved institutions are exempted from payment of incometax. Government are giving grant-in-aid to many educational institutions, samajams, sanghams and other institutions having regard to the useful work done in such institutions. It is only but proper that Government of India may be pleased to approve donations to such institutions as receive grant from Government and other similar institutions devoted for development of art, culture, music etc., under Section 15-B of the Incometax Act and exempt donations to such institutions from payment of tax. This will greatly encourage the flow of necessary funds for the running up of such institutions as otherwise such useful institutions will have to be starved as Government have not the necessary finances to ensure their working.

The Chamber requests that the representation made above may be considered and Government may be pleased to widen the scope of Section 15-B to cover donations to approved institutions, high schools, sanghams, samajams, music institutions etc., from payment of tax."

Government of India after considering the representation made by the Chamber replied as follows:—

With reference to your letter No. G. 1380/51 dated the 28th July 1951, I am directed to say that according to the criteria laid down by Government, approval is ordinarily confined to higher educational institutions and hospitals of sufficient importance. The two main reasons behind this restriction are the financial position of the Government who have to bear a share of the contributions in the form of rebate of tax and the need for administrative control. In allowing exemption in respect of donations to approved institutions at the time of assessment of the donor, the Incometax Department has to verify (i) that the institution is an approved institution and (ii) that the receipt on the basis of which exemption is allowed is a genuine receipt. If the number of approved institutions were very large it would be well nigh impossible for the Department to exercise such a check.

2. The Government of India have, however, carefully considered the Chamber's request but regret to say that it is not possible to grant a general exemption. They are, however, prepared to consider on merits individual cases of institutions engaged in the promotion of art, music, drama etc. provided an application is made by the institution to the Government of India through the State Government, in whose territory the institution is situated. It would also facilitate matters, if along with the application, a copy of the rules and regulations of the institution together with copies of the published annual reports (showing inter alia income and expenditure) for the last two or three years could be enclosed."

APPORTIONMENT OF MANAGING AGENCY COMMISSION.

The attention of the Chamber was drawn to a decision of the Bombay High Court wherein an important principle involving the apportionment of Managing Agency Commission was decided. For the purpose of easy reference the judgment is reproduced below:—

COMMISSIONER OF EXCESS PROFITS TAX, BOMBAY CITY,
Versus
Messrs. P. N. MEHTA AND SONS (19 of 1950).
CHAGLA C. J. AND TENDOLKAR J.
ADVOCATE GENERAL WITH G. N. J. JOSHI INSTRUCTED BY N. K. PETIGARA
For The Applicant.
SIR JAMSHEDJI KANGA WITH N. A. PALKHIWALA
INSTRUCTED BY MESSRS. RUSTOMJI AND GINWALA
For The Respondent.

The assessee were appointed Managing Agents of Burhanpur Tapti Mills Ltd., on 19-10-1942. The terms of the Managing Agency were that the assessee were to be paid 10% of the net annual profits by the company with a guaranteed minimum of Rs. 15,000/- per annum.

The accounting year of the company is the calendar year, while that of the assessee closed on 31st of October of each year.

The Tribunal held that annual profits could only be ascertained when the accounts of the Mills were made up and it was then that 10% commission or Rs. 15,000/- would accrue to the assessee. Therefore the Tribunal held that as the accounting year of the assessee closed on 31st of October every year, the commission in respect of the year 1942 accrued to the assessee on 31st of December 1942 and was chargeable for the accounting period ending with 31st of October 1943, and in respect of the year 1943, with the period ending with 31st of October 1944 and so on.

The contention of the Department was that as the asessee worked as Managing Agents from day to day and helped the company to earn profits, commission accrued to the assessee from day to day and not at the end of the year.

Issue was when Managing Agency commission accrued to the assessee.

Their Lordships observed as follows:—

"The position taken by the Department is wholly untenable because it is only on the net annual profits that the managing agents are entitled to any commission. A company may have worked for six months at a loss, for the remaining six months it may make a large profit so as to wipe off the loss and have net profit to show. It is only as a result of the working of the Mills for the whole year that it will be possible to ascertain whether mills have worked at a loss or at a profit and what the profit was.

Therefore, the Managing Agents are only entitled to a commission on the result of the working of the Mills for the whole year. If the working shows a net annual profit which gives them a commission of more than Rs. 15,000/- on the basis of 10%, they are entitled to that amount.

Therefore, in our opinion, the Tribunal rightly held that the accrual of the commission was at the end of the calendar year, which was the year maintained by the Mills and not from time to time as contended by the Department.

The Advocate General wanted to contend that under r. 9 of Sch. II of the Excess Profits Tax Act it was competent to an Officer to attribute certain profits to the accounting period in cases where the performance of a contract extended beyond the accounting period. According to their Lordships this was an entirely new contention never urged before at any stage of the proceeding, nor did the question submitted raise any question of law with regard to r.9 of Sch. II of the said Act; and hence it cannot be raised and was accordingly disallowed. The only question that was raised was whether on a true construction of the Managing Agency agreement when the Managing Agency Commission accrued to the assessees.

Their Lordships accordingly answered the question in the affirmative."

The Chamber, therefore, took up the matter with the Government of India and made the following representation:—

"The attention of the Chamber has been drawn to the serious losses caused to the Managing Agency firms by the procedure of the Incometax Officers, especially in Coimbatore to treat managing Agency Commission as if it accrued to the assessee from day to day and not at the end of the year. This procedure of assessment causes serious loss to Managing Agency firms especially when there is a partition amongst the members of the Managing Agency firm in the course of the year. This Chamber is of opinion that the managing agents are entitled to Commission on the net annual profits and they should be assessed only at the end of the year. The Chamber is supported in its view by the recent decision of the Bombay High Courts. In the case "Commissioner of Excess Profits Tax, Bombay City versus Messrs. P. N. Mehta & Sons Case No. 19/1950 and reported in pages 581 and 582 in the monthly journal "Indian Taxation" for November 50 their Lordships observed. The position taken by the Department is wholly untenable because it is only on the net annual profits that the managing agents are entitled to any Commission. A company may have worked for six months at a loss, for the remaining six months it may make a large profit so as to wipe off the loss and have net profit to show. It is only as a result of the working of the mills

for the whole year that it will be possible to ascertain whether mills have worked at a loss or at a profit and what the profit was."

In view of the strict construction of the Statute and also the clear pronouncement by a High Court, the Chamber is of opinion that the position taken by the Incometax Officers at Coimbatore is not correct.

The Chamber therefore requests that you may be good enough to kindly clarify the position on the point and to issue instructions to officers to give relief to those affected either at Incometax officers stage or when assessments are pending before Appellate Assistant Commissioner or Appellate Tribunal or before the Commissioner by such questionable assessment. The Chamber will feel grateful for very early action in the matter."

The views of Government have not yet been communicated.

SALESTAX.

Very large number of subjects relating to levy of sales tax especially after the enforcement of Section 286 of the Constitution was taken up during the day to day work of the Chamber. The Salestax Advisory Committee functioned during the year and Chamber's representative Shri V. Pandurangiah took up such questions as were brought to his notice. The following subjects were forwarded to Shri V. Pandurangiah for being taken up at a meeting of the Salestax Advisory Committee:—

1. SECTION 286 OF THE CONSTITUTION OF INDIA:—

(a) Under the above Act sales tax on commodities exported outside India should not be leviable and the local Government have agreed to that in principle and have exempted such goods from payment of tax from 26-1-1950 i. e., the date of enforcement of Constitution. But numerous letters have been received in the Chamber that sales tax authorities do collect tax on goods exported because they have not received instructions from Government. After this levy the assessee has to claim refund which means inordinate delay. For one thing when the Constitution does not allow collection of tax it is impossible for merchants or industrialists to collect such tax from their customers. Mills are put to considerable difficulty. Instructions should, therefore, be sent immediately not to collect tax on goods exported outside Indian territory to all tax collecting authorities.

(b) Sales tax on goods purchased locally for export outside India must be exempted from payment of sales tax when the purchaser furnishes original contracts from the buyers abroad or on satisfactory evidence to show that the goods locally purchased are really intended for export outside India. At present sellers of various commodities in this Presidency charge sales tax on all their sales irrespective as to whether the goods are intended for export outside India or not. While Government have recognised and exempted goods from payment of tax on export it is anomalous to charge sales tax on goods purchased locally. Our goods have to compete in the international market and when there is a vigorous drive to promote export, local Government should not stand in the way of furthering exports. All goods intended for export should be free from all sales tax at any stage.

