Annual report of the

Southern India

Chamber of Commerce

Madras

1955.

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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 46TH ANNUAL GENERAL MEETING OF THE CHAMBER HELD ON THE 6TH APRIL 1956 AT THE PREMISES OF THE CHAMBER, "INDIAN CHAMBER BUILDINGS", ESPLANADE, MADRAS.

I have the honour to present to the members of the Chamber the Report of the Committee of the Chamber together with the Audited Statements of Accounts for the year ended 31st December 1955.

The 45th Annual General Meeting of the Chamber was held at St. Mary's Hall, Armenian Street, Madras, on Friday the 15th April 1955 at 10-15 A.M., with Shri M. A. Chidambaram, President in the Chair.

The Hon'ble Shri M. Bhaktavatsalam, Foreign Consuls, Trade Representatives, Secretaries to Government, Presidents of other Chambers of Commerce in the City were also present at the meeting by special invitation.

The proceedings of the meeting commenced at 10-15 A.M. with the reading of Notice by the Secretary, Shri K. A. Menon, convening the meeting. Thereafter Shri M. A. Chidambaram, President, delivered his Presidential address.

The Hon'ble Shri K. Kamaraj Nadar, Chief Minister, Government of Madras, then inaugurated the proceedings and addressed the gathering.

Thereafter Shri K. Govindan, Vice-President, proposed a vote of thanks to the Hon'ble Shri K. Kamaraj Nadar, after which the meeting was adjourned for fifteen minutes.

Resuming after recess, the President, Shri M. A. Chidambaram, proposed the adoption of the Annual Report and Audited Statements of Accounts of the Chamber for the year 1954. Shri K. Govindan, Vice-President, seconded the adoption of the Annual Report and the Report and the Audited Statements of Accounts of the Chamber for the year 1954 were then unanimously adopted.

The remuneration of the Auditor was fixed at Rs. 500 for monthly audit and statement. As a result of election Shri V. Soundararajan was duly declared elected as Auditor of the Chamber for the year 1955 on a remuneration of Rs. 500.

The President then announced the election of Shri K. T. K. Chinnamani Nadar and Shri A. Somasundaram as representatives of the Mofussil Affiliated Bodies on the Committee of the Chamber.

The President then announced his unanimous election as President of the Chamber for the year 1955-56 while Messrs. K. Govindan and K. S. G. Haja Shareeff were unanimously elected as Vice-Presidents of the Chamber.

A delightful 'Garden Party' was given by the President on the evening of the 15th April 1955 in honour of the Hon'ble Shri K. Kamaraj Nadar at 'My Ladyes Garden', Peoples Park, Madras.

On the 16th of April 1955, the day fixed for the election of 8 members to the Committee, out of 13 candidates duly nominated for election, 5 members having withdrawn before the commencement of election, the following 8 members were unanimously elected to the Committee: —

1. Janab A. P. Jamal,
2. Shri H. C. Kothari,
3. Janab Mohamed Adam Sait,
4. Shri S. Ramaswamy Naidu,
5. Janab Rasheed Ahmed Sayeed
6. Shri L. Srinivasan,
7. Shri K. V. Srinivasan, and
8. Rao Bahadur V. S. Subramaniam.

The President then thanked members for unanimously electing him as President. The 45th Annual General Meeting and election then terminated.

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

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

Shri M. A. Chidambaram	(9)
Shri K. Govindan	(10)
Janab K. S. G. Haja Shareeff	(8)
Shri M. V. Arunachalam	(8)
Shri C. D. Damodaram	(7)
Shri K. Jacob Louis	(10)
Janab A. P. Jamal	(9)
Rao Bahadur T. S. Kachapikesa Mudaliyar, B.A.	(10)

Shri H. C. Kothari	(4)
Shri Laldoss Govindoss	(7)
Shri P. Maruthai	(9)
Janab Mohamed Adam Sait	(11)
Kumararaja M. A. M. Muthiah Chettiar, B.A.	(6)
Shri M. Ct. Muthiah	(5)
Shri V. M. P. Muthuswamy	(10)
Shri A. Nagappa Chettiar	(8)
Shri P. R. Nammalwar	(nil.)
Shri T. Nannu Shanker Tawkar—(*Now Deceased*)	(2)
Shri V. S. L. Nathan	(7)
Shri V. Pandurangiah	(8)
Shri T. Ranganatha Mehta	(10)
Shri S. Ramaswamy Naidu	(5)
Janab Rasheed Ahmed Sayeed	(9)
Shri M. M. Rawal	(11)
Shri K. V. Srinivasan, B.Sc., G.D.A., F.C.A.	(9)
Shri L. Srinivasan, B.A., J.P.	(7)
Rao Bahadur V. S. Subramaniam	(9)
Janab S. F. H. Akbari	(7)
Shri Basantlal Gupta	(6)
Shri K. T. K. Chinnamani Nadar	(8)
Shri J. S. Kannappar	(nil.)
Shri A. Somasundaram	(5)
Shri N. Gopala Iyer (from 24-8-1955)	(nil.)

In the place of Janab K. S. G. Haja Shareeff, elected Vice-President, Shri V. S. L. Nathan was co-opted to the Committee.

During the year consequent on the amendment of the Articles of Association, Shri N. Gopala Iyer has been elected to the Committee to represent Debentureholders.

During the year there were 11 ordinary and 25 special meetings. 50 members were admitted while due to death, resignation and non-payment of subscription the names of 58 members were removed from the rolls so that at the end of the year there were 790 members. The Committee placed on record their deep sense of sorrow on the demises of Shri K. R. Karuppan Chettiar, Shri C. Rajam, Shri K. V. Al. Rm. Ramanathan Chettiar, Janab E. K. Hajee Mohamed Meera Sahib, Shri A. R. Swaminathan of Sri Krishna Tiles & Potteries (Madras) Ltd., Sri P. Natesan and Shri M. S. Periannan Chettiar.

The year was full of legislative activity. Important Bills like Constitution (Fourth Amendment) Bill, Securities Contract (Regulation) Bill, Nationalisation of Imperial Bank of India and Associated Banks, Bill to give relief to indebted agriculturists in the State of Madras, Madras General Sales-Tax (Third Amendment) Bill, Madras General Sales Tax (Amendment) Act, Madras Money Lenders' Bill etc., were considered by the Committee in great detail and the views of the Chamber were communicated to the concerned authorities.

During the year under review the Railway Equipment Committee visited Madras and the representatives of the Chamber tendered oral evidence. Government of Madras convened a meeting to assess what industries should be started in Madras. The President and the Secretary attended the meeting and gave out suggestions. Similarly Government convened a meeting of representatives of Chambers of Commerce and Associations all over the State with regard to the question of levy of sales-tax and the Chamber was represented at that Conference by Shri M. A. Chidambaram, President, Shri K. R. Sundaram Aiyer and Shri K. A. Menon, Secretary.

One major factor that had engaged the serious attention of the Committee right through the year was the question of putting up a new building for the Chamber, in which the Chamber now is housed. That required raising of funds by the issue of Debentures. For that purpose the Articles of Association had to be amended and soon after getting the permission of the Government of India a general body meeting was convened at the Chamber to revise the Articles of Association with a view to empower the Committee to issue Debentures on behalf of the Chamber to raise five lakhs of Rupees. The Chamber will always remain grateful to the Indian Bank Limited for subscribing Rs. 4,61,000/— Debenres out of Rs. 5 lakhs thus making the debenture issue a success. Provision was also made for the representation on the Committee of a Trustee of the Debenture Trust-holders. The President also contacted individual tenants with a view to secure advance rent for five years and he was very successful in this matter. With his dynamic personality and the co-operation extended to him by the members of the Building Committee and the Committee and the general body of the members the dream of the Chamber for putting up a building in more spacious surroundings was accomplished and the Committee are happy to report that the office of the Chamber entered into its new spacious premises on the 19th of January 1956. The opening of the Chamber in its new premises is a landmark in its history and the Hon'ble Shri T. T. Krishnamachari, Minister for Commerce & Industry and Iron & Steel, Government of India, and an esteemed member of the Chamber, opened the new building. Since 19th of January 1956 the office of the Chamber is located in its new building. The construction of a hall adjacent to the new building has been taken up on hand. Piling work for its foundation has been done already.

During the year there were large number of interviews with the Government of India officials. Large number of foreign Trade Delegations also visited the Chamber during the year, and discussion with them has contributed not a little to the promotion of India's foreign trade.

As before Sub-Committees were constituted right at the beginning of the year to study important subjects coming up for consideration of the Committee. The meetings of the Sub-Committees were well attended and much time of the Committee was saved by the Sub-Committees considering those subjects for ratification by the Committee. The Import and Export Sub-Committees met on different occasions and submitted their suggestions for consideration by the Import Advisory Council and the Export Advisory Council. The representatives of the Chamber especially on the Port Trust

Board, Zonal Railway Users Consultative Committee, Posts and Telegraphs Advisory Committee were very much alive to the difficulties of the mercantile community and very large number of subjects were forwarded to the representatives of the Chamber on those Committees for being discussed at the meetings of such Committees. This procedure avoided inordinate delay in handling all the subjects and personal discussions at the meeting by the representatives were very helpful. The Committee suggest that as and when members experience any difficulties with regard to these subjects they are requested to avail of the deliberations of such Committees so that such subjects could be discussed at the meetings.

As before the Chamber continues to send copy of circulars issued by the Deputy Chief Controller of Imports & Exports relating to import and export control regulations to members at a nominal subscription and this has been very much appreciated. Besides such circulars, large number of circulars of general importance affecting trade and commerce, Exhibitions in foreign countries etc., were also sent to members free of cost for their use. Subjects for discussion at the Posts and Telegraphs Advisory Committee, and Zonal Railway Users Consultative Committee were also invited for being forwarded to those meetings.

The Quarterly Meetings were well attended. This is an opportunity to members of the Chamber to gather and discuss problems affecting them. Such meetings were organised by the President four years ago and judging from attendance at such meetings it could be stated that it serves a very useful purpose. The general body of members had the pleasure of hearing the Hon'ble Shri M. Bhaktavatsalam during one of the Quarterly Meetings when he addressed the gathering on 'Industrial Developments'. If those meetings serve as a forum for general body of members to meet together, to bring about greater cordiality among members of the Committee, dinners were arranged by Committee members to entertain other members of the Committee during Committee meeting days. Right after the election last year in order to create better understandings among members of the Committee, dinners were arranged on meeting days.

The Independence Day and the Republic Day were observed in the Chamber with all due solemnity. The celebrations were well attended. Shri K. Govidan, Vive-President, unfurled the National Flag.

There was an increasing number of references for survey of disputed goods and in most cases awards given by the Surveyors led to amicable settlement of the disputes. At the instance of the Government of India the Chamber surveyed foodgrains imported on Government accounts.

Large number of Certificates of Origin, were issued by the Chamber. Similarly there was an increasing number of applications for the issue of weight and Quality Certificates. Trade enquiries were received in large numbers this year and the information sought for were given promptly.

The Weighment and Measurement Department functioned during the year and large number of Certificates were issued by that Department. The Library continues to be very popular and it is being constantly replenished but the need for a separate room for placing the Library and the Reading Room is felt. It is hoped that this problem could be solved after the construction of the hall for which piling has been done.

The 'Merchants Cup' was presented by the Chamber from subscriptions received from members. It was done with a view to encourage racing in Madras. This year the cup was presented on the 5th February 1956 and the cost came to more than Rs. 1,000.

The Chamber during the year has undertaken to maintain the park belonging to the Corporation and lying opposite to the Chamber's present habitation. Fencing has been provided to the park and it is being maintained at Chamber's cost and members of the public have appreciated the way in which the park has been maintained by the Chamber.

It is happy to record here that members of the Chamber have been called upon to serve high offices of influence and

trust. Shri M. A. Chidambaram, President of the Chamber, has been called upon to serve on the Advisory Committee for the Mercantile Marine Training Ship 'Dufferin', while Shri M. Ct. Muthiah, a member of the Committee, has been appointed to serve on the Board of Directors of the Industrial Finance Corporation of India. Similarly Shri A. M. M. Murugappa Chettiar has been called upon to serve on the Central Committee of the State Bank of India, while Shri R. Ramanathan Chettiar is on the local Board. Shri M. A. Chidambaram has been elected as an Alderman of the Corporation while Shri M. V. Arunachalam, a member of the Committee, has been appointed as Under-Sheriff of Madras. It is also happy to record that out of two Delegates nominated by the Chamber for election to the Committee of the Federation Shri D. C. Kothari has been elected unanimously while Shri A. M. M. Murugappa Chettiar has been co-opted to serve on the Committee of the Federation. Shri R. Ramanathan Chettiar continues to be on the Committee of the Federation.

During the course of the year 1955 some of the Districts like Tanjore, Trichinopoly and Ramanathapuram were badly affected by unprecedented floods and cyclone. Large number of people were rendered homeless, many were stranded, many lost their lives while the loss of cattle was terrific. In some cases bread-earners have been lost and the sufferings of humanity were indescribable. Government of Madras were prompt in organising flood relief measures and the Hon'ble Shri K. Kamaraj Nadar, Chief Minister, visited places affected by the cyclone and organised immediate relief measures cutting red tapism. The Chamber alive to its responsibility to the public in this unprecedented calamity immediately issued an appeal to the general body of members and to members of the mercantile community in the State and the rest of the country appealing for liberal donations to help fight the sufferings of humanity. Appeals were sent with a request to send contributions in cash or kind and the response has been splendid. About Rs. 13,000 were given to the Cyclone Relief Fund organised by the Government of Madras. Large quantities of clothing, food etc., were sent to the Collectors of Tanjore and Ramnad for being distributed to the affected people. I must express my grateful thanks to the general body of members and to other members of the business and industrial communities for responding so nobly to the appeal issued by the Chamber.

During the year the Federation of Working Journalists held their annual session in Madras and on an appeal from them the Chamber donated Rs. 250. As usual Rs. 51 was donated to the Flag Day Celebrations Committee.

The draft report of the Second Five Year Plan is already before the public. Greater emphasis is laid on the promotion of heavy industries and the development of small scale and cottage industries. The Chamber has earlier represented to the Local Government the need for location of some heavy industries having regard to the industrial backwardness of this region and also has urged on the Local Government the supreme necessity of starting some new industries in the State. This State more than any other State is confronted with the peculiar problem of growing educated unemployment and it is very necessary that some major industries should be started within the State.

The Chamber also during the year organised a Conference of representatives of Chambers of Commerce and Associations working in the State with regard to the amendment of the Madras General Sales-tax Act. The Conference held its deliberation for a day and appointed a Committee to draft a memorandum. Copies of the memorandum were sent to Government and Chambers of Commerce were also requested to support the memorandum. Government convened a Conference at which representatives of the Chamber urged the implementation of the resolutions passed at the Conference. It is happy to note that Government have during this budget announced their decision to levy single-point sales-tax on some more commodities while Sales-tax Advisory Committees in the Districts and for the City are being constituted.

Organised efforts are very necessary in the days to come. Public sector is being expanded day by day and unless private enterprise and the private sector organise themselves in a spirit of co-operative endeavour it looks as though our cause will go by default. Chambers of Commerce and Associations have, therefore, peculiar responsibilities in the years to come. They have to educate the commercial and industrial community,

assist them in all possible ways, marshal all facts and present to Government in a united voice their difficulties. Chambers of Commerce should voice the feelings of the entire mercantile community and therefore it is very necessary that they should be thoroughly representative of the entire business community. The Chamber with its experience of service to the cause of the mercantile community in spite of its shortcomings will continue to ventilate the just grievances of the mercantile community and present to Government the unbiassed views on matters relating to trade, industry and commerce, and I expect members to give their unstinted co-operation. I appeal to the members of the mrcantile community to rise up and present their difficulties to Government through well organised bodies so that Chambers can play a more dominant role in shaping the future economic policy of the infant Republic of India.

The audited Statements of Accounts of the Chamber for the year 1955 are appended herewith. The working shows a surplus of Rs. 14,047-4-0 which should be considered very satisfactory.

K. A. MENON,
Secretary.

M. A. CHIDAMBARAM,
... *President.*

"INDIAN CHAMBER BUILDINGS"
Madras, 19th March 1956.

Present Representatives of the Chamber on Public Bodies.

Madras Corporation :—	Shri V. M. P. Muthuswamy
Madras Port Trust :—	Shri T. K. Singaram, M.A., B. COM., Shri K. S Janakiram, Kumararajah M. A. M. Muthiah Chettiar, B.A., Shri K. Govindan, Shri M. Shanmugam Chettiar.
Zonal Railway Users Consultative Committee for Southern Railways	Shri T. K. Singaram M.A., B.COM.,
Senate of the Madras University :—	Shri M. M. Rawal, Shri A. Srinivasa Rao, M.A., B.L.,
Senate of the Annamalai University :—	Janab C. H. Sibghathulla.
Board of Industries :	Janab A. P. Jamal.
Textile Trade Marks Advisory Committee :—	Shri L. Srinivasan.
Madras Port Import Committee :—	Shri M. A. Chidambaram.
Delegate to Internationl Chamber of Commerce, Indian National Committee.	Shri M. A. Chidambaram.
Madras Income-tax Board of Referees :—	Khan Bahadur Yusuff Sait. Raja Sir M. A. Muthiah Chettiar of Chettinad.
Delegates to the 29th Session of the Federation.	Shri M. A. Chidambaram. Shri R. Ramanathan Chettiar. Shri D. C. Kothari. Shri A. M. M. Murugappa Chettiar.
Advisory Committee for Madras Requisitioning of Land 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.**
Regional Posts and Telegraphs Advisory Committee, Madras.	**Janab Muhammed Sulaiman Zackria Sait.**
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 K. Govindan** **Shri Poppat Hansraj.**
Madras Telephone Advisory Committee :—	**Shri A. Nagappa Chettiar.**
Port Anti-Pilferage Committee :—	**Janab K. S. G. Haja Shareeff.**
Port Health Committee :—	**Janab K. S. G. Haja Shareeff.**
Amirt Nagar Colony (Rehabilitation Centre for ex-tuberculosis patients, Advisory Committee.)	**Rao Bahadur T. S. Kachapikesa Mudaliar, B.A.,**

ABSTRACT OF PROCEEDINGS

The following is a summary of the more important proceedings of the Committee of the Chamber, during the year 1955. 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 and Commercial Legislation

Constitution (Fourth Amendment) Bill, 1954—

Government introduced a Bill in the Parliament to amend the Constitution of India. Sections proposed to be amended were Articles 31, 31A and 305 of the Constitution. This Bill was introduced to re-state more precisely the State's power of compulsory acquisition and requisitioning of private property and distinguish it from cases where the operation of regulatory or prohibitory laws of the State results in "deprivation of property". Under the present Constitution when private property is compulsorily acquired adequate compensation is payable by Government and the adequacy of compensation can be questioned in law Courts. Government stated that consistant with their social welfare programme and in order to put an end to dilatory and wasteful litigation and place these laws above challenge in the Courts, compensation will be fixed by Government which is not subjected to interpretation by Court. Government have programmed for the fixing of limits to agricultural land that may be owned or occupied by any person, the disposal of any land held in excess of the prescribed maximum and the modification of the rights of land owners and tenants in agricultural holdings. The proper planning of urban and rural areas require the beneficial utilisation of vacant and waste lands and the clearance of slum areas etc. They have also planned to have full control over the mineral and oil resources of the country, and they should have power to cancel or modify the terms and conditions of licences also. It is quite possible that they may have to take over under State management for a temporary period a commercial or industrial undertaking or other property in the public interest or in order to secure the better management of the undertaking or property. Laws providing for such transference to State Management should be permissible under the Constitution.

Similarly with the progressive elimination of the Managing Agency system under the Company Law, provision for compulsory amalgamation of two or more companies in the national interest, the transfer of an undertaking from one company to another may be required and such things should be placed above challenge.

The immediate object would appear to be that when Government undertake property for management even for a temporary period, under the present law, compensation has to be paid. There are progressive land legislations coming up and Government are, therefore, arming themselves with adequate power to take possession of lands, whose compensation will be fixed by the Legislature. It is stated that going to Court to fix legitimate compensation value is protracted and wasteful expenditure is involved thereby.

Clause 2.—According to this Clause, it will curb incentive of private enterprise and create a sense of insecurity and prostration in the minds of holders of property and will surely have serious repercussions on the investment market.

Clause 3 sought to give retrospective effect to make legal the several illegal acts of deprivation of property rights by Government.

Clause 4 provided for taking away the power of judicial review and substitute it by the arbitrary will of the party in power.

Clause 5 sought to validate invalid pieces of State and Central legislations.

The Committe of the Chamber considered this subject in great detail and according to their direction the following criticisms were offered to Government, on the provisions of the Bill.

"The Committee of the Chamber have considered the provisions of the Constitution (Fourth Amendment) Bill of 1954 and I am directed to offer the following criticism with regard to the above Bill:—

The Constitution is anterior to Government and the Constitutional Act should be treated with respect. If the Constitution is to be amended lightheartedly and frequently to suit the policy of the Government of the day, this will not only set a bad example but will derogate from the dignity of the Constitution. Other progressive democratic countries have not found frequent amendments to the Constitution necessary but they have found it possible to work within the four walls of their Constitution made for them centuries ago when modern industrial and scientific progress could not have even been contemplated. The Indian Constitution was implemented on 26th January 1950 and within the course of these 4 years the Fourth Amendment Bill has already been introduced. At this rate the Chamber anticipates that amendments of the Constitution in India will become an annual feature. The Chamber feels that if the Constitution is to be amended every time a verdict is given by the judiciary against the policy pursued by the Government of the day it will impair the sanctity of the Constitution and the faith of the people in the supremacy of the Constitution and authority of courts of law will be affected.

If a change is found necessary which involves change in the basic policy underlying the Constitution the Chamber feels that the views of the people must be ascertained and the rights of the individuals and communities should always be safeguarded and should not be interfered with under cover of an amendment. Our Constitution has been framed by eminent people of all shades of public opinion after great deliberation. They have provided certain safeguards to protect individual rights. It should not therefore be open to the Legislature to tamper with those safeguards. The will of the people should not be allowed to be defeated by the will of their agents. If at all an amendment to the Constitution involving changes in the basic policy of the Constitution is found necessary, the Chamber is of opinion that those amendments should be placed before the public for their verdict. The Legislature should not assume to themselves the power to amend the Constitution whenever there is an adverse decision given against them by the judiciary of the country. The amendments under consideration are only the thin end of the wedge in the expropriation of private property and should not be rushed through the Legislature.

Government seems to be very solicites in amending the Constitution whenever there is an adverse decision given against them by the judiciary. The Chamber cannot but bring to the notice of the Government that even more vital changes which are found absolutely necessary have not been carried out or even thought of by Government though such amendments were found to be absolutely essential from the

point of view of mercantile and industrial community. Section 286 was introduced in the Constitution with the pious hope of ensuring free flow of trade between one State and another. The recent interpretation to the section given by the Supreme Court has raised a crop of difficulties and there was agitation throughout the country for amendment of that section. Government of India though sympathetic with the justness of the demand for an amendment of that section did not feel impelled to make any change so much so the same unsatisfactory result continues and the interpretation has been found to be an engine of oppression enabling a State Government to call upon a merchant in another State to pay sales-tax on articles despatched to that State. This anomalous position still continues to exist and in-spite of the country-wide agitation for an amendment of the Constitution Act to ensure smooth flow of trade from one State to another, Governments have not thought it fit to amend the Constitution to ensure the free flow of trade from one State to another.

Constitution is a sacred document and should not be lightly amended. In this connection the Chamber reproduces below what the greatest American jurist said about Constitution. In his celebrated book called "Commentaries on the Constitution of the United States", he made the following inspiring observations:—

> "Let the American youth never forget that they possess a noble inheritance bought by the toils and sufferings and blood of their ancestors, and capable if wisely improved and faithfully guarded of transmitting to their latest posterity all the substantial blessings of life, the peaceful enjoyment of liberty, property, religion and Independence. The structure has been erected by architects of consummate skill and fidelity, its foundations are solid, its compartments are beautiful as well as useful; its arrangements are full of wisdom and order; it has been reared for immortality, if the work of man may justly aspire to such a title. It may nevertheless, perish in an hour by the folly or corruption or negligence of its only keepers. Republic are created by the virtue, public spirit and intelligence of the citizens. They fall when the wise are banished from the public council; because

they dare to be honest and the profligate are rewarded because they flatter the people, in order to betray them."

If Government are bent upon proceeding with the proposed amendment, I am directed to offer the following remarks: —

Clause 2.—This clause is sought to be substituted to Article 31 of the Constitution. This is based on a misapprehension of the decision of Supreme Court which while recognising that no compensation need be provided for the operation of normal regulatory or prohibitory laws and emphatically upheld the provisions in the Constitution covering fundamental human rights by asking compensation to be made for inroads into the rights of private properties by a regulatory law, incidents of ownership of property are severely curtailed as to amount to deprivation of property. According to the proposal of the Government this amendment would confer upon the Government the power to deprive by legislation the right of the citizen to use his property without paying him due compensation. For a citizen to keep a property the fruits of which are denied to him without just compensation is to render the holding of property onerous. The proposed amendment therefore will curb incentive and initiative for private enterprise and create a sense of insecurity and frustration in the minds of holders of property and will have serious repurcussions on the investment market, on a consideration of the above facts the Chamber feels that the amendment is undesirable and most inopportune in view of the role that private enterprise is being called upon to play in the industrial and economical development of the country.

Clause 3.—The most objectionable feature of this clause is the retrospective effect it seeks to give to make legal the several illegal sets of deprivation of property rights by Government. Any extinguishment or modification of rights in agricultural holdings without a corresponding obligation to pay just compensation will tend to retard development of agricultural and self sufficiency in food. The provision for limitation of agricultural holding is most inopportune. When the need is for mechanisation and scientific advancement of agriculture which is possible only in the case of large holdings. the present proposal will clogg the wheels of progress in that direction.

The provision for taking over the management of property in the public interest against the wishes of the holders of property is but a denial of a right to own, manage and enjoy one's own property. Public interest could easily be served by a regulatory or prohibitory laws instead of the management being taken over. Deprivations of rights to manage one's property even in cases where public interest is involved is bad enough. To purport to do it to secure the proper management of the property is unwarranted when it is done against the wishes of the owner of the property. To do it against the will of the owner of the property would amount to toleration of unwanted interference over one's own affairs and that such provision is likely to be misused. While this can be understood in a state of emergency to make it a normal provision of the Constitution is most undesirable. The compulsory transfer of an undertaking from one company to another and compulsory amalgamation of two or more companies is undesirable if it is to be done against the wishes of the shareholders of the company. This will hamper healthy company formation. The purpose may as well be served by Government acquiring the rights of the company after paying due compensation if the members of the companies concerned do not voluntarily agree to the transfer or amalgamation.

The extinguishment or modification of rights of managing agents, managing directors, managers or shareholders of companies is a denial of contractual obligation. Without extinguishing or modifying their rights the purpose could be achieved by regulatory legislation. The need for Government to have full control over mineral oil and other natural resources and public utility undertaking is appreciated but the cancellation of the existing lease agreements or licenses without due compensation is unwarranted and will have far reaching repercussion. It will retard private incentive in public utility undertakings and mineral and other natural resources.

Clause 4.—This clause aims at taking away from the Courts the power of judiciary review and substitute in its place the arbitrary will of the party in power in the Legislature which is always likely to have a partisan attitude on such matters. To eliminate the power of the Court to decide whether a law is in public interest or the restrictions it imposes are reasonable, is to negative the safeguard against legislative or executive excesses against which the right to move the Court has itself been vouchsafed as a fundamental right by the framers of our Constitution. This clause is highly objectionable and ought not to find a place in the Constitution as its introduction would mean the taking away by the left what has been given by the right hand.

Clause 5.—This clause provides for retrospective validation of invalid pieces of Central and State legislations. Such retrospective validation is very objectionable as it fosters in the executive and legislature a spirit of contempt for the Constitution and encourages arbitrary and illegal assumption of power in the hope of getting the Constitution amended for legalising those illegal acts.

In the circumstances the Chamber feels that the proposed amendment to the constitution is uncalled for and request the Government to drop the bill.'

The Bill was referred to a Select-Committee whose recommendations were also drastic. The Chamber therefore, sent the following communication to Government: —

"THE CHAMBER VIEWS WITH GRAVE CONCERN THE RECOMMENDATIONS OF THE JOINT SELECT COMMITTEE ON THE CONSTITUTION (FOURTH AMENDMENT) BILL MAKING THE QUANTUM OF COMPENSATION NON-JUSTICIABLE (stop) THIS MAKES THE PROVISION OF COMPENSATION ILLUSORY (stop) SUCH A PROVISION WILL CREATE A SENSE OF INSECURITY IN THE MINDS OF OWNERS OF PROPERTY AND WILL HAVE SERIOUS REPURCUSSIONS ON THE INVESTMENT MARKET RETARDING GROWTH OF INDUSTRY COMMERCE TRADE AND AGRICULTURE (stop) VALUES OF PROPERTY WILL BE SERIOUSLY AFFECTED RESULTING IN DISORGANISING NATIONAL ECONOMY (stop) THIS PROVISION IS LIKELY TO BE MISUSED BY ANOTHER PARTY IN POWER IN THE FUTURE AND MAY BECOME AN ENGINE OF OPPRESSION (stop) FURTHER SUCH AN AMENDMENT WILL MAKE A FARCE OF THE FUNDAMENTAL RIGHT TO PROPERTY BY

RETAINING SHADOW WHILE THE SUBSTANCE IS EXTINGUISHED (stop) TO PLACE SUCH PROVISIONS IN THE CONSTITUTION ACT IS TO STRIKE AT THE ROOT OF PRIVATE PROPERTY AND TO A FULL AND COMPETITIVE ECONOMY (stop) THE CHAMBER THEREFORE URGE THAT THIS PROVISION MAY BE DELETED AND THE QUANTUM OF COMPENSATION MADE JUSTICIABLE (stop) NON-PROVISION OF ADEQUATE COMPENSATION WHEN PROPERTY RIGHTS ARE EXTINGUISHED WITHOUT TRANSFER OR PHYSICAL TAKING OVER OF POSSESSION IS ANOTHER UNDESIRABLE FEATURE OF THE ORIGINAL BILL WHICH HAS BEEN RETAINED BY THE SELECT COMMITTEE (stop) THE CHAMBER REPEATS THAT RIGHTS TO PROPERTY MUST NOT BE EXTINGUISHED WITHOUT ADEQUATE COMPENSATION AS IT WILL HAVE UNDESIRABLE REPURCUSSIONS ON INDIVIDUAL INCENTIVES AS WELL AS ON THE ECONOMY OF THE COUNTRY AND ON TRADE AND COMMERCE (stop) THE AMENDMENTS ARE ALSO MOST ILL-TIMED IN VIEW OF THE ROLE THAT PRIVATE SECTOR IS BEING CALLED UPON TO PLAY IN THE NATIONAL PROGRESS IN A PLANNED ECONOMY (stop) CHAMBER IS THEREFORE OF OPINION THAT IN ANY CASE SUCH DRASTIC FUNDAMENTAL AND FAR-REACHING CHANGES LIKE THIS OUGHT NOT TO BE RUSHED THROUGH IN HASTE BY THE LEGISLATURE BUT SHOULD BE PLACED BEFORE THE PEOPLE FOR THEIR VERDICT."

The Committee of the Chamber circulated the telegram to affiliated members of the Chamber with a request to make similar representations to Government. The Bill was subsequently passed into Act with minor modifications.

SECURITIES CONTRACT (REGULATION) BILL OF 1954

The Securities Contracts (Regulation) Bill of 1954, was introduced in the Parliament. The Bill provided for the prior recognition of the stock exchanges. According to the Bill, the Central Government can declare any area in which contracts, other than between members of the stock exchange shall be declared illegal. The system of blank transfers was discouraged. In consultation with interested members the Chamber sent the following Memorandum to Government.

"The Committee of the Chamber have considered the provisions of the above Bill and I am directed to offer the following criticism.

The above Bill follows closely the Forward Market Control legislation already on the Statute Book. In fact the Forward Markets Commission under this enactment has already been set up and is in charge of control and regulation of forward trading in the diverse commodities markets and Exchanges in India. Having regard to the Government's declared policy of taking more powers to regulate and control markets of all descriptions in India, there is little to be said by way of criticism of the proposed Bill to bring Stock Exchanges within the ambit of a Central enactment.

There is, however, one paragraph in the Bill which must be deleted or otherwise drastically modified. This is para 26 under the heading "Title to Dividends" reading as under:—

> It shall be lawful for the holder of any security whose name appears on the Books of the Company issuing the said security to receive any dividend or bonus or to be entitled to any other right declared by the Company in respect thereof for any year, notwithstanding that the said security has already been transferred by him for consideration, unless the transferee who claims the dividend, bonus or other right lodges the security and all other documents relating to the transfer which may be required by the Company with the Company for being registered in his name at least fifteen days before the Company closes its register of members for the year.

What the intention was of those who drafted this paragraph is not clear. The paragraph as it stands is self contradictory and stultifying. If a buyer of shares is able to lodge shares for registration before a Company closes its Books which it usually does for either payment of dividend or issue of bonus or right shares, the buyer who so lodges the shares will automatically get from the Company the dividend or bonus or right for the payment or issue of which the Register

of Members is closed. The prior lodgement of shares enables the buyer to get his name on to the Register of Members in place of the seller before closure and the issue of dividends or bonuses takes place actually after such closure has been effected and thus the buyer is sure of getting the benefits that accrue on the shares. In those circumstances he does not have to make any claim on the previous registered-holder as contemplated in the paragraph. The second half of the paragraph refers to the lodging of shares for registration by the buyer. The first half refers to the right of a seller to retain the dividend unless the buyer has done the lodging before closure. If the buyer has in fact lodged the documents before closure the contingency of the seller retaining the dividend or exercising his right thereto does not arise.

Obviously the paragraph seeks to discourage the holding of shares on blank transfers. If this is the objective and policy of the paragraph, different provisions will have to be made. In doing so, it is important not to disturb the existing practices and bye-laws relating to dividend. Presently all Stock Exchange bye-laws in India provide that unless the contrary is specified at the time of entering into a transaction, all dividends which remain unpaid and bonuses which remain unissued on the date of sale belong to the buyer. That dividends relate to a financial year prior to the date of purchase has no bearing on the buyer's title to such dividend. This rule has worked satisfactorily and saved a lot of confusion in dealings. Where for instance preference dividend has remained in arrears for 3 or 4 years, a buyer buying the shares often buys it because of the right to accumulated dividend thereon. If he registers the shares on a particular date and the Company pays all arrears of 3 years dividend thereafter, the Company does not pay any pevious year's dividends to the transferor for the reason the shares stood in his name during that period. Having regard to the satisfactory working of the present rule regarding dividend and its equity in business practice, we suggest the proposed enactment may not introduce any variation of the bye-law.

As regards blank transfer control, if it is the intention of Government to discourage retention of shares on blank transfer by making statutory provisions, we suggest that a paragraph somewhat on the following lines would meet the purpose.

> Whenever a person who has purchased the shares and holds them on blank transfer makes a claim on the registered-holder of the shares for dividend or bonuses, it shall be lawful for the registered shareholder to call upon the buyer to complete the transfer deed as buyer, lodge it for registration and produce the share certificate duly transferred in the name of the transferee before making any such claim for dividend. Where such registration of shares is not effected by the buyer within six months of the date of his being so directed in writing by the seller or transferor, he shall forfeit all claim to the dividend. The seller or transferor shall be free to appropriate such dividend thereafter.

Provisions like the above will act as a salutory check on blank transfer retentions over indefinite periods and the consequent periodical approach made to registered-holders for dividends, which they receive because of buyer's omission to register shares.

The present paragraph 26 in the Bill is self defeating and must in any case be deleted or amended.

The Chamber requests that the views expressed above may be considered by Government."

NATIONALISATION OF IMPERIAL BANK OF INDIA AND ASSOCIATED BANKS

Following the Report of All-India Rural Credit Survey Enquiry Committee appointed by the Government, Government of India announced in the Lok Sabha their decision to set up a State Bank of India into which would be fitted by amalgamation the Imperial Bank of India and certain other Banks. The Committee of the Chamber considered this question in all its implications and sent the following telegram to Government of India and other Chambers of Commerce and Assocatitions were also similarly requested to make suitable representations. This subject was also discussed at the Annual Meeting of the Federation of Indian Chambers of

Commerce and Industry, New Delhi, but the proposals of the Government have been carried out.

"GOVERNMENTS ANNOUNCEMENT IN THE LOK SABHA TO SET UP A STATE BANK OF INDIA INTO WHICH WOULD BE FITTED BY AMALGAMATION THE IMPERIAL BANK OF INDIA AND CERTAIN OTHER BANKS FOLLOWING THE RECOMMENDATIONS OF GORWALA COMMITTEE HAS GIVEN RISE TO MUCH UNCERTAINTY AMONG COMMERCIAL CIRCLES (stop) THE COMMITTEE OF CHAMBER FEEL THAT THE RESERVE BANK GOVERNMENT COMMERCIAL ORGANISATIONS AND PUBLIC SHOULD HAVE BEEN GIVEN OPPORTUNITY TO CONSIDER THE VERY FAR REACHING RECOMMENDATIONS OF GORWALA COMMITTEE REPORT BEFORE GOVERNMENT COMING TO DECISION (stop) SHROFF COMMITTEE REPORT ALREADY BEFORE GOVERNMENT HAVE AMONG OTHER THINGS RECOMMENDED FORMATION CONSORTIUM UNDER LEADERSHIP OF IMPERIAL BANK FOR INVESTING IN NEW ISSUES OF SHARES AND DEBENTURES INDUSTRIAL COMPANIES BY SUITABLE AMENDMENT IMPERIAL BANK ACT AND THAT BANKS SHOULD ENDEAVOUR INVESTMENTS IN SHARES AND DEBENTURES OF INDUSTRIAL CONCERNS MAKE LARGER ADVANCES TO APPROVED PARTIES SUBSCRIBE TO GREATER EXTENT SPECIALISED INSTITUTIONS LIKE INDUSTRIAL FINANCE CORPORATIONS OF THE CENTRE AND STATES TO ENABLE LARGER FUNDS FOR PRIVATE ENTERPRISE (stop) GORWALA COMMITTEE ON THE OTHER HAND LAYS MUCH EMPHASIS ON RURAL CREDIT (stop) TWO RECENT REPORTS THEREFORE OF GOVERNMENT COMMITTEES EXPHASISING AS THEY DO TWO DIFFERENT AND VITAL ASPECTS OF FINANCING INDUSTRIES AND RURAL CREDIT SHOULD HAVE BEEN CONSIDERED TOGETHER BEFORE GOVERNMENT ANNOUNCING POLICY RELATING FORMATION STATE BANK (stop) CHAMBER NOT TO BE UNDERSTOOD TO MEAN AS OPPOSED EXTENSION RURAL CREDIT (stop) ALL

AGREE FACILITIES RURAL CREDIT IS NECESSARY ESPECIALLY NOW WHEN CONFIDENCE AMONG INVESTORS RUDELY SHAKEN BY ILLADVISED MOROTORIUM ACT AGRICULTURISTS DEBT RELIEF ACTS OF STATE GOVERNMENTS AND SOCIO ECONOMIC CLIMATE OF THE COUNTRY (stop) CHAMBER FEELS THAT RURAL CREDIT SHOULD RATHER BE FINANCED BY A SEPARATE RURAL CREDIT BANK FOR WHICH GOVERNMENT RESERVE BANK AND IMPERIAL BANK CAN GIVE NECESSARY HELP (stop) ONE OF THE CHERISHED OBJECTS OF THE RESERVE BANK NOT ACHIEVED YET IS CREATION RURAL CREDIT ORGANISATION AND THEREFORE CHAMBER STRONGLY URGE IMMEDIATE CREATION OF RURAL CREDIT BANK WITHOUT HAMPERING THE PROGRESS AND WORKING OF THE EXISTING PREMIER COMMERCIAL BANK LIKE IMPERIAL BANK AND SIMILAR BANKS WHICH HAVE ENTIRELY DIFFERENT FUNCTIONS LIKE FINANCING IMPORTS EXPORTS INTERNAL TRADE AND EXCHANGE BUSINESS (stop) IMPERIAL BANK IS THE COUNTRYS BIGGEST COMMERCIAL BANK AND TO NATIONALISE IT WOULD MEAN THE STATES ENTRY INTO THE FIELD OF COMMERCIAL BANKING IN A BIG WAY WHICH WILL HAVE GRAVE REPURCUSSIONS ON THE REST OF THE BANKING SYSTEM (stop) AFTER POLICY STATEMENT 1948 THERE HAS BEEN A PRONOUNCED IMPROVEMENT IN IMPERIAL BANKS APPROACH TO TRADE AND COMMERCE WHICH HAS ATTRACTED DEPOSITS AT LOW RATES OF INTEREST DUE TO THE CONFIDENCE OF THE PUBLIC HAS LARGE VOLUME OF INTEREST FREE MONEY AND HAS PROGRESSIVELY INDIANISED STAFF (stop) CHAMBER FEELS THAT CONSERVATISM IF AT ALL IN BANKING IS NOT REPREHENSIBLE (stop) BANKS IN INDIA ARE STILL IN THE PROGRESS OF DEVELOPMENT AND THEIR GROWTH SHOULD NOT BE HANDICAPED (stop) PRESENT PROPOSAL TO NATIONALISE IMPERIAL AND OTHER STATE BANKS WILL RESULT IN LACK OF CONFIDENCE IN BANKS AND OTHE CREDIT INSTITUTIONS AS THE THREAT OF NATIONALISATION OF THE ENTIRE BANKING SYSTEM OF THE COUNTRY WILL BE THERE (stop) DEPOSITS WILL GO DOWN AND LARGE NUMBER OF DEPOSITORS WILL BECOME INDIVIDUAL MONEYLENDERS CHARGING HIGH RATES OF INTEREST WHICH WILL BE A GREAT BURDEN ON TRADE AND COMMERCE (stop) GOVERNMENTS ASSURANCE THAT DUE REGARD WILL BE PAID TO THE UNIMPAIRED CONTINUANCE OF CREDIT FACILITY GENERALLY ENJOYED BY COMMERCIAL AND OTHER INSTITUTIONS WILL NOT BE FEASIBLE IN VIEW OF THE EXPANDING SOURCES OF CREDIT FOR RURAL POPULATION AND CHAMBER FEELS THAT IT MAY NOT BE POSSIBLE THEREFORE TO MEET NEEDS OF TRADE AND COMMERCE WHICH EVEN UNDER PRESENT CIRCUMSTANCES REQUIRES TO BE STRENGTHENED (stop) WHEN ONCE IMPERIAL BANK IS NATIONALISED INTO A STATE COMMERCIAL BANK IT WILL LOSE MANY OF ITS ENDURING QUALITIES WHICH IT HAS MAINTAINED AND GRADUALLY TEND TO GO AWAY FROM ITS COMMERCIAL ACTIVITY AND IN THE ABSENCE OF ANY OTHER COMMERCIAL BANK COMPARABLE TO THE STATUS AND POSITION OF IMPERIAL BANK FINANCING OF TRADE AND COMMERCE WILL GREATLY SUFFER (stop) ESTABLISHMENT OF WAREHOUSES MARKETING FACILITIES ETC. ARE VERY NECESSARY BEFORE BRINGING INTO EXISTENCE HUGE CENTRALISED BANKING FACILITIES (stop) THE CHAMBER IS THEREFORE OF OPINION THAT WITHOUT ALTERING THE CAPITAL STRUCTURE OF THE IMPERIAL BANK IT IS POSSIBLE FROM THE POINT OF VIEW OF DEVELOPMENT OF CO-OPERATIVE MOVEMENT AND RURAL CREDIT EXTENSION TO SETUP A SEPARATE ALL INDIA RURAL CREDIT BANK FOR WHICH THE RESERVE BANK MAY BE DIRECTED TO SUBMIT A REPORT (stop) GOVERNMENT HAVE ALREADY PROPOSALS FOR AMENDMENT INDIAN COMPANIES ACT AMENDMENTS TO CONSTITUTION ACT RELATING PAYMENT OF COMPENSATION ETC. (stop) THEY HAVE ALSO REPORTS OF SHROFF COMMITTEE AND GORWALA COMMITTEE AND THE CHAMBER FEELS THAT ALL THESE PROPOSALS AND RECOMMENDATIONS

HAVE TO BE CLOSELY STUDIED TOGETHER AND OPPORTUNITY GIVEN TO THE PUBLIC FOR EXPRESSION OF OPINION BEFORE COMING TO CONCLUSION ON THE BASIS OF THE GORWALA COMMITTEES REPORT ALONE (stop) CHAMBER THEREFORE REQUESTS GOVERNMENT TO BE PLEASED NOT TO IMPLEMENT THEIR PRESENT PROPOSAL OF NATIONALISATION IMPERIAL BANK AND STATE BANKS BUT TO DEFER PROPOSAL TILL PUBLIC GIVEN OPPORTUNITY TO MAKE RECOMMENDATIONS ON THE BASIS OF PROPOSALS AND REPORTS ALREADY PENDING CONSIDERATION BY GOVERNMENT."

BILL TO GIVE RELIEF TO INDEBTED AGRICULTURISTS IN THE STATE OF MADRAS

A Bill was published in the Fort St. George Gazette extending the provisions of the Indebted Agriculturists (Temporary Relief) Act for a subsequent term. The Chamber considered the provisions of the Bill in all its implications and the following reply was sent to Government of Madras.

The attention of the Chamber has been drawn to the above Bill published in the Fort St. George Gazette dated the 9th inst., and I am to offer the following criticism.

In its letter of the 1st November 1954 addressed to the Hon'ble Shri K. Kamaraj Nadar, Chief Minister of Madras, the Chamber has pointed out that any extension of the Indebted Agriculturist (Temporary Relief) Act or enactment of a similar legislation in its place is uncalled for but Government have extended the previous Act upto the end of February 1955 and have introduced the above Bill with a view to give relief to indebted agriculturists in the State of Madras. At the time when the Indebted Agriculturists (Temporary Relief) Act was introduced there were misgivings and the Hon'ble Chief Minister Shri C. Rajagopalachari had to assure the Legislatures "that it should not be understood that this is the first step to wipe off debts and also to disturb the credit of the country." He also categorically stated "it is not the intention of the Government to extend the moratorium. It is not also the intention of the Government to bring it only as the first step. It is really intended to give time only for one year, and we do really hope that it will help the debtors." On the basis of such categorical assurances from Government alone the Bill was enacted into law. In view of what the Hon'ble Chief Minister assured the House the introduction of a similar measure for the purpose of giving relief to indebted agriculturists is in the opinion of the Chamber not called for especially when conditions have changed for the better.

The Indebted Agriculturists (Temporary Relief) Act was introduced on the ground that after years of drought there has been seasonal rains in 1953 and if the agriculturists were not given a temporary respite from the obligation to meet their debts, food production might be affected. The main consideration for enacting that measure was therefore to concentrate all efforts on the food-front and therefore whatever justifications there were for placing on the statute the above Act no such justifications remain now. Happily the food production is on the increase and the problem now facing the country is how to dispose of the foodgrains produced in the country. Not finding a responsive market in the country, Government of India have gone to the extent of allowing exports of food crops. Apart from that there is no reason why Madras State alone should be over enthusiastic in introducing a measure of this nature. Conditions all over India are the same and there is no particular significance in this State alone introducing a measure which will cause much loss and inconvenience to a section of the people. Experience of the operation of the previous Act has shown that even the meagre credit facilities now available in the country have been dried up and the agriculturists due to the operation of such Act are not able to command any credit even to carry on their agricultural operation. There was therefore every justification not to extend the Act when it expires after its short extension on the 28th February 1955. The Chamber is therefore surprised that Government far from allowing the Act to lapse have introduced another measure mentioned above with a view to give relief to indebted agriculturists.

The Government of India are taking all possible steps to rebuild the rural economy of the country. They are desperately anxious to extend and expand rural credit facilities all over the country following the report of the Rural Survey Committee appointed by the Reserve Bank. They have even gone to the extent of exercising control over the Imperial Bank and other State Associated Banks with a view to divert their activities to the rural areas. That being the case, by the introduction of such measures by the State Government, even the meagre credit facilities now available in the countryside will be choked up and agriculturists will be the worst sufferers. The Act will seriously disturb the existing rural credit machinery. It was made clear in the Rural Survey Committee Report that the extent of credit facilities afforded by Government and Co-operative Societies do not come to more than 7% while 70% of such facilities are given by moneylenders. The Chamber is of opinion that by the introduction of such measures the moneylenders will divert their activities to more easily redeemable investments with the result that the agriculturists will not be in a position to command any credit and this will have serious reaction on food production all over the State. The intention of Government of India will thus be defeated by such Provincial measure which the Chamber hopes is not the intention of Government. Moreover such measures will have a demoralising effect and will naturally tend to strain the relationship between the debtor and the creditor. Arbitrary interference with contractual obligations will destroy that faith and trust between man and man on which all civilised societies depend.

It will be interesting to note as to the benefits given by the Indebted Agriculturists (Temporary Relief) Act. The Chamber feels sure that when an analysis on that basis is made it will be seen that many of the agriculturists who were in a position to repay the loan have taken shelter under the Act and have successfully evaded payment with the result that the creditors are in a very bad predicament. That would have been the correct criteria on which to proceed either to extend the life of the Act or to bring in another legislation on similar lines. Another thing the Chamber wants to impress is that there should be no discrimination between creditors and creditors. The preference shown in favour of loans

advanced by Govenment, Co-operative Societies etc., and to treat such loans and advances outside the mischief of the provisions of the Bill is discriminatory in character. If this was tolerated for a brief period of one year that is no reason why this discrimination should be sought to be perpetuated.

The present Bill is no doubt an improvement upon the old Moratorium Act in that instead of a blanket control in the old Act Government have sought to clarify as to which of the agriculturists should get the benefit. Provision is also made for exempting small creditors from the mischief of the provisions of the Bill, but it cannot be gainsaid that even with this improvement the feeling that will prevail in the country will have a deleterious effect upon the credit available to agriculturists. Though Government have exempted bigger agriculturists from the provisions of the Bill and seek to restrict it to those paying a land revenue of Rs. 150 and below it has to be borne in mind that they are the most needy agriculturists requiring credit facilities very often and they will be the worst sufferers in that, with such a measure in force no Bank or moneylender will advance any money to them for carrying on agricultural operation not to speak of financing for their other day to day needs. Instead of trying to give relief at the expense of private creditors, Government will be well advised to make credit organisations all over the country with a view to help needy agriculturists. Having regard to the facts mentioned above the Chamber would request Government not to enact the present Bill which will have a deleterious effect upon the meagre credit facilities now available in the State.

The enactment of a measure like this will have a bad reaction upon trade and commerce of the country. To skip over the pressing necessities of agriculturists who are sought to be given relief under the provisions of this Bill, business people have advanced credits in the shape of manure, agricultural machinery etc. Taking shelter under the Moratorium Act these agriculturists have been successfully evading repayment and merchants and dealers could not realise their moneys. If a fresh lease is given to them business people will be the worst affected section. They cannot carry on their business, their money being invested to help agricultural operations and it is quite possible that many business houses will have to be closed for want of finance throwing out of employment many people.

The provision in the Bill that if the debtor pays ⅛ of the principal amount contracted before 1st October 1953 and pay the accumulated interest within three months after 1st March is too liberal from the point of view of the creditors. Already the agriculturists had a lease of life for more than a year and to extend time by another 4 years more will handicap business people in that they will be able to get only in instalments. Business people require more money and if they are unable to realise it will have adverse effect on their trade. What is worse they have to pay their creditors as and when it becomes due and Government can therefore realise the difficulties of dealers who have advanced money or goods to help agricultural operations. Had they not advanced such help at times of need agricultural operations would have been affected and the present Bill seeks to affect those who helped such agricultural operation. Therefore the Chamber would suggest that instead of 4 years for the liquidation of debts contracted before 1st of October 1953 as provided in the Bill the period may be restricted to 2 years. The Chamber also is of opinion that the provision in the Bill for payment of ⅛ of the principal accumulated before the 1st October '53 for payment to the creditor within 3 months from 1st March '55 may be amended and that debtors should be asked to pay at least 25% of the accumulated debt in addition to the interest upto the time of payment.

Another object of this Bill is to prevent wasteful expenditure on litigation. The Chamber is doubtful whether the Bill will be helpful in that regard. The amount of loan, unless it is reduced in writing will always be a matter of dispute between the creditor and the debtor as in the case of arrears of rent etc. Provision is no doubt made in the Bill for repayment of ⅛ of the loan within three months from 1st March. But unless the debt is determined, first, it will always be a point of dispute and the machinery of the court has to be invoked for the determination of the debt. The Chamber suggest that provision should be made in the Bill itself for determining the debt. Otherwise the purpose for which the Bill is intended will not be achieved." The Bill has been passed into Law with some minor alterations.

MADRAS GENERAL SALES-TAX (THIRD) AMENDMENT BILL

Government of Madras introduced a Bill to amend the Madras General Sales Tax. The amendments were to define 'dealer', 'sales', and 'turnover', to lower the limit from Rs. 25,000 to Rs. 20,000 for collection of Sales-Tax at the rate of 4½ pies in the Rupee on sales of food and drink, to enhance the singlepoint tax on bullion and specie, to tighten the provision in order to prevent an agent from passing of his own transactions as agency transactions, to enable the Sales-tax Department to realise the arrears of sales-tax from any person from whom money is due and other things.

In consultation with members interested, the following representation has been sent to Government of Madras.

"The attention of the Committee of the Chamber has been drawn to the above Bill published in the Fort St. George Gazette dated 10th August 1955 and I am desired by them to make the following reprensentation:—

In this connection, before submitting the views of the Chamber on the various provisions of the Bill I am directed to bring to the kind notice of Government that so soon after the assurances given by the Hon'ble Chief Minister at Salem and later on by you in the Madras Legislative Assembly on the 9th August 1955 that Government propose to convene a Conference of merchants and representatives of Chambers of Commerce and Associations to discuss the possibility of amending the Sales-Tax Act with a view to restrict the incidence of tax at a single-point, Government should have thought it fit to bring out a Bill containing very many controversial clauses just on the eve of the proposed Conference. Nothing would have been lost had Government waited till the decisions of the Conference are known. The Committee of the Chamber still feels that Government will give due weight to the assurances given by them and convene the said Conference towards the end of the month and pending the decision of that Conference the Chamber requests that Government may be pleased not to proceed with the Bill in the present form. Sufficient time may be given to members of the mercantile community who are most affected by the provisions of the Bill to express their opinion and place their concrete suggestions before Government and on that account also the Chamber requests Government not to proceed with the present Bill immediately.

According to the statement of objects and reasons appended to the Bill, Government say that the present Bill is only intended to rectify a number of defects but the operative provisions of the Bill are intended to raise up additional revenues and the Chamber feels that in a Bill to rectify defects financial provisions for enhancement of revenue should not have been included.

The Committee having considered the provisions of the Bill have directed me to offer the following criticism:—

Clause 2.—Definition of 'Dealer'. The term 'dealer' under the Bill has been extended to include a wide range of people connected with the trade such as brokers also. Brokers are only intermediaries who bring together buyer and seller through their knowledge of the market. By virtue of their talents and experience they play a very useful role in the promotion of trade. They have made no investment in their business but are using their talent alone to bring about sales between buyer and seller. To tax brokers would amount to taxing talent. They should be given a different treatment along with Commission Agents. Under the definition of 'dealer' even travelling agents, who go about canvassing business on behalf of their principals, can be brought within the purview of the definition. The Chamber, therefore, suggests that definition of 'dealer' should be confined only to person who have the right of possession and the right of transferring the goods they are dealing in.

Commission Agents.— Commission Agents, del credere agents are also sought to be included as a dealer for purpose of this Act and transferring of goods by principals to agents are treated as sale with the result that business transacted by them on behalf of principals is taxed in their hands. This is objectionable and is opposed to all legal principles of agency. The Agents get only very small percentage of Commission for their work and cannot pay the tax out of their pockets. To include them in the definition of a dealer will drive away a

set of agents and indent agents out of the field as the power of exemption from tax is liable to be misused and may result in the agent being out of pocket.

EXplanation.—This explanation seeks to tax purchases made by firms for the use of their partners on the analogy of co-operative societies and clubs. The common practice of making private purchases from out of the funds of the firm and debiting to partners' accounts is being followed in the case of many firms and this should not be taxed simply because the firm happens to pay for the purchases instead of the partner in his individual capacity.

Clause 3.—*Amendment of Section* 3.—Under the provisions of this clause tax shall be collected at the rate of 4½ ps. for every Rupee if the turnover relating to sale of articles of food or food and drink sold in a hotel, boarding house, restaurant is not less than Rs. 20,000 as against Rs. 25,000 according to the present Act.

The taxation on sales of hotels has been the subject of frequent revision. In 1939 when the tax was introduced for the first time in the State the incidence of levy was half per cent. In 1941 it was reduced to one-fourth per cent but in 1944 it was increased to one per cent. From the 1st of January 1948 the rate was again revised and raised to 3 ps. for every Rupee. Not satisfied with this unconscionably heavy rate Government imposed a tax of 4½ ps. per Rupee on sales with effect from 1st August 1949, the exempted limit being Rs. 25,000. The present proposal is to tax all sales in hotels, boarding houses etc., if the turnover is Rs. 20,000 or above. In this connection the Chamber has to point out that Government of India, having regard to the fact that the commodities sold in hotels are essential to the life of the community, have exempted such articles from the payment of sales-tax and this is being followed all over India except perhaps in such of those States as have been taxing these cmmodities prior to the enactment by Government of India. Government have, therefore, recognised that this trade should be exempted from the purview of sales-tax legislation. The Chamber has noted that permission from the Government of India has been obtained for this amendment. It was thought that Government of Madras will not subject this trade to any further dose of taxation. What prevailed upon Government of India to reduce this exempted limit in the case of taxation of sales in hotels is not known to members of the mercantile community but the Chamber may point out that this is certainly the most inopportune time to subject this trade to further taxation by reducing the exempted limit. Business is passing through a crisis. Moreover hotels are compelled to pay tax on their purchases of articles in use for the preparation of foodstuffs to be sold. They are already compelled to pay tax on their turnover, when they cannot pass on this tax to customers as in the case of other trades, so much so in fact the levy of sales-tax on hotels works out as double taxation in so far as the assessees have to pay taxes both on their purchase and tax on their sales. Moreover Government may be pleased to bear in mind that foodstuffs cooked in hotels should rather be classified as perishables. No other commodity perishes in such a short time as that prepared in hotels. This trade has attracted the attention of taxing authorities in various forms. Licence fees levied on hotels by the City Corporations, mofussil Municipalities and Local Boards have been raised considerably in recent times. The attitude of labour is anything but favourable. All these have contributed to a considerable shrinkage of business and so of profit to hotel business. Increased wages, reduced working hours, wages and sick leave with wage benefits and other facilities granted to workers under the existing labour legislation are already having an adverse effect on hotel business. Hotels have also to take number of licences such as Corporation licence, police licence, factory licence, licence for refrigerators, electric motors etc. In addition they have also to pay water tax. The cumulative effect of all these licensing fees, taxes etc., have in a way contributed to the dimunition in their business turnover and of profit margin. Reducing the exempted limit from Rs. 25,000 to Rs. 20,000 is, therefore, most inopportune. Consequent on the enhanced price of materials all round even a very small hotel run without extra labour would have a turnover of Rs. 20,000 to tax such hotels and restaurants to sales-tax at the high rate of 4½ ps. in the Rupee is uncalled for and unwarranted.

Having regard to the facts mentioned above the Chamber would submit that this is a most inopportune time to reduce the limit of exemption granted to the trade but on the other

hand there is a strong case for enhancing the limit beyond Rs. 25,000. The Chamber, therefore, requests Government to be pleased to drop the present proposal.

Clause 4—Amendment of Section 5 of the Act IX of 1939:—(ii).—Under this clause Government propose to tax sale of bullion and specie at the enhanced rate of half of one per cent of the turnover at one single-point instead of one-fourth of one per cent. The proposal to enhance tax on the sale of bullion and specie is objectionable. The limit of one-fourth per cent was fixed having regard to the huge volume of business turnover. Already the purchasing capacity of the people is dwindling down and so enhancement of sales-tax will result in diminishing returns and merchants who have set up this business for generation will be hard pressed. This will also retard a healthy growth of bullion market in this State. It is represented to the Chamber that owing to the very keen competition in the trade merchants are not collecting any tax on their sale but pay the tax to the Government from their own profit to induce business. The enhancement of tax, therefore, will be an additional burden on the members of the mercantile community engaged in this line of business. The Chamber, therefore, is of opinion that this proposal for enhancement of tax may be given up. It has also been represented by members of the trade that Government have a proposal to collect this enhanced levy from the 1st of April 1955. This will be a very great handicap to merchants. Such additional levy will have to be paid by merchants from their pockets alone since they cannot now after 5 or 6 months of transaction collect the tax from the consumers. This will, therefore, amount to a tax on members of the mercantile community. Collection of sales-tax with retrospective effect is opposed to principles of taxation and the Chamber would, therefore, request you not to collect such tax with retrospective effect.

Clause 7—Amendment of section 10.—According to this clause the whole of the amount in arrears shall be a first charge on the properties of the person liable to pay the tax and it will be treated as if it is arrears of land revenue. The Chamber submits that this amendment may come into conflict with the law prevailing to the collection of arrears of income-tax. Arrears of income-tax is also treated as if it is arrears of land revenue. This conflict has to be clarified so that at a future date it may not lead to complications. This provision also will affect the capacity of merchants to borrow money on the security of their properties.

Clause 8—*Insertion of new section* 10-*A and* 10-*B*.—The institution of garnishee proceedings for recovery of sales-tax is undesirable as it will give wide powers to Officers to harass merchants and ruin the credit of assessees even in cases of genuine dispute as to the legality of the tax imposed. Moreover the person on whom garnishee order is served is required to prove to the satisfaction of the Officer that no amount is due to the assessee. Such negative proof will often be impossible and will lead to harassment and is therefore objectionable.

Clause 10-B.—This clause says that where a dealer dies his executor or other legal representative shall be deemed to be the dealer for the purpose of this Act and that the provision of this Act shall apply to him in respect of the business of the said deceased dealer.

Deeming the legal representative of a deceased dealer for all purposes of the Act will lead to his being harassed for all the acts of ommission and commission of the deceased and hence the Chamber feels that a clarification to the effect that no penal provisions shall be enforceable on the legal representative in such cases is necessary. Wanting this clarification the legal representative will be placed in a very awkward situation for no fault of his. Government will appreciate the force of this argument and amend the provisions as stated above.

Clause 9.—According to this clause tax shall be paid in accordance with the assessment notwithstanding the fact that an appeal has been preferred.

This is objectionable. The proposed amendment will deprive many of the assessees of the prospect of obtaining justice from the Appellate authorities by making it dear for them as they have to pay the tax though an appeal is pending. Moreover this provision will put a premium on official excess in the matter of assessment.

Caluse 11—*Amendment of section* 12-*A*.—This provision is undesirable as appeals especially to the Supreme Court may drag on for years and assessee must be given the right if he deems fit to demand disposal of his appeals in accordance with the interpretation of the law as it stands at the time of his appeal.

Clause 13.—Commercial Tax Officers are sought to be given additional powers under this clause. Already powers conferred on Commercial Tax Officers are very wide and in certain cases they are known to have been misused. To vest them with increased powers is not very desirable.

Accounts, Registers and documents submitted by the assessees and seized by the Officers should be returned within a specified time as such books and registers are required for other purposes in the ordinary course of business. Ordinarily Officers should not be invested with power of entering non-business premises for search as it will be an encroachment on personal freedom. It is quite likely that Officer will be tempted to misuse his powers on flimsy grounds and this violates the sanctity of even private residences. Similarly the provision relating to stoppage of vehicles carrying goods for purpose of search is also objectionable. It will lead to unnecessary harassment by Officers, who are not in a position to understand and appreciate the inconvenience caused to trade. In a welfare State the vesting of such powers on taxing authorities is undesirable. The Chamber should not be understood to mean that the Chamber is against collection of legitimate tax. While all legitimate tax should be enforced it is undesirable to invest tax collecting authorities with such wide powers capable of being misused against members of the mercantile community.

Clause 14.—The investment of powers in the Second Class Magistrate to try offences arising out of the administration of this Act is undesirable. In the original Act this power was specially conferred on a Presidency Magistrate or a Magistrate of the First Class. This was done for valid reasons and the Chamber is not aware why such powers should now be proposed to be invested on a Second Class Magistrate. The provision relating to this as provided for in the original Act may be retained.

Clause 16—*Amendment of section* 19.—Under this amendment Government proposed to extend the period for reviewing any turnover which has escaped assessment to 5 years. This is objectionable. It is possible that assessees may not keep account books for such a long period and in cases of genuine differences of opinion as to the legality of assessment evidence will be difficult to procure after a lapse of 5 years.

The Chamber, therefore, requests Government that there is no need to extend the period to 5 years instead of 3 years as provided in the present Act.

The Chamber again requests that these amendments are of a far-reaching nature and it should rather be left to be discussed by representatives of merchants at the proposed Conference to be convened by Government and till then these amendments may not be proceeded with.

The Bill has been referred to a Select-Committee and will come up for consideration by the Legislature soon.

MADRAS GENERAL SALES TAX (AMENDMENT) ACT 1955

Collection of advance Sales-tax was held contrary to the intention of Government by the High Court. In order to validate such collections, Government of Madras introduced a Bill and the Chamber made the following representation to Government.

