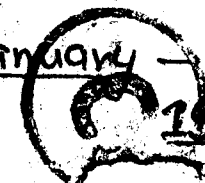




ANNUAL REPORT OF
THE SOUTHERN INDIA
CHAMBER OF COMMERCE
MADRAS

January - December

1956.



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REPORT OF THE SOUTHERN INDIA CHAMBER OF COMMERCE

MADRAS OFFICE OF THE REGISTRAR C.



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January—December 1956

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The Southern India Chamber of Commerce, Madras-1

Personnel of the Committee for the year (1956-57)

President :

Shri M. A. Chidambaram

Vice-Presidents :

Janab K. S. G. Haja Shareeff

Shri K. V. Srinivasan, B.Sc., G.D.A., F.C.A.

Committee :

Shri C. V. Rm. Alagappa Chettiar

Shri M. V. Arunachalam

Shri C. D. Damodaram

Shri K. Govindan

Shri K. Jacob Louis

Janab A. P. Jamal

Rao Bahadur T. S. Kachapikesa Mudaliyar, B.A.

Shri H. C. Kothari

Shri Laldoss Govindoss

Shri P. Maruthai Pillai

Janab Mohomed Adam Sait

Kumararajah M. A. M. Muthiah Chettiar, B.A.

Shri M. Ct. Muthiah

Shri V. M. P. Muthuswamy

Shri A. Nagappa Chettiar

Shri V. Pandurangiah

Shri S. Narayanaswamy (from 24-8-56 in place of
Shri S. Ramaswamy Naidu deceased)

Shri T. Ranganatha Mehta

Janab Rasheed Ahmed Sayeed

Shri M. M. Rawal

Shri N. V. R. Sourirajan

Shri L. Srinivasan, B.A., J.P.

Rao Bahadur V. S. Subramaniam

Shri M. A. Thangappan

Shri D. P. Parthasarathy (from
27-9-56 in place of Shri N.

Gopala Iyer)

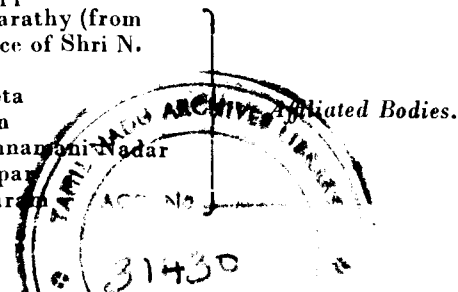
Shri Basantlal Gupta

Shri M. R. Ganesan

Shri K. T. K. Chinnappa Nadar

Shri J. S. Kannappa

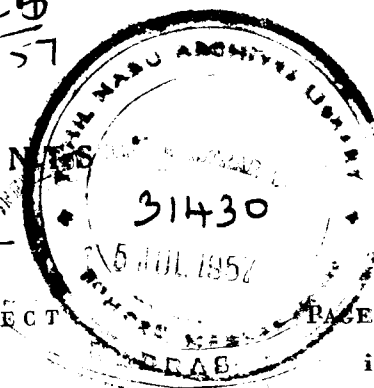
Shri A. Somasundaram



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The proceedings of the meeting commenced at 5 P.M., with Shri K. A. Menon, Secretary, reading the notice convening the meeting. Shri M. A. Chidambaram, President of the Chamber, then delivered his Presidential Address.

The Hon'ble Shri K. Kamaraj Nadar, Chief Minister, Government of Madras, 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.

Before formally moving the adoption of the Annual Report and Audited Statements of Accounts for the year 1955, Shri M. A. Chidambaram, thanked members for unanimously electing him as the President for the year 1956. Shri M. A. Chidambaram, proposed the adoption of the Annual Report and Audited Statements of Accounts of the Chamber for the year 1955. Shri K. Govindan, Vice-President, seconded the adoption of the Annual Report. The Report and the Audited Statements of Accounts of the Chamber for the year 1955 were unanimously passed.

The Auditor's remuneration for the year 1956 was fixed at Rs. 500/— for monthly audit and statement and Shri V. Soundararajan, B. A., G. D. A., F. C. A., was elected as Auditor of the Chamber for the year 1956.

The President then announced the election of Shri M. R. Ganesan to the Committee of the Chamber to represent the City Affiliated Bodies.

The meeting for the day then terminated.

The 7th April 1956 was fixed for election of Vice-Presidents and 8 members to the Committee of the Chamber. 8 candidates were duly nominated for election as Vice-Presidents but 5 of them withdrew prior to the election, leaving behind Janab K.S.G. Haja Shareeff, Shri C. Hanumantha Rao and Shri K. V. Srinivasan for election of two Vice-Presidents.

Similarly out of 22 members nominated for election of 8 members to the Committee, 13 members withdrew before the election, leaving 9 members for election to 8 seats. Ballot papers were issued at 10 A.M., for the election of two Vice-Presidents and 8 members of the Committee. During the course of election Shri C. Hanumantha Rao withdrew his nomination for election as Vice-President and also his candidature for Committee. Ballot papers so far issued were counted and as a result Janab K.S.G. Haja Shareeff and Shri K. V. Srinivasan were declared elected as Vice-Presidents of the Chamber.