(c) Similarly goods sold for despatch outside this Presidency to other Provinces must also be exempted from the levy of sales tax as otherwise the commodity has to bear tax at two points one at the time of despatch and the other at the time of consumption. Government of India wants to bring down the spiral of inflation and levy of sales tax at both points will not help in this direction.

(d) The Constitution provides that goods essential to the life of the nation should be free from sales tax and such commodities entering in the inter-provincial trade should not be taxed. Though the Constitution has come into force on 26-1-1950 the present arrangement is allowed to continue. This should not be indefinitely prolonged. There are various commodities which are quite essential to the life of the nation and they should be exempted from sales tax. Among the commodities foodgrains have to be exempted. Aluminiumware being an indispensable commodity serving as common household utensils in use with almost the entire population of all classes more especially middle-class people and common-class, it is but proper that this commodity is also included in the list of items that are to be excluded from the purview of the sales tax.

2. THE SALES TAX ASSESSING AUTHORITIES CALL FOR, AMONG OTHER ACCOUNTING RETURNS, PROFIT & LOSS ACCOUNT AND THE LIKE:—

Since sales tax is levied on sales turnover it follows that a sales tax assessor might be ordinarily concerned with such returns and information as may be connected with the sales and turnover. In order to discourage the possible abuse of the information with which the assessing authority is not concerned it would be appropriate that they may be instructed not to insist on such information or production of records which do not concern them mainly.

3. Levy of sales tax on business transacted outside this Province through a firm having a branch office in Madras is oppressive. The following example will explain the position clearly:

A firm in Madras placed an order for six wagon-loads of Pig Iron with the Tata Iron & Steel Co., Ltd., Calcutta for despatches from their Jamshedpur Works to Royapuram and asked them to send the respective railway receipts to the firm through their Calcutta Agents. Accordingly the agents handed the respective railway receipt to their Calcutta Agents. For the said Pig Iron the value came to Rs. 13,963-4-0. Besides the said value they have collected a sum of Rs. 218-3-0 as Bihar Government sales tax at 3 pies per rupee. They have also collected from the Madras firm Rs. 221-9-0 as Madras Government sales tax. When the Madras sales tax was protested it was told that since Tata Iron & Steel Co., Ltd., has a branch office at Madras they have to pay the local Government sales tax. The deal was put through the Calcutta office and there is no reason why the importer here should be called upon to pay sales tax when the transaction was outside. This position may be made clear.

4. Levy of sales tax on transit, insurance charges etc., is not advisable. It would appear that a party made a representation to the Commercial Tax Department that such charges should be treated as service charges and should not be taxed. But Government have sent the following reply:—

"Please note that "transit insurance charges" claimed by you for exemption are not recognised as "Service charges and declared as one of the admissible deductions for purposes of arriving at the net turnover, by the rules."

Strictly speaking the levy of sales tax on such charges is outside the scope of the Act and should be exempted.

5. LEVY OF SALES TAX ON TRANSFER OF GOODS FROM WHOLE-SALE DEPOT TO THE RETAIL DEPOT:—

At present transfer of goods from the whole-sale depot to his own retail depot is treated as a sale and assessed to tax. This is unconscionable. It is only a transfer. A party may be having a whole-sale establishment and a retail shop. The whole-sale department gets quota of cotton piecegoods which is transferred to the retail department for being sold to the public. To levy sales tax on such transfer is inequitable.

6. NOTICE OF NOT LESS THAN A WEEK MAY BE GIVEN WHERE BOOKS ARE REQUIRED TO BE PRODUCED FOR INSPECTION.

7. ADOPTION OF DEALER'S ACCOUNTING YEAR AS THE OFFICIAL YEAR FOR PURPOSES OF ASSESSMENT.

FURTHER LIST OF SUBJECTS FOR DISCUSSION AT THE SALESTAX ADVISORY COMMITTEE MEETING.

1. It has been brought to the notice of the Chamber that considerable difficulties are experienced by merchants who generally supply goods to Government. Payments from Government are received very many months after the goods are supplied and sale is concluded. In the mean-while the Salestax authorities compel payment of tax on sales already concluded. This results in large amounts of money belonging to merchants getting locked up with Government. This can be avoided if Salestax authorities take lenient view of the difficulties of merchants, and agree to accept tax once in three months, or half-yearly or yearly or on receipt of payment from Government. This give some facility to merchants to utilise this amount and give increased salestax to Government. In one instance, it has been brought to the notice of the Chamber that about Rs. 60,000/- generally always remain with the Salestax authorities while the merchant does not receive payment.

I am sending a separate letter received in this connection.

2. LEVY OF SALESTAX ON SALESTAX IS INEQUITABLE:

There has also been recent judgment against such procedure.

SALESTAX ON INDENT AGENTS:

Indent Agents book orders from local dealers and such orders are forwarded to foreign shippers. Goods are received on a consolidated Bill of Lading and documents are endorsed

to the dealers. In such cases, also salestax is demanded from the Indent Agents. This is inequitable.

At a subsequent meeting of the Salestax Advisory Committee in the absence of Shri V. Pandurangiah, Shri M. A. Chidambaram attended the meeting.

Subjects pointing out the difficulties experienced by members were brought to the notice of the Chamber's representative and the folowing agenda was discussed at the meeting:—

1. Article 286 of the Constitution:—

(a) Sales Tax on Commodities exported outside India should not be made liable to Sales Tax.

(b) Goods purchased locally for export outside India should not be taxed.

(c) Similarly, goods sold for despatch outside the State to other states (Cochin Chamber's letter is also to the same effect).

(d) Goods essential to the life of the nation, foodgrains etc., not to be taxed; so also aluminium ware.

2. Sales Tax authorities not to call for profit and loss accounts and the like.

3. Levy of Sales Tax on business transacted outside the State through a firm having a branch office in Madras is oppressive.

4. Levy of Sales Tax on transit, insurance charges, etc., is not advisable.

5. Levy of Sales Tax on transfer of goods from wholesale depot to retail depot—inequitable.

6. Notice of not less than a week may be given where books are required to be produced for inspection.

7. Adoption of dealer's accounting year as the official year for purposes of assessment.

3. Payment for goods supplied to Government is delayed, while Sales Tax authorities compel payment of tax on such sales.

9. Levy of Sales Tax on sales tax is inequitable.

10. Sales Tax on Indent Agents is inequitable.

Proceedings of the meeting is reproduced below:—

Item 1: In the Agenda including A, B, C, it has been agreed that from the 1st of April, there would not be any Sales Tax levied. In regard to Item "D", the Finance Minister could not agree. Item B: It has been agreed that the ultimate exporter alone will be exempted from local Sales Tax.

(2) It has been agreed that the Sales Tax Authorities can only call for Turnover statement.

(3) It has been agreed that no Sales Tax need be charged on the Branch Office Transactions.

(4) If Transport Insurance Charges are shown as a separate item and not included in the Invoices then that amount will not be taken into account for Sales Tax purposes.

(5) It has been agreed that any departmental transaction for the wholesale retail depot being of the same firm, shall not be considered as separate transaction and no Sales Tax shall be levied on these transfers.

(6) It has been agreed that a week's time will be given.

(7) This could not be agreed by the Department and the practice that is being continued now should be continued.

(8) This, the department could not agree to.

(9) The Sales Tax is a Turnover tax and as such, the levy of Sales Tax on Sales Tax is permissible.

(10) It has been agreed that if he is only an indent agent and if the goods do not pass through him, no Sales Tax can be levied on such transactions."

As and when subjects were received from members they were forwarded to the Chamber's representative on the Salestax Advisory Committee for being taken up at the meeting.

TEN YEAR TREASURY SAVINGS DEPOSIT.

The Vice-President, South India Joint Stock Banks Association, Madras, sent to the Chamber copy of their telegram addressed to Government regarding the issue by Government of Ten Year Treasury Savings Deposit free of Incometax and non-computable for the purpose of total income. The Chamber thought that the issue of such savings certificate will have very bad effect on Banks, the security markets, future Governmental borrowing etc. The Chamber, therefore, sent the following telegram to Government:—

"The issue of ten year treasury savings deposits free of incometax and noncomputable for purposes of total income irrespective of limit of individual holding is prejudicial to the working of joint stock banks and will seriously affect prices of Government securities stop Rate of three and half percent free of incometax is higher than rates offered by banks for deposits and will therefore result in diversion of deposits from banks to Government and will result in shortage of funds for financing trade and industries at a time when production has to be encouraged stop prices of Government securities likely to go down further as the yield on treasury savings deposits is higher than the present yield stop Holdings of Banks in Government securities is also bound to decline resulting in loss to banks stop There is nothing to prevent members of same family taking certificates in different names circumventing the provisions stop In future it will be difficult for Government to raise loans in open markets without paying higher rates stop Chamber feels that the present scheme will seriously affect the working of banking institutions securities market and future borrowing of both central and provincial Governments and local bodies and give a setback to incometax revenue and requests Government to reconsider position and close the present issue immediately."