"The attention of the Chamber has been drawn to the above Bill published in the Fort St. George Gazette, dated 11th February 1955. The Committee of the Chamber considered the provisions of the Bill and I am directed to reply as hereunder.

The collection of sales-tax in advance was tolerated because it served a different purpose. Inflation was rampant in the country during those times and merchants did not mind in paying advance tax but conditions have vastly changed now. There is no inflation. Prices of commodities are falling, money market is becoming tighter and tighter

and merchants have been put to lot of difficulties. With limited turnover of business and hence under the changed circumstances collection of advance sales-tax will be a great hardship on members of the mercantile community. It is true that advance collection is made in respect of income-tax. On that analogy it is very undesirable to collect sales-tax also in advance. The collection so far made by way of advance tax is obviously illegal and what is worse is that Government want to give validity to those collections with retrospective effect.

Prices of commodities are falling day after day. In these circumstances any collection made on the basis of previous year's turnover will be fallacious and vitiated by price fluctuations and therefore the Chamber feels that collection of advance tax on the basis of previous turnover will lead to erroneous calculations and will be a harassment on members of the mercantile community.

The arbitrary powers given to assessing authorities to determine the advance tax payable and to demand payments thereto is one of the undesirable features of the Bill for reasons mentioned above. If the Government are intend upon proceeding with this Bill, the Chamber would suggest the addition of the words "in accordance with such returns" after the words "the assessing authorities may determine" in clause 2 (1) (a).

Clause 3 (c) seeks to give retrospective effect to collections already made. This action is undesirable feature of the Bill. Government seem to have a tendency to validate and legalise obviously illegal collections as determined by the highest judicial authorities in this State. Last year they validated by an enactment collection of sales-tax on sales-tax which was also held illegal by the High Court of Judicature at Madras. This year the High Court have declared that the collection of advance sales-tax was not contemplated under the Act and Government now wants to legalise such collections by an amendment of the Act. The Chamber feels that this method of legalising and giving retrospective effect to provisions of the Bill declared illegal by the High Court is wrong in principle and the Chamber is opposed to Government's proposal to give effect to such collections with retrospective effect."

MADRAS MONEY LENDERS' BILL

Government introduced the Madras Money-Lenders' Bill in the Legislature to give definition about 'Money-lender' fixing the rate of interests for loans advanced, regulating the business of pawn-broking, appointment of Inspectors for the purpose of the Act, vesting Police Officers with greater powers, etc., etc.

The provisions of the Bill were drastic in their nature and will stultify the business of pawn-broking. The Chamber received various representations from interested parties and the Committee of the Chamber after giving due consideration to the various clauses of the Bill, made the following representation to Government of Madras.

"The Committee of the Chamber have considered the provisions of the Madras Money-Lenders Bill published in the Fort St. George Gazette, dated September 27, 1955 and I am directed to offer the following criticisms on the provisions of the Bill.

The Bill is intended to protect certain classes of people from money-lenders but the Committee of the Chamber feel that the provisions of the Bill, as they are drafted, will do more harm to those sections of the Society whom Government want to protect rather than give relief to them. The credit structure in the country, as it is, is very much tilted by recent laws and regulations and any further additions to this list will naturally tend to upset even the meagre credit facilities that are now available in the country. The poorer sections of the society more than any other section stand in need of such credit facilities. They cannot command credit from Banks or other Co-operative Institutions because they have no securities to offer. They mostly stand in need of such credit for various purposes and if they are not able to command such facilities they will be put to untold sufferings.

Money-lenders often take great risks in advancing loans to the needy public without securities but only on the credit worthiness of those people. Having regard to the important part that money-lenders play in the present credit structure of the county by advancing money for financing trade, commerce, agriculture etc., their interests have also to be adequately safeguarded to enable them to continue in business and be of use to others standing in need of credit facilities.

Some of the provisions of the present Bill are drastic in their nature and would appear to be drafted against abuse by certain class of money-lenders usually known as Pawnbrokers but their whosesale application to all classes of money-lenders would do more harm than good to the credit structure prevailing in the country. The Chamber feels that having regard to the functions of money-lenders as different from that of Pawnbrokers, a distinction ought necessarily to be made between pawnbroking and other types of money-lending transactions. This aspect of the question has to be clearly borne in mind in framing legislation to regulate and control money-lending or pawnbroking. The Chamber do hope that it is not at all the intention of the Government to curtail even the meagre credit facilities and the Committee of the Chamber fully believe that in formulating legislation these aspects of the question will be considered by Government and suitable amendments carried so that while protecting the legitimate interests of the poorer sections of the society Government will not be a party to impair even the present credit structure in the country.

The Report of the All-India Rural Credit Survey Committee has pointed out the increased dependence on money-lenders for financing agriculture. In the case of trade, commerce and industry there is this dependence on money-lender who under present circumstances play a very significant part in the rural credit structure of the country. By the very nature it is bound to take some years before institutional credit becomes available in rural areas. It is not therefore advisable to choke even the present meagre credit facilities in the country. The Chamber therefore requests that this point may be kept in view in framing legislation.

Having made the above general observations, the Committee of the Chamber have directed me to make the following suggestions on the various clauses of the Bill and would request Government to consider them: —

Clause 2 (8) *Definitions.*—According to the definition of 'loan' it means an advance of money or 'in kind' at interest.

This definition is likely to lead to confusion later. In the case of advances in kind there is scope for differences of opinion ultimately at the time of repayment. In a Bill of this nature, the Chamber feels that the provisions should be explicit and should not lead to varying interpretations afterwards. Moreover the Bill itself is called the Madras Money Lenders Bill. Therefore, all loans should be reduced at the time of advance to its equivalent money value rather than allowing advances in kind. All loans should be strictly confined to advances in money and not in kind. The Chamber, therefore, requests the deletion of the word "or in kind".

Clause 2 (9).—The definition given to the word 'molest' is too very wide and is capable of mischief.

It will always remain a question as to who should be the authority to decide whether the money-lender has actually molested. The parties may give different versions and in the absence of trustworthy witnesses it will not be safe to say that the money-lender has molested. Often to avoid litigation it is natural that the money-lender may go and demand repayment in the normal way. This may also be taken as molestation. In the absence of the debtor, the money-lender may ask the members of the family for repayment which will also be capable of being interpreted as molestation. Unless, therefore, there are positive methods of proving molestation, in the opinion of the Chamber, it is not advisable to take into consideration one-sided version and arrive at conclusions. Money-lenders who may be honest may also be brought under the mischief of this definition by prejudices. Such provisions will naturally stand in the way of money-lenders advancing moneys even to bona fide parties. Therefore in defining 'molestation' great care should be taken and nothing should be done to give rise to doubt and ambiguity. As it is, there is no one Authority prescribed by Government to say whether the debtor has been molested or not. In the absence of any such Authority the question will always remain as to whether molestation has been caused or not. That point has to be made clear to avoid unmerited punishment even to honest money-lenders.

Clause 2 (10).—'Money-lender', according to the definition in the Bill means a person whose main or subsidiary occupation is the business of advancing and realising loans.

This is too wide a clause and covers all transactions even of casual lending. Under this definition even a casual loan given by way of accommodation can be treated as money-lending. There are cases where persons may lend money on interests but whose occupation may not be money-lending. The term "subsidiary occupation" is capable of bringing under its fold all transactions in money. Even a person whose main occupation is other than money-lending may find it necessary to advance loans at times. It will be too hard if a strict interpretation is placed upon the word "subsidiary occupation". It would appear that Government will be a party according to this definition to canalise all such moneys into Banks or Government's loans etc. Any transaction other than this will be construed as money-lending and may operate against such advances. The Chamber, therefore, feels that the words "or subsidiary occupation" may be deleted.

Clause 2 (10) (a).—Under this clause, Bank, Company, or a Co-operative Society are exempted from the definition of "money-lending".

There is a strong case, similarly to exempt Multani Bankers from the operation of the Act. They act only as intermediaries between Banks and borrowers and they absorb the shock which the Banks are unwilling to take. Their advances are of short duration generally not exceeding 3 months without security and on a small margin of profit. They do not lend money on the pledge of goods. It is on a consideration of these facts that such types of transactions are exempted from the operation of the Bombay and West Bengal Money Lenders Acts. It is pertinent here to quote the rcommendations of the "Shroff Committee on Finance for the private sector" appointed by the Government of India. The Committee have stated as follows:—

> "The Committee recommends that since the Shroffs are engaged mainly in lending to trade and industry, they should be exempted from the purview of these Acts. The Committee also feels that the operation of these Acts in the absence of the institutional credit agencies, is needlessly restricting finance to the private sector. As

The Chamber therefore is of opinion that this clause of money-lenders may also be exempted from the operation of the Act.

Clause 2 (10) (d).—According to this clause, whole-time servants of the Government of any State or of the Union or of any local authority are excluded from this definition of money-lender. This is an invidious distinction between employees of Government, local authorities and of Joint Stock Companies and private individuals. There is no reason why a discrimination should be brought about between the employees of Government, local authorities and the private company or the private employer. There is now a closer identification between the public sector and the private sector and it is too late now and unnecessary to draw such a line of distinction. If Government wants to exclude whole-time servants of the Government of any State or of the Union or of any local authority for any reason there is equally a strong ground for excluding employees of companies and private individuals.

Clause 3—*Money-lender to obtain Licence Annually.*—While it is necessary that money-lenders should get a licence every year, the insistence by Government that every money-lender should obtain a fresh licence every year is unnecessary. Licences may be made renewable after payment of a minimum renewal fee.

The insistence to obtain licence for every shop or place of business whether in the same town or village or in different Towns or Villages will be another hardship on the profession of money-lending.

Though there may be some justification to obtain a fresh licence in respect of another town or village, to demand that the money-lender should take a licence for another shop in the same village or town seems to be a hardship. The Chamber feels that in respect of shops in the same village or town no separate licence need be insisted upon.

Clause 3 (c).—According to this sub-clause all members forming an association interested in money-lending have to take separate licences in their individual names. This also in

the opinion of the Chamber is unnecessary. When the profession of money-lending is done by an association and when the profits or losses are accounted by the association as such there is no reason why individual members forming the association should take separate licences.

Clause 4—*Grant and Refusal of Licences.*—Under Clause 4, Government may refuse to refund the licence fee paid by the applicant even though the licence may be refused.

This application is made for the grant of licence after complying with the rules that may be prescribed by Government. In such case to refuse the refund of the fee consequent on the refusal of licence is unnecessarily hard. In all cases where licences are refused, fee remitted by the applicant should be refunded. Government may retain a small percentage for administrative and incidental expenses say not exceeding 5% and the balance should automatically be refunded on rejection of the application.

Clause 4 (6).—The time prescribed under the Act for filing of appeal is limited to one month. This is too short a period. It may properly be extended to at least two months.

Clause 4 (7).—According to this clause the licence will expire at the end of the year.

The Chamber suggests that the validity of the licence should be for a period of twelve months from the date of issue of the licence.

Clause 8—*Interest and Charges Allowed to Money-Lenders*:—There are practical difficulties in the application of the rates of interests prescribed under this clause. Having regard to the various office expenses and the risk involved in investment, it will be difficult for any money-lender to advance Rs. 25 and more at the rate of 6¼%. According to the Bill money-lender has to maintain so many books of accounts, engage premises for carrying on business and incur other incidental charges and he will not have any margin if he lends money at the rate of not exceeding 6¼%. Moreover reduction from 12% for loans upto Rs. 25 to 6¼% over Rs. 25 is rather a steep fall. Even recognised institutions like Banks and other Companies cannot afford to lend money at 6¼% even if the amount of the loan is big. Under such circumstances to insist petty money-lenders to advance loans at 6¼% is impossible to be adhered to nor is it practical in working. Moreover there are various devices of circumventing this stipulation by the collusion of the borrower and lender and therefore this provision is incapable of practical application. 6¼% interest rate prescribed under the provisions has to be enhanced to keep the Money Lender in business after meeting all his obligations prescribed under the Act and the rules. In the case of advances of Rs. 25 and below mostly it is unsecured loan. Under the Act the pawn-broker has to maintain many books, pledge tickets, send registered notices, run office etc., and to meet all other incidental expenses. Unless rate of interest is attractive it may not be possible for him to meet all these expenses from the interest rate allowed under the Act.

Clause 10—*Conditions Relating to Redemption of Pledge*:—Investing powers on Sub-Inspectors of Police under this clause is undesirable. If at all a Police Officer not below the rank of an Inspector may be given such powers.

Clause 10 (4).—The onus of proving that the pawn ticket holder is the legal representative of the deceased pawner should rather be cast upon the legal representative alone and not upon the pawn-broker. It is for the legal representative to satisfy the pawn-broker that he is entitled to redeem the pledge. A pawn-broker will naturally have many transactions of this nature and it will be impossible for him to satisfy himself with all the formalities preseribed under this clause. The Chamber therefore is of opinion that the responsibility should be cast only on the legal representative alone and not on the pawn-broker.

Under sub-clause to clause 10 the pawn-broker is enjoyined with the responsibility of sending registered notice in the case of disputes of the pawned property. In such cases all the charges incidental to such sending notices and administrative cost should be a legitimate charge on the pawned property and should be reimbursed to the pawn-broker.

Clause 11 (e) (2).—Under this sub-clause all records or entries in the books, accounts, copies etc., shall be either in the language of the locality as may be prescribed or in English. Although it is desirable to keep books of accounts in the language of the locality insistance to keep books in that particular language alone will result in money-lenders having to appoint an Accounts Clerk who is conversant with the local language or English. The money-lender may not know to read and write the local language or to read and write English in which case he has to depend upon the services of the paid employee alone. For any faults committed by the employee the money-lender will be taken to task. These difficulties have to be properly appreciated by Government and books may be allowed to be kept also in the language known to money-lender. After all it will not be difficult for Government to decipher what is written in the account books in any language. For purpose of income-tax etc., they recognise all languages and the same facility may be extended in the case of transactions under this Act also.

Clause 11 (e) (iv):—*Admission of Correctness of Accounts.*—There should be a finality with regard to the determination of the correctness of accounts. If the debtor does not object to the correctness of accounts within a certain prescribed time it should be deemed that the debtor has admitted the correctness of accounts. Otherwise it will be open to the debtor years after to question the correctness of accounts and it will then be difficult to prove it otherwise. If the debtor fails to object to the correctness of accounts as furnished by the pawn-broker within a certain specified period say two months after registered notice by the pawn-broker, it should be deemed that the debtor has admitted the correctness of accounts.

Clause 11 (e) (6):—The Chamber feels that it is necessary that true accounts of all transactions should be maintained by the pawn-broker but to subject him to such penalty as provided in this clause is to say the least, unfair to the pawn-boker. The pawn-broker can claim only on the strength of his accounts maintained by him and if there be any lacuna in the accounts it is open to the court to give him a warning in the first instance and to levy a nominal penalty enjoining on him to keep correct accounts but it will be vindictive if the Act provides that he shall not be allowed his cost.

Clause 12 (2).—The criteria for the issue of a certificate to a debt collector may better be laid down.

Clause 13.—Under this clause Government envisage the appointment of one or more persons to be Inspectors under this Act. The Chamber is of opinion that there should be sufficient number of Inspectors appointed so that they can cover prescribed areas. At least there should be an Inspector for each District to begin with whose number can be increased later if found necessary.

Clause 13 (3).—The powers invested under this clause on the Inspectors are too wide and are capable of being misused. Such powers indiscreetly exercised may violate the sanctity of private dwellings even. In many cases money-lending is carried on in private dwellings and if the Inspector is given so wide powers it may well be possible that the sanctity of the house will be violated. At least in the beginning of the working of this Act their powers should be restricted and if after a period it is found that wider powers should be conferred on them they may be invested accordingly but the Chamber is of opinion that Inspectors appointed under this Act should not be given so wide powers. They can visit the premises only at certain stipulated hours say from 8 a.m. to 6 p.m. Again according to this provision an Inspector with such Assistants as he thinks necessary may enter the premises. Such entry into any premises will be detrimental to the reputation of the pawn-broker or money-lender as the case may be. As far as possible these provisions should not be retained in a measure of this nature. The Chamber should not be considered to mean that the Chamber is against inspection of books of accounts etc. Normal precautions should ordinarily be taken to prevent miscarriage of justice but to enter the premises with Assistants if necessary at all times of the day or night will be vindictive and is likely to be abused even for imaginery reasons.

Clause 13 (3) (c).—The powers sought to be imposed upon the Inspector under this provision may rather be assigned to the Magistrate or a Presidency Magistrate in a Presidency town under whose authority alone the Inspector shall have authority to require any person to be present to tender evidence.

Clause 13 (4).—Requisition of Police help should be under the direction of the Magistrate or a Presidency Magistrate as the case may be.Otherwise even for imaginery reasons the Inspector may require the help of the Police Inspector and create a commotion which will have very bad effect upon the reputation of the pawn-broker or money-lender. This will also be unnecessarily hard and may be out of proportion to the actual necessity of the situation.

Clause 14—*Inspection by Police Officers.*—This again is vindictive. Entering premises at all times of the day or night even without making a case is unduly hard. At any rate such powers should not be invested to Police Officers below the rank of an Inspector. It would appear from a reading of the provision that Government are prejudiced against money-lenders or pawn-brokers. Until they are proved otherwise, they should not be subject to such irksome treatment by the Police. Sufficient restraint should be placed on the Police Officers. There is nothing to prevent them to enter premises on a warrant by a Magistrate or a Presidency Magistrate as the case may be. Every entry for inspection should be on the authority of a warrant issued by a Magistrate or a Presidency Magistrate.

Clause 15 (2).—Under this clause the period of redemption is restricted to one year with of course the date of grace. In practical working it may not be possible to strictly adhere to the limitation of one year. There should be a provision to renew the pledge for another year or six months on the same terms if both the parties agree.

Clause 16 (2).—According to this clause the confirmation of the sale in case of the pawn-brokers bidding has to be confirmed by the Inspector. When the pledge is sold in public auction the Chamber sees no reason why the Inspector should confirm the sale. There may be a period of long interval between the confirmation and the sale. There can be no objection if the Inspector is present at the public auction but to get the confirmation of the Inspector after the sale is over is unnecessary. The remedy suggested to prevent abuses arising out of auctions is worse than the disease. The Chamber is aware that abuses are likely to take place during auctions and the interests of pawners have to be protected. Such abuses could be prevented or minimised by Government appointing "assessors" competent to assess the value of goods and directing them to be present at the time of auctions and who should certify about the genuiness of the auctions. An additional precaution may be taken by asking the pawnbroker to notify auctions in all cases at pawnee's expense.

Clause 16 (3).—This clause provides for the holder of the pawn-ticket to inspect the entry relating to the sale within a period of three years. This would result in pawn-brokers having to keep their books open for inspection for an unduly long period. Often times people with limited means will be conducting a pawn-broker's shop and it is too difficult to expect them to keep their accounts for three years or more. When such goods are sold in public auctions the transaction at the auction should be considered sufficient and there is no necessity to give such a long period for inspection of the book after the sale is over. If Government wants to give them more time it should not be for more than for a period of one year. Even this would appear superfluous in view of what is stated under Clause 16 (2).

Clause 16 (4) (a).—Under this clause the pawn-broker has to keep the surplus amounts for a period upto three years after the public auction. In the interests of the pawnee it is dangerous to allow him to keep such surplus amounts for such a long period. Anything may happen to the pawn-broker within a period of three years and it may be difficult to recover the amount after such a long interval. It is better if the pawn-broker is enjoined to remit the surplus amount to the pawner within a period of one month after the public auction. If the addressee is not traced the pawn-broker can be asked to deposit the amount in Government treasury with proper advice to the pawner and it is easier for the pawner or his legal representative as the case may be to claim the surplus amount from the Government.

Clause 17 (2).—This clause says that the pawn-broker shall be entitled to insure against risk from fire to the extent of the value so estimated. It should be made clear that the charges for such insurance shall be met by the pawner alone.

Clause 18.—Under a previous clause all money-lenders have to be licensed. The Chamber, therefore, is not able to assess the force of the word money-lender whether "licensed or not". The Chamber is not aware as to whether Government contemplate under the Act any unlicensed money-lenders.

Clause 18 (1) (a) and (b).—Theoretically these clauses read all right but to find out whether the actual amount has been paid or not or whether a higher rate of interest is agreed or not is difficult to prove. The provision may conveniently be circumvented by collusion and it will be difficult for the Government to determine whether the money-lender has carried out the provision or not. It will be dangerous to proceed against the money-lender for any alleged non-compliance of the provision on the sole evidence of the pawner alone. It should be the responsibility of the pawner to satisfy Government by un-impeachable evidence that the pawn-broker has violated these provisions.

Clause 18 (2).—While some such salutary provision is necessary to eschew bad characters from entering this business, to condemn them eternally for life will be very hard. They may be doing this business for generations and to condemn them for a second offence eternally will be too hard. In such cases where a person is convicted for a second time his licence may be cancelled immediately and he should not be eligible for the issue of a licence for a period of six years. He may reform during this period and the law should not operate against him as a permanent bar throughout his life.

Clause 21.—In view of the fact that Government insist that all money-lenders or pawn-brokers should be licensed, the Chamber sees no reason why there should be a provision for "a pawn-broker, whether licensed or not". The words "or not" may be deleted.

Clause 21 (1).—This provision is incapable of practical application. A person may appear to be of 18 years in the opinion of the pawn-broker and yet may be under age. Similarly a person may appear to be sound and be otherwise.

Clause 21 (7).—While there is no standard which has been prescribed under the Act to determine whether a person below 18 is of unsound mind or of any other offences prescribed under the various sub-clauses, the penalty for infringement is imprisonment for one year or a fine of Rs. 1,500 or both. The Chamber is of opinion that the penalty prescribed under this clause is too severe. As has been stated above there is no standard to determine whether a man is of unsound mind or under 18 years. It is quite possible that there may be an error of judgment. To punish such error of judgment with such extreme penalty is uncalled for. The punishment would appear to be severe out of proportion to the nature of the offence. The Chamber suggests that while all questionable practices should be severely dealt with, the penalty should be in proportion to the nature of the offence. We would, therefore, suggest that for the first or second offence pawn-brokers should be left off with a warning or his licence may be revoked for a period of one year or with a nominal fine. The penalty would seem to be too severe on a reference to clause 22 where pawners who commit more or less similar offence are let off after an imprisonment for a period of six months or with a fine amounting to Rs. 100 which also is too severe though they are criminal offences.

Clause 22 (2).—Pawn-brokers should not ordinarily be expected to do the work of the Police. It should not be obligatory on the part of the pawn-broker to report such cases to the nearest Police Station.

Clause 23.—The penalty prescribed under this clause is unduly hard. After all asking repayment of loan advanced is but natural and Government have regulated by this Act that molestation should not be resorted to. There is difference in the opinion as to what would constitute molestation. In any case the penalty is too hard.

Clause 26.—Under this clause licensee is not eligible to claim compensation or refund of any fee paid in the event of cancellation of license. Whether the license has been validly cancelled or not has to be determined by a competent Court. Government have made provision for appeal to prescribed authorities alone. Who is the prescribed authority is not clearly stated. It is quite possible that licensees may require their cases to be decided by a competent Court of Justice. In the event of that competent Court deciding in favour of the pawn-broker it should be enjoined on Government to pay reasonable compensation not only for loss in business but also for the loss of reputation he suffers due to illegal cancellation of licence. In the event of a competent Court deciding in favour of pawn-broker Government should have no hesitation in paying reasonable compensation.

Clause 27.—Imprisonment or fine for doing business without a license is vindictive. The license may be cancelled in the first instance and he prevented from doing business for a period of one or two years. That will be more effective.

Clause 28.—Imprisonment for infringement of rules and regulations is unnecessarily hard. A penalty will meet the ends of justice.

Clause 30—*Arrest without Warrant.*—Under this clause any Police Officer not below the rank of Sub-Inspector may arrest without a warrant any person committing in his view an offence under this Act.

Arming the Police that too of an officer of the rank of a Sub-Inspector with unbridled powers to arrest any person who in his opinion may have committed an offence is a dangerous provision in the hands of the police. This provision is likely to lead to grave misuse against even honest and law abiding money-lenders. Unless the offence is proved it is dangerous to arm the Police with such powers of a sweeping nature. It is quite possible that the Sub-Inspector may take a biased view of the offence. The Chamber would therefore suggest that this provision should be withdrawn. If at all Government think that some such provision should be retained such arrest should be made only after a warrant from a competent Magistrate and in any case the Sub-Inspector of Police should not be invested with such wide powers.

The Chamber requests you to be good enough to consider the above suggestions.

The Bill has been referred to a Select Committee and it is yet to come before the Legislature.

Tariff and Taxation

Annual Revision of Tariff Values—

The Director-General of Commercial Intelligence and Statistics, Calcutta, forwarded to the Chamber his proposals for the revision of the rates of tariff values to be effected from September 1955 and requested the suggestions of this Chamber. Interested members were consulted and the following suggestions were offered.

I had the benefit of consultation with members and other Affiliated Bodies of the Chamber with regard to the proposals for revision of Tariff Values and I am sending herewith Chamber's suggestions on some of the proposals:—

SECTION II

8. *Coconuts, Ceylon, other except Maldives:*—Government's proposal is to retain the existing tariff values. The Chamber has been informed that of late prices of Coconuts have fallan down and it would appear that the tendency is for prices to fall further down. Important market centres have informed the Chamber that the prices may not recover soon. In the circumstances the maintenance of the present Tariff Value is not advisable. The Chamber suggests the adoption of Rs. 150 per thousand.

9. (3) *Nutmegs in the Shell.*—Proposal of the Government is to enhance the tariff value to Rs. 1-2-0 from Rs. 1 per lb. This is uncalled for. The present value may be retained. Even now the present market price is below the landed cost plus enhanced duty on the article. The present value may be retained.

9. (3) *Nutmegs without shell.*—The proposal is to enhance its value from Rs. 1-7-0 to Rs. 1-9-0. For reasons mentioned above the value may be retained at Rs. 1-7-0 itself.

9. (4) *Mace, unground.*—The proposal to enhance the value from Rs. 4 to Rs. 5 is subjected to criticism. The duty on importation for this article has been recently enhanced from 37½% to 65%. This itself is heavy. If the tariff value

also is enhanced, the imported cost will be too heavy and there is case for separate classification of Wild mace whose c.i.f. value is Rs. 2-2-0 per lb.

12 (2) *Copra.*—The Chamber has offered its criticism regarding fixation of Tariff Value for Coconuts. For the same reason the Tariff Value for Copra should be maintained at Rs. 50 alone.

13 (4)—*Gum Benjamin.*—There are wide variations in prices for gum Benjamin and fixation of a uniform Tariff Value is not desirable. It is on an appreciation of this difficulty that no tariff value was fixed during last year. The Chamber therefore suggests that no tariff value should be fixed for Gum Benjamin this year also.

SECTION III

15 (7)—*Coconut oil.*—For reasons mentioned above in the case of copra etc., there is no case for enhancement of tariff values for coconut oil. It is represented that even the present tariff value itself is high. The existing value may be maintained.

SECTION V

27 (7) *Deisel oil, naked in bulk.*—The proposal to enhance its value from Rs. 175 to Rs. 190 per ton is opposed. The present value of Rs. 175 may be retained:—

Furnace oil, naked in bulk.—Rs. 122. As in the case of Diesel Oil, the tariff value for this commodity also may be retained at Rs. 100 per ton.

SECTION VI

28—*Copper Sulphate.*—Enhancement of its value from Rs. 57 to Rs. 65 is a sudden jump and moreover it is not justified. Though there is some reason to enhance its value this sudden jump is resisted. The Chamber is of opinion that it may be fixed at Rs. 60 per cwt. instead of Rs. 65 as proposed by you.

Soda, Caustic, other sorts.—For the same reason the value may be enhanced to Rs. 30 from Rs. 28 but not to Rs. 35.

Sodium sulphide.—It may be fixed at Rs. 32 per cwt.

28 (29) *Borax Crystals.*—As in the case of Borax Granular, the Tariff Value for Crystals may be retained at Rs. 33 instead of Rs. 32.

Boric acid, excluding boric acid glass powder.—The old value of Rs. 42 may be retained instead of your proposal to enhance it to Rs. 43.

30 (1) *All others.*—The sudden jump from Rs. 7-8-0 to Rs. 9-12-0 is uncalled for. Dyes falling under this group are low priced and many of the varieties are subject to import restrictions. The indigenous industry already enjoys protection by way of quantitative restrictions on imports. Further the duty on import has recently been increased from 12% to 20%. There is, therefore, absolutely no justification to enhance its tariff value from Rs. 7-8-0 to Rs. 9-12-0. The old value may be retained.

30 (13):—*Congo Red.*—For reasons mentioned above the value of this commodity may be maintained at Rs. 3-4-0 alone.

Other Azo dyes.—The Chamber suggests the retention of its value at Rs. 7-8-0 per lb.

30 (13) (c)—*Other Vats Powder.*—The proposal is to enhance its value to Rs. 52 from Rs. 47-8-0 per lb. There is no reason why its price should be enchanced.

Sulphur black.—Rs. 2-12-0 will reflect market price. The proposal to enhance it to Rs. 3-8-0 may be dropped. The Indian products also selling below Rs. 2-12-0. Import is restricted to 1% of the face value of the import licence. Import duty has also been enhanced from 12% to 20%. Any proposal to increase its tariff value will be unjustified.

31 (1) *Citronella oil, natural from Ceylon.*—The old proposal is to enhance its tariff value from Rs. 2-12-0 to

Rs. 5 per lb. The oil is extensively used in the manufacture of pain balms and manufarturers have to depend upon imported oil alone. Any proposal therefore to enhance its tariff value will result in enhanced prices for the commodity which would react on the manufacture of pain balm, for which this oil is essentially required. It is a raw-material for the industry and every concession should be given for its importation. There is, therefore, no justification in proposing to enhance its tariff value.

Some of the suggestions have been accepted by Government.

AGRICULTURAL PRODUCE CESS ACT—FIXATION OF TARIFF VALUES

The Economic and Satistical Adviser, Government of India forwarded to the Chamber copies of confidential information relating to annual revaluation under the Agricultural Produce Cess Act. As usual, the Chamber consulted interested members and the following suggestions were forwarded to Government.

The Economic and Statistical Adviser to the Government of India has forwarded to me copies of Government's proposals for fixation of Tariff Values for 1955-56 under the Agricultural Produces Cess Act' 40 and the Chamber offers the following suggestions :—

Serial No. in the schedule to the act.	Name of Article.	Unit.	Proposal for 1955–56	Chamber's suggestions. Value.	Remarks.
2.	BUTTER :	Lb.	Rs. 2–8–0	**Rs. 2/-**	Of late the prices of butter have been showing downward tendency with the importation into India of American Ghee. The outlook for higher prices is still more gloomy. Fixation of any price above Rs, 2 per lb. will not reflect market prices. The Chamber therefore suggests Rs. 2 per lb.
4.	BAJRI JOWAR BARLEY MAIZE	Cwt „ „ „	Rs. 12–0–0 Rs. 9–8–0 Rs. 9–8–0 Rs. 10–8–0	**Rs. 9 Cwt :**	The prices of cereals have come down and Government in certain cases have entered the market to purchase if the prices fall below certain level. In wholesale markets, no cereal is should at prices proposed to be fixed by Government. With good monsoon the tendency is for prices to fall further down. The Chamber feels on consideration of these facts that Rs. 9 per Cwt on an average for all cereals will be a safe level,

Serial No. in the schedule to the act.	Name of Article.	Unit.	Proposal for 1955-56.	Chamber's suggestions. Value	Remarks
8.	FRUITS Tamarind	Cwt	Rs. 60–0–0	**Rs. 30 Cwt :**	The tamarind trade is passing through a crisis. Heavy stocks are reported but the off-take is poor. There is a persistant cry for more export facilities. The prevailing price in important market is reported to be Rs. 30 per cwt. and there is no reason why the value should be fixed at Rs. 60 The Chamber suggests that it may be fixed at Rs 30.
13.	PULSES all kinds	Cwt	Rs. 20–0–0	**Rs. 15**	Fixation of Rs. 20 is on the higher side. It should be Rs. 15.
18.	VEGETABLES: Onions	Cwt	Rs. 15–0–0	**Rs. 8**	The proposed value of Rs. 15 per cwt. is on the higher side having regard to the present prices ruling. The price which prevailed for some months past was also below Rs. 15 Any value over and above Rs. 8 per cwt. will not be in consonance with past or present prices of onions. The Chamber therefore suggests Rs. 8 per cwt.
19.	WHEAT, all kinds,	Cwt	Rs. 16–8–0	**Rs. 14/8**	Government of India have fixed Rs. 10 per maund and there is no reason why fixation of tariff value should be enhanced. Calculated on that basis Rs. 14/8 will be a fair-price.

Serial No. in the schedule to the act.	Name of Article.	Unit.	Proposal for 1955-56.	Chamber's suggestions. Value.	Chamber's suggestions. Remarks.
	WHEAT ATTA	Cwt	Rs. 20-0-0	Rs. 15	This is only a product after grinding of wheat. In fact, prices of wheat should be in consonance with the prices of wheat. The Chamber, therefore, suggest Rs. 15 againsts Rs. 20.
	WHEAT FLOUR AND SUJI	,,	Rs. 27-0-0	Rs. 33	The proposal of Government to fix a uniform price for wheat flour and Suji is taken objection to. The commodities are slightly different Suji costing some what higher than wheat flour. The proposal therefore for a common value for both the items and fixing its value at Rs. 27 per cwt requires to be amended as wheat flour and suji, The Tariff Value of wheat flour may be fixed at Rs. 26 per cwt, while the tariff value for wheat suji may be fixed at Rs. 33 per cwt.

IMPORT OF NUTMEG FROM SINGAPORE

On a representation received from members, the Chamber addressed the Central Board of Revenue as follows with regard to refund of duty on nut-megs: —

"Importers of Nutmeg at Madras port are very much handicapped and are put to much loss owing to the decision of the Collector of Customs at Madras to levy such imports at the standard rate of duty instead of at the preferential rate of duty. All such imports are accompanied by the necessary Certificate of Origin but in spite of that they are assessed to the standard rate. On the other hand imports through the port of Bombay are assessed only at the preferential rate of duty when accompanied by a Certificate of Origin. So much so importers at Bombay are in a better position to undersell imports at Madras. This causes much loss to the importer at Madras and he is unable to sell his goods. Evidently this is not the intention of the Government. The Chamber feels that a uniform policy should be followed in the matter of import whether through the ports of, Bombay, Calcutta, Madras or any other ports.

Large quantities of Nutmegs imported through the port of Madras had to pay the standard rate of duty and the claims of importers for refund of the excess amount are pending before Government. Large amounts of money of merchants are locked up with Government and merchants are thus handicapped. Government may be pleased to examine this question and issue instructions to all the ports to follow a uniform policy in the matter of assessment when accompanied by a Certificate of origin. The very idea of production of Certificate of Origin is to facilitate assessment at the preferential rate of duty. The Chamber therefore feels that assessment at the standard rate of duty when the goods are accompanied by a Certificate of Origin is contrary to the intention of Government. You may therefore be pleased to clarify the position and issue instructions to all ports accordingly."

Government however replied that under the Act appellate remedies are provided and it is open to any aggrieved party to take up the matter in appeal with the Government.

MADRAS BUDGET FOR THE YEAR 1955

In the Budget Speech of the Hon'ble Finance Minister, Madras Government, he disclosed a deficit of Rs. 331 lakhs in a budget estimate of Rs. 46½ crores and the Finance Minister stated that to cover up the deficit, he proposed to introduce a flat rate of surcharge of 2 annas on land revenue and to extend sales-tax to tobacco and its derivative etc. The Committee having considered the budget speech made the following representation to Government.

The Chamber has considered the budget speech of the Hon'ble Finance Minister introducing the budget for the year 1955-56 and I am directed to make the following representation and to request that Government may be pleased to consider the suggestions.

During the last few days various State Governments have introduced their budgets for the ensuing year. The budgets for Bengal, Bihar, U.P., Orissa etc., have been introduced in the local Legislatures. Bengal disclosed a deficit of Rs. 17 crores while Bihar envisaged a deficit of Rs. 9.65 crores. Similarly U.P. and Orissa budgets have disclosed a deficit during the year under review. Perhaps the only State where no deficit was anticipated was Bombay. Strangely enough none of these States have thought it necessary to introduce any taxation measures to cover up the deficits, though the gap in their budgetory position was more gaping them in the case of Madras. Perhaps this is due to the fact that the Taxation Enquiry Commission, appointed by the Government of India, have submitted their report and pending the publication of that report, these Governments do not want to anticipate the findings of the Commission and introduce taxation measures. The deficit here according to the Hon'ble Finance Minister amounts to only Rs. 331 lakhs which in a budget of Rs. 46½ crores is nothing to be given serious note of. It was thought that Madras will also follow suit and nothing would have been lost had the Government waited for the publication of the Taxation Enquiry Commission report, before flinging upon the legislatures and the public the taxation proposals of the Government of Madras which would have a far reaching effect upon the people. Had the report of the Taxation Enquiry Commission been published

the public would have been in a better position to appreciate Government's stand-point and they would be able to offer constructive criticism.

The Chamber notes with satisfaction that the speech of the Hon'ble Finance Minister contains very laudable features especially his proposal for the extension of education to all children belonging to poor families upto III Form. This is in keeping with the conception of a welfare State. Similarly there are praiseworthy proposals relating to extension of electricity, extension of rural and urban water-supply. The determination of the Government to proceed with the implementation of the First Five Year Plan for the State in full is commendable especially when expenditure on other social welfare measures is mounting and is really a matter to be congratulated upon. Madras is still industrially backward and before plans for the Second Five Year Plan are being considered the State should be prepared for the faster development envisaged under the Plan. Government, therefore, have done the right thing in budgeting for an expenditure of Rs. 25.83 crores for the year 1955-56 for the implementation of the State Plan in full. It is equally commendable on the part of the Government to have exempted onions, potatoes, betel-leaves and plantain-leaves from assessment to sale-tax. In fact this should have been done long ago but owing to the interpretations of the Department that onions and potatoes are not perishable the levy was continued much to the inconvenience of merchants and consumers. Government, therefore, have taken the right decision in exempting these perishables from the levy of sales-tax. This State is perhaps the only State where articles of daily consumption and which are essential to the life of the people continue to be taxed. Essential supplies like foodgrains, milk which are exempt from the operation of the sales-tax in many other States still continue to be taxed here. The Chamber do hope that Government will examine this question and kindly see that sales-tax on these commodities are also removed at the earliest possible time in keeping in line with other States.

The proposals of the Hon'ble Finance Minister to cover up part of the deficit disclosed in the budget is open to serious criticism. Among the proposals announced by the Hon'ble Finance Minister is the levy of a flat rate of surcharge of As. 2

on land revenue on all lands wet, dry and garden and on all water rates, and this measure according to him is expected to yield a revenue of about Rs. 75 lakhs a year. The levy of a surcharge of As. 2 in the Rupee on all land revenues and on water rates is likely to be a great burden on land owners just at a time when they are passing through a crisis. The proposal is inopportune, just at a time when prices of agricultural commodities are falling. The fall in prices of agricultural commodies has been so very precipitious that Government of India are considering proposals for fixation of floor prices for some of the commodities just to arrest the fall in prices. It has to be borne in mind that the State's economy is still agricultural and more than 70% of the population live directly or indirectly on the fortunes of agricultural operations. More than any Government, Government of Madras are happily aware of the pitiable plight of the agricultural population in the State and Madras is perhaps the only State where statutory relief to indebted agriculturists is given. This shows the extreme solicitude of the Government to the development of agriculture and food production but the proposal now under contemplation goes directly contrary to those pious intentions of the Government. When the prices of agricultural commodities are falling rather precipitously the income from land will be meagre and the present proposal will therefore be a great burden. Government, from time to time during the year under review have imposed many burdens in various forms through betterment levy, agricultural income-tax and land revenue surcharges. This will therefore be the last straw on the camel's back. Government should not also ignore the contribution made by agriculturists in various forms for rural development under the community projects and for local development schemes. All their enthusiasm in this direction would be set at naught by the proposed levy of surchage of As. 2 on land revenue including water rates. The Chamber still feels that Government will consider the psychological impact of this proposal on land owners and in view of the present plight of landowners may be pleased to defer implementation of their present proposal. If in spite of these Government want to proceed with this measure the Chamber would suggest that agriculturists paying a land revenue of less than Rs. 150 per year may be exempt from this levy of As. 2. This is in keeping with the avowed intentions of Government also.

In a recent measure passed by the Legislature i. e. Indebted Agriculturists (Temporary Relief) Act Government have recognised the need that agriculturists paying a land revenue of less than Rs. 150/- stand in need of protection from the hands of creditors. This shows the anxiety of Government to protect small agriculturists. When Government have recognised the need to protect them from the clutches of the creditors the Chamber thinks it is most undesirable on the part of the Government themselves to tax this class of agriculturists also and ask them to pay a flat rate of As. 2. in the Rupee irrespective of their holdings. This is particularly inopportune at a time when Government have under consideration land reforms all over the State. Under any circumstances the Chamber feels that there is a strong case for exempting agriculturists paying less than Rs. 150/- land revenue from the operation of this surcharge levy.

The proposal to extend sales-tax to tobacco and its derivatives is similarly subject to strong objection. The proceeds from this levy are expected to be in the order of Rs. 60 lakhs per year. The proposal to bring tobacco under one tax or other has always received the attention of Government both Central and States. Even in 1953 the Government of Madras introduced the Madras Tobacco (Taxation of sales and licensing) Act. Prior to that there was a proposal to levy tax on tobacco in 1935 but for very good reasons the bill of 1935 was withdrawn and the proposals to levy general tax on tobacco was considerably modified under Act IV of 1953 whereby except the superior manufactured tobacco the proposal to levy all other verieties to tax was dropped. So soon after that decision it is surprising that Government should have come up with the proposal to bring tobacco and its derivatives under the operation of the sales-tax, leaving those varieties of tobacco covered by the Act of 1953. Tobacco trade is passing through an acute crisis. The commodity is already subjected to a severe excise duty at the hands of the Central Government. There are vexatious restrictions on their movements. Dryage allowance has not been satisfactorily settled with the result that merchants are asked to shell out large sums of money on this account. India is fast losing her markets in the foreign countries. The partion of India has dealt a severe blow to the trade in tobacco and its derivatives. Trade Delegations have often been visiting foreign countries persuading them to take larger and larger quantities of tobacco. Prices are falling precipitously. The proposal of the Government therefore just at this juncture when the trade is pasing through a crisis is inopportune.

The tobacco industry in the State is mainly confined to the manufacture of beedies, cigars, cheroots and snuff. It is scattered all over the country and is not an organised industry on a factory basis. The manufacturing unit is mostly the family circle in which mostly illiterate, resourceless purdah and other women supply manual labour. It is mostly a cottage and small scale industry and comes only next in importance to the handloom industry for which Government have expressed their solicitude. It has also to be borne in mind that unlike in foreign countries, tobacco is a commodity of daily use in one form or other in every household not excluding those of the poor. It is not at all a luxury to use tobacco in one shape or form. Government have also to take into consideration that while the excise duty on tobacco remains the same the price of tobacco is falling day by day. Therefore the burden on the poor on an article of almost daily consumption will be oppressive on those who can ill afford to bear it.

Another thing which the Chamber wants to bring to the notice of Government is that the two taxation proposals of the Government i. e. the levy of a surcharge of As. 2 on land revenue and their proposal to bring tobacco and its derivatives under the General Sales-tax Act will operate simultaneously for the first time in the case of tobacco alone. The area under tobacco cultivation in the State during the year 1953-54, for which alone figures are available, is in the order of 49,000 acres. When the proposal to levy surcharge on land revenue is implemented tobacco grown on these 49,000 acres will be subject to the surcharge for the first time and to that extent the price of that commodity will increase. Similarly the proposal to bring tobacco and its derivatives under the operation of the General Sales-tax Act will be another burden the cumulative effect of which will be to increase the cost of living to the user of tobacco. In the case of tobacco and its derivatives the burden on the consumer will be more pronounced because of two taxes operating simultaneously for the first time. Government wants to help cottage and small scale industries. It is with that object in view they have

shown marked favours in the case of handloom industry. Palm gur manufactured by Co-operative Societies, according to Government proposal, will be exempt from sales-tax; So also some other products of cottage industry manufacture. The Chamber is only anxious that a similar treatment should be shown to tobacco and its derivatives because they are also cottage industry products giving employment to large number of illiterate people, both men, women and children spread all over the State.

The Chamber requests Government to consider the suggestions made above and be pleased not to implement their proposals.

In the course of a discussion in the Planning Commission, the Hon'ble Minister for Finance, Government of Madras, was reported to have stated to raise on an average an annual revenue of Rs. 1 crore for the next 5 year plan period. Madras is the most heavily over-taxed State in the country and any addition to the present levy was thought will be oppressive and the President therefore, in the course of a communication to the Hon'ble Finance Minister drew his attention as follows:—

"I am directed by the Committee of the Chamber to draw your kind attention to a matter which requires the serious consideration of the Government.

The commercial community are very much concerned at the talk of further taxation in the State during the pendency of the next Five Year Plan. I have seen press reports that you propose to levy further taxes in the State with a view to raise on an average an annual revenue of Rs. 1 crore for the next Five Year Plan period. This has given rise to much speculation and uncertainty in the minds of the commercial community. Already new taxes have been imposed while other sources have been screwed up. As you yourself have admitted, this State is the most heavily overtaxed State in the whole of India if the per capita income was taken into consideration.

We congratulate you on the stand taken by you and other members of the Cabinet who participated in the recent Conference at Delhi for putting forth a plea for getting sufficient allotment for this State for the next Five Year Plan. We very much appreciate your statement that this State is perhaps the most heavily overtaxed State and the commercial community were led to think that at least during the pendency of the Second Five Year Plan there will not be any fresh taxes in this State in view of your appreciation of the tax bearing capacity of the people. In the circumstances your subsequent statement to the press that it is the intention of the Government of Madras to raise one crore of Rupees by way of fresh taxes during the planning period is a great surprise to the public and the mercantile community especially. Taxation in this State has reached a saturation point and we are left to wonder what are the other sources of taxation in the present context of things. The savings have been dried up. Private sector is given a prominent place in the scheme of industrial development. Government on the other hand have been draining all available sources for contribution towards their loans and for various taxes. On the other hand there is the supreme need now to expand economic activity not only to improve the standard of living but also to give employment to the growing educated unemployed and others and for this purpose more and more capital resources are absolutely necessary. In the circumstances mentioned above the private sector would find it extremely difficult to raise the necessary resources to implement the scheme of development allotted to the private sector.

In refreshing contrast comes the reported statement by the Hon'ble Shri C. D. Deshmukh, Union Finance Minister that there is no likelihood of people being burdened by way of taxation in the next two years. The Finance Minister has felt the pulse of the nation and has thus made a realistic statement. You must throw in something for the people to have capacity to earn and pay taxes. The prices of agricultural commodities are falling precipitously. Trade is passing through doldrums, demand of labourers is becoming more rapacious, the standard of living is increasing. In the circumstances one is left to wonder whether there is any scope for any fresh taxes in this State. I have seen contradiction to the above statement of the Hon'ble Finance Minister but the contradiction is not from him.

I should not be understood to mean that the commercial community are not *enthusiastic in supporting the Government.* Far be it from us. The commercial community wants to play a dominant role in the economic regeneration of the State and they are very zealous in placing Madras in the forefront of other States in the matter of industrialisation. They have been actively co-operating with the Government in all their schemes of development and in their scheme of taxation all along. They will continue to bestow the same attention and co-operation to Government in their future schemes as well. Government may be assured of that but before introducing any new taxes the ability to bear such taxes by the people has to be taken into consideration. They have in a significant manner made the recent loan policy a perfect success so that it will be seen that they at all times have co-operated with the Government. I only want to stress that the recent success of the loan policy should not be taken as an indication of the prosperity prevailing in the State, for it has baffled economists as to how the loan became such a tremendous success. I should be permitted to point out here that the loan became such a tremendous success not only because of the popularity of the present Government but also of the enthusiasm of the people to make all Government efforts a complete success. It has also to be borne in mind that owing to the impending land reforms investors are nervous of advancing their money in land, so much so in the absence of any other better form of investment they have solidly invested in Government loans. Therefore the success of the loan should not be taken as a pointer to the prosperity prevailing in the State. Before introducing any new taxes or enhancing the incidence of the present levy Government should see that it does not fall on shoulders which are not broad enough to bear the brunt of any further taxes. I am writing this to draw your kind attention to point out that in introducing any fresh taxes Government may be pleased to consult the members of the mercantile community also so that if Government ultimately decide to levy any new taxes or enhance existing taxes they may offer their suggestions so that it will not fall heavily on those who are not in a position to pay.

SALES-TAX CONFERENCE

The Hon'ble Shri M. A. Manickavelu Naicker, Minister for Revenue, stated in the Assembly that merchants and representatives of Chambers of Commerce would be invited by the Government to a Conference to make suggestions relating to the question whether sales-tax could be levied at a single-point only in the State. The Hon'ble Chief Minister stated at a meeting in Shevapet that he would convene a Conference of merchants in the State to discuss the question relating to tax structure. This opportunity was taken by the Chamber to convene a representative Conference of Delegates of Chambers of Commerce and Associations all over the State so as to present a memorandum of difficulties experienced in the present Sales-tax law and its administration. The mercantile community have all along been demanding for the introduction of a single-point tax instead of the present multi-point levy. The Chamber was also anxious that at the proposed Conference by Government, the mercantile community should present a united front. The Chamber, therefore, took early steps to address Chambers of Commerce all over the State to depute their delegates to attend the Conference convened by the Chamber at the office of the Chamber. A Conference of all Delegates was held at the Chamber on the 6th September 1955. It was a very representative Conference attended by more than 60 bodies in the State. The Conference was held for the whole day at the Chamber and it was presided by Shri M. A. Chidambaram, President of the Chamber. Some of the associations who could not send their representatives forwarded their suggestions for consideration at the Conference. There was unanimity of opinion with regard to the demand for a single-point levy of sales-tax and the Conference appointed a Sub-Committee to draft the memorandum on the basis of the findings of the Conference. The Committee met at various intervals at the Chamber and decided to submit to Government as follows:—

"I am writing this communication to you as the President of the Conference of Delegates of all Chambers of Commerce and Associations in the State of Madras held at the office of the Southern India Chamber of Commerce on the 6th of September 1955 on the subject of Sales-Tax.

The commercial community are greatly beholden to you for the announcement you made in the Legislative Assembly on the 9th August 1955 that Government of Madras propose to convene a Conference of merchants and representatives of Chambers of Commerce to make suggestions relating to the question whether the Sales-Tax could be levied at a single-point in the State. The question of levy of single-point tax has been urged by the commercial community all over the State right from the introduction of this Act in 1939. As President of the Southern India Chamber of Commerce, it was my privilege in 1953 to draw the attention of the then Chief Minister the Hon'ble Shri C. Rajagopalachari to the necessity of introducing a single-point levy instead of the present multi-point levy when he was pleased to inaugurate the annual meeting of the Chamber. The Hon'ble Shri C. Rajagopalachari later on seemed to have announced at a meeting of merchants that he was thinking in terms of a single-point levy. The mercantile community are, therefore, very grateful to you for your decision to convene the said Conference to discuss the possibilities of introducing a single-point levy instead of the present multi-point levy.

The Southern India Chamber of Commerce, of which I have the honour to be the President took note of your announcement made in the Assembly as mentioned above in order to ascertain the wishes of the mercantile community in this State, convened a Conference of representatives of Chambers of Commerce and Associations known to be functioning in the City and mofussil on the 6th September 1955 at 11 a.m. at the premises of the Southern India Chamber of Commerce, Madras. Invitations were issued to all Chambers of Commerce and Associations and I enclose herewith a list of delegates who participated in the Conference. You will be pleased to note from the list that the Conference was fully representative of the entire commercial community in the whole of this State.

The delegates to this Conference were deeply appreciative of the imperative necessity of Government's effort to raise sufficient revenue from this source to finance the schemes of development and were very zealous of safeguarding the interests of Government's revenue from this source. The Conference fully realised the importance of Sales-Tax as a source of revenue in the tax structure of this State in the present context. The Conference fully agreed with the laudable objectives of the Government to improve and to raise the standard of living of the people and the imperative necessity for planned development of the available resources of the State. They were also deeply appreciative of the necessity of building up of the finances of the Government so that Government may be able to undertake all their developmental activities and of the fact that in the prosperity of the people and the State lies the prosperity of the mercantile community. The Conference took note of the present financial resources of the State and the share of Sales-Tax in its total resources and were unanimously of opinion that all steps should be taken to maintain the existing income from this source and to enhance it if possible so that this State with the available resources may be in a better position to implement their programmes of development. This aspect of the matter was always given the foremost place in the deliberations of the Conference and I hereby take the opportunity of assuring you and the Government of Madras that in submitting the recommendations of the Conference to you which were arrived at after deep deliberation this question was given the pride of place and may I inform you that in requesting the Government to implement these resolutions of the Conference, we are not asking the Government to forego any part of its revenue derived from this source of taxation. The only desire of the Conference was to evolve a system of single point sales-tax which will reduce the hardship to the trade and at the same time, ensure to Government their legitimate revenue from this source. The Conference felt that a suitable levy of a single-point Sales-tax can be devised to serve the objectives mentioned above.

I am enclosing herewith the memorandum prepared by the Conference for your reference.

Memorandum on Single Point Sales-Tax by the Conference of Delegates of Chambers of Commerce and Associations of Madras State, held at the Indian Chamber Buildings, Madras-1, on the 6th September, 1955.

Ever-since the enforcement of the present system of Sales-Tax it has been the complaint of the mercantile community

that this multi-point Sales-Tax has been responsible for the elimination of normal links in the trade and has given rise to many difficulties to the mercantile community in the matter of submission of returns, statements etc. Moreover, the tax being a cumulative one, all links in the chain of transactions have to maintain accounts in the languages prescribed under the Act and rules; submission of forms and returns have given rise to many hardships, especially at the last stage where many retailers are found not to be in a position to conform to these regulations, because of low turnover. This is a legitimate complaint. Most of the assessees are drawn from the members of the retail trade, and therefore Government will appreciate that in directing them to keep accounts as required by the Commercial Tax authorities for collection of this revenue is a great burden on them, when it can possibly be avoided by a system of tax which will ensure to Government their revenue and at the same time will not cause hardship to members of the mercantile community. Moreover, the present system of taxation is in a way responsible for the gradual elimination of the normal links in the chain of transactions, leading to unemployment and economic stagnation. This is far from the intention of the Government in levying this tax. The Conference was of opinion that by a change-over of the present multi-point system to a single-point levy, difficulties of merchants will be eased, at the same time safeguarding Government's revenue. The Conference are aware of the recommendations of the Taxation Enquiry Commission in this regard. The Conference agree with the report of the Taxation Enquiry Commission that Sales-Tax is an important source of State revenue. But the Conference beg to differ from the recommendations of the Taxation Enquiry Commission with regard to the system of levy. The Conference was of opinion that Government's resources could be kept inviolate by following a different method in its levy, incidence and collection.

(2) We are aware that there are many commodities under the present system, which pay sales tax at one point only quite apart from bullion cotton yarn, hides and skins etc. The turnover on such commodities is large. If a single point levy at a higher rate, as proposed, is levied, we feel that the

revenue to Government will be enhanced from these commodities and Government therefore need have no hesitation in accepting our reccommendations.

(3) Having considered all the above aspects in all its bearing, the Conference was unanimously of opinion that Government may be pleased to reconsider the position and amend the General Sales-Tax Act of 1939 with a view to collect the tax at a single-point instead of the present multi-point levy. ...

(4) II. Arising out of the decisions as mentioned above i.e., collection of Sales-Tax at a single point, the Conference considered the question as to the stage and the point at which this tax could be levied without detriment to trade and commerce and at the same time assuring Government of its revenue. The Conference after discussing the pros & cons of the stage of its levy i.e., either at the first stage or at the last stage, were unanimously of opinion that the tax could preferably be levied at the first stage i.e., at the first sale after manufacture, or import or a "special dealer" as defined in the following para or the first sale of produce (other than by the grower). The levy of tax at the stage as mentioned above has the merit of easy collection and the burden of collection will fall on those classes of dealers who are in a position to maintain the necessary accounts, registers etc., and who can afford the cost of tax compliance. Further it will also be easy from the point of view of the Government to collect the tax at this stage as the area of operation will be limited to a smaller number of assessees and the Government need not have to maintain an elaborate machinery for the collection of this tax. But the Conference was conscious of the difficulties in enforcing this single-point levy at the first stage in respect of all commodities. There are commodities where the tax has to be collected at a subsequent stage or at the ultimate stage, such as, motor vehicles, which can be traced and perhaps spares and accessories etc. thereof.

(5) The case of inter-state trade requires special consideration as otherwise the present normal links will considerably suffer. The Conference was of opinion that dealers having a turnover of not less than Rs. 50,000 in their inter-state trade may be licensed as "Special dealers".

(6) III. *Rate of Levy*: This question i.e., the rate of levy received the most serious consideration of the Conference. The Conference as stated above were deeply aware that in making its recommendations in this regard they have to be realistic and at the same time safeguard and assure Government of its legitimate revenue derived from this source. The Conference also took into consideration the recommendations of the Taxation Enquiry Commission. The Conference was also of opinion that it is an important source of revenue to the resources of the State and therefore, in recommending the rate of tax, it should not only maintain the existing level, but also improve upon its present yield. Bearing all these aspects in mind, and having taken into consideration the need for improving the finances of the State, the Conference was unanimously of opinion that a rate of tax at six pies in the rupee at a single-point with a few exceptions will ensure Government of its present revenue and perhaps will yield more.

(7) There are certain commodities which are subject to discriminatory tax in the scheme of taxation now. In the case of cloth, fine and superfine varieties, the Conference was of opinion that this discrimination in tax has been responsible for migration of business to adjoining States so that not only Government stands to lose its revenue but also merchants have to suffer due to diminution of their business. The Conference is of opinion that Government's revenue will be safeguarded if Government decide to levy on all varieties of mill-made cloth a uniform tax at Single-point at an enhanced rate of 0-1-0 per rupee instead of the general levy of 0-0-6 in the rupee. The consumption of fine and super-fine varieties in the State is limited and will not exceed more than 30% of the total offtake of cloth within the State. Government can therefore, without detriment to its revenue, levy a uniform tax of 0-1-0 per rupee on all varieties of mill-made cloth sold in this State. This will minimise the difficulty of merchants in maintaining different Registers recording the sale of fine, superfine, coarse etc., and thereby reduce unproductive work and unnecessary expense.

(7) (a) In the case of jewellery trade a single point tax at 0-0-3 only in the Rupee may be levied as a higher rate will hamper the trade.

(8) IV. *Luxuries*:—The Conference fully agree with the Government that luxury articles as such should be subjected to higher rate of tax but at a single-point and the question what would constitute luxuries and what would constitute necessities should be left to be decided after discussion between Government and the mercantile community. A schedule of commodities which attract higher level of Sales Tax is enclosed.

(9) Raw-materials for industry have to be given a special treatment in the scheme of taxation. The Conference had in their mind such commodities like hides and skins, cotton, yarn, etc., which are raw materials for industries and other articles like bullion whose trade has some special peculiarities. Their special characteristics have to be taken into account and they have to be subject to a very low rate of tax so as to ensure increased production and hence the prosperity of the industry. Unless this special treatment is assured, the competitive capacity of goods manufactured in this State will be greatly impaired when these goods compete with goods manufactured in other States. Government have no doubt recognised the need for this special treatment. The status quo may be maintained.

(10) V. *Exemptions*:—Having regard to the nature of levy as suggested by the Conference the present exemption limit—i.e., Rs. 10,000—may be maintained.

The Conference felt that inclusion of cost of material for packing and other charges such as insurance in the turnover for assessment is not advisable. To classify, body-building, painting, battery-charging, repairing, washing, oiling, cleaning etc., as works-contract will be hard and will amount to taxing service.

(11) VI. *Commission Agents*:—Commission Agents do play a very important role in the business activities of the country. They work on very low margin of profit. They contact the buyer and seller. The volume of business passing through them may be high but that does not indicate either their turnover or profits. The institution has to be kept inviolate in any scheme of taxation and the present system of licensing should be continued and they should under no circumstances be considered as merchants and taxed on that basis.

12. VII. *Licence Fees*:—Under the present Act apart from Commission Agents, dealers in yarn, bullion and certain other commodities have to take out a licence after payment of a high fee. The Conference was of opinion that in view of the proposed scheme of single-point tax there may not be any necessity to levy excessive licence fee. While it is necessary to maintain a list of licenceholders the Conference was of opinion that if at all Government decide to levy any licence fee, it should be a nominal one.

(13) VIII. *Registration*:—The Conference is of opinion that the present system of registration of dealers is essential.

(14) IX. *Administration*:—The administration of the Act has given rise to well-merited criticisms all round. Formerly Government took the members of the mercantilt community into confidence and constituted advisory Committees to bring to the notice of the Government the anomalies experienced under the Act and the hardship caused to the mercantile community due to the operation of the Act and the rules framed thereunder. The Conference was of opinion that the revival of such Committees with enhanced powers would act as a liaison between the Government and the dealers and will be most beneficial not only from the point of view of dealers but also from the point of view of Government. This will serve to bring members of the mercantile community and the administrators of the Act closely together and they will be in a better position to appreciate the difficulties of Government and vice versa. The Conference therefore was of opinion that these Committees should be constituted at the District levels also. The decisions of the Appellate Tribunals should be given effect to and published by Government.

APPENDIX I (See Para 8)

(1)

	Additional levy.
(i) Motor vehicles including motor cars, motor taxi-cabs, motor cycles and cycle combinations, motor scooters, motorettes, motor omnibuses, motor vans and motor lorries ...	Six pies.
Chassis of motor vehicles ...	
Component parts of motor Vehicles ...	
Articles (including rubber and other tyres and tubes and batteries) ...	
Adapted for use as parts and accessories of motor vehicles, not being such articles as are ordinarily also used for other purposes than as parts or accessories of motor vehicles except Pliers, Screw Drivers. D. E. Spanners, Tyre Lever, Box/Ring Spanners, Jack, Pressure Gauge, Cork Sheets, Gaskets etc., Rubber Goods.—Hose-pipe, Horn Bulb, Engine Mountings, (Brake) Bushes etc., L. T. Vire ...	
1. (ii) Refrigerators; air-conditioning plants, component of refrigerators or air-conditioning plants ...	Six pies.
(iii) (a) Wireless reception instruments and apparatus and component parts thereof, including all electrical valves, accumulators, amplifiers and loudspeakers which are not specially designed for purposes other than wireless reception ...	Three pies.
(b) Radio Gramophones (Component parts of radio gramophones) ...	

	Additional levy.
(iv) (a) Cinematographic, photographic and other cameras, projectors and enlargers, lenses and other parts of and accessories to such cameras, projectors and enlargers; and films, plates, paper and cloth required for use therewith ...	Three pies.
(b) Binoculars and opera glasses ...	
(v) All electrical goods (except cycle dynomos, torch lights and torch bulbs), instruments, apparatus and appliances, including fans and lighting bulbs, electrical earthenware and porcelain, and all other accessories ...	Three pies.
(vi) Any pen, pencil or pen and pencil set, sold for twenty rupees or more ...	Three pies.
(vii) All clocks, time-pieces and watches; and parts thereof ...	Three pies.

Copies of the memorandum were sent to other Chambers of Commerce and Associations who participated in the Conference with a request to make similar representation to Government. Later on Government convened a Conference of representatives of Chambers of Commerce and Associations and the Chamber was requested to send its representatives. Shri M. A. Chidambaram, Shri K. R. Sundaram Iyer, and Shri K. A. Menon, Secretary attended the Conference as Delegates from the Chamber and during the discussions the decisions arrived at the Conference convened by the Chamber were pressed. Later on Government have taken steps to constitute Sales-Tax Advisory Committees for the City and the mofussil as demanded by the Conference. The decisions of the Government on other points suggested are yet to be announced.

Communications

Posts and Telegraphs

The Posts and Telegraphs Advisory Committee continue to do very useful work and representative of the Chamber took active interest in its deliberations. For the meeting convened in May, the following subjects were forwarded:—

(1) *Sunday Delivery at Dalmiapuram*:—This subject has been brought to the notice of this Committee on previous occasions also but the demand of the public at Dalmiapuram still remains unattended to. There is a cement factory producing about 800 tons of cement per day at Dalmiapuram. There is a plant for the manufacture of firebricks and fireclay; a plant for the manufacture of saintary wares and there is an office controlling both production and distribution. The population of Dalmiapuram and the nearby areas is over 5000 and Government can well imagine the difficulties and inconveniences caused to the factory if Sunday delivery is not provided at such an important place. This may be looked into not only from the point of view of convenience but also from the point of view of urgent necessity.

(2) It has been brought to the notice of the Chamber that the introduction of sorting for Mails and also for parcels for Cochin Express at Coimbatore has been brought to the notice of the Posts & Telegraphs Department already. There is need for the introduction of such sorting. (Copy of letter addressed by the Indian Chamber of Commerce, Coimbatore, is appended herewith.)

(3) *Direct Mail Service betwen Tirupur and Udamalpet*: This has been pending consideration for some time. Now there is a direct bus service between Tirupur and Udamalpet, and therefore it is convenient to introduce this facility now. Direct Mail Service will enable earlier delivery of mails at Udamalpet and it is quite possible that replies can be received on the same day. Udamalpet is a town of growing importance. This may be looked into.