Similarly as a result of balloting the following 8 members were elected to the Committee:—

1. Shri C. V. Rm. Alagappa Chettiar ,
2. Rao Bahadur T. S. Kachapikesa Mudaliyar.
3. Shri P. Maruthai Pillai,
4. Shri V. M. P. Muthuswamy,
5. Shri M. Ct. Muthiah ,
6. Shri A. Nagappa Chettiar,
7. Shri N. V. R. Sourirajan,
8. Shri M. A. Thangappan.

The 46th Annual General Meeting and Elections 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	(10)
Janab K. S. G. Haja Shareeff	(8)
Shri K. V. Srinivasan, B.Sc., G.D.A., F.C.A.,	(10)
Shri C. V. Rm. Alagappa Chettiar	(10)

Shri M. V. Arumachalam	(10)
Shri C. D. Damodaram	(10)
Shri K. Govindan	(9)
Shri K. Jacob Louis	(12)
Janab A. P. Jamal	(9)
Rao Bahadur T. S. Kachapikesa Mudaliyar, B.A.	(10)
Shri H. C. Kothari	(4)
Shri Laldoss Govindoss	(9)
Shri P. Maruthai Pillai	(8)
Janab Mohamed Adam Sait	(12)
Kumararaja M. A. M. Muthiah Chettiar, B. A.	(1)
Shri M. Ct. Muthiah	(6)
Shri V. M. P. Muthuswamy	(9)
Shri A. Nagappa Chettiar	(12)
Shri V. Pandurangiah	(9)
Shri S. Ramaswamy Naidu (Now Deceased)	(—)
Shri S. Narayanaswamy (From 24-8-1956)	(5)
Shri T. Ranganatha Mehta	(12)
Janab Rasheed Ahmed Sayeed	(12)
Shri M. M. Rawal	(12)
Shri N. V. R. Sourirajan	(13)
Shri L. Srinivasan, B.A., J.P.,	(10)
Rao Bahadur V. S. Subramaniam	(7)
Shri M. A. Thangappan	(13)
Shri N. Gopala Iyer (upto 26-9-56)	(—)
Shri D. P. Parthasarathy Iyengar (from 27-9-1956)	(3)
Shri Basantlal Gupta	(11)
Shri M. R. Ganesan	(5)

Shri K. T. K. Chinnamani Nadar	(6)
Shri J. S. Kannappan	(1)
Shri A. Somasundaram	(4)

During the course of the year the Committee suffered by the death of one of its esteemed members Shri S. Ramaswamy Naidu and Shri S. Narayanaswamy was co-opted in his place. Shri D. P. Parthasarathy Iyengar was co-opted in the place of Shri N. Gopala Iyer.

During the year there were 13 ordinary and 35 special meetings. 75 members were admitted while due to death, resignation and non-payment of subscription the names of 49 members were removed from the rolls so that at the end of the year there were 816 members. The Committee placed on record their deep sense of sorrow on the demises of Shri T. Nannu Shankar Tawker, Shri MTT. AR. S. AR. Arunachalam Chettiar, Shri S. Ramaswamy Naidu, Shri Manilal M. Mehta, Dewan Bahadur C. S. Rathnasabapathy Mudayar, Shri C. G. Anniappa Mudaliyar, Shri K. Ganzon, Shri N. R. K. K. Rajaratna Nadar, and Shri P. N. S. Ayyar.

The year 1956 was an eventful year in the annals of the history of the Chamber. It is on the 19th of January 1956 the office was shifted to its new premises, "Indian Chamber Buildings", Esplanade, Madras. The first meeting of the Committee was held in the premises after the religious function while the building was formally opened by the Hon'ble Shri T. T. Krishnamachariar, on the 20th of January 1956. Since then additions have been made to the building and all the available space have been rented out. The building has been completed by the untiring efforts of its President, Shri M. A. Chidambaram, and the Committee and the general body cannot be too grateful to him for all he has done to house the Chamber in such beautiful habitation.

There was heavy work throughout the year, an indication of which can be had from the fact that 7,627 letters were received during the year and 4,336 letters were despatched. 78 Certificates of Weight, 945 Certificates of

Origin, 238 Certificates of Invoice and 51 Certificates of Quality were issued. There were in all 43 visits from distinguished Ministers, foreign Trade Commissioners, Consuls etc. Besides Chamber tendered oral evidence before Commissions and Committees who visited Madras.

The year was also full of legislative activity, and the Committee sent its representations on important Bills of the Central and State Legislature.

Sub-Committees were constituted right at the beginning of the year to study important subjects coming up for consideration of the Committee. The representatives of the Chamber on public bodies did yeoman service in bringing to the notice of such Committees for discussion important subjects in which members were having difficulties. Import, Export and Taxation & Finance Sub-Committees met very frequently and the thanks of the Chamber are mainly due to their untiring efforts. It is desirable from the point of view of the working of the institution that members should bring to the notice of the Chamber any of their difficulties as and when they experience and it is requested that they should not wait to get the Chamber's circular asking for suggestions for discussion. Even now there are 216 circulars issued which is a great strain on the slender resources of the Chamber. The Chamber continues to issue Import and Export Trade Control Circulars on a nominal subscription to be of service to the members of the Chamber. Over and above such circulars, circulars of general importance to the trade have been issued to the general body of members keeping them informed of the current activities.

The Quarterly Meetings were well attended. There is a need to organise such meetings at more frequent intervals and this will serve as a forum for the general review of the situation that prevailed in the country or for ventilating the grievances experienced by the mercantile community periodically.