However Government sent the following reply:—

"I am directed to refer to your telegram dated the 13th February 1951 regarding the Ten Year Treasury Savings Deposit scheme recently announced by the Government of India.

2. The Government of India have carefully considered your criticism of the scheme and feel that there is no justification for the fear expressed by you that these deposits will divert money from Joint Stock Banks, depress the prices of Government securities or create difficulties in the way of future borrowings by the State Governments. The criticism appears to overlook the fact that the Treasury Savings Deposit scheme is mainly for the small saver who is prepared to leave his money with Government for a substantial period and that the amount of money that may be invested in these deposits is limited. The new scheme broadly maintains the yield now available on National Savings Certificates except that the interest is paid yearly instead of on maturity. If the deposit is withdrawn in the earlier years the yield (as for example at the end of two years) is

less than what a Joint Stock Bank now allows on deposits for that period. The Government of India are satisfied that these deposits are not likely to divert to any substantial extent deposits from Joint Stock Banks or otherwise adversely affect the present gild edged market. The position will, however, be kept under constant review."

FIXATION OF TARIFF VALUES UNDER AGRICULTURAL PRODUCE CESS ACT.

The Collector of Customs, Madras, forwarded to the Chamber copy of the Schedule of Provisional Tariff Values under the above act fixed for 1951-52 and requested the opinion of the Chamber on his proposals. After consulting members interested in the trade the Chamber sent the following recommendations:

"The Economic & Statistical Adviser, office of the Directorate of Economics and Statistics, Ministry of Food & Agriculture was good enough to send provisional tariff values proposed to be fixed for the year 1951-52 and those copies were received here only on the 18th inst., so that within the brief time it was not possible to consult all interested members. I am however suggesting changes that require to be made in the proposed values.

Item No. 8-Coconuts: The value proposed for the year 1951-52 is Rs. 230/- per thousand. This value is very high having regard to the prices prevailing for coconuts in important producing and consuming centres. In Calicut which is an important centre for coconuts the prices ruling now is between Rs. 180/- and Rs. 190/-. The Chamber do not think that there will be any steep increase in prices. Government may be pleased, therefore, to fix old value of Rs. 190/- for the year 1951-52 also.

Item No. 16-Ginger:—Similarly in the case of ginger, the proposed value of Rs. 260/- is too high having regard to the prevailing market rate. The present value is about Rs. 190/- and the proposal to fix it at Rs. 260/- for the year 1951-52 is too heavy. It might be fixed at Rs. 200/- per cwt.

Item No. 16-Pepper:—There has been an increase in price of pepper in recent months. But the Chamber do not think that there is any justification for enhancing the price from Rs. 500/- to Rs. 650/-. The present rise in price is sporadic and it may come down to a more normal level soon. Its price may be fixed at Rs. 550/- or Rs. 575/- at the highest.

If other suggestions are received I shall forward them to you as early as possible."

Some of the suggestions made by the Chamber were accepted.

ANNUAL REVISION OF TARIFF VALUES.

As usual the Director-General of Commercial Intelligence and Statistics, Calcutta, forwarded to the Chamber copies of a schedule embodying proposals for tariff values to be fixed for the year 1952. The Chamber consulted affiliated members and other members interested in the import trade and made the following recommendations to Government:—

I have received ten copies of the Schedule embodying proposals for tariff values to be fixed for 1952 from the Director-General of Commercial Intelligence and Statistics, Calcutta I have consulted members interested and I am directed by the Committee to forward their proposals for fixation of tariff values for 1952 as follows:—

Item No.	Commodity.	Government's Proposal.	Chamber's Proposal.	Remarks.
3	(1) Fish salted, wet			
	(i) Soormai	25 8 0	23 0 0	This is a food article and its imported cost should not be enhanced.
	(ii) Bangdas	8 0 0	6 0 0	-do-
	(iii) All other sorts	20 0 0	16 0 0	-do-
7	Potatoes, all sorts	30 0 0	20 0 0	At a time of shortage the tariff values may not be enhanced. This commodity has also food value.
8	Coconuts, Ceylon	160 0 0	140 0 0	
	Coconuts, other except Maldives.	150 0 0	130 0 0	

				Prices of coconuts have increased considerably tending to an increase in the cost of living. Coconut oil prices have also gone up. The value may not, therefore, be enenhanced.
	(2) Almonds —			
	(i) without shell.	240 0 0	210 0 0	
	(ii) in the shell.)			
	(a) Soft shell.	115 0 0	105 0 0	
	(b) others.	92 0 0	80 0 0	
	Khasta Badam without shell. (Kernel of Apricot)	165 0 0	140 0 0	The existing values are themselves considered high. They alone may be retained.
	Bhatni.	40 0 0	32 0 0	-do-
				Even the present value is found to be exhorbitant.
	Pistachio nuts			
	(a) with shell -			
	(i) Iranian.	275 0 0	250 0 0	
	Raisins, red, Persian Gulf.	33 0 0	33 0 0	
	Raisins, red, other than Persian Gulf, including Guldani and Lalmewa.	60	...	
	Raisins, black including black Monacca -			
	(a) In bags, baskets and parcels.	45 0 0	40 0 0	
	(b) In other containers including cases.	50 0 0	50 0 0	
	Raisins, all other sorts, including Monacca and Abjosh -			
	(a) In bags, baskets and parcels.	75 0 0	70 0 0	
	(b) In other containers including cases.	90 0 0	85 0 0	
	Apricots			
	(a) In bags, baskets and parcels.	75 0 0	64 0 0	
	(b) In other containers including cases	85 0 0	80 0 0	The present value may be retained.
9	(3) Spices, unground - Cloves (other than exhausted)	250 0 0	200 0 0	The proposed value is too high.
	Nutmegs in the shell.	3 8 0	2 8 0	
	Nutmegs without shell.	4 8 0	3 8 0	
9	(4) Mace, unground	7 8 0	5 0 0	
9	(7) Cassia lignea unground.	110 0 0	95 0 0	The existing value should be maintained.
13	(4) Dammer Batu, unrefined.	50 0 0	35 0 0	Rs. 50/- is too high a value for Dammer Batu
14	Rattans of chair quality	50 0 0	23 0 0	
	Rattans of basket quality.	100 0 0	65 0 0	The import of Rattans is necessary for the manufacture of furnitures and baskets. Too heavy a price will prevent import & thereby cause inconvenience

15	(7)	Coconut oil	110 0 0	80 0 0	As in the case of coconut, price of coconut oil has increased considerably. A reduction of value is absolutely essential.
28		Copper Sulphate.	60 0 0	41 0 0	
		Long Pepper from the Far East.	350 0 0	250 0 0	
		Cubebs.	200 0 0	150 0 0	The proposed tariff value is more than double in the case of long pepper and is double in the case of Cubeb in comparison to the present rate. The above articles are mainly used for medicinal purposes and increase in their value will result making the medicinal preparations more costly upsetting all calculations. The present value may be adopted.
28	(29)	Borax			
		(a) Granular	22 0 0	21 0 0	
		(b) Crystals.	33 0 0	31 0 0	The existing values may be maintained.
30	(1)	Alizarine, moist Over 16 per cent not exceeding 20 per cent.	160 0 0	150 0 0	

		Coupling dyes of the napthol group -			
		(b) Rapid fast colours (rapid salts)	16 0 0	15 0 0	
		(c) Bases.	10 . 0 0	9 0 0	
		(d) Other salts.	5 0 0	4 12 0	
		Vats:—			
		(a) Indigo (i. e. pure Indigo in its various concentrations)	4 12 0	4 8 0	
		(b) Solubilized and stable Vat dyes.	56 0 0	55 0 0	The existing value may be maintained.
20	(1)	Metanil Yellow.	3 12 0	3 8 0	-do-
30	(13)	Sulphur black.	2 7 0	2 2 0	-do-

The Director-General of Commercial Intelligence & Statistics was on a short visit to Madras and the Secretary had a discussion with him on the subject during his stay. As a result of this proposals were slightly modified.

III. COMMUNICATION.

Reorganisation of Local Advisory Committees for Railways.