TELEPHONE

(1)There is need for the constitution of a separate Telephone Advisory Committee for the Exchanges of Trichur, Alagappanagar, Chalakudi and Irinjalakuda. This Committee may be presided over by the Divisional Engineer, Telegraphs of the division and a representative each of these Exchanges may be associated with that Committee. If selection of representatives from each Exchange is found difficult representatives of local Chambers of Commerce and Associations may be asociated.

(2) It is represented to the Chamber that there is considearable delay in getting trunk calls from Trichur to Alagappanagar. The delay has been experienced for some time past and in the interests of efficiency it is desirable to have two more trunk lines from Trichur to Alagappanagar.

(3) The levy of toll fees of two annas per call at Alagappanagar is uncalled for. This was discussed at a previous meeting of the Committee and the authorities have declined this request.

Connections are provided from Trichur Exchange to Ollur which is only one mile from Trichur and to call the Subscribers at Ollur through the Trichur Exchange, the subscribers at Alagagappanagar have to spend two annas and have to wait at times indefinitely for the call to mature. This may be reconsidered.

(4) The need for the opening of Public Telephone Call Offices at Kaithapoyil and Puduppadi Post Offices in Malabar is felt. Puduppadi is a very important timber producing area and there are many rubber estates round about. Though there are Post Offices at these centres, there are no telegraphic facilities. Neither is it difficult to open Public Call Offices at the above two Post Offices because the telegraph and telephone lines run over this road. This question may be considered.

(5) The location of the Public Telephone at Trichinopoly Junction requires to be alterd. Its location in the R. M. S. Office is found to be very inconvenient for passengers.

as well as for those who occupy the retiring rooms. It is found they have to wait for long periods outside the R.M.S. Office. Previously this was located at the Enquiry Office and it was more convenient. In the absence of any other better site for the location the Chamber suggests its location at the previous place i. e. at the Enquiry Office.

(6) Trunk calls booked from Cannanore to Baliapatam and vice-versa are now being charged at annas two per call for the duration of 3 minutes. Some of the telephones in Baliapatam come under the Cannanore Exchange while the new connections of phones come under Baliapatam Exchange. If any call is made between subscribers at Cannanore and Baliapatam no charge need be paid if their phones come under the telephone exchange of Cannanore. For example, if a call is booked from 56 Cannanore to 52 (situated at Baliapatam) the call is treated as local call since the phones come under the Cannanore Exchange. But if a call is booked from 56 Cannanore to 45 (Baliapatam Exchange) the subscriber has to pay annas two per call. The phone Nos. 67 and 52 situate at nearby places in Baliapatam, but calls booked from 52 to Cannanore need not be paid whereas for the calls booked from 67 to Cannanore have to be paid. Further Baliapatam and Cannanore are very nearby places. Previously all the phones in Baliapatam were under the Cannanore Exchange. Only after a separate exchange for Baliapatam has been opened, the calls have been charged as stated above.

Because of the fact that the new Exchange has been opened the public should not be penalised by a levy of annas two extra.

(7) The excuse that galvanised iron poles are not available for linking mofussil places with telephones and for providing telephone connections should not be unduly stretched. Teakwood poles are equally good and the Department should not hesitate to use such poles if they are found serviceable. It would appear that the Kanara Chamber of Commerce, Mangalore, at the instance of one of their parties, offered teakwood poles for the use by the Department. The offer was evidently turned down because of high prices after an inordinate delay. The Chamber is not concerned with the acceptance of their offer or not but delay in giving neces-

sary connections should be avoided as far as possible and the plea that the galvanised iron poles are not available should not hinder the progress of the Department. Some extra cost may have to be paid for wooden poles but the facility should be given as early as possible. It would also be advisable to instruct departmental officers to dispose of such offers more promptly.

(8) Some of the applicants in the waiting list at Mangalore, for telephone main connections and for extension connections have been skipped over and they are not provided with telephone connections in their turn in the waiting list, for the simple reason that they are 'long-distant' applicants and that more stores and materials are required for providing connections to them. When there is a waiting list and when connections are given, as a matter of policy, in the order of priority in the waiting list, there should not be any deviation from the policy unless there is reasonable justification to treat any applicant as a long distant one to be skipped over. Herein it needs mention that a flat rate of annual rental of Rs. 288 is payable by all subscribers in Mangalore within a distance of 3 or 4 miles from the Exchange regardless of the fact whether they are near or far from the Exchange within that distance. Hence no applicant within this distance can be treated as a long distant one and skipped over on that account. But what has happened in Mangalore is that even applicants within this distance are treated as long distant applicants for being skipped over with a view to show that more number of subsequent applicants were provided with telephones. This does not stand to reason so long as the applicants are not very far from the Exchange i.e., beyond the 3 mile limit. It appears that the permission of the Postmaster-General is necessary to skip over any applicant for the above reason and that it was put up before him in such a way as to secure the permission easily. The Postmaster-General does not make any investigation while according permission in such cases. Much injustice has been done to some of the applicants here and therefore the Committee may be requested to arrange sanction of telephone connections and extensions to such applicants without further delay and a suitable decision may be taken to avoid a recurrence of such hardship in future.

(9) At the General Post-Office, Madras, it is found that great delay is caused to get a turn in the queue for registration. Often public have to wait not less than an hour to get their turn. The Mobile Post van stops only for about half an hour and it is not found possible for it to accept all covers offered for registration or V.P.P. If it is not found possible for other Post Offices in the area to keep open for late hours the Chamber would suggest that more counters for registration, V.P.P.etc., be opened to relieve the inconvenience caused to the public.

TELEGRAM

(1) The introduction of the procedure of transfering the cables from G.P.O. to Mount Road for delivery at residential address before 8-30 hours has caused much inconvenience. According to the old procedure cables were delivered directly from the G.P.O. The new procedure seems to have caused unnecessary delay in the delivery of such telegrams and cables and it has resulted in great inconvenience to parties. There has been long correspondence between the India Leather Corporation Ltd., Madras, and the Chief Superintendent, Central Telegraphs, G.P.O., Madras. It is extremely essential that telegrams and cables should be delivered to addressees with as little delay as possible.

"The Nilgiris Express leaves Coimbatore at 7 P.M. and the mails for places like Madras, Chinglepet, Vellore etc. are cleared at the Coimbatore R.M.S. office for inclusion in the despatch at 5-30 P.M. without late fee and at 5-45 P.M. with late fee. The clearance in the local post offices are even earlier. The mails cleared for onward despatch by Nilgiris Express are delivered the next morning at the above places. But, we have to bring to your kind notice that mails posted in the local R.M.S. office after the clearance for the Nilgiris Express and despatched by Cochin Express are hardly delivered at Chinglepet, Vellore etc., and the mails for Madras City are delivered very late in the evening. Cochin Express departs Coimbatore at 9-30 P.M. and arrives Madras Central at about 8-30 A.M. We wonder why mails carried by Cochin Express are delivered very late in the evening even though the train arrives Madras as early as 8-30 A.M. Owing to the abnormal delay in the delivery of letters at Madras, replies to communi-

cations the same day are not possible. Consequently, the business people and the public are considerably handicapped and inconvenienced.

We learn from enquiries made at the local R.M.S. office and elsewhere that the mails cleared for despatch by Cochin Express are generally sent to the Madras Sorting R.M.S., where they are sorted and released for delivery in the afternoon and no sorting is made in the Cochin Express. We presume that, if sorting is introduced for Cochin Express as is done for Nilgiri and Malabar Expresses, delivery could be effected much earlier at Madras and other places, facilitating reply to communications the same day. We find that, quite often tapals posted after the departure of the Nilgiris Express and intended for despatch by the Cochin Express are larger, for, the letter box is frequently cleared after the public informing that it is full. We are to stress that, if sorting is introduced at Coimbatore and also in the train for Cochin Express, mails could be released for delivery at Madras at 8-30 A.M. Thus introduction of sorting for the Cochin Expres will eliminate much of the avoidable delay and inconvenience. Tapals could be posted late at this end and will be received earlier at the destination and replies are possible the same day. It must not be understood that there is a tendency on the part of the public and the business community to postpone posting their mails to the last moment. Businessmen are anxious to clear their posting as early as possible. Late posting is resorted only as a necessity and as a facility to clear the tapals as much as possible. It may not be a difficult task for the postal department to introduce sorting at Coimbatore as requested above. It is the motto of the department to carry mails by the quickest means and effect delivery at the earliest opportunity.

We are also to bring to your kind attention that parcels are delivered rather late. We understand that parcels are either sent to Erode, Shoranur or to Madras for being sorted and despatched to their respective destinations. We request you to introduce parcels sorting for Cochin Express."

(1) *To provide a Post Box on the Southern Side of Sri Ekambareswarar Temple, Junction of Mint Street.*— This is a place of growing business activity and a Post Box is found to be absolutely necessary.

(2) *Disposal of V.P. Parcels.*—In the memorandum submitted by the Chamber to Mr. H. L. Jerath, Director-General, Posts and Telegraphs, when he visited the Chamber on the 27th August 1954, the question of 40 parcels sent by V.P.P. to Karachi in 1949 was raised. It was stated that out of the 40 parcels the value of one parcel alone was received by the party so far. The party has now been informed that particulars of 39 V.P. Parcels, have been communicated to the Postmaster-General, Madras, for further action. The Chamber is not aware of the action taken by the Postmaster-General in this direction. The party is anxious to know such particulars. This may be furnished. A letter enclosed in original to the Postmaster-General is also enclosed herewith.

Proceedings of the meeting are appended below:—

Sunday delivery at Dalmiapuram: The Chairman agreed to have this facility introduced at Dalmiapuram as an experimental measure for 6 months after getting the approval of the Directorate.

Introduction of sorting for Mails and parcels for Cochin Express at Coimbatore:

The proposal is under examination.

Direct mail service between Tirupur and Udumalpet:

A direct mail motor service has been introduced between Palladam and Udumalpet with effect from the 1st February, 1955. There is already a connecting mail service between Tirupur and Palladam and the Palladam-Udumalpet service runs in immediate connection with this.

Need for the constitution of a separate telephone Advisory Committee for the Exchanges at Trichur, Alagappanagar, Chalakudi and Irinjalakuda:

It was pointed out that there was no need for a separate telephone advisory committee for the exchanges referred to.

Delay in getting trunk calls from Trichur to Alagappanagar:

There is one trunk line between Trichur and Alagappanagar. Calls between these two stations are booked at

Trichur and put through in order of the time of booking or the class of priority of calls. Calls cannot be connected immediately on demand as this is not a free service junction line. The procedural delay entailed in the handling of calls is unavoidable. There are 60 calls on an average per day handled on the circuit and it is noticed from the statistics that the majority of the calls are put through within the hour of booking.

Levy of toll fees of two annas per call at Alagappanagar and to Ollur:

The distance between Alagappanagar and Trichur is 8 miles, and unless toll fees are levied, a large number of junction lines between the two exchanges would have to be provided and the cost would be prohibitive. The existing trunk carries 60 calls, and free junction facilities will result in further congestion. Additional trunk line between the two exchanges is not necessary at present. When the traffic increases, this question will be taken up.

Opening of a P.C.O. at Kaithapoyil and Puduppadi:

A request from the Indian Timber and Plywood Corporation Ltd., Puduppadi, has already been received for opening P.C.Os. at Kaithapoyil and Puduppadi P.Os. on the 27th and 24th Miles on the Calicut-Wynad Road. The D.E.T. has been asked to report on the feasibility of opening P.C.Os. at these places. His report is awaited.

Proposed alternative to the location of the Public Telephone at Tiruchi Junction:

The difficulties in locating the P.C.O. at the Railway Enquiry room at Tiruchi junction were explained to the Members.

Levy of annas two for trunk calls booked from Cannanore to Baliapatam and vice-versa:

The matter is under examination.

Delay in giving 'Phone' Connections:

Instructions have been received from the Directorate for the extensive of wooden poles wherever possible. The Divi-

-sional Engineers, Telegraphs have been asked to get in touch with the Forest Department of the State Governments, and to purchase the poles at rates not exceeding the ceiling limit fixed by the Director-General. Poles are being offered by the Forest Department of T-C State and so far about 2,000 poles have been purchased. Approval has also been asked for, for the purchase of 3,000 more poles which are available with the Forest Department of the T-C State Government. The poles offered by the Kanara Chamber of Commerce were too expensive and so they could not be accepted. Revised offers have been made by the Indian Planters Coffee Syndicate, Udipi. The Divisional Engineer, Telegraphs is being asked to inspect the poles and report on their suitability for use in our lines.

Waiting list of applicants at Mangalore for telephone main connections and for extension connections:

On account of the large waiting list in most of the exchanges and the non-availability of stores in sufficient quantity to meet all the demands, the Director-General, Posts and Telegraphs, had ordered in August, 1953 that telephone connections which required less than half a mile loop be given in order of priority of application and the other applicants might wait for the time being. This was with a view to serve the interests of the large majority who otherwise would have had to wait indefinitely if the available stores had been utilised to give the long distance connections. This procedure has, however, been stopped after February, 1954. Only connections beyond 3 miles from the exchange are now kept pending. The rest are given strictly according to their date of application. On date there are only 4 long distance connections at Mangalore which had been kept pending. The total number on the waiting list whose offices are within three miles of the exchange is 41. The earliest application of the latter category is 15-12-1954. The Chairman suggested that during his next visit to Mangalore, the Director of Telegraphs should personally examine all the cases which have been skipped over to see if sufficient justification exists for such action.

Opening of more registration counters at Madras G.P.O.:

It was pointed out that there were a large number of counters and that Commercial firms might stagger their

despatch of registered letters. The position was explained to the members.

Introduction of the procedure of transferring the cables from G.P.O. to Mount Road for delivery at residential address before 8-30 hrs.:

The matter has been taken up with the Chief Superintendent, C.T.O. Madras. The Chairman, however, suggested that the Member might bring to his notice cases of delay in the delivery of cables by the Mount Road D.T.O.

Provision of a letter-box on the Southern side of Sri Ekambareswarar Temple:

Arrangements are being made to plant a letter-box at the locality referred to.

Disposal of 40 parcels sent by V.P.P. to Karachi in 1949:

The case relates to the payment of V.P. amounts to the sender of Woriur V.P.Ps. Nos. 1155 to 1162 dated 5-8-1949 for Rs. 50 each, and Nos. 1294 to 1303 dated 13-8-1949 for Rs. 50 each and Nos. 1364 to 1383 of 1949 for Rs. 50 each addressed to the Elphinstone Restaurant, Karachi, East Pakistan. Out of these 39 parcels, 38 have been delivered in Pakistan and the V.P. amount has been credited to Government. The disposal of the remaining parcel viz., No. 1163 dated 5-8-1949 is under enquiry. According to the latest instructions of the Director-General, action will be taken to settle the claim of the sender in respect of the 38 parcels delivered in Pakistan.

At a subsequent meeting the following memorandum was sent (1) *Renting of Post Boxes and Bags*:—Recently it would appear that the Presidency Postmaster has issued a notice to Post Box holders stating that "Post Boxes or bags may be allotted to applicants residing or conducting business within the delivery area of the Post Office at which a box or bag is required and to which the system extends. It is necessary that renters should have an address in the delivery jurisdiction of the office selected." It is further understood that Post Box holders who are having Post Box in Madras General Post Office are asked to surrender after the expiry of the present rental period and to apply for a Post Box in the Post Office serving that area.

This creates unnecessary hardship. This rule if at all should be made applicable to new and prospective renters of Post Boxes or Bags and it should not be made applicable to those who are having Post Box or Bag in the G.P.O. for generations. These Post Box or Post Bag Numbers have been given wide and intensive publicity both in India and abroad and such Box Numbers have been entered in Directories and records in almost all countries. Further the General Post Office is having jurisdiction over all the area and if this rule is made applicable it will cause much difficulty to many Post Box holders. This rule, therefore, should not be made applicable to existing Post Box holders. It will do lot of harm to such of those Post Box holders with whom this Post Box Number has become part and parcel of their names.

(2) *Delivery of News Papers on Sundays:*—At Palghat arrangements have been made for delivery of Express Letters but news-papers remain undelivered on Sundays. News-paper has become part and parcel of daily life. When there are arrangements for delivery of Express Letters arrangements may kindly be made for the delivery of news-papers.

(3) Money Orders, Registered and Insured Posts and ordinary letters are delivered by one and the same Postman which results in undue delay in the delivery of letters, so much so letters could not be replied on the same day.

(4) *Express delivery letters:*—Express delivery letters at Palghat are still not delivered to addressees promptly. In certain cases Express delivery letters are not at all delivered and though complaint has been made no satisfactory result has been forthcoming.

(5) *Express Delivery Articles:*—Express Delivery Articles are not delivered in time and there are complaints from different quarters. In one particular case a party at Madras instructed his Bankers to remit Rs. 200 and Rs. 800 into the Reserve Bank of India, Bangalore and to post the chalans to the party's address per Express Delivery envelope self-addressed. This was done on 12-9-1955, Monday. The letter

to the Bangalore Office of the party's Bankers reached Bangalore on 13-9-1955; the money had been paid into the Reserve Bank, Bangalore on 13-9-1955 and chalans obtained within 10 minutes. The chalans were then put into self-addressed envelope and posted to the party's address at Madras by Express Delivery. The Bangalore Mail arrives Madras Central at 6 a.m. and ordinarily this Express Letter should have been delivered to the party at Madras by about 10 a.m., but in this particular case the Express Delivery cover was received by the party at Madras at about 4-15 p.m. on 14-9-1955 and too late to attach the chalans to the Tenders. The Express Delivery Cover is sent herewith for your guidance, which may be returned after use.

(6) Understamped local delivery postcards are reckoned as envelopes for the purpose of levying double the understamped amount. If a postcard intended for local delivery is redirected to an address outside the City limit a charge of Re. 0-3-6 is levied. This is an anomalous situation and this situation has to be gone into. On the other hand if an ordinary postcard is understamped it is charged only double towards excess.

(7) *Weighment of airmail articles addressed to foreign countries:*—In despatching airmail articles addressed to foreign countries parties weigh the articles at the Sorting Office at the G.P.O. before posting the letters so as to ensure that proper stamps have been affixed. It has been brought to the notice of the Chamber that on several occasions due to discrepancies in scales the Bombay postal authorities and Calcutta postal authorities returned the same letters after a few days asking for additional stamps to enable them to be sent by airmail. Sometimes this is not done and letter is sent by sea mail only which results in important business negotiations being delayed for lack of prompt replies.

To avoid these contingencies every important Post Office in the City should have a responsible person to weigh letters and to see that stamps of the proper value are affixed thereon. After this is done this employee should cancel the stamps with the Postal Seal which should be distinctive and which should mean in effect that the proper postage on that article has been affixed. If this is done postal official at Bombay or

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Calcutta should automatically assume that proper stamps have been affixed and should do nothing more but route the correspondence to their destination. This facility is absolutely necessary to avoid unnecessary delay and bogging of correspondence.

(8) *Registered Letters:*—All Registered articles should be delivered at the destination expeditiously as in the case of Express Delivery Letters. Registered Letters normally are received much later than ordinary letters. They are charged As. 6 for registration and when the sender spends 6 As. for a letter there is every justification for such letters being delivered very early. If necessary Postal Department should keep a cycle peon for delivery of Registered Letters.

TELEPHONE

(1) *Malabar District Telephone Directory:*—It was decided at the previous meeting of the Advisory Committee to include Coimbatore Division in the Malabar District Telephone Directory. This may be done very early.

(2) In the case of telephones in the mofussil there is a demand that a fixed fee may be levied with a minimum number of free calls. The Palghat Chamber of Commerce, Palghat, is in favour of such system.

(3) There is a telephone at Cannanore Post Office but public are not allowed to make enquiries. Business firms in Cannanore are, therefore, put to much difficulties. If an enquiry phone is installed at Cannanore it will be a great help to businessmen there. The Department is requested to provide this facility.

Proceedings of the meeting are appended below:—

Penalty on Local Postcards:—Suitable instructions have been issued to all concerned to avoid the irregular taxations complained about.

Renting of Post Boxes and Post Bags:—The Chairman pointed out that under Rule 14 of the Rules for Post Boxes and Post Bags it was essential for the renter of a Post Box or Post Bag to have an address within the delivery jurisdiction

of the office concerned to which the post box or post bag belongs and that no relaxation was possible.

Delivery of Newspapers on Sundays:—If newspapers are marked for Express Delivery and pre-paid with the necessary charges, they would be delivered at specified offices on Sundays.

Delivery of Mos, Regd. and Insured Articles and Unregistered Letters by one and same Postman:—If specific cases of offices where there is delay in delivery of unregistered articles on account of one and the same postman effecting delivery of all kinds of articles are cited, these will be examined and necessary action taken.

Delay in Delivery of Express Letters at Palghat:—The expeditious delivery of express delivery articles is always kept in view and all possible steps are taken to eliminate avoidable delays. The Superintendent of P.Os., Palghat, has also been addressed in the matter. In the meantime, if specific instances of delays are brought to notice, they will be investigated.

Express Delivery Articles:—Delay in delivery at Madras: Covers of 2 express delivery articles which have been delayed in delivery were handed over by Janab Mohamed Suliman Zackria Sait. Necessary enquiries will be instituted in the matter.

Weighment of Air Mail Articles Addressed to Foreign Countries:—According to existing rules, all unpaid and insufficiently pre-paid air mail foreign articles which bear the name and address of the sender are returned to the senders for making up the deficiency. In the case of articles on which the name and address of the senders are not available, the articles on which at least 75% of the postage-cum-air mail fee is prepaid are forwarded by air after the deficiency due to be recovered is marked thereon. Articles pre-paid with lesser postage are sent by surface route cancelling the air mail superscription thereon. Instructions are already in force to the effect that officials at post office counters should not refuse to weigh the articles presented by members of the public and indicate to them the correct postage that should be prepaid on the articles. It is not possible to employ separate staff specially at the various offices to collect these articles by hand.

Expeditious Delivery of Registered Letters:—Since registered and insured articles are to be accounted for at every stage these articles are generally issued for delivery subsequent to unregistered articles in large offices and as quickly as possible.

Malabar Dt. Telephone Directory:—The question of re-grouping and re-numbering of telephone directories making provision for certain exchanges in the border of T-C. State and Malabar District being included in both the Directories of the Coimbatore and Trivandrum Engg. Divisions has been taken up with the Director-General.

Demand for fixed fee for Telephones in Mofussil:—The Message Rate System is already in vogue in large automatic exchanges. It is proposed to extend this system to Coimbatore Exchange.

Installation of an Enquiry Phone at Cannanore S.O.:—The quota of free service connections allotted to this Circle has been exhausted. The question of installing an enquiry phone at Cannanore S.O. will be examined as soon as additional quota is received. It may, however, be mentioned in this connection that there is already a P.C.O. phone functioning at Cannanore S.O.

With a vote of thanks to the Chairman the meeting terminated.

For another meeting of the Committee the following subjects were forwarded.

The necessity of a R.M.S. Post Office at Virudhunagar is keenly felt. Virudhunagar is one of the most important trade centres of South India and while towns like Kumbakonam, Chidambaram have this facility Virudhunagar should also be provided with R.M.S. Post Office.

Post Box facility:—It is represented to the Chamber that sufficient number of Post Boxes for the use of public are not available at the Park Town Post Office and applicants are given the reply "No vacancy". This facility is necessary and the Department should consider the enhancement of Post Box facility to applicants.

Registered Letters:—It has been represented to the Chamber that parties have been collecting registered letters addressed to them at 9-30 a.m. from the General Post Office and this was a great facility to them. It would appear that this system has been stopped and window deliveries are being effected at 11-30 a.m. Delay in the delivery of such letters causes much inconvenience to the public and especially to big offices as they could not attend to it that day itself.

It is also represented that parties were being given a list of all registered articles in duplicate so that they could return the original duly signed by the postal authorities and retain the duplicate for their records. This system appears to have been given up and the parties are obliged to return the list without the facility of having a duplicate for their own records. The old system may be revived.

In order to avoid congestion in the evening hours, it will be a great convenience if busy Post Offices like one at Broadway, Park Town and Mount Road are kept open upto 9 p.m. for registered letters and V.P.Ps.

Loss of letters:—The Chamber has received complaints that letters posted by a member at Bullion Market Post Office, Madras, on 20-11-1954, 24-11-1954, 25-11-1954, 26-11-1954 and 27-11-1954 have not been delivered to the addressees. This may be enquired into.

Wrong payment of V.P. money:—It would appear that a parcel was sent to Dr. B. K. Sangar, Adampur, Jullundur on the 11th December 1953 but still the party has not received the V.P. amount from the Post Office. It is more than a year now. The reply of the Postal Department that the value of the parcel was wrongly paid at Patiala and that when the wrong payment is recovered they will remit the amount to the party is very unconvincing. The sender can hold the Department alone for the safe receipt of the V.P. amount. If any wrong payment has been made by the Postal authorities it is not due to the fault of the sender of the V.P. article. The value of the V.P. article may be paid to the sender without further delay.

Despatch of bullion:—It is represented to the Chamber that gold can be sent by insured parcel post from one place to another within the Indian Union upto the value of Rs. 2,000 only. For the despatch of this commodity there are no other safer methods and an extension of this limit or a modification of this rule is found to be expedient, as the time when this limit was fixed the value of gold was much less. Instead of fixing the maximum value for despatch of article it would be better if a limit by weight is fixed. The Chamber would suggest that gold weighing upto 500 tolas may be sent by one parcel. This may be considered.

Savings Bank Account:—The rate of interest allowed on Savings Bank Account may be increased.

Stationery like Post Cards, Stamps and Covers may be made available at least in the Head Post Offices during late hours.

The grace period of five days for Post Parcels and V.P. tapals may be increased to at least 10 days instead of the present 5 days.

Radio Licence:—In the case of renewal of Radio Licences it will be a great convenience if intimation cards are sent to parties asking them to renew the licence. The procedure adopted in the case of abbreviated addresses may be followed in the case of Radio Licences also.

TELEPHONE ...

It would appear that the public of Kuppam have given guaranty about the minimum of 15 telephones for the opening of a local Telephone Exchange but so far no action seems to have been taken. Kuppam is a town of growing commercial and industrial importance and telephone facility is urgently required.

The Kuppam Post Office was connected with a Public Call Office about two years ago but a separate booth is found necessary to facilitate business calls. This may be looked into.

(2) Srivilliputtur is the headquarters of the taluk and is a centre of growing commercial importance with a population of more than 40,000. The opening of a Telephone Exchange at Srivilliputtur will be a great convenience to the business public.

Telephone facilities at Parli and Madukkarai:—Parli can boast of many Rice Mills and Tile Factories apart from an Iron Foundary. Similarly Madukkarai is also growing in commercial importance. Telephone facilities are found necessary in these towns.

Malabar District Telephone Directory:—There is a growing trade between Coimbatore and Palghat. There is a demand for Coimbatore being included in the Malabar District Telephone Directory. This may be looked into.

Public Telephone Office in Palghat:—The location of the Public Telephone Office in Palghat in the varandah is not found very satisfactory. It may be shifted to avoid disturbances.

Proceedings of the meeting are appended below:—

Establishing a sorting office at Virudhunagar.

It was explained that all facilities necessary for public were available and that by the opening of a sorting office, no advantage would be gained and that there was also no justification to establish one. The matter was not pressed.

Provision of additional post-boxes at Park Town P.O.

The accommodation in the present Park Town P.O. building does not permit of any more post-boxes being allotted. The office will be moving very soon into a spacious building now under construction and the problem will then be solved.

(a) Delivery or registered articles at G.P.O.

The member was informed that delivery of regd. articles at the window of the Madras G.P.O. was being effected thrice at 9 a.m., 11 a.m. and 12 noon.

Preparation of registered lists in duplicate:

The matter is already under consideration with the Director-General, Posts and Telegraphs.

(c) Extension of hours of business of post offices at Broadway, Park Town and Mount Road.

In Madras City, Madras G.P.O. and Mount Road P.O. are kept open till 8-30 p.m. Besides this, the mobile post office is also functioning. There is therefore really no justification for keeping open other post offices for longer periods.

Loss of letters and Wrong delivery of a V.P. article.

No particulars having been furnished, the Chamber has been addressed. Necessary enquiries will be instituted, on receipt of details.

Despatch of bullion: According to Clause 96 (9) of the P. & T. Guide the maximum value for which gold coin or bullion or both can be transmitted by the inland post is Rs. 2,500 and not Rs. 2,000 as referred to in the Memo of subjects for discussion. As, however, the increase in the limit is a matter which has to be considered on an All-India level, the question will be referred to the Director-General Posts and Telegraphs New Delhi, for any action that he may consider necessary.

Savings Bank Account—interest.

This is an All-India question and will be referred to the Director-General, P. & T. New Delhi.

Extension of the hours during which stamps and Stationery are sold to the public in Head Post Offices:

The member was requested to specify the particulars of offices where extension was considered necessary, in order to enable an examination of the question. He promised to do so.

Increasing the period of detention of V.P. articles in P.Os.

This is also an All-India question and the matter will be referred to the Director-General, Posts and Telegraphs New Delhi.

Issue of notices for renewal of radio licenses:

As the date of expiry of all radio licenses has been fixed as the 31st December each year, it is considered that the issue

of notices is not necessary. It may be added that a reminder is actually given over the radio.

TELEPHONES

Opening of an Exchange at Kuppam.

No exchange can function with 15 connections. There must be at least 60 subscribers for a full-time exchange to function.

For the present extensions can be provided from the P.C.O. The P.C.O. will be open during the hours of working of the telegraph office. Intending subscribers may apply to the D.E.T. Bangalore.

(ii) Provision of a booth at Kuppam P.O.

This will be looked into.

2. Opening of an Exchange at Srivilliputtur.

This has been sanctioned and the exchange will be opened within 3 or 4 months.

Telephone facilities at Parli and Madukkarai.

P.C.Os. at both these places have been sanctioned and are likely to be opened shortly.

Malabar District Telephone Directory.

As Coimbatore division has since been formed from 1st December, 1954, it may be possible now to include this station in the Malabar group. Necessary action is being taken.

Public Telephone in Palghat-Shifting.

The member was informed that the telephone booth is located in a suitable place and that shifting it to another place was not considered necessary.

RAILWAYS

Subjects for discussion at the Zonal Railway Users' Consultative Committee were invited from members and the following subjects were forwarded for discussion:—

1. *Proceedings of the Meeting*:—Proceedings of the Zonal Railway Users' Consultative Committee are received very late even two months after the meeting. The publication of the proceedings may be expedited.

2. *Foot over-bridge*:—Very great inconvenience is caused especially to School going children for want of at-least a foot over-bridge at Gangureddy Level Crossing. Very large number of small School going children have to wait indefinitely at the Level Crossing. This is an absolute necessity and the Railways may be pleased to put at-least a foot over-bridge at Gangu-Reddy Level Crossing.

3. *Replacement of old carriages*:—The through First, Second and Third Class bogie i.e., attached to the Cochin Express, from Trichinopoly Junction is very old and leaking in the rainy season. There is a standing complaint that carriages used in these Railways are very old, water taps are not functioning etc., This may be attended to and better class of bogie be attached.

4. *Trichinopoly-Dhanushkodi section*:—According to the revised time-table, a Diesel Rail Car leaves Trichinopoly at 3-45 hours for Devakottai Road connecting the Down Trivandrum and Tinnevelly Expresses. The Chamber is grateful for introducing this Diesel Rail Car, but is is reported that only Third Class passangers have this facility. There is therefore the need to attach a bogie for First, Second and Third Class passangers. This may be looked into.

5. *Accomodation from Coimbatore to Bombay*:—There is large volume of traffic emanating from Coimbatore to Bombay and other North Indian Centres. There is only one carriage attached from Coimbatore to the Cochin Express catching the Bombay Express at Arkonam. This carriage starts from Cochin and is intended only upto Coimbatore. But as a matter of fact, passangers do not get down at Coimbatore so that even at Coimbatore, this carriage is overcrowded and people from Coimbatore find it extremely difficult to get accommodation in this special carriage even at the starting station at Coimbatore. Moreover, it is represented that passangers not proceeding upto Bombay also get entrance to this carriage. If this facility is intended for the benefit of

passangers from Coimbatore, it is suggested that this compartment when it reaches Coimbatore should be completely emptied and through passangers to Bombay alone should be admitted. Otherwise another carriage has to be attached from Coimbatore for the facility of such passangers.

6. *Passenger amenities at Trichinopoly junction*:—Trichinopoly is an important junction. There are no doubt sufficient number of retiring rooms, but there is no air-condition room there. Trichinopoly is a junction where large number of passengers come day in and day out throughout the year. In these days when air-condition travels are encouraged and provided for, it is but proper that at least one of the retiring rooms in Trichinopoly should be converted into an air-condition room for the use by high class passangers. Room No. 9 is reported very convenient for this purpose and the Railways may be pleased to examine this question of air-conditioning that room as early as possible. Of-course it is incidental that when the Room is air-conditioned, Railways will have to levy an extra charge. But this facility is found to be absolutely necessary.

It is also represented that furniture in the retiring rooms requires replacement as early as possible. They have become old and rickety. They have to be replaced with up-to-date furniture preferably of rose-wood.

Pillows and other cushions provided in the Retiring Rooms are equally old and worn out. Better pillows have to be provided. The Aluminium and Zinc Vessels now provided in the bath rooms are rusty and out moded. They have to be replaced immediately with brass or ever bright metal vessels.

7 *Electrification of Pudukad station*:—Pudukad is a centre of growing importance. Electric current is now available very near the station and this opportunity may be taken to electrify the station without much delay.

Railways are no doubt giving increasing amenities for the travelling public. They are improving the Station yards providing Electricity, Water taps etc., They have thrown open waiting rooms for all classes of passangers. Similarly catering rooms are open to all classes of passangers. They are good by themselves, but it has to be remembered that most of the time of these passangers are spent in the compartments and not in refreshment rooms, or waiting sheds. What is therefore required is increased facility for the travelling public by the provision of adequate seating accommodation for passangers. One thing that will satisfy the demands of the public is provision of adequate facilities in the compartments. More number of coaches have therefore to be attached so that the congestion now experienced will be a thing of the past. It is found at times that even at the starting stations, passangers are over-crowded in compartments and, at times even standing accommodation is not available to a large number. Unless sufficient coaches are attached, the provision of other amenities will only touch a fringe of this vexed question. While therefore it is necessary to concentrate the attention on giving more amenities as mentioned above, one thing that is absolutely essential is the provision of more seating accommodation which can be done only by attaching more carriages or by running extra trains.

8. *Mug in inter-class:*—In the inter-class compartments an aluminium mug is necessary for the convenience of passangers using latrines. This may be provided.

GOODS BOOKING

1. *Reweighment facility:*—This subject was fully discussed at the Chamber when Shri G. Pande, Chairman and Shri K. P. Mathur, Member, Transportation, Railway Board visited the Chamber on 28-3-1955. It was clearly given to understand that requests for reweighment should be complied with. The Chamber would like to know what action the Railways have taken in this regard. The Chamber would suggest that a circular should be issued to all Station Masters to extend this facility of reweighment on application. This may be complied with as early as possible. The Chamber has already written to the Chief Commercial Manager, Southern Railways, in this respect as early as 5th May 1955.

2. *Delay in arrival:*—A consignment under R/R. No. G. 01329/of 24-3-55 from Wadi Bunder to Salt Cotaurs was booked on 24-3-1955 but it is represented that the consignment has not reached Salt Cotaurs so far. Such delay causes serious

inconvenience to merchants and this should be avoided and an enquiry should be made as to the causes of such delay so that it may be eliminated.

3. *Wagons for movement of potatoes at Mettupalayam:*—This subject was considered at a previous meeting of the Zonal Railway users' Consultative Committee. It was then stated at the meeting that the supply of wagons for movement was adequate. With regard to storage accommodation also it was stated at the meeting that the present accommodation was available for about 40 wagon loads which was considered adequate. It has been represented to the Chamber that the supply of wagons is still inadequate and storage accommodation not sufficient. During August, September, the arrival of potatoes are heavy. About 200 to 300 wagon loads are left in the open space or on the road and the allotment amounts to 30 to 40 wagons. On the other hand 30 wagons are needed for loadings to Calcutta alone, 10 to Bombay, 20 wagons for other North Indian centres, so much so at-least 60 wagons are required everyday. The goods are invariably allowed to remain in the open space for 5 or 6 days before loading and that the stock gets accumulated outside. Since the season is about to commence, the Railways will be well advised in allotting more number of wagons sufficient to meet the daily requirements. They may also be pleased to provide sufficient covering accommodation for at-least 100 wagons.

4. *Goods booking:*—For want of adequate booking facility several consignments of aluminium are getting accumulated. This upsets manufacturers calculations. They want to find accommodation for their manufactured goods. Apart from that want of adequate booking creates artifical scarcity in the destination station. Messrs. Jeewanlal (1929) Limited, Madras have represented to the Chamber that 520 packages of aluminium intended for various Stations like Karur, Pollachi etc., have been held up for want of booking accommodation. This may be specially looked into.

5. *Bookings to Ceylon:*—In spite of repeated requests sufficient facilities have not been given to manufacturers for the export of aluminiumware to Ceylon. Large consignments of goods intended for Ceylon are accumulating with the

manufacturers. Unless there are regular and adequate transport facilities for through booking to Colombo the work of the factories will get paralysed. They require facility for booking of 100 packages every day from Egmore or Beach.

6. *Trichur goods shed*:—The Trichur Goods shed is reported to be very congested and found to be very inadequate to cope with the increased traffic. It is suggested that the Shed may be shifted to the western side of the Trichur Station where there is sufficient vacant space. If the Trichur-Kollengode Metre gauge link is to materialise the goods yard for both metre gauge and broad gauge can be conveniently located there. This may be looked into.

7. *Booking of tiles*:—It is suggested to accept 18 tons as minimum load for tiles in all the broad gauge wagons instead of the carrying capacity plus 1 ton as charged now. Tiles are accepted for wagon load traffic only on carrying capacity basis plus one ton. When a 22 ton wagon from the Board Gauge station is booked to a metre gauge station with tiles, the tiles have to be transhipped either at Palghat or at other transhipping points and invariably the load has to be transhipped in two and some times three units of the metre gauge type wagons. It involves considerable loss and inconvenience to merchants besides loss to the Railway also, as the transhipped wagons are taken to the destination one by one sometimes with an interval of a week or more. It is found absolutely necessary, that a definite quota of wagons for tiles and timber for their movement to the West Coast Broad Gauge Stations.

8. *Movement of Timber*:—For sometime past wagons are not at all supplied for timber and tiles regularly in stations like Kallai, Feroke, Trichur, Pudukad, Ollur etc., and as a result, tiles and timber are being moved in large quantities by lorries to places up to Salem, Trichinopoly, Madura etc.. to meet urgent demands. Carrying tiles and timber by lorry enchances the cost of timber and tiles to the consumers and at the same time the Railway is also losing a very large revenue by diversion of traffic by roadway. Much stress and publicity is made by Central Government about providing low cost housing and irregular wagon supply to tiles and timber is really telling upon the counsumers to pay higher

cost for the materials. In spite of many locomotives and wagons said to be put into operations daily, the difficulties for wagons are increasing day by day. As a measure of safeguard to protect the interest of the tile industry and Saw Mill industry, a regular quota of daily supply of specified number of wagons to tiles and timber must be arranged at stations like Kallai, Feroke, Trichur, Pudukad, Ollur etc.,

9. *Delay in Acid cases*:—There is considerable delay in the movement of acid cases. This Chamber as early as 3rd May brought these difficulties to the notice of the General Manager in its letter No. G. 875/55, dated 3rd May 1955. The Industrial Chemical Works, Vellore are put to much inconvenience owing to the inordinate delay caused in the transmission of Acid cases. Copy of the letter dated the 3rd May is attached herewith.

10. *Movement of Cashewnuts*:—For Movement of cashewnuts adequate number of wagons have to be supplied. This being under category "E" priority the movement is very much retarded. Cashewnuts are intended for export and railways should give all facilities for movement of export cargo.

11. *Covered Platform*:—There is no covered platform at Cannanore station and goods and parcels intended for despatch are exposed to vagaries of monsoon. During rainy seasons exporters are put to much loss owing to the exposure of goods to rains and their consequent deterioration. Till such time the plaform is covered, there is urgent need to open at-least a parcels room so that goods could be well stored there.

12. *Goods yard at Salt Cotaurs*:—Goods yard at Salt cotaurs is reported to be congested, dirty and filthy. This should be kept in a clean & useful condition.

13. *Railway receipts covering despatch of Cotton to Textile Mills*:—Despatch of cotton to up-country mills is subjected to special arrangements for allotment of wagons. The Railway authorities issue the Railway Receipts in the name of consignee Mills only. This procedure has created certain problems to Banks advancing against such Railway Receipts, as the goods will rest in the consignee Mills and

Banks advancing against such Railway Receipts cannot claim the relative goods from the Railways. Thus a Bill covering such railway receipts does not give the same protection to a bank as the usual documentary Bill. Therefore such railway receipts are not satisfactory from the Banks point. If there be no difficulty, Railway receipts may be issued in the name of Banks.

14. *Bags at Salt Cotaurs*:—Cardamoms booked at Salt Cotaurs to Shalimar and other places are reported to be kept for unduly long periods at Salt Cotaurs and by the time the goods reach Shalimar it is found there is great shortage. Apparently the bags remain in good condition, but the Merchants are put to heavy loss. There is therefore, the need to keep strict watch at the Salt Cotaurs to avoid pilferage.

14. *Rebooking of insured parcels*:—About re-booking of insured parcels, a party has written to the Chamber as until about one year ago there was no difficulty in having insured parcels rebooked back to Madras, in those cases where some of our customers have not been able to take delivery of the same due to some reason or other. Before, we simply wrote to the concerned Station Master, requesting him to rebook the parcel and we also forward a Railway note filled up for this purpose and also forwarded the necessary amount to cover the insurance charges for the return transmission of the parcel. When these formalities were observed the Station Masters used to have it rebooked without any further difficulty.

During last year we have experienced many difficulties since the Station Masters mostly on the Southern Railway informed us that such rebooking is not possible, until the sanction of the concerned District Traffic Superintendant has been obtained in the first instance. So the whole process was delayed till our request to the Station Master was transmitted to the District Traffic Superintendent who in his turn had to give the permission to the Station Master to effect rebooking and very often we also had to write in turn to the District Traffic Superintendent to expedite his permission.

We are not aware why such dilatory process has to be undergone for the rebooking of insured parcels. We would like to know whether it would be possible for the Railway Autho-

rities to return back to the old method which is more expeditious than the present method adopted by them or look to other ways of speeding up the whole process so that it will not take more than 2/3 days from the time of receipt of our request to the Station Master to have the goods rebooked to us.

15. *Enquiries relating to arrival of Consignments*:—Enquiries regarding arrival of consignments at Salt Cotaurs are not attended to expeditiously. People have to wait for long time just to ascertain whether the consignments have arrived or not. This can be avoided if more people are engaged to answer enquiries.

16. *S.N.T. through carriage*:—An S.N.T. Through carriage in place of only Third Class carriage should be attached to the Tinnevelly Express to Trichendur. This carriage should be exclusively reserved for passangers travelling 300 miles and over. Steps should be taken to enforce this also.

Proceedings of the meeting are appended below:

Through passangers from Coimbatore to Bombay experience great difficulty in securing accommodation in the Coimbatore bogie attached to Cochin Express. Arrangements should be made to provide accommodation for passangers entraining at Coimbatore bound to Bombay, or another carriage be attached from Coimbatore.

The Chairman stated that a through III Class bogie to Bombay was attached at Cochin and not at Coimbatore and invariably this bogie filled up before the train arrived Coimbatore. He stated that the load of the trains did not permit of attaching another through bogie.

(a) Conversion of Retiring Room No. 9, at Trichinopoly Jn., into an Air-conditioned Room.

(b) Replacement of old and rickety furniture in the Retiring rooms with up to date furniture preferably of rosewood.

(c) Provision of better pillows and other cushions in the Retiring Rooms replacing the old and worn out ones, and replacement of ever bright metal vessels in the bathrooms in lieu of aluminium and zinc vessels now provided.

(a) Conversion of one Retiring Room into an Air-conditioned room was not considered necessary.

(b) & (c) and The Chairman stated that this would be arranged.

Provision of aluminium mug in the latrines of Inter Class compartments.

The Chairman stated that the experiment of providing tin mugs attached to chains in the lavatories of compartments had been tried but these tin mugs were being lost or stolen. Hence it was considered not a practicable proposition to keep on replacing these tin mugs at the rate at which they were missing and hence this was discontinued.

Request to issue instructions to all Station Masters that requests for reweignment of consignments should be complied.

In view of subject No. 3 already discussed this was dropped.

Delay in the arrival of a consignment booked under R/R No. G.O. 1329 of 24th March 1955 Ex-Wadi Bunder to Salt Cotaurs.

The Chairman stated that the delay in transit of the consignment in question was being looked into.

Request for allotment of more number of wagons and covered accommodation for at least 100 wagon loads of potatoes at Mettupalaiyam.

The Chairman stated that at present at Mettupalaiyam there was booking accommodation for 36 wagons and 50 wagons were supplied daily. As such there was no necessity to increase the covered accommodation as wagons were being supplied regularly.

Adequate booking facility and accommodation for aluminiumware.

The Chairman stated that normally there was no difficulty in accepting consignments of smalls for booking on the nominated days of loading.

Through booking facilities for 100 packages of aluminiumware every day from Madras Egmore or Madras Beach to Ceylon.

The Chairman explained that there was no difficulty in meeting the demands but the Custome Shed accommodation at Dhanushkodi was not sufficient for examining all these packages currently. On account of erosion of sea at Dhanushkodi and the proposal to shift the pier, it was not possible to increase the Customs shed accommodation.

To shift the Trichur Goods shed from the present site to the Western side of the Trichur station to remove congestion and to cope with the increased traffic.

The Chairman stated that the accommodation of the existing Goods thed was inadequate for the traffic offering and an estimate for the extension of the Goods thed had already been sanctioned and the extension would be completed by 1st November 1955. The question of shifting the Goods Shed to the Western side was being looked into.

To accept 18 tons as minimum load for booking of tiles in all the Broad gauge wagons instead of the carrying capacity plus 1 ton as now charged.

The Chairman explained that if the suggestion was accepted it would lead to waste of wagon space.

Request to arrange a regular quota of daily supply of specified number of wagons for the movement of tiles and timber to stations Kallai, Feroke, Trichur, Pudukad, Ollur etc.

The Chairman explained that these commodities were being moved regularly.

Delay in the movement of acid cases.

The Chairman stated that the specific instances given would be investigated.

Supply of adequate number of wagons for the movement of cashewnuts intended for export.

The Chairman stated that a daily quota of 5 wagons had been allotted for this traffic and during January to June 1955, the full quota had not been availed of except during March and May.

To keep the Goods yard at Salt Cotaurs clean.

The Chairman stated special instructions had been issued.

Request to issue Railway Receipts covering despatch of cotton to Textile Mills in the name of Banks advancing against such Railway Receipts and not in the name of consignee Mills.

The Chairman stated that this would be done on the consignors indicating the bank's name in the column 'consignee' provided for in the forwarding note.

Delay in the despatch of cardamoms booked at Salt Cotaurs, which results in shortage due to pilferage.

The Chairman explained that wagons containing consignments of cardamoms were despatched regularly by the Shalimar Express Goods Train and these wagons were locked with 'EP' locks.

The following subjects were sent for a subsequent meeting:

(1) *Reweighment of wagons*:—This subject has been discussed many times without any satisfactory solution. Merchants have to furnish statements for submission to the Iron & Steel Controller, Calcutta, the Development Officer (Mechanical) New Delhi, and the Director of Industrial Statistics, Calcutta, every month about the quantity of iron and steel received by them. Unless, therefore, they get a correct weight from the Railway authorities as to the exact quantities received by them such submission of accounts will be inaccurate. The despatcher will give one figure while the merchant will have to give another figure. Judged from that point also reweighment is absolutely essential.

For submission of claims Insurance Companies insist on reweighment certificate at the destination. They will not be satisfied by a mere statement by a dealer. It has to be substantiated by a certificate from the Railway authorities.

It is reported that pig iron consignment from the Indian Iron & Steel Co., Ltd., Kulti, at Royapuram, are insured for shortage and the Insurance Company insist for certificate from the Railways.

Instructions may, therefore, be kindly issued that in all cases of applications for reweighment the facility should be given.

2. *Reopening of sulakarai railway station for goods traffic*:—This subject has been pending consideration for a long time now. The Railways are still understood to be making an enquiry in this matter. Reopening of this station for goods booking may be considered as early as possible to avoid inconvenience.

3. *Railway link with Calicut Port*:—Vellayil Railway Station is a pucca station now and it should not be difficult to link this station with Calicut Port. This subject was considered some time before but for reasons best known to the Railways it was dropped. Calicut is a port of growing importance and if the Railway link from Vellayil Railway Stations is taken up it will definitely improve the trade of the port.

4. *Diversion of railway line to run through Kayalpatnam Town from Arumuganeri*:—Kayalpatnam is a town with a population of about 15, 000, mostly merchants having business connections througout India and Ceylon. They are paying large amounts both to the State and Central Governments by way of taxes. The present Railway Station is a mile and a half from the Town proper making it very inconvenient for them as well as for their women folk, who have to go to places like Nazareth, Palamcottah, Madura and Madras for medical treatment. Since the citizens of this place have to travel long distances, Kayalpatnam Station has proved to be a very remunerative one. The income of the Railway will be further increased if the Station is put up at any convenient place in the Town proper. This may be done either (1) by diverting the Railway Line from Armuganeri Station to Kayalpatnam Town and then taking to Adaikalapuram by passing the present Kayalpatnam Station or (2) should the Railway Authorities consider the retention of the present Kayalpatnam Station, then to connect the proposed Kayalpatnam Town

Station direct with the present Kayalpatnam Station. This diversion of the Railway Line will help the people of Kayalpatnam to use the Railway more freely and increase its income; for instead of using the bus and the country carts, people will be using the Railway for going to places like Nazareth, Kurumbur, Armuganeri, Veerapandianpatnam and Tiruchendur on business errands and on medical purposes.

(5) *Railway Receipts*:—When the Railways issue receipt for a specified number of pieces and weight, the Railways have the responsibility to deliver the same number and quantity as per receipt to the consignee. It is immaterial whether or not the Railway Booking Staff could readily count the number of small articles. Insurance Companies accept insurance from those who have an insurable interest on their declaration and submission of the Railway Receipt Number and date having reliance on the responsibility of the public carrier. Railways after issuing a receipt cannot disown responsibility.

This matter is also pending consideration for a long time and it is high time that some satisfactory arrangement is arrived at as otherwise the responsibility of the Railways to tender the goods in good condition becomes almost a farce. "Said to contain" receipts should be avoided as far as possible and when the Railways mention in the receipts number and weight of the goods it stands to reason that they should deliver the goods as mentioned in the receipt to the consignees.

(6) *Disallowance of claims*:—281 bags of cement (packed in 1 cwt. gunny bags) were loaded in wagon No. C.I. 394 and despatched to Vellore Cantonement to M/s. Perumal & Co., stockists of Dalmia Cement (Bharat) Ltd., Tiruchirapalli. The wagon was dully examined before taking up for loading and only after making sure that it is 'water-tight' it was loaded. M/s. Perumal & Co., report that on opening the wagon, 8 bags were found to have been damaged in water and that they refused to take delivery of all these 8 bags. On this, the Goods Station Master, advised them to take out the good portion of the cement from these damaged bags under weighment system. Accordingly they sorted out the good cement from the bad ones and a caked portion of 2 maunds and 30 seers were left in the custody of the Railway authorities at

Vellore, against proper remarks in the Railway delivery books. Thereafter they preferred their claim with the Railways, which has been tuned down with the remarks, that the damage to these 8 bags (loaded near doorways of the wagon) was due to rain water beating in through the door crevices, an act beyond the control of the Railway and that therefore, they should also remove the damaged portion left with the Station Master, Vellore. Thereupon Dalmia Cement (Bharat Ltd., referred the matter to the Cheif Commercial Superintendent, stating that they have complied with all the requirements of the Railway in the matter of despatch and that it was not correct on their part to reject the claim merely stating that the circumstances under which the damage occurred were beyond the control of the Railway.

Disallowing of claims on such grounds will create misunderstanding between customers. The consignor has taken all precautions to despatch the goods in good condition and if the loss occurred while the goods are under the custody of Railways it is but natural that the Railways should honour such claims.

(7) *Goods Booking at Madras*:—The system adopted at Salt Cotaurs of registering forwarding note to various stations and giving booking only as and when they collect sufficient quntities for a particular station causes great hardship and inconvenience. It is suggested that if certain stations are allotted for booking on a particular day of the week and if such information is given publicity in the papers sufficient quantity of goods will be tendered for booking to those stations and the present difficulties could be eliminated.

(8) *Railway consignments from Bombay*:—Merchants are at times obliged to get their most urgent requirements of goods from Bombay by passanger trains, but in certain cases goods though booked per passanger train are received here even later than the goods booked by goods train. A certain Company got a small parcel by passanger train from Wadi Bunder. The parcel was despatched under R/R No. P.A. 3199/47 of 21-7-55 and the parcel was not received here for about 12 days. ...

Another consignment by goods train booked under R/R No. 365112 booked on 15-7-55 was received here on 29-7-55 i.e., within 14 days. Therefore it will be seen that goods booked by passanger train fare in no way better considering the time of delivery though Railway collects enhanced charges.

(9) *Non-allotment of wagons at Katni*:—Two wagons were indented by the Associated Mineral Industries, Hanumanganj, Katni on 5-4-1955 and on 26-4-1955 for transport of Bauxite to Madras. Not getting allotment the authorities were reminded on 21-5-1955, 10-6-1955, 22-6-1955 and again on 11-7-55. Even though now four months have elapsed no wagons have been allotted. This is a matter immediately to be enquired into.

(10) *Bones*:—Railways have not given priorities to the movement of bones. There are five other higher priority commodities with the result that wagons have not been given for indents placed at several stations for nearly a month or two. Large stocks of bones have been blocked at several stations without movement as a result of which mills have to suspend the work for want of raw materials. These bones are crushed and are exported in large quanties to countries outside India. It is suggested that bones and its finished products like crushed bones, bonemeals and bone sinews may be given a higher class of priority to facilitate the movement of these products.

(11) *Movement of goods*:—It has been represented to the Chamber that in certain cases goods booked on rail are not received at the destination for one month and in some cases two or three months even. Similarly wagons are not made available for month or two or even three after indent is made. Railways should ensure that the materials booked should in all circumstances be delivered within a month after its despatch and the requirements of wagons should be made available at least within a month after registration.

(12) *Restrictions in Booking*:—It has been represented to the Chamber that booking offices at Beach Goods Shed and the Egmore Goods Shed refuse to accept forwarding note for more than 10 maunds with the result merchants are put to great hardship. In the case of iron and steel which are heavy materials they cannot be easily split up into 10 maunds. In the case of pipes the Madras Circle Pipe Dealers Association who are the sole selling Agents in South India have often to

despatch pipes in heavy quantities to various consumers including Government Departments and they have, therefore to depend entirely upon Egmore and Beach Goods Sheds. The restriction operates as a great handicap and causes untold hardship for despatch of heavy consignments. Merchants have entered into contract with consumers at various destinations for the supply of bulk quantities of goods. It is not easy to split just to fit in with the present conditions of the Railways. To cite an example supposing a merchant has to despatch 40 maunds he should get hold of another three persons for booking his consignment. Such a procedure will lead to unhealthy practice and corruption. The restrictions recently imposed should be waived.

Some goods out of necessity have to be booked under 'smalls'. Merchants with smaller means cannot consign goods in wagon load. They have, therefore, necessarily to be booked under 'smalls', but the restriction in the limit operates as a great handicap to them.

(13) *Wagon registration*:—It is represented to the Chamber that the Railway authorities are not accepting application for registration for wagons to destinations on the North Eastern Railways for three months. This restriction for such a considerable length of time at a stretch will hamper the trade. This restriction has to be withdrawn immediately.

PASSENGER AMENITIES

(1) The Deputy General Manager Passanger Amenities may be pleased to hold meetings at different centres and discuss with the Local Committees.

(2) Having regard to the prevailing congestion in the Mangalore Express there is a demand for the introduction of a bi-weekly duplicate Express train to run between Mangalore and Madras. This Express train may be provided with a through carriage to Bombay.

(3) *Calicut Railway Station*:—It is reported that owing to keeping of parcels on the platform, passangers are very much inconvenienced. A separate Parcel Office is necessary at Calicut.

(4) *Janatha Express*:—In view of the heavy congestion in train Nos. 513 and 514 there is a suggestion that the Janatha Express be extended from Mangalore to Madras instead of upto Trichinopoly.

(5) *Sleeping accommodation in III class*:—Sleeping accommodation is reserved in lower and upper and uppermost seats, where it is difficult to get in. Sleeping accommodation should be reserved only in the lower and upper seats in III class carriages and not in the third layer.

(6) *Sleeping accomodation for II class passangers*:—When Government are trying to give sleeping accommodation to III Class passangers it is but proper that such accommodation should be made available in II Class Compartment.

(7) *Madras-Bombay Janatha*:—If it is possible this train should reach Bombay earlier so that passangers going beyond Bombay can continue their travel.

(8) It is reported that in the Madras Express coming from Bombay the Railways reserve a separate compartment for passangers entraining at Dadar station coming to the South, and that this compartment is locked and opened only at Dadar station so that South bound passangers are not put to inconvenience. Another compartment of 21 seats is also allowed in the same train for passangers entraining at Kalyan Station. The Railways may be pleased to allot one compartment for passangers entraining at Coimbatore in the Cochin Express. This compartment can be similarly locked and opened only at Coimbatore.

In the Bombay bound Madras Express a carriage is attached at Guntakal from where many trains are available to go to Bombay. If similar arrangements could be made at Coimbatore these passangers will be much benefitted.

(9) Attaching one 1st and 2nd class through-carriage along with the present 3rd class through-carriage from Madras to Tiruchendur to the Tinnevelly Express.

(10) Reservation of seats in the 3rd class in the through-compartments in Tiruchendur-Madras.

(11) Allowing such reservation at Tiruchendur, the place of terminus instead of at Tinnevelly as at present.

(12) Allowing only passangers beyond Madura, if the journey is from Madras, or beyond Trichy if the journey is from Tiruchendur or Tinnevelly, to travel in the Tiuchendur-Madras through-carriage instead of allowing short distant passangers who get down even at Tambaram or Chingleput.

Representative of the Chamber on the Advisory Committee did very useful work.

PROPOSALS OF THE INDIAN RAILWAY CONFERENCE ASSOCIATION

Large number of proposals for the correct classification of goods intended for transport over the railways were received in the Chamber and in each case interested members were consulted and their opinions forwarded to Government.

Among the subjects received were, classification of Palm Nuts, Electrode Paste, Clamshell, Bucket, Forks and hoes, Methyl Isobutyl Ketone, Aero Engines, etc. etc.

SHIPPING

A Special Officer was appointed by the Government of India as Officer on Special duty to study with regard to the discriminatory shipping freights. The Special Officer visited Madras and representatives of the Chamber given evidence about the discrimination in shipping freights and how it has affected export trade from this Port. The paucity of sailings to Japan from Madras was also taken up with satisfactory results.

INTERVIEWS

VISIT OF HUNGARIAN TECHNICAL DELEGATION

Four members of the Hungarian Technical Delegation visited the Chamber on Tuesday the 11th January 1955 and had discussion with the Secretary and Vice-President about the possibilities of improving the trade between India and Hungary.

VISIT OF SHRI D. HEJMADI

The Deputy Chief Controller of Imports and Exports, Madras, informed the Chamber that Shri D. Hejmadi, who has been appointed as Commercial Secretary at Japan, will be visiting Madras and that he would like to meet Chambers of Commerce and Associations with a view to obtain information regarding possiblities of improving the trade relationship between the two countries. The Chamber agreed to meet Shri D. Hejmadi and a meeting was accordingly convened at the office of the Chamber on Friday the 18th February 1955 at 5-30 p.m. The meeting was well attended and the following memorandum was discussed with Shri Hejmadi:—

(1) There is intimate trade relationship between India and Japan. Formerly we used to export large quantities of raw materials but under the changed circumstances India cannot be exporting raw materials on such a large scale. The pattern of our trade is necessarily different and the Indian Trade Commission in Japan has to find an expanding market more for our manufactured goods. It is indeed a difficult task because Japan also is a highly industrialised country, but it is possible to find good market for our manufactured goods as well.

(2) Exports which were valued at Rs. 31 crores in 1952-53 has fallen down to Rs. 23 crores in 1953-54. The reason for this fall has to be investigated and attempts made to revive our exports at least to the former level.

(3) We have lost our export trade in coal whose value fell from Rs. 2 crores in 1952-53 to Rs. 1.2 crores in 1953 54. Lac Shell also has fallen from Rs. 25 lakhs to Rs. 19 lakhs. The export of mica blocks has similarly suffered. Cotton raw fell from Rs. 11 crores in 1952-53 to about Rs. 5 crores during 1953-54. Tobacco unmanufactured also has registered a fall. The reason for these decline in exports has to be thoroughly gone into and every attempt should be made to revive our export trade.

(4) (a) It is known that there is a good demand for Indian salt in Japan. Our competitors are Egypt, China, Formosa, Thailand and Spain but we can export very large

quantities. Our Trade Commissioner may be pleased to find out prices of salt from other competing countries so that India can offer competitive prices.

(b) Tobacco export trade is in doldrums. We have to find out a steady market for Indian tobacco in those markets. The Chamber is aware that Japan produces her tobacco but she imports sun-cured tobacco from U.S.A. also.

(c) Pig iron, ores like Manganese, Mangesite, Chrome can have a good market in Japan.

(d) India, however, occupies only a third place in the matter of exports of tea to Japan. India produces large quantities of tea and it may not be very difficult to increase our share. You may be pleased to investigate the possibilities.

(5) The demand for Indian sandalwood and sandalwood oil has been showing signs of shrinkage. There was some demand for red wood but recently no orders have been received here for such wood.

(6) There are other goods like curry powder which India can profitably export to Japan.

(7) *Tanned sheep and goat skin*: The enhancement of duty from 3% to 15% has hit hard our export trade in that commodity with Japan. East India tanned hides and skins should be considered only as raw materials for the manufacture of leather and leather goods and there is therefore a strong case to urge Government of Japan to reduce the duty on the import of these raw materials. If duty is restored to pre war level India will be in a position to offer large quantities and thus will be able to find an alternative market for our East India tanned hides and skins. Japan may be developing her tanning industry, but since East India tanned hides and skins are raw materials you may be pleased to urge upon the Government of Japan to treat these commodities as raw materials for manufacture and its imports there to be allowed duty free.

(8) Frequent complaints are received that the Japanese shippers are not enthusiastic in shipping goods according to schedule. There was recently a case where L.C. was opened for the import of machinery but the exporter there subse-

-quently informed that the factory having been burnt out they are unable to ship the goods. The matter was taken up through the Embassy of India in Japan and it is now understood that the shipper has no such machine for shipment. Much loss and inconvenience have been caused to the importer here. These difficulties have to be avoided and our Trade Commissioner should interfere in such cases.

(9) You may be pleased to compile a Directory of Indian businessmen in Japan so that it will be more convenient for importers or exporters to contact them for promotion of the trade between the two countries.

Government of India have recently allowed exports of jaggery and jaggery powder to all permissiable destinations. But in the case of such exports to Japan, Indian exporters are handicapped because of the fact that Japanese Government are not issuing licences to import these goods into Japan from India. You may be pleased to persuade the Japanese Government to issue licences for the importation of Jaggery from India in which case there will be a big volume of exports of Indian jaggery.

Similarly it is known that there is good market in Japan for tapioca flour and starch. But Japanese Government are not very enthusiastic in issuing licences for their importation. This may also be looked into.

(10) Though you are not actually concerned with the promotion of exports from Japan yet a difficulty is experienced by fruit merchants in that there are no proper system of grading of fruits especially apples imported into India. If Government publish a Buyers' Guide as in the case of America or Australia showing the quality, quantity and size of the fruit, the manner of grading etc., it is quite possible to market larger quantities here. There is a complaint that claims made against shippers in Japan are not settled by them. Trade Commissioner may be pleased to safeguard the interests of Indian importers as well.

There was a discussion on the possibilities of improving the trade relationship between the two countries and Shri D. Hejmadi assured the members that he would do his best to help increase their export trade.

VISIT OF AMERICAN BUSINESS CONSULTANTS

The American Vice Consul, Madras, informed the Chamber of the visit to Madras of Mr. G. Corson Ellis, Vice President and Director of the Association of Consulting Engineers and Mr. James L. Morrissoy, Business Management Consultant. The Vice Consul also informed the Chamber that they would like to meet members at the office of the Chamber. Accordingly a meeting was fixed on Tuesday the 15th March 1955 at p.m. They were accompanied by the American Vice Consul, Madras. Shri K. Govindan, Vice President, in welcoming them stated as follows:—

"It is indeed a great pleasure to me to welcome you, Sir, to the Chamber. We are sorry that Mr. Corson Ellis could not be present here today. You have had extensive managerial and engineering experience being the Chief Industrial Engineer at the Zenith Radio Corporation. We are aware that you have come to India in connection with the work of the American Technical Co-operation Mission. At a time when India is embarking on an era of industrialisation, advice relating to business management will be extremely helpful. Your experience borne out of your intimate knowledge as member of one of the oldest management consultant firms will be helpful to us and I would request you to be good enough to enlighten members about your experience in the field of management and in the establishment of management training facilities.