The Independence Day and the Republic Day were observed in the Chamber with all due solemnity as in the years past. The Chamber continues to present a Cup for the Madras Racing Season. The Cup for the year was presented on the 10th February 1957 at a cost of Rs. 1,015/-- received from members by way of donation.

It is happy to record the popularity enjoyed by members in public life. During the year the Hon'ble Shri T. T. Krishnamachariar, who served in the Central Cabinet as Minister for Commerce & Industry and Iron & Steel, has been entrusted with more responsible work of guiding the finances of the country. The re-election of Shri T. T. Krishnamachariar to the Parliament and election of Shri R. Ramanathan Chettiar to the Parliament as well as the election of Rajah Sir M. A. Muthiah Chettiar of Chettinad, of Janab K. S. G. Haja Shareeff, of Shri A. V. Thomas, of Shri C. R. Ramaswamy, of Janab M. J. Jamal Mohideen, of Shri M. Mayandi Nadar, of Shri G. Annamalai Muthuraja and Janab A. A. Rasheed to the Madras State Assembly show in unmistakable terms that in the political life members of the Chamber enjoy the confidence of the public. It is necessary that businessmen should take more interest in the political activities also for politics and economics go hand-in-hand. Shri M. A. Chidambaram continues to be on the governing body of the "Dufferin". The nomination of Shri. R. Ramanathan Chettiar, Shri C. R. Srinivasan, and Shri P. Suryanayana to the Local Board of the Reserve Bank of India and Shri A. M. M. Murugappa Chettiar to the Central and Local Board of the State Bank of India, and Shri R. Ramanathan Chettiar to the Local Board of the State Bank of India shows the esteem with which members are regarded by the Government as well. It may be mentioned that Shri M. Ct Muthiah continues to be a member of the Board of Directors of the Industrial Finance Corporation of India.

The Committee are aware that space is still insufficient for making good use of the Library of the Chamber. Attempts are being made to improve it for the convenience of members and visitors of the Chamber. Many foreign journals are received in exchange for the Chamber's Annual Report and many foreign firms, Consuls and Commissions look up to the Chamber for guidance for getting names and addresses of importers, exporters etc. The Chamber has been giving such information and probably has been instrumental in improving the trade relationship between India and other foreign countries. For the promotion of the Indo-German trade a Sub-Committee has been appointed by the Chamber to study how best trade between these two countries could be developed. Attempts are being made similarly to constitute other Committees to study how best to improve our exports to other countries also.

The year is significant in many respects. The industrial policy of the Government has been enunciated. A more ambitious Second Five Year Plan of development has been implemented. The nationalisation of life insurance, the introduction of the State Trading Corporation for handling export trade have all been attempted during the course of this year. Private Sector is sought to be eliminated steadily. Though the industrial policy can claim to be more comprehensive and precise its emphasis was more on the State assuming responsibilities in the matter of industrialisation. All these activities go to show that unless the Private Sector organises itself in a more concerted form to safeguard its legitimate interest it looks as though the Public Sector will be continuously widened relegating the Private Sector to minor importance. It is, therefore, in our interest to organise Chambers of Commerce in a more systematic manner to help the Private Sector not only to maintain its position but to expand its activities. The President has already

suggested even in the last year that the Committee should be widened so as to admit the co-option of important members to serve as Committee Members of the Chamber. Chambers of Commerce also should be made more representative so that it should be considered as the authoritative mouthpiece of the commercial community in this part of the country. Economic activities are increasing in its tempo while the pattern of economic development also is changing. Unless we fit in with the changed circumstances we may not have a definite place in the scheme of things.

The Audited Statements of Accounts of the Chamber for the year 1956 are appended herewith.

K. A. MENON,
Secretary.

M. A. CHIDAMBARAM,
President.

"Indian Chamber Buildings",
Esplanade, Madras-1.
15th March, 1957.

Present Representatives of the Chamber on Public Bodies

<i>Madras Corporation :—</i>	Shri V. M. P. Muthuswamy
<i>Madras Port Trust :—</i>	Shri P. Maruthai Pillai, Shri A. Nagappa Chettiar, Shri Laldoss Govindoss Shri B. N. Patel, Shri K. R. Sundaram Aiyar
<i>Zonal Railway Users Consultative Committee for Southern Railways.</i>	Shri T. Ranganatha Mehta
<i>Senate of the Madras University :—</i>	Shri M. M. Rawal Shri A. Srinivasa Rao, M.A., B.L.
<i>Senate of the Annamalai University :—</i>	Shri K. Govindan
<i>Board of Industries :—</i>	Janab A. P. Jamal
<i>Textile Trade Marks Advisory Committee :—</i>	Shri L. Srinivasan
<i>Sales Tax Advisory Committee :—</i>	Shri T. K. Singaram, M.A. B.Com.
<i>Madras Port Import Committee :—</i>	Shri M. A. Chidambaram
<i>Madras Port Export Committee :—</i>	Shri M. A. Chidambaram
<i>Delegate to International Chamber of Commerce, Indian National Committee :</i>	Shri K. V. Srinivasan
<i>Madras Income-tax Board of Referees :—</i>	Khan Bahadur Yusuff Sait Raja Sir M. A. Muthiah Chettiar of Chettinad.
<i>Advisory Committee for Madras Requisitioning of Land and Buildings</i>	Khan Bahadur Yusuff Sait.
<i>Delegates to the 30th Session of the Federation :—</i>	Shri K. V. Srinivasan Shri R. Ramanathan Chettiar Shri A. M. M. Murugappa Chettiar Shri T. K. Singaram M.A. B.Com.