The representatives of the Chamber on the S. I. R. and M. & S. M. Advisory Committees communicated to the Chamber the proposal of Government to reorganise Local Advisory Committees and wanted the Chamber to take up this matter with Government. According to the reorganisation proposals the revised Advisory Committee is to consist of

2 Provincial representatives nominated by the State Government or one for each State Government whichever is larger;

2 elected representatives of State Legislature or one representative of the Legislature of each State, whichever is larger;

3 representatives of Chambers of Commerce as recommended by State Governments;

2 representatives of Passengers Associations recognised by Railway Administrations and elected by the executives of the Associations;

1 representative elected by the Central Advisory Council for Railways;

1 representative to represent special interests not otherwise represented and nominated by the Administrations;
and the General Manager of the Railway.

The functions of the Committee are also mentioned as below:—

"The functions of Local Advisory Committees should be to make recommendations on the following subjects:—

(1) Provision of amenities to the public, peculiar to the area with which the Committee is concerned.

(2) Proposals in regard to new projects and extensions in the area with which the Committee is concerned.

(3) Proposals regarding opening of new stations and halts.

(4) Arrangements regarding time-tables and reservation of accommodation on trains.

(5) Any subject of general public interest or convenience.

The Chamber was informed that the Railway Board have accepted these recommendations and it was their desire that Provincial Governments should at once be informed and consulted as to the earliest date on which it would be practicable to give effect to the changed constitution. For purpose of convenience the constitution is given below:—

I. Broad Gauge Region. (Head-quarters—Madras) Comprising the Traffic Districts of Madras, Bezwada and Podanur

1.	State Governments:—	Nominated by Madras State Government.	2
		Nominated by Travancore-Cochin State Government.	1
2.	State Legislatures:—	Elected by Madras State Legislature	1
		Elected by Travancore-Cochin State Legislature.	1
3.	Chambers of Commerce as recommended by State Governments.	Recommended by Madras State Government.	2
		Recommended by Travancore-Cochin State Government.	1
4.	Passenger Associations recognised by Railway Administration.	Elected by the executives of Two Associations recognised by Railway Administration.	2
5.	Central Advisory Council for Railways.	Sri M. Satyanarayana M. P.	1
6.	Special Interests not otherwise represented and nominated by Administration.	Nominee of Administration.	
		Total ...	11

II. North Metre Gauge Region (Head-quarters—Mysore) Comprising the Traffic Districts of Hubli, Guntakal-Pakala & Bangalore-Mysore.

1.	State Governments.	Nominated by Madras State Government	1
		Nominated by Bombay State Government	1
		Nominated by Mysore State Government	1
2.	State Legislatures.	Elected by Madras State Legislature	1
		Elected by Bombay State Legislature	1
		Elected by Mysore State Legislature	1
3.	Chambers of Commerce as recommended by State Governments.	Recommended by Madras State Government	1
		Recommended by Bombay State Government	1
		Recommended by Mysore State Government	1
4.	Passenger Associations recognised by Railway Administration.	Elected by the executives of Two Associations recognised by Railway Administration	2
5.	Central Advisory Council for Railways.	Shri S. Nijalingappa M. P.	1

Special Interests not otherwise represented and nominated by Administration.	Nominee of Administration	1
	Total ...	13

III. South Metre Gauge Region (Head-quarters —Trichinopoly) Comprising the Traffic District of Egmore, Trichinopoly and Madurai.

1.	State Governments.	Nominated by Madras State Government	1
		Nominated by Travancore-Cochin State Government	1
2.	State Legislatures.	Elected by Madras State Legislature	1
		Elected by Travancore-Cochin State Legislature	1
3.	Chambers of Commerce as recommended by State Governments.	Recommended by Madras State Government	2
		Recommended by Travancore-Cochin State Government	1
4.	Passenger Associations recognised by Railway Administration.	Elected by the Executives of Two Associations recognised by Railway Administration	2
5.	Central Advisory Council for Railways.	Shri O. V. Alagesan M. P.	1
6.	Special Interests not otherwise represented and nominated by Administration.	Nominee of Administration	1
		Total ...	11

The constitution provided for representatives of State Governments, State Legislatures, Passengers' Association, Central Advisory Council, special interests and Chambers of Commerce. What is peculiar is that the seats allotted for Chambers of Commerce should be recommended by State Governments alone and no Chamber is given statutory representation on the Regional Committees. According to the present constitution Chambers of Commerce are given separate representation on the various Committees. Moreover representation to these Chambers is limited to 3 seats alone which is thoroughly insufficient to safeguard the interests of the mercantile community especially so when commercial interests are not represented in the Legislatures. Nearly 75% of the Railway revenues are derived from goods traffic for which the mercantile community alone are responsible, and they similarly contribute a good slice in the passengers earnings also. According to the present proposal the whole structure of the Committee is absolutely altered and Chambers of Commerce are given an insignificant place on Committees where their interests should be paramount. There has been an increase in the number of Chambers of Commerce but the representation is whittled down.

The Committee of the Chamber considered this proposal in great detail and made the following representation to the Railway Board:—

"The Representatives of the Chamber on the S. I. and the M. & S. M. Railway Local Advisory Committees have forwarded to me copy of your letter No. 123 T. G. dated the 6th June 1951 together with the Railway Board's letter No. 123-T.G. dated 1st November 1949 regarding reorganisation of the Local Advisory Committees and their functions, and I am directed by the Committee of the Chamber to bring to your notice the following important facts:-

The Constitution of the Local Railway Advisory Committees was made in the first instance in 1922-23 and I am to enclose herewith a copy of the memorandum regarding their constitution and functions.

According to the constitution, the number of members in the Committee was fixed at 12, and institutions representing industries, commerce and trades were well represented by five members. It would also be seen that the five members representing industries, commerce and trade would be drawn from important local bodies representing predominent trade interests, the actual selection of such bodies was to be made in consultation with the Local Government and once the selection of the bodies is made it should be left to such bodies to nominate or elect their representatives. Therefore when the constitution of the Committees were thought of, Government were alive to the fact that trade, industries and commerce are vitally affected by the policy of Railways and that exactly was the reason to give adequate representation for these interests. It is also evident from the constitution that the election or selection of representatives to the Local Advisory Committees should be left to those bodies when once the recommendation has been made by the Local Government, so that the Local Government had only the limited initial power of recommending such bodies.

It has also to be borne in mind that when these bodies were onstituted, special representation was given to trade, commerce nd industries in the Legislatures of not only the Provinces but lso in the Centre. Representatives of commerce did useful vork in those bodies and kept the Government informed of the iew points of the mercantile community. It was on a correct ppreciation of that fact that in the Government of India Act 935 the special representation given to trade, commerce and ndustries in the Legislatures was continued and maintained. n spite of such representation in the Legislatures, Government ecognising the very important part played by the mercantile ind industrial community in the economic life of the country iave provided for adequate representation to them in Commisions and Committees appointed from time to time and thereore provided for the representations of 5 members drawn from rade, commerce and industry in a Committee of 12.

Conditions have changed now. The special representations given to commerce and industry on the Legislatures of both the State and Parliament have been taken away. This Chamber along with other commercial bodies all over the country made repeated representations to Government that this community should continue to be given special representation as before in the Legislatures in the State as well as in the Central if only to keep the Legislatures informed of the difficulties of the mercantile community. I am in particular to mention that when His Excellency Shri C. Rajagopalachari, Governor-General of India, visited Madras a memorandum was presented to him by all the commercial bodies in the City and it was mentioned in the memorandum that representation given to commercial communities should be continued. Similarly when the Hon'ble Sardar Vallabhbhai Patel visited Madras a similar representation was made to him. When the Hon'ble Shri N. Gopalaswami Ayyengar visited the Chamber on the 29th December 1948 a similar representation was made to the Hon'ble Minister. The mercantile community are only anxious to put forth their point of view before the Legislature but it was then given to understand that though no special representations could be reserved for the members of the mercantile community, they would be associated in an increasing manner in important Committees and Commissions appointed by Government from time to time. Reorganisation of Local Advisory Committees of Railways is an opportunity for Government to take in members of the commercial community in an increasing manner to such Committees which are of vital importance to them. A good portion of the revenues of the Railways is derived from the members of the mercantile community by way of goods traffic and passenger earnings. They have to deal with the Railway problems day in

nd day out and come in direct contact with administration alnost every day.

Judged from this point the present constitution as commuicated in the Railway Boards circular is not in keeping with he aspirations of the mercantile community and definitely falls hort of their just claims and requirements.

According to the new constitution under consideration the Committee will consist of 11 members - two nominated by State Government, two elected by State Legislature, two representatives of Passengers' Association, one representative by the Central Advisory Council for Railways, one representative to be nominated by the administration and three representatives of Chambers of Commerce as recommended by the State Governments. Chambers of Commerce are therefore given much less representation in the reorganised Advisory Committees than before. They will now be represented by only 3 members in a Committee of 11 as against 5 previously and that too at a time when the special representation given to the mercantile community in the Legislatures has been taken away.