There was a discussion between members and the guests and the meeting dispersed after about an hour's discussion.

VISIT OF ASSISTANT TRADE COMMISSIONER, SPANISH CONSULATE

The Asst. Trade Commissioner, Spanish Consulate, Bombay, intimated the Chamber of his visit to South India. He also was anxious to meet members interested in the trade between India and Spain for a discussion of the common problems. A meeting of members was accordingly arranged at the office of the Chamber at 5 p.m., on Thursdad the 17th March 1955 and an informal discussion on the possibilities of improving the trade between India and Spain was held. Interested members took part in the discussion.

VISIT OF SHRI G. PANDE, CHAIRMAN, AND SHRI K. B. MATHUR, MEMBER, TRANSPORTATION, RAILY BOARD

The General Manager, Southern Railway, Madras, informed the Chamber of the visit to Madras of Shri G. Pande, Chairman and Shri K. B. Mathur, Member/Transportation, Railway Board. Opportunity was taken of their visit to invite them to the Chamber. A meeting was convened to meet the Chairman and Member/Transportation, Railway Board and it was held at the office of the Chamber on Monday the 28th March 1955 at 4 p.m. Subjects for discussion were invited from members and on the basis of representations received a memorandum was prepared for discussion.

Shri K. Govindan, Vice-President, in the absence of the President, welcomed the guests and suggested as follows:—

"It gives me a great pleasure in welcoming you to the Chamber. Nowadays visits of members from the Railway Board are becoming very few and far between. This used to be an annual feature some time back but in recent times there have been no visits from members of the Railway Board. Chambers of Commerce would very much appreciate if such visits are made more frequently. Then only it will be possible for them to have an idea of the difficulties experienced by members of the mercantile community with regard to transport problems. We are aware that there is a great strain on the Railways, but unless the tansport facilities keep pace with the economic activities in the country there will be considerable difficulties in the movement of goods, resulting in fluctuations in prices. I am aware Railways are doing their best in this regard and in the Second Five Year Plan at least they will be in a position to meet the increasing demands for transport.

I have put down some suggestions received from members in the memorandum sent you already. I would now request you to be good enough to reply to the points raised in the memorandum. It is no doubt a lengthy one and in case it is not found possible to give answers now itself I would request you to give replies after you reach your headquarters.

I now throw open the meeting for discussion.

Then the following subjects were discussed fully:—

1. *New Construction*:—The surveys with regard to the construction of the lines between Chamrajnagar—Coimbatore and Trichur—Kollengode were completed some years ago. These lines individualy may not be remunerative but taken as a whole the Chamber feels that there will be sufficient volume of traffic to justify this link. This link when effected will give a metre gauge connection to Cochin Port via., Coimbatore—Mysore—Bangalore—Guntakal, which will relieve to a great extent the congestion on the broad gauge section .ie., the South West Line, where line capacity is limited. Moreover the distance by this route is very much shorter than by the broad gauge route. This link may be considered for construction at least during the Second Five Year Plan.

2. *Construction of over-bridges*:—With the introduction of electric trains, the inconvenience caused to the public, fast moving and slow moving traffic and to passengers due to the closure of Railway gates too often and for too long periods in Cities like Madras is very keenly felt.—The convention relating to the allocation of expenses between Railways, Local Government and the Local Bodies for construction of over-bridges or subways was arrived at long before electric trains were thought of. Local Boards are not in affluent financial circumstances and unless the convention is changed, it may not be possible for the construction of over-bridges in the near future. Local Bodies should be called upon to pay only a nominal contribution in such construction. In view of the changed circumstances by the introduction of electric trains and in view of the fact that Railways comparatively are in a better financial position, the contribution from Local Bodies in the construction of such over-bridges should be only nominal.

3. *National, Zonal and Regional Committees*:—The above Committees are doing very useful work. There should be more frequent meetings of the above Committees and such meetings should be arranged at different places in the Regions of Zones.

4. *Reweighment Facility*:—The new procedure for reweighment is cumbersome and almost amounts to a denial

of the facility. According to the present procedure, requests for reweighment of wagons will be considered and decided by the Railway authorities after the arrival of wagons and prior to the placement of the wagon in position. This leaves little time for inspection of the consignment. The Chamber suggests that the Railway should in all cases extend this facility against requisition given in writing to them in advance of the arrival of the wagon and in case there is no evidence of tamperage, reweighment need not be attended to and fees may be returned to applicants.

At times there is shortage in closed wagons also whenever there is transhipment en-route. In such cases, shortage can be noticed only after the wagon is opened and unloaded. Therefore, reweighment facility should be given on application or the contents counted wherever there is no weighbridge. In all such cases of shortage, a Short Weight Certificate should be given to the merchants whenever demanded.

5. *Claims:*—The denial of claims for shortage on the plea that applications for open delivery of the consignment are not made within the period of free allowance requires to be revised. For one thing rail receipt may not be available within the free period of wharfage. It will be possible for inspection of goods only after the railway receipt is obtained. All damages and shortages occurring to goods while in the custody of the Railways should be compensated.

There is inordinate delay in the settlement of even admitted claims.

It is represented that a party loaded 2 wagons to Raigarh from Salt Cotaurs against RR No. 415304, Invoice No. 5, dated 28th April 1954. The cases reached the destination empty and the claims still remain unsettled although almost a year has elapsed.

Under Invoice No. 215, RR No. 149095 dated 24-2-1953, a parcel containing 4 German Petromax Lights and 3 Hanging Lamps duly packed were consigned to Tuni. The consignment was re-booked to Madras, but was not delivered to the party. The claim arising out of that has not yet been settled though it is more than 2 years now.

6. (a) *Special Rates:*—Railway Board is understood to have sanctioned special rates from certain Out-Agencies for some commodities but the difference between actual point of loading rate to ports and from Out-Agency is very high.

Moreover such special rates are not sanctioned from all points to all ports. It is understood that special rates for Rosin and Turpentine from Jammu Out-Agency are quoted to Bombay and Calcutta but that special rate is not available to Madras and other factories situated in Hoshiarpur, Bareilly. Merchants at Madras are therefore at a disadvantage.

(*b*) Iron merchants find it very difficult to book lengthy articles of over 30 ft. long under "smalls" on the broad gauge section. In the case of metre gauge section bookings of such "smalls" are not difficult and they are charged at the actual weight basis. In the broad gauge section lengthy articles are rarely booked under "smalls" and they are charged for the minimum weight of 10 tons even though the actual weight of the articles booked may be much below 10 tons. The same facility as in the case of metre gauge section may be extended to booking of smalls on the broad gauge section also.

(c) Matches are now booked under clause 14 which is too high especially in the case of cottage industry products. A lower classification is suggested. In the alternative it is suggested to step down the maximum mileage under Clause 14 to 500 miles from the present 1,500 miles from the place of despatch.

(d) Cashewnuts for the purposes of transport are charged under Clause 8. Since these goods are intended for export a more favourable special rate is called for.

7. *Supply of wagons:*—It is often found that movements of goods are very much retarded for want of wagons. Some special attempt is necessary to place sufficient number of wagons at the disposal of the General Manager in each Zone for speedy movement of goods. If such information is placed before the Zonal Committee it will facilitate discussion about allotment of wagons.

(a) In the allotment of wagons preference should always be given for movement of export cargo. Allotment of wagons for movement of bulk cargo at up country centres is not done immediately. Merchants are therefore unable to ship cargo in time.

(b) Allotment of wagons for movement of minerals to Ports is very unsatisfactory. A uniform method of registration of wagons for movement of these commodities may be followed in all Railways. Exporters of ore from Madras are at a handicap. From Guntakal to Madras, wagons are not allowed in large numbers due to the balance position. More than one train is not allowed to be received at Guntakal Junction from stations of Veldurti and Ulindakonda due to congestion in Guntakal yard for transhipment purposes. These restrictions work up to 15 to 20 days. Since Port facilities at Marmagoa and Masulipatam are poor, exporters are anxious to move their cargo to Madras, Vizag and Kakinada. In any attempt to restrict movement of wagons, Railways should see that genuine exporters do not stand to suffer as a result of the procedure laid down for the issue of Registration Slip.

(c) It has been represented to the Chamber that there are pending indents for despatches from producers of iron and steel from 1953 onwards.

(d) *Wheat*:—Now since the movement of wheat is decontrolled and since many new flour mills have been established in South India, allotment of wagons for movement of wheat from North India to South India should be given preferential treatment, if necessary by curtailing allotment of wagons for transport of wheat flour.

(e) *Matches*:—For the movement of matches especially manufactured by cottage industries some priority in the allotment of wagon is necessary as otherwise production in cottage industries will suffer.

(f) *Cashewnuts*:—Allotment of wagons for transportation of cashewnuts to factories is very inadequate. In the absence of regular supply of raw materials factories are put to much inconvenience. More wagons should be allotted.

(g) Owing to the inordinate delay in the allotment of wagons merchants are put to loss due to fluctuation in prices

in the interval. In such cases it will be appreciated if under the same registration merchants are allowed the facility to consign their goods to adjacent stations on the same route and on the same gauge and in the same zone.

8. *Clearance of Import Cargo*:—Imported cargo should be accepted by Railways for despatch straight from the Harbour without any restriction to avoid demurrage charges, cartage and storage charges etc.

Wagons for goods booking from Madras Harbour to Bangalore has been subjected to severe restriction for long periods. Allotments of wagons for transport of goods from the Madras Harbour are woefully inadequate often resulting in ships having to wait outside the Harbour for days together which causes much inconvenience and loss.

9. *Movement Restrictions*:—Restrictions in the allotment of wagons for movement of traffic from the Eastern Railways to destinations reaching via., Bezwada in the direction of Madras and beyond for long periods often paralyse the trade. When such restrictions are found to be necessary, clearing of accumulation of traffic should be accelerated as soon as restrictions are removed.

Quite frequently movement restrictions are imposed via: Guntakal, Bangalore, Kurduwadi, Jalarpet etc., which prevent easy movement of goods to that area. If proper loading and unloading arrangements are made at Terminal points for clearance of incoming and outgoing wagons, it will remove quite an amount of congestion at these points, making the availability of these wagons for further movements in a shorter time. Similarly, due to the long restrictions prevailing via: O.T. Railway, Mughamaghat, Barabanki, Manduadih it is difficult to send goods to Gorakhpur, Muzaffarpur, Lehariassrai, Lakshimpurkheri, Jalpaiguri etc., and to Assam and West Bengal. Restrictions via: Kandwa Virangam, Sabarmathi, Sawai Mathupur affect supplies to Rajkot, Jaipur, Indore, Ajmere, Jodhpur, Jamnagar etc.

10. *Booking at Smaller Stations*:—For goods booking from Chidambaram to Karur prior sanction is necessary to despatch yarn bundle. Often times sanction is received very late. There may be difficulty in accepting wagons load and

heavy maundage to distant stations. The Chamber feels that facilities for booking of small consignments to the extent of 15 to 20 mds. per day for a place within 100 or 150 miles from the manufacturing centre should not be denied. Restrictions, if any, in the movement of smalls from manufacturing centres to places of consumption may be removed and goods should be accepted for booking on all working days. In the absence of such facility goods have to be booked by passenger train.

1. *Perishables*:—Perishable goods like fruits ought to be given a preferential treatment in the matter of transport. Fruit parcels consigned to destination stations may be carried by Mail or Express Trains.

There was one luggage van attached to the Bombay Mail previously. That was a great convenience for the transport of perishable goods like mangoes. That should be revived.

The time for booking of perishables should be extended at least upto 6 p.m. instead of 5 p.m.

12. *Supply of Wagons to Booking Stations*:—Daily empty wagons are placed at booking stations for loading late in the evening with the result there is congestion at the loading platform. It will be a facility if wagons are supplied in the morning when it will be possible to load into the wagons as and when they come in to avoid any congestion particularly in the evening.

Within a short time of 8 hours in a day it is found difficult to despatch and unload all goods. The time may be properly extended.

13. *Precautions in Loading*:—Railway does not take precautions in loading wagons. In a recent instance, turpentine was stacked in barrels one over the other which resulted in loss of sixteen drums due to jolting and leakage. Railway does not accept such wagon loads under Railway Risk also. This places insurance premium at high level which again makes it uneconomic for merchants to compete with foreign markets. Wagons must be loaded to capacity with proper dunnage so as to avoid such loss. In the alternative such cargo must be accepted at Railway Risk only.

14. *Bookings to Ceylon*:—Owing to want of sufficient accommodation at the goods shed at Dhanushkodi considerable difficulty is experienced in the matter of booking goods direct to Ceylon. The Collector of Central Excise, on a reference has informed the Chamber that Customs authorities have made sufficient ararngements for passing the goods expeditiously, but quicker release of wagon load will only be passibie if more space is provided in the Goods Shed for carrying out proper customs examination.

15. *Nominated Booking*:—The system of nominated booking affects movement of goods to a great extent. For example, one day in a week is allotted to booking to Rajahmundry. On that particular day, if a restriction is imposed, the consignees will have to wait for another week to get booking. This is also as uncertain as in the previous week because restrictions are so frequent.

16. *Collection of under charges at stations*:—The Railway authorities at various points like Ahamadabad, Benaras, Mirsapur etc., calculate mileage through various routes and collect under charges at destination which result in long and unnecessary correspondence between the suppliers, dealers and the Railways. If the Station Masters at these stations are instructed to calculate mileage via. normal routes unless dearer routes are specifically called for in the forwarding note it will be a great facility.

17. *Watch and Ward*:—Even though recently the Watch and Ward Establishment are invested with additional powers much progress is not visible. Pilferage and storage are still on the increase.

18. *Passenger Amenities*:—The passenger Amenities Committee of the Zonal Railway is doing useful work. If more frequent meetings are held much more useful work could be done. At least there should be a meeting in every two months.

The facility of air-conditioned travel however desirable should not be at the expense of First Class and Second Class travel. Even on days when air-conditioned compartments are attached to trains there should not be any reduction in the accommodation provided for other classes of passengers.

There has been a marked deterioration in the Second Class and Inter Class compartments especially in this Zone. Better carriages should be provided for this zone also and there should be a periodical examination of the carriages supplied to this Zone. It will be helpful if periodical returns of new carriages supplied to this Zone are brought to the notice of the Zonal Committee.

This Chamber has through its representative on the Zonal Committee repeatedly drawn attention to the unsatisfactory condition of such carriages.

19. *Refreshment Rooms*:—Railway administration are no doubt constructing new Refreshment Rooms after huge initial outlay. Refreshment stalls located at these Refreshment Rooms if not run by the administration themselves should be located outside as otherwise sales in the Refreshment Rooms will suffer and consequently the cost to the consumer will increase. It is reported that due to competition from stalls located in the same premises and run by contract vendors, Refreshment Rooms are kept closed due to lack of business.

The menu supplied in the Refreshment Rooms should suit local conditions also.

A composite dining car for vegetarian and non-vegetarian passengers may be attached to important Mail Trains.

20. *Speeding up of Trains*:—There should be continued attempt in speeding up trains.

SUPPLEMENTAL POINTS

1. *Delay in Delivery of Goods*:—Parcels of medicines intended for Madura and which reached Madura Junction between the 24th and 29th December were not delivered to the party in time causing much inconvenience. Though this difficulty was discussed at the meeting of the Zonal Committee no action seems to have been taken to avoid such delay. It has now been brought to the notice of the Chamber that 11 cases of medicines which arrived at Madura Junction in C. G. Wagon No. 12358 on 25-2-1955 were not delivered to the party till 3-3-1955. The causes of such delay should be clearly analysed and such inconvenience should be avoided.

2. *Demurrage of Handloom Goods*:—The handloom industry is passing through a crisis and Government of India is giving all out efforts to sustain them. Railway can certainly help them to a great extent.

It has been represented that consignments of handloom cloth are not taken delivery of by the indentors and in the meanwhile exporters of handloom goods are made liable to pay heavy demurrage to the Railways on such consignments. Owing to fluctuation in prices, merchants are already put to loss and if this full demurrage is also charged, merchants will be put to severe loss. It is suggested that a special concession on consignments of handloom cloth may be levied by charging only one anna per maund or part per day.

The following is the proceedings of the meeting:—

Mr. Mathur said they should find out the exact cause of the trouble whether the congestion in the harbour was due to any shortage of wagons or difficulties in the Port such as labour trouble or lack of accommodation for cargo. All aspects should be considered by the Committee he had suggested and they could take further action on its report. Before such an inquiry he could not agree that the Railways were mainly responsible for the situation in the Harbour.

The special committee might consist of representatives of the Port, railways and the trade and any others necessary.

The Chamber urged the construction of railway lines between Chamarajanagar-Coimbatore and Trichur-Kollengode, surveys for which had been completed years ago.

Mr. Pande agreed the Railways had not succeeded in giving facilities for railway users to the extent they would like to give. But at present the Railways were "thinking in a big way."

This year by the beginning of November, the Railways hoped to increase the capacity to carry goods by 20 per cent. And under the Second Five Year Plan they hoped to increase the capacity by 50 per cent over that at the beginning of the plan period. Meanwhile, he appealed to railway users to have some more patience.

Regarding the Chamarajanagar-Coimbatore and Trichur-Kollengode lines. Mr. Pande said it was found from the surveys that the lines would not be paying. However, the Madras Government had recommended the construction of the lines, and the Board would consider it for implementation in the Second Five Year Plan. In two months the Central Board of Transport would meet when it would consider the matter.

Mr. K. Easwara Ayyar said the Railways should give special attention to backward areas.

Mr. Pande said that was one of the considerations in opening new lines.

Regarding overbridges, a discussion during which it was pointed out that the construction of an overbridge near the High Court Beach was long overdue, and in spite of several conferences over its construction, nothing had been done. Meanwhile, the people continued to suffer.

Mr. Pande said when the railway line at the level crossing was built the need for an overbridge was not felt. According to the old policy governing the construction of overbridges, within ten years of opening of lines, any new works necessary were to be taken up, if insisted upon by the local Government.

But now a policy had been adopted under which if level crossings were converted into overbridges the Railways would bear the cost for works in its limits, and the Government and the local body concerned should pay for the rest. But the difficulty was that local bodies did not come forward to meet their share. Most of the efforts made to construct an overbridge near the High Court level crossing failed because of that. The cost of construction had been estimated at Rs. 25 lakhs and an agreement had been reached that the Railways, State Government and Madras Corporation should bear equal shares of the cost.

All the three parties had accepted their responsibility in the matter, but the Corporation had pleaded inability to share its cost. That was the difficulty.

One member said whatever the difficulty, people should not be allowed to suffer any longer. The Railways should take the initiative in the matt—

Mr. Pande said the Union Government was prepared to advance loans to local bodies to finance the construction of overbridges. Last year Rs. 50 lakhs was set apart from this purpose.

Regarding reweighment facilities at railway stations, Mr. Mathur agreed that there was some hardship caused to the trade because of the present arrangement, and said reweighment facilities should be given when shortages were noticed by the parties.

Members urged that the special rates which now some goods enjoyed should be given to goods despatched to all ports and Mr. Pande said railways were averse to giving special rates. Preference could not be given to export cargo, but the only basis was betterment of the general economy of the country.

The question of the inadequacy of wagons to move goods was discussed and it was pointed out that the allotment of wagons for the movement of minerals to ports was very unsatisfactory.

Mr. Mathur replied that it was no longer the policy of the Government to give priority to export cargo. They had to allot wagons for the movement for all cargoes, including essential consumer goods, and they could not give priority for the movement of four or five items of export goods. There would be plenty of demand for wagons for the movement of groundnut oil, minerals, etc., and if it was met on priority basis then the movement of other goods would suffer. The real solution to the problem was to increase the Railways' capacity for transportation which they were now trying to achieve.

Regarding a request that the prices of eatables in railway refreshment stalls should be reduced, Mr. Mathur said the railways were already suffering a loss. Three years ago the loss was Rs. 22 lakhs, but now it was Rs. 3,50,000.

Mr. V. S. L. Nathan, Vice-President, proposed a vote of thanks.

Arising out of the discussion the Chamber took up the matter of freight on cottage industry matches and made the following representation:—

I invite your kind attention to page No. 3 of the memorandum discussed with you at the Chamber when you along with Shri G. Pande, Chairman visited the Chamber on the 28th March 1955 at 4 p.m. In particular, I am to draw your kind attention to the point relating to the freight on matches which are now booked under Clause 14. You evinced great interest in the promotion of cottage industries and incidentally asked the actual freight on matches. As the information was not readily available, the Chamber had to consult the Match industries, who are members of the Chamber. I now understand from them that the Railway freight alone for matches comes to five annas per gross of 40s and Re. 0-7-6 per gross of 60s for maximum distance. It is further understood that since matches are sold at f.o.r. destination rates, the Raily freight have to be borne by the manufacturers themselves. In the case of matches of 40s ordinary size, the cost of matches alone works out at Rs. 1-8-0.—The cost of banderols comes to Rs. 1-14-0 per gross whereas the Railway freight comes to Re. 0-5-0 per gross. In the case of matches of 60s the cost is Rs. 2-4-0 and the cost of banderols is Rs. 2-13-0 while the Railway freight is Re. 0-7-6. A pertinent fact to be borne in mind in levying the freight is that 90% of the cottage industry factories are situated in the Southern parts of India whereas the consuming markets are spread throughout the county. The Railway freight is a factor for the determination of the selling price. It has further to be understood that the selling price of matches has to be maintained at a uniform rate at all destinations.

While the Railway freight works out at Re. 0-5-0 in the case of 40s and Re. 0-7-6 in the case of 60s, in the cottage industry matches the incidence of freight on factory made matches works out at Re. 0-3-0 per gross of 60s which is only 40% of the corresponding freight for matches manufactured in the cottage industries. The Western India Match Company with a colossal establishment all over the country have located their factories at convenient places like Madras, Bareilly, Calcutta & Ambernath with their consuming markets within 500 miles. They are in a position to distribute their products at comptitive freight rates because of their big establishments and location of factories at strategetic points. Against this Railway freight of Re. 0-8-0 per gross of 60s the cottage industry matches have to pay Re. 0-7-6. Therefore, they have to fight an unequal battle with a highly developed industry and this has operated as a great handicap to the promotion of cottage industry products. The Chamber would request you to be good enough to view this question from this point and consider the fessibility of substantially reducing the freight on matches manufactured in cottage industries, as otherwise this industry will greatly suffer. Handloom goods which are also cottage industry products are receiving so many concessions from Government and it only stands to reason that cottage industry matches which are also widespread should also get some concession in the matter of their transport. At least they should not have to pay charges more than what the factory made matches pay.

The present classification, therefore requires to be amended and the Railway Board may be pleased to reduce the present classification from Clause 14 to Clause 8. It is also possible to give the benefit of concession without altering the classification if the Railway Board is pleased to step down the maximum mileage from 1,500 to 500 miles. The Railway Board may also be pleased to consider one of the two suggestions mentioned above and grant the concession as early as possible.

In page No. 5 of the same memorandum, the Chamber suggested that matches manufactured by cottage industries require some priority in the allotment of wagons. In the absence of any such priority ,matches manufactured in cottage industries have to be stored for inordinately long periods awaiting the arrival of wagons. The resources of manufacturers of cottage industry matches are very much limited and if their capital is locked up in the shape of goods, Government can well appreciate their difficulties. They may have to throw out their labourers and further production may have to be curtailed if they may not have sufficient storage accommodation etc. All these difficulties could be eliminated if wagons are made available for their movement as and when they require. These difficulties may be considered by you and relief measures are given with a view to the promotion of the industry.

The following reply was received:—

With reference to your letter dated 16-5-1955, I am directed to state that the request for a general reduction in the rates for handmade matches or in the alternative to fix the maximum distance for charge at 500 miles has been carefully examined by the Railway Board. The Board, however, regreat that they do not find any justification for agreeing to either request.

I am, however, to add that Railway Administrations will have no objection to consider the quotation of station-to-station rates between specific points on the interests concerned giving the full facts in respect of such movements and furnishing full details of what reduction in rates is desired and how the figure is arrived at. Request for the quotation of such concession rates duly supported by details as stated may, therefore, be addressed to the Failway Administration concerned.

As regards your request for granting priority in allotment of wagons for the movement of matches manufactured by cottage industries, a separate communication will follow.

I am further directed to say that specific commodity quotas viz: 8 B.G. and 16 M.G. wagons per day have been fixed for the movement of matches and raw material therefor over the Southern Railway. The movement within the quotas mentioned above is arranged in order of priority of registration of demands at the despatching stations. The consignors should therefore, regularly register their demands at the Railway stations to enable the Railway Administration to make necessary arrangements for supply of wagons within the reasonable time, and in case of any difficulty specific instances should be reported to the General Manager, Southern Railway who is competent to make adjustments, in the commodity quota so as to meet the genuine requirement of the industry.

VISIT OF SHRI S. N. BILGRAMI, I.A.S.

The Deputy Chief Controller of Imports and Exports, Madras, informed the Chamber of the visit to Madras of Shri S. N. Bilgrami, I.A.S., Chief Controller of Imports & Exports. There were so many problems for discussion with

Shri Bilgrami and a meeting was, therefore, convened to meet Shri Bilgrami at the office of the Chamber on Wednesday the 13th April 1955 at 5 p.m. Members were requested to forward subjects for discussion and the Import Sub-Committee drafted a memorandum for presentation to Shri Bilgrami.

The President, Shri M. A. Chidambaram, welcomed Shri Bilgrami and said as follows:—

It gives me great pleasure to welcome you to the Chamber on your visit to Madras. Your visit just at present when the Import and Export Policy is going to be revised from First July is most opportune and I would request you to make such visits prior to the revision of Policy so that the views of importers and exporters at different ports can be properly studied and their suggestions implemented during the time of revision. Though the time at our disposal is very short, the Chamber has put up a long memorandum for discussion and in case it is not possible for you to discuss the entire memorandum I would request you to consider those suggestions embodied in the memorandum when the Policy is being revised.

Though not quite pertinent, I would invite your kind attention to the discriminatory freight levied by Shipping Companies for export of some cargo from the Port of Madras. Due to this fact, exports from Madras have been affected. I know you are not directly concerned with, but you may be pleased to draw the attention of the Ministry to this point. I feel that the freight should have some bearing upon the distance. If freight from Madras is quoted according to the distance to the Ports of destination, Madras can assume greater proportion in the export of some commodities. I would request you to bear this point in mind.

I now request you to discuss the memorandum.

Thereafter the following meorandum was presented:—

GENERAL

(1) *Recent changes in the imports & exports control act*:—The provision making attempts and abetments of contraventions of Import and Export Control Regulations punishable

is viewed with alarm as it will offer an additional weapon in the hands of Customs Authorities to victimse even merchants making imports bonafied and later on turning out to be unauthorised owing to differences in classification or interpretation. These powers should not be used by the Customs without the previous sanction of the Chief Controller of Imports and Exports. Port-Committees must also be consulted in the matter.

(2) *Meetings of the import & export advisory committees*:—These should be held in rotation at the three main ports instead of at the capital as at present so that local interests may be consulted.

(3) *Export promotion schemes*:—India can with profit follow the example of Pakistan by allowing exporters of a given variety of goods to import 30% or 50% of the value of their exports. This will encourage exports of items which India is anxious to export and also provide for imports of items in short supply in India.

(4) *Imports and Re-Exports*:—There is a vast scope in India for re-export of imported goods in view of her geographical and political situation. The Reserve Bank refuses to provide foreign currency to pay for imports while they insist on the surrender of the foreign currency earned by their relative re-exports. Authorities at Ports must be instructed to issue exchange control authorisations in such cases to enable import for re-export being carried on.

(5) *Licence fees*:—The recent increase in licence fees is deprecated by the Chamber. The old scale should be reverted to with a provision that for licences of Rs. 1,000 and below no fees will be charged.

(6) *Income-tax verification certificate*:—No licence should be refused on the ground that the verification number has expired and a number once granted should be regarded valid for all time.

(7) *Simultaneous publication of changes in policy rules or regulation*:—Importers and Exporters in the South are at a handicap since newspaper accounts are very scrappy and the Gazette takes a few days to arrive and even the notifications

issued at ports are done a few days after the notification is issued at Delhi or Bombay or Calcutta. Arrangements must be made either with some of the leading newspapers to publish such notifications verbatim or notifications should be sent by telegram to Chambers of Commerce on the lines of press telegrams so that importers and exporters in the South may be posted with up to date changes and take quick action as their counterparts in the North are able to do.

IMPORTS

(1) *Issue of quota certificates on security forms*:—In certain cases, on the basis of random sampling, origninal import documents are called for prior to the issue of quota certificates on security forms in place of original certificates in old forms. Owing to lapse of time importers find it difficult to provide these documents and copies of Bills of Entry in some cases are not available even from Customs. In such cases instead of refusing quotas, certificates on security forms should be granted in exchange for old forms. The Madras licensing authorities would appear to insist on special applications being made on forms "F" before replacing old quota certificates. This should not be necessary.

(2) *Issue of I.T.C. circulars at Ports*:—Circulars at ports clarifying, modifying or interpreting the provisions of the policy book have now become an almost daily feature. These circulars create hardship to the trade when the effect of the circulars is to prohibit or restrict the import of a particular article under a particular Serial Number of the I.T.C. Schedule which the trade was importing prior to the date of these circulars. As a rule these circulars should be kept down to the barest minimum and such circulars issued only when the points covered by the circulars could not be kept over for being incorporated in the policy book for the next half year. The Chamber further desires that all circulars issued during a given half year should lapse with that half year instead of being given effect to in subsequent half years as often conflict arise in the application of these circulars during subsequent periods, working hardship on the importer.

Such circulars often contain clarifications which run counter to the original policy as incorporated in the policy book or modify the policy book. Though bereft of any legal value these clarifications are always taken up and acted upon by the Customs authorities leading to the imposition of heavy penalties which but for the clarification the importer would not be liable to. Instances are as follows: —

(a) D. C. C. I. Madras has clarified that the restriction under 39c of Part II of I. T. C. Schedule regarding Bakelite electrical accessories applies not only to Electrical accessories made of bekelite but accessories made of any other meterial such as porcelain metel etc., so long as there is even a particle of bakelite in the composition of the article.

(b) O.G.L. 36 permits under Part II, 33B of the IT.C. Schedule imports of diesel engines of below 3 H.P. as prime movers D.C.C.I. has clarified that the engines of below 3 H.P. sought to be imported must not develop 3 *H.P. or over at* 1500 *R.P.M.* thus introducing for the first time a restriction on R.P.M. which was never contemplated in the policy book, in addition to the restriction of H.P. which finds a place therein.

(c) O.G.L. No. 4 provides for import of articles supplied free of charge in replacement of goods previously imported which have been found to be defective or otherwise unfit for use. Till September 1954 importers of domestic Refrigerators in Madras were importing under this O.G.L. replacement units for the original sealed in refrigerating units sold with a 5 year warranty and which have failed to function within the period of their warranty. In September 1954 the D.C.C.I. Madras appears to have instructed the Customs not to allow such units under O.G.L. 4 but to demand separate licences which he has started issuing after insisting on "no objection" Certificates from the Reserve Bank and the trade is put to undue hardship and servicing facilities to consumer suffer as a consequence.

Such clarifications which seek to change or modify the policy to the disadvantage of the importer should not be made during the middle of the licensing period but should be incorporated in the policy book for each half year to avoid inconvenience to importers. Moreover it is inadvisable to prohibit or restrict imports by means of such clarifications and Government may very well take the straight forward step of an open prohibition or restriction in categorical terms while issuing the policy book.

(3) *Open geneal licence:*—Although the Import Control Enquiry Committee has deprecated changes during the pendency of an open general licence such changes have now become a regular feature. It has also become the rule that concession licences are granted only where letters of credit have been opened and refused when payment is by sight drafts. This has led to distrust on the part of foreign manufacturers and suppliers who have begun to insist on letters of credit for items under O.G.L. The better procedure would be to bring the item to liberal licensing and later on under quota if open general licences cannot be allowed to run their full course instead of taking the item off the O.G.L. all on a sudden. Merchants in the capital are at an advantage as they immediately telephone their Madras, Bombay or Calcutta offices when an item is taken out of the O.G.L. and are able to get letters of credit opened before the notification reaches the ports. This leads to speculation and malpractices.

Where concession licences are granted they are sometimes granted on the basis of a fraction of the quantity for which irrevocable commitment has been made. Licences should always be granted for the full quantity and not for fraction thereof. A case in point is an O.G.L. Concession Licence for free wheels in which one of our members was concerned, where after a lapse of several years and extended correspondence a licence was granted to him for only 25% of the value of his order.

(4) *Period of validity of import licences:*—All import licences should, as a rule, be valid for 12 months except in the case of special items for which a shorter validity is justifiable.

(5) *Soft currency licences to be used for dollar area*:—There is scope for enlarging the number of items in respect of which soft currency licences are valid for dollar area in terms of a percentage of the face value. An instance where such a facility is desirable is Part V.S. No. 92 (c)—weighing Machines.

Moreover in view of the improving dollar earnings token import of consumer goods from Dollar area may be allowed as in the case of serial Nos. 245, 246, 248, 250, and 272 of Part IV.

(6) *Delays in issue of import licences*:—While the Chamber is pleased to note the all round progress in expedition of issue of import licences, certain cases of delay have been brought to their notice. Instructions must be issued to avoid delays as much as possible.

(7) *Classification of goods*:—Frequent changes in classification of goods even without prior notice in some instances by Customs and Import Control Authorities lead to unforeseen difficulties to the importers and there is no unformity in classification between the different ports. These should be avoided and any change in classification must be announced only at the beginning of a half year and the revised classification should hold good at least till the end of that half year. The following instances of changes in classification have been brought to the notice of the Chamber as working undue hardship on importers.

(a) Combined Switch and Plugs were being previously classified under Part II, 45 if below 10 amps and under Part II, 42 if 10 amps and above. Recently the classification has been changed and all Switch-Plugs irrespective of amperage are now being classified under Part II, 39 item C.

(b) Certain specified dental goods were previously allowed to be imported under Part V Serial No. 93 but they are not now allowed to be imported by the Madras Customs under O.G.L. Instructions should be issued that all instruments required for dental surgery should be allowed import under O.G.L.

(c) Porcelain base Tumbler Switches are not manufactured in India on any big scale. Under Part II, 39 c of the I.T.C. Schedule, only Bakelite Electrical accessories are restricted import to the extent of 10% of the face value of the licence. While for customs purposes Porcelain base Tumbler Switches are assessed as Porcelain Switches, they are classified as Bakelite Electrical accessories for Import Control purposes though made of porcelain for the reason of their having a bakelite cover. Instructions must be issued to ports that the same classifications must be adopted for import control as the customs authorities are adopting for the purposes of assessment of Customs duty.

(d) Under Part IV Serial No. 245—what is table Glassware and what is not still continues to be a matter for endless controversy between the importer and the customs. There is room for a clarification in this matter.

When changes in classification or interpretation tend to restrict imports of items previously permissible, orders placed prior to the issue of relative notices should be provided for by allowing their imports on production of evidence to show that irrevocable commitments were made prior to the issue of the circular in question.

(8) *Liberally licensable items*:—These should be licencesed freely to established importers of any goods whose applications are supported by quota certificates of any goods for a specified value as these should be sufficient evidence of their capacity. To insist on Bank Cerificate of capacity to do business and audit certificate of turnover in their case, is superfluous as their capacity for business has been already examined, recognised and certified by the Import Control Authorities in the form of quota certificates.

It has been reported that in actual practice Licences are not liberally granted and are given only for small values of a few thousands when application is made for a lakh of Rupees. If the object is to allow imports liberally, licences should be granted for fairly high values. If the object is to bring down prices or offset speculation, but keep imports to the extent necessary,the easy obtainability of these licences and the high values granted will themselves be sufficient to deter huge imports by speculative elements.

(9) *Adhoc licencing*:—The recommendations of the Import Control Enquiry Committee should be strictly followed.

(10) *Licencing policy for various classes of importers*:—The Chamber suggests the following changes in the licensing policy applicable to various classes of importers:

ESTABLISHED IMPORTERS

(a) *Excessive subdivision of serial Nos*:—Where serial numbers have been subdivided and the importer is unable to establish a quota for each subdivision, while he can establish a quota for the entire serial number, licences should be granted to him on a quota based on his total imports under the entire serial number with necessary provision restricting individual items on the basis of a percentage of the total face value, on the lines adopted for electric motors under Part II, 32.

(b) *Quota Registration scheme*:—The scheme having been found unworkable in practice, the desirability of continuing it may be examined.

(c) *Claim of soft currency licences on the basis of hard currency Quotas*:—Where a quota holder claims only a soft currency licence of his combined quota for Hard Currency and Soft Currency he should not be made to submit two separate applications paying two separate fees for import from soft currency area for the same serial number simply because his claim is on the basis of two quota certificates instead of one, as is the practice at present but one application should suffice.

(d) *Minimum limit*:—The minimum licensable limit should be made inapplicable to those claiming quotas based on imports in 1950 and after as the policy of strict licensing was introduced then and owing to these restrictions persons who would otherwise have imported normally were unable to do so.

(e) *Issue of joint import quotas*:—There is a case for further extending the list of Serial Numbers which are subject to joint quotas. Such joint quotas for instance are desirable in the case of Serial Nos. 70 & 72 of Part IV of the I.T.C. Schedule.

ACTUAL USERS

Licences to actual users may be issued on an annual basis instead of on an half year basis as at present.

NEW COMERS

(a) Indenting agents should be considered as new comers in the fields in which they have booked indents on production of requisite documentary evidence. Licences issued to them may restrict supplies being made by their principals abroad and should be utilisable for imports made by their regular clients.

(b) Lists of allied items turnover in which should be considered for granting new comer licences should be revised suitably to cover all allied lines and not merely certain specified lines. For instance under Part II Serial No. 7 (a) imports of asbestos, break lining in rolls imported as motor vehicle parts should be considered as an allied line.

(c) The invidious distinction between dealers in ports and dealers in mofussil areas and the different standards of turnover required from each should be abolished. All dealers at ports are not necessarily big and all dealers in mofussil are not necessarily small.

(d) *Repeat licences to new comers:*—Under the present policy licences are granted to new comers as a repeat of the licences issued to them during the previous half year. An instance has been brought to the notice of the Chamber where a member was refused a repeat licence by the D.C.C.I. Madras on the ground that the licence sought to be repeated was for Rs. 10,000/- and that he had no authority to grant such repeat licence for more than Rs. 5,000/- Powers of the D.C.C.I. Madras should be enlarged in this respect.

(11) *Restrictions and riders on import licences:*—While Import licences themselves are being issued on the basis of a meagre percentage of past imports, there is little room for individual restrictions or riders in Import licences in regard to particular items. Such restrictions, if at all necessary, should be brought down to the barest minimum. The Chamber suggests that restrictions in the undermentioned cases should be removed.

(a) *Part IV SL. No.* 70:—50% restriction on the import of Confectionary to be removed as the total licence itself is on the basis of 5% of past imports.

(b) *Part IV* 248 *(a) Vacuum Flasks:*—Restriction on Refills to be removed or at least the percentage increased.

(c) *Domestic Earthenware & Chinaware:*—Serial No. 239, 240 *and* 243 *of Part IV:*—Restriction on the import of cheap earthenware and Chinaware to be removed or allowed on the basis of a reasonable percentage.

(d) *Part IV* 273:—Ban on the import of Art-silk mantles to be removed or at least token imports allowed, in view of the poor quality and high prices of indigenous manufacture.

(d) *Part V*-65 (5):—Importation of perforated steel sheets should be allowed against all licences issued for this Serial No. and not necessarily to holders of licences who obtain endorsements from the licensing authorities.

(f) *Part II* 43 *(f): Conduits:*—Restriction on import of black enamelled conduit to be removed in view of heavy import duty.

(g) *Part IV* 245—*Glass tableware:*—Quota being itself small, restriction of 50% to be removed.

(h) *Part IV* 272—*Metal Lamps & parts:*—Restriction of 2% for Hurricane Lanterns is to meagre. This should be increased to 5%. Besides, the 5% limit for incandescent lamps of hurricane type should apply only to lanterns upto 400 C.P. as previously.

(12) *Recommendations regarding individual items:*—The Chamber suggests the following changes in the policy regarding individual items in formulating the policy for the next half year:—

(a) *Part II* (30 *diesel engines upto* 30 *H.P.*—Ban to be lifted or at least token imports to be allowed.

(b) *Part II S. No.* 30 *(e) Diesel Engines of road vehicular type:*—Basic period to be extended to 31st March 1955 instead of 31st March 1954. Imports of road vehicular type diesel engines of 50 B.H.P. and above also to be allowed.

(c) *Part II* 30 *(f) (i) (ii) Spare Parts of Diesel Engine:*—Licences to be allowed for spare parts of all brands and importers should not be asked to specify brands.

(d) *Part II* 44—*Electric Table Fans:*—There is a case for increase in quota from 20% to 40% as indigenous industry is enjoying a protective duty.

(e) *Part III Serial No.* 1 *B* (*a*) *and* (*b*):—(i) The following dyes should be permitted to be imported to the extent of 12% of the face value of the licenses, instead of 4% as at present.

Acid dyes:—Orange, Red, Scarlet and Black.

Direct Dyes:—Blue, Brown, Khaki, Red, Green, Black, Garnet, Bordeaux and Violet. Sulphur Black.

Within the aforesaid value restriction of 12% one-third may be allowed to be utilised for the import of Sulphur Black, another one-third for the import of Direct Dyes and the balance one-third for the rest of the items.

(ii) Not more than 21% of the face value of the quota licences may be utilised for the import of Naphthols, instead of 12% as at present.

(iii) Not more than 14% of the face value of the quota licences may be utilised for the import of Fast Colour bases instead of 8% as at present.

(f) *Part IV Serial No.* 70 & 72:—Present quota is 5%. This should be increased.

(g) *Part IV Serial No.* 79—*Chicory*:—When actual users are granted licences to the extent of 75% of their requirements, there is no reason why Established Importers should be completely denied licences. Chicory is used for blending with Coffee and not for adulteration.

(h) *Part IV, S. Nos.* 87 & 109, *Penicillin and Streptomycin*:—Sole distributors of foreign manufacturers should be granted licence for a given value on production of agency agreements.

(i) *Part IV, S. No.* 277 *Safety Razor Blades*:—The licensing authorities at the Madras Port would appear to insist that as a qualification for additional licences for safety Razor Blades the established importer having quota licence for drugs and medicines should hold such quota licences for soft currency area only and that holders of quotas for drugs and medicines for dollar area are not entitled for additional licences for Safety Razor Blades. There is no room for such interpretation in the Policy Book and this should be made clear.

(j) *Part IV* 245:—Token import of Glass Tumblers to be allowed or at least such qualities like Jacobean, unbreakable etc.

(k) *Serial No.* 250 *of Part IV—Torchlight Bulbs*:—Sub-Division to be removed and quota for item as a whole to be increased at least to 25%.

(l) *Part IV, S. No.* 264 *Enamelled Ironware*:—Token imports to be allowed under a quota basis under this serial number instead of the present policy of allowing enamelled were on 5% of the value of bath tubs under Part IV 269.

(m) *Part IV, S, No.* 325 (*g*) *Toys others* (*etc.*):—Licence issued under this serial number should be held valid for the import of Glass balls, foe Bagatelle Board. There is difference between these Glass Balls and what are generally called Marbles.

(n) *Part V, Item No.* 22/31—*Aromatic Chemicals*:—Aromatic Chemicals of all sorts must be permitted import instead of the restricted list as the licences issued for Aromatic Chemicals are themselves small and the list is misleading in that themselves small and the list is misleading in that it contains items like Civet liquid, Civet Paste and Civet Crystals which are really not aromatic Chemicals.

(o) *Part V* 44—*Newsprint*:—This has been removed from the O.G.L. and brought under licensing and future licensing is expected to be on the basis of actual sales to newspapers. Many newspapers of small means depend upon mofussil dealers who are middle-men and financiers for such newspapers but who are not direct importers. The elimination of such middle-men throws the entire burden of financing the smaller newspapers in the hands of importers themselves. Moreover, stocks must be maintained at mofussil areas for supply to newspapers as and when required. Practical difficulties regarding, movement from the Port to mofussil areas and regulation of supplies to individual newspapers should be overcome.

o) *Part V* 65 (6):—Description should be amended to read "Quarter Horse Power or less" instead of below Quarter Horse Power.

q) *Pat V. S. No. 78—Import of Electrical Equipment*:—Licences to be issued on the basis of 50% general and 100% soft as this serial number includes a major portion of imports of electrical equipment.

Electrical Steriliser should be brought under O.G.L.

r) *Part V. S. No.* 79:—While electro-medical apparatus covered by this Serial Number is itself under O. G. L. parts and accessories are licensable on the recommendation of an Association in Bombay. Such parts and accessories should also be under O. G. L. or Imports should be allowed liberally. In any case spares of small values of Rs. 250 and below can be allowed to be imported without licences.

s) *Part V. S. No.* 86 *(iii) Perambulators*:—The quota which is now 5% should be increased to 20%.

Exports

EXPORT POLICY AND PROCEDURE

(1) *Free Licensing*:—When an item is freely licenceable, there is no justification in retaining control over it and having the luxury of licensing. If the idea is to watch and stop licensing when exports have reached a certain level, this may as well be served by placing the article under O.G.L. up till a specified date, to be renewed if circumstances warrant. A case in point is PEPPER, which while being under O.G.L. for Dollar area is freely licenceable for soft currency areas. Moreover in the case of freely licenceable items with a time limit, the policy for the next half year or quarter should be announced in advance and not in the half year or quarter so as to enable forward commitments to be made.

(2) *Quota System in Exports*:—The present system freezes the pattern of trade and handicaps enterprise. Exports of restricted items *now under quota* may be allowed as an incentive to increased exports of materials which are now under free licensing, O.G.L. or outside the purview of control. The total exports in a given year of each exporter should be taken into account and licences for restricted items should be granted to all exporters on the basis of a percentage of their total exports in the basic year. This will act as an incentive for individual exporters to reach higher targets to enable them to get higher quotas for restricted items. Certain maximum and minimum limits may be fixed to make exports economic and distribution equitable. To enable exports to Dollar areas to be increased, Dollar earning exports may be given weightage in calculating value of total exports in the basic perid.

(3) *Special Licences to Meet Hardships*:—Where exports are allowed freely till a certain date and the policy is not continued for the next quarter or half year, special licences should be issued to exporters on presentation of evidence showing firm contracts entered into and Letters of Credit received but exports could not be made before the date fixed on account of difficulty in transport and other Force Majeure conditions.

(4) *Formulation of Policy*:—Instead of the almost daily announcements now being made, the policy for items under licensing should be announced once a quarter and it should hold good till the end of that quarter. If not, it should be announced in the form of a consolidated booklet at least on the first of each month to hold good till the end of the month. Frequent control and decontrol only leads to speculation and the honest trader is the sufferer.

(5) *First come first served policy*:—This policy places smaller exporters and exporters in mofussil area at a disadvantage when big export houses with own branches in foreign countries or who export on consignment account tend to take up the available tonnage which leads to announcements almost within 24 hours that the target is reached. The better procedure would be to invite applications and make equitable allotments to all exporters. To guard against speculators who may not export within the time allowed or any extended time, a bond may be taken which may be forfeited in the event of their defeating the policy by not making exports after getting licences.

(6) *Co-ordination of Export Control and Railway Transport*:—The present system of issue of Registration Slips to Hospet, Bellary. Section for allotment of waggons to Ports for transport of ores is far from satisfactory and requires re-examination.

The question of movement of Iron ore from Guntakal to Madras should also be examined with a view to facilitating mine owners to export freely.

(7) *Uniformity in Issue of Quotas*:—It is reported that in the case of chillies newcomers in Madras are given minimum quotas of 2 Tons while those in Andhra get 13 Tons and those in Bengal get 20 Tons. This discrimination should be done away with and the uniformity should be established in the issue of quotas. The quota issued to exporters in Madras is steadily decreasing. In one particular case it has come down from about 110 tons to about 9 tons.

(8) *Validity of Quotas for Shipments at Different Ports*:—Once a quota is granted it should be valid for export

from any port in the Indian Union and no restriction should be placed as to the Port of shipment.

(9) *Issue of Licences on Shipping Bills*:—This involves delay in passing Shipping Bills and payment of heavy licence fees. This system should be replaced by issue of licences in the regular way on application.

(10) *Individual Items*:—The Chamber has the following suggestions to make in regard to exports of individual items:—

(a) Free licensing of Husked Rice to be continued for the next half year also.

(b) Pulses to be completely decontrolled.

(c) Export of Chillies to be liberalised.

(d) Ground Nut oil to be licenced to new comers also.

(e) Indigenous Gum Rosin to be freely licenceable in the second half year also.

(f) Glue stock material present policy to be continued for the next half year also.

(g) Export of Rauolfia Serpentina to be allowed liberally to meet competition from plants from other sources such as Vomittoria from Belgian Congo. Government have recently asked for stock position and orders may be issued so that exporters can meet their commitments. It has been brought to the notice of the Chamber that in certain cases Government have not issued licences to some parties on the basis of commitments during the pre-ban period.

(h) Export of wheat products to be liberalised. Quotas to millers should be calculated not on the basis of stocks held at the time of application but on the basis of total turnover in a year or half year.

(i) Crushed Bones & Bone products to be allowed for newcomers also. Mills established before June 1954 also to be given quotas when Mills established between June 1954 and December 1954 are granted quotas.

(j) Titaniferous Iron ore—Since the percentage of Titanium in the ore is below 10% which is far below the extraction point, exports may be allowed freely.

(k) Sole crepe Rubber—There is a case for allowing at-least restricted exports of this article.

(l) Tamarind—In view of better crop and stable prices exports may be liberalised.

Shri Bilgrami assured the Chamber that he would consider the various points raised by the Chamber and do his best to remove their grievances. He also thanked the Chamber for the various suggestions made by the Chamber.

After proceeding to headquarters the following reply was received:—

With reference to your Memorandum dated the 13th April 1955, presented by you to the Chief Controller of Imports and Exports, during his visit to Madras on the above subject and in continuation of this office letter No. E. II/661-M/55/3023 dated the 16th June 1955, I forward herewith a statement showing the outstanding suggestions made therein with remarks against each indicating the result of our examination thereof.

S. No.	SUGGESTIONS	REMARKS
1.	Exchange facilities should be given to enable exporters to import goods for re-export purposes.	As a general principle, no distinction is made between indigenous and imported goods. Re-export of imported goods is allowed in the same manner as export of indigenous goods. Import of goods is, however, allowed, in accordance with the Import Trade Control regulations.
2.	(i) There should be no control on items which are licensed freely. Such items should be placed on O.G.L. for a specified period, and may be removed, thereafter, if circumstances warrant. In the case of commodities licensed freely within a time limit, the policy for the next half year or quarter should be announced in advance.	Free licensing is resorted to when the supply position of a commodity is comparatively easy, but it is still considered necessary to watch its export over a period of time, in order to ensure that internal shortage is not created due to abnormal exports. The position of such commodities, is, however, reviewed from time to time and they are placed on O.G.L., if circumstances so warrant. Every attempt, is also made to announce the new licensing policy in respect of commodities licensed freely within a time limit, before the close of the licensing period.
	(ii) Where exports are licensed freely till a certain date and the policy is not continued thereafter, special licences should be issued to exporters to cover firm commitments already made.	Whenever, a ban is imposed on export of any commodity, firm preban commitments are given due consideration.
	(iii) Instead of almost daily announcements now being made, the policy for items under licensing should be announced	Export policies for commodities subject to licensing are generally announced for a period of 6 months or more, but due to unexpected variations in the supply position and

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	once in a quarter or once in a month to hold good till the end of the quarter, or the month as the case may be.	trend of internal prices, export policies for certain commodities, are announced for shorter periods, and changes are made therein as and when conditions warrant.
	(iv) Instead of the procedure of issuing licences on 'first come first served' basis, in respect of commodities allowed for export within a ceiling, it will be better, if applications are invited and equitable allotments are made to all exporters.	Licensing on 'first come first served' basis is mainly resorted to in respect of commodities which are required to be shipped in as short a period as possible.
3.	Exporters of restricted items now under quota system should be allowed as an incentive to increase exports of commodities which are now under free licensing, on O.G.L. or outside the purview of Control. The total exports in a given year of each exporter should be taken into account and licences for restricted items should be granted to all exporters in proportion to their total exports in the basic year. With a view increase exports to dollar areas, dollar earning exports *may be given weightage in calculating* the value of total exports in the basie period.	As a general principle, control over exports is exercised taking into account the established pattern of trade. It is, therefore regretted that we are unable to accept your suggestion in this regard.

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4.	The present system of issue of Registration slipe, to Hospet, Bellary section for allotments of wagons to ports for transport of ores is far from satisfactory and should be re-examined. The question of movement of iron ore from Guntakal to Madras should also be examined with a view to facilitate mineowners to export freely.	The points raised were borne in mind at the time of reviewing the policy for export of iron and manganese ores for the period July–December 1955. Export policy and procedure for the period July–December 1955 has been notified to the trade vide Public Notice No. 302/55 dated 6–7–55.
5.	There should be no discrimination in the allotmen's of quotas of chillies to new comers in different states.	The size of individual allotments to new comers invarious state depend upon many factors such as the overall export surplus available from the State, the number of established Shippers registered, the quantity available for distribution to new comers and the number of new comers who satisfy the condition prescribed for eligibility. In the case of Madras, it was not possible to give larger allotments to newcomers as the overall quota available for export from the State was comparatively small and the number of established shippers and also newcomers eligible for a quota was very large. The position obtaining in the States of Andhra and Bengal was different and as such it was possible to make larger individual allotments.
6.	Once a quota is granted it should be valid for export from any port in the Indian Union and no restriction should be placed as to the port of shipment.	Licences/quotas are normally valid from the ports at which they are issued. Special requests from exporters for their transfer for shipment from other ports are, however, considered by the licensing authorities on merits of each case.

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7.	The system of issuing licences on Shipping Bills should be replaced by issue of licences in the regular way on application.	The procedure of licensing by endorsements on Shipping Bills was adopted with a view to reduce the licensing formalities to the minimum. The procedure is working smoothly at all the ports and no change therein is considered necessary. As regards delay in passing of Shipping Bills you are requested to quote concrete cases to enable us to study the nature of delay, with a view to apply appropriate remedy if necessary.
8.	Export of Chillies should be liberalised.	Export quotas of agricultural commodities like onions and chillies are fixed in consultation with the producing States, after ascertaining the exportable surpluses from these states and taking into account production, consumption and prevailing export prices. In February 1955, a quota of chillies was released for export from the States of Andhra, Madras, Bihar and Bombay during the period January/June 1955. In June, 1955, an additional quota was released for the same period for export from the states of Bombay, Saurashtra, Punjab and Hyderabad. It has not been found possible to release any additional quota for export from the Madras State. The quotas are valid for shipment up to the end of September, 1955.
9.	Indigenous gum rosin, should be licensed freely during July/December 1955.	Free licensing has been continued during July-December, 1955.

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10.	The present policy for glue stock material should be continued during July-Deeember, 1955.	Free licensing has been continued during July-December, 1955.
11.	Export of Rauwolfia Serpentina should be allowed liberally to meet competition from other sources such as Vomittoria from Belgian Congo.	Exports of Rauwolfia serpentina are now allowed by Stockists to the extent of 80% of the stocks held by them on 7-3-55 and in respect of which they had submitted certified stock returns to the office of the Chief Controller of Imports & Exports, New Delhi, in accordance with the Press Note dt. 12-3-55. The suggestion has however been noted.
12.	Crushed bones & bone grist should be allowed for export by newcomors. Mills established before June, 1954 should also be given quotas when Mills established between June 1954 and December 1954 are given quotas.	Crushing Mills established before June, 1954 are already eligible for the grant of the export quotas of crushed bones and bone grist. The suggestion to allow export of these items by new comers has been noted.
13.	Titaniferous Iron ore-Since the percentage of titanium in the ore is below 10% which is far below the extraction point, exports may be allowed freely.	This is under examination.
14.	Restricted exports of the sole crepe rubber should be allowed.	Export during July-December 1955 is allowed against the unutilised balance of the quota fixed for 1954. Licences are issued to actual producers of sole crepe rubber recommended by the Indian Rubber Board, Kottayam.
15.	Exports of Tamarind should be liberalised.	Export of temarind is now licenced freely.

VISIT OF SHRI E. RAJARAM RAO

The Collector of Customs, Madras, informed the Chamber of the visit to Madras of Shri E. Rajaram Rao, Member (Customs) Central Board of Revenue, New Delhi, and wanted to know whether members of the Chamber would like to meet Shri Rajaram Rao. The Chamber agreed and a meeting was arranged at the Chamber to meet Shri Rajaram Rao on Tuesday the 10th May 1955 at 5-15 p.m. Members were requested to forward subjects for discussion in the meeting. On the basis of suggestions received a memorandum of difficulties experienced by the mercantile community was prepared and presented to Shri Rajaram Rao.

Shri K. Govindan, Vice-President, in welcoming Shri Rajaram Rao stated as follows:—

It is indeed a pleasure to me to welcome Mr. Rajaram Rao to the Chamber to-day. This is his annual visit and I may say that whenever he visits Madras he makes it a point to meet Chambers of Commerce. That is indeed a very nice thing as members of the business community can place their difficulties before him. We feel that under a National Government it is the responsibility of merchants to co-operate with the Government in all matters of common interest. It is equally the responsibility of Government to encourage and foster the growth of normal trade without placing undue impediments in the way of imports or exports.

It is uqite possible that on many occasions Government may not see eye to eye with the views of the commercial community but even on such occasions by mutual discussion and understanding of each others difficulties, the differences can be gulfed to the satisfaction of all. I hope that while safeguarding the interests of Government you will appreciate the view points of the mercantile public. What is required is sympathetic understanding and appreciation of each others view point.

I now request you to be pleased to discuss the points raised in the memorandum.

Thereafter the following memorandum was discussed:—

1. The Chamber is of opinion that there is need for setting up of an independent appellate authority for customs matters.

The Constitution of the present Customs Advisory Committees have to be enlarged so as to give representation to all Chambers of Commerce and Associations functioning at the ports.

A Committe may be appointed soon with non-officials to enquire and scrutinise the customs procedure and formalities to be observed by importers and exporters and to suggest ways and means of simplifying them.

II. Sea customs act:—The Chamber is emphatically of opinion that anti-social measures like smuggling have to be effectively prevented and the mercantile community condemns smuggling. But the recent amendment to the Sea Customs Act throws the burden of proving that the goods are not smuggled goods on the owner. This section is likely to lead to harassment of innocent dealers; and the Chamber suggests that Customs Officers have to be duly instructed to administer this section with extreme caution as otherwise it may become an engine of oppression.

It is reported that indiscriminate raids on shops are conducted by Customs Officials in various markets such as Mangalore without justification or sufficient reason. Such raids merely on suspicion have to be avoided.

According to the recent amendment of the Act, even employees of the owner of the goods are not allowed to attend the work of clearance or import or export in the Customs House. In the case of clearance of personal baggage this system may not be practicable. We suggest his employee under a guarantee may be allowed to transact business.

Under Section 200 of the Act the Customs Collector may refuse issue of duplicate of any certificate, manifest etc., even on payment of fees. Such certificates should be issued on payment of the prescribed fee.

III. Uniform assessment at all ports:—When imported goods are accompanied by the necessary Certificates of Origin, the Chamber feels that such goods have to be assessed at a uniform rate of duty at all ports. It has been brought to the notice of the Chamber that nutmegs when imported at the Port of Bombay are assessed to preferential rates of duty while at Madras they are assessed to the standard rate of duty though in both cases Certificates of Origin accompany such consignment. This places the Madras. importer at a disadvantage. The Chamber is aware that there are appellate remedies but it will serve a lot of time and inconvenience if a uniform system is followed at all ports.

Claims for refund of duty arising out of such assessment are pending with Government and you may be pleased to order refund of such excess duty as early as possible.

IV. Customs analysis:—(a) Synthetic essential oils and compounded perfumes were synonymous terms prior to war. But for purposes of assessment they are treated as separate commodities. The previous classification may be restored. There is considerable delay often of two months in the Customs permitting clearance of goods pending receipt of Chemical Examiners' report. Due to market fluctuations in the meanwhile the importer is likely to be adversely affected due to such delay and this has to be avoided.

(b) Similarly at the subordinate ports delay is caused in the clearance of goods pending the receipt of Chemical analysis reports. Clearance of consignments of Mochai, Thattai etc., imported under Open General Licences are subjected to delay and in the meanwhile goods are incurring shed rent, deterioration, market fluctuations and pilferages. The issue of analysis reports has to be expedited.

The fee prescribed by the Customs for giving their opinion as to whether a sample is a synthetic essential oil or a compound perfume is rather high and the time taken to give their decision is unduly long i.e., at times even 3 months. Such reports may be made available as quickly as possible say within three weeks and only a nominal fee should be charged.

V. Past commitments:—The Chamber wants you to appreciate the difficulties of importer if there be changes in the classification of goods subsequent to the placing of order with foreign manufacturers. In such cases commitments already entered into have to be respected.

There was a quantitative restriction in the import of one pint Vacuum Flasks only but that did not apply to refills and orders for supply of refills were placed with manufacturers under the then policy. In the meanwhile the Customs Department issued a notification that the restriction applied to refills also. It was not possible to cancel the order and the goods on importation were subjected to penalty. Such cases have to be examined sympathetically.

It will be advisable to specify as to what all categories of goods will come under tableware and what not to avoid harasment after importation. "Mixing bowls" which come under table glassware are not classed under that heading by the Customs authorities. In such cases where there is a difference of opinion between the importer and the Customs authorities it is better to rely on the opinion of reputed manufacturers or of local opinion.

VI. Customs Examination:—In the case of bulk shipment of ores it is not found possible due to various reasons to bring the entire quantity of goods at a time before commencing shipment. The insistence to inspect the entire cargo before shipment often causes practical difficulties. Without surrendering their rights to inspection of the entire lot the customs may be pleased, on a consideration of the practical difficulties to permit the entire cargo covered by a shipping bill for shipment after inspection of 25 per cent of the cargo.

VII. Duty on hearing aids:—Hearing aid batteries are brought under the same classification as other batteries for levy of import duty though for purposes of import control they come under a separate classification. But when the excise duty on batteries was levied a corresponding duty was levied on hearing aid batteries also. Hearing aid batteries are not made in the country and therefore the question of its protection does not arise. The duty on their import has to be restored to the old rate.

VIII. Import of samples of no value:—Even on production of letters from manufacturers that the samples are of no commercial value, the Customs authorities levy duty on such samples. Samples of no value are sent to agents here for business advancement but by themselves they are of no value. To assess such samples to duty is unfair.

IX. Execution of bonds for shipment by country crafts:— Execution of Bonds by shippers in respect of goods shipped by country crafts was only a war-time measure but it is still continued and is causing great hardship to the trade besides unnecessary expenses. This may be discontinued.

X. Customs Examination of passengers and Baggage:— Customs examination of passengers and baggage arriving from Bombay and other coastal ports between Bombay and Mangalore by ships is conducted in Mangalore and Malpi. It is true that the ship touches Karachi but it has to be noted that her voyage from Karachi to Bombay and then from Bombay to Cochin via. Mangalore are totally different. Passengers from Karachi are booked upto Bombay only and the ship is cleared off all passengers and baggages there after a thorough customs examination. Then only the Bombay-Cochin voyage commences with passengers to Indian ports alone. It is therefore superfluous and unnecessary that these passengers are searched and baggages examined at destinations.

XI. Enquiries:—It will be helpful if replies to enquiries for correct classification of goods are attended to as expeditiously as possible.

XII. Statistics:—Chambers of Commerce at least should be furnished with detailed imports or exports of particular commodities free of cost on request. Such particulars are found necessary.

The following is the report of proceedings:—

Shri E. Rajaram Rao, Member (Customs), Central Board of Revenue, replying to the memorandum said that Government were having under consideration the question of appointing a committee to enquire and scrutinise the customs procedure with a view to suggesting measures for simplifying it.

Regarding the plea of the Chamber for setting up an independent appellate authority for customs matters, Mr. Rajaram Rao said that Government hoped to announce their decision on this soon.

There was a free and frank exchange of views on the various points raised in the memorandum and Mr. Rajaram

Rao clarified the doubts raised by the members. He said it was not advisable to enlarge the Customs Advisory Committees. In regard to Sea Customs Act he referred to the assurance given by the Minister on the floor of the House of People and said that they would endeavour their utmost to implement them. He agreed that there should be uniformity of assessment at all ports and promised to look into the matter.

Mr. K. S. G. Haja Sheriff proposed a vote of thanks.

VISIT OF RAILWAY EQUIPMENT CMMITTEE

Government of India appointed a Railway Equipment Committee to know what all indigenous items can be depended upon for supply to Railways instead of imported materials. The terms of reference of the composition of the Committee are as follows:—

(1) To locate idle capacity in India for the manufacture of railway equipment and rolling stock which are at present imported; and

(2) To suggest ways and means of expanding the existing plants and/or of setting up new industries in India for producing items of railway equipment which cannot at present be manufactured with the existing resources.

The Secretary of the Committee sent a programme of the Railway Equipment Committee and wanted the Chamber to meet them at the office of the General Manager, Southern Railway.

The Chamber circulated to interested members terms of reference and the materials which the Railways would like to indent with a view to know what kind of materials could be supplied to Railways. The following members of the Chamber met the Railway Equipment Committee at the office of the General Manager, Southern Railway, and had discussion with them:—

1. Shri V. Pandurangiah,
2. Shri K. R. Sundaram Aiyer,

3. Shri Raj Kishore of M/s. Masseys,
4. Shri P. Pillai of M/s. Masseys,
5. Shri S. P. Chitnis of M/s. Chitram & Co.,
6. Shri A. Nagappa Chettiar.