<i>Madras Employment Exchange Committee :—</i>	Shri K. Jacob Louis
<i>Employment Advisory Committee :—</i>	Shri A. C. Seshadri
<i>Provincial Advisory Committee for Mill Cloth :—</i>	Shri P. Suryanarayana
<i>Regional Posts & Telegraphs Advisory Committee, Madras.</i>	Shri C. V. Rm. Alagappa Chettiar
<i>Evacuee Property Advisory Committee :—</i>	Shri V. S. L. Nathan
<i>Madras Advisory Committee on Food :—</i>	Shri K. Govindan Shri Poppat Hansraj
<i>Madras Telephone Advisory Committee :—</i>	Shri A. Nagappa Chettiar.
<i>Port Anti Pilferage Committee :—</i>	Janab K. S. G. Haja Shareeff
<i>Port Health Committee :—</i>	Janab K. S. G. Haja Shareeff
<i>Amrit Nagar Colony (Rehabilitation Centre for extuberculosis Patients, Advisory Committee)</i>	Rao Bahadur T. S. Kachapikesa Mudaliyar, B.A.,
<i>Zonal Advisory Committee for discussion of matters relating to exports of Iron and Manganese ore.</i>	Shri C. R. Kasiviswanathan
<i>Station Consultative Committee (S. Rly)</i>	Shri K. A. Menon

ABSTRACT OF PROCEEDINGS

The following is a summary of the more important proceedings of the Committee of the Chamber, during the year 1956. 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

Law Commission Questionnaire

During the course of the year, Government of India appointed a Law Commission with a view to review the judicial administration in the country and to recommend the lines on which some of the laws should be amended, revised, consolidated or brought-up-to-date.

Copy of the questionnaire issued by the Law Commission on the subject of administration of justice was sent to the Chamber for remarks. The Chamber in consultation with its Legal Adviser replied as follows:—

REPLIES TO THE QUESTIONNAIRE ISSUED BY THE LAW COMMISSION

PART I

SECTION--'A'

(i) *General*

QUESTIONS 1 to 4:

1. Do you consider the present system of administration of justice based on the British model suited to our needs having regard to—

(a) our poverty, and

(b) the mass of our population being in the villages?

2. Suggestions have been made for the establishment of "a system of judicial administration suited to the genius of the country", or, what has been called, "an indigenous system". Have you any suggestions to offer in this connection?

3. Would you consider the adoption, in whole or in part, of the system of judicial administration in countries other than Anglo-Saxon countries as being more suitable to our needs? If so, please offer detailed suggestions.

4. Do you consider our court structure complicated and in need of simplification? If so, please state suggestions with a view to such simplification.

For over fifty years the present system of administration of Justice is followed without any complaints. This system closely modelled on the British system is quite suitable to Indian conditions, and does not warrant adaptation of any foreign system, much less simplification or modification.

(ii) *Separation of the Judiciary from the Executive*

QUESTION 5:

How far has the separation of the judiciary from the executive progressed in your State? What steps would you suggest for expediting the carrying out of this separation?

In the State of Madras experiments are carried out in this behalf and even now the results seem to be good. However some modifications may be necessary and the same could be carried out in the light of experience to be gained from the actual working of the scheme.

(iii) *The Supreme Court*

QUESTIONS 6 to 9:

6. Do you consider the present method of selecting the Judges of the Supreme Court from the Judges of the High Court, retired or about to retire, a satisfactory one?

7. What are your views on appointing to the Supreme Court Bench distinguished members of the Bar?

8. Do you consider it feasible to select for the Supreme Court Bench constitutional and other expert lawyers, particularly academic lawyers, from the Universities?

9. Would you be in favour of providing that the Supreme Court should deliver only one judgment as the judgment of the Court?

Talent should be recognised wherever it is available, and the experience gained on the Bench of the High Court should be utilised by the Supreme Court. There should not be any interference of the executive in the Administration of Justice and the system of representation for all component States of the Union on the Bench of the Supreme Court should not be followed:—

The system of pronouncing dissenting Judgment should be favoured to pronouncing a single Judgment.

(iv) *High Courts*

QUESTIONS 10 to 16:

10. It is stated that the High Court judiciary of recent years compares unfavourably with what it used to be in earlier days. Do you agree with this view? If so, what in your opinion are the causes of this change?

11. Is the falling off in the High Court judiciary due to:

- (a) decreasing respect in Governmental circles for the lawyer and for the judicial office,
- (b) unsatisfactory methods of selection,
- (c) insufficient remuneration and pension?

12. Has it happened in your State that unsatisfactory appointments to the High Court Judiciary have been made under the influence of the executive?

13. Has the provision with regard to consultation with the Government of the State in the matter of appointment to the High Court worked satisfactorily in your State?

14. Would you consider it advisable to provide that appointments to the High Court Judiciary be made by the

President after consultation with the Chief Justice of India and on the Recommendation of the Chief Justice of the High Court of the State?

15. Are you in favour of raising the age limit at which the Judges of the High Court are bound to retire?

16. What are your views on the High Court judiciary being constituted on an all-India cadre, the Judges being freely transferred from one State High Court to another?

There appears to be a decline in the quality of the personnel and the work turned out in the High Court probably due to political and communal considerations. To overcome this, Judges to any particular High Court may be recruited from outside that State. This principle will also create an all-India spirit and foster unity among States.