The Chamber, therefore, has to point out that the representation now given to the mercantile community in the proposed Regional Advisory Committees is far from being adequate and in all fairness to them and having regard to the important part they play in the economic life of the country and also having regard to the fact that they are the biggest taxpayers to the Railways, the representation given to them should be properly increased so as to give not less than 6 seats to them in each of the 3 Committees now proposed to be reorganised.

The proposed constitution of the new Committees is heavily weighted in favour of other interests like Passengers' Association, representatives of State Legislature, nominees of State Government etc.

It is not for this Chamber to suggest to whom representation should be given on such Committees. The Chamber wants only to impress upon the Government that such of these interests as are affected by the policy of the Railways may be given proper representation consistent with the stake they have in the administration due regard being given to previous representation given to them. The mercantile and industrial community are the biggest users of the Railways and it is only to be expected that with the increase in the tempo of industrialisation of the country they will have to use the Railways in an ever increasing manner. The bulk of the railway earnings are derived from goods traffic and they are contributed only by members of the mercantile and industrial community. Similarly is the case with passenger traffic also. It was only on an appreciation of the contribution to the Railway revenues given by the mercantile community that Railways provided for cheap 'week-end' tickets and mercantile coupons' to facilitate travel which have now been withdrawn owing to congestion and which are likely to be restored soon. The Chamber only wants to impress upon Government that considering the vast interest that the mercantile community have in the administration of the only dependable form of transport in the country, the other interests, like Passengers' Association, Legislatures, Government interests etc., for whom representation has been provided in the reorganised scheme pales into insignificance since they contribute comparatively a minor portion to the Railway revenues and the Chamber feels that representation given to them under the scheme is heavily in their favour and much against the interests of the mercantile community.

The policy of Government recommending Chambers of Commerce for being represented on the Committees is open to criticism. Chambers of Commerce are registered bodies and are actively functioning institutions. There was some justification in the past in vesting Local Government with powers to recommend which institutions should be represented because Chambers of Commerce were comparatively very few in number and Government of India had not the means of know[illegible] which are the actively functioning institutions. Even then C[illegible]mbers of Commerce were given freedom to elect nominee[illegible] an[illegible] re was absolutely no power vested in the State Governmen[illegible] [illegible] nominate representatives beyond the fact that those bodies whom representation was given should firstly be recommended by Government. After this recommendation State Government had no other power. Now Government of India need not requi[illegible] to be told by the State Governments which are the bodies functioning in particular Regions. The Railway Board and Government of India have firsthand information about the bodies functioning in those areas. Under such circumstances to vest the State Government with the powers of recommendation is not proper and this Chamber would request you to give straight-away statutory representation to Chambers of Commerce rather than vesting the State Government with the power to nominate representatives to such actively functioning bodies. Even in the past when once the names of bodies were recommended by the State Government they had no further right to nominate. To go back upon those principles is a retrograde step and the Chamber will request you to give representations to individual Chambers upon the merits of the organisation.

Of the three bodies proposed to be reconstituted under the present scheme the Broad Gauge will consist of areas comprising

the traffic district of Madras, Bezwada and Podanur while the South Metre Gauge Region will comprise the traffic districts of Egmore, Trichinopoly and Madurai and the third Region the North Metre Gauge will consist of the traffic districts of Guntakkal, Pakala and Bangalore a[illegible] Mysore.

These three regions will betwee[illegible]selves cov[illegible] the entire area of this State and of Mysore.

Membtrs of the Chamber are [illegible]ll over the State and it is essential that to ventilate [illegible]ulties the Chamber should be represented in all th[illegible]mmittees proposed to be constituted in proportion [illegible]hey have in those regions.

In the first Region co[illegible]e [illegible]ricts of Madras, Bezwada and Podanu[illegible] is t[illegible]uarters. This Chamber has to bri[illegible] kind n[illegible] most of the members of the C[illegible] drawn from [illegible] There are about 650 memb[illegible]f Madras [illegible] number of [illegible] the traffic [illegible] Bezwada and Pod[illegible] Cotton mil[illegible] Podanur areas [illegible] the Chamber individua[illegible] the following [illegible]mbers of Commerce and [illegible] are affili[illegible]mber:—

1. [illegible] Oilseed Dealers' Chamber, Vijia[illegible]
2. [illegible]tate Tile Manufacturers' Associati[illegible]hur.
3. [illegible]ndia Tobacco Federation, Madras.
4. [illegible] Oil Merchants' Association, Erode.
5. [illegible] Indian Chamber of Commerce, Coimbatore.
6. [illegible] Indian Chamber of Commerce, Guntur.
7. [illegible] Kanara Chamber of Commerce, Mangalore.
8. [illegible] Madras Hotels Association, Madras.
9. [illegible] Madras Provincial Hotels Association, Madras.
10. The [illegible]Madras Iron Hardware & Machinery Merc[illegible] Asso[illegible]on, Madras.
11. The [illegible] Iron & Steel Essential Products Fabric[illegible] Association, Madras.
12. The Madras Jewellers' & Diamond Merchants' Associati[illegible] Madras.
13. The Madras Kirana Merchants' Association, Madras.
14. The Madras Metalware Manufacturers' & Merchants Association, Madras.
15. The Madras Mica Association, Gudur.
16. The Madras Opticians' Association, Madras.
17. The Madras Sowcars Association, Madras.
18. Malabar Produce Merchants' Association, Calicut.
19. Malabar Chamber of Commerce, Calicut.

20. The Oilman Stores & Sundry Merchants' Association, Madras.
21. The Palghat Chamber of Commerce, Palghat.
22. The Salem District Chamber of Commerce, Salem.
23. South Indian Iron & Hardware Merchants' Association, Madras.
24. The South India Mica Mine Owners Association, Gudur.

Similarly there are equally large number of members drawn from the traffic districts of Bezwada. Important firms and individuals are members while representative Chambers and Associations like

1. The Madras Mica Association, Gudur.
2. The Indian Chambers of Commerce, Guntur.
3. The South India Mica Mine Owners' Association, Gudur

are affiliated to the parent body.

Similarly large number of members of the Chamber are drawn from the South Meter Gauge Region comprising the traffic districts of Egmore, Trichinopoly and Madura. As in the case of the Broad Gauge Region many important firms, individuals, and companies functioning in these regions are directly members of the Chamber while the following district Chambers of Commerce and Associations actively functioning in these regions are affiliated to this Chamber:—

1. The [illegible] India Tobacco Federation, Madras.
2. Fort Market Vegetable Merchants' Association, Tanjore.
3. The Indian Chamber of Commerce, Tuticorin.
4. The Madras Hotels Association, Madras.
5. The Madras Provincial Hotels Association, Madras.
6. The Madras Iron Hardware & Machinery Merchants' Association, Madras.
7. The Madras Iron & Steel Essential Products Fabricators Association, Madras.
8. The Madras Jewellers' & Diamond Merchants' Association, Madras.
9. The Madras Kirana Merchants' Association, Madras.
10. The Madras Metalware Manufacturers' & Merchants Association, Madras.
11. The Madras Opticians' Association, Madras.
12. The Madras Sowcars Association, Madras.
13. The Madura Dyers' Association, Mathurai.
14. The Madura Ramnad Chamber of Commerce, Mathurai.
15. The Negapatam Chamber of Commerce, Negapatam.

16. The Oilman Stores & Sundry Merchants' Association, Madras.
17. The Rajapalayam Chamber of Commerce, Rajapalayam. (Ramnad Dist.)
18. The Sivakasi Chamber of Match Industries, Sivakasi.
19. The Sivakasi Master Printers Association, Sivakasi.
20. South Indian Iron & Hardware Merchants' Association, Madras.
21. The Tanjore District Merchants' Association, Tanjore.
22. The Tanjore Co-operative Marketing Federation Limited, Vijayapuram P. O., Tiruvarur.
23. Tamil Nadu Foodgrain Merchants Association, Mathurai.
24. The Tobacco Merchants' Association, Tindivanam.
25. The Trichinopoly District Chamber of Commerce, Tiruchirapalli.
26. The Trichinopoly District Merchants' Association, Tiruchirapalli.
27. The Virudhunagar Chamber of Commerce, Ltd., Virudhunagar.

I have also to point out that most of the merchants using Egmore are members of the Chamber. As has been stated in the previous paragraph about 650 members of the Chamber are drawn from the City.