They had full discussion. Since then the Railway Equipment Committee has set up an office in Madras for exhibition of materials required by the Railways.

VIST OF Dr. EUGNE STALEY AND Dr. LINCOLN CLARK

Government of India obtained the services of two foreign experts Dr. Eugne Staley and Dr. Lincoln Clark for appointment as Industrial Economist and Consultant on marketing respectively in connection with the development of all small scale industries in India. These two experts were on a visit to Madras and the Chamber invited them for a discussion at the Chamber about the possibilities of marketing small scale products. They agreed to meet members and accordingly a meeting was fixed at the Chamber on Thurday the 9th June 1955 at 5 p.m.

In welcoming the two experts Shri K. Govindan Vice-President, who presided, said as follows:—

On behalf of myself and on behalf of the members of the Chamber I have great pleasure in welcoming you to the Chamber. During the Second Five Year Plan of all round development Government of India are reported to lay greater emphasis on heavy industries in the scheme of development. The importance of small scale and medium industries in the economy of the country cannot be overemphasised and we are glad that Government of India recognised the need to encourage such industries and they have been fortunate to secure the services of you Dr. Staley as Consultant Industrial Economist and you Dr. Lincoln Clark to advise Government of India on the promotion of small scale industries. I am sure that having regard to your distinguished careers and varied experience you will make wholesome recommendations suited to circumstances prevailing in the country for the due encouragement of small-scale industries all over the country.

The Chamber feels that Government of Madras should appoint a Board of Technicians who should be able to give advice with regard to the facilities available for starting of small-scale industries, their location etc. The Board should be of help in setting up the machinery, give advice on their proper maintenance etc., on cost of service basis. It is beyond the capacity of individual industrialists especially of small-scale industrialists to employ the services of highly qualified technicians whose services may not be required throughout.

Labour laws are too stringent. The regulations with regard to the maintenance of building, their up-keep etc., are too very stringent. In the case of small-scale and medium industries, they have to be relaxed considerably at least for some time. There should not be any undue delay in the issue of licences for starting of such industries. The supply of power will help promotion of such industries.

More credit facilities should be made available. The setting up of Rural Banks is a step in the right direction, Sufficient funds should be made available for advancing on small-scale industries. There is a very wide field to be covered in this direction. It is uneconomic if such industrialists have to depend on money lenders. The scope of the State aid to industries Act has to be enlarged, and delay in the grant of loans should be minimised. The State Finance Corporation should set apart funds for advance on small-scale industries also.

The spirit of 'Swadeshi' should be preached. To help small-scale industries, Government should as far as possible purchase their requirements from such units. There is the need to maintain standards of production and to ensure uniformity.

I thank you again for having visited the Chamer.

The following is the report of the proceedings:—

Dr. Eugne Staley, Government of India's Industrial Consultant, said here last evening that provision of adequate training facilities in Industrial management would be highly 'valuable' in building up industries in the country.

Dr. Staley clarified that such training should be of two kinds, one at the University level, in business administration, cost accounting, sales management, production control, etc., and another for those, who were already doing business but who did not have systematic training in the various principles of business management.

Replying to a suggestion Dr. Staley said Government's small-scale industries institutes recently established in the country, would consider the question of providing technical assistance and advice to small industrialists. Suggestions were made that Government should provide testing facilities to small industrialists so that their quality could be tested and the public informed of the same. This would remove the "consumer resistence" that they were now having to goods produced locally and considerably reduced general tendency of the buyer to prefer foreign manufactured goods to indigenous goods. The provision of this facility would also help to improve the quality of Indian products. The experts pointed out that it would take a fairly long time to bring about this change of attitude on the part of the consumer, especially in a country which had started industrialisation on large scale only recently. They had to produce quality goods and gain the confidence of the market.

The discussions then veered round standardisation. The concensus of opinion was that there should be a grading of quality so that the same product could be available at different rates to suit all classes of income groups.

It was also suggested at the meeting that there must be a more liberal financial aid from Government to develop small-scale industries and less stringent provisions regarding labour.

Touching upon their work, the experts stated that they would, in the main, analyse the resources available in the country.

Referring to facilities for training in business management, it was pointed out to the visitors that the Madras University would be providing from the next academic year a course on the subject. At present, such a training was available only at Kharagpur.

Mr. K. Easwaran proposed a vote of thanks.

VISIT OF SHRI B. N. BANERJI

Shri B. N. Banerji, Member (Central Excise), Central Board of Revenue, New Delhi, visited the Chamber on Wednesday the 29th June 1955 at 5 p.m.

Shri K. Govindan, Vice-President, welcomed Shri Banerji and requested him to discuss the memorandum. The memorandum is reproduced below: —

CEMENT

(1) *Clearance between 6 p.m. and 6 a.m.*—Under present circumstances clearance of consignment of cement beyond 6 p.m. is found nevessary. Since there are three Inspectors of Central Excise Department there could not be ordinarily any difficulty for permitting clearance of loaded waggons beyond 6 pm. The insistance for payment of Rs. 6/- for overtime charges may be waived.

(2) *Sealing and numbering of individual bags*: —The fee of Rs. 10/- collected by the Excise authorities at the shipment station towards supervision charges of wagons for a day or part thereof may be waived.

(3) *Duty on samples*: —It is found necessary to draw samples of 10 lbs. weight for carrying on various tests but the Collector of Central Excise allows only 2 lbs. of samples free of duty. The minimum quantity required for carrying out the different tests is 10 lbs. and it is submitted that samples taken for tests should be exempted from duty.

(4) *Remission of duty on special Industrial purpose*: — Certain cement factories have also put up plants for the manufacture of reinforced cement concrete pipes and precast elements and certain quantities of cement manufactured by the factory are being utilised in the manufacture of concrete pipes and precast. Application for remission of duty on that account has been rejected because the reinforced cement concrete pipes and precast elements do not find a place in the schedule to the rules. They should be included in the schedule and remission of duty be sanctioned because the reinforced cement concrete pipes are in great demand in connection with the Community Project and National Extension Schemes.

(5) *Clearance of non-excisable goods*:—Under rule 50 the Collector of Central Excise has been pleased to issue orders to the effect that permission of the Inspector of Central Excise in charge of the factories be taken in respect of clearance of articles in the manufacture of which cement is used. However it has been stipulated that articles in the manufacture of which no cement is used could not be removed after 6 p.m. In view of the fact that Railway wagons will have to be loaded at times after 6 p.m. to be handed over to the Railway authorities, it is not always possible to avoid the removal beyond 6 p.m. It is, therefore, necessary that in respect of cement factories which are producing in addition to cement, sanitarywares, cement concrete pipes etc., the restriction that such articles should not be removed from the licenced premises after 6 p.m. may not be enforced.

(6) *Delay in Refund of excise duty*:—There is inordinate delay in sanctioning of refund on exports of cement. This delay should be avoided.

(7) *Export of cement Ex-Cochin*:—Excise authorities at Cochin port will not pass shipping bills for shipment of cement until all the A.R. IV Forms covering the total quantity of cements to be shipped are received by them. This procedure inconveniences shippers. It may not be possible for a factory to despatch more than 4 to 5 hundred tons a day and as separate A.R. IV Forms are required to be issued by the factory for each despatch the clearing agents at Cochin are not in a position to unload the wagon nor to arrange for the Shipping Bills to be passed with the result that the factory has to pay demurrage charges to the Railway and also cause delay in the loading of the steamer. It will be convenient if arrangements could be made whereby the Excise authorities at the Cochin Port need not wait for receipt of all the A.R. IV forms covering the entire despatch of the quantity before passing the relative Shipping Bills.

(8) *Shipments Ex-Tuticorin by country-crafts*:—One of the documents required to be submitted by cement factories in support of their claim for rebate of excise duty on shipments effected ex-Tuticorin to Ceylon ports by country-crafts is the landing certificate of the Customs authorities at the port of destination. This results in considerable delay in

submission of the relative claims and consequent delay in obtaining payment thereof. This procedure also entails the possibility of not obtaining any refund at all in case of any mishap to the country-craft. It is reported that for shipment of cement from Port Okha by country-craft to overseas market the Excise authorities do not require landing certificates of the Customs authorities. A similar procedure may be followed at Tuticorin also.

PIECEGOODS

(1) *New excise duties on cloth*:—Upto 28th February 1955 a cloth coming under the medium category was defined as one in which the warp yarn used is coarser than 35s. A major portion of the cloth made by certain mills are being woven with 30s warp and 40s weft that is to say 5 counts below the minimum fixed for "Fine" categories. But from 1st March 1955 the medium cloth is defined as one in which the average count of yarn used in the manufacture is 34s and below. Calculated on this basis the cloth manufactured before 1st March 1955 when rounded off comes to be classified as "Fine" category necessitating payment of excise duties applicable to fine cloth under the new definition. For cloth manufactured after 1st March 1955 mills are only willing to pay duty under the new classification, but to call upon them to apply this revised classification to those stocks of uncleared cloth which were already manufactured and were in stock with mills prior to 1-3-55 is indeed a hardship and should not be insisted upon. Directions may be issued in this respect. The medium varieties manufactured under the then rules before 1-3-1955 should be allowed clearance on payment of excise duty applicable to medium varieties instead of under "Fine" varieties under the new set up.

(2) *Levy of excise duty on power-loom cloth*:—The power-loom factories have to buy yarn for their requirements from outside spinning mills and their cost of production is high. To impose an excise duty on power-loom weaving units having more than four looms at rates ranging from Rs. 18/- to Rs. 22-8-0 per loom per shift per month is working as a serious handicap on this industry. It is found difficult to pass on this new levy of excise duty to the consumer. Many power-loom factories are experiencing difficulties and it is

represented that the whole question may be considered sympathetically and excise levy as far as its application to power-looms is concerned may be cancelled.

(3) The Central Excise rules require a gate pass to be made out for each lot of bales at the time of clearance. It sometimes happens that mills are obliged to dispose of one or more bales cleared on account of one dealer to a second dealer necessitated through the original dealer refusing to accept the consignment on the ground of delay in despatch or some other reason.

Mills are allowed to clear Dhoti bales on a quota basis once every quarter. Sometimes mills would not have sold their full quota of Dhoties before the quota period. This would result in their having to lose the benefit of their quota, if the balance unsold quota is not cleared within the quarter.

In view of the above difficulties it is suggested that the Excise authorities may permit mills to clear the bales from time to time in their own name, the name of the dealer to whom such bales are subsequently sold would be submitted to the Excise department at the end of the month.

Clearance from mills:—In each weaving mill the Excise Department has stationed one Inspector and one Supervisor but the Inspector also is empowered to give clearance. This inconveniences the manufacturer as the Inspector attends the work during part of the day only. In the circumstances if it is not objectionable, the Supervisor also may be delegated power for giving clearance.

(4) *Substituted holidays for central excise staff:*—Owing to some unforseen reasons such as cut in the electric current supply or some such contingencies mills are sometimes obliged to work on their usual weekly day off in substitution for any other week day declared as a holiday. The Excise authorities however want the mill to pay their staff overtime work for such substituted working days. So long as the procedure involves just a shift of the holiday from one to another and so long as there is no addition in the normal work during the week it is not fair to call upon the mill to pay overtime for such substituted holidays.

(5) *Accommodation for excise staff:*—In developed areas accommodation for Excise staff are easily available. In such areas where accommodation is available mills should not be compelled to provide dwelling facilities direct or hired for Excise staff.

From January 1952 mills were required to provide residential accommodation for all the staff posted at the textile mills at rents not exceeding 10% of the pay of staff. If mills could not provide their own accommodation they have to provide hired accommodation and if the rent of the hired accommodation exceeded 10% of the pay of the staff the excess over 10% of the pay towards house rent will have to be met by the mills. It has now been held that the excess over 10% of the pay of the staff towards house rent would be paid by the Government subject to an over-all limit of Rs. 20/- per mensum and that this order was passed during May 1952. If it is correct, mills which were paying all along this excess rent should be reimbursed the extra cost.

(6) *Refund of duty on exports of ready-made apparel:*—Excise duty paid is refunded on cloth exported outside the country. This is with a view to help Indian textile goods to compete in the world market. In recent years, India has developed a trade in Ready made cotton piecegoods and large quantities of reay-made apparels are exported outside India. The attitude of foreign countries like Ceylon, Australia etc., is hostile to the import of apparel. In ths absence of a corresponding refund of Excise Duty on actual cloth used in the manufacture of the apparel, Indian goods are not in a position to be marketed. There is no reason why refund should be denied in the case of ready-made apparel while it is allowed in the case of cotton piecegoods. Invoices of shippers can always be depended upon to ascertain the exact quantity of cloth used in the manufacture of apparel. The Chamber requests that this may be examined and refund allowed on export of ready-made cotton apparel also with retrospective effect.

TOBACCO

(1) At present licences for private bonded warehouses are issued only on production of solvency certificates for the applicant as well as for the sureties and this has to be renewed

every year. This procedure involves a lot of delay and inconvenience especially to merchants who have property etc., in their native place far way. A simplified procedure may be adopted. The Department now permits the licensee to store dutiable goods. If the licensees are not permitted to clear from their warehouse a minimum quantity of tobacco to cover the amount of duty for which the solvency certificate and bonds are insisted upon, it will sufficiently safeguard Government's dues.

(2) *Sale note and other documents*:—Many particulars have to be entered in the sale note now. Retail merchants are not in a position to employ Assistants. It is desired that only the previous documents under which tobacco was received by them may be insisted upon to be written in the same notes.

Sale notes are not required for the sale of tobacco upto 4 lbs. for personal consumption, but they are insisted upon for transport of any quantity from one licensee to another. This may be relaxed and quantities upto 4 lbs. of tobacco may be permitted on cash bills.

(3) *Late fee*:—Licenses are current for 12 months from 1st January and it is unnecessary to collect late fee in the case of applications received for renewal after 30th of November. All applications submitted before 31st December may be accepted without late fee.

It will be advisable if officers specially deputed by the Excise Department go into the grievances of merchants and get immediate redress. Public Relations Officers will be very useful in the Excise Department also.

(4) The rate of Excise duty at Rs. 0-4-6 per pound for 1953 crop at 5 annas per pound for 1954 crop and at 6 annas per pound for 1955 crop, as well as the keeping of separate accounts for each year's crop, gives much hardship and trouble to merchants in the trade.

(5) The order prohibiting the Trichy Tobacco Exporters from peeling the mid-ribs from Leaf tobacco intended for export, not only puts an end to the Tobacco Export business but also goes against the present policy of the Government regarding the stimulation of Export of Tobacco.

(6) Like Cigarettes, Beedi and Snuff, Cheroots also must be free from the Excise Stamp Duty and such Excise duty may be added to the Excise duty on the Leaf tobacco itself.

(7) The insistance for rubber stamping on the Excise lables after pasting the same on the wrapper on each packet of cheroot not only destroys the shape and stuff of the Cheroots but also gives much trouble in the execution.

(8) Even though the officers have satisfied themselves after due experiments that the dryage on wet tobacco (in ware house) in the first month works out to about 16 per cent, yet they insist that the dryage will be only 3 or 4 per cent and impose fine, penalty etc., for the excess. Such imposing of fines and penalty and the time taken to dispose of appeals thereon and the time taken by merchants to prove their innocence result in much trouble and worry to merchants.

(9) There is great delay before refunds are admitted and sanctioned.

(10) Merchants are directed to sign on the revenue stamp affixed on the refund voucher before submission in all cases of refunds arising out of appeals, refund claims of export duty etc. The delay in getting refund works out to 12 months even.

(11) The refusal of permission for the issue of Sale notes by the holders of Rs. 2/- L.2 licence is not justifiable.

(12) To insist for licence for the sale of leaf tobacco and to grant exemption from licence for the manufacturing tobacco products is not justifiable because both originate from the same tobacco.

(13) The order insisting to take "Licence-Certificates" for every 3 months as against licence certificates every year gives much trouble and causes much damage to goods awaiting transport.

(14) Often two and three days delay is caused for the issue of permits, clearance and warehousing. In the absence of range officer some others may be deputed to do this work.

(15) It is represented that merchants are treated with scant respect by officers. This has to be changed.

MATCHES

(1) The levy of a uniform licence fee for all the four categories of match factories without reference to the actual producing and investing capacity is hard. Licence fee may be levied under a graded system beginning from Rs. 100/- for the first, to Rs. 25/- for the fourth category.

(2) *Solvency Certificate*:—At present, the department is insisting on each Licensee or in case of a partnership, from all partners to produce solvency certificates for execution of the B-2 and B-3 Bonds. Now it so happens that certain individuals who are aware of the know-how of running a match factory and who can borrow capital to run a small scale unit are handicapped because they may not be actually solvent in that they may not possess immovable properties to the extent required by the department as solvency certificates are granted only on the basis of immovable properties. Both in the case of B.2 and B.3 Bonds in addition to the execution of the Bond a surety is also to be provided who should be solvent to a like sum. This being the case it should be deemed sufficient guarantee for the department to grant licences and allow individuals to execute B.2 Bonds on the strength of a surety (who will be solvent) and not insist upon the executor also being solvent. This alone will help the individuals without sufficient immovable property to start small units in large numbers and this is in tune with the declared policy of the Government to help the common man. The Government can safeguard its interests by holding the solvent surety responsible in case of any breach of law.

Further in case of a partnership firm, it should be proper if one partner is found to be solvent to the extent required and the solvency for the other partners need not be insisted upon. In so far as one partner definitely commits himself and executes a Bond and produces solvency certificate, the other partners need not produce a solvency certificate. This will help the persons with a little cash joining as partners, in some cases, deserving employees being taken in as partners with their erstwhile bosses. Under the present system a small man cannot become a partner because of the fact that he may not by himself be solvent to the required extent. It is requested that this point may be earnestly considered and orders issued to the effect that:

(1) B-2 and B-3 Bonds can be executed by a Licensee provided he is able to produce a solvent surety to the required extent, even-though the licensee himself is not solvent to the required extent:

(2) In a partnership firm it would be sufficient it one of the partners is solvent to the required extent.

TEA

(1) Excise duty was collected from the garden itself before 14-4-1953. Now it is collected at the garden and from the manufacturer of package tea. It is represented that collection at the garden itself will be helpful. Particulars which are found absolutely necessary alone may be asked to be filed.

The following is the proceedings:—

Mr. Bannerji said that the proposal for construction of additional buildings at the Madras Custom House to house the Central Excise Department had reached an advanced stage and they would have the two departments in the same building shortly. As regards the appointment of an advisory committee for this Excise Department he said it was difficult as *they had to cover a wide area.*

He also referred to some of their other grievances. He said that the Excise Department was conducting experiments to find out the percentage of dryage on wet tobacco and that after the results were known they would provide necessary relief. As regards matches he assured them that they would *study the question of licence fees and do the needful.*

Shri K. R Sundaram Aiyar proposed a vote of thanks.

The following reply has been received from the Officer on Special Duty, Central Board of Revenue, New Delhi:—

I am directed to refer to your letter No. G. 1475/55 dated the 6th July 1955 and to reply below on the points relating to cement set out in the memorandum enclosed therewith.

(i) *Points* (1)-(2), (4)-(5) and (7)-(8):—The matter is receiving attention.

(ii) *Points* (3): —Revised instructions have since been issued in the matter, and a copy of these instructions is enclosed for your information.

(iii) *Points* (6): —Individual cases involving undue delay in the refund of duty admissible may please be brought to the Board's notice in order to enable it to investigate the matter further.

Copy of letter F. No. 29/23 CXII (B)/54 dated the 2nd June 1955 from Central Board of Revenue to the Collector of Central Excise (all) etc.

In supresession of the instructions conveyed in Board's letter of even number, dated the 3rd February 1955, I am directed to say that the Board has decided that future supplies of samples of cement drawn for purposes of

(i) testing in the laboratories within the premises of cement factories,

(ii) sending for test periodically to the Government Test House, Alipore.

(iii) parallel tests at Sister Works and

(iv) special test in overseas laboratories or Independent testing Agencies in India.

Should be exempted from the payment of excise duty leviable thereon under the Central Excise Tariff, provided that—

(a) the quantity of each sample does not exceed 25 lbs.

(b) the total weight of samples drawn in a month does not exceed 0.05% of the average monthly production;

(c) the proper accounts of the quantities of samples drawn, consumed in tests and despatched outside the factories, are maintained, and

(b) the quantity of samples which is not required during the process of test within the factory *premises is* returned to the cement factories for reprocessing. The portion of the samples not used up in tests by the outside testing agencies in India mentioned in (ii) & (iv) above, is destroyed and a certificate to that effect is obtained from the testing agency concerned.

2 Each factory can drawn up its own schedule for keeping samples for storage studies, and retiring the older samples at the end of the scheduled period.

3. A report on the working of this concession should be submitted to the Board at the end of July 1955.

VISIT OF THE HON'BLE SHRI MANILAL C. SHAH

The Hon'ble Shri Manilal C. Shah, Minister for Revenue & Civil Expenditure, Government of India, New Delhi, visited the Chamber on Thursday the 7th July 1955 at 3 p.m.

Shri K. Govindan, Vice-President, in welcoming the Hon'ble Shri Manilal C. Shah, spoke as follows: —

In the unavoidable absence of Shri M. A. Chidambaram President I have great pleasure to welcome the Hon'ble Shri Manilal C. Shah, Minister for Revenue & Civil Expenditure, to the Chamber. In the absence of representation for commercial interests in the Legislatures it is a good thing that Ministers meet Chambers of Commerce to get themselves acquainted with the view point of the mercantile community. I only request you to keep this tradition in a larger measure so that mercantile community will have the opportunity of expressing their feelings to Ministers.

In the memorandum of subjects placed before you for discussion I have not made any mention about the harassment caused to the mercantile community on account of the operation of the inter-State Sales-tax Act in its present form. This has become now an engine of oppression. It is not possible for members having trade with different States to register themselves as dealers in all these States maintain register get themselves acquainted with the rules and regulations in those States. We are not clamouring for the abolition of tax. What we want is that the procedure should be simplified. I would request the Hon'ble Minister to bestow some thought to this subject immediately.

I once again thank you for having visited the Chamber.

The following memorandum was placed for discussion with the Hon'ble Shri Shah: —

The recommendations made in Part II of the Taxation Enquiry Commission's Report have been implemented to a major extent in the Finance Act of 1955. However the fact remains that the level of personal taxation has become so high that at the highest level, it leaves 22 pies in a Rupee in the hands of the assessee. The incentive to extend activities either in trade or industry has been drastically cut into. At the corporate level, in an effort to render avoidance impossible through the mechanism of private Companies, the provisions of Section 23A have been so largely widened as to cover a large number of public companies which are dealt in on the Stock Exchanges. The effect of this widening of the scope of 23A has been one which the taxation Commission did not themselves perhaps foresee. This has had the result of compelling public companies, which in the past were induced to plough back profits for development, to distribute a major part of their profits as dividends. This has rendered ploughing back very difficult indeed. It now turns out that a large number of important industrial companies in Bombay, Calcutta and Madras are 23A companies. The Management has sought to retain effective control for purposes of securing continued efficiency and non-interference. The result of this prudent arrangement has been that the companies have attracted 23A, particularly companies which have built up resources far in excess of their original paid up capital. The contradiction which they have built into the Finance Act is that to this day the rebate of one anna in Rupee on undistributed profits is still part of the Finance Act, while on the other hand under 23A for non-distribution of the 60% or 100% of the profits of a public company (according as Reserves Warrant) a penalty of As. 4 in the Rupee is to be levied. The remedy recently suggested by the Finance Minister is hardly adequate. This is not practicable because conceivably an application for exemption made to the Commissioner of Income-tax, who often happens to be on tour and appeals therefrom to the Central Board of Revenue may involve infringement of the company law in that a company might not be able to publish its accounts or hold its meetings within the statutory period fixed under the Company Law.

Foreign companies:—The operation of Section 23A will act as a deterrant to the promotion of companies in which foreign interests are associated. At present the State facilitates the formation of industrial companies involving high technical talent in the proportion of 49% of external capital and 51% of indigenous capital. The 49% external capital is bound to come from one big industrial interest outside, who happens to be associated with the industry. Between the Indian interest and the external interest the company will most likely attract Section 23A inevitably. This means that the concerned outside interest will be subjected to the same limitations and penalties as the Indian interests in that distributions will have to be made of 60% or 100%of the profit according as reserved funds have been accumulated equal to the capital or otherwise. Even assuming that they have to make a beginning with the distribution of 60% of their profits as dividends, foreign associates will have to pay their taxes in India and be subject to possible taxation of the remittances of these profits as dividends in their Home Countries. This will act as a powerful disincentive to the flow of foreign capital into India.

The Chamber understands that certain provisions in the Taxation Commission's Report, particularly one dealing with suggestion for fixing a ceiling on personal income are likely to be implemented next year. This suggestion has caused considerable panic in the commercial community. It has been suggested by the Commission that all annual incomes in excess of Rs. 25,000 should be mobilised in the form of compulsory long term bonds of 45 year tenure. This is bound to sap such incentive as still remains in the Private Sector.

The Finance Minister has frequently stated on the floor of Parliament that he has only partially implemented the Taxation Commission's Report as there was very little time left for Government to consider all the Recommendations in detail and that it was the Government's intention to implement the other Recommodations in due course. Apart from this he has stated during his recent visit to Madras that to implement the Second Five Year Plan, there was need for additional taxation to bring a supplementary revenue of Rs. 100 crores annually. Both these statements have led to a lot of misgivings and have caused grave concern to the commercial community as to the future of taxation. While the Chamber recognises the general policy of Government in regard to taxing the rich, we feel that the operation of powerful disincentives to both enterprise and exertion in the commercial and industrial fields will have a very regressive effect on the sum total of central revenue.

Savings as such are becoming increasingly difficult both at the corporate and the individual level. At the corporate level it is becoming difficult, because of very high corporate taxation, which the widening of Section 23A has only served to aggravate. It will be very difficult for public companies to conserve resources to plough back and with the capital market still in such bad shape, industrial development in the Private Sector is bound to be hampered.

There is reason to expect the present by-no-means dis-inflationary condition will develop into aggravated inflation with the operation of deficit financing. This is bound to make personal savings very difficult. To this has to be added the high taxation factor at the personal level. The aggregate effect of both would leave little savings in the hands of individuals.

For such savings as accrue in the hands of Individuals and Companies, both Central and State Governments are presently competing with their loan issues, which offer fairly attractive rates of interest even for short-dated bonds. In the result, resources available to the Private Sector by way of industrial venture capital and for business are getting alarmingly reduced. All the time, Ministers at the Centre have been expressing their disappointment over the Private Sector not playing its part in the implementation of the First Five Year Plan and over the capital programme and development targets not being reached. In the circumstances referred to above, it would not be surprising if they again fail to reach the anticipated targets in regard to the Second Five Year Plan, where the Private Sector is expected to play even a larger part and lay out larger resources.

Another tendency in Government has been to encourage handicrafts and handloom goods at the expense of heavier and machine-using industries. Chambers of Commerce have every sympathy with cottage industries, handicrafts and the like and the Chamber is of opinion that they offer great possibilities

of providing and maintaining employment in the country. However the Chamber feels that ever-recurring cesses and duties on machine-made goods, purely as a subsidy to help cottage industries are likely to have the effect of increasing production costs and aggravating sales resistance on the part of the buying public. The Union Commerce Minister stated the other day in a speech that these will have the effect of increasing the cost of both the handmade and machine made cloth to the consumer. The Chamber believes particularly when our plan efforts are directed to increase production and consumption in the country these cesses are likely to hamper marketability of our goods.

Cost of Administration:—The Chamber views with concern the mounting cost of administration and the multiplication of ad hoc Departments. We fear a significant part of the resources ear marked for implementing the Second Five Year Plan may go towards defrying administration charges, salaries and allowances to the personnel manning these new administration units. It must be possible to keep administrative costs at as low a level as is consistent with efficiency and economy and have some relation to the poverty of the people.

Location of Income-Tax Offices:—The present Income-Tax Offices are situate in "Khushaldoss Gardens", Kilpauk. Though this is not an over-convenient place for assessees, the assessees have over the years got used to these Kilpauk offices. The Chamber understands that the Government have recently acquired a site in Nungambakkam High Road, which is far more inaccessible than the offices in Poonamallee High Road. The present Income-Tax Offices are accessible by Electric Trains and by City and Mofussil bus services running along the Poonamallee High Road. Poonamallee High Road happens to be one of the trunk roads of Madras. The Chamber feels that the proposal to locate the offices in Nungambakkam High Road is in total disregard of the convenience and wishes of assessees and the mercantile public. We feel the Chambers of Commerce had been consulted in this matter before final steps were taken to shift the Income-tax Offices. This Chamber feels that the offices should be continued in the present premises, if it is absolutely impossible for them to shift to a more central place in the City in the interests of the assessees. If it is the usual test of the density of assessee population around the offices that decides the location of the office, Nungambakkam is if anything worse than Kilapuk.

Development Rebate:—This Chamber views with satisfaction the introduction of the development Rebate in the case of new industrial undertakings and to new developments of existing undertakings. The Chamber notes with gratification the fact that though the Taxation Commission suggested that such rebate should be restricted to a few selected industries, the Finance Minister has been pleased to extend the development Rebate to the entire range of new industries and new machines in existing industries. In this connection the Chamber desires to point out that the depreciation rates so long fixed have not taken into account high replacement costs. The present initial and special rates of depreciation are not adequate to provide replacement of finance to industries, having regard to the actual rate of wear and tear to mchines and high cost of new machinery. This aspect may be taken into account when the question of revising the rates, as announced by the Board, is being taken up.

Draft Assessment Orders:—In actual practice it seems that the Income-Tax Department is not actually taking into confidence their assessees or their representatives in regard to matters in respect of which they consider that the evidence adduced so far is not adequate or sufficient with the result that the Income-tax Officer arrives at certain conclusion highly prejudicial to the assessee. If in such cases an opportunity is given to the assessee through draft orders, the assessee or the representative would be in a position to understand the points on which he has not satisfied the Income-tax Officer and thereby enable him to produce such further evidence as may be necessary in order to convince the Income-tax Officer of the justness of his claims. The issue of draft order by the Income-tax Officers was in existence particularly in Madras State some years ago but it is not being followed. At any rate the system of issuing draft orders should be enforced in all cases where large sums are involved.

Section 18A:—Section 18A provides that if an assessment in respect a previous year later that that referred to in an earlier order of the Income-tax Officer under the same section is completed before the 15th February, the Income-tax Officer

may make an amended order requiring the assessee to pay the tax on the revised basis and that if the amount already paid exceeds the tax determined on the revised basis the excess will be refunded. In actual practice however, the Department revises the original demand under Section 18A only if it should involve an excess collection and ignore the requests of the assessees to revise such orders if such revision should result in reducing the demand or refund. This practice of the Income-tax Officers to revise the order when it is advantageous to the Department and ignore it if otherwise is not in consonance with the spirit of the Section. It is also understood that that the Central Board of Revenue have issued instructions not to make any such distinction. The Income-tax Officers however find it convenient to pass over such matters, if such revision should reduce the original demand or result in a refund. The Chamber requests that steps should be taken to see that the Board's instructions are implemented properly.

Section 28:—It has become the practice of the Department to communicate to the Assessees their orders under Section 28 only when a penalty is levied and the assessees are kept in complete ignorance of any decision taken to drop such proceedings. This procedure of the Department besides leading to undesirable results keeps the assessees unnecessarily in suspense. It is therefore suggested that steps may be taken to follow a uniform policy by keeping the assessees informed even about decisions taken to drop the proceedings.

CUSTOMS AND EXCISE

(1) *Delay in Clearance of Goods*:—The Chamber wishes to draw attention to the fact that of late import and export cargoes take more time in passing through Customs than before primarily due to the administration of Import Control and are held up for days together with querries back and forth. This causes delay in clearance and is one of the factors leading to a congestion of cargo in the docks resulting in the threatened increase in freights etc.

The solution would be that bills of entry for import cargo are allowed to be filed as soon as invoices are received by importers so that all querries are raised and satisfied before the actual arrival of cargo and goods released on examination. In cases involving delay, goods should be released on execution of a bond countersigned by a scheduled Bank to ensure that any penalties likely to be levied are collected.

When there are delays in clearance after the cargo has arrived it should be open to the importer to place the goods in a bonded warehouse if he so desires to avoid heavy wharfage charges and deterioration or pilferage of cargo while on the wharf.

Appeals:—The present procedure is very unsatisfactory and dilatory. Appeals are on file with the Collector of Customs, Madras, for nearly a year where the relative goods remain uncleared. The Chamber has been repeatedly urging the constitution of an impartial Tribunal consisting of a judicial officer, an officer of the Customs and a member of the trade to hear these appeals. This is necessary to create confidence in the trade that justice is being done to them.

Correlation between Cutoms and Import Control:—Different classifications are often adopted by the Customs for levy of Customs duty and passing under Import Control which causes hardship to the trade. This should be done away with. Any changes in classification should only be done after due notice to the trade and should not affect shipments made prior to the issue of the notice.

Resorts to Section 21 *of the Sea Customs Act*:—Of late frequent resorts are being made to Section 21 of the Sea Customs Act and this has the effect of increasing the import duty on goods on which a lesser duty was previously being levied. A case in point is Electric Fittings with bulbs from the United Kingdom on which duty at 25% used to be levied previously but all of a sudden by applying Section 21 of the Sea Customs Act 100% duty has been collected and importers are put to heavy loss as all their calculations have been upset. Previous notice should be given when such changes are made to enable importers to cancel any orders placed if the import becomes uneconomical owing to increase in import duty consequent on the application of Section 21.

Import, Export and Excise Duty:—The policy recently pursued of liberalising imports at the same time increasing the import duty heavily has the effect of one offsetting the other with the result that the consumer does not get adequate relief in lower prices. Liberalising imports after increase in import duty should not be resorted to as a measure of lowering of prices as an import duty once imposed has a tendency to stay out.

Fixing the value of pepper for the purpose of export duty on the previous day's closing prices upsets calculations when the exporter has bought and sold at lower levels but has to pay duty at the higher level as he cannot file shipping bills on the same day on account of lack of documentary evidence of sales with the overseas buyer. The value for export duty purposes should be fixed each month and announced on the first of each month. Incidentally, rumours of reduction or enhancement of export duties have had repurcussions on the market. These should be promptly confirmed or denied officially as otherwise they tend to create uncertainty.

The general policy of refund of Excise Duty on goods exported should be extended to products for which the article subject to excise duty forms the basis raw material. A case in point is ready made garments, on export of which the excise duty paid on cloth should be refunded to enable the industry to compete in overseas markets.

The following is the summary of the proceedings:—

Replying, Mr. Shah said that he was really surprised to note that the business community were very much perturbed by the Taxation Enquiry Committee's report. Before the Committee was actually constituted, it was urged by every one including the business community to set up a High Power Committee to look into the taxation structure and suggest measures to revise it. The Taxation Enquiry Committee after taking considerable time and meeting various representatives and after careful scrutiny submitted a report which the Government had implemented to some extent. As such, it was now too late to complain about the recommendations of that Committee. The Government had accepted some suggestions and incorporated them in certain laws like the Finance Bill.

The Minister, continuing, said that these measures had been taken to create a socialistic pattern of society based on

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the Avadi resolution of the Congress. It would not be out of place, if he mentioned that the idea of the Government was to increase production, raise the standard of living of the people, remove the existing disparity among the people and distribute the wealth equally. If they wanted all-round prosperity and progress in the country, they must be prepared to make some sacrifice. Only with that end in view they had introduced new measures like nationalisation of the Imperial Bank of India and the Company Law Amending Bill. The business community had also supported the Avadi resolution. It must, therefore, be their endeavour to co-operate with the Government in helping them to achieve the socialistic pattern of society.

Mr. Shah referred to the taxation policy pursued by the Union Government and said their policy was not to do away with the private sector or cripple them and there was ample scope for them to play their part to build up the country's economy. The business community were not justifitd in entertaining any imaginary apprehension about their future.

On the question of Company Law Bill, Mr. Shah said that it would be passed during the next session of Parliament in September. When the Bill was passed, he was confident that it would strengthen the hands of the administration and it would be rendering a great service to the small investors and shareholders all over the country. He pleaded for the co-operation of the business community in the successful administration of the Company Law Bill after its enactment.

He felt that this Bill was a very forward and progressive step.

VISIT OF CHIEF COMMERCIAL SUPERINTENDENT, AND CHIEF OPERATING SUPERINTENDENT, SOUTHERN RAILWAY, MADRAS.

When the Chairman and Member/Transportation, Railway Board visited the Chamber, they stated that it would be very helpful if the Chief Commercial Superintendent and the Chief Operating Superintendent visit the Chambers of Commerce at frequent intervals to remove the difficulties caused to the members of the mercantile community. In consonance with that the Chief Operating Superintendent and the Chief

Commercial Superintendent, Southern Railway, visited the Chamber on Thursday the 21st July 1955 at 4 p.m., when the following subjects were discussed:—

(1) *Prices and Wagon Supply*:—Owing to inadequate supply of wagons for transport of foodgrains and pulses to South India from places of production, there has been a phenomenal increase in the prices of essential foodgrains and pulses in recent months. South India depends for her requirements of pulses on North Indian stations and it has been represented to the Chamber that large quantities of such pulses purchased in North India are lying at the owners' risk there for want of wagons for transport. Prices at Vijayawada are much less than the prices prevailing in Madras for the same commodity. Owing to accumulation of stocks in centres of production consequent on the failure of Railways to supply wagons for their movement, there has been artificial scarcity in some areas with plenty in other areas. The Chamber feels that had wagons been supplied regularly for their transport it would not have been necessary for the Government to enter the field and puchase foodgrains at floor prices. Consumers are put to lot of difficulties consequent on this rise in prices and Railways should take immediate steps to release sufficient wagons for transport of foodgrains.

(2) *Reweighment of Wagons*:—This subject was discussed with Shri G. Pande and Shri K. B. Mathur, Chairman and Member, Transportation, Railway Board, when they visited the Chamber recently and it was agreed that facilities for reweighment on application should be given but even now it has been brought to the notice of the Chamber that such facilities are not always made available. Reweighments of certain categories of goods like steel, rods, angles, bars, channels etc., are found to be necessary when they are transported in open type wagons. Shortages can be noticed only when the wagon is unloaded. In view of the fact that "said to contain" Railway Receipt is issued neither the Railways nor the producers take responsibility for shortage and the importer here is put to extreme loss. Request for reweighment made before the arrival of wagon is not complied with on the ground that such request should be made only after the arrival of the wagon and before it is placed in position. This necessitates the consignee keeping a watch for the expected arrival of wagon which is

uncertain. In case their request for reweighment is turned down the consignee has to pay demurrage from the time the wagon is placed in position until such time the order for reweighment is received. The Chamber feels that invariably Railways should give all facilities for reweighment on application, especially in the case of consignments received in open type wagons.

Steel consignments despatched by Mysore Iron and Steel Co., Badravati, are transhipped at Badravati. Some shortage is experienced in all wagons. Reweighment is not possible as the consignments are transhipped in one or more wagons piecemeal. In such cases delivery at the destination station may be effected by counting and when there is any shortage a certificate be given to that effect.

(3) *Claims for Refund of Overcharges on Goods and Parcels*:—Of late the number of applications received for refunds on goods and parcels overcharged have been increasing. The total number of such claims for the year 1953-54 were in the order of 1,46,342 over all Railways. The Southern Railway comes second in the list with 32,737 applications. Claims arise on account of irregular application of rules of charges regarding rate, route, weight, risk etc. The ordinary merchant accepts the freight as shown in the Railway Receipt and pays the amount on demand by the Railway staff. It is not possible for all merchants to apply for refunds since they are not aware of the correct freight, so much so many merchants accept the freight without even claiming the refund. The incidence of freight, therefore, on certain merchants is higher while in the case of others it is lighter. Having regard to the large number of claims received it is imperative that the Railways themselves of their own accord should examine the freight charged and scrutinise all the Railway Receipts and refund the excess charge collected by them. The Chamber is aware that in number of cases the name of the consignee actually taking delivery of goods and parcels may not be the same person shown in the travel document, but the name of the former is in the delivery book at the station and what is required is that proper entries as regards the name of the principal taking delivery whether himself or through the agent should be made in the delivery book and transferred to the document sent by station periodically to the Accounts Office.

This system may involve additional work in the Accounts Office but in view of the large number of claims received and in view of the fact that there will be considerable satisfaction among the Railway users, Railways should not mind the setting up a Department to examine and allow refunds. The Southern Railway can make a start in this direction and give a lead to other Railways.

(4) *Export*:—Our export trade is at times handicapped for want of wagons for movement of goods to the ports; while Government of India is on a drive to promote export trade of the country, Railways should give all encouragement for its progress and Railways even at some sacrifice should supply sufficient number of wagons for the transportation of goods to the ports. Manufacturers are handicapped for want of wagons and in the meanwhile owing to the delay in the supply of wagons orders are often cancelled resulting in heavy loss. In all cases the Chamber feels that Railways should give their active encouragement to promote the export trade of the country.

It is represented to the Chamber that the system of distribution of wagons for transport of ores for export is not satisfactory and that certain parties are given preferential treatment to the detriment of others. This may be looked into. Claims of all exporters should be equally treated.

(5) *Wagons for Lengthy Articles and Over-Dimension Packages*:—Though application for the movement of over-dimension packages has been made well in advance of the arrival of the steamer there is considerable delay in obtaining the sanction of the Railways. It is represented that over-dimension packages which arrived in the Harbour in May last are still lying for want of movement sanction. There is already congestion in the Harbour and unless such over-dimension packages are removed the congestion will be accentuated. The Regional Traffic Superintendent seems to have sanctioned the movement but the District Traffic Superintendent, Central Railway, Hyderabad, has not been pleased to sanction the movement. If a better co-ordination is established movement of such packages could be expedited.

Iron and steel materials over 23 ft. are not accepted for booking on broad-gauge sections under sundries unless the party agrees to pay the minimum charges for wagons but such articles are accepted for booking on metre-gauge sections. Railways must accept such lengthy articles for booking on broad-gauge section also at least once in a week.

Wagons for transport of large diameter pipes are not made available on request.

Adequate number of wagons for transport of timber logs are not made available. Types of wagons that are best suited are F.T., B.F.T., and B.F.R.

(6) *Packing Condition*:—Packing condition 7 is defined as follows:—"must be securely packed in strong double gunny not patched or otherwise repaired securely stitched". In the case of aluminium scrap whose value is as low as Re. 1 per lb., this condition is attached so that for the transport of aluminium scrap merchants have to pack it in double gunnies and the cost of packing alone is more than the cost of the material. Curiously enough in the case of aluminium utensils whose cost ranges from Rs. 2-8-0 to Rs. 5 per lb. they are allowed to be packed in single gunnies. There is no reason why the Railways should insist on aluminium scraps being packed in double gunny, at the same time allowing aluminium utensils to be packed in single gunny.

(7) *Delay in Arrival of Wagons*:—Goods booked as early as 17-2-1955 under Invoice No. 108 from Badravati have not yet been delivered at Madras. This is not an isolated case of delay. In certain cases wagons are not at all traced. Owing to the failure of Railways to deliver the goods, merchants are compelled at times to take legal action. There are very many cases of similar delay resulting in serious loss to members of the mercantile community.

Consignments of coal booked from Bhage on 10-5-1955 have not so far reached Parli.

Wagon containing rails booked from Perambur Works to Parli on 28-4-1955 have not reached the destination.

Similarly consignment booked from Parli station are not moving even after 30 days due to want of sufficient room in the road van when it arrives Parli and congestion at transhipment point. If such goods are not received in time by customers it may cause loss.

(8) *Restrictions and Nominated Bookings*:—Owing to sudden restrictions in movement, trade is inconvenienced to a great extent. Restrictions are quite frequently occurring for transport via Guntakal-Bangalore-Jalarpet. Similarly owing to restrictions prevailing via O.T. Railway supply of goods to Korakpur-Muzafarpur are affected. Similarly restrictions in the movement via Kandwal-Virangam affect movement to Rajput, Ammere etc. Booking to Assam, and West Bengal is reported to be at standstill. This considerably affects factories.

The system of nominated booking affects movements of goods to a very great extent. One day in a week is allotted for bookings to Erode. On that particular day if restriction is imposed the consignor will have to wait for another week to get bookings. This also is uncertain as in the previous week because restrictions are so frequent.

Empty wagons should be placed in position for loading in the morning and enough Railway labour should be supplied to avoid congestion in the station premises.

In case of shortage in consignments transported at Railway risk claims should be allowed without delay.

(9) *Rates*:—The delay in giving information relating to rates on request has to be avoided. It is represented that there is at times delay for more than 3 months.

(10) *Priority in Booking*:—Matches manufactured in cottage industries especially require some priority movement. There will, otherwise, be accumulation of stock in cottage industries. For transport of matches from Sivakasi they require at least 6 wagons daily.

(11) *Express Goods Service*:—There is express goods service between Madras-Bombay and Calcutta-Madras. There is need to extend this service between Madras and Delhi.

(12) *Demurrage*:—With the introduction of express goods service it at times happens that goods arrive before the receipt of documents through Banks. In such cases to charge demurrage is not fair.

(13) *Delay in Movement*:—Acid cases booked from Vellore as early as 12-4-1955 have not been delivered at Kurnool. There are numerous cases of such delay.

(14) *Claims*:—In the matter of settlement of claims Railways insist for the production of original pattial but they are not returned soon. This pattial has to be produced before the Sales-tax authorities. In the circumstances true copies of the pattial may be deemed sufficient for settlement of claims. Delay in settlement of claims has to be minimised.

(15) Freight collected for dunnage from 12-1-1952 till 14-10-54 in fairness may be refunded.

(16) *'Said to contain' Receipts*:—'Said to contain' receipts continue to be issued even in respect of countable articles. Claims for compensation for non-delivery of such articles are disallowed on that score. In the case of articles which can be counted the issue of 'said to contain' receipts may be discontinued.

(17) *Forfeiture of Wagon Deposit*:—According to the present rule resgistration for wagons cannot be cancelled within 15 days of indent without forfeiture of deposit amount.

Owing to inordinate delay in getting wagons merchants are some times forced to despatch the goods by road. On such occasions merchants are compelled to cancel wagons and thereby lose their deposit. There is a request that time limit allowed for cancellation of wagon be reduced to one week instead of 15 days.

(18) *Improvement*:—Ambattur is a station of growing importance with considerable movement of goods. Due to want of sufficient facilities it is found that goods have to be sent to Salt Cotaurs and Royapuram for booking resulting in unnecessary expenses. Proper facilities may be provided at Ambattur itself.

Royapuram:—More covered platforms are necessary. At Royapuram coolies in possession of tokens alone are allowed to enter the premises but there is delay in the grant of tokens.

THIS MAY BE AVOIDED

Madura:—Madura is a station of growing importance with considerable volume of traffic. The present goods shed is found to be insufficient and there is need to shift it to Madura East where there is plenty of space.

In consonance with the change adopted by the Postal authorities from Madura to Madurai the Railways may also follow suit.

There is need for additional telephones at Madura Goods Shed.

Salem:—For want of an overbridge at Longly Road at Salem Market connecting Leigh Bazar, the public are inconvenienced. This is a bigger question, but pending construction of such an overbridge there is need to have at least a gate just opposite to the Leigh Bazar so that public may go to the other parts of the town when there is shunting of trains in peak hours between 9 and 11 a.m.

The Indian Refreshment Stall at Salem is very old and repairs are urgently required.

Covering for the station platforms at Market Station and Salem Town is necessary.

The expansion of Parcel Room and Storage Room in the Salem Town Station requires immediate consideration.

The Telephones at the Parcel Shed and S.M. Office at Salem Junction are so busy as to require the service of a special clerk.

Nagapatam:—Delivery of consignments to illiterate coolies at Nagapatam Goods-shed and parcel office is causing trouble and inconvenience to merchants. It is suggested to introduce the system of licensed coolies who knows to read and write to enable them to take correct delivery and sign correctly in the Railway Delivery book.

(19) *Classification*:—Owing to the interpretation given by the Railways certain consignments are brought under higher classification. A consignment of domestic earthenware, which have been certified as 'made of earthenware' have been charged under 'Porcelainware' at a higher classification. In the absence of correct classification the parties should be given the benefit of lower freight and steps may be taken to clarify the position. One factory may manufacture goods of earthen-

ware and Porcelainware and Railways should not be guided merely by the name of the factory on the article.

(20) *Out Agency*:—Coondapur has very heavy traffic and there is need to open an Out Agency Office there.

(21) *Express Parcel Service*:—If express parcel service is maintained between Madras and Bombay and Madras and Calcutta it may avoid the great delay experienced now.

(22) *Wagon Shortage*:—Very many complaints have been brought to the notice of the Chamber pointing out the difficulties caused to merchants owing to the failure of Railways to supply wagons for movement of goods. It is even represented that at certain stations applications for registration are not entertained.

Agents of manufacturing concerns are put to considerable difficulty in getting their goods from the place of production for distribution here. For movement of Bengal Potteries 4 to 5 wagons are required per week from Calcutta to Madras. In the absence of wagon facilities merchants are forced to transport goods in passanger trains involving extra cost.

It is reported that Eastern Railways are not able to get back at Waltair the number of wagons that are despatched to the South with the result that they are unable to send more steel to the South. Since there is acute scarcity for steel in the South, Railways may be pleased to allot more wagons.
In spite of the fact that the Railway Board has fixed a quota for wagons for inward and outward movement, factories are experiencing a lot of difficulties in getting raw materials in time on account of booking and quota restrictions.

Though 75 wagons per month have been allotted to Dalmia Cement Works for despatch of cement the quota for every month from January has been short and consequently supply could not be arranged.

In the transport of timber from Shengottah to Trivandrum the supply of wagons has been very inadequate and at times bookings are stopped due to restrictions. Registration for supply of wagons could be made only after the entire quantity intended for despatch are brought to the railheads and due to the inordinate delay sometimes extending over four months timber gets discoloured and deteriorated.

Wagons for transport of rice from Andhra Districts to Malabar have not been met with adequately.

Transport of goat and sheep skin from Vizianagaram to Madras is found to be difficult for want of wagons. For days together goods are in the stations awaiting for booking order.
Similarly tanning bark from Secundrabad could not be transported for the use of the industry here.

Wagon supply for transport of bone is very inadequate.

At Cuddapah and Nandayal, Station Masters are not even prepared to accept requisition for wagons.

Registrations for wagons made as early as 8-3-1955 from Vijayawada to Kasipet have not been supplied.

Similarly demands for wagons from Kovvur to Navasara Road have not been met.

Wagon shortage is experienced for transport of fertilisers and manures from Madras to Tanjore, Trichinopoly, Madura and Tinnevelly Districts. Owing to want of direct booking facilities it is found necessary to despatch goods to Coimbatore from where it is diverted to those Districts.

Wagons for movement of raw materials to the factory and also for transport of hume pipe are not made on request. They have to wait even for months.

Sufficient number of wagons are not made available for transport of potatoes at Mettupalayam. Storage accommodation at Mettupalayam is also reported to be insufficient.

In the absence of regular supply of wagons merchants have to get goods by passanger trains entailing additional expenses.
Unserviceable covered wagons with leaky roofs are supplied against requisition which results in deterioration of goods.

It has been brought to the notice of the Chamber that owing to want of booking facilities, manufacturers have to send their goods at times by lorry which is costilier.

Goods booking from Madras to Calicut was not available from 1st of this month till yesterday, to Trivandrum, it remained closed for days together. Similarly goods booking to Palghat is not yet available. In fact, goods booking on broad-gauge section is often interrupted especially to the West Cost.

23. (1) *Booking of smalls:*—Sometimes booking of smalls at Salt Cotaurs is not available on particular lines for two or three weeks consecutively. Orders from mofussil dealers cannot be kept in abeyance indefinitely. Information as to the particular stations to which bookings will be available on each day should be published in the newspaper in advance.

(24) Consignments booked at Madras Esplanade booking office and Madras George Town booking office take more time to be delivered at Nagapatam while consignments booked at Egmore and Beach Stations are delivered earlier.

25. Fruits being perishables require to be carried by Mail or Express Trains at least to terminal stations. There is need at present to attach luggage vans to Bombay Mail and Express Trains for carrying mangoes from Madras to Bombay. Fruit wagons consigned to Bombay by Passanger Train are detached at Raichur at times for three or four days resulting in heavy loss.

PASSENGER

(1) *Congestion in Trains:*—It is no doubt true that Railways are trying to give increased amenities for the benefit of the travelling public. But the one thing that is absolutely necessary for the benefit of passengers is the provision of increased seating accommodation. Third Class travel has almost become a nightmare. Even from the starting stations, trains are congested and not even standing accommodation is available at times. ...

At big junctions and stations, owing to the very short intervals of train-halt there is a rush of passengers in certain compartments. If the train-halt is slightly enhanced passengers will not find it very difficult to find other less congested compartments. Considering the volume of passenger traffic emanating from Olavakode, it will be a facility if a composite bogie

is attached to the Mangalore Express or Cochin Express at this junction. ...

Corridar trains, facility of sleeping berths for Third-Class passengers, drinking water, better catering arrangments, remodelling of station, covered platforms etc., though very necessary, the Chamber would suggest that top priority be given to provide additional number of coaches to cope up with the increased volume of traffic.

Suburban trains are also very congested, especially during peak hours.

(2) *Beggar nuisance:*—Of late the inconvenience to passengers owing to the presence of large number of beggars even at very important junctions and Stations is becoming greater and greater. There will be begars opposite to each and every campartment and passengers find it extremely difficut and embarrassing to take their mid-day meals. The Chamber will be glad to know what action the Railway authorities propose to take to minimise such inconvenience to pasengers. It is a matter for investigation as to how these beggars often with communicative disease find entry into the station premises. The Watch & Ward system. the Station Superintendent, the Platform Examiners etc., may be instructed to prevent the entry of beggars inside the station premises.

(3) Air conditioned travel is becoming popular and there is need to extend the service to Night Mails to Bombay.

(4) Concessional mileage coupons may be reintroduced.

(5) In the interests of the travelling public it is advisable to have shutters which can be raised instead of being lowered as at present to prevent accidents.

(6) Special bogie direct to Pondicherry from Salem without having to change at Villupuram has become a necessity.

There is a through bogie attached to Train No. 897 proceeding to Egmore but there is no accammodation for upper class passengers. This may be provided.

(7) If a through Third Class Bogie is attached to the Bombay Janata Express to Ahamedabad via Dadar it will be a great facility for through passengers.

(8) At present Bombay Express reaches Bombay at 1 p.m. and so business people are not able to attend to their business that day. If this train is scheduled to reach Bombay at 10 A. M. as before it will be a great convenience to business people especially.

(9) The train leaving Karaikal at 8-35 hours may be timed to leave at 6 hours so as to maintain immediate connection at Peralam and Mayavaram.

(10) An additional train may be introduced to leave Karaikal at 10-15 hours to connect mid-day trains at Peralam.

(11) A through composite carriage between Karaikal and Pondicherry will be a facility.

(12) A through compartment is now attached to Train No. 843 coming from Nagoor to Madras-Egmore and back. Railway pass-holders are occupying seats in through compartments depriving the ticket-holders of this convenience. Instructions may therefore be issued that Third-Class pass-holders be not allowed to travel in through compartments in preference to ticket-holders.

(13) At important stations and junctions essential medicines like Quinine, Saridon, Aspro may be made available. Arrangements may be made at least to keep such medicines in the First-Aid-Box kept by the Train Guards.

Various suggestions were offered in the course of the memorandum and members had a full and frank discussion lasting for more than 3 hours. The following is the proceedings of the meeting: —

With regard to reweighment of wagons Shri Mukerjee, Chief Commercial Superintendent, said that the railways have received large number of complaints from dealers with regard to shortage of iron, steel and structurals loaded in open wagons. Requests for reweighment at destinations are generally agreed if they conform to the packing conditions prescribed by the Railways. If the consignments are not in tact according to these conditions the matter has to be taken up with the consignor to comply with the packing conditions. Unless there is some visible tamperage the Railways cannot allow reweighment.

Refunds are generally settled within a period of 3 months.

With regard to the question of allotment of wagons for export cargo they said they are doing their best to allot as sufficient number of wagons as possible.

As regards allotment of wagons for transport of ores they informed the Chamber that movement is controlled by the Ministry of Commerce and that the revised policy of the Government will be introduced from 1st August 1955.

Referring to the question of nominated bookings Mr. Desikachari, Chief Operating Superintendent, pointed out that instructions have been issued that on nominated days restrictions should not be imposed. Even small consignments will be accepted.

Dealing with the question of allotment of wagons for matches they assured the Chamber that sufficient wagons will be allotted.

There was a full and frank discussion on the various points raised in the course of the memorandum.

VISIT OF MR. CLEMENT DIXON JOHNSTON

Mr. Clement Dixon Johnston, a former President of the Chamber of Commerce in the United States, was on a short visit toMadras and the Chamber took an opportunity of inviting him to address the members of the Chamber. Mr. Clement Dixon Johnston agreed to meet members and therefore a meeting was arranged at the Chamber on Tuesday the 2nd August 1955 at 5-30 P. M.

Shri K. Govindan, Vice-President, in welcoming Mr. Clement Dixon Johnston, spoke as follows: —

In the unavoidable absence of our President, it is to-day my pleasure and privilege to welcome to the Chamber our guest Mr. Johnston Clement Dixon. In honouring him we are honouring a distinguished member of the commercial community.

Mr. Dixon is an ex-President of the Chamber of Commerce of the United States and now its Chairman. He is closely connected with many reputed business houses in the U.S.A. and has remarkably made a success of his businesses. He is a consultant on warehousing. Aprat from his business activities he has also taken notable part in advancing Boy Scout movement and is also a Rotarian.

As President of the Chamber of Commerce and now Chairman of that august body, Mr. Dixon would be in the best position to advise members of the comercial community here as to how best Chambers of Commerce can play a greater part in serving the cause of the community and how in a democretic country they can influence the decision of Government shape and mould their policies in the best interests of the country and its people. In any country especially in democratic countries, the Commrcial community from an important segment of the population and it is only proper that they should contribute their due share in improving the economic frame work of the country.

International trade has to be developed on healthy lines. Trade is multilateral and not unilateral and it knows no barriers of caste, creed or colour. Aggressive nationalism in trade and commerce may be found advantageous for some time but in the ultimate analysis, it will do more harm than good. Co-existence in the field of trade and commerce is very important and underdeveloped countries must be helped to improve and participate in the promotion of international trade in a greater measure.

I now request Mr. Dixon to address the meeting.

The following is the proceedings of the meeting:—

Mr. Johnston pointed out that in bringing about world peace, businessmen too had a responsibility. Businessmen 'got together' quicker and in them there was an improved mechanism for bringing world peace.

Mr. Johnston said that there was full competition in American business. Theirs was an economy of abundance

and they had no regulation of prices. Competition regulated the profit margin. He next explained the role of research in industry and said that American industry was investing four million dollars a year in research and about 10,000 new products were put in the market. He pointed out that at present America was having the best period in her economic history and they were still going up.

Mr. Johnston, proceeding, said that it was possible for the United States to actually double their standard of living by 1965 and it was equally feasible for India also to achieve the same thing in ten years. He felt that in India, they were under-estimating their own potentialities. It should be possible for India, which was rich in mineral and natural resources, to increase her production by properly utilising the huge man-power available at her disposal and combining it with technical knowledge. For instance new agricultural methods and application of fertilizers etc., had produced miraculous results in America.

They were now laying greater emphasis in America on education, said Mr. Johnston. The Chambers of Commerce had active committees on education in various places and they had now a move to ask the American businessmen to contribute five per cent of their net profits towards education and medicine. In U.S., the Labour Unions and the workers themselves insisted on more and more productivity. There was no dearth of opportunity for those who sought it. The U. S. Chamber had no direct representation on Government bodies, he added.

Mr. S. Narayanaswami proposed a vote of thanks.

VISIT OF SHRI K. RANGASWAMI

Shri K. Rangaswami, who was all along the Deputy Chief Controller of Imports and Exports, Madras, was appointed as the First Secretary (Commercial) of the Indian High Commission in Ceylon. To falicitate him the Chamber invited him to attend a meeting in the office of the Chamber, and he agreed. A meeting was convened on Wednesday the 28th

September 1955 at 5 p.m., when Shri K. Govindan, Vice-President, in welcoming him spoke as follows:—

In the unavoidable absence of Shri M. A. Chidambaram, President of the Chamber, it is my pleasant duty to welcome Mr. Rangaswamy to the Chamber. Mr. Rangaswamy has just been appointed as the First Secretary (Commercial) to the Indian High Commission in Ceylon. It is so good of him to have accepted our invitation and agreed to meet members before taking up his new appointment at Ceylon. Mr. Rangaswamy has been with us for some years now as Deputy Chief Controller of Imports and Exports and may I say that he is almost one amongst us. He has been very popular among members of the business community here and we miss him from now onwards. But his services in a higher sphere as First secnetorry (Commercial) to the Indian High Commission in Ceylon will, I hope, be availed of by a greater number. If past experience is an indication, I am sure that he will build up the trade of India with Ceylon in a significant manner. We wish him Godspeed in his endeavour and we wish him all success.

It is not my purpose here to detail what he should do as the First Secretary (Commercial) in Ceylon. India and Ceylon have all along had good trade relationship. I should say it is supplementary in character. But the pattern of India export trade has undergone radical changes in the years after Independence. We can certainly export more and more of our manufactured goods for which Ceylon is depending now on other countries. We have even now to prepare the market in Ceylon for our manufactured goods in an increasing manner. Even in respect of other goods like rice, wheat flour, chillies, onions, etc. India can supply them in larger quantities. There is competition from Burma, Egypt and Thailand for those commodities. In respect of manufactured goods, our place in the Import trade of Ceylon is negligible. Tiles, Cement, Cotton, Yarn manufactured, boots and shoes, machinery etc., are some of the commodities which India can export in larger quantities, at favourable prices. I am suggesting only some of these commodities so that you may bear them in mind. There is scope for other Indian commodities in Ceylonese Market which you have to study and inform exporters here through Chambers of Commerce.

There is a large element of Indian population in Ceylon and there are many business houses of repute of Indian origin in Ceylon. Your work, therefore, as Trade Commissioner will be easier compared to the Trade Commissioners in other countries. Trade Commissioners in the present set up have not only to look to the promotion of export trade of India but also to create a better understanding with people in those areas. I am sure with your popularity here, you will find it easy to promote the trade of India with Ceylon and improve our relationship.

We wish you a successful term of office and may I express the hope that in the years to come you will be called upon to serve in still bigger spheres.

There was an heart to heart discussion between members and Shri K. Rangaswamy.

VISIT OF SHRI P. RATNAM

Shri P. Ratnam, who was appointed as Counsellor to the Embassy of India, Moscow, was on a visit to Madras before taking charge of his appointment. The Chamber invited him to attend a meeting at the Chamber. He agreed and a meeting was held on Tuesday the 11th October 1955 at 5 p.m., and Janab K. S. G. Haja Shareeff, Vice-President, in welcoming him spoke as follows:—

I have great pleasure in welcoming you during your visit to Madras. You will soon assume the High Office of Counsellor to the Embassy of India, Moscow and it is so good of you to have visited the Chamber before assuming office to know the wishes of the mercantile community throughout India. I also welcome Mr. Sankaran our new Deputy Chief Controller of Imports and Exports who has assumed office only recently.

Russia is a very vast country and I feel that you have a tremendous responsibility in acquainting yourself with the possibilities of India's export trade to that big country. When India is on an export drive and is exploring new markets for Indian commodities both raw and manufactured I feel there should at least be two or more Trade Commissioners in that big country. Practically we had had no trade relations in the past with Russia and we are entering the field for the first time. The pattern of their trade is also different from what is prevailing in India. Since the conclusion of the Trade Agreement with Russia, the value of trade both ways has increased. Imports into India have increased from Rs. 24 lakhs in 1952-53 to Rs. 161 lakhs in 1954-55 while exports from India have increased from Rs. 85 lakhs in 1952-53 to Rs. 212 lakhs in 1954-55. This shows that given facilities, there is scope for expanding the trade between the two countries. The Trade Agreement has therefore to be worked to the mutual advantage of both the countries and I am sure that by and by we can improve our exports. There is an abundance of goodwill between India and Russia and the Prime Minister's recent visit to Russia and the impending visit of top leaders from Russia is sure to cement our mutual relations and improve the trade between the two countries in the years to come. Russian experts are responsible for setting up an Iron and Steel Factory in India which shows that the goodwill generated recently will be improved upon and there will be exchange of technical assistance also between the two countries. There is scope for improving our exports of manufactured commodities also. The offtake of handloom goods by America was extremely limited, but now reports go to show that there is vast potentiality for handloom goods in America. Similarly it may not be difficult to create a demand for our handloom goods and other goods in Russia also. India is becoming rapidly industrialised and it should be our constant effort to explore possibilities for our manufactured goods also in the Russian market. Russia is a competitor to Indian commodities like Ores and Minerals. You may be pleased to study how Russia is in a position to compete with Indian commodities in the International Market and advise Indian exporters as how best to meet such competition. It is advisable that India should participate in trade fairs and exhibitions with a view to popularise Indian commodities in those markets. Important markets have to be visited by you and you should inform Indian exporters as to the pattern of trade, which commodities are in demand there, method of packing, freight etc., so that India can participate in a greater degree in the exports to Russia. If there are any discriminatory tariffs against Indian goods that has to be taken up on a higher level so that Indian commodities may not be at a disadvantage.