(v) *Subordinate Courts*

QUESTIONS 19, 20 & 26:

19. Is the recruitment to the judiciary in your State mainly or wholly from the Bar? If not, would you be in favour of such recruitment wholly from practising members of the Bar? Please offer detailed suggestions.

20. Do you consider it necessary that members recruited to the services either by examination or by selection from the Bar should receive a special training before they are entrusted with the performance of judicial duties? If so, please indicate the nature of the training concerned necessary and the manner in which it should be imparted.

26. Do you consider that the age of superannuation of the District Judges could be raised with advantage?

Recruitment to the Subordinate Judiciary may be exclusively made from the Bar as experience has shown that Judicial Officers not recruited from the bar are not quite upto the mark. No training is necessary before appointment.

The age of superannuation of District Judges need not be raised.

(vi) *Panchayat Courts*

QUESTIONS 27 to 37:

27. Have you any panchayat courts in your State? If so, what is your experience of the working of these Courts?

28. How would you constitute these courts? Would you prefer the members of the panchayat to be elected or appointed? If appointed, by what authority?

29. With what powers would you invest panchayat courts? Would you entrust them with civil matters only or both civil and criminal cases? What limits would you set to their civil and for criminal jurisdiction? Would you entrust them with cases involving rights over immovable property? If so, would you set limits to the value of such property?

30. Do you consider it feasible to have a single panchayat court for a group of neighbouring villages? Would you consider courts so constituted more likely to be impartial?

31. Would you be in favour of investing panchayat courts with exclusive jurisdiction in cases entrusted to them? If so, would you suggest safeguards, by way of revision or otherwise, against capricious or arbitrary exercise of jurisdiction by them?

These courts do not serve any useful purpose but only create factions and grave injustices.

(viii) *Legal Education*

QUESTION 36:

If you are in favour of maintaining the present system of accepting university degrees as a qualification for legal practice, would you suggest any measures for the enforcement of adequate and uniform standards throughout the country?

The fundamental principles of law and the system of procedure in Courts may be imparted to the Law students, and the University Degree may be made uniform throughout India.

(ix) *Legal Practitioners*

QUESTIONS 44 to 46:

44. Have you any suggestions to offer in regard to the creation of a uniform and an All-India Bar over and above the proposals formulated by the All-India Bar Committee of 1953?

45. Would you favour a system of division of the Bar into Seniors and Juniors? If so, on what basis? What should be the respective rights and obligations of each section?

46. What are your suggestions for eliminating the evil of toutism?

Neither uniformity of Bar over and above the proposals made by the All-India Bar Committee of 1953 nor the Division of the Bar with Seniors and Juniors be considered. Toutism is a direct result of economic considerations and unfortunately it is prevalent even at the highest level of the Bar, and could be eradicated by strict measures against the same.

(x) *Legal Aid*

QUESTIONS 47 to 54:

47. Are there any agencies or institutions in your town district or State for giving legal aid or advice to poor persons? If so, please give briefly details of their objects, membership and activities.

48. Do you consider the rendering of legal aid to the poor citizen or a citizen of moderate means as obligation of the State? If so, would you provide for the giving of such legal aid in all civil or criminal proceedings?

49. Should the scope of legal aid in criminal cases which is being given in the shape of providing the services of the lawyers for defence of persons charged with offences punishable with death, be enlarged so as to make such services available to the accused in all courts in respect of lesser offences? If so, to what extent and in what class of cases?

50. What, in your opinion, is the true scope of any comprehensive scheme of legal aid? Should it be limited to a mere remission of court fees and other legal charges or should it include within its ambit legal advice, representation by lawyers and out-of-pocket charges?

51. Would you confine the grant of legal aid to litigants who are very poor or would you be in favour of extending it by fixing.

- (a) a limit based on income and capital, and
- (b) a scale of contribution to be paid by the litigants within those limits?

Please make detailed suggestions.

52. Can you suggest any tests apart from income for determining the claim of a litigant to legal aid? What safeguards would you suggest to prevent any abuse of a scheme of legal aid?

53. To what agency (for example, Bar Association, Legal Aid Committee, courts or a State department) would you entrust the administration of a scheme of legal aid? Would you subject any agency administering legal aid, other than the courts or the States, to control or supervision by the courts or the State?

54. Can you suggest any measures by which the legal profession may make a contribution towards the successful working of a scheme of legal aid?

No system in this behalf will work successfully and the same is apt to end in abuse.

(xi) *English, Hindi and Regional Languages*

55. Having regard to the constitutional provisions in regard to the official language of the Union and the States what would you envisage in future to be the language of—

- (a) Subordinate Courts in a State;
- (b) High Courts in States;

- (c) law reports of State High Courts;
- (d) law reports of the Supreme Courts?

Please give your views in detail remembering the need of co-ordination between the courts and the judiciary of the different States and the Union and of the Bar throughout the country.

Proceedings in all Courts may be in English for another 15 years to come, and later the Subordinate Courts may adopt Regional Language in graduated stages, while the High Court and Supreme Court may retain the proceedings in English language since we are looking upto English system and English practice at every stage. All law reports may be in English.

(xii) *Miscellaneous*

QUESTIONS 56 to 58:

56. What are your views on the Supreme Court and the High Courts functioning in circuits? Do you think that such a course will tend to public convenience and advantage and not affect the prestige of the Courts or be too expensive?