But some important institution and firms in the region comprising Hubli, Guntakkal, Pakala and Bangalore-Mysore are members of the Chamber directly while the Indian Chamber of Commerce, Guntur, The South India Mica Mine Owner's Association, Gudur, The Madras Mica Association, Gudur and The Godavari Chamber of Commerce, Kakinada are affiliated to this Chamber. I have also to bring to your kind notice that the goods produced and manufactured in these areas are mostly handled by firms and merchants in the City who are members of this Chamber. Most of them use the Port of Madras and their goods are in most cases consigned to merchants in the City. I have also to point out that traffic over railways cannot be confined to particular regions or placed in water tight compartments. Most of the merchants in the City have branches or agencies in these areas and have to send or receive goods to or from merchants in these areas. Members of this Chamber are therefore very much concerned in this area also.

Government will therefore appreciate that the Chamber should represent the interest of large number of industrialists and merchants in all the three regions mentioned above and it cannot effectively discharge its responsibilities if adequate representation is not given to this Chamber in proportion to its responsibilities in all these regions.

The Chamber also wish to point out that apart from individual members of the Chamber there are 40 District Chambers of Commerce and Associations in these regions affiliated to this Chamber. Each one of these actively functioning bodies are the mouthpieces of the industrial and commercial community in these areas and each one of them has a large and distributive membership. Most of them have a long record of active service to the mercantile community and their interests in any scheme of representation on such Committees and Commissions cannot be brushed aside with any semblance of reason or justice. But the Chamber do realise that it is not possible for Government to give representation to all these bodies on a compact body like the Regional Committees. Some method has therefore to be devised which seeks to give representation to these useful bodies without at the same time making these Committees too big and unwieldy. One effective way of associating these district Chambers and Associations in the proceedings of Regional Committees is to give them indirect representation through the parent body i. e., this Chamber to which most of these bodies are affiliated. Such a system on the S. I. Ry. Local Advisory Committee worked well in the past. This Chamber was given one seat on the S. I. Ry. Local Advisory Committee to be elected directly by members of the Chamber and another seat for the representation of bodies affiliated to this Chamber in the areas served by the S. I. Ry. system. That system of representation worked very well in the past and the Chamber would suggest the re-introduction of that system with advantage. The Chamber wish to point out that it is not practical to give representation to all Chambers of Commerce. Instead of that representation may be given to a competent body capable of giving a mandate to its representative and which is widely representative of the mercantile community.

This Chamber is the premier Indian Chamber of Commerce in this State. It was established in 1910 and has a long record of useful service to the mercantile community for over 40 years now. It is neither communal in character nor linguistic in its conception or outlook. It is a truly secular institution with no restriction on membership and seeks to serve the interests of the entire mercantile community irrespective of creed, colour and its activities are not restricted to linguistic areas. It has a membership of nearly 900 drawn from the different parts of the State with 40 District Chambers of Commerce and Associations affiliated to it. It has now representation on the Madras Legislative Assembly, Madras Corporation, Madras Port Trust, S. I. Rly, M. & S. M. Rly, Local Advisory Committee, Senates of Madras, and Annamalai Universities, Board of Industries, Board of Communications, Textile Trade Marks Advisory Committee, Advisory Committee for Madras Requisitioning of Lands and Buildings, Madras Employment Exchange Committee, Employment Advisory Committee, Provincial Advisory Committee for Mill Cloth, Regional Posts & Telegraphs Advisory Committee, Madras, State Trading Schemes Advisory Board, Evacuee Property Advisory Committee, Madras Advisory Committee on Food, Madras Telephone Advisory Committee and Madras Port Committee. This Chamber is an affiliated member of the Federation of Indian Chambers of Commerce and Industry. It is a member of the Indian Chamber of Commerce in Great Britain and of the Indian National Committee of the International Chamber of Commerce. Among its members are manufacturers, industrialists, Banks, Insurance Companies, big business houses etc. The widely distributive character of membership shows the usefulness of this institution. There has been steady increase of membership which shows the popularity of this institution among members of the mercantile community. The Chamber issues Certificate of Weight, Certificate of Quality, Certificate of Origin and Invoices. Weekly, fortnightly and monthly market reports are furnished to the State Government, Central Government, Reserve Bank of India and to the Custom House, Madras. Whenever enquiries are received from Government it is promptly attended to and the required information is furnished to Government. The Chamber is now supplied with free copies of Government publications useful for the mercantile community. It maintains a Weighment and Measurement Department and Steamship Companies depend on the certificates issued by that department for collection of freight. The Chamber undertakes survey and arbitration on disputed goods.

Government have not been slow in recognising the importance of this institution. From the very start the Chamber began to make an impression on Government by its unbiased study of technical problems and prompt offer of helpful suggestions and opinions to Government and public bodies on all references. Right from its very inception the Chamber was represented on the Port Trust Board and the Act was amended to provide for 2 seats for this Chamber on the Board, which has now been enhanced to 6. Similarly the Chamber has the privilege of sending representatives to other bodies mentioned before. The Chamber has always been ready to give financial help to any deserving cause. Liberal contributions have been given by the Chamber to the Quetta Earthquake Relief Fund, Bihar Earthquake and for starting of the Commerce course in the Pachaiyappas College not to speak of the yearly contributions to the Shorthand Writers' Association, to the Government Institute of Commerce during the time of its existence, leprosy relief, education of the blind etc. etc.

It is on an appreciation of these useful services rendered by this Chamber to the cause of the Indian Mercantile Community by ventilating their difficulties that His Excellency Lord Erskine, Governor of Madras, in opening the Silver Jubilee Celebration of the Chamber in 1935 stated as follows:—

"From humble beginnings the Chamber has worked its way upto a position of real influence in public and commercial circles and has deservedly won the esteem of all......Moreover in matters political and administrative I would like to pay a tribute to the courtesy and assistance which the Chamber has so frequently rendered to my Government and its Officers. There have, I fear, been occasions perhaps more often than not when the Chamber has failed to see eye to eye with the policy of Government but a Government that does not welcome responsible criticism is not worth its salt and it is to organisations such as yours my Government must look for helpful and constructive advice."

With the increase in membership the responsibility of this institution to its members has also correspondingly increased. It has to represent the interests of a very vast body of merchants throughout the State. In 1945 the Chamber organised an Industrial and Commercial Conference.

It is on an appreciation of the long record of useful work done by this Chamber to the mercantile community and having regard to its responsibilities that Government were pleased to increase the representation of the Chamber from three to six when the Madras Port Trust Act was amended recently. It is in the same spirit that recently Government were pleased to give representation to this Chamber on the newly constituted Post and Telegraph Advisory Committee and in the Telephone Advisory Committee.

Consequent on the increase in membership and its widely distributive character the responsibility of the Chamber has also correspondingly increased. After the grant of political independence the responsibility of correctly advising the Government on economic and financial matters has increased. They have to advise Government and offer constructive suggestions on such matters especially when the country is embarking on an era of industrialisation. In the absence of representation to commercial bodies on the Legislatures of the country, this responsibility has become more onerous and it is therefore very essential that Chambers of Commerce should be adequately represented on such Committees and Commissions consistent with their representative character and record of service to the mercantile community.

Having regard to the facts mentioned above and having regard to the big record of useful work and wide and distributive membership of the Chamber, Government may be pleased to allot to this Chamber.

1. 4 seats on the *Broad Gauge Region* - 2 exclusive to members of the Chamber and 2 reserved for election by affiliated members of this Chamber located in the areas served by this Region.

2. 4 Seats on the *South Metre Gauge Region* - 2 being exclusively for the members of the Chamber and 2 reserved for election by affiliated members of this Chamber located in the areas served by this region, and

3. 2 seats on the *North Metre Gauge Region*.

If the constitution of the proposed Committees is too restricted it may be suitably broad-based so as to allow adequate representation of commercial bodies.

The Chamber also wish to impress that in any scheme of representation, this Chamber should have the right to nominate or elect its representatives. The policy of nomination of representatives of commercial bodies on such important bodies by State Government is retrograde and is open to justifiable criticism."

II

Taken from page No. 47 of Administration Report of Indian Railways in 1922-23 Appendix 2.

MEMORANDUM REGARDING LOCAL RAILWAY ADVISORY COMMITTEE

1. *Title*:- The new bodies to be known on each line as "The Railway Advisory Committee."

11. *Constitution*:- A separate main Committee to be constituted for each administration, the number of members being decided by circumstances subject to a maximum of 12. The

Agent to be ex-officio Chairman. The remaining members to consist of —

two Local Government members nominated by the Local Government in whose jurisdiction the headquarters of the railway in question is situated;

Three representatives of the Legislative Council of the Government in whose jurisdiction the headquarters of the railway in question is situated. These members should be selected to represent rural interests and the travelling public;

one member from the local municipality or corporation at the railway headquarters;

five members representing industries, commerce and trade.