I thank you again for having come to the Chamber and hope such visits will be more frequent.

Shri Ratnam agreed to improve India's trade with Russia.

VISIT OF AMERICAN TRADE MISSION

The American Consul, Madras, informed the Chamber that the Trade Mission from America which participated in the Indian Industries Fair would be in Madras from 19th to 22nd October 1955 and that they would like to meet Chambers of Commerce during their stay in Madras. The Federation also wrote to the Chamber accordingly. It was thought that instead of each Chamber meeting the members of the Mission separately a joint meeting of Chambers and Associations would be advisable and the Chamber took early steps to consult other Chambers of Commerce and Associations in order to meet the members of the Trade Mission from America. The following Chambers and Associations decided to give a joint reception to the members of the Trade Mission from America in "Hotel Connemara" on Thursday the 20th October 1955 at 5 p.m.:—

Andhra Chamber of Commerce, Madras,

Hindustan Chamber of Commerce, Madras,

Madras Chamber of Commerce, Madras,

Muslim Chamber of Commerce, Madras,

Madras Provincial Handloom Cloth Merchants Association, Madras, and

Southern India Chamber of Commerce, Madras.

In welcoming the members of the Mission Shri M. A. Chidambaram, President of the Chamber, spoke as follows:—

Before welcoming our honoured guests who are our counterparts in America, I have great pleasure in introducing them to you. Mr. Prentiss M. Terry is the Field Office Manager at Large, U. S. Department of Commerce, Mr. F. H. Von Mecklenburg is the President of H. E. Botzow, Inc., New York, a Firm of manufacturers and importers representatives, Mr.

Stuart James Hindle is the general agent of American President Line, and Mr. Francis A. Mojo, Vice-President of Galatex Co. Inc., New York, export, import firm specialising in textiles.

On behalf of the Committee of Hosts representing the commercial community in this City, it is indeed a great pleasure to me to accord you a hearty welcome. We had in the past the pleasure of meeting Trade Delegations from other foreign countries, which have promoted mutual trade relationship, and we are therefore particularly glad to have you in our midst today. We feel that your visit will greatly assist the promotion of Indo-American trade.

Peace and amity among nations are essential for the orderly progress of international trade and commerce, and we businessmen have a great stake in the maintenance of peace and tranquility all the world over. Therefore we have to make a distinct and important contribution in the furtherance of the cause of peace. Such personal contacts as this will create the proper atmosphere.

Prosperity like peace is indivisible. Realising this basic truth, you have extended in a commendable manner your aid to many underdeveloped and undeveloped countries of the world to assist them in their efforts to raise the standard of living of their people. America is also known to encourage the flow and investment of private capital in industrial undertakings in those countries, thus helping them to overcome the paucity of capital and lack of technical skill in those countries. India is a recipient of such aid from America, which have helped it in its programme of development.

We all along have close ties of business relationship. You occupy a high place next only to U.K. in our foreign trade and it should be our supreme endeavour to maintain and improve upon the same in the years to come. South India can supply increasing quantities of ores and minerals, pepper and spices, tea, hides and skins, mica, castor oil etc. These commodities already figure in the export trade to America. But of late they have been facing competition, either from synthetic products, or from commodities from other countries. Plastic for shellac, paper bags for jute bags, synthetic pepper for the natural one, are some of the substitutes which threaten

India's export trade. America is reported to develop Cuba and Brazil for manganese while Canadian industries are being helped for Illeminite. We still feel that having regard to the vastness of your present industries, and the immense possibilities for the future, there is considerable scope of expanding your offtake of Indian commodities.

Madras is the seat of the handloom textile industry and can offer a variety of goods suited to the American market. By the very nature of the industry, it requires sufficient time to manufacture and ship according to specifications. The opening of a Buying Depot by you here will be very helpful. Fine silk textiles, rough silk for sportswear, teak furniture etc., are some other commodities which we are in a position to supply.

We are aware that in a highly developed and discriminating market like America, Indian exporters do require marketing advice and technique, and we feel sure that as a result of personal contacts like this, Indian exporters will get the necessary advice for successfully marketing their goods.

We hear that in the U.S. Pavilion in the Indian Industries Fair in New Delhi, you will open a Trade Information Centre, staffed by international trade experts, to give advice on the marketing of Indian goods in U.S.A. and to help the establishment of contacts between Indian manufacturers and U.S.A. importers. We feel sure that the mercantile community here will avail and take advantage of this facility. Your visit to this part of the country and the valuable discussion you have here will, I am sure, greatly accelerate the flow of trade between the two countries.

I, on behalf of the mercantile community, thank you all and wish you a pleasant sojourn in the City.

The following is the report of the proceedings of the meeting held at Hotel Connemara on the 20th October 1955.

Replying to the reception, Mr. Prentiss M. Terry, Deputy Leader of the team, declared, from what they had seen so far in India, that the country had a great future. He said co-operative endeavour on the part of the various chambers of commerce and business organisations would go a long way to build up a prosperous trade for the country. Though the object of their present mission was not to make any deal in India, he hoped their visit would pave the way for building up a large trade between the two countries.

Messrs. F. H. Von Mecklenburg, S. J. Hindle and F. A. Mojo also thanked the Chambers for the reception they had given.

Mr. T. Rogers, President of the Madras Chamber of Commerce, proposed a vote of thanks.

VISIT OF SHRI P. MUKHERJI

The Chamber invited Shri P. Mukherji, Commissioner of Income-Tax, Madras, to attend a meeting of members at the Chamber. Shri Mukherji agreed and a meeting was convened on Friday the 18th November 1955.

Shri K. Govindan, Vice-President, in welcoming Shri P. Mukherji said as follows:—

I am indeed very grateful to you for having agreed to visit the Chamber to discuss matters relating to Income-tax law and administration. Such periodical meetings between the Income-tax Authorities and members of the mercantile community will create greater cordiality between the administrators and the assessees. In the altered circumstances there should be always wider room for co-operation and this can best be achieved by such periodical meetings. The Department has to take all precautions to collect the tax legally due but at the same time assessees should not be put to unnecessary trouble.

The Chamber has prepared subjects for discussion and it is set out in a memorandum sent to you already. I request you now to discuss the points raised in the memorandum.

Then the following memorandum was placed for discussion before Shri P. Mukherji.

1. *Draft Assessment Orders*:—In actual practice it seems that the Income-Tax Department is not actually taking into confidence their assessees or their representatives in regard to matters in respect of which they consider that the evidence adduced so far is not adequate or sufficient with the result

that the Income-Tax Officer arrives at certain conclusions highly prejudicial to the assessee. If in such cases an opportunity is given to the assessee through draft orders, the assessee or the representative would be in a position to understand points on which he has not satisfied the Income-Tax Officer and thereby enable him to produce such further evidence as may be necessary in order to convince the Income-Tax Officer of the justness of his claims. The issue of draft order by the Income-Tax Officers was in existence particularly in Madras State some years ago but it is not being followed. At any rate the system of issuing draft orders should be enforced in all cases where large sums are involved or complicated facts exist.

2. *Section* 18A:—Section 18A provides that if an assessment in respect of a previous year later than that referred to in an earlier order of the Income-Tax Officer under the same section is completed before the 15th February, the Income-Tax Officer make an amended order requiring the assessee to pay the tax on the revised basis and that if the amount already paid exceeds the tax determined on the revised basis the excess will be refunded. In actual practice however, the Department revises the original demand under Section 18A only if it should involve an excess collection and ignore the requests of the assessees to revise such orders if such revision should result in reducing the demand or refund. This practice of the Income-Tax Officers to revise the order when it is advantageous to the Department and ignore it if otherwise is not in consonance with the spirit of the Section. It is also understood that the Central Board of Revenue have issued instructions not to make any such distinction. The Income-Tax Officers however find it convenient to pass over such matters if such revision should reduce the original demand or result in a refund. The Chamber requests that steps should be taken to see that the Board's instructions are implemented properly.

3. *Section* 28:—It has become the practice of the Department to communicate to the Assessees their orders under Section 28 only when a penalty is levied and the assessees are kept in complete ignorance of any decision taken to drop such proceedings. This procedure of the Department besides leading to undesirable results keeps the assessee unnecessarily in suspense. It is therefore suggested that steps may be taken

to follow a uniform policy by keeping the assessees informed even about decisions taken to drop the proceedings.

4. *Relief from Double Income-Tax in Ceylon*:—A person residing in India is taxed on any income that accrues to him in Colombo by the Income-Tax Authorities in India. He is also assessed on the same income in Ceylon by the Ceylon Income-Tax Authorities. It therefore happens that the same income is subjected to Income-Tax both in India and in Colombo. Before the declaration of Independence by India there was an arrangement between the two Goverments that the Indian Government would refund half the tax and Ceylon Government half the tax to the assessee so that there will be no double taxation, but only half tax in India and half tax in Colombo. With the declaration of Independence by India, the Ceylon Government are stating that they are not bound by the arrangement and that they will not give relief. The Indian Income-Tax Act has therefore been amended to provide for relief of the entire Ceylon tax being deducted out of the Indian Income-Tax in case there is no arrangement between Ceylon and India in regard to double relief. If this were so, there will be no difficulty. But the Government of India are stating that the negotiations with the Government of Ceylon are not yet over and are therefore not willing to take it that there is no relief beween the two countries. Nor is relief being actually given in Ceylon as Ceylon Government say that there is no arrangement for relief. This state of confusion is continuing for the past several years. Since there is no likelihood of an early arrangement steps may be taken to give relief on lines similar to those applicable to U.K. and stated in Sub-Section 2 of Section. 44D.

5. *Merged States (Taxation concessions) order*:—Certain instructions were issued in respect of assessees in Native States before such States were merged with the Indian Union and these are incorporated in the Merged States (Taxation Concessions) Order 1949. Clause 8 of the Merged States (Taxation Concessions) Order contains provisions with regard to income, profits and gains brought into the taxable territories in the Indian Union other than the Merged States after 31-7-1949. The profits and gains that arose in the Merged States prior to the date of this Order are still kept in the territory of Merged States itself to avoid treating the same as remittance. By this means, large amounts that could be utilised towards the funds of the assessees are kept immobilised. Now that 8 years have passed after the attainment of Independence and 6 years have elapsed since passing the above order, a lasting benefit would be conferred on the assessees if these amounts are allowed to be brought into the taxable territory without subjecting the same to tax, so that the funds may be available for ploughing them into the industries. Or at least the question of extending the concession contemplated by the fifth proviso to Sec. 4 (1) to cases of this type may be considered.

6. *Incometax Relief*:—(a) Proprietor or Partner's food expenses during travel are disallowed. The Act is discriminative as this arrangement does not apply to Government servants.

(b) Advance Income-Tax was only a war measure and should cease in normal times. It is a handicap to management of business as the corresponding capital is not available for investment in business. When Income-Tax is over annas eight per rupee and corresponding advance has to be paid, no capital remains for conducting business. In addition to this the income not realised get taxed and corresponding money is not available for payment of Income-Tax and for business and as such mangement of business creates a difficult problem to be faced and such problems may lead to liquidation of business in various cases. In any event instructions should be given by the Department to grant extensions of time in genuine cases of hardship.

(c) Income-Tax Appellate Authorities shelve appeals for years. Hearing an appeal should not pend normally beyond 6 months and the Appellate Authorities should be instructed to give preference to cases where collection of demand is pressed by the Income-Tax Officer or in cases where extension time till the disposal of appeal is refused.

7. *Codification of Income-Tax Law*:—Many amendments have been made to the Income-Tax Act. The Act has become too complicated and cumbersome. It will be a great facilitiy if the entire law is codified and simplified.

SUPPLEMENTAL POINTS FOR DISCUSSIN

I. It has, of late, become the practice of the Department to reopen the completed assessments on the basis of uncorroborated anonymous petitions. On most occasions, such information emanate from jealous and disgruntled quarters and therefore are bound to be incorrect and grossly exggerated and the result is that the assessee, even though honest, is harassed and put to various inconveniences for no fault of his own. Also such investigation on the basis of anonymous petitions tend to encourage blackmail and insincereity on the part of the employees etc. Therefore, it is suggested that necessary instructions may be issued so that no unnecessary or harassing action may be taken in respect of uncorroborated anonymous petitions.

II. Reports have been received that in several cases, the Income-Tax Officer issues certificates under Sec. 46 (2) to the Collector for the realisation of tax arrears but he does not try to cancel the same even though the tax has been since paid or wipped off by Appellate reductions. It often happens that the Collector, in the meanwhile, institutes coercive steps for the recovery of the tax with consequent unnecessary inconvenience, loss of reputation and fair name to the assessee.

III. *Section* 4 (1) *Provisos* 4 *and* 5:—

Under Section 4 (1) (b) (iii) of the Act in the case of a person resident in the taxable territories during the previous year, income which, having accrued or arisen to him without the taxable territories before the beginning of such year and after the 1st day of April 1933, are brought into or received in the taxable territories during such previous year is chargeable to incometax. With a view to facilitate the bringing of such accumulated foreign profits to India and investing them here, the Government had proposed to give some concessions in a communique issued in May 1950. This proposal is now given effect to by the addition of two provisos to Section 4 (1).

The first proviso exempts foregin profits remitted to or brought into or received in India within the first two years of becoming resident in India. The second proviso exempts foreign profits brought into or received in India after 2nd September 1951. The conditions to be fulfilled are given in

the provisos themselves and this representation is not concerned with them.

When these concessions have been granted following such a patriotic policy of Nation Building as far as possible, the actions of the Incometax Department of Trichy, Madurai, Tanjore Districts and possibly other districts really nullify the concessions so granted by our National Government by first allocating such remittances towards current year's profits and treating the balance, if any, alone as being available for consideration under the said provisos. The correctness of the view of these Incometax Officers that current year's profits are first remitted in preference to earlier profits has been questioned in several High Court decisions. (Govind Ram Tansukh Rai. 12 I.T.R. 50, Ramachandra Keshar Deo 16 I.T.R. 50, Ramaswami Pillai 7 I.T.R. 40).

Apart from this incorrect view of the Incometax Officers, it is necessary to point out the decision of the Madras High Court in M.S.M.M. Meyappa Chettiar, V.C.I.T. Madras 1933 I.T.R. 37. The principle laid down in Meyappa Chettiar's cases is as follows:

> "While it may be a reasonable presumption that where an assessee has two funds abroad at his disposal one which has borne tax in India and another which has not, he is more likely to remit the former to India, the presumption can be rebutted by the Revenue authorities if the books show that at the time of remittance the already taxed funds were locked up and not available for remittance."

This principle is not receiving due attention in the hands of the Incometax Department. This decision is applicable to such cases because when the common funds include earlier profits which are not liable to taxation and assuming without admitting current profits liable to taxation the presumption is that the assessee in such cases is more likely to remit the former and not the latter. But by not applying this principle, the Incometax Officers are really nullifying the concessions given by the Government for patriotic purposes.

Suitable instructions may therefore be issued in order to ensure that the concession granted by these provisos should not be denied and that the decisions referred to above including that of M.S.M.M. Meyappa Chettiar's case should be followed.

The following is the report of the proceedings:—

In replying to the welcome, the Commissioner said as follows:—

Friends, our Vice-President has already mentioned that it is more important to discuss your difficuties. The Vice-President is clever in saying that our difficulties should be discussed here but your dificulties are to be discussed here but not ours. Therefore I would like to mention a few of my difficulties before I discuss your difficulties.

In the context of any taxation there is no mentioning that we have to co-operate from both the sides with full strength. Particularly in Income-tax Department we are, as you know, trying to make inroads into the pocket of the people to the extent of nearly 1/5th of the total taxation of the whole of the country. Taking all taxation together, Centre, State and even Local Bodies putting that at about 1,000 crores, we are collecting nearly about 185 crores from Income-tax Department. It is therefore roughly 20% of the tax of the whole country, putting all taxes together. The Income-tax Department is indeed a very big enemy so far as putting the hole in the pockets of people concerned. I would request you to remember a few things in this context. In the present set up of Government i.e., Independent India we do not think of the taxation Department as not merely an evil or even a necessary evil. The thousand crores of Rupees that we are now paying is for the common good of the country. Therefore kindly do not look upon the taxation Department as enemy No. 1, 2 or 3. It is not an evil but a real necessity. If you want a good Government of the country we must pay taxes, so that we can live. A few members think that the taxation Department people are enemies. Even in the days prior to our Independence we have been complemented that the Taxation Department officials have been implementing our Act properly.

MEMORANDUM POINTS.

One of the subjects namely the difficulties that you have brought out in regard to incidence of taxation between india

particularly between Madras and Ceylon. Only this morning I traced the press communique issued by the Public Relations Officer. He says that somebody wrote in the papers two or three days ago that there are difficulties with regard to double income-tax relief between India and Ceylon and immediately he addressed the press communique to all concerned so that a proper perspective can be traced before. I do not take credit that we are always able to foresee the issue. If you permit us we will come and sit with you for a few minutes occasionally so that you may understand where we are going wrong. Some of the subjects brought in this memorandum were already there in the memorandum presented to the Hon'ble Shri Manilal C. Shah a few months ago. I think they have been bodily taken up and this Chamber also feels that these are left to the Income-tax people to discuss them. I am here to point out as to what extent our liabilities can be judged. I will discuss some of the points which you have taken up. It is not possible to take all things in an hour or two. I will point out some of the implications.

1. *Draft Assessment Orders*:—It looks to you as if full remedy would be obtained if the draft assessment order was placed in the hands of the taxpayer before he receives the paper in proper statutory form. Now kindly ponder over his matter and that the Income-tax Officer, Appellate Assistant Commissioner and even the Commissioner in certain matters will help to agree with you. and then pass a judgement to you.

This is not practicable because the assessing officer is a judicial officer and as such cannot disclose his mind fully regarding the assessment. At the present time tax payers are sufficiently enlightened to question wrong assessments. Only 15 per cent of the total number of assessees appealed against their assessments and 10 per cent went to the appellate authority.

You are having expert Lawyers, Accountants and Income-tax practioners and these experts generally try all these things before the Income-tax Officers. They will be able to know what points they are placing before the I. T. O. not more partially but fully. Some of the points have not come up before the Income-tax Officer. Kindly bear up with me for a moment that we are trying our level best to mitigate these troubles. We know for sometimes we go against your wishes. It is not because we do wrong because our interpration of the rules and the act is on that line. We will have to prepare grounds for the draft order. The Income-tax officers have strict instructions to issue a draft memorandum and that these are the points on which we want further information, further evidence which holds in the matter.

So far as the major points the Income-tax Officer after having discussed, he says that these are the points which require further information. Your advocates reported as quickly as possible but it is quite possible that the Income-tax Officer wants fuller information. Even 50 lakhs or 20 lakhs or 1½ crores we do not issue a draft assessment order. Even accounts are not examined. If you go to Calcutta or Bombay you will be surprised to see that the accounts are not sent for. We require more information. There are certain obvious points. The Income-tax Officer takes more time for inspection of documents. Some may wrongly think that Life Insurance payments are not as rebate but it has to be allowed as an income. He keeps for 2 days and 3 days and even 20 days. He goes on putting questions. Even he goes on telling you how you manage your business. In one case I was thinking why the assessee is putting 36 lakhs of Rupees in the current account without interest. We don't find in the 15% appeals that have been taken up before the Appellate Assistant Commissioner and 10% taken up before the Commissioner, we don't find a very large percentage. I will try to see that it is once more implemented in a more rigorous manner. I will do.

A Member said:—The Income-tax Officers have certain meterials and issued draft order. Afterwards the final order comes with new points not confined in draft order. The final order should be on the line of the draft order.

2. *Section* 18*a*:—Commissioner said:—If the assessee is not vigilant about his assessment he is really happy. As a result of the recommendations of the Enquiry Commission interest rate of 2% is raised to 4%. Instead of 2% interest the Department should put 4% interest. The correct statistics so far as Madras State is concerned I find that upto 15th September 1955 this year in 238 cases the Income-tax Officers have revised to

later assessment. With regard to 26 cases they have not issued revised orders. They are wrong in some cases. If the assessees claim, they are entitled for a rebate. With regard to 26 cases the Commissioner said that it must be say a little over 10% of the cases. The assessees also indulge to get refund. The impression of the assessees is why his assessment should be greater than previous one. The Income-tax Department has issued an order which is very much lesser and lower than 1954. If the latter assessment is too small there is necessity to revise the order. The tax-payers should remind the Department for their own advantage.

Mr. Soundararajan:—The word "may" should then be "must" in section 18A.

The Commissioner said:—The Public Relations Officer has now been instructed by me to look all the offices in the City and mofussil areas and you can approach him with any complaint which will be looked up. A week before, he visited further South i. e., Tuticorin and all places. With regard to publication of visits the Madras Government is not very co-operative. As regards newspapers they are not publishing our own tour programme. They are more interested in publishing more advertisements. ...

A member suggested to the Income-tax Commissioner that they can inform such visits to Chambers of Commerce so that the Chambers can inform other constituent members.

The Commissioner said that he would ask the Public Relations Officer to do the needful.

3. *Section* 28:—This is a very importment matter. I am sorry to say that in Madras State we have got very large number of penalty pending proceedings. Many of them are useless. I am myself inspecting those proceedings with a view to close them as early as possible. At the end of this year you will not find so many proceedings.

4. *Relief from Double Income-tax in Ceylon:*—Regarding double income-tax relief the Central Board of Revenue have not succeeded in coming to an agreement with the Ceylon Government. After the attainment of Independence, you know much better than me that the relationship with Ceylon is not good on various reasons and this matter is still hanging on fire. So far as taxation is concerned I am told that the rate of tax in Ceylon is between 10 to 13%. Our rate of tax is higher. Therefore we collect a small portion of tax from people who have their movings both in India as well as Ceylon. In respect of those tax-payers we do not collect the proportion of the amount of tax payable to the Ceylon Government. I think that should be a satisfactory arrangement. It is beyond my power. It is a matter between Government of India and the Government of Ceylon, with regard to double income-tax relief. I think beyond this it is not possible for me. If the Indian rate of income tax is 15% the Ceylon Government rate is 20%. The Indian Income-tax Officer gets nothing. Therefore it is a Govermental affair. 20 lakhs of Rupees is collected from tax-payers who are in Ceylon. As the tax-payers are interested to get their earnings I am also interested in getting this 20 lakhs of Rupees every year. I am asking the Board every second week when they are going to get that money. For these 5 years 70 to 80 lakhs have been lost.

The Chamber is requested to circularise to its members requesting them to file their claims for double-Income-tax Relief before 31st March 1956.

5. *Merged States (Taxation Concessions) Order:*—Madras has got only one stage. As good citizens people do not shed their tears for bad money. In the context of Independence that India has achieved we became the sovereign independent State. Many of our nationals who are staying in Burma, Malaya and even in South Africa they find their life very difficult in those countries and they have to run away to India. Many of our people who are in Burma have distress and wish to come away with their bag and baggage. Therefore we have to give certain concessions to people living in other places.

When a member putforth the difficulties of people in Pudukottah State the Commissioner said if Pudukottah people give proper explanation to their accumulated money and properties then we can consider those cases properly. So why should you worry about that territory.

6. *Income-tax Relief:*—(a) So far as the business proposition is concerned if you are able to convince the Income-tax Officer in connection with certain accounts they will be exempted. I stay in a house for which Government is paying Rs. 105 as its share of rent on that I have to pay Rs. 70 as Income-tax Rs. 105 Central Government's pay is that I have to pay Rs. 70 as Income-tax. I have taken up with the Central Board. A larger portion of the remunerative firm takes an executive who would be given a salary of Rs. 350 per month which is the minimum taxable income now. Many mercantile firms with a view to evade income-tax are paying large sums as allowance and travelling allowance to the staff. I would kindly request you to read the Report of the Royal Commission of the United Kingdom. That is published in 1955. The study of the Royal Commission Report has made very clear that any expenditure which is not incurred on anything except business is not allowed. I will have a talk with my Officers.

(b) *Advance Income-tax:*—We have given extension of time for payment of tax till the 4th instalment comes. In 1944 when the Section 18A was brought into the Statute Book the Board has issued a circular that the people are unable to pay tax. The Taxation Enquiry Commission Report recommends retention of this section. So the Income-tax Officers could not levy penalty. Generally 10 days times is allowed for each instalment.

(c) There will be further appointment of 24 more Appellate Commissioners. Unfortunately owing to our difficulty in paucity of personnel and other matters even now a number of appeals have become outstanding. 3,619 appeals we have disposed of in six months. You see more Assistant Appellate Commissioners are appointed to dispose of the pending cases. If you think that you have confidence in our Appellate Commissioners then much of the appeals could be taken up and disposed quickly. I will not be wrong if I say that the Income-tax Departmnt has installed a very good procedure. If you consider it this procedure is good and many appeals could be disposed off. Plantation coffee should not bear any taxation of the Central Government. Government of India is also considering to bring plantation coffee under their taxation. Supreme Court and High Court will not be able to decide soon. In one case the High Court took 4 years. Out of 86 thousand cases in 1954-55 we carried forward 8,300 only. Just 10% assessment. Last year my collection was 12 crores and my arrears were 15 crores. Therefore my Madras arrears were 15 crores so that if you give me 15 crores of rupees I could have gone into those cases.

A member explained that though some appeals are heard, the decisions are deferred for months together.

The Commissioner replied that in 400 appeals after hearing we have not passed any orders. In such cases there is no reason for not passing such orders.

7. *Codification of Income-Tax Law:*—This I have not fully understood what you meant. Therefore I brought a book. This is codified Income-tax law. It is published in 2 volumes, Part I and Part II—amendments upto 15th May 1955. Even in U.S.A. which is considered to be the most advanced country in the world, bringing this publication surprised that Government could produce such a book so early i.e., first week of June. Instead of calling it 1922 Act it should be called as 1955 act. U.S.A., did not succeed in codifying this Act.

This Part I of Income-tax Manual is corrected upto the 15th of May 1955. There is no correction in the Part II.

SUPPLEMENTAL POINTS FOR DISCUSSION

I. Anonymous petition is not only in Madras but all over India. I may tell you for your information we have a secret fund to pay as reward to those who can give good information. There is no specific remedy at all. I don't say

we employ any spy. We hate them like poison. We don't see them unless the person will give some possible information. We try to find from their specific information; but if there is specific information we try to see. Citing an instance, the Commissioner said in a certain case, in Bombay when the Department was about to write off Rs. 13 lakhs, an anonymous petition gave clue of a hidden resource of the assessee and Government were able to realise Rs. 11 lakhs. It was often the disgruntled Accountant who had left the service of a merchant, who quoted chapter and verse against his past employer.

In 1939 the incidence of tax is tremendous. Prior to 1939 it is very low. After 1939 only the rates of income-tax have grown up very enormous. In 1939 the rate of tax was from 18 pies to 5 annas now it has been pulled up to 5 annas. The number of tax payers in Madras are 78,000. Madras has got a population of 370 lakhs. In United Kingdom 2 out of 5 pay income-tax. Here only one out of 700 pays income-tax. There are only 23,000 tax-payers of whom 11,000 people are to be taxed by us.

II. We will take up with the State Government.

III. *Section* 4 (1). *Provisos 4 and 5:*—Actually even now there are about dozen such cases pending at the High Court. The department as well as assessees feel that much can be saved on each case. Therefore it is not so easy to be able to say in such case remittances should be considered as coming only from the current year and not from the earlier year. I am not prepared to take this so easy.

Relating to Copra etc., the Commissioner said that this has difference from case to case.

Bad debt:—You can produce an affidavit.

The Commissioner said we expect you also to kindly keep meticulously correct accounts and show your incomes as far as possible. It should not be your attitude that you have not kept the accounts. You have a very grave responsibility. The Income-tax Department is also your partner and therefore you have to submit your accounts properly. Audited cases where proper certificates are given in the prescribed form are being treated with respect and accepted wherever possible.

Janab K. S. G. Haja Shareeff proposed a vote of thanks.

VISIT OF SHRI E. S. KRISHNAMOORTHY

Shri E. S. Krishnamoorthy, Member (Customs) Central Board of Revenue, visited the Chamber on Wednesday the 30th November 1955 at 4-30 p.m.

Shri K. Govindan, Vice-President, in welcoming Shri Krishnamoorthy said as follows: —

I am indeed grateful to you for coming to the Chamber to discuss matters relating to Customs law and administration. We very well remember the fruitful discussion we had with you as Member, in-charge of Excise administration.

Merchants and importers are eager to contribute their due share for the administation of the country and they are only too glad to pay the Customs duties according to the accepted Tariff Schedule, but in enforcing this levy, there are certain difficulties which could be got over by mutual understanding between the administration and the importers. Uniformity in the administration of law is extremely essential, as otherwise importers at one Port will be at a disadvantage in comparison with importers at other Ports. This is what we want to emphasise and I am sure that Government of India also will see that no Port is discriminated.

There is need for a Customs Advisory Committee at each Port. There is, no doubt now a Port Committee consisting of representatives of the Federation. This Committee has to be more broad-based more or less on the lines of the Port Import Advisory Committees. Representatives of Chambers of Commerce working in the city have to be associated with this Committee. This will go a long way in creating a better understanding between importers on the one hand and the administration on the other. I am sure you will give your best attention to this and kindly see that such Advisory Committees are formed at major ports.

I now request you to discuss the memorandum placed before you.

Then the following subjects were put up for discussion with him: —

1. *Customs Appellate Tribunal*: —When Shri E. Rajaram Rao, Member (Customs), Central Board of Revenue, met members early in 1955 he gave us to understand that the decision of the Government of India on the question of setting up of an independent Appellate Authority, for Customs matters will be announced soon. The Chamber will be glad to know how the position stands now.

2. *Adjudications*: —The Collector of Customs, Madras, is known to be adopting a new procedure by which instead of the usual primary adjudication by the Assistant Collector and appeal to the Collector, the Collector himself adjudicates in the first instance which takes away the right of the first appeal to the importer and also entails delay at the primary stage. It is suggested that the old procedure may be revived.

3. *Passing of Shipping Bills*: —It has become the practice at any rate in the out ports to call for contracts their translation if they are in a foreign language, letters of credit etc., before passing Shipping Bills, even in the case of items for which no export duties are leviable nor export licensing applicable. It has been brought to the notice of the Chamber that Shipping Bills were not passed even in the goods outside the purview of export control as shipments were sought to be made beyond the date of the contract and the evidence of extension of letters of credit were required for passing the Shipping Bills. Such delays and queries only go to increase the inconvenience of the exporter and discourage exports and instructions may be issued to avoid such hold-ups.

It is understood that all Shipping Bills irrespective of whether the commodity in question falls under free licensing, O. G. L. or free item are routed through the Import Trade Control Department. This results in delay, besides creating additional work to the Department and hardship to the trade. Previous practice should be restored.

4. *Classification for Import Control*: —While the Chamber welcomes the present system by which Import Control Authorities give rulings on the subject of classification, at present the Customs are asked to be referred to on matters

whether a particular aticle is covered by O. G. L. or not. Ruling on this question should also be given by the Import Control Authorities which should be binding on the Customs.

5. *Uniformity of Practice*:—The Madras Customs appear to be adopting certain practices which are at variance with those adopted in other Ports. The following instances have been brought to the notice of the Chamber. It is desirable that uniform practices are adopted at all Ports in India in regard to Customs Administration, particularly assessments.

(a) Certain varieties of Steel Bars which are reported to be exempt from payment of duty if imported through the Port of Calcutta are subjected to levy of 15% Import Duty at Madras.

(b) In the matter of classification and interpretation of small tools, there appears to be a variation in practice between Bombay and Madras. This should be looked into.

(c) Cement Fodu is classified under Part IV Serial No. 238 at Madras while in Bombay it is classified under Part IV Serial No. 100. This discrepancy causes inconvenience to importers in Madras.

6. *Issue of Circulars at Ports*:—Public Notices published in the Gazette of India necessarily take time to reach the mercantile community. The Chambers also get them late. It is therefore, desirable and necessary that all such Notifications are communicated promptly at least to Chambers of Commerce by Ports. With advantage such Notifications should be posted on the Customs Notice Board.

7. *Assessment of Samples*:—The present practice is to allow only six days for clearance of samples. Apart from the hardship in levying duty on samples of no commercial value, the time given for clearance of such samples is unduly short. Payment of even small sums take time and it is inconvenient to the mercantile community. The period may be extended and fixed upto 15 days and samples carrying duty of less than Rs. 10 may be exempt from payment of duty.

8. *Copper Anodes & Copper Cathodes*:—Both are copper, imported unwrought and similar to each other. There

is no reason for assessing Anodes alone to 25.1/5% Import Duty while allowing Cathodes to be imported free. It is suggested that Anodes also may be allowed import free of duty.

9. *Alteration in Classification*:—Whenever an alteration is made in the existing classification either for purposes of Customs Duty or for Import Control, hardship is caused to importers who have firm commitments prior to the date of alteration. Suitable provision should be made by which importers are not penalised for no fault of theirs.

A case in point is the recent changeover in classification in regard to Mouth Organs according to which it would no longer be possible to import them under Serial No. 310 of Part IV as per previous practice.

10. *Delay in Clearance of Import Cargo*:—It has been brought to the notice of the Chamber that there is considerable delay in the clearance of cargo pending queries back and forth which results in congestion and inconvenience to all concerned. Even the Postal Appraisement Branch is reported to be delaying release of Post Parcels for periods extending 7 to 15 days for a parcel, causing inconvenience to importers and locking up the concerned import licences with the Postal Appraisement Branch which in turn leads to delay in clearance of other cargo which might arrive at the Port. In the case of Post parcels, it is desirable that instead of the present practice of submitting licences, the Customs Authorities at the Ports should issue release advices.

11. *Assessment on Market Value*:—Care should be exercised in fixing the market value. As far as possible average value should be taken into account instead of the highest alone. Also this leads to delay and disputes regarding market value. The value fixed by recognised Trade Associations would be a better basis for calculation of duty than the present practice. The practice of assessing on market value should be applicable to articles as such and not to particular brand of articles resulting in discrimination.

Applying market value as the basis in the case of goods carrying a protective duty as recommended by the Tariff Board is to vary the quantum of protection intended by the

Tariff Board after due enquiry and deliberation. Fixing of market value should not therefore apply to Tariff protected goods.

12 *Duty Draw Back on Export of Aluminiumware:*—The concession originally inforce upto the 15th November 1955 may be extended at least by one year.

13 *Duty on Aluminium Scrap:*—Aluminium scrap imported as such is duty free. In the case of manufacture under Bond, the resultant scrap carries import duty. This is anomalous and such scrap should also be allowed to be cleared duty free.

14. *Facilities to Exporters:*—Exporters find it difficult to pass their goods for shipment by vessels at the Port of Tuticorin within the limited working hours when the Treasury is closed and cash transactions could not be entertained. Shippers have deposit accounts in the Customs Treasury and it is requested that arrangements may be made with the Local Customs authorities to pass the goods for shipment by adjusting the cess and duty from the shipper's Deposit Account. It is reported that such facility is given in the Ports like Cochin etc. This may be extended to Tuticorin also.

15. *Licence Fee Chalans:*—The withdrawal of the facility of paying licence fee payable on the export of goods under Open General Licence at the Tuticorin Customs Treasury has caused much inconvenience to the exporters. Shippers now have to go to the local Sub-Treasury and then to the State Bank of India for payment of the licence fee. This facility of paying the licence fee at the Customs Treasury itself may be revived. This will help the exporters a good deal.

SUPPLEMENTAL POINTS

1. *Difference in Assessment:*—When parcels are imported by Post, 5% of the Invoice value of the parcel is added for purpose of assessment to duty. But in the case of Air-Freight, 20% of the Invoice value is added. This is illogical and this point has been raised when Shri E. Rajaram Rao visited the Chamber last year. This may be looked into.

2. *Duty on Hearing Aids:*—Duty on "hearing-aids" has been reduced or abolished. But the notification does not mention 'hearing-aid parts'. In the absence of such indication in the notification, local Customs insist payment of duty on parts as was prevailing before the Notification. Instructions may be issued to Customs Authorities at Ports not to levy duty on parts.

Discussion proceeded on the lines of the written memorandum. Members had a full and frank discussion on the various subjects included in the memorandum. Mr. Krishnamoorthy explained the position from the point of view of the Government and promised to look into the various difficulties.

VISIT OF SHRI M. GOPALA MENON

Shri M. Gopala Menon, Commissioner for India in Nairobi, visited the Chamber on Friday the 2nd December 1955 at 11-30 a.m., and Shri K. Govindan, Vice-President, welcomed him. Shri Govindan suggested that there should be more Trade Commissioners in East Africa and suggested that a trade delegation to East Africa will be in the fitness of things. He also suggested the compilation of a directory of Indian businessmen etc.

Shri Gopala Menon informed members of the Chamber that it was being proposed to open a permanent exhibition of Indian goods at Mombasa and also to organise exhibitions at Kampala, Uganda. He stated that Africa was an expanding market and with increasing standards of living of the Africans there was a bright future for trade. There were 2 lakhs of Indian traders in East Africa and they practically owned and controlled all trade, industry and commerce, and it was to the advantage of Indians to cultivate good relations with Africans.

Shri Menon said there were great opportunities for Indians to win the Africans' confidence to an increasing extent. He also said that he would do his part in helping to send a trade delegation to East Africa. He said there was great scope for trade with East Africa in handloom goods, leather goods, etc., but he wanted exporters to bear in mind that the maintenance standards was very important.

VISIT OF SHRI R. N. PHILIPS

Shri R. N. Philips, Joint Chief Controller of Imports and Exports, Bombay, visited the Chamber at 11 a.m., on Monday the 26th December 1955.

Shri K. Govindan, Vice-President, welcomed him and said as follows:—

It gives me pleasure to welcome you to this meeting. The Chamber has submitted detailed memorandum for consideration of the Import Advisory Council recently. The policy for the next half year will be known only in January. Some of the difficulties are set out now for discussion.

I am glad that Government are taking necessary measures to step up our export trade. We have to develop our export trade considerably. Export promotion Councils, Export Credit Guarantee Schemes, abolition or reduction of export duties are steps calculated in this direction. But the one thing that will promote our export trade and which Government have to consider is the maintenance of regular sailings to some of our neighbouring countries wanting which our trade is affected. The freights in certain cases are also discriminatory which has grave repurcussions on India's export trade. This question requires the serious attention of Government. Railways also are not in a position to allot wagons from producing centres to ports of shipment. There is always a time lag and uncertainty which also in a way responsible from our export assuming full stature. These things have also to be looked into for promotion of our export trade.

I request you to discuss the points set out in the Agenda.

Then the following points were discussed with him:—

1. Actual users with factories in Bombay are reported to be making imports of certain goods like Art Silk Yarn through Ports other than Bombay and the goods appear ultimately to find a place in other parts of the country. Proper steps may be taken to safeguard this.

2. *Transfer of Quotas:*—In certain cases, a few partners in a firm go out and a few partners come in under a Specific Partnership Deed duly prepared on the requisite stamped paper but their quota licences are held up. These out-going and in-coming partners are not at all eligible for any quota rights or good-will of the firm under specific version of the clause in the Deed duly signed by these partners. Yet the transfer of quota rights is insisted upon and the Control Authorities direct firms to submit Registered Partnership Deed, Registered Dissolution Deeds etc. When the Partnership Act itself does not bind the parties who enter into partnership to register the Deed with the Registrar of Assurances to make the Deed valid, there is no reason why the Control Authorities insist on registered deeds for the transfer of quota rights.

To get a Partnership Deed registered, a fee of Rs. 4 on each thousand rupees of the capital amount invested by each partner has to be paid, besides fee for registration, stamp paper etc. The Chamber feels an Affidavit and a Partnership Deed as per the Partnership Act together with Income-Tax Clearance Certificate may be accepted to transfer quota rights.

Cases of delay in transfer of quota have been brought to the notice of the Chamber presumably due to the present complicated procedure. Steps should be taken to expedite the transfer and to simplify the procedure.

3. Cases of delay in clearance of cargo due to the adminitration of import control regulations have been brought to the notice of the Chamber. A time limit should be fixed within which import cargo should be released so that goods may not lie over for months together, pending correspondence with the higher authorities.

4. Discrepancies in classification for Import Control between the various Ports should be avoided. On evidence of different view being taken at another Port, the discrepancy should be resolved by the authorities in the Port of import giving the benefit of discrepancy to the importer alone.

In reply, Mr. Philips said that they had laid special emphasis on export trade. If, today, in this country, they found that industry was prosperous, that trade was able to carry on business with greater ease and facility if they found that there was economic stability which was being built up steadily from day to day, he said, it was due to the policy followed by the Minister for Commerce and Industry, Mr. T. T. Krishnamachari. The idea of introducing new-comers, special allocation schemes, and widening of the scope of actual user licences were suggested by the Minister. All these things had been done with a view to stabilising the economy of this country and to place it on a firm economic foundation.

Mr. Philips said that one way to prevent the abuse of actual user licences was to make the procedure strict and stiff. The other way was to check after the issue of licence which they were adopting now. At the suggestion of the Minister for Commerce and Industry, he said, a special Police Enforcement Branch had been organised whose duty was to make checks and report misuse of import licence and other rules and regulations at all port offices. By this method they were able to detect 167 cases last year in Bombay.

To expedite clearance of cargo, he said, the Minister had suggested inter-departmental meeting of Customs and Import Control authorities every week and this had already been implemented in all ports. As regards discrepancies in classification for Import Control between various ports he stated that the Central Board of Revenue would, in future, issue notes to all ports and that would result in uniform rules being adopted in all ports in the country.

Mr. K. R. Sundaram Aiyar proposed a vote of thanks.

Miscellaneous

Amendment of Articles of Association.

The Chamber, with the laudable object of putting up a building in the Chamber's new site at Esplanade, had seriously under consideration the question of amending the Articles of Association also in order to raise sufficient funds from the Indian Bank Ltd., to the extent of Rs. 5 lakhs. The President by his untiring efforts found suitable tenants who were good enough to advance five years' rent in advance. The money thus received was found insufficient to put up a building and therefore it was resolved by the Committee to raise Rs. 5 lakhs by the issue of debentures and the Indian Bank Ltd., was good enough to agree to subscribe to the full extent but in raising debentures it was found necessary that the Articles of Association had to be amended so as to provide representation to debenture-holders on the Committee of the Chamber and to authorise the Committee to raise the loan. Steps were therefore taken to revise the Articles and the Committee approved of the amendments. Government were approached to give sanction for carrying out the amendments of Articles of Association and after getting their permission a general body meeting was called for with the specific purpose of amending the Articles of Association. On the 27th May 1955 a meeting of the general body was convened to amend the Articles of Association. The following amendments were carreid out to the existing Articles of Association of the Chamber:—

Article No. 22:—"The Committee shall consist of the President, two Vice-Presidents and 24 other members, besides five representatives of the affiliated members for the time being (or, if the total number of affiliated members is less, such smaller number), a Representative of the Debenture-holders nominated by the Trustees and besides the following representatives (ex-officio) of the Chamber for the time being, on,

The Parliament (if any),

The Madras State Legislature if any,

Of the above five seats of Affiliated members, two shall be reserved for Affiliated members whose headquarters are situate in the City of Madras, and three shall be reserved for affiliated members whose headquarters are situate in the mufassal, provided that whenever the total number of Affiliated members in either area is less than that number, such smaller number alone shall be so reserved for the time being".

Article No. 39:—"Without prejudice to the general powers conferred by Article 38 hereof, the Committee shall power:—

(1) To appoint the Secretary on such terms and conditions as they may determine.

(2) To appoint any Departmental Committees or Sub-Committees of the members of the Committee or of the members of the Chamber, and such Departmental Committees or Sub-Committees may be permanent or temporary or for special purpose as the Committee may determine.

(3) To delegate, subject to such conditions as they think fit, any of their powers to Departmental Committees or Sub-Committees and to make, vary and repeal byelaws or rules for the regulation of the proceedings of Departmental Committees or Sub-Committees.

(4) To make, vary and repeal bye-laws or rules for the regulation of business of the Chamber.

(5) To enter into arrangements, upon such terms and subject to such conditions as the Committee may deem desirable, for working in connection with any Association organised for the protection or better development of any branch of trade, commerce or manufacture in the Madras State or with like objects. that may apply to be allowed to work in connection with the Chamber, provided the objects for which such Association is or shall be formed are not inconsistent with the objects of the Chamber as defined in its Memorandum of Association.

(6) To make such bye-laws as the Committee may consider expedient for regulation of the joint working of the business of any Association connected with the Chamber, or for the purpose of defining the terms and conditions of the joint working of the business of such Association or as may from time to time be agreed upon between such Association and the Committee.

(7) To appoint an Assitant Secretary on a remuneration to be fixed by them.

(8) To consult, appoint and nominate counsel, advocates and solicitors to advise them on all or any matters connected with the Chamber and authorise all or any of them to represent the Chamber in all duly constituted Courts of law either Civil, Criminal or Revenue or arbitration Courts either as Plaintiffs or Defendants and to represent them before any Officer or body of men or the Legislatures of the State or the Cabinet or before the Parliament or the Central Cabinet or before the Sub-Committees or Standing Committees in connection with any measure or bill connected with the welfare of Indians in general and particularly of any measure connected with the Commerce, Industry, Trade and manufacture of this State and India.

(9) To appoint or dismiss the staff and servants engaged for the Chamber.

(10) To incur all necessary expenses, for the maintenance and carrying out of the objects and intentions of these Articles and Memorandum of Association.

(11) To collect subscriptions and all and any other sums of money due in connection with this Chamber.

(12) To appoint any person, or persons (whether incorporated or not) to accept and hold in trust for the Chamber any property belonging to the Chamber or in which it is interested or for any other purpose and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.

(13) At their discretion, to pay for any property, rights or privileges acquired by or services rendered to the Chamber either wholly or partially in cash, bonds, debentures or other securities of the Chamber and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Chamber.

(14) To refer any claims or demands by or against the Chamber to arbitration and observe and perform the awards.

(15) To determine who shall be entitled to sign on the Chamber's behalf bills, notes receipts, acceptances endorsements, cheques, releases, contracts and other documents.

(16) To execute in the name and on behalf of the Chamber in favour of any Committee member or other person who may incur or be about to incur any personal liability for the benefit of the Chamber such mortgages of the Chamber's property as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.

(17) To borrow or secure the payment of any sum or sums of money for the purposes of the Chamber from time to time at their discretion.

(18) To raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds perpetual or redeemable debentures or debenture stock, or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Chamber (both present and future).

(19) To make the debentures, Debenture Stock, bonds, or other Securities assignable free from any equities between the Chamber and the persons to whom the same may be issued.

(20) To issue any debentures, debenture stock, bonds or other Securities at a discout, permium or otherwise and with any special privileges as to redemption, surrender, drainings, allotment attending and voting at general meetings of the Chamber of such persons.

(21) To cause a proper register to be kept in accordance with the provisions of Indian Companies Act of all mortgages and charges specifically affecting the properties of the Company and shall duly comply with the requirements of the same in regard to the registration of mortgages and charges therein specified and otherwise.

(22) To convert and deal with any of the monies of the Chamber upon such securities and in such manner as they may think fit and from time to time to vary or realise such investments and subject to the provisions of section 86H of the Indian Companies Act to sell or otherwise deal with any properties of the Chamber as they may deem fit.

(23) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds, and things in the name and on behalf of the Company as they may consider expedient for in relation to any of the matters aforesaid, or otherwise for the purpose of the Chamber.

(24) To appoint at any time and from time to time by power of attorney under the Chamber's seal any person or persons to be attorney or attorneys for such purposes with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Committee under these presents) and for such period and subject to such conditions as the Committee may from time to time think fit, and any such appointment may be made in favour of the members or any other person or Company, Directors, members, nominees or Managers of any Company or Firm or in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Committee, and any such power of attorney may contain such provisions for the protection, convenience of the person dealing with such attorney or attorneys as the Committee may think fit.

(25) To authorise any such Sub-Committee delegated or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(26) To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including regulation of conditions of employment of industrial labour in various industries represented by the members of the Chamber.

(27) To nominate delegates, advisers, etc., to represent the employers of India at such conferences to which they are invited.

(28) To take up, consider and formulate ideas on the subjects which are on the agenda of each such Conferences.

(29) To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of International Labour Conferences."

QUARTERLY MEETING

The First Quarterly Meeting of the Chamber was held on Tuesday the 15th February 1955. The Hon'ble Shri M. Bhaktavatsalam, Minister for Industries & Agriculture, Government of Madras, was specially requested to speak on that occasion. Shri M. A. Chidambaram, President of the Chamber, in reviewing the situation spoke as follows:—

On behalf of myself and on behalf of the members of the Chamber, I welcome the Hon'ble Shri Baktavatsalam to this Quarterly Meeting. Sir, may I take this opportunity of expressing the desire of the Chamber, that you and your colleagues may be pleased to take more interest in the activities of Chambers of Commerce in this part of the country. They are the vital links between the Government and the commercial interests. They have lost their representation in the Legislatures. Unless the commercial and industrial community are kept fully informed of the industrial developments in this State, it may not be possible for trade and commerce to assume its full stature. I am sure the Government will take the commercial community fully into their confidence. We are very grateful to you, Sir, for so kindly agreeing to speak today on 'Industrial Developments' and I am sure that we will be benefited by your sound advice and guidance. I extend to you all a hearty welcome to this Quarterly General Meeting.

Since we met last, the international situation has been worsening. It was thought that with the truce in Korea and the cease-fire Agreement in Indo-China, the tension in the international sphere would have been reduced but strangely enough the situation in the Far East i.e., Formosa is threatening to engulf the world in another war. I hope wiser counsels will prevail among statesmen and that the world will be spread of the horrors of another war. Happily the Conference of

Commonwealth Prime Ministers have this question under consideration and I sincerely hope that the Conference would have taken decision in settling this international conflict to the satisfaction of all parties. Peace and tranquility are essential for the promotion of trade and commerce.

There is happily an increasing appreciation among Eastern nations to come more closer together and spread the area of peace and co-existence. Our illustrious Prime Minister Shri Jawaharlal Nehru has to be congratulated for taking such keen interest for the maintenance of peace and amity all over the world in general and in the Far-East in particular and for organising the Asian-African Conference in April next. I am sure that as a result of such Conference the nations in the East will come closer together politically and economically and exert a stabilising influence for the maintenance of peace and amity all over the world. The recent visit to Delhi of His Excellency the Governor-General of Pakistan and two other Ministers of his cabinet is a significant portent of the extreme desire of the two neighbouring nations to patch up their differences by mutual negotiations. The meeting has created a proper atmosphere for the settlement of all outstanding disputes and I hope that the differences between the two nations which have unfortunately crept up after the separation, will be happily resolved and that normal and cordial relations will be restored between the two sister nations.

Important events have taken place in the economic sphere in our country. The Government of India have clarified and re-stated their industrial policy of 1948. The economy of the country will continue to remain mixed but in their eagerness to increase the pace of industrialisation in the country, more emphasis will hereafter be laid in the development of industries by the public sector. The important part played by private enterprise in the economic regeneration of the country has been recognised. The Indian National Congress which is co-extensive with the country has, at its historical session in Madras recently, adopted a resolution that India will not make any doctrinaire approach to the development of the country's resources. It is emphasised that the prime need of the country is the rapid industrialisation and the achievement of full employment within as short a time as possible. With this objective, they have declared that planning should be based on the physical needs of the country. It has also been recognised that the First Five Year Plan has been modest in its objective and scope and that the Second Five Year Plan should be conceived on a more bolder basis. With the laudable object to raise the standard of living, to increase the national income and for a more equitable distribution of the available wealth in the country, the Congress has resolved to shape the economic set up in the country on socialistic pattern whereby the means of production will either be socialised or be under social control. Friends, the mention of the words "Socialism" and "Socialistic Pattern of Society" need not stir up fears among us and the industrial community on this account should not hesitate to increase the national prosperity and national wealth. In such a set up also, the importance of the private sector has been fully recognised and it will have ample scope. It is gratifying to note the assurance which our Prime Minister has given that when Government have decided to retain the private sector, it should be given free play and should not be trammelled with too many restrictions and fetters. We hope that Government's assurance in this regard will be fully implemented and I appeal to members of the business community to continue to play a worthy part in the economic development of the country. I may assure Government that if the private sector is assured of a fair deal it will continue to play its role in raising the standard of living of the common man.

I am glad the Government and the people are becoming increasingly planning minded. The Planning Commission, Governments both Union and States are busy in drawing their Second Five Year Plan of all round development. Now since we have turned the corner on our food front and that the country is almost self sufficient in our agricultural resources, it is but natural that the brunt of the activities of the Planning Commission should be more directed to the development of heavy and medium scale industries. We are still industrially backward and unless we take rapid strides we may be left behind. I am glad that the Hon'ble Shri T. T. Krishnamachari, Minister for Commerce and Industry is planning on these lines. He recently stated "I am a firm believer in large scale industrialisation. The reason is that I am desperately

anxious to make this country strong industrially and economically as well as strategically. The last object would not be achieved unless our rate of industrial progress is considerably accelerated". There is no doubt that further intensive industrialisation will be immensely beneficial and that only through this process the requirements of an increasing population could be provided for and employment found, both in a direct and indirect manner, to substantial number.' Government and the Planning Commission have therefore set up before them an ambitious task of building up the economy of India and have decided to spend about 5,500 crores of Rupees for the Second Five Year Plan. Emphasis has been rightly laid not merely on the aspects of production but also on the need for increased employment in the scheme of development.

It has been realised that there has been a disparity in the development of industries in various regions in the country which has created difficulties of its own. This disparity has to be kept in view in drawing up the Second Five Year Plan and I hope that a proper appreciation of the needs of the various regions will be made so that there is a balanced development of the various regions of the country. Government of Madras are drawing up their plans of development and I am sure that they will stress this aspect before the Planning Commission. Madras is still industrially backward and the question of unemployment is more acute here than anywhere else and there is, therefore, the supreme need for following a bold policy of industrialisation in this region particularly. The Lignite deposit at Neiveli will open up immense potentialites for development of new industries or expanding existing ones. These possibilities should be fully explored and the State Government should take more active interest in the development of industries in this State. I am glad that the Central Government have under contemplation the starting up of a pilot plant in South India for the manufacture of iron and steel.

While the establishment of the Industrial Credit and Investment Corporation, setting up of the Industrial Finance Corporations by the States and the Centre, the setting up Small Scale Industries Board etc., are conceived with the laudable objective of promoting industries, there are various handicaps facing the industrialists.

The spread of industrialisation necessarily involves large capital outlay and where the private sector has been trusted under the Five Year Plan to develop the mapority of these industries the first pre-requisite is capital formation which received so hard a knock in 1947 that it has not yet recovered from the shocks administered to it from time to time. It is my melancholy duty to confess that the climate for capital formation has been maintained at a very adverse level if it has not been rendered positively worse. In the result we are to-day treated to the spectacle of a large number of private industrialists obtaining capital issue sanction from the Central Government and not be able to procure the capital from the market. Thus most industrial schemes have been sadly deadlocked for want of resources with which to proceed to establish diverse industries all over the country.

Complaints have been hurled that the private sector has failed to play its part in promoting industries as planned. The private sector is the sector of the industrialist. He can only organise an industry but the resources have to come from the investing public and he cannot mobilise such resources until the climate is favourable for capital formation; until he is able to assure the private investor that there would be continuity of economic policy on the part of Government and that Government stand committed to clear and well-defined principles with regard to the sanctity of the private sector.

Many rumours have been put in circulation about the recommendations of the Taxation Enquiry Commission and I am reliably informed that the report is not likely to see the light of the day till Government have taken decisions on the recommendations. I shall not anticipate the decisions of the Taxation Enquiry Commission but suffice it to say that charged as the Commission is with finding more resources for both Central and State Governments, fresh imposts are most probable though their character need not presently be the subject of any conjuncture by me. Even a cursory student of the fiscal structure of India will have noted that the burdens already borne by the trade and commerce of India are in all conscience onerous enough and any fresh imposts are bound to act as a disincentive to economic activity. In view of the vital role which the private sector has to play, I feel that the taxation policy in an under-developed country like ours should

have for its main objective, provision of powerful incentives to work, to save and to invest.

The amendment of the Indian Companies Act has been long engaging the attention of the Government and the legislature. It is reported that far-reaching changes have been suggested by the Joint Select Committee on the Companies Amendment Bill. The Managing Agency system which has stood the test of time for generations and which has been responsible for the promotion and industrialisation of the country is sought to be done away with. I am not holding any brief on behalf of the Managing Agents. There have been lapses here and there and it is but proper that Government should plug up the holes but to do away with the system completely ,which has all along provided the necessary resources and pioneers in the industrial development of the country, is to say the least, most unfair especially in a country which is embarking on a bold policy of industrialisation. In the absence of any other system it will create a void which will be difficult to fill soon. There are other various cramping restrictions placed upon Directors and interlocking of funds which are not conducive to the promotion of the tempo of industrialisation. I still hope that the provisions of the Bill will be carefully gone through and while removing the objectionable features of the system they will keep it inviolate so that investors will have the necessary confidence and so that they feel a certain amount of security in their investments.

Closely allied with this are the proposals of the Government for amendement of certain Articles of the Constitution relating to payment of compensation on compulsory acquisition of property by the State. The Constitution should be considered a sacred document and should not be lightly amended. Constitutional amendment should not be merely undertaken to suit temporary exigencies and should not be a matter of routine amendment as in the case of any other statute. The proposed amendments now seek to do away with the fundamental right of the citizen to move the judiciary for compensation whenever property is compulsorily taken over by the State. It is true the Prime Minister has declared that it is not the intention of the Government to deny compensation whenever property is taken but what they wish to do is to place the right to compensation beyond the purview of the courts. However laudable this may seem it cannot but be felt that the right to compensation will be dependant upon the whims and fancies of the Government in power. Provision in the Constitution itself giving right to the citizen to have recourse to the courts on the question of compensation will be a good safeguard and will go a long way in creating confidence in the minds of citizens. We all trust that the Government and the Legislature will carefully consider the various aspects of this question and so modify the proposals as to engender security and confidence in the minds of public. Before such far-reaching changes and inroads are made to the Constitution, it is advisable that the public should be given an opportunity to express their opinion on such important matters.

Government have adopted the report of the Rural Survey Committee appointed by the Reserve Bank to enlarge the credit facilities available within the country. All are agreed that facilities for credit in the rural areas should be expanded to develop the economy in the rural areas. In the absence of such credit facilities, agriculturists who form the economic back- bone of the country are not able to sell their produce at economic prices but are forced to sell them at whatever price they get. The provision of rural credit facilities was the cherished object of the Reserve Bank but so far even 20 years after its inception they have not made visible progress. The extent of credit facilities afforded by Government and Co-operative Societies do not come to more than 7%. About 70% of such facilities still continue to be given by moneylenders. It is, therefore, in the fitness of things that Government should have realised the magnitude of the question and realities of the situation. But the remedy proposed by them to afford facilities to the rural sector by taking control of the Imperial Bank and other State Associated Banks with a view to divert their activities more to the rural sector is open to criticism. It the available facilities are withdrawn and diverted to some other purpose, trade and commerce will be severely handicapped. The proposal to take over the Imperial Bank and other State Banks under Government's control will have an adverse effect upon the growth and promotion of industries and trade of the country in the present set up. It is extremely doubtful whether the resources of these Banks will be sufficient to provide

rural credit facilities when it is realised that for rural financing we require a sum in the order of about Rs. 800 crores. Government instead of solving the problem by means of nationalising some State Banks could do better by starting a Rural Banking Organisation all over the country. Recognising the major part played by moneylenders, they could evolve plans for taking the moneylenders in the scheme of organisation for rural financing. Some States have necessary legislation controlling the activities of moneylenders and utilising them as useful agencies for financing rural credit. The magnitude of the problem should not baffle the Government. I emphasise that rural credit facilities are absolutely necessary with a view to improve the economic stability of the agricultural population and to put more money into their hands and to increase their purchasing power. Government should without any further loss of time organise Rural Credit Banks in all the important villages to which the Reserve Bank, Imperial Bank and the State Governments should subscribe. State Banks organised and conceived on such a big scale alone can really make a visible impression and provide such facilities.

While the need to extend rural credit facilities is being increasingly felt and while Government of India wants to extend and expand such facilities all over the country, I have to point out that the policy followed by our Government in extending or enacting legislation with a view to give temporary relief to indebted agriculturists in the State is likely to have an adverse effect upon the meagre credit facilities now available. Any extension of the present act or enactment of similar legislation will seriously disturb the existing rural credit machinery in the State and is likely to have grave reaction on those for whom the act is intended to give relief. Conditions in this State are not different from other States and I am of opinion that Government will be well-advised in not extending the life of the present act or in enacting similar legislation.

Gentlemen, I thank you for the patient hearing you have given me.

Thereafter the Hon'ble Shri M. Bhaktavatsalam, in addressing the general body of members spoke as follows:—

I am indeed very grateful to you for this invitation of yours to meet you all this evening and to address this Third Quarterly Meeting of this premier institution of yours. I do feel this a very rare opportunity to renew my contact individually with several of you and coming into closer contact with this institution of yours. You were good enough to point out to me that we should take more interest in the activities of Chambers of Commerce in his part of the country. I at once assure you that I am very anxious to have closer contact with this Chamber of Commerce and other Chambers of Commerce in this part of the country. I have been thinking of inviting you myself and taking counsels with you on the problems that face and on the programme we are all anxious to carry on and your invitation do coming very handy, and I do value very much this idea of yours to invite me and enable me to have closer contact with you all and to have suggested that I should address you this evening on the *"Industrial Development"* of the State. I do not hesitate to confess at once that I have not come here to make a serious speech before you seeking to offer any enlightenment to veteran industrialists that you are, on this important subject of Industrial Development in our State. I have come here to be educated by you and I have just along with you listened to the illuminating address delivered by the President. That address did strike me as a realistic matter of fact. Although you do not expect me and I cannot tell you that I agree with all the points raised by the President. I may tell you that I appreciate quite well most of the points that you have touched and raised by the President. I am quite anxious that this country and particularly this State of ours should go forward through a rapid programme of Industrial development. Government are quite conscious about the importance of industrial advancement in this phase of our economic development. But I should tell you that I do feel a little hesitant and nervous in addressing you on a subject like this while I do not mind in addressing all kinds of audience on all kinds of other subjects. This is one of the meetings where I do feel a little nervous, in speaking to you quite seriously. I have come here to be enlightened by you. Your objective is the same. You are anxious that we should go forward and as you have very appropriately referred to the anxiety of our Hon'ble Prime Minister, the Governments are equally anxious and do the same and

that we do realise that industrial development is a very important phase in the economic advancement of the nation. I have no doubt that industrialists with all the business acumen they possess do dealise that industrial development does depend upon various other factories of advancement in the country. Apart from difficulties relating to taxation and other Legislations in force or that are proposed, as has been referred to by the President, all of us do realise that for any industrial prosperity we have to primarily look to the interests of the consumer.

Unless the purchasing power of the consumer is raised, one cannot expect that all the capital that could be available with all the enterprising capacity of the industrialists with all the amicable good relationship between capital and labour and with all the sympathetic understanding support that the industry could derive from Governments inspite of all that one does realise that industry cannot prosper unless the standard of living of all people is raised. How can the standard of living of a common man be raised unless there is a corresponding industrial development. One is linked up with the other. We have to look on all round developments in the economic sphere. The primary objective has been definitely defined as securing employment to every one in this country and Government of India and other Governments do seek to frame and carry out a programme of providing employment to all people of the country within the course of 10 or 12 years and where from could we derive to get employment to millions of people in this country. We have to look to industry. The other day, one of the members of the Soviet Cultural Delegation said to me that in their country there were fewer men in the agricultural sphere and their problem was to get more men and that more men were not available so that they have to look to the aid of the machinery. Here, we have to face a quite different problem. There are too many people employed in agriculture and consequently there is no raise in the standard of living inspite of various measures that are undertaken and on the other hand you see even the deterioration in some places. If, therefore, in raising the standard of living of the people in order that they may lead a decent life of "no wants" we have to look to the advancement of industry. There is, therefore no question about the important part that the industry has to play in our planning.