57. What are your views on the vacations at present enjoyed by the civil courts? Would the curtailment or abolition of the vacations adversely affect their efficiency?

58. Is it your opinion that the efficiency of courts has suffered on account of inadequate allotment of funds by the State Governments for the purpose of administration of Justice? Have arrears of work accumulated in your State in the Subordinate Courts owing to the failure of the State to appoint an adequate number of judicial officers?

Supreme Court and the High Court functioning in circuits is quite undesirable.

The vacation enjoyed by the Civil Courts should not be curtailed as it will affect their efficiency.

Arrears of work have accumulated not because of want of adequate staff, but because of inefficiency, and the same could be rectified by giving due regard to special and distinctive merit while recruiting personnel.

SECTION 'B'

DELAYS

QUESTIONS 59 to 61:

59. Do you consider that the period actually taken in the disposal of civil and criminal proceedings in the courts of your State exceeds what you consider to be reasonable in a large number of cases? If so, what in your opinion, are the main causes of such delay?

60. Is it your view that the delay in the disposal of cases is due not so much to defects in the existing procedure as to other factors such as:—

- (a) the dilatory tactics of the litigants or their lawyers,
- (b) the slackness and the lack of proper training and experience in the presiding officers, and
- (c) the inefficiency and lack of integrity of the clerical and the process serving staff of the Court?

What suggestions will you make for the removal of these factors?

61. Is there a tendency in the courts of your State to seek frequent adjournments on insufficient grounds and are such adjournments frequently granted? Do these adjournments take place because:—

- (a) the lawyers being busy in other courts seek adjournments, or
- (b) the cause list is crowded making it impossible for the presiding officer to take up the cases listed for the day?

Have you any suggestions to offer to eliminate delays caused in this manner?

The delays mentioned in these questions could be eliminated if an able judicial Officer with sense of duty is appointed.

QUESTION 63:

What are your views on the proposal to appoint a special officer of the rank of a civil or subordinate judge for the performance of the following functions:—

- (a) receipt, scrutiny and correction of pleadings;
- (b) issue of processes;
- (c) disposal of ex-parte and uncontested suits and proceedings;
- (d) administrative duties at present discharged by the District Judge;
- (e) execution proceedings?

One judicial Officer may be appointed to deal with all the functions in question.

QUESTIONS 64 to 67:

64. Would you be in favour of devising a system by which cases would be listed only after they are ready and disposed of on fixed dates, no adjournments being granted except in exceptional circumstances for reasons to be recorded by the Judge?

65. Do you consider that the congestion of cases in the courts and the delay in their disposal are due to an insufficient number of judicial Officers or courts?

66. Are any delays caused by the concentration of several courts in one and the same place?

67. Would you favour decentralization of Courts in Tehsil, Taluk, or Chowki headquarters?

No.

QUESTION 68:

Are there delays in the disposal of cases in the High Court? What are the causes thereof?

There are delays in High Court also and if the Judges are firm and devote their time and attention entirely to judicial work, this question will not arise.

SECTION 'C'

(i) *Jurisdiction of Civil Courts*

QUESTIONS 69 & 70:

69. Do you consider the extension of the pecuniary jurisdiction of the subordinate civil courts in your State desirable? If so, to what extent? Would you extend the jurisdiction of the munsif's or civil or subordinate Judge's courts in—

- (a) regular suits, and
- (b) small cause suits?

70. Would you recommend the extension of the jurisdiction of the small cause courts and if so, to what extent and in what classes of cases? Are you in favour of restricting the scope of section 19 of the Presidency Small Cause Courts Act and Schedule II of the Provincial Small Cause Courts Act? If so, which of the items now included in those provisions would you omit?

The jurisdiction need not be raised.

QUESTION 71:

Would you extend the summary procedure contemplated by section 128 (2) (f) and Order XXXVII of the Code of Civil Procedure to the subordinate courts? If so, to what extent? What safeguards would you advocate to obviate any untoward consequences of the extension of such procedure to these courts?

NA

QUESTION 72:

Would you extend to the civil or subordinate Judges in your State the jurisdiction to try land acquisition references and proceedings in probate, succession certificate and guardianship matters? If so, should such jurisdiction be conferred on all such Judges or only on selected Judges?

Yes.

QUESTION 73:

What amendments would you suggest to section 80 of the Code of Civil Procedure so as to safeguard the rights of the Citizen and at the same time give the State the necessary opportunity to consider its legal position?

Articles 32, 139 and 226 of the Indian Constitution confer adequate protection to the citizens. Hence amendment to Section 80 C. P. C. is not necessary.

(ii) *Pleadings*

QUESTION 74:

Do the pleadings filed in the courts in your State conform generally to the rules prescribed in Orders VI, VII, and VIII of the Code of Civil Procedure? Are the forms of pleadings given in the Code of Civil Procedure generally adhered to? Do you consider these forms adequate and sufficiently simple? Have you any suggestions to make in regard to pleadings generally from the point of view of their simplification and the dispensing with them altogether in certain types of cases? Do you take the view that the pleadings generally need to be more precise and elaborate?

As the provisions contained in Orders VI, VII and VIII of the C. P. C. are adequate and as there are exhaustive model pleadings appended to the same, no changes are necessary under this head.