The heads of departments of railways may be called in merely to advise on subjects under discussion which may affect their department and on which their technical expert advice would be useful to the committee.

The method of selection of the non-official members to be left largely to local discretion. The representatives of the Legislative Council need not necessarily be members of the Council. Members of the Central Advisory Council are not debarred from membership of Local Advisory Committees. The five members representing industries, commerce and trade would ordinarily be drawn from important local bodies representing predominant trade interests; the actual selection of such bodies should be made in consultation with the Local Government, and once the selection is made it should be left to them to nominate or elect their representatives. The tenure of office of the members to be left to the electing or nominating bodies to decide.

Agents will consider whether it is desirable to form separate branch local committees at large centres, and in case of doubt they may consult their main committee in this matter.

III. *Scope of duties*:- The functions of the committee to be purely advisory. The sort of subjects which might suitably be placed before the committees are:-

(a) alterations in time-tables and passenger services;

(b) alterations of rates and fares and changes of goods classifications;

(c) proposals in regard to new projects and extensions;

(d) proposals in regard to new rolling-stock;

(e) any matters affecting the general public interest or convenience;

Questions of personnel, discipline and appointments will not be brought before the committee; subject to this condition any member may suggest a subject for discussion, but the Agent may rule out any subject for reasons which should be explained at the first meeting after the ruling has been given.

IV. *Remuneration*:- Non-railway members may be paid Rs. 32 for each meeting attended.

V. *Proceedings*:- The committee to meet once a month if there are matters to be discussed. A copy of the minutes of meetings to be furnished to each member and to the Railway Board. If in any case the Agent decides that he is unable to follow the advice given by the majority of the committee, he must bring the matter to the notice of the Railway Board in forwarding the minutes of the meeting for their perusal.

Copies of the letter were sent to the Local Government also.

The Railway Board informed the Chamber that it has been decided to continue the existing four Local Advisory Committees on the Southern Railway until such time as the composition of the new Committees as a result of the amalgamation of the three systems into the Southern Railway is determined and the new Committees are formed. The Board further stated that in taking a decision about the interests to be represented on the new Committees, the points raised in the Chamber's letter will be given full consideration.

The Local Government also informed the Chamber that the representation made by the Chamber will be given due consideration at the time when the State Government are consulted with regard to the formation of Local Advisory Committees.

The matter has not been proceeded with.

BOOKING FACILITIES.

Throughout the year the Chamber has been receiving very many representations pointing out the difficulties in getting booking accommodation for despatch of goods and parcels. Most of the subjects received were put up for discussion before the Local Advisory Committees through the Chamber's representatives. In some cases representations were made direct to the Railway authorities. In one of the representations the Chamber pointed out as follows:-

"Very many representations are received in the Chamber from members pointing out their extreme difficulties in getting Railway booking facilities to despatch their parcels and goods to their constituents in other centres. It has been represented that as required by the rules, applications for registration of bookings are being done methodically, but they always get the reply "restrictions on goods booking". Even on allotted days to particular destinations goods are not accepted for booking on the score that the railways have already got sufficient goods for the wagon or wagons allotted on that day with the result that merchants are forced to wait for another day to come probably with the same result. In the interim period various letters are received from their customers some time even threatening cancellation of contract.

It is similarly brought to the notice of the Chamber that exporters of glassware goods to Colombo find it extremely difficult to get booking facilities. Out of 900 packages for booking to Ceylon only about 70 packages have been accepted, so that you can imagine the difficulty of exporters especially when Government of India wants to encourage exports. Though there is no export restrictions, there are some sort of restrictions at the other end and if the importers there do not get their parcels within the period of validity of licences it would expire and they will be prevented from being imported, so that it is to our advantage to send goods in time. I hope you will look into the matter.

Similarly it has been brought to the notice of the Chamber that about 12 wagon loads of hide fleshings from Ellore to Salt Cottaurs could not be booked for about three months for want of booking facilities. These goods are exclusively intended for export. Foreign importers may try to insist on the terms of contract and will refuse to accept any explanation with the result that they will without any hesitation cancel the contract resulting heavy loss to the exporter here.

The Chamber is aware that large number of wagons are required for transport of essential food stuffs badly required in the various parts of the country. But at the same time, some of these goods intended for export and others similarly badly

required in the various consuming centres should also be moved up. Factories will be in a very bad predicament if their manufactured goods are not moved immediately to the consuming centres. With one difficulty or other they are already harbouring great handicaps, and added to that this will be a great strain on their resources.

I request that these difficulties may be looked into and as far as possible wagons allotted for their movement."

To which the following reply was received:-

"I regret to receive your letter No. G. 677/51 dated 5/4/1951 addressed to the General Manager of this Railway. Owing to operational difficulties, booking restrictions had to be imposed at Salt Cotaurs. Till recently, loading was permitted on every Monday, Wednesday and Friday and on the rest of the days 10 wagons of "smalls" daily were allowed to be loaded. But with effect from 22/5/1951, Salt Cotaurs is allowed to load 50 wagons including "smalls" daily and it is hoped that the outstanding demands will be cleared in a few days.

Salt Cotaurs can load only a limited number of wagons a day depending upon the receipts of inwards loads. On days when booking is allowed, consignments are accepted only according to the availability of wagons. If, however, consignments brought to the station are not accepted on the nominated day, they are despatched on the next loading day provided the merchant stands his turn for allotment of wagons according to the priority of registrations made at the station.

As regards your complaint that about 12 wagons of hide fleshings from Ellore to Salt Cotaurs could not be booked for about three months for want of booking facilities, enquiries made show that at the time demands were registered it was not specifically stated that the traffic was for shipment. It is understood that only a few days ago was evidence produced to show that the traffic was for shipment. Instructions have been issued to the District Transportation Superintendent (Traffic), Bezwada, to move this traffic to Madras Harbour without further delay.

As regards booking facilities not being available for glassware to Colombo, the matter is under enquiry and I shall advise you further in the matter shortly."

In a separate communication the Chamber pleaded for the introduction of train service between Trichinopoly Junction and Manamadurai and made the following representation:-

"Members of the Chamber from Pudukottai, Chettinad, Karaikudi and other places in Ramnad District have brought to the notice of the Chamber the difficulty they experience at Trichinopoly Junction when they return from Erode, Madras and Dindigul side in the early morning hours i.e., about 3 or 4 A. M. for want of a connecting train to Manamadurai side from Trichinopoly Junction It has been pointed out that passengers reaching Trichinopoly by about 3 or 4 in the morning at Trichinopoly Junction have to wait unnecessarily at the junction for about 4 hours to catch the Indo-Ceylon Express which is the earliest train leaving Trichinopoly at about 6-28 A. M. Similarly the same amount of inconvenience and difficulty are experienced by them for their return journey from Karaikudi side as the Indo-Ceylon Express leaves early in the evening and they are unable to catch that train after finishing their day's work.

The Indo-Ceylon Express is heavily over-crowded between Trichinopoly Junction and Karaikudi especially as large number of passengers are arriving at these two points. That was why additional trains Nos. 25 & 26 were introduced in 1945 to run as connecting trains to the Trivandrum Express both ways. That was a very convenient arrangement for both upper and lower class passengers. These trains were, however, withdrawn with the result that considerable difficulty is now experienced by travelling public. If the above train services are introduced now, the Chamber feels they will be of great advantage for the passengers coming from Trivandrum and Janata Expresses and also from the trains coming from Erode and Dindigul side This will enable passengers to reach their destinations in time instead of wasting their time unnecessarily at Trichinopoly Junction. This will also considerably relieve the congestion and over-crowding now experienced in the Indo-Ceylon Express. Passengers will have time to attend to their work in the early hours of the morning and can conveniently return late in the evening.

Vellanur, Pudukottai, Namanasamudram and Turayur have become of late, important industrial centres and there is extensive trade on cotton, cloth, rubber, oils etc. Consequently these places attract large number of business people, all over the year and unless sufficient arrangements are made to cope up with the increased volume of trade and traffic, the travelling public will be put to considerable difficulties. At a time when additional trains are required to cope with this volume of traffic the railways without sufficient justification have withdrawn the facility introduced in 1945 by withdrawing train Nos. 25 & 26.

The Chamber, therefore, request you that early arrangements may be made to run additional trains between Trichinopoly Junction and Manamadura sticking to the oldtime of Nos. 25 & 26 trains which were in existence in 1945 and suitably altering the time so as to enable the present train No. 25 to leave Trichinopoly Junction at about 4 or 4-15 A. M. and No. 26 to arrive Trichinopoly Junction at about 10 P. M. so as to serve as a connecting train to Trivandrum and Janata Express. This will be of great convenience to the travelling public and the Chamber hopes that you will be pleased to introduce these trains as early as possible."