You are aware that Government have been thinking of laying more emphasis on the side of the industrial development in framing of the Second Five Year Plan. I am glad to tell you that so far as the First Five Year Plan is concerened, our State has already reached the target in the matter of expenditure that has been fixed for us. We have come up to the expectation of the planners in several spheres and we have raised the total target. It is my hope and it must be your hope that when there would be more funds available for the carrying out of the Second Five Year Plan which has as its objective the improving of the conditions of our villages to certain level, during the term of the Second Five Year Plan. You are aware that more emphasis is to be laid on industrial development and if more funds are available it must be our endeavour that we should be able to reach that target too and that lies largely, I must say, in your hands in the hands of industrialists like you. There is of course the difference that is emphasised between the various sectors. As you have rightly pointed out, the Indian National Congress which met recently has made it quite clear about the vital part that the private sector has to play in the development of our country and I entirely agree with you that the words "Socialist Pattern" need not stir any one. It is not new to us. The word may be new. But the idea is not at all new to any one of us. Taxation itself is an application on socialistic pattern, particularly levy of taxes on incomes of individuals. Very rightly you have pointed out that nobody need scared by these words and need not one take credit to mere words. If it is our object and if you could only realise our own self-interest and we individually live and prosper only if the people as a whole lead a happy life of no wants. We have to devise measures to raise the general standard of living of the people that is the underlying principle, behind taxation measures that are adopted by any democratic Government. If as you are expected, the Government have to cater to the needs of the people, from where do they find necessary resources? They must find somewhere within the country and adqeuate resources have to be found and when they seek to mobilise the resources particular measures that are undertaken may in the view of certain sections be appropriate measures. But Government do expect enlightenment not only about the inappropriateness about certain measures that are sought to be adopted, but also constructively about the ways and means that could

be found for carrying out the expected programme for the improvement of the conditions of the people. It is with reference to a question like this we do look to your own constructive suggestions which you could offer from out of your own experience. Then again you have referred to certain amendments that are sought to be made to the Constitution of India. I do agree with you that the Constitution should be deemed to be a sacred document. But ours is a written Constitution. Our representatives fortunately for us including very many eminent jurists met and discussed and deliberately they have produced a very fine Constitution for which we do feel proud. But still I do not think we should subscribe to the view. Let that Constitution which has been once adopted should not be touched at all. After all this Constitution was framed by the representatives of the people who have undertook this great task. If again the same representatives are even better those who have been elected by a wide franchise of the people if they do feel that certain amendments to the Constitution should be necessary to carry out the programme that is intended for the amelioration of the people, I do not think we should oppose invariably any amendment to the Constitution. Suggestions for amendment have no doubt to be examined and considered on the merits of the proposals concerned. But so far the Governments are concerned, I cannot assure you that Governments do realise that there should not be frequent changes in the structure of the Constitution. But only when the Government do feel that it is absolutely necessary to carry out the programme that our own representatives do take up this question of amendment to the Constitution. But whether it is on taxation measure or whether it is a question of assessing the compensation that has to be payable, I think no doubt you will all appreciate the good intentions of the Government behind these proposals. So far our state is concerned, if we come forward with certain taxation measures or any other proposals I could at once assure you can behalf of this Government that we are not dogmative, we are not obstinate regarding any proposals of ours. We frame a programme. We frame a budget. We find the quantum of resources that should be necessary for carrying out the programme and if you would not approve some of our proposals, I would only look to you for certain suggestions which should enable us to lead to the needed resources elsewhere. Very rightly, the Indian National

Congress made emphasis under the leadership of our great Prime Minister emphasising on the part that has to be played by the private sector in industry. We do look forward to all round industrial development which is only the way to realise our objective of providing employment to all the people within the course of ten or twelve years. We are interested in increasing the wealth of this country and that could be done effectively by agriculture as well as industrial developments. Only when you produce wealth you should have to distribute it equitably and raise the standard of living of the people adequately. If therefore we do need to start organising a large number of industries we do need very many indispensable factories that contribute to the organisation of industries. We do need capital. You have pointed out that you may offer the people your organising capacity. But capital have to be vested from the people. Let us put our needs together and see how these shyness could be removed altogether, and get the capital flow freely for the requirements of the nation. You saw a news yesterday as to how many crores of rupees are being invested on jewellery in this country? (cheers) You are aware more than myself about the availability of the capital, but we have to tap the resources. We have to see how we can draw this capital for the purpose of the nation. There is an organising capacity for any industrial development. What is the purpose of any Government in taking up all industries on their head? They have to find resources for doing very many things for the people apart from managing certain vital industries. I do not mind admitting that you cannot have that organising capacity in the Government all the organising capacity that is required for industrial development. I do admit that we have to go elsewhere for this organising capacity. We have to go to certain better industrialists like you for this organising capacity that is required for any industrial development and even with this capital you find with all the organising capacity that we possess if you make profits even after sharing a portion of your profits with the labour there is a taxation and by taxation most of your profits are shared with the people. What is the objective in utilising your services, skill and resources in the industrial development. It is, therefore that the Indian National Congress made it clear and that we do look forward to the private sector and the private sector has to play a large and vital part in industrial development of the country. The Second Five Year Plan is yet to be prepared

and finalised. It is in that connection, I have been thinking of arranging to contact representatives of Chambers of Commerce and others who can enlighten us taking counsels with them in order to frame and suggest an effective programme of development of Industries. I should therefore be too happy to have frequent contacts with Chambers of Commerce like yours. If our country is industrially backward compared to certain other countries in the world, our state is particularly backward and I entirely agree with you that in the various regions that must be faced with one another in the matter of industrial development for organising more and more industries and to produce wealth and have it distributed equitably and provide employment to the people. By organising five or six industries in U.P. cannot solve the problem and cannot realise the objective so far as this state is concerned. No apologies therefore needed for insisting on equitable distribution of industries in the various regions and States in this country. I pointed out to the Planning Commission some time back in the matter of one particular industry. It was pointed out to us that the all-India target have already been reached and that therefore the application of licences for one particular industry from this state could not be considered. Immediately I pointed out to the Government of India, that was not the criterion. Our State was still deficit in the matter of that particular industrial products and therefore that the Government should not hesitate to come forward not only to encourage but also actively do promote of particular industry. The Planning Commission entirely appreciated what I said that there should not be any difficulty in equitable distribution of industries in various regions. I see the possibility of so many new industries to be organised in this state. I venture that many such new industries which should be started by the resources that are available in this state should be organised and that they should find a place in the Second Five Year Plan, that is being framed. It is therefore, that I look for your guidance and active assistance. I am particularly worried about the small-scale industries and the cottage industries. Everybody talks about them. We have also been talking about them and we do realise that the problem of unemployment in the villages could be effectively solved by organising numerous small-scale industries. There has been a tradition and there has been a background that you see the possibiity of opening Government small-scale industries in our villages and in an essential agricultural country like ours, these cottage industries are vital needs for the people who are engaged in the agricultural spheres. You do realise all that, but we have not yet been able to frame an effective programme and give employment. I am hoping, and the Government of India, I can tell you are equally anxious that we should be able to do something tangible by way of developing small-scale industries. I do seek your guidance in this particular way.

You have referred to the possibilities of Lignite project at Neively. Yes, we do look forward to the immense possibilities of the project. I am glad to tell you that the Government of India and the Planning Commission do realise the importance of this project for this country and particularly to this part of the country and I have been actively assisting the State in organising and in the implementation of this project. This project should be vast avenues for industrial development and also for the private sector. I would like to invite industrialists in this part of the country particularly to come forward with specific proposals for the starting of this new industry and I can give you this assurance not only on behalf of the State of Madras, but also on behalf of the Government of India that Governments would give all possibilities of assistance and guidance in the matter of development of large scale as well as small-scale industries. I am proposing to invite you for a discussion very shortly and I have no doubt that you will help us with your wise counsels and suggestions so that we may frame an effective programme for the industrial development of this state and have it adopted in the Second Five Year Plan.

I thank you once again for the honour you have done me for asking to address you this evening and also for giving me an opportunity to coming into closer contact with you all. I do hope to have much closer contacts with you, industrialists and Chambers like yours.

At a subsequent Quarterly Meeting held on Thursday the 4th August 1955 the President of the Chamber in reviewing the Situation prevailing in the country delivered the following address: —

I extend to you all a hearty welcome to this Quarterly General Body Meeting of the Chamber.

Since we met in April last, events of a far-reaching charcter have occurred in the political horizon of the world. The 'summit' talks' of the Big Four in Geneva have concluded. There are bright signs of international relations settling down to normalcy. Talks across the table and personal discussions have now become to be recognised as a mode of settling international disputes. The talks have created an atmosphere of goodwill and understanding between the Big Four Powers and there are brighter prospects of achieving enduring peace and tranquility all the world over. It should be the endevour of all Nations to keep this atmosphere of goodwill generated after strenuous efforts so that the world may be spared the calamity of another war. The contributions by our illustrious Prime Minister for the creation of this atmosphere have been commendable. He has spread the message of peace and amity among all nations and has been not a little responsible for the creation of such a peaceful atmosphere. His recent tour, though orginally meant as an act of courtesy, has assumed tremendous international significance and has become a mission of peace.

Nearer home we have yet to settle our outstanding political questions which have been baffling solution all along. The Goa question which has assumed importance in the contest of our political independence has to be satisfactorily solved. Our Government have approached this question in the only possible manner and on behalf of the mercantile community I assure Government of their solid support. The Kashmir problem and the question of Indians in Ceylon have also to be resolved in the best interests of all concerned. I hope that with mutual goodwill on either side these problems will become, ere long, things of the past.

Gentlemen, Government, with the laudable object of raising the standard of living of our people, have embarked upon planned development of the country's resources. Already we are on the last lap of development under the First Five Year Plan. By 1956 the country will embark on the Second Five Year Plan. The Second Plan is reported to be more broad based, more ambitious and rightly seeks to lay more emphasis on the development of the industrial sector. The Planning Commission are now drawing up the scheme of development and assessing the resources of the country.

In this context the recent statement of the Union Finance Minister at Madras assumes major importance and relevance. He stated that under the Second Five Year Plan additional resources to the tune of Rs. 100 crores have to be found by way of taxation. In order to find resources of this order the Finance Minister may turn to the recommendations of the Taxation Enquiry Commission. The Commission has, among other things, recommended a ceiling of personal incomes and for a compulsory deposit scheme of annual income of over Rs 25,000. Such draconian measures if adopted are bound to sap incentives as still remain in the Private Sector. While I agree with the general policy of Government in regard to taxing the rich, I feel that such measures will operate as powerful disincentives to both enterprise and exertion in the commercial and industrial fields and will have a very rigorous effect on the sum total of Central and state revenues. It is only but proper that the rich should contribute in a large measure to the economic regeneration of the country but I feel that proposal of such a drastic nature as the fixation of ceiling on incomes is only a counsel of despair. The way to economic prosperity of under-developed countries does not lie in lopping off the tall poppies but in levelling up the incomes of the average citizen by following a bold policy of economic expansion which alone will enhance income and narrow down disparties. The question has to be viewed not merely on preconceived idealogical considerations but from practical economic standpoint. Whatever spectacular effects such propocals may have on the minds of the people they will do infinite harm than economic good in the ultimate analysis. At a time when the country is launching on more ambitious plans and is wooing foreign capital for investment in the country such measures will have far-reaching reaction in the minds of foreign investors especially as they would effectively prevent them getting attractive return on such investments. Government will therefore be pressing the accelerator with one hand while applying the barkes with other at the same time.

Already Government have enacted stringent legislations to prevent the accumulation or concentration of wealth by the

levy of Estate Duty by steep rates of income-tax and other tax measures. In the circumstances it is impossible for wealth to accumulate. Savings as such are becoming increasingly difficult both at the corporate and at the individual level. Even such meagre savings are drained from the private sector by the present borrowing policy of both the Central and State Governments who are competing with each other in this respect. To this may be added Government's policy of draining money from the private sector by their small savings schemes. In the result the resources available to the private sector for industrial venture capital are getting alarmingly reduced. Over and above all these, there is another proposal before the Government to control surplus funds of companies. This is another frontal attack on the sanctity of private enterprise and to that extent capital for developmental activities by the private sector will be starved. All the time Ministers have been expressing their disappointments over the performances of the private sector in the implementation of the First Five Year Plan. In the circumstances mentioned above it should not be surprising if the private sector fails to reach the anticipated target prescribed under the Second Five Year Plan. Taxation has almost reached the saturation point in the country and any further doses of taxes will be only killing the goose which lays goldon eggs. I feel that economic progress cannot be imposed upon a nation through any Master Plan. It must be pursued in ways consistent with our own cultural, political and economic pattern. In any schemes of croweded and accelated spending. more emphasis should be laid on achievements and only on the rate of spending.

Planning for prosperity must no doubt be ambitious in conception but it should also be limited to the resources available in the country. Any aggravated form of deficit financing will open the flood-gates of inflation. If Government are unable to finance ambitious plans in the normal way, it is better to adopt a modest plan within our means or the time of execution be spread over to suit our resources. "Inflation is the worst method of raising resources for the development of a country's economy. It is a method by which savings are forced out of the people and it is socially not a desirable one." Apart from finding the necessary financial resources Government have also to take into consideration the lack of technically trained personnel for the execution of all these plans.

Another plank in the egalatarian policy of the Government is with regard to land reforms. Many State Government under the advice of the Planning Commission are pushing through their legislations on their pet schemes in the matter of land reforms such as by way of fixation ceilings, rent reduction, fixity of tenure and for vesting the ownership of land in the cultivating tenant. The question of land reforms has assumed major importance only in recent times, owing to the spurt in the prices of agricultural commodities during the war and thereafter. It is not advisable to enact hasty legislation affecting the time-honoured usages on the spur of the movement. Already prices are stablishing to more normal levels and Government would lose nothing if things are allowed to come to more normal levels when such major questions affecting rights of thousands of cultivators and land-owners could be viewed dispassionately and in a calmer atmosphere. Nobody will deny that benefit should accrue to the actual tiller of the soil. But Government in their anxiety to do justice to the tiller of the soil should not be a party to transplant a new vested interest by expropriating the present land-owners. Fixation of ceilings will not yield to any set pattern or norm. The practical implemetntation of this complicated question bristles with innumerable difficulties and will give rise to many other equally bigger and unthought of problems. Ceilings will have to vary according to the fertility of the soil, and should have to be fixed taking into consideration economic remuneration to the cultivator production and future scientific agricultural developments. Ceiling by itself will not be an answer or a solution to the limitless problem of landless-labourer. It is a well known fact that there is not enough arable land to go round. The contemplated reform at best may provide psychological satisfaction but may not lead to any tangible results in the matter of stepping up of production.

The more urgent problem is the supply of rural credit and facility for marketing. The fall in price of agricultural commodities have created altogether an unhappy situation. The decline in prices will affect the cultivator. His income will dwindle and consequently he may not be in a position to carry on his cultivation economically and thus production will ultimately fall and defeat the very objects of Government. I feel that Government will then be confronted with a situation

which will call for special inducements from them to undertake cultivation of uneconomic holdings. Government did distribute lands to political sufferers and it is worhwhile to know how far it has accelarated production of food crops. I therefore feel that Government should not approach the quetion of land reform in a dogmatic spirit but it should rather be approached in a pragmatic way so that such reforms do not unsettle economic conditions and impede production of agricultural commodities.

Government as a means of providing or increasing the employment opportunities have come to lay great stress on the development of small-scale and cottage industries. The virtue that is claimed for development of these industries is that in an under developed country like ours where capital is scarce these industries offer employment potential. It is true that these industries do not require much capital and is advantageous on that score. I therefore readily concede the need for their development but that does not mean that such development should be at the expense of the factory industry and ultimately at the expense of consumers. It has to be borne in mind that every recurring cess demands on machine-made goods purely to bolster up and to maintain the market for products of cottage industries have the effect of increasing production costs and aggravating sales resistance from the consuming public. The latest claimant for this subsidy is contained in the report of the Rice Milling Committee which has recommended cess on mill-machined rice. The recommendation of the Committee if accepted and implemented by Government may provide scope for employment for some in the rural areas but will simulataneously hit the small-scale Rice Milling Industry and other allied engineering accupations. Apart from this, I am very doubtful whether in these days there will be people forthcoming for the arduous labour of hand-pounding rice with its unattractive low wages. The problem of production and supply of hand-pound rice at economic price and in adequate quantities to meet the demands of the local and foreign markets will be colossal. This should be considered a retrograde recommendation and if accepted will only be slipping back to the bullock-cart economy of our ancestors in an atomic age. The bad effect of de-milling if any can be counter-acted by various substitutes and for this purpose alone we need not ask the villages to work for uneconomic wages.

The problem of provinding employment and the development of small-scale and cottage industry have to be approached from a different angle altogether. They should be integrated into the system of large scale industries. In other advanced countries, small-scale industries manufacture standard component parts which are absorbed by large-scale industries. Government should finance import of machinery for the manufacture of such component parts and if necesary subsidise such imports. The village craftsmen for want of sufficient finance are unable to utilise the scientific advances for the manufacture of such component parts. Large corporations usually find it economically desirable to work in partnership with hundreds and even thousands of small suppliers of parts and equipment. The big Corporations in other words, are not only the bread and butter of many of the smaller business, but is dependent on them to some extent as well. To do more with less human effort is a desirable and necessary part of the economic process.

Another matter of importance to which I would like to draw you attention to-day is the imperative necessity of promoting to a greater extent our export trade. The economic vitality of a country depends to a very large extent upon the volume and value of her export trade. In the pre-war years India was having a balance of trade in her favour. Now the table has been turned against India and it should, therefore, be our supreme effort to recover our lost ground and build up our export trade not only to finance our imports but to create a favourable balance of trade. Now that the country has attained self-sufficiency in food articles it should not be difficult to create a favourable balance of trade. I am very much concerned to find from our exports in recent years that the value of our export trade especially in manufactured goods has steadily fallen down from Rs. 260 crores in 1952-53 to Rs. 254 crores in 1953-54 and to Rs. 251 crores for the year ended March 1955 though our overall exports have improved from Rs. 518 crores in 1953-54 to Rs. 572 crores in 1954-55.

I am aware that this is a small fall but if it is an indication of our inability to sustain our markets in these commodities it is a thing to be concerned with and immediate action is called for to improve the quality of our manufacture so that our markets which have been built up may be sustained and improved upon. On the other hand imports of such goods during the same period have increased from Rs. 275 crores in 1953-54 to Rs. 304 crores in 1954-55. In spite of our accelerated programme of industrial development it has been found necessary to depend more and more on foreign countries for our manufactued goods while on the other hand we are losing our markets in foreign countries for the same categories. This has to be looked into immediately and timely action should be taken to improve our exports especially in these commodities.

The pattern of our trade no doubt has undergone radical changes since the war. No more India can rest satisfied with the export of merely raw and semi-manufactured goods. With the era of industrialisation which we have embarked upon we should be able to satisfy the requirements of other countries in manufactured goods as well. Very many industries have been set up under the aegis of Government or sponsored by Government and we should export more and more of these goods to foreign countries and compete effectively with goods from other countries in the international markets. We should maintain a high standard of efficiency not only in manufacture but also maintain commercial morality in our export trade. I am sorry to note that some exporters with a view to get rich quickly often are found to adopt questionable methods. Though this is resorted to in isolated cases, all the same it is a reflection upon the export trade of the country. This is reprehensible and I would appeal to all exporters to maintain a very high standard of efficiency and performance to create confidence in the minds of importers abroad.

Government no doubt have introduced the system of Agmarking and have standardised many of our export goods. To stimulate our export trade Government have abolished or reduced duty on exports on some goods meeting with competition abroad. They have also established Export Promotion Councils for particular commodities. They have also recently undertaken a study as to how far tariffs in other countries operate against Indian goods. All these are in the right direction, but we have also to maintain a reputation for our goods abroad.

One great handicap in our export trade assuming full stature is the discrimination in the freight rates as between Indian goods and goods belonging to Continental countries. I understand in certain cases India has to pay more freight for her export to some destinations than from U.K., to those destinations though the distance from India is much less. In the case of glazed stoneware pipes, the freight from U.K. to Australia, Malaya, etc., is about a third and half respectively of the freight from Madras to those places. Similarly in the case of French Chalk the freight from U.K. to Colombo is almost the same as the freight from Madras to Colombo and is about 60sh. whereas the freight from Madras to U.K. is 115 shillings. Firebricks similarly suffer under this handicap and the freight from U.K. to Middle East is only 60% of the freight from Madras to that destination. In the case of Cycles, freight from Japan to Persian Gulf Ports is cheaper than that from India to those ports. Freight from India to Djakarta is more than from U.K. to Djakarta though the distance from India is much less. I can understand some disparity in the rates of freight due to the volume of traffic offering for exports but the distance also has to be taken into consideration. Such wide disparity as disclosed above may be due to our helpless dependence on foreign shipping companies for the carriage of our cargo, but this is a great handicap to the development of our exports. In the circumstances mentioned above unless India develops her merchant navy in the quickest possible time to enable our export trade to be transported in Indian bottoms. I feel that our exports may not assume their full stature.

Yet another difficulty in exploring new markets is the want of sufficient freight to some countries. Want of regular sailings to those countries have damped all enthusiasm of our exporters to explore new markets for Indian commodities. There are quite a number of instances where Indian exporters have suffered for want of regular sailings. This is again another matter operating against us. Rail transport to ports is another stumbling block under present conditions. It is futile to expect that our export trade will wait till we find wagons to carry our goods to ports of shipment. This is a matter to which Government must pay immediate attention.

There is also the need for diversification of our export trade. India has begun to manufacture quite a variety of goods now and it should be possible to develop export markets for our chemicals, cement, electric fans, sewing machines, diesel engines, pumps, machine tools, sports goods etc. The problem of disposal is as important as that of manufacture and with steady increase in production it is imperative that we should explore and cultivate expanding foreign markets. Government have to be congratulated in having established a net work of Embassies and Trade Commissioners in foreign countries. That is a step in the right direction but they have to be strengthened. There is also considerable scope for improvement of these services to be of more use for the promotion of our export trade. Often they are burdened with very wide jurisdiction and are, therefore, unable to study the possibilities with sufficient details to be of use to the exporter. Trade Commissions, who form the main pillars in the organised export promotion, must be adequately staffed so that they should be of considerable use in exploring the possibilities of Indian goods in those countries. The development of our export trade should not and cannot lie on the Trade Commissioners alone. Exporters have also a due and vital share to play in boosting our export trade. Trade-Delegations cannot by themselves go a long way in carrying the matter further. They can at best create an atmosphere of goodwill. The efforts of the Trade Delegations have to be followed up and pursued by exporters who should establish personal contacts with the foreign importers and study the developments, taste, requirements, change of fashion, etc., in those countries. These are some of the major factors that operate against our exports and Government should pay immediate attention to remove them. I should say that our exports are as important if not more than the development of our industries or agriculture.

Gentlemen, under a National Government wedded to the cause of economic regeneration of the country and improving the lot of the people we the members of the mercantile community have a greater part to play in identifying more with Government and influencing and moulding their policy in the right direction and in the best interests of the country and of the people and I assure Government of our hearty co-operation.

Our new building at Esplanade is fast nearing completion and it is to be hoped that we may be able to occupy our new premises by the beginning of next year if not earlier. Steps have to be taken from even now on to celebrate the event in a fitting manner and I take it that I will have every support from all of you.

I thank you for the patient hearing.

Soon after the speech the Indian Bank Ltd., were good enough to hand over a cheque for Rs. 4,61,000 towards their subscription for the issue of debentures for Rs. 5,00,000, the remaining Rs. 39,000 being subscribed by other members of the Chamber. In accepting the cheque, Shri M. A. Chidambaram said as follows:—

To-day is an important day in the annals of the history of the Chamber. We are issuing today Rs. 5 lakhs worth of Debenture loan for the construction of our new building at Esplanade. The Indian Bank have agreed to subscribe the entire five lakhs. But, now, we are only requesting them to give us Rs. 4,61,000 for 922 debentures. The balance of Rs. 39,000 worth of Debentures have been taken by some of our members. I am very grateful to the Indian Bank and to the members for subscribing to these Debentures and for their timely help. In bodies like Chambers of Commerce which are not working for profits it is not possible to lay reserves for undertaking such construction. The Indian Bank has come to our help and made a success of our appeal for subscription to the debenture. Had it not been for this timely help and accommodation it would not have been possible for us within such a short time to put up such a magnificent edifice in the most attractive site in the City.

The Indian Bank is almost our blood-brother. The Bank is only older to us by less than three years and since its establishment in 1907 the Bank has been evincing much interest in the promotion and development of this Chamber. In fact the first meeting to consider the formation of the Chamber was held in the Indian Bank Building on the 29th May 1909. The resolution to form this Chamber was again held at the premises of the Indian Bank on the 9th October 1909. The Chamber was located in the premises of the Indian Bank during the early years of its formation and the late Mr. Vidya Sagar Pandya, whose loss we deplore, the Secretary of the Bank was one of the first Honorary Secretaries of the Chamber. It will therefore be seen that this Chamber owes a deep debt of gratitude to the Indian Bank for the various acts of kindness and guidances extended to us for its formation and growth. Today they have exceeded all their previous acts of help rendered to the Chamber by readily agreeing to subscribe almost the entire issue of debentures and presenting to us today their cheque for Rs. 4,61,000. I don't know how and in what terms are we to express our gratitude to the Bank and the Board of Directors but I assure them that in the days of our sunshine and glory as in the days of misery and gloom this Chamber will always treasure with gratitude their services to the formation and growth of this premier Indian Chamber of Commerce in this State.

This is not the place or occasion to record the growth and influence the Indian Bank with its galaxy of talented Board of Directors wields among the commercial and industrial community of the State. Within a period of 48 years the Bank has made remarkable progress and has opened a net work of branches throughout the country and abroad and has been throughout helpful in the promotion of trade, commerce and industry. I should like to pay my personal tribute to the Bank and its long line of Directors each one of whom have made valuable contribution to the growth and influence of the Bank among the commercial community and the public. To the Chamber the Bank has always exteneded a great affection. Not only have they contributed in a very large measure for the success of the debenture issue, but they have also taken on rent two-thirds area in the ground floor and have paid advance rent for a period of five years which alone has encouraged us to proceed with the work of construction of the new building and we are very much beholden to them.

If the late lamented Mr. Vidya Sagar Pandya, the first Secretary of the Bank was very helpful in the formation of the Chamber the present Secretary Mr. Gopala Iyer has helped us in a greater measure for putting up the edifice of the new Building which will house the Chamber. Had it not been for his personal interest in the promotion of organised commercial opinion and his love for this institution, I do not think we could have made such rapid progress with our construction. All of us are proud to record here our grateful thanks to the Board of Directors, Secretary and staff of the Bank for all the help given to the Chamber from time to time and express the hope that the Bank with its record of past service and with a noble band of experienced Secretary and staff will grow from strength to strength and be of much more service to the Commercial community.

Gentlemen, from today onwards we are taking additional responsibility. The finances of the Chamber have to be improved to enable us to repay the loan much in advance of the scheduled period and I would therefore appeal to one and all to help us to redeem the loan in the quickest possible time by liberally contributing to its funds and by enrolling new members so that this premier institution may become the most representative and authoritative mouthpiece of the commercial community.

Shri P. D. Swaminatha Mudaliyar then gave an elaborate summary of the Taxation Enquiry Committee Report which was published just then.

At both the Quarterly Meetings there were good gatherings showing how popular such Quarterly Meetings are.

INDUSTRIAL PLANNING

In connection with the drawing of plans for the industrial development of the State, the Hon'ble Shri M. Bhaktavatsalam, Minister in charge of Industries, Madras, convened a conference of representatives of Chambers of Commerce to know at first hand the scope of development in the State. The Chamber was duly invited and the President and the Secretary of the Chamber attended the conference. The following note was prepared by Government in advance and it was sent to the Chamber: —

Dealing with the question of industrial development, the Planning Commission has made the following observations in its First Five Year Plan: —

"In the development of an underdeveloped economy, there is really no conflict between agricultural and industrial development. Improvement in agriculture cannot proceed beyond a point unless the surplus working force on the land is progressively diverted to industries and services.

The fact that the productivity of labour in industry is much higher than in agriculture also points to the need for rapid industrial development. The pattern of industrialisation to be adopted, that is, the relative emphasis on capital goods industries and consumer goods industries, and the degree of capital intensiveness in different lines on industry, has, of course, to be decided in the light of several technical, economic and social factors.

It is a matter of common knowledge that the Madras State, except possibly for the Textile Industry, is industrially backward. There are few major industrial units in the State and, even in the field of medium and small-scale industries, the progress made in industrialisation has been rather poor. A good deal has been done to secure improvement in agriculture in order to increase the supply of foodgrains and raw materials, but the time has come to secure an appropriate balance between agricultural development and industrial development. Fortunately, we are on the eve of preparing the Second Five Year Plan and this gives the State an excellent opportunity to evolve proposals for industrialization, in the entire field of major, medium-sized and small-scale industries, and also arrive at conclusions regarding what new industrial units should be dealt with in the public sector and what new industries should be actively sponsored and assisted in the private sector. The mining and utilisation of lignite in the South Arcot District is being dealt with separately, as also the question of cottage and village industries, handloom cloth and silk.

2. Action is being taken separtely to increase the capacity of the Textile and Sugar Industries in the State by the expansion of existing units and the setting up of new units.

There is also a fair measure of production of cement. But there are a vast number of industries which could be established in the State with reference to the availability of raw materials, technical and labour personnel and internal markets, leave alone foreign markets. Examples, by no means exhaustive, of industries in this category are glass, particularly sheet-glass, paper, paper-board and straw-board, heavy and light machinery including electrical machinery, electrical equipment such as transformers, switch gear and other accessories, a large range of light engineering industries, such as manufacture of typewriters, watches, clocks, air-conditioning plants etc., electrical goods and accessories such as water heaters, cookers, table lamps, regulators, switches etc., heavy chemicals, drugs, light chemicals and pharmaceuticals, production of scientific instruments, photographic equipment, etc., and a large range of industries in the ceramic field such as, sanitary-ware, insulators, pipes, fire-bricks, crockery and other China were etc.

In the conditions obtaining in the State, it seems necessary to contemplate suitable units of one or more of the above industries in the public sector, and to give all possible assistance to the private sector to establish units of other industries which could economically and profitably be established in the State, using as far as possible, raw materials easily available in the State.

3. In particular, there seems to be great scope for the development of small-scale industries, both in the form of independent units, and also in the form of satellite units producing components or dealing with particular items of processing, to be assembled or completed in a central unit, which would regulate production in the satellite units and market the products. The possibility of having industrial estates established, which would provide accommodation, power, water, lighting etc., for such units, also requires consideration. To some extent in the field of medium sized industries, and perhaps to an appreciable extent in the field of small-scale industries, industrial co-operatives are also worth considering. The membership of such industrial co-operatives, while being mainly the workers themselves, might also include other persons, who could provide the capital required and the technical knowledge needed.

4. In a matter like this, involving the preparation of a comprehensive Industrial Plan as part of the Second Five Year Plan, to fit in with social and economic conditions in the State, taking due note of availabilities of supplies of raw material, labour and markets, the Government of the State can achieve little without the active advice and co-operation of persons who have knowledge and experience of industrial and technical matters, and also those who are concerned with investment and finance. With the advice tendered by such gentlemen and their assistance, an Industrial Plan, which will be a people's plan, could be evolved, for the benefit of the population of the State and of the country as a whole generally.

5. The Government of Madras would be grateful for the views of the gentlemen attending the Conference on the prospects of Industrial Development generally in the State, covering major, medium sized and small-scale industries and, in particular on the following points:—

(1) What are the Industries which could be established in the public sector and what should be their appropriate locations?

(2) What are the Industries which should be dealt with in the private sector in the State and their suitable locations?

(3) In what form, viz., independent units, or a central unit with satellites, or industrial co-operatives, should each type of industry proposed, be established.

(4) What is the minimum economic size of each such unit and what should be the quantum of annual production?

(5) What State assistance will be required under the following heads in the case of each type of industry to be proposed for the private sector?

(a) Power

(b) Water

(c) Capital

(d) Machinery and equipment

(e) Raw materials

(f) Trained technical personnel

(g) Marketing and

(h) Any other type of aid.

Shri M. A. Chidambaram at the meeting held at the Secretariate on the 25th March 1955 made an elaborate plea for bold industrial planning in the State as Madras was industrially backward compared to other regions in India and pleaded for ship-building yard to be opened and other heavy industries to be located in this part of the country. The Conference was of an exploratory character and members were requested to submit their views to Government as to the scope of industrial developments of this State. The Committee of the Chamber considered this aspect and in a memorandum submitted to Government made the following suggestions:—

It is indeed very gratifying to note that the Government of Madras are taking active steps for the formulation of their plan for the industrial development of the State during the Second Five Year Plan of development. The Chamber understands from press reports that since the Conference held at the Secretariat on the 25th March 1955, Government appointed a Committee of Industrialists and that, that Committee met twice and have submitted their report to Government. It was thought that Chambers of Commerce will be associated in formulating the plan but beyond an invitation to attend the Conference on the 25th March 1955 representatives of Chambers of Commerce have not been associated in drawing up the plan of industrialisation. While it may be advantageous not to have too unwieldy Committees, the Chamber feels that nothing would have been lost by associating representatives of Chambers of Commerce. Even now it is not too late and the Chamber hopes that before finalising the report, Government would be good enough to associate them in the deliberations of such an important Committee.

The Committee of the Chamber have considered this subject in detail and they have directed me to forward the following suggestions to Government.

Government are already aware that Madras is lagging behind other States in the matter of industrialisation. This Chamber has been taking every opportunity of emphasising this point before Governments both Union and the State and has been urging Government that there should be a proper regionalisation of industries, but so far this aspect of the question seems not to have been properly appreciated and the claims of this State for the location of some of the major industries have not been conceded so far. This aspect of the industrial backwardness of this State has to be pressed again and again before the Central Government with a view to the location of some of the giant industries in this State and the Chamber would request you again to urge upon the Central Government the extreme necessity of conceding this demand. The location of some such industries in this state will go a long way not only in relieving the unemployment problem so keenly felt here, but will also help creation of a climate so very necessary for industrialisation. Unemployment perhaps is more keen in this State than anywhere else. There is plenty of talent available; skilled and unskilled labour are plentifully available. It has also to be borne in mind that due to a variety of causes private enterprise has not come in as great a measure as in other States either to start new industries or to expand existing ones, so much so the responsibility of the Government in locating some of the industries become clearly apparent. Moreover it has to be conceded that risk capital is not available in this State as in some other States so that it becomes all the more necessary for the Government of Madras to urge for the location of some of the giant industries proposed to be started by the Central Government in this State. The Chamber is not suggesting this with any feeling of provincialism, but having regard to the progress of industries in this State the Chamber feels that unless some big industries are located here, the same industrial backwardness of this State is likely to continue for ever.

Another aspect of the question which has to be borne in mind before embarking on scheme of industrialisation is the need for the constitution of a high power Board of Industrialists constituted by the Government so that they will be in the best position to advise what industries have to be started, where they should be located and what forms of help are required for the promotion of industries etc. This Board should be sufficiently representative and should consist of representatives of accredited commercial bodies and also representatives of groups of industries besides representatives of the Government also. A board of Industrialists, as suggested above, will be very helpful in advising not only the industrialists but also the Government in the proper location of industries, the types of industries that are to be started etc., and other details.

Another suggestion that the Chamber wants to make is that Government may be pleased to consider the appointment of a Board of Technicians fully conversant with the working and nature of industries especially with regard to machines, its availability either locally or from foreign countries, their cost, period of availability etc. In the opinion of the Chamber such a Board of Technicians is very necessary especially for small scale and medium industries. It is beyond the scope and capacity of an average small industrialists to employ highly qualified technicians whose services may not be required throughout the year. Maintenance of such a technician by individuals will be top heavy as far as small scale and medium industries are concerned. In the case of giant industries this may not present much difficulty but in the case of small scale and medium industries if there is a Board of Technicians appointed by the Government such industrialists can have advice whenever they find it necessary. Government need not spend out of their pockets on the maintenance of such a Board. They can charge a nominal fee for consultation and advice, but it will go a long way in ressuring the industrialists that whenever they require any help or assitance in working out their machinery they can surely depend upon the Board and that their machinery need not remain idle for want of such aid. Government may, therefore, be pleased to consider the feasibility of constituting such a Board of Technicians to assist industrial development.

Having regard to the industrial backwardness of this State the Chamber feels that there is need for "bold thinking and ambitious planning" in this State and that Government may be pleased to urge upon the Government of India for the location of a Ship Building Yard in this State. Under the industrial policy statement of 1948 ship building is the responsibility of the Central Government. Madras has perhaps the longest coast line and there are facilities for the starting of this industry in Madras itself. The Ennore backwater is an ideal spot for the location of this industry. Our shipping tonnags is woefully inadequate. It has no doubt improved from a lakh of tons before the war to 470,000 tons now but much more leeway has to be made. The present tonnage constitutes only half per cent of the world tonnage and is very poor compared with the 29% in U.S.A. 20%in U.K., 7% in Norway, 4% in Italy etc. We carry only 5% of our foreign trade in our bottoms. Our share in world trade is deplorably low and is only about 2%. Unless we increase our tonnage it is impossible for our foreign trade to assume its full stature. It should, therefore, be the aim to carry at least 50% of our foreign trade in our own bottoms. More ships have to be built in the immediate future otherwise when we have to carry our products to far off countries want of shipping tonnage may present an insuperable difficulty. Government have properly appreciated the need for improving tonnage and have given a fillip to the industry by the reservation of coastal trade to Indian bottoms but unless our tonnage is increased it may not be possible for the industry to claim its due share in our foreign trade. It is on a consideration of these facts, that the Postwar Reconstruction Policy Sub-Committee have recommended an immediate target of 2 million tons. It should be therefore our aim to reach this modest estimate as early as possible and the Government of Madras should press upon the Central Government the need for buildings more ships and the need for the location of one of these yards in Madras. There is of course a ship building yard at Vizag but having regard to the considerable leeway we have to make there is scope for starting many such yards.

Iron & steel:—Government of India have rightly bestowed much attention on the setting up iron & steel plants in the country to increase our steel output. The progress of industrialisation depends to a great extent on the availability of iron and steel. There are raw materials in this State. One great handicap which is still in the way of location of a steel plant in Madras is the availability of coal but Neiveli has opened up a new chapter. This State is one of the biggest consumers of iron and steel and every attempt should be made for the location of a plant in this State. A beginning could be made with the starting of a pilot plant.

Capital machinery:—Year after year India is importing machinery valued to the tune of several crores of Rupees. Foreign shippers have taken advantage of the helpless position of India and have been demanding exhorbitant prices. This position cannot continue indefinitely. A country embarking on an era of industrialisation must have its own machinery and to depend upon such machinery on other sources of supplies is nothing but suicidel. From press reports available it is understood that Government of India are keen in starting manufacture of capital machinery in the country itself. In this case no State can claim to have any raw materials for the manufacture of capital machinery. All States stand on the same level but the industrial backwardness of Madras has to be considered in locating this industry. Madras has considerable talent, technical know-how, skilled and unskilled labour. When this industry is to be initiated under the auspices of the Government of India the claim of Madras for its location has to be urged.

Manufacture of cables:—Similar is the case with regards to the manufacture of cables for which India now depends upon foreign sources.

The claims of Madras for the location of some of the above mentioned industries should be strongly putforth before the Government of India. If some of those giant industries are located in this State it will give rise to a crop of ancillary and subsidiary industries for which there will be enough capital and initiative within the State itself. Government cannot therefore too strongly press the claims of Madras for the location of these industries. That will also serve to create the proper industrial climate in this State among enterpreneurs.

There are other industries which can profitably be started under the initiative of the Government of Madras. So far private enterprise has not come forward for the starting of such industries and we have to depend upon other States or on foreign countries for our requirements. Among those may be mentioned sugar, for the manufacture of which there is infinite scope within the State. Government are seriously contemplating to stop import of sugar altogether. We have now to depend on other States for our requirements of sugar.

The consumption of sugar is progressively increasing. Given proper encouragement by Government, there is no reason why this industry should not assert itself in a more pronounced manner in this State.

Non-ferrous metal:—Large quantities of non-ferrous metals are imported every year from foreign countries and it is a drain on our foreign exchange. The demand is continually growing. There is considerable scope for the manufacture of non-ferrous metals.

Newsprint:—From press reports it is found that Government are alreay seized of the question for promoting newsprint industry in this State. Raw materials are plentifully available and there is a growing demand locally and in foreign countries. The industry is capable of expansion and Government will be well advised in starting this industry.

Gas industry:—The production and distribution of gas is worthwhile looking into at Government level. It is economical in use and is bound to revolutionise domestic economy. Shortage of fuel is felt at times. It will also help relieving congestion experienced in the railways. Production and distribution of gas will permanently solve this difficulty. A beginning can be made with the City of Madras which offers considerable scope.

Manufacture of cast-iron pipes:—With the conception of a welfare State Government stand committed for improving sanitation in the villages which were all along neglected, so much so the demand for drainage pipe is bound to increase progressively year after year. There is no equipment for the manufacture of cast-iron pipes within the State. We have to depend upon other States. Government of Madras are insisting on cast-iron pipes alone for such work. Since private enterprise has not come so far for the manufacture of such cast-iron pipes and having regard to its immense potentialities Government may be pleased to consider the feasibility of starting an industry of their own. Raw materials are available within the State.

Chemicals, dyes and colous:—Madras is the seat of handloom industry Large quantities of chemicals, dyes and colours are imported year after year from foreign countries. It has been the bitter experience of the industry that at times of stress and strain such materials are not obtainable with the result that the industry had to suffer cnosiderably. These chemicals are used in other industries also as well. Government of India and the Local Government are giving all facilities and encouragement for the improvement and development of handloom industry. They are also known to contemplate the starting of a mill for the manufacture of yarn. Nothing will be more helpful to the development of handloom indutry than the assured supply at economic prices of such materials and the manufacture of chemicals, dyes and colours for their use will go a long way in promoting the industry.

Leather industry:—The importance of leather industry within the State cannot be over-emphasised. Very large quantities of leather are exported to foreign countries and Madras is perhaps the biggest exporter of such goods. It is a widespread industry within the State but the benefits of the industry are not made available to the State because semi-manufactured products are allowed export. It is reported that our leather industry is facing competition in some countries. Our leather has to depend mostly upon continental markets. The finished products of this industry are dumped into this State. This could be avoided by starting our own industry within the State. Raw materials are plentifully available. This may also be considered by the Government

Manufacture of tyres and tubes:—For the manufacture of tyres and tubes raw materials are easily available in this State and from the adjoining States. The use of iron tyres in country carts is being steadily discouraged so that in the years to come rubber tyres and tubes will have an increasing use. They can be supplied to adjoining States as well so that the scope for the manufacture of tyres and tubes is great here.

Felt manufacture:—Large quantities of goat hair which are used in the manufacture of felt are exported out of the State to other foreign countries. It is an industry requiring small amount of capital. Felt is imported in very large quantities. After all this industry may not require large capital

and Government can profitably consider the feasibility of starting such manufacture in the State.

Heavy duty machine shop:—The need for the establishment of a heavy duty machine shop in this State either under the auspices of the Central Government or the State Government has to be recognised. Wanting that the engineering industry in this State has to forego the manufacture of heavy equipment for the Railways etc. When Government of India wants to stop imports of Railway equipment within the shortest time possible, the manufacture of such equipment within the country has to be accelerated and Government should render all assistance in this direction. South India is unable to take its due share in the supply of heavy equipment for the Railways in the absence of a heavy duty machine shop. The private sector is unable to invest on these machines as they will have to be kept idle for most part of the year. If it is started by the Government it can be used all the year round by different parties.

If there is infinite scope for location and starting of giant and heavy industries within the State the scope for the establishment of small scale and medium industries cannot be over-emphasised. If the problem of unemployment is to be satisfactorily solved on a permanent basis small scale, medium and village industries have to be organised on an extensive scale throughout the State. The Hon'ble Minister for Agriculture has stated that there cannot be any conflict between large scale industries and cottage industries. There is scope for the manufacture of ancillary industries attached to giant industries. That requires much less per capita investment.

The Chamber requests that the suggestions made above may be considered before Government finally deciding upon the nature of the industries to be started in this State.

Later on this subject came up for consideration in the Assembly and in reply to an interpellation by a member, Government stated in the Assembly that the recommendations made by this Chamber have been duly noted and some of the suggestions have been taken up. ...

IMPORT CONTROL

In advance of the revision of import policy the Chamber issued circular to the general body of members inviting suggestions as to how the import policy should be amended. Suggestions received from members were placed for discussion before the Import Sub-Committee and on their recommendations the following representation was made:—

(1) *Transfer of quotas*:—In cases where a firm is taken over by another firm and quotas are to be transferred to the new firm, the transfer should not be refused altogether on the ground that the Income-tax Verification Certificate of the old firm has not been produced. In such cases the quota due to the partner of the old firm, who has paid his share of income-tax, should not be denied to him.

It should not be a condition for transfer of quotas that the liabilities of the outgoing firm should have been taken over by the successor as a condition precedent.

Affidavits should not be insisted upon from the outgoing partners where a registered deed of dissolution of partnership is produced wherein the outgoing partner or partners have relinquished their claims to import quotas in favour of the remaining or new partners. The registered deed by itself has a better legal value than an affidavit subsequently sought to be taken from the outgoing partner.

(2) *Ad hoc licences based on lowest quotations*:—The present policy of granting Ad hoc licences for items like caustic soda on the basis of lowest quotations enables only certain well-placed few to handle the business Licences should be broad-based allowing a price variation upto 5% of the lowest tender.

PROCEDURE

(1) Steel Import Control should as far as possible follow the same procedure as the general import control. As it is, the policy is very complicated and enables only a few

merchants primarily in Calcutta to participate in steel imports. The reason for this is the fact that offers are called for and licences are granted on the basis of offers considered reasonable. Licences are also issued on a provisional basis subject to confirmation. Customs permits are issued after the goods have been shipped leading to delays in clearance. As offers lapse if not promptly accepted only those in Calcutta, where the office of the Iron and Steel Controller is located, are able to get their licences granted in time and get the goods. The Chamber feels that if Regional Offices are located in Bombay and Madras it would enable merchants in these ports also to participate in a greater measure in steel imports thus leading to diversification of the trade. This requires early implementation.

(2) *Supplementary and additional licences*:—Where supplementary and additional licences are granted to established importers they should be enabled to present one consolidated application on the basis of which two or three licences as the case may be viz., orginal, supplementary and additional licences as the case may be are granted to them instead of the present system of applying for each category of licences separately.

(3) *Minimum value of licence*:—The Chamber recommends that this should be increased to Rs 1,000. incidently this will also facilitate administration since the minima are fixed at present at Rs. 500 and Rs. 750 in some cases and Rs. 1,000 in other cases.

(4) *Import licence fees*:—The Chamber sees no justification for levy of import licence fee on replacement licences on the usual scale. If at all a nominal fee may be charged for replacement licences.

(5) *validity of licence*:—In the case of goods like sanitary earthenware for which protracted deliveries are quoted by overseas suppliers, it is found necessary that the usual validity period of 12 months should be extended to 18 months.

INTERPRETATION OF REGULATIONS

(1) *Part IV*/167:—Certain types of Inkless Pens which are allowed import upto 10% of the face value of licence for

this item are considered to be parts of fountain pens and, hence prohibited imports on the plea that its parts are interchangeable with those of fountain pens. Import should not be prohibited on this account, so long as what is imported is primarily an inkless pen.

(2) *Part IV/277:—Safety Razor Blades:*—In calculating quota for Drugs & Medicines for the purpose of granting additional licence for safety razor blades D.C.C.I. Madras is combining the quotas for Dollar & Soft Currency instead of treating each separately. This is contrary to the wording in the Policy Book and quotas must be calculated separately.

(3) *Part IV/278:*—While the index to the Policy Book for July-December 1955 classifies Safety Razors under Part IV/278, the D.C.C.I., Madras has issued a different clarification bringing it under Part IV/277. Such regional changes in classification during the middle of the half year should be avoided.

(4) *Part IV/278:*—The Madras Customs refused to allow import of Razor sets if they contain 2 or 5 Razor blades as components. As commercial practice has all along been to import sets with 2 to 5 blades and even more in the case of costilier sets, the Chamber recommends that at least upto 5 blades should be allowed imports as components in a Safety Razor Set.

INDIVIDUAL ITEMS

(1) *Part* 1/35:—Pannel Pins of 1″ and below now licenced on the basis of 10% should be liberalised imports.

(2) *Part II/22:—Sand Paper:*—Token quotas may be allowed.

(3) *Part* IV/78. *Part IV/79 (vii):—Canned or bottled provisions:*—The question of increasing the quota from 40% to 75% may be considered as several items like Olive Oil are now in short supply.

(4) *Part IV/79:*—The Chamber wishes to repeat its previous representations that Chiocory should be licensed to established importers also.

(5) *Part IV/109:—Drugs & medicines:*—Due to restrictions on the individual items in the licences for these items 75% of the licences are reported to remain unutilised as 10% only can be used for spirituous preparations and 15% only can be used for proprietory medicines. The feasibility of increasing these percentages, if necessary by reducing the overall quota, may be examined.

(6) *Part IV/115:*—(1) Sanitary Towels should be allowed import under 115 (c) to all importers of Toilet requisites instead of restricting it to importers of Sanitary Towels only under 115 (a).

(2) Import of Toilet Powder should be allowed upto Rs. 1,000 or 10% instead of 500 or 10%.

(7) *Part IV/124:*—Refills for propelling pencils should be allowed under this serial No. Which allows refills for inkless pens. At present licence under Serial No. 168 is asked for.

(8) *Part IV/168:*—Import of foreign Ink is now allowed upto 10% of the face value of the licence under Part IV 168. Since the quality of indigenous ink is quite good and also due to the fact that all types of inks previously imported are now being manufactured in the country and sold at competitive prices there is no justification for allowing imports.

(9) *Part IV/234:—Marble-Sanitaryware:*—2 1/2% of of the face value of licence under Part IV/241 is now allowed to established importers of sanitaryware for the purpose of importing Marble. This is insufficient and the limit should be increased at least to 10%.

(10) *Part IV/275:*—Import of Mamooties now banned may be allowed. Pickaxes, Spades, Hoes and Forks may be allowed and new comer licences to be issued for these items.

(11) *Part IV.* 293, 295, & 297:—Special licences for motor vehicle parts were granted during July-December 1954 to dealers who were previously obtaining supplies from assemblers who had closed down their establishment. The

feasibility of issuing repeat licences for each half year may be examined.

(12) *Part V/2*:—In order to give hardness to wheat flour it is found necessary to mix imported hard quality wheat from Canada such as 'Manitoba No. 3' quality. Imports of this variety of wheat from Canada may be allowed at least upto 15% of the quantity ground by the flour mills.

(13) *Part V/12 (a)*:—The Chamber wishes to draw the attention of the Government to the fact that holders of import licences are not able to import patent foods like Horlicks and Ovaltine as agents of manufacturers have themselves licences for large values and import almost the entire allocation of the factories as supply is limited. A suitable method may be devised by which all importers can get a fair share of the trade in these articles.

(14) *Part* V/12 (*b*):—Licences should be granted for Pearl Barley to all those who held licences under Part IV 78/79 earlier and who had imported pearl Barley under such licences to the full extent of their imports. The Chamber has made previous representations in this behalf.

(15) *Part V/12-B*:—Breakfast foods should be allowed import on a percentage basis under licence for Part V/9. The Chamber has already made several previous representations on the subject.

...

(16) *Ogl*:—OGL should be enlarged to include Blue Match Paper and Chlorate of Potash to encourage cottage match industry.

RE: TRANSFER OF QUOTA RIGHTS

With reference to the above matter, we beg to bring the following facts, inconvenience and also delay caused to the members of this Association:

It is because a few of the partners in the firms of our members, have gone out and a few have been taken in under specific partnership deeds duly prepared on the requisite stamped papers, their quota licences are held up. In fact, these outgoing and incoming partners in many a cases, are not at all eligible for any quota rights or goodwill of the firm, under specified version of the clause in the deed duly signed by these partners. Yet, the transfer of quota rights is insisted upon. And when the papers are submitted to your goodself for the transfer, our members are directed to submit registered partnership deeds, registered dissolution deeds etc. We wonder really why when the Partnership Act itself does not bind the parties who enter into partnership to register the deed with the Registrar of Assurances, to make the deed valid and when the Act clearly permits the deed prepared on the requisite stamped paper to be valid even without being registered, why your goodself has issued such orders and regulations.

To get a partnership deed registered means, it is understood from the concerned Registration department of this Government, a fee of Rs. 4 should be paid on each Rs. 1,000 of the Capital amounts invested by each partner which amounts to a heavy sum of thousands in addition to the stamp paper, the fees on the registration of the dissolution deed, its stamp paper etc. which is definitely a very heavy burden on our members who are not to do it as per the Partnership Act. Moreover, we also understand from the Madras Collectorate that if the fees of registration are short-collected, they will not only levy penalties later, the extent of which is not known, but also collect the amount of balance from them.

It is also understood that to one of our members, viz., Sha Rikabdass Chaganraj, you have very kindly written to them to submit an affidavit only duly prepared on stamped Paper and signed by the outgoing partners and also sworn before a First Class Magistrate.

So, this affidavit and the Partnership deed as per the Partnership Act (without registering) together with the Income-tax Clearance Certificates, & Paper Cuttings may please be accepted to transfer the quota rights and enable our members to receive their quota licences. We request you to relax your rules.

We request you to consider the matter on the above lines and issue the orders as per our above request at an early date.

Unregistered Partenersip deeds are accepted by Income-tax and other departments.

For another meeting of the Import Advisory Council subjects were accordingly drawn up and discussed with Shri S. N. Bilgrami, I.A.S., Chief Controller of Imports & Exports, when he visited the Chamber early in April 1955. (Please see interview section). These subjects were again placed for discusson at the Import Advisory Council.

AGRICULTURAL PRICES VARIATIONS ENQUIRY COMMITTEE—QUESTIONNAIRE

Government of India appointed a Committee called the Agricultural Prices Variations Enquiry Committee. That Committee issued a questionnaire copy of which was sent to the Chamber with a request to reply to the questionnaire. The Committee considered this question and appointed a Sub-Committee with powers to reply to the questionnaire. Information were gathered from members and on the basis of the recommendations of the Sub-Committee the following views were submitted by the Chamber:—

QUESTIONNAIRE

PART I—GENERAL

1. To what extent do you think the general fall in the prices of foodgrains and other agricultural commodities can be arrested and price variations reduced by a previously declared price policy of the Government.

Having regard to the variation in prices of Agricultural Commodities and the uncertainty that may result in the wake of increased production and its possible reaction on agriculturists, the Committee are of opinion that in the interests of improving production of food crops, floor prices for foodgrains and pulses at least which are absolutely necessary for the community should be fixed by the Government at the beginning of the season. These floor prices should remain good for the whole season.

2. Indian agricultural economy is largely a barter economy and ultimately it is the marketable surplus of the producer which pays, INTER ALIA, for the manufactured goods that he needs. Do you think that with the removal of controls and recent increase in agricultural production, the marketable surplus of the producer has increased sufficiently despite the fall in agricultural prices to enable him to pay for his requirements of manufactured goods?

With regard to increased agricultural production, the Committee are of opinion that there is a ten per cent increase in agricultural production while the fall in prices of agricultural commodities is more than 30%.

3. What effect is the continued emphasis on increased agricultural production envisaged in the Second Five Year Plan likely to have on (i) prices of agricultural commodities and (ii) crop pattern, in view of agricultural production and marketing in India being largely in the private sector comprising millions of scattered producers and traders, not subject to any set or strict regulations?

Fixation of floor prices will ensure stability in production and prices and may not lead to diversion of foodgrain area to commercial crop area. It is only when the prices fall alarmingly due to increased production that agriculturists have the temptation to raise some other commercial crops. But if the floor prices are fixed taking into consideration the cost of agricultural production and other economic factors, and also having regard to the cost of industrial commodities, they will have more confidence in the policy of the Government and so production of food crops will not be affected by diversion.

4. Farming in India is mainly subsistence farming. Do you then think that the effect of increased agricultural production on prices will be such as to cause a disincentive to the producer leading to any large-scale shift to other crops or to a substantial abandonment of cultivation or to accumulation of losses requiring State intervention in the sphere of agricultural production and marketing?

if floor prices are fixed by Government as stated in answer to question No. 1 there will not be great scope to shift to other crops.

PART II—PRICE VARIATIONS

SECTION A

5. VARIATIONS OVER TIME IN THE PRICES OF THE SAME COMMODITY

5.0 Give the prices of each foodgrain and other agricultural commodities important in your area, over a period of time at the same market/markets. (See Instruction 9.1)

Prices of some of the commodities are given as at the end of May and June 1955.

March 1955	Per maund Rs.	End of June 1955 per maund Rs.
Bengal Gram	8/-	15/-
Gram Dhall	9/8/-	17/-
Black Gram	10 to 12	12 to 14
Red Gram	7 to 8	12 to 13
Boiled Rice	13/-	14/-
Raw Rice	13 to 14	14 to 15

5.1 What, in your opinion, are the reasons for any decline or rise, if at all, in the prices of foodgrains and other agricultural commodities in recent years, at the same market/; markets? (See Instruction 9.2).

The variation in prices in the same market is mainly due to increased production and transport bottleneck. Dependable transport is not available for transport of foodgrains from centres of production to centres of consumption. Wagon allotments registered months before remain yet to be allotted.

5.2 Having regard to variations in agricultural prices over the last fifteen years and to the various economic factors,

do you think we have reached a stage when it is inadvisable to leave the prices to find their own leaves and when it is necessary to resort to corrective measures for arresting further fall in picecs? If so, what remedial measures do you suggest. (See Instruction 9.3).

It is not at all advisable to leave the prices to find their own levels. This is fraught with disastrous consequences on agricultural production within the country. High hopes were given to the agriculturists and with the impetus given to them the area under food crops has been vastly increased and to leave them at this stage with unattractive prices will be extremely inadvisable. As stated in answer to Question No. 1, if fair prices are fixed in advance of the season taking into consideration the various economic forces violent variation in prices can be arrested and agriculturists ensured of a fair price to keep them engaged in agriculture.

5.3 What in your opinion are the various items which account for the difference between the various types of prices (that is between primary wholesale price and farm price, between secondary wholesale price and primary wholesale price and between retail price and secondary wholesale price)? What are the charges payable by (i) the buyer and /or (ii) the seller, separately for each of these items? (See Instructions 6.1 and 6.2).

Variation in land-tax, multiple sales-tax, increased transport charges etc., are some of the charges payable by the buyer or the producer.

9.3 How can the setting up of regulated markets be expedited? See Instruction 13.4).

The establishment of regulated markets will conduce to better business and to realisation of better prices. Apart from what there will be a temptation on part of producers to improve the quality of production with a view to increase marketability. There is already the Commercial Crops Markets Act, the provisions of which have to be extended suitably. One important thing to bear in mind is the improvement of village roads to enable the producer to get his goods to the regulated markets.

9.4 Pending the setting up of regulated markets, what measures should be taken for a progressive transformation of the existing unregulated markets to regulated markets? (See Instruction 13.5).

With the increasing awareness of the advantages of a regulated market among producers in general, the Chamber feels no further action is necessary for the flow of goods from the unregulated markets to the regulated markets. It will necessarily take some time for the mentality of the people to change and in the meanwhile it is not at all advisable to rush up with the scheme of opening more regulated markets. It is also worth-while in the interests of the Government to watch the progress of new experiments before converting all unregulated markets to regulated markets.

10. EFFECT OF THE ANNOUNCEMENT OF EXPORT/IMPORT QUOTAS ON THE INTERNAL PRICES

10.0 Do you think that the announcement of the export/import quotas reacts on the market prices? If so, do you think that whether it is the producer or the trader who stands to loss or gain by this reaction is said to depend on the timing of the announcement and size of the quota? (See Instruction 14.1).

The announcement of the export or import quota reacts in the market price to a great extent. In many cases the producer stands to gain or lose by the announcement of the quotas more than the trader.

10.1 What in your opinion should be the correct timing of the announcement of export/import quotas taking into account that it is not practicable to announce the quotas before the crop prospects are firmly known? (See Instruction 14.2).

Quota for import or export should be announced with the fixation of floor prices of those commodities. Then it will be possible for them to wait for markets. With the improved facilities that Government have under contemplation for warehousing and for rural credit, the producer can wait till he realises better prices.

11. EFFECT OF PRICES IN FOREIGN COUNTRIES ON INTERNAL PRICES

11.0 Give the prices of the commodity over a period of time at the same market/markets in some foreign country/countries and the prices of the same commodity over the same period of time at the same market/markets in India? (See Instruction 15.1).

The announcement of import or export quota may not have any visible change in prices in foreign countries.

TRADE DELEGATIONS—FOODGRAINS AND THEIR PRODUCTS

Government of India had a proposal before them to send Trade Delegations to foreign countries with a view to assess the requirements of foodgrains from India in those countries. Government stated that the production of foodgrains in the country has improved considerably and it was found desirable to explore the possibilities of reviving the export of rice, wheat products, bran, coarse grains like maize, jowar and barley and certain other agricultural products like pulses, vegetable oils and raw tobacco etc. The Chamber was requested to give the benefit of its suggestions on the proposal of the Government. The Committee of the Chamber duly considered this question and the following reply was sent to Government:—

The Committee of the Chamber have considered your letter on the above subject and I am directed to reply as follows:—

Analysing the import and export trade of India especially in foodgrains it will be found that India has been a nett importer of foodgrains after the separation of Burma. The subsequent division of the country has made India agriculturally weaker so much so the import of foodgrains into India assumed alarming proportions during the war and in the post-war periods. No doubt under the impetus given by the Governments both Central and States during the post-war periods agricultural production has increased tremendously. The First Five Year Plan laid much emphasis on agricultural production and therefore larger areas have been brought under cultivation and thanks to the efforts of the Government, the country can look back with confidence upon its achievements in the past on the food-front. No more agriculture is a gamble in rains. Added to the tremendous impetus now given for agricultural production, dame nature has also been very kind for the last two consecutive seasons and the production of agricultural commodities has therefore increased even beyond the sanguine expectations of the Planning Commission and of the Government. Though marvellous results have been achieved the Chamber feels that it is too early to assess the extent of production in agricultural production solely due to efforts taken by Government. The Chamber feels that had it not been for favourable seasonal conditions witnessed during the last two years we would not have attained self sufficiency position now. Consecutive favourable seasonal conditions have also in a large measure contributed to the prsent satisfactory production of foodgrains and the Chamber is of opinion that the country has not yet reached a stage when we can, without detriment to local consumption, look forward and enter into long range commitments with foreign countries for the export of surplus foodgrains. Government are probably under the impression that there are large stocks available within the country. It is no doubt to a great extent true but all the available surpluses noticed in the country are not entirely due to local production alone. Against well intentioned criticism of the policy followed by Government relating to importation of rice from Burma during the last season Government did import at unconscionably high prices 9 lakhs of tons of rice from Burma, which are now moving in the market, depressing prices of rice produced locally. This is a fact which has been admitted even by the Government of Burma recently. Had Government then considered the objection raised by Chambers of Commerce against the importation of rice, local production could have commanded better price but as it is imported rice is also moving in the market side by side with locally produced rice and Government had to sustain a very heavy loss. This imported rice in a large measure is responsible for the surplus rice now found to be moving in the country. Now there is no use of criticising the policy of import followed by Government in the past but this should be a lesson to Government against hasty importation of huge quantities of rice and other food-

grains in the changed circumstances. The Chamber, therefore, is of opinion that it is too premature to say that the country has attained self sufficiency in the matter of essential foodgrains. It is absolutely necessary to follow a very cautious policy during this transient period and it is the opinion of the Chamber that it is inadvisable to commit the country for long term policy of exports of essential foodgrains.

But the Committee of the Chamber are not unmindful of the present position of the growers of foodgrains in the country. During the war and immediately after and even now high hopes are given to agriculturists to grow more food crops and under such impetus larger areas have been brought under the plough with the result that the country has reached almost a stage of self sufficiency. Judging from the progress of production in the country it can be said that under the same conditions the country can look forward to export surpluses to other foreign countries in the years to come provided nature also is kind. No doubt one disturbing feature that agitates the Governmnet now is that with the growth of increased production of foodgrains, their prices have fallen down, so that agriculturists may find it not worthwhile to continue to give the same attention for the production of foodgrains when the prices are unremunerative. Government have taken prompt steps to ensure an equitable price to producers of food crops. When the prices were slumping last year Government entered the market for the purchase of wheat and coarse grains at floor prices. They have extended their operation for rice also very recently. These are steps calculated in the best interests of the producers. Due to variety of reasons chiefly among which may be mentioned the lower purchasing capacity of the people the intake of rice and other food crops is not commensurate with production so that some surpluses are now found to be available. To judge from those figures of surpluses and to comit the country for exports on the basis of a long range policy is not advisable. It is also at the same time very necessary that agriculturists should get a fair and reasonable price to sustain them in agricultural operation. While the prices of rice and other food grains are falling, the cost of production, the cost of labour, the cost of manure etc., are not showing any sign of decline so that the lot of agriculturists require very sympathetic consideration and unless he gets an economic price for his products it is futile to expect them to continue in the production of a commodity which is fast losing its market making agricultural operation unremunerative. This feeling of frustration has to be removed from the minds of the agriculturists and the only way of persuading them to continue to intensify agricultural production is by offering equitable prices. The steps so far taken by Government though no doubt very valuable are not sufficient and other steps are necessary to give a better price to producers of food grains. Any diversion of area under food crop to some other commercial crops just at this juncture when the country is looking forward for sufficiency will be fraught with disastrous consequences and the Chamber therefore is emphatically of opinion that the present tempo of food crops production has to be sustained not only in the interest of agriculturists but also in the ultimate interests of country as a whole. The Chamber is also aware that giving price support to all commodities may not be a practical proposition and so to ensure the minimum level of prices Government should think of allowing at least token exports of food grains when there is surplus production within the country.

The country therefore is placed on the conflicting horns of a dilemma caused by some surplus of food grains for the time being and the necessity to maintain the tempo of production on the one hand and by the low level of prices prevailing for agricultural commodities and the possible diversion of areas under food crops to some other crops which would fetch better prices to the agriculturists. The Committee of the Chamber having considered this subject in all its entirety are of opinion that much time should not be lost in creating a demand for agricultural products produced within the country, in the foreign markets so that in the event of there becoming larger surpluses as a result of the Government's efforts and due to seasonal conditions India can with confidence enter the export market. Much preliminary work has to be done in foreign countries in persuading them to take our rice and other agricultural commodities as otherwise we would be left in the race behind. Even now it is not easy for our agricultural products to establish a market in foreign countries which are besieged by other countries having surplus production of food crops and offering such products at competitive rates.