(iii) *Service of Process*

QUESTIONS 77 to 81:

77. Is the dilatory service of process one of the principal causes of delays in litigation in your State? If so, have you any suggestions to offer to remedy these delays?

78. Would you recommend a more extensive use of the post office for service of various kinds of processes? Should the refusal of a packet of summons be presumed to be good service? Are you in favour of leaving a wider discretion to the courts for ordering service of process in the manner they think most suitable in individual cases? Would you give the court the power to order substituted service if service is not affected within a certain number of days?

79. Are there complaints of corruption in the process serving staff in your State? Is the service of process delayed on account of fraud or negligence on the part of the process-servers? If so, what measures would you devise for remedying this evil and for an effective check and supervision over the work of the process-servers so as to speed up the service of processes?

80. Do you consider the conditions of service (including that of pay etc.) and method of recruitment of the process servers partly responsible for corruption amongst their ranks? If so, what reforms would you advocate?

81. Would you recommend that the summons should—

- (a) be accompanied by copies of the documents relied on by the plaintiff.
- (b) state, as an alternative to (a), that the copies of the documents filed by the plaintiff are available for defendant's inspection in court forthwith;
- (c) require the defendant to file his written statement by a date before the date fixed for hearing;
- (d) require the defendant to file with his written statement a list of the documents relied on by him, copies of such documents and a list of the witnesses proposed to be called by him;
- (e) state that no extension of time would be granted for filing the written statement excepting for sufficient reasons; and
- (f) require copies of the written statement and the documents annexed to it to be furnished direct to the plaintiff's lawyer at the address given by the plaintiff?

Even here an able and firm and duty conscious judge can very easily help to overcome these delays. No special procedure other than those provided in the Civil Procedure Code is necessary.

(iv) *Attendance of Witnesses*

QUESTIONS 82 to 84:

82. What are your views in regard to the framing of a rule preventing parties from calling witnesses other than those mentioned in the lists given by them excepting in exceptional circumstances?

83. Are the parties reasonably diligent in applying for the issue of witness summonses? What remedies would you suggest to obviate delays consequent on the frequent non-service of witness summonses and the non-attendance of witnesses?

84. Should it be made general practice to leave the parties to procure attendance of their witnesses, summonses being issued by the Court only in special cases?

The existing rules as to summoning and examination of witnesses appear to be adequate. Question 84 should be answered positively, as even here an able Judicial Officer will assess the worth of the witness correctly, whether he appears in pursuance to summons or not.

(v) *Uncontested Matters*

QUESTION 85:

Do you agree with the view that matters in which process has been duly served and no written statement has been filed.—

- (a) should be set down for hearing from time to time in a separate ex-parte list,
- (b) judgment may be signed forthwith on the verified statement in the plaint and without evidence,
- (c) if evidence considered desirable, evidence may be taken and decree passed forthwith,

- (d) if evidence is desired and not available, a short date may be fixed for production of evidence and matter may be disposed of ex-parte on that date,
- (e) may be dealt with by the Registrar or other Special Officer in the manner above-mentioned.

May be disposed of on the verified statement in the plaint and without evidence, but the Court should always be lenient to set aside such decrees, as there will be always genuine cases, in which the defendant was prevented by reasonable cause to appear in Court.

(vi) *Contested Matters*

QUESTIONS 86 to 88.

86. Are you in favour of a conciliation proceeding which would take place at the date fixed for hearing and after pleadings are closed at which the Judge may try to induce parties to come to a settlement? If so, should the conciliation proceeding take place before the trial judge or some other judge? Further should the conciliation proceeding precede or follow:—

- (a) discovery and inspection,
- (b) pre-trial procedure mentioned in the next question?

87. Are you in favour of a thorough going pre-trial conference or pre-trial hearing which would take place at the date fixed for hearing and at which the judge would.—

- (a) examine the parties summarily and hear the lawyers,
- (b) determine the issue arising in the case,
- (c) consider what documents need to be produced in court and in what manner,
- (d) consider what facts are necessary to be proved and the manner of their proof by affidavit, oral or documentary evidence or by means of interrogatories or admissions,

- (e) consider whether any witnesses other than those mentioned in the lists are necessary to be called or examined on commission,
- (f) fix the date of disposal of the case?

Would you have the pre-trial conference or hearing before discovery or after discovery?

88. Are the provisions relating to examination of parties and discovery, production and inspection of documents in Order X, XI, XII and XIII of the Code of Civil Procedure generally followed in your State? If no, can you suggest any methods by which the use of these provisions can be made more general? Do these provisions need simplification? If so, in what manner? Would you recommend any amendment in Order XII, Rule 2 with a view to giving more powers to the courts to deal with unjustified denial of documents?

The tendency on the part of the Judicial Officer to compel the parties to settle their differences, or forcing on them a compromise will always lead to serious repercussions and injustice. Hence should not advocated. Orders X to XIII of the C. P. C. are quite sufficient, and if properly employed will yield the results expected out of the "Pre Trial Experiment". Order XII, Rule 2 of the C. P. C. is quite adequate and no revision is necessary.

(vii) *Hearing*

QUESTIONS 89 to 99:

89. Is the hearing of a suit or proceeding once begun generally continued from day to day in your State? If not, state the causes which contribute to interrupted hearings? What measures can you suggest.—

- (a) for ensuring the start of the hearing on the day fixed for it, and,
- (b) for the continuance of the hearing from day to day till it is finished as contemplated by Order XVII, Rule 1?