But owing to want of sufficient rolling stock the proposal could not be accepted by the Railways. The matter was further pursued again through the Local Advisory Committee.

ENHANCED RENT DEMANDED BY RAILWAYS FOR STORAGE OF COKE AND COAL.

The Chamber received representation from members that the Railway authorities have demanded enhanced rent for storage of coke and coal in Railway-yard and made the following representation:-

"This Chamber has received copy of letter dated the 20th July 1951 addressed to you by the Madras Coal & Coke Merchants, Madras, regarding levy of enhanced rent demanded from merchants as tenants by the Railways for storage of coke and coal. It would appear that the Railway authorities have been demanding an enhancement of 400% over the previous rent. This is to say the least, unfair to the large body of merchants who have been using the premises for many years now. The Chamber is aware that rates of rent have been increasing and it is to control that that Government have enacted legislation fixing fair rents. But in no case has the rent been even doubled. Government have stipulated graded increase of rent depending upon the nature of the property and upon the locality. To raise the rent beyond those limits by Government who themselves have enacted legislation fixing fair rents, is most unfair.

Government have been crying hoarse to bring down the cost of living but such attempts will be defeated if one department of Government increases the rent on vacant lands which are used by merchants to such an extent. Merchants will have to pass on this increased rent to the industrialists and other consumers of coke and coal which would result in the cost of such materials being increased. I request you to view this question from this aspect and enhance the rent if at all necessary to reasonable limits. I hope you would consider the letter from the Madras Coal & Coke Merchants sympathetically."

Railways however informed the Chamber that the revised rate of rent now fixed for land leased at Rayapuram is not entirely due to the present increase in land value but also due to the rent hitherto charged having been fixed many years ago on a very low basis without any regulation to the value of the land. The rent has now been revised after due consideration of all aspects. Moreover 7 out of 12 lessees at Rayapuram have agreed the increase and have paid the enhanced rent from the 1st of April '51. Under the terms of the agreement entered into with the Madras Coal and Coke Merchants the administration is entitled to revise the rent on a month's notice and accordingly notice was issued to them. In the circumstances the Chamber was informed that it is not possible to comply with the request made by the Chamber.

REWEIGHMENT AT DESTINATIONS.

One of the difficulties confronting members of the mercantile community was the want of facilities for reweighment of wagons at destinations. The Chamber took up the matter with the various Railways concerned and in reply to one of the letters the Southern Railway replied as follows:-

"In reply to your letter No. G. 1610/51 dated August 31 1951, I have to state that further instructions have been issued to the District Transportation Superintendents of the erstwhile M. & S. M Railway, to dispose of applications for reweighment, received from consignees at stations under their control. It is not practicable to accept your proposal that the Station Masters should be generally authorised to deal with such applications; but it will be tried at principal stations on the erstwhile M. S. M. and S. I. Railways, where weigh-bridges are available and the names of these stations are:-

1. Bezwada.
2. Katpadi.
3. Bangalore Cantt
4. Hubli.
5. Belgaum.
6. Madras Egmore.
7. Madras Beach.

8. Trichinopoly Goods.
9. Madura.
10. Coimbatore.
11. Salem.

The matter was still pursued further and in a further communication the Chamber wrote to Railways as follows:-

"I am to acknowledge the receipt of your letter mentioned above. I have also received a copy of the notification referred to therein. This information is being brought to the notice of members of the Chamber. I find from the enclosed circular that only under specific orders of the Chief Commercial Manager, wagons will be allowed to be reweighed. This is likely to cause much delay and the Chamber feels that the Station authorities should be empowered to entertain applications and pass orders thereon. Otherwise, there is bound to be delay, wagons will be detained and consignees will have to pay demurrage unnecessarily. The M. & S. M. Railway section has informed the Chamber that the Goods Agent will receive such applications and pass orders. Similarly you may be pleased to empower the Station authorities at least in big goods stations to entertain such applications and pass orders for reweighment."

Similar facilities were obtained in the case of stations on the erstwhile South Indian Railway. This is no doubt a great facility to members of the mercantile community and it may be pointed out as a result of this facility, relationship between the Railways and members of the mercantile community has improved.

SETTLEMENT OF CLAIMS.

Very many complaints were received from members regarding the inordinate delay in the settlement of claims by Railway authorities. Small business people were put to much difficulties in that part of the capital was blocked up with the Government. On representations made by the Chamber Railways were good enough generally to accept and settle the claims with promptitude. In one case, however, there was a protracted correspondence but finally the matter was settled in favour of the party. Similar claims were taken up at the Advisory Committee stage through the Chamber's representative.

LOCAL ADVISORY COMMITTEES.

The representatives of the Chamber on the Local Advisory Committees were supplied with subjects for discussion at the meetings. Generally when the date of the meeting is intimated to the Chamber suggestions from members were invited and those suggestions were forwarded to the Chamber's representative for being discussed at the meeting. In one of the meetings the following subjects were forwarded for discussion.

1. Increase in II Class accommodation on No. 13 & 14 Mangalore Express Trains.

2. Widening the yard in front of the Mangalore Railway Station.

3. The Mangalore-Hassan Railway Link.

Notes on the above subjects are sent herewith.

4. *Nos. 5 & 6 Trivandrum Express*: It is understood that there is a proposal to cancel express trains running between Shencottah and Virudhunagar. There is considerable volume of traffic. Apart from passengers from Tinnevelly Town and Tinnevelly Junction there are number of daily passengers from two important centres-Ambasamudram and Kallidaikurichi.

5. Special foreign rate circular No. 1-B of 1951 dated 11th January 1951 issued by the South Indian Railway.

I reproduce below letter received from Madukarai Cement Works addressed to the Chief Traffic Manager, S. I. Railway:

"We have received a copy of your above circular and note the revised siding charges and other changes attendant to the same that will come into force from 15-2-1951.

We have to draw to your kind attention to the under-noted points with a view to modifying the position as far as the working of our siding is concerned. The conditions of traffic working at our Siding are distinct from that obtaining at an ordinary siding contemplated in the circular under reference. 'Madukarai Cement Siding' is worked independently of its serving station 'Madukkarai' in respect of not only traffic, but also of accounts, and the following Railway Staff are exclusively posted here:

1. One Chief Goods Clerk,

2. Two Asst. Goods Clerks.

1. Our siding is at present open for booking of 'C-Smalls' and parcels both inward and outward. But according to the above circular our Siding will be open for booking 'Smalls' inward only. This will be putting us into great inconvenience as we will have to arrange booking of such consignments from Madukkarai Station which is about 2 miles away from our Siding and for which we shall have to make separate arrangements both in respect of transport and staff, thereby incurring unnecessary extra expenditure.

II. It is notified that the Siding charges from 15-2-1951 will be collected locally, and will not be shown in the invoices. While we do not anticipate much difficulty in this respect for inward traffic, there will certainly be lot of inconvenience in case of outward cement traffic as our prices are F. O. R. destinations. By your revised procedure we shall have to make out separate bills on our customers for Siding charges paid at our end and in case of Supply Department contracts they insist on our obtaining separate Cash vouchers from the Railway in support of our bill which means duplication of work both to your staff and to us, which can safely be avoided to our mutual advantage and economy if the existing arrangements are allowed to continue.

Incidentally we may mention that the Associated Cement Cos. Ltd. Siding (on the G. I. P. Rly) at our Sister Works Shahabad Cement Works, which was open only to wagonload traffic until recently has now been opened for the receipt and despatch of goods and parcels.........of your Foreign Rate Advice No. 44 of 1950 of 26-12-1950. The siding charges which were till then locally collected there, are now being shown in the invoices and collected along with the freight charges.

So with a view to overcome the difficulties that would arise on both sides consequent on the introduction of your revised procedure we recommend strongly for your kind consideration that no change is called for in the present system.

III. Under the revised system the siding charges will be levied on a "per wagon" basis, subject to a minimum charge of Rs. 16/- per trip. Two Siding specials are now worked to our Siding i. e., Trains Nos. 1831 and 1833, one in the morning and the other in the afternoon. There is a gradient towards our Siding and unless a right type of engine capable of hauling the wagons in one pull is worked for the Siding train, it may be necessary to split up the train for working in trips between the Station and our Siding and vice versa, according to the hauling or pulling capacity of the particular engine used. So it is necessary in the mutual interest to fix a minimum tonnage per trip.