Another feature which the Chamber wants to bring to the notice of the Government is that with the experience in the past all countries have laid much emphasis on agricultural production and with the encouragement shown to such production larger surpluses are becoming available in those countries over and above their requirements so that foreign Delegations are approaching each and every possible country to explore the markets for their commodities in those countries. India has also reached a stage where we should not lose any time in finding a market for our surplus food grains. Though the question is not pressing just at present we can visualise a period soon when the country will be having larger surpluses available for export and it may then be difficult for reasons mentioned above to find a market for our foodgrains. It is, therefore, very imperative that Government should without losing time send delegations to foreign countries with a view to explore markets for our agricultural production. It is not at all an easy matter to find a suitable market for our commodities. It will depend upon the price of our commodities in the foreign market and a variety of other factors, but unless we move in the matter without loss of time other countries, richer in agricultural production, may invade those markets to the detriment of India.

Judged from all these facts the Chamber is of opinion that Government should send trade delegations to foreign markets for the sale of Indian agriculturial products in those markets, but it will be extremely inadvisable just at present to sell large quantities for export. Token exports can be made to begin with as Government have rightly done during recent months and when the target fixed by Government is reached exports can be stopped so that there will be sufficient supplies available for consumption with the country. It is not advisable to allow larger quantities for export detriment to local consumption. Government have, therefore, to follow a very cautious policy in the beginning and keep other markets in good humour by allowing token exports to begin with and when the country has reached a stage when exports can be increased, there may not be any harm to local consumption by allowing increased experts. Government will, therefore, be well advised in sponsoring trade delegations for the sale of our agricultural products in foreign countries.

Turning to the next question as to the expenses of delegation, the Committee of the Chamber are of opinion that expenses of such delegation should be met entirely by Government. There is no reason why the delegation to explore possibilities of markets for agricultural production should be considered different from other delegations which Government have sponsored. The benefits of such delegation accrue not to the primary producer of agricultural commodities but to the nation as a whole. Government will get larger revenue by export of foodgrains, by cess, increased income-tax and in many other ways. The purchasing capacity of the people will also increase consequent on exports so that there will be more internal trade resulting in more revenues to the Governments both Central and State. It is, therefore, only in the fitness of things that Government alone should sponsor such delegations and it is only when Government sponsor such delegations that they will be more representative and can command better respect from the visiting countries.

Government ultimately decided not to send the Delegations now.

MADRAS—RANGOON STEAMER SERVICE

Much inconvenience was caused to the public especially to people of South India by the sudden cancellation of the steamer sailings between Madras and Rangoon. The Chamber, in the course of a representation to Government stated as follows:—

The sudden stoppage of sailings between Madras and Rangoon ports has created great inconvenience not only to many passengers going to Rangoon and coming back from Rangoon but also has paralysed the trade between Madras and Burma. For generations past there were regular sailings between the two ports and there was voluminous traffic apart from large number of passangers going to Rangon and coming from there. Till recently Burma formed part of India and there was free flow of traffic both in respect of passengers and goods. Even after separation in 1937 there was considerable volume of traffic between the two countries. Indians have built up a lucrative trade in Burma. They are owners of landed properties in Rangoon and to look after those trades and estates many people have to go to Rangoon and come back regularly. Large number of South Indians especially are employed in Rangoon and Burma and they will have to travel between these two destinations frequently. Of course owing to the policy now followed by the Burmese Government and the import policy followed by the Government of India there has been a diminution in the volume of traffic both in goods and passengers. That is why sailings have been not so frequent as before but all the same the contacts established between Rangoon and Madras has been maintained by regular sailings between these two ports all along. The sudden cancellation of service has, therefore, created very great inconvenience not only for passengers but also for movement of goods. Even now though traffic is very much restricted there are enough number of passengers going to Rangoon and coming back on business purpose to look after their avocations there etc., so that the necessity for continuing the service is still there. To ask these passengers to go to Calcutta to catch the steamer from there to Rangoon and to return via Calcutta to Madras will be a great strain on the slender resources of passengers now travelling between these two ports apart from the delay. It is estimated that there will be not less than six to seven hundred passengers travelling between these two ports for every sailing. There is also sufficient volume of traffic emanating from Rangoon and similarly there is a large volume of traffic from South India to Rangoon. It is indeed very difficult if not impossible to divert such a large volume of traffic through Calcutta for economic reasons. If the cost of transport is enhanced to that extent the competitive power of Indian goods in those countries will suffer. This aspect of the question has to be clearly understood before a decision of such a far-reaching nature is taken of. The cancellation of sailings between these two ports will particularly affect South Indians who for generations past have close ties of contact.

The Chamber feels that at a time when trade is dwindling between these two countries every effort should be taken to augment and restore the trade to its former level though not in the same commodities as before. India has become more or less a manufacturing country and large quantities of manufactured goods instead of raw products will find an easy market in Rangoon. Unless exports of such commodities are facilitated by maintaining regular service, it will be difficult for Indian industries to assert in those markets. It is, therefore, very imperative that at a time when India is exporting manufactured goods every facility should be given for transport of such materials at economic cost so that Indian goods will be in a position to compete in that market.

The sudden suspension of service has hit very hard employees who have returned to Madras and who are due to join their place of business in Rangoon. They are almost strandard here. The suspension of service was sudden and without notice and therefore these employees are put to extreme hardship. To ask them to go to Calcutta to catch the steamer from there to Rangoon will be difficult for them and would involve extra cost. If the suspension of service is due to economic reasons then it is a matter to be gone into deeply and the Government of India should be prepared even to subsidise such sailings having regard to the necessity of maintaining regular service between those two ports. The steamer companies by taking a sudden decision in a matter of such importance have created much inconvenience to the travelling public and Government may be pleased to persuade steamer companies to run the service as before and in the meanwhile the bigger question of continuing this service may be considered by Government, having regard to its extreme importance to the people of South India especially, even by subsidy may be considered.

Later on Government introduced smaller vessels for sailing between Madras and Rangoon but from November onwards that steamer also has been suspended and the Chamber has taken suitable action in requesting the Government to introduce sailings directly between Madras and Rangoon without delay.

EXPORT OF IRON & STEEL MELTING SCRAP

In a representation to Government of India, the Chamber made the following recommendations: —

Government of India will soon be revising their policy relating to export of commodities and the Chamber thought that some of the difficulties experienced by exporters of iron

scrap may be brought to the notice of Government for their consideration.

Government of India under the present policy have banned the export of heavy iron and steel scrap with a view to make such scraps available to local furnaces. They have also in this connection fixed prices at which furnaces can buy scraps locally. It is in relation to this that the Chamber wishes to make the following representation: —

The prices fixed by Government are working to the disadvantage of collectors of such scraps. These scraps have to be collected from all over the country after payment of heavy charges, travelling expenses, godown charges, transport charges etc., which is found uneconomical. The furnace offers only Rs. 60 per ton for supply ex-stocks which is found to be very unremunerative considering the large sums of money that has to be invested on the collection of this heavy scrap. The local prices do not stand comparison to prices offered in foreign countries. It is represented to the Chamber that such heavy scraps can command a price of about Rs. 300 per ton. Deducting the shipping freight, this works out to about Rs. 240 per ton as against Rs. 60 offered locally. Government will therefore see how uneconomic it is for the local collector of iron scrap to offer his stock at such ridiculously low prices. Apart from that even the bare collection charges come to more than Rs. 60 a ton so much so there is no incentive on the part of such scrap dealers to collect this material and in the meanwhile this material will deteriorate and become unfit for any useful purpose.

It has also been represented to the Chamber that previously Government, in addition to the basic price, were offering to collectors of scraps place extra charges. For reasons known to Government it has been withdrawn recently, so much so, whatever little incentives collectors had, have been wiped out by the recent abolition of this concession. Wages have incrased, transport cost has increased, price demanded by sellers of such scrap is becoming more and more, so much so merchants and collectors of such scraps find it now uneconomic to enter into this trade at all. The disparity in prices between the price for finished standard material bears no proportion to the price fixed by Government for scraps.

While prices for standard materials have been revised in the upward direction in recent times, Government have not at all cared to revise the prices of scraps. As mentioned above, the cost of collection has tremendously increased in recent times. If the idea of Government is to conserve the scraps available in the country to the local furnaces the Chamber feels that the only positive way in helping them will be to revise the prices in consonance with the cost involved in collection of such scraps.

There are heavy stocks of scraps within the country and dealers will be in a position to collect such scraps if they are encouraged to collect such scraps by offering more economic prices. Indian prices at present bear no proportion when compared with the world prices and it is futile for Government to expect local dealers to collect such scraps after investing large sums of money and to offer to Government at a nominal cost. The Chamber should not be understood to mean that because of the lure of the foreign prices all available quantities should be exported. A safeguard may be provided against export of all the quantities. Previously Government followed a wholesome principle of asking exporters to hand over a certain percentage of scraps allowed for export to the local furnances. That procedure may be revived with advantage so that furnances may be assured of equitable supply of scrap at nominal cost while exporters will be encouraged at the same time to collect all available scraps and export the remaining quantity so that the loss arising out of supply to local furnaces will be partially made up by export. If this policy commends itself to Government the Chamber would request you to be good enough to reconsider the whole position afresh and allow limited quantities for export by dealers who have developed a demand in foreign countries. At a time when all out efforts are made to encourage exports, the Chamber feels that scraps over and above the country's requirements may not be shut out.

The policy of Government yet remains to be clarified.

EXPORT OF ONIONS, CHILIES & JAGGERY

Various difficulties were brought to the notice of the Chamber for want of adequate facilities for the export of

onions, chillies and jaggery from the state. The Chamber made the following recommendations to Government.

This Chamber has already drawn the attention of Government on various occasions before about the difficulties caused to exporters of the commodities mentioned above vis-a-vis the policy followed by Government in allowing exports of those commodities. There has recently been a departure in the policy followed for the export of the above commodities which has resulted in great loss to the trade. The superimposition of Co-operative Societies to participate in the export of the commodities in preference to established exporters and new comers has given room for much heart-burn amongst exporters of these commodities who have built up the export trade in these commodities after years of pioneering work. The policy whereby Co-operative Societies have been shown a perference to established exporters is a novel departure and is discriminatory in character. Co-operative Societies have been and are mainly interested in the distribution of commodities within the State. They had no experience in the past in exporting commodities outside the country and to show them preference by issuing licences in their favour over the head of established exporters and new comers is in contravention of the policy followed by Government in the matter so far. Even if the quantity allowed for export is small, established shippers who have better claim than any other exporters should have been issued the licences. They have a net work of organisation spread all over the State to gather materials at the cheapest market and then export. It has also to be borne in mind that Indian firms have their own branch offices functioning in the adjacent countries which depend for their supplies upon exports from India. If the principals here are therefore deprived of the licences as has been done by Government now not only the local office will suffer but also their branches depending for supplies from these local offices will be at a positive disadvantage. They will be faced with a grave loss due to no fault of theirs. The Chamber only wants to impress here that in the allotment of quotas for export the claims of established exporters have to be recognised and licences should first be issued to them in preference to Co-operative Societies.

The Chamber has on previous occasions drawn the attention of the Government that there are heavy stocks of the above commodities moving in the market and there has been a steady fall in prices of these commodities. The off-take within is poor due to variety of reasons. Prices have slumped down. There is a good demand for these commodities in the adjacent carkets like Ceylon but in the absence of issue of licences in adequate quantities for the export of these commodities prices are still falling down to uneconomic levels so that there is no enthusiasm on the part of the grower to grow more crops. There is a tendency to divert the areas under these commodities to some other more paying crops and the Chamber feels that if the policy is not reversed so as to allow larger export of these commodities it is quite possible that production will be affected in the years to come. The cost of production, which depends upon a variety of factors, has not in any way diminished while prices of these commodities continue to touch lower limits. If prices are allowed to sag in this manner it would react upon the agricultural economy of the country and there would not be enough money with the agriculturists to pay for their normal requirements of industial commodities.

It is only in the case of commodities mentioned above that Government is following such a step-motherly treatment. In the case of other commodities where there is organised representation Government have not been slow in recognising the claims for export of those commodities. I may refer to the case of tapioca. In order to give immeditae relief to tapioca growers, Government have already allowed the export of 10,000 tons of tapioca flour and 2,000 tons of tapioca starch to foreign countries straightway. The justification was that it will help to boost up internal prices and benefit growers. What is more assuring was that Government have given them the assurance as reported in the press that Government would watch the trend of tapioca prices. The Chamber is inclined to think that in case of prices going down further Government would give more facilities for export of that commodity to boost up internal prices but strangely enough in the case of commodities mentioned above Government are following a totally different policy with consequent detriment to the growers and exporters of these commodities.

Onions:—In the case of onions large surpluses have been declared from all producing centres. In particular I would

invite the attention of the Government to a news item published in the "Hindu" of 11th January 1955 reading as follows:—

> "Arrivals of onions in the Dindigul market were heavy last week, while clearances were poor. Fresh arrivals continue, averaging 5,000 bags per week but only about 2,500 bags are getting cleared. Out of the balance, nearly one-fourth is getting damaged and are being thrown away as waste."

This conclusively shows that the demand for onions for internal consumption is not commensurate with the production or arrivals in the market. Unless sufficient quantities are exported a time may soon come when India may not able to export onions and the market which has been developed after years of pioneering work will be lost to the detriment of the agriculturists, exporters not to speak of loss to Government. This is a contingency which has to be avoided and Govenment will be well advised in following a more liberal policy with regard to export of onions. This is a perishable commodity and unless goods are moved expeditiously large quantities will go to waste.

Government are probably under the impression that there is an overall shortage of onions in the country and even though there is a surplus in this State they are required for consumption in other parts of the country so that allotments for exports are meagre. It has to be remembered in this connection that onions consumed in other parts of the country are the bold varieties and not small ones which are produced in abundance in the Southern Districts. These small onions have no market elsewhere but they are in good demand in foreign countries. Therefore country's requirements will not be affected by allowing exports of small varieties of onions, if Government find it necessary to control their export at all. Judged from the available supplies the Chamber is of opinion that Government will be well advised in following a liberal policy with regard to export of onions.

In the matter of issue of licences for the export of onions for the last half year Government have overlooked the claims of established exporters and have issued licences for export in favour of Co-operative Societies alone. As has been pointed out above this is extremely a discriminatory policy and has affected established exporters to a considerable extent. Under any circumstances preference should not have been shown to Co-operative Societies alone. These established exporters have earned a right to participate in the export trade of the country by their past performances and the Chamber cannot understand why their claims have been ignored and Co-operative Societies have been superimposed in their position. The Chamber hopes that Government will reconsider the policy and issue licences to established exporters alone if the quantities allotted for export is meagre. Any curtailment of the facilities enjoyed by established exporters will have serious repurcussions not only in the export trade of the country but will have grave reactions on internal prices also. For your information I may point out that Tuticorin, which is a big market for onions has reported a fall in prices from Rs. 9 per cwt. in December 1952 to Rs. 5 per cwt. in December 1953 while the prevailing rate in December 1954 was only Rs. 2-8-0 per cwt. This shows how the prices of onions have sagged during these years and it is, therefore, extremely inadvisable to curtail export. The cost of production has not fallen to any considerable extent so that Government can understand how producers of this commodity are affected. Unless export facilities are given for the export of larger quantity of onions prices may continue to fall which has to be prevented.

Chillies:—In the case of chillies also the Chamber has brought to the notice of the Government the need to follow a liberal policy with regard to their export. Large quantities of chillies are moving to Andhra and Bengal from Southern Districts but curiously enough Government have allotted 750 tons for export from Madras State as against 1,500 tons from Andhra and 2,500 tons from West Bengal. The seasonal rains and the improved manuring have helped the increased production of chillies all over the State and it is represented to the Chamber that there are heavy stocks of chillies moving in the market. The prices of chillies have fallen down from Rs. 164 per cwt. in December 1953 to about Rs. 60 and below during December 1954. This is an alarming state of affairs from the point of view of producers and unless Government interfere and allow larger quantities for export there will be the tendency for prices to fall still lower causing much distress to agriculturists. There is a strong case for allowing increase dquantities for export from this State. Further allot-

ment for export of chillies will help to steady internal prices and Government would be doing the right thing in allowing increased quantities for export as in the case of tapioca. All commodities whose prices have fallen must be allowed equal opportunities for export which will tone up internal prices which will percolate to the agriculturists.

Jaggery:—In the case of jaggery there were some exports in 1952 but since then Government have completely banned the export with the result that huge quantities of jaggery and jaggery powder are accumulating in the country. Prices have fallen from Rs. 38 in December 1952 to Rs. 25 during December 1953 and to Rs. 14 in December 1954. People have now cultivated a taste for sugar and therefore the demand for jaggery have slumped down but the area under sugar-cane is steadily increasing. It is not possible to transport sugar-cane from centres of production to the mill because of the heavy cost incidental to transport of sugar-cane. Its transport by lorry is found to be uneconomical due to the cost of transport so that by the very nature of things it has been found necessary to convert such sugar-cane into jaggery. Government are probably led away by the fact that when the country is importing large quantities of sugar, jaggery produced in the country should not be allowed export but judging from figures of consumption of jaggery it can be safely stated that jaggery is no more the poor man's luxury. They also have cultivated a taste for sugar alone, so that no useful purpose will be served by restricting or completely banning export of jaggery in the country. The producers will be the worst sufferers in any scheme of restriction.

Government at first allowed export of 2,000 tons of jaggery for export from Madras State by Co-operative Societies alone. This Chamber by a telegram pointed out that the issue of licence to Co-operative Societies alone in preference to established exporters is discriminatory. Government have now allowed export of 5,000 tons by established exporters. The Chamber would like to take this opportunity of thanking the Government for allowing exports by established exporters also. There are heavy stocks of jaggery in the market and the Chamber would request you to allow still more quantities for export by established exporters.

Having regard to the circumstances mentioned above the Chamber would request you to be good enough to reconsider the policy and allow liberal exports of the commodities mentioned above. Government can continue to watch the trend of the market and should there be any justification there is nothing to prevent the Government in restricting exports so that country's requirements will be met first. The Chamber also would request the Government that in the matter of issue of licences the claims of established exporters and new comers who have sufficient experience should first be recognised before issue of licences to Co-operative Societies who are comparatively new in the field of the export trade.

SUPPLY OF WHEAT TO FLOUR MILLS FOR CONVERSION INTO FINES

From time to time, representations were received in the Chamber pointing out the difficulties of flour mills in getting sufficient quantities of wheat for conversion into fines. The Chamber, therefore, addressed the Government as follows:—

The sudden restriction in the supply of imported wheat to flour mills for conversion into fines has created great inconvenience and loss to flour mills. Recently alone some flour mills have been started in South India and they were all along getting imported wheat for conversion purposes. But suddenly they have been informed by the Regional Director that allotment of imported wheat has been cancelled with immediate effect under instructions from the Government of India and this has upset all their calculations.

The Chamber is aware that this step has been taken by Government with a view to popularise Indian wheat and to maintain their prices, so that prices may not fall below a certain level. The Chamber wants to point out that having contracted for imported wheat it will not at all be advisable to store such wheat indefinitely in Government godowns. Experience in the past has shown that large quantities have become weevil eaten and made unfit for consumption. Imported rice due to long storage has also deteriorated and Government had to incur a loss of Rs. 45 crores on that account. Due to long storage, wheat and other grains will get spoiled and weevil eaten and unless they are properly seasoned from time

to time there will be a severe loss on that account and it should always be the attempt of Government not to incur loss on such imports by undue storage in Government godowns. So while prices of indigenous wheat have to be maintained, Government should also see that imported wheat due to their long storage in godowns are not made unfit for consumption and so that they may not deteriorate in quality. It is therefore, advisable to allot imported wheat also side by side though not in the same proportion as before, but at least in restricted quantities so that the imported stocks are not allowed to remain for indefinitely long periods in Government godowns. Restricted allotments will not also upset local prices.

If at all Government wants to refuse allotment of imported wheat and make a departure from the procedure already followed so long, it would have been in the fitness of things that Government give sufficient time of their intention to stop supply of imported wheat to flour mills. They could then contact indigenous sources of supply and get their requirements at regular intervals. At is is, they were under the impression that imported wheat will be supplied as usual so that they have not made any arrangements for supply of indigenous wheat. Mills have to contact the suppliers only in North Indian market, inspect the goods, purchase their stocks and register for wagons and even if wagons are allotted, it will take some weeks for the wagons to reach destination. All these formalities will necessarily take some time and in the absence of stocks with the flour mills the working of the mills will be paralysed till such time as they are able to get adequate supply of indigenous wheat. Government, therefore, should have given sufficient time to flour mills to get their requirements of wheat from indigenous sources before completely stopping the allotment of imported wheat.

With the announcement by Government that imported wheat will not be allowed for private dealers, prices of indigenous wheat have increased. This added with the cost of transport will be in line with the prices of imported wheat distributed at the consuming centres like Madras. The extraction of maida from Indian wheat is very low compared to imported wheat. The Indian wheat is mixed upto with 20% of hard wheat which can be converted only as atta and bran, the balance of 80% will alone be available for conversion

Having regard to the circumstances mentioned above the Chamber would request you to be good enough to reconsider the policy and allow liberal exports of the commodities mentioned above. Government can continue to watch the trend of the market and should there be any justification there is nothing to prevent the Government in restricting exports so that country's requirements will be met first. The Chamber also would request the Government that in the matter of issue of licences the claims of established exporters and new comers who have sufficient experience should first be recognised before issue of licences to Co-operative Societies who are comparatively new in the field of the export trade.

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Government may also be pleased to bear in mind the difficulties and delay which the flour mills have to undergo in getting supplies of indigenous wheat. Normally even after finalising the contract, it will take 30 days for effecting the despatch and considering the slow movement of wagons it will take not less than 3 to 4 weeks for supplies to reach Madras so that even if contracts are entered into immediately, it will take not less than 1½ to 2 months to get their requirements of wheat from producing centres in North India. Till then unless imported wheat is allotted to flour mills as hithertofore they will be in a bad predicament and the whole working of mills will have to be temporarily suspended. This could be avoided if imported wheat are allocated to flour mills during this period of stringency. No doubt imported wheat is available with Government. There can be no difficulty in allocating sufficient quantities to flour mills in South India. Flour mills located in South India require special consideration as South India is not a wheat producing area. They have to get their requirements grown in North India and it will take necessarily some time even inspite of extreme expedition. This could have been avoided had Government given sufficient intimation of their intention to stop supplies of imported wheat altogether all on a sudden.

Having regard to the facts mentioned above, Government may be pleased to issue instruction for the allocation of sufficient quantities of imported wheat to flour mills located especially in this part of the country so that their working may not be hampered with.

With regard to import of wheat also, the Chamber made the following recommendations to Government.

"On a representation made by the Chamber previously you were good enough to allot 500 tons of imported wheat to flour mills located in South India for the manufacture of fines. The Chamber is deeply appreciative of your action

in allotting this quantity at least to tide over a critical period. The Chamber understands that the supply of indigenous wheat is by no means regular owing to paucity of wagons for transport. Moreover the quality also is not uniform. On account of the irregular supply of wheat of indigenous origin, for reasons mentioned above, it is represented to the Chamber that the mills especially in South India are not at all in a position to build up sufficient reserve to ensure regular working of mills and to supply wheat products regularly to their customers in the South.

Another thing is that Indian wheat is mostly red and brownish in colour and may not suit the purpose of mills located at the ports. Interior mills on the other hand are manufacturing mostly Atta and indigenous wheat will amply suit their purpose. On the other hand mills especially in Madras use white wheat to satisfy the taste of rice eating people. The demand for Atta in South is very very small. Even the byproduct of Atta now which amounts to 5 to per cent in the course of manufacture of fines is found difficult to be sold in the market. If indigenous wheat is exclusively used for the manfacture of fines the resultant Atta will be 10 to 15 per cent and it will be a task by itself to find a market for them in South India. The necessity, therefore, of supplying adequate quantities of imported wheat is apparent and unless they are supplied for blending with indigenous wheat especially to mills in South India, mills will find it an extremely dfficult task to utilise these byproducts of Atta.

The demand for wheat, fines etc., in South India is slowly being created and if supplies of fines are not good the demand which is slowly being created may slump down again. As South India is predominantly a rice eating area but of late some partiality is being shown for wheat and wheat products. It is, therefore, necessary to keep up the demand which can be done only by supply of refined products. The indigenous wheat is predominantly used by mills located in the interior and since the Government's stock position with regard to imported wheat is very good, no harm will be done if imported wheat is allotted to mills in South India especially mills located at the ports. Wheat cannot be stored for inordinately long periods since they are liable to deterioration. This must be clear to Government from previous experience when large quantities of rice stocks by Government have to be sold at reduced price because of deterioration. Now that the supply position of wheat is good all over the world there may not be any difficulty in replenishing the wheat stock by Government. In the circumstances it is advisable that imported wheat instead of being allowed to deteriorate in Government godowns may be allotted to mills in South India in small quantities at least so that the working of mills will be smoothened and so that Government may not have to carry large stocks in Government godowns. If on the other hand Government keep these imported stocks in their godowns for months together and if allotments are made after sometimes to flour mills it is quite possible that the demand from flour mills for wheat will slump down because of the poor quality of wheat.

Considering all these aspects the Chamber would suggest that at least 50% of the requirements of the flour mills in this part of the country may be met from imported stock while mills may be asked to get the remaining 50% from indigenous stocks."

The Chamber was informed that Government of India, have decided to release and sell wheat in the Southern Region from their stocks.

28th ANNUAL SESSION OF THE FEDERATION RESOLUTIONS

For the 28th Annual Session of the Federation of Indian Chambers of Commerce and Industry, New Delhi, the following resolutions were passed for consideration at the annual meeting.

1. SALES-TAX

This Federation is of opinion that in the absence of uniformity in the laws relating to Sales Tax in the Various States inter-State trade is hampered and much inconvenience is caused to members of the business community. There is no uniformity in the incidence of the levy nor in the exempted goods. The collection of tax on inter-State trade with retrospective effect even when dealers have not collected such tax

is a great burden on the business community. Apart from the incidence of the tax, the administration of these laws by the various State Governments leaves much to be desired. The insistence of State Government to maintain books of accounts in particular language for purposes of sales tax alone is another handicap for the flow of trade between one State and another and is likely to displace businessmen of moderate means from pursuing their trade. The Federation therefore is of opinion that sales tax laws should be enacted on an All India basis with a view to secure uniformity not only in the matter of incidence of tax but also for securing uniformity in administration. The Federation further is of opinion that the Government of India may be pleased to urge upon the State Government not to collect sales tax on inter-State transactions with retrospective effect.

2. EXPORT CONTROL

The Federation, considering the policy followed by Government in the matter of issue of licences for the export of certain commodities to Co-Operative Societies alone overlooking the valid claims of long established exporters of such commodities, is of opinion that such a policy is extremely discriminatory in character and is against the declared policy of Government. The Federation is of opinion that even when the allotments for exports are meagre the claims of long established exporters and new comers handling such commodities for internal distribution should have the first preference. Co-operative Societies having no foreign trade to their credit in the past ought not to be encouraged with grant of export licence at all. The Federation therefore requests Government that in the matter of exports of commodities which are restricted, export licences should be issued only to established exporters and new comers only.

3. TRANSPORT

The Federation is of opinion that commensurate with the increase in agricultural and industrial production within the country there has not been a corresponding increase in transport facilities with the result that movement of goods from places of production to places of consumption is retarded which has mainly been responsible for fall in prices of agricultural commodities in certain areas. Exports are also handicapped for want of transport facilities to the ports. For clearance of imported goods owing to want of wagons ports are often congested and ports are obliged to restrict the free days of clearance to the trade. The Federation therefore is of opinion that there should be an accelerated programme for the manufacture and supply of wagons to cope up with the increased volume of traffic and in any case enough transport should be made availalbe to meet export needs. In particular there is the urgent need in doubling the tract between Vijayawada and Madras to facilitate movement of foodgrains especially. Shri R. Ramanathan Chettiar, Shri A.M.M. Arunachalam, Rao Bahadur V. S. Subramaniam and Shri K. A. Menon, Secretary, attended the Annual Meeting of the Federation.

REPUBLICAN DAY CELEBRATIONS

The Republic Day was celebrated in the Chamber as usual on the 26th January. In unfurling the National Flag, Shri K. Govindan, Vice-President, spoke as follows:—

"We are all assembled here to-day to celebrate the birthday of the Indian Republic. 26th January every year will always remain a memorable day in the annals of Indian history for it is on this day in 1950 that the world witnessed the birth of the Republic of India. The country has been freed from foreign domination and a Constitution suited to the genius of the people has been adopted after much discussion and deliberation. Much more remains to be done to make India, the India of our dreams and the India of our conception. In this mighty task of rebuilding the country and making her economically strong, we the members of the mercantile community have a special responsibility and it is only appropriate that on such solemn occasions we should pledge ourselves to the task that lie ahead of us. Friends, we should on such occasions, as ever, remember with pride and gratitude the memories of those dauntless sons and daughters of India who have sacrificed even their lives at the altar of freedom so that we may be free. While therefore we pay our homage to them we pledge ourselves to the task that is dear to them i.e., of rebuilding the country suited to the genius of the people.

Our achievements during this short period of Independence are not mean judged from any standard. We can certainly look back with pride on our solid achievements in the maintenance of peace and amity among the countries of the world. Our counsels in international deliberations are sought and respected. Our International status and influence is ever growing. We owe this international status to the towering personality of our Prime Minister Shri Jawaharlal Nehru. The part played by him in organising the Afro-Asian Conference in April next should be a matter of pride to our country. In spite of the wave of unrest which prevailed all over the country, law and order have been maintained. The food situation which has been causing much anxiety has been satisfactorily solved. The economy of the country has been placed on an even keel. Industrially the country has advanced in a commendable manner. The first five year plan of all round development is almost nearing completion. There may be lapses here and there but the country as a whole has recorded significant gains and secure foundations have been laid for future development. The Planning Commission, the Union and State Governments are busy in drawing up the second five year plan which will lay greater emphasis on industrial development and thereby help solve the chronic unemployment problem. The importance of medium, small scale and cottage industries in the economic frame work of the country is being increasingly recognised. With commendable promptitude a high power Taxation Enquiry Commission was appointed and they have submitted their report while the Report of the States Reorganisation Committee is awaited.

In keeping with the conception of a welfare state Government have re-stated and re-clarified their economic policy with a view to attain in the quickest time the objective of a higher standard of living for the massess. The Indian National Congress held at Avadi recently has also adopted a resolution which laid down that the country should evolve a socialistic pattern of society. The private sector has still a distinct role to play even in such a set up and I am sure that the business community as a whole will face the future with courage and confidence and continue to play their role in the economic regeneration of the country.

On an occasion like this it is not my purpose to dwell on controversial matters but I will be failing in my duty if I do not mention in passing the dissatisfaction among the public with regard to the proposal of the Government for amendment of the Constitution Act with a view to place payment of compensation on acquisition of private property by the State beyond the review of the judiciary. The Constitution Act has already been amended three times within this short period and I feel that it should not be amended in a light-hearted manner. The amendment will have far-reaching repercussions and I would appeal to Government that before introducing such vital changes affecting the fundamental rights provided under the Constitution they will be well-advised in seeking the verdict of the people.

It is now my proud privilege to unfurl the Flag of the Republic of India. May this Flag fly high and may it usher an era of moral improvement and material prosperity.

There was a good gathering and after light refereshments the meeting dispersed.

INDEPENDENCE DAY CELEBRATIONS

The Independence Day was also celebrated as usual on the 15th August and Shri K. Govindan, Vice-President in unfurling the National Flag spoke as fellows:—

We are assembled here today to celebrate the day of Independence and to rededicate ourselves to the cause of the Motherland. This day in 1947 marked the culmination of our dreary march for freedom and therefore this day every year will remain always a memorable day in the annals of Indian history. This day every year will be observed as a day of rededication all over the country with all solemnity for this is the day in 1947 when India became free from foreign domination through the unique technique of bloodless revolution. While we celebrate this day, our memories go back to Mahatma Gandhi, the Father of the Nation and his trusted lieutenants who considered no sacrifice too great in the freedom struggle. With gratitude and reverence we remember today as ever the countless sons and daughters of India who even laid their lives in the cause of the Motherland so that we may

be free. We always treasure their memory and we pray that we may be guided aright in building up the mighty edifice of the nation in the best interests of the country and of the people. A new era has opened in the history of our country from 1947 and we are indeed fortunate that we are the co-workers and contemporaries of the makers of the India of today.

Within a very short period of eight years the country has made remarkable progress judged from any standard. In the field of politics, India has made notable contribution for the maintenance of peace and amity among nations following different ideologies. The recent tour of our illustrious Prime Minister has assumed tremendous international significance and has been not a little responsible for creating a congenial atmosphere for the 'summit talks' and there is every reason to hope that the world will be spared the calamity of another war. In international politics like a lotus, India has kept above power blocks though she is amidst it. The Goa problem remains to be solved in a satisfactory manner and Government of India have handled this question in the only possible manner and we hope that with vision and understanding on either side this question which has assumed importance since the attainment of our Independence will be happily resolved. Let foreign nations beware that India is not merely a speck in the map of the world, or a country for the free play of foreign imperialisms or a place for economic exploitation but let them understand that India consists of men with dignity, men who had a glorious past and men who are going to have a glorious future. To-day we also pay our respects to those martyrs who have laid their lives in the cause of the struggle for the liberation of Goa. Their indomitable courage and their sacrifice in the cause of Motherland are but shining examples and today we pay homage to their memory. But it is not for us to retaliate this wanton killing of peaceful Satyagrahis. Let us not do anything in haste and repent at leisure. When the eyes become blood-shot the vision will be blurred. If the settlement of the Goa question is urgent and important so also it is necessary once for all that we should come to an understanding with regard to the Kashmir question and the problem of Indians in Ceylon which still defy solution. Let us hope that Government will be endowed with wisdom and courage for a settlement of all these outstanding problems to the satisfaction of all and so that they may not leave even a trail of bitterness anywhere.

If the country can look back with pride and satisfaction on our achievements in the past in the field of politics we have equally every reason to feel proud of our progress in trade, commerce and industry. The country, since Independence, has made giant strides in the matter of economic regeneration and in improving the lot of the people. Remarkable progress has been achieved in making the country self sufficient in food and in many other commodities. Industraılly, under the shade of our National Flag we have made much headway. Much more remains to be done but it is well to remember that 'Rome was not built in a day'. Eight years is too brief a period in the life of a nation to measure its progress. But judging from our past achievements we have every reason to believe that we are not taking any false steps. The pattern of society is also undergoing radical changes consistent with the genius of the people. What is more important is the awakening among all sections of the society all over the country to improve the lot of the people and in this noble endeavour of the National Government the mercantile community offers their hearty and whole-hearted co-operation.

Friends, today we have assembled here not to review the past but to honour the flag, the flag which has sustained us all along our dreary march for Independence, the flag that has put in us courage and wisdom to shake off foreign domination through a bloodless revolution, the flag that has put a cheer in the minds of our far-flung people all over the world, the flag that has been drenched with the blood and sacrifice of the brave sons and daughters of the country, the flag that has given us encouragement, enthusiasm and inspiration and the flag that flies over a nation at peace with the world and at home. That is the flag which today I have the honour to unfurl. May it fly higher and may it be a symbol of peace and amity among nations and may it usher an era of peace and prosperity to mankind.

There were light refreshments and the gathering dispersed after unfurling the National Flag.

GOA SITUATION

On the 18th August a hartal was observed throughout the country. The office of the Chamber was closed in sympathy with the death of martyrs due to the brutal killing of unarmed peaceful Satyagrahis at Goa.

The Committee in a subsequent meeting passed the following resolutions and it was communicated to the Chief Secretary to Government of Madras.

"This meeting condemns the indiscriminate shooting and brutal cold-blooded murder of innocent and peaceful Satyagrahis by the Portuguese Military authorities. This meeting is of opinion that the liberation of Goa and its integration with the Indian Union cannot brook of any delay. The liberation of Goa should be undertaken on peaceful lines as indicated by our illustrious Prime Minister. This meeting, therefore, requests Government of India to take whatever action is necessary for the liberation of Goa from foreign domination and approves of the action already taken by the Government in this direction. This meeting further pledges its solid support to Government in all their attempts for the liberation of Goa."

FLOOD RELIEF

During the year, some districts in the State were affected by an unprecedented floods. Many lives were lost, valuable properties were distroyed and many families were deprived of their bread earners. Thousands of people were stranded without food and without shelter due to the wrath of nature.

Government of Madras were prompt in organising flood relief and the Hon'ble Shri K. Kamaraj Nadar Chief Minister of Madras travelled from place to place in the flood stricken areas organising relief measures.

The Chamber authorised the President to organise flood relief measures. The President issued an appeal to the general body of members and copies of the appeal were distributed among mercantile community spread all over the country. Members were requested to contribute liberally to the Flood

Relief Fund and to send their contributions in kind to the Collectors of Ramnad and Tanjore districts. The response to the appeal was satisfactory and the Chamber contributed about Rs. 13,000 in cash besides large amount of cloths, food-grains, wheat products for relief of the suffering humanity.

MERCHANTS CUP

Some three years ago, the Committee of the Chamber resolved to present to the Race Club a cup valued at Rs. 1,000 to promote racing in Madras. Last year also, a Cup valued Rs. 1,000 was presented to the Race Club from contributions received from members. Thanks of the Chamber are due to those generous minded persons who have agreed to donate for the Cup for promotion of racing.

Accounts

The Southern India Chamber of Commerce, Madras.

Balance Sheet as at 31st December, 1955

CAPITAL & LIABILITIES	Rs. A. P.	Rs. A. P.
General Fund:		
As per last Balance Sheet ...	84,559 0 1	
Add: Donation to S. I. C. C. Building Fund treated as Advance ...	2,900 0 0	
Add: Balance in Independence Day and Republic Day, Celebrations Fund on 31—12—1954 ...	244 5 3	
	87,703 5 4	
Add: Excess of Income over Expenditure for the year ...	14,047 4 0	1,01,750 9 4
Building Fund.		
As per details in Statement attached ...		87,796 3 7
5% Redeemable Debentures (1000 of Rs. 500/- each) Secured by building in construction ...		5,00,000 0 0
Rental Advances. ...		2,30,175 0 0
Sundry Creditors:		
For Membership application deposits ...	1,425 0 0	
For Advance Subscriptions ...	107 0 0	
Federation of Indian Chambers of Commerce and Industry, for Delegation fees ...	40 0 0	
For Subscription to Notes & News ...	30 0 0	
For Arbitration Deposits ...	200 0 0	
For Expenses ...	995 2 0	2,797 2 0
Provision for interest on Debentures ...		10,416 10 8
Provision for interest on Rental Deposits		1,741 7 9
Merchants Cup account ...		170 9 9
Flood Relief Fund:		
Collections ...	13,707 0 0	
Less: Payments: ...	13,451 0 0	256 0 0
C/o ...		9,35,103 11 1

PROPERTY & ASSETS	Rs. A. P.	Rs. A. P.
Buildings:		
At cost as per last Balance Sheet ...	20,272 11 8	
Less: Estimated cost of electric wiring replaced ...	200 0 0	
	20,072 11 8	
Add: Additions—Rewiring etc. ...	782 0 0	
	20,854 11 8	
Less: Depreciation written off to date ...	16,313 11 4	4,541 0 4
Furniture:		
At cost as per last Balance Sheet ...	7,712 3 4	
Less: Depreciation written off to date ...	6,049 12 6	1,662 6 10
Library Books:		
At cost as per last Balance Sheet ...	7,694 0 5	
Add: Additions during the year ...	507 2 6	
	8,201 2 11	
Less: Depreciation written off to date ...	6,053 13 9	2,147 5 2
Weights and Measures:		
At cost as per last Balance Sheet ...	2,042 12 6	
Less: Depreciation written off to date ...	1,224 12 7	817 15 11
Gestetner Duplicator:		
At cost as per last Balance Sheet ...	2,750 0 0	
Less: Depreciation written off to date ...	1,403 13 10	1,346 2 2
Postal Franking Machine:		
At cost as per last Balance Sheet ...	1,014 3 9	
Less: Depreciation written off to date ...	489 5 8	524 14 1
Portrait Account:		
Cost of Photos as per last Balance Sheet ...		18,55 0 0
C/o ...		12,894 12 6

The Southern India Chamber of Commerce, Madras.

Balance Sheet as at 31st December, 1955

CAPITAL & LIABILITIES	Rs. A. P.	Rs. A. P.	Rs. A. P.
Brought forward ...			9,85,103 11 1
Building Fund Revenue Account			
Receipts till 31—12—54 ...	38,092 8 5		
During the year ...	3,936 3 11	42,028 12 4	
Less: Payments till 31—12—54 ...	44,876 4 11		
During the year ...	13,210 5 9		
	58,086 10 8		
Provision for interest on Debentures ...	10,416 10 8		
Provision for interest on Rental Deposits ...	1,741 7 9	70,244 13 1	
Excess of Payment over Receipts per contra ..		28,216 0 9	
C/o ...			9,85,103 11 1

PROPERTY & ASSETS	Rs. A. P.	Rs. A. P.
Brought forward ...		12,894 12 6
Building under Construction (including electric installation and fans) Payments made as per Statement attached ...		5,56,957 13 3
Fort Station Island Park Railings: (fixed during the year) ...		1,405 4 6
Investments:		
3% 1959 Madras Government Loan (Face value Rs. 7,000/-) at cost ...	6,895 0 0	
3% 1963-65 Government of India Loan (Face value Rs. 5,200/-) at cost ...	5,096 0 0	
3% 1986 Conversion loan of 1946 Government of India (Face value Rs. 5000) at cost ...	4,971 14 0	
(Market value Rs. 15,666-12-0) ...	16,962 14 0	
5% Debentures of Alagappa Textiles (Cochin) Ltd. (Face value Rs. 75,000-/) Bld Fund ... (Market value Rs. 71,250)	70,375 0 0	
Fixed Deposit with Indian Bank Ltd. Head Office, Madras ...	55,000 0 0	1,42,337 14 0
Interest accrued on Investments ...		942 6 7
Income-tax deducted from Interest on Investments ...		135 8 0
Advance payment of Income-tax ...		1,135 10 8
Deposit with City Bank Ltd. (in liquidation) ...		1,741 0 0
Deposits:		
With Government of India Central Publication Branch) ...	18 3 0	
With the Madras Port Trust ...	108 0 0	
With Madras Electricity System ...	40 0 0	
With General Post Office, Madras ...	691 0 3	857 3 3
C/o ...		7,18,407 8 9

The Southern India Chamber of Commerce, Madras.

Balance Sheet as at 31st December, 1955

CAPITAL & LIABILITIES	Rs.	A.	P.	Rs.	A.	P.
Brought forward ...				9,35,103	11	1
Total Rs. ...				9,35,103	11	1

PROPERTY & ASSETS	Rs.	A.	P.	Rs.	A.	P.
Brought forward ...				7,18,407	8	9
Accounts Recoverable						
Cost of Budget estimates ...	10	2	6			
(recoverable from the Federation of Indian Chambers of Commerce and Industry						
Rent Outstanding ...	187	8	0			
Advances to staff (for purchase of cycle)...	175	8	3			
Members subscription ...	450	0	0			
				823	2	9
Cash & other Balances.						
Cash on hand ...	211	2	2			
Cash with Indian Bank Ltd , in current account						
General ...	8,839	6	10			
Building Fund ...	17,247	11	8			
Debenture Trust Account ...	1,50,102	9	8			
Postage Stamps ...	5	0	0			
				1,76,405	14	4
Deferred Revenue Expenditure (Building Fund) ...				11,251	0	6
Debenture issue expenses, to be written off over the period of Debentures Building Fund Revenue Account ...				28,216	0	9
Total Rs. ...				9,35,103	11	1

K. A. MENON
Secretary

M. A. CHIDAMBARAM,
President

AUDITOR'S REPORT

I have examined the above Balance Sheet of the Southern India Chamber of Commerce, Madras as at 31st December 1955, and the Income and Expenditure Account for the year ended that date with the books of the Chamber. I have obtained all the information and explanations I have required. In my opinion the Balance Sheet and Income and Expenditure Account are drawn up in conformity with the law, so as to exhibit a true and correct view of the state of the affairs of the Chamber according to the best of my information and explanations given to me and as shown by the books of the Chamber. In my opinion the books of Account have been kept by the Chamber as required by section 130 of the Indian Companies Act.

MADRAS,
15—3—1956.

V. SOUNDARARAJAN, B.A. G.D.A., F.C.A.,
Chartered Accountant.

The Southern India Chamber of Commerce, Madras.

Income and Expenditure Account for the year ended 31st December 1955

EXPENDITURE	Rs. A. P.	Rs. A. P.
To Establishment ...		26,305 12 1
,, Bonus to Staff ...		3,172 0 6
,, Contribution to Provident Fund ...		1,842 12 6
,, Interest Contribution to Provident Fund ...		244 14 8
,, Postage and Telegrams ...		4,309 11 5
,, Printing and Stationery ...		7,870 15 9
,, Telephone Charges ...		881 6 0
,, Rent for Open land and Shed ...		481 8 0
,, Lighting Charges ...		207 12 2
,, Repairs and Maintenance ...		422 5 9
,, Fire Insurance ...		139 1 0
,, Property Tax ...		661 5 6
,, Income-Tax for 1954 ...		1,703 8 0
,, Advertisement Charges ...		24 0 0
,, Audit Fees ...		500 0 0
,, Binding Charges ...		115 4 0
,, Catering and Entertainment (includes Independence Day and Republic Day Celebrations) ...		760 11 9
,, Conveyance Charges ...		6 15 0
,, Bank Charges ...		37 8 0
,, Newspapers and Magazines ...		1,851 0 0
,, Market Report Allowance ...		46 8 0
,, Expenses for :—		
Survey and Sampling ...	361 4 0	
Certificate of Weight and Quality ...	127 0 0	
Tobacco Seed Oil and Groundnut Oil Analysis ...	479 8 0	
		957 12 0
C/o ...		52,052 11 7

INCOME	Rs. A. P.	Rs. A. P.
By Subscription :—		
Resident Members ...	38,130 0 0	
Non-Resident Members ...	3,540 0 0	
Affiliated Bodies ...	3,500 0 0	
		45,170 0 0
,, Entrance Fees ...		5,000 0 0
,, Nomination Fees ...		200 0 0
,, Other Fees :—		
For Certificate of Origin ...	2,815 8 0	
,, Certificate of Invoice ...	774 0 0	
,, Certificate of Weight and quality ...	2,558 9 0	
,, Survey and Sampling ...	775 1 0	
,, Tobacco Seed Oil and Ground-nut Oil etc. Analysis ...	2,368 12 0	
		9,291 14
,, Weight and Measurement Fees —		
,, From Messrs Narmac Shippings Ltd....	120 0 0	
,, From Messrs K.P.V. Shaik Mohamed Rowther & Co., ...	2,440 0 0	
,, From Messrs South India Corporation (Agencies) Ltd. ...	427 8 0	
		2,987 8 0
,, Miscellaneous Receipts :— ...		107 0 2
,, Rental Income ...		2,250 0 0
,, Interest :—		
On Investment ...	1,569 9 9	
On Current Account ...	43 5 1	
18-A Advance I. T. Payments ...	7 10 0	
		1,620 8 10
,, Subscriptions for Import and Export Circulars :— ...		1,000 0 0
,, Contribution by Members ...		2,000 0 0
,, Collection from Members for Independence Day and Republic Day Celebrations ...		672 0 0
C/o ...		70,298 15 0

The Southern India Chamber of Commerce, Madras.

Income and Expenditure Account for the year ended 31st December 1955

EXPENDITURE	Rs. A. P.	Rs. A. P.
B/f ...		52,052 11 7
To Maintenance of Fort Station Island Park ...		480 0 0
,, Miscellaneous Expenses ...		1,101 0 9
,, **Donations :—**		
To King George V Memorial Fund ...	5 0 0	
,, Madras Union of Journalists ...	250 0 0	
,, Flag Day Celebrations ...	51 0 0	
		306 0 0
,, **Subscriptions :—**		
To Federation of Indian Chambers of Commerce and Industry ...	1000 0 0	
,, Indian Standard Institution ...	250 0 0	
,, Indian National Committee ...	100 0 0	
		1,350 0 0
,, **Depreciation :—**		
On Building at 2½% ...	116 7 0	
,, Furniture at 7% ...	125 2 6	
,, Library Books at 10% ...	238 9 7	
,, Weights and Measures at 12% ...	111 9 7	
,, Gestetner Duplicator at 15% ...	237 7 0	
,, Postal Franking Machine at 15% ...	92 11 0	
		921 14 8
,, Estimated value of Electric Wiring replaced written off ...		40 0 0
To Building Fund Revenue Account Payments		
Ground Rent ...	4,976 14 0	
Sundry Expenses ...	22 11 0	
Property Tax ...	139 7 0	
Interest on Rental Advance ...	8,071 5 9	
	13,210 5 9	
,, **Provision for :—**		
Interest on Debentures ...	10,416 10 8	
,, ,, Rental Advance ...	1,741 7 9	
		25,368 8 2
,, Excess of Income over Expenditure for the year ...		14,047 4 0
Total Rs. ...		95,667 7 2

INCOME	Rs. A. P.	Rs. A. P.
B/f ...		70,298 15 0
By Building Fund Revenue Account Receipts :—		
,, Interest from Debentures of Alagappa Textiles (Cochin) Ltd. ...	3,750 0 0	
,, Interest from Bank Accounts and Miscellaneous Receipts ...	186 8 11	
	3,936 8 11	
Transfer to Revenue Account vide Balance Sheet ...	21,431 15 3	
		25,368 8 2
Total Rs. ...		95,667 7 2

MADRS, —'56.

Examined and found correct.

V. SOUNDARARAJAN, B.A., G.D.A., F.C.A.,
Chartered Accountant.

K. A. MENON,
Secretary.

M. A. CHIDAMBARAM,
President.

The Southern India Chamber of Commerce, Madras.

Building Fund Statement of Account upto 31st December, 1955

RECEIPTS		Rs. A. P.	Rs. A. P.
To Contribution to capital Fund From Dr. Rm. Alagappa Chettiar:			
Debentures of 5% Alagappa Textiles (Cochin) Ltd.	70,000 0 0		
From Members - in cash	8,237 0 0		
From South India Industrial and Commercial Conference	9,559 3 7		
			87,796 3 7
„ 5% Redeemable Debenture Loan ...			5,00,000 0 0
„ Revenue Receipts:			
From Dr. Rm. Alagappa Chettiar towards Ground Rent ...		20,944 8 0	
Interest from Debentures of Alagappa Textiles (Cochin) Ltd. ...		20,625 0 0	
Interest from Bank Accounts and Miscellaneous Receipts ...		459 4 4	
			42,028 12 4
„ Rental Advances:			
From the Indian Bank Ltd. ...		1,02,000 0 0	
From the New India Assurance Company Ltd. ...		1,26,900 0 0	
			2,29,800 0 0
Advance from Southern India Chamber of Commerce ...			4,400 0 0
			8,64,024 15 11

PAYMENTS		Rs. A. P.	Rs. A. P.
By Capital Expenditure Building Construction (in Progress.):			
Architect's Fees	40,897 0 0		
Building Contractors	3,09,000 0 0		
Fencing and Materials	57,721 13 3		
Piling Contractors	1,06,465 3 0		
Diversion of Pipeline	5,855 0 0		
Licence fee for lift	85 0 0		
Drain Connection	6,266 12 0		
Water Connection	435 15 0		
Salary of Clerk of works	2,491 4 0		
Licence fees	1,935 0 0		
		5,31,102 15 3	
Electric Installation and Fans ...		25,854 14 0	
			5,56,957 13 3
Deferred Revenue Expenses Debenture issue Expenses (to be written off over the Debenture period) ...			11,251 0 6
„ Revenue Expenditure:			
Ground Rent ...		48,733 0 10	
Sundry Expenses ...		244 2 1	
Property Tax ...		921 10 0	
Conveyance and Sundry Expenses ...		116 8 0	
Interest on rental advances ...		8,071 5 9	
			58,086 10 8
„ Cash and Other Balances:			
Cash on hand ...		4 2 2	
Cash with the Indian Bank Ltd., in Current Account ...		17,247 11 8	
Cash with the Indian Bank Ltd., (in Debenture Trust Account) ...		1,50,102 9 8	
5% Debentures of Alagappa Textiles (Cochin) Ltd., including Transfer Fees (Face Value Rs. 75,000/-) ...		70,375 0 0	
			2,37,729 7 6
			8,64,024 15 11

Examined and found correct,

MADRAS, 15—3—'56.

V. SOUNDARARAJAN, B.A., G.D.A., F.C.A.,

K. A. MENON, *Secretary.*

M. A. CHIDAMBARAM, *President.*

The Southern India Chamber of Commerce, Madras.

Provident Fund Revenue Account for the year ended 31st December 1955

EXPENDITURE	Rs. A. P.	Rs. A. P.
To Transfer to Employees' Provident Fund		
Contributions ...	3,630 3 0	
Interest Credited ...	937 4 6	4,567 7 6
Bank Charges ...		2 8 0

INCOME	Rs. A. P.	Rs. A. P.
By Subscriptions by Employees ...		1,787 6 6
,, Contribution by Chamber ...		1,842 12 6
,, Interest Received and accrued on Investments, Loans and Fixed Deposits ...	692 5 10	
,, Contribution by Chamber ...	244 14 8	937 4 6
,, Excess of Expenditure over Income transferred to General Fund ...		2 8 0
		4,569 15 6

MADRAS, 15—3—'56. } K. A. MENON, *Secretary.*

M. A. CHIDAMBARAM, K. GOVINDAN, *Trustees.*

Examined and found correct

V. SOUNDARARAJAN, B.A., G.D.A., F.C.A.,
Chartered Accountant.

The Southern India Chamber of Commerce, Madras

Provident Fund Balance Sheet as at 31st December 1955

LIABILITIES	Rs. A. P.	Rs. A. P.
Employee's Provident Fund :		
As per last Balance Sheet ...	23,460 11 10	
Add Contributions and Interest for the year ...	4,567 7 6	
	28,028 3 4	
Less Settlement during the year : Payment to Employee 185 2 6; Transfer to General Fund. 181 9 7	366 12 1	27,661 7 3
(Includes dues to Ex-employees Rs. 19-9-3)		
Investment Reserve ...		
As per last Balance Sheet ...		261 0 9
General Fund :		
As per last Balance Sheet ...	488 8 11	
Add Transfer of forfeited amount on settlement of Ex-employees account from Employees Provident Fund. ..	181 9 7	
	670 2 6	
Less Excess of Expenditure over Income for the year ...	2 8 0	667 10 6
Total Rs. ...		28,590 2 6

ASSETS	Rs. A. P.	Rs. A. P.
Investments at cost :—		
Post Office National Savings Certificates ...	4,500 0 0	
3% 1957 Government of India Victory Loan (Face Value Rs. 3,900/-) (Market Value Rs. 3,882-15-0) ...	3,956 1 0	
3½% 1964 National Plan Loan (Face Value Rs. 5,000/-) (Market Value Rs. 4,934-6-0) ...	4,918 12 0	
3½% 10 Years Treasury Savings Deposit Certificates ...	4,000 0 0	
	17,374 13 0	
Fixed Deposits with Indian Bank Ltd. ...	6,000 0 0	23,374 13 0
Loans to members ...		653 9 4
Interest accrued on Investments, Loans etc., ...		1,065 11 1
Incometax deducted at source on Interest from Investments ...		76 2 0
Cash with the Indian Bank., Ltd. on Current Account. ...		3,419 15 1
Total Rs. ...		28,590 2 6

Madras, 15—3—56

K. A. MENON, *Secretary.*

M. A. CHIDAMBARAM, K. GOVINDAN, *Trustees.*

Examined and Found Correct

V. SOUNDARARAJAN, B.A., G.D.A., F.C.A.,
Chartered Accountant.

AFFILIATED BODIES

Names and addresses of Chambers of Commerce and Associations in the City and Mofussil affiliated to the Chamber.

1. The Andhra Oilseed Dealers' Chamber,
   18/301, Purnanandampet,
   Vijayawada.

2. The Cochin State Tile Manufacturers Association,
   Tiruchur,
   Cochin State.

3. The East India Tobacco Federation,
   2/6, Second Line Beach,
   Madras.

4. The Erode Oil Merchants' Association,
   Erode.

5. The Indian Chamber of Commerce,
   14/73, Oppanakara Street,
   Coimbatore.

6. The Indian Chamber of Commerce,
   South Raja Street,
   Tuticorin.

7. The Kanara Chamber of Commerce,
   Bunder,
   Mangalore.

8. The Madras Cycle Importers' Association,
   No. 164, Broadway,
   Madras-1.

9. The Madras Fruits Commission Agents' Association,
   33, Bunder Street,
   Madras.

10. The Madras Hotels Association,
289, China Bazaar Road,
Madras.

11. The Madras Jewellers' & Diamond Merchants' Association,
Car Street, China Bazaar Road,
Madras.

12. The Madras Kirana Merchants' Association,
210, Govindappa Naick Street,
Madras-1.

13. The Madras Mica Association,
Gudur.

14. The Madras Opticians' Association,
3/173, Broadway,
Madras.

15. The Madras Sowcars Association,
Bhandari Buildings (Upstairs),
2/3, Narayana Mudaly Street,
Madras.

16. The Madura Ramnad Chamber of Commerce,
90-92, East Avanimoola Street,
(2nd floor), Madurai.

17. The Malabar Chamber of Commerce,
Old Empress Hotel Road,
Calicut.

18. Malabar Produce Merchants' Association,
Copra Bazaar,
Calicut.

19. The Negapatam Chamber of Commerce,
Negapatam.

20. The Oilman Stores & Sundry Merchants' Association,
3, Bunder Street,
Madras.

21. The Palghat Chamber of Commerce,
Palghat.

22. The Rajapalayam Chamber of Commerce,
"S. N. B. Buildings",
Bank Road,
Rajapalayam (Ramnad District).

23. The Salem District Chamber of Commerce,
Cherry Road,
Salem.

24. The Sivakasi Chamber of Match Industries,
Valapalakadai Street,
Sivakasi (S. India).

25. South Indian Iron & Hardware Merchants' Association
"Catholic Centre",
2, Armenian Street,
Madras-1.

26. The South Indian Society of Auctioneers & Estate Agents,
5, Thambu Chetty Street,
Madras-1.

27. Tamil Nadu Foodgrains Merchants' Association Limited,
7, Swami Sannadhi Lane,
East Masi Street,
Mathurai.

28. The Trichinopoly District Chamber of Commerce,
21, Sub Jail Road,
Tiruchirapalli.

29. The Trichinopoly District Merchants' Association,
42, Gandhi Market,
Tiruchirapalli.

30. The Tuticorin Ceylon Current Exporters & Importers Chamber,
58-A, South Raja Street,
Tuticorin.

31. The Indian Chamber of Commerce
(Virudhunagar) Ltd.,
5/68, South Car Street,
Virudhunagar (S. India).

32. The Madras Betel Nut Merchants Association,
37, Godown Street,
G.T. Madras-1.

33. The Tirupur Cotton Merchants' Association,
53/8, Kumaran Road,
Tirupur.

34. The South India Betel Nut Importers Association,
117, Audiappa Naick Street,
Madras-1.

35. The Sindhi (Multani) Bankers Association,
44, Erulappan Street,
G. T. Madras.

36. The Madras Maniyari Merchants Association,
No. 2/3, Narayana Mudali Street,
Madras-1.

List of Dailies. Journals, Periodicals and Government publications received in the Library during 1955.

DAILIES

Daily list of Imports and Exports at Madras Port.
The Hindu.
The Mail.
The Indian Express.
Hindustan Times.
The Times of India.
Pandian Maket Review.

WEEKLY

Bombay Gazette.
Travancore & Cochin Gazette.
Mysore Gazette.
Andhra Gazette.
Calcutta Gazette.
Board of Trade Journal.
Capital.
Chemical Age.
Commerce.
Eastern Economist.
Economist.
Fort St. George Gazette.
Gazette of India.
Indian Finance.
Indian Trade Journal.
Machinery Market.
Metal Market Review.
News-letter—Indian Chamber of Commerce, Calcutta.
Weekly Marketing Notes.
Weekly Bulletin of Statistics.
Weekly Bulletin of Agriculture Statistics.
Weekly Bulletin of Import & Export Trade Control.

FORTNIGHTLY

Notes & News—Federation of Indian Chambers of Commerce and Industry.
Market Report—Madras Chamber of Commerce.

MONTHLY AND QUARTERLY

Agricultural Situation of India.
American Exporter.
Australian News.
British Export Gazette.
Coming Events in Britain.
Chamber of Commerce Journal.
China Reconstructs.
Banker.
Ceylon Trade Journal.
Export Anzeiger (Germany).
Engineering News of India.
F. B. I. Review.
Indian Cotton Review.
Industry.
Indian Farming.
Indian Leather Research Institute Journal.
Indian Central Tobacco Bulletins.
Indian Shipping.
Indian Merchants Chamber Journal.
Income-tax Gazette.
Indian Exporter.
Italian Trade News.
Journal of Trade and Industry.
Mysore Commerce.
Mysore Information Bulletin.
Mercantile Guardian.
Machinery Lloyd.
Planters Journal.
Quarterly Bulletin of Eastern Economist.
Railway Gazette.

Sea Borne Trade & Navigation of India.
Swiss Industry & Trade.
Times Review of Industry.
Trade and Engineering.
The Record.
Commonwealth To-day.
United Nations Bulletins.
Economic Trends.

DIRECTORIES

All India Telephone Directory.
Alphabetical list of towns in India.
Acme Commodity and Phrase Code.
Bentley's Second Phrase Code.
Bentley's Complete Phrase Code.
Western Union Telegraphic Code—Five Letter.
Peres Triple Combination Cipher Code.
Oriental Self-checking Three Letter Code.
A.B.C. Universal Commercial Telegraphic Code (Five Letter).
All-India Business Directory.
British Trade Index.
Commodity Year Book.
Custom House Guide, U.S.A.
Canadian Trade Index.
Commercial Directory of Madras.
Calendar—Madras University.
Classified Commercial Guide, Singapore.
Calendar—Andhra University.
Calendar—Mysore University.
Calendar—Annamalai University.
Coimbatore Guide and Directory.
F.B.I. Register.
Hand Book of Commercial information of India.
Hindustan Year Book.
Encyclopaedia Britanica.
Indian Year Book.
Indian Annual Register.
Industry Year Book & Directory.

Insurance Year Book.
Investors Encyclopaedia.
India & Pakistan Year Book.
New Year Book.
Japan Bicycle Guide.
Japan Trade Guide.
Osaka Trade Directory.
Western Japan Directory.
General Catalogue Osaka Japan.
Kansai Industry & Trade.
Tokyo Foreign Trade Directory.
Indo-Japanese Business Directory.
Japan Register.
Machinery Guide. Japan.
P.I.G. Catalogue of Japan.
Kelley's Directory.
Lloyds Directory.
London Directory.
Outline of the World To-day.
Indian Export Directory.
Public Abbreviated Addresses.
Official Abbreviated Addresses.
Peck Chittagong Directory.
Mercantile Directory of Mysore.
Manchester Chamber of Commerce Hand Book.
Oil and Petroleum Year Book.
Ports and Cities of the World.
Planting Directory of South India.
Sell's National Directory and British Exporters Register.
British Chemical Plant Official Directory.
Madras States Directory.
Directory of Exporters of Indian Produce.
Directory of Indian Industries.
Indian Textile Diary.
M.M. Year Book.
Wellington N.Z. Business Directory.

Danish Export Calendar.
Sweedish Export Directory.
Sudan Directory.
South Indian Information.
Statistical Year Book of the League of Nations.
Times of India Directory.
Mysore State Hand-book & Directory.
World Year Book of Chambers of Commerce.
Madras Stock Exchange Year Book.
Trade Guide S.E. Asia & Oceania.
Basis Statistical Analysis of India.
Development Directory of Small Scale Industries.

THE SOUTHERN INDIA CHAMBER OF COMMERCE

MADRAS

COMMERCIAL HOLIDAYS IN 1956

Under the Explanation to Section 25 of the Negotiable Instruments Act, 1881, (XXVI of 1881) the following days besides Sundays have been declared Holidays for the year 1956.

Month	*Date*	*Day*	*Holiday*
January	13	Friday	Bhogi
"	14	Saturday	Pongal
"	26	Thursday	Republic Day
March	10	Saturday	Maha Sivarathri
"	30	Friday	Good Friday
April	12	Thursday	Telugu New Year's Day
"	13	Friday	Tamil New Year's Day
May	12	Saturday	Ramzan
June	30	Saturday	Half-yearly Closing of Bank Accounts (not a holiday for other Govt. Offices including Non-Bank treasuries)
July	19	Thursday	Bakrid
August	15	Wednesday	Independence Day
"	17	Friday	Muharram
"	21	Tuesday	Avani Avittam
"	22	Wednesday	Sri Narayana Gurudev's Birthday (In Malabar Dt. only in lieu of Telugu New Year's Day)
"	29	Wednesday	Sri Jayanthi
September	8	Saturday	Vinayaka Chathurthi
October	2	Tuesday	Mahatma Gandhi's Birthday
"	3	Wednesday	Mahalaya Amavasya
"	12	Friday	Ayudha Puja
"	13	Saturday	Ayudha Puja
"	17	Wednesday	Meeladi Nabi
November	1	Thursday	Deepavali
"	2	Friday	Deepavali
December	25	Tuesday	Christmas
"	31	Monday	Annual Closing of Bank Accounts (not a holiday for other Govt. Offices including non-Bank treasuries)

* *The Proposed Postal Holidays.*

"Indian Chamber Buildings"
MADRAS
21st November 1955

K. A. MENON,
Secretary.

M. A. CHIDAMBARAM,
President.

Commercial Printing & Publishing House,
46, Armenian Street, Madras—1.