90. Is it your experience that in a large number of cases interrupted hearings and adjournments result by reason of applications made by the lawyers engaged in the case? If so, would you be in favour of a provision that as a rule, and except in special circumstances adjournments shall not be granted on the ground of the convenience of lawyers?

91. Is it your experience that the provisions of the Evidence Act in regard to the relevancy of evidence are insufficiently observed in the court of recording the evidence? Have you any measures to suggest for the exercise of greater control by the presiding judge over the evidence led both in regard to its relevant nature and its volume?

92. Would you be in favour of leaving the examination of witnesses of both sides to the Judge himself, liberty being given to the lawyers of the parties to suggest questions to the judge? Would not a system of questioning in this manner by the Judge be a better method of eliciting the truth?

93. Would you give the presiding Judge a power to regulate evidence and stop it when he is of the opinion that sufficient evidence on a point has been put before the Court?

94. Would you be in favour of a larger use of affidavit evidence with liberty to ask for the deponent to be called for examination with the leave of the Courts? Does your experience in writ matters support the view that a larger use of affidavit evidence in other matters is practicable? If so, would you suggest the matters in which such affidavit evidence could be used with advantage?

95. Do you think that the recording of evidence of witnesses by the Judge in his own hand, causes delay? If so, have you any measures to suggest to obviate this delay?

96. Do you consider that generally argument addressed by lawyers to courts are unduly prolix and that Courts exercise little control over the length of these arguments? Can you suggest any method of cutting down or controlling the length of these arguments? Would you consider it advisable to give the Judge special powers in this connection?

97. Do you consider that the issue of commissions has been a frequent cause of delay in the disposal of cases? If so, have you any suggestions to make in order to obviate such delay?

98. Would you give power to the commissioner to exclude irrelevant and inadmissible evidence?

99. Have you any suggestions to make in regard to the selection of Commissioners by the Courts?

All the things required under this head are well provided for in Orders XVII to XIX of the Civil Procedure Code. An able and firm judge, if he has the co-operation of the Bar will have no difficulty in achieving the object specified under this head. Questioning by the Judge is also provided for in the Code and if this power is exercised beyond limit it will only work hardship, and justice would suffer.

(viii) *Judgments*

100. Do you consider that in many cases judgments are unnecessarily prolix by reason of their containing a summary of the pleadings, a reproduction of the evidence of witnesses and a discussion of the authorities cited? Would you be in favour of having more concise judgements? Would you consider it advisable to enact suitable provisions in the Code of Civil Procedure for this purpose?

There should be no hard and fast rule regarding writing of Judgements. The Judges should be given full scope to express their views and reasonings and discuss the evidence well.

101. Is the delivery of judgements considerably delayed in your State? If so, could you suggest measures for ensuring the quick delivery of judgments? Would you be in favour of providing that judgements should as a rule, be delivered within a week of the close of the hearing and not later than a month?

Judgment should be delivered within a fortnight (in any event) from the day on which the hearing is closed.

102. Are you in favour of only the findings and the operative part of the judgment being read out in open court, the judgment itself being made immediately available to the parties?

The suggestion made here is quite welcome.

SECTION 'D'

EXECUTION OF DECREES

QUESTION 104:

Are you in favour of investing the courts to which a decree is transferred for execution with additional powers such as.—

- (a) adding legal representatives of a deceased judgment-debtor under section 30 (1).
- (b) recognition of assignments of decrees under Order XXI, Rule 16,
- (c) transfer of the decree to some other court under section 39,
- (d) the grant of leave under Order XXI, Rule 50 (2)? please suggest other powers which you may consider useful or necessary.

Enlarging the jurisdiction of the transferee court as suggested will be beneficial. In short the executing (transferee) court may be allowed to exercise all the powers of the Court which passed the decree.

QUESTIONS 105, 106, 108.

105. Would you favour an amendment of section 47 of the Code of Civil Procedure so that a purchaser in execution who is a stranger to the decree may be deemed to be a representative of the parties within the meaning of that section?

106. Do you think it necessary to have a rule analogous to order XXI, Rule 15, applicable to judgment-debtors?

108. Do you not consider it advisable that the right of appeal against orders made under section 47 should be

substantially restricted? Would you agree that orders passed under that section should be made non-appealable at any rate to the extent of the executing Court's small cause jurisdiction? Have you any suggestions to make for any specific restrictions? If so, please state them.

107. Should not the principle of Res-Judicata apply in contested execution applications?

Principle of "Res-Judicata" applies to execution proceedings also and there is no necessity for this question.

109. Would you be in favour of shortening the period prescribed by section 48 for the execution of decrees? If so, to what extent and in respect of what classes of decrees?

No.

110. What are your views on the suggested omission of articles 182 and 183 of Schedule I of the Indian Limitation Act leaving the decreeholder to execute his decree at any time within the period prescribed by section 48 of the Code of Civil Procedure?

Worth implementing.

112. Would you be in favour of an amendment of Rules 1 and 2 of Order XXI so as to disallow pleas of payment and adjustment out of court unless evidenced by a writing?

Yes.

114. Are you in favour of an amendment of Order XXI, Rule 26 so as to provide that there shall be no interim stay of a money decree? If not, would you suggest the payment of the decretal amount (or a substantial part thereof) in court being made a condition precedent to the grant of stay?

No. There should not be any condition precedent.

115. Would you empower the executing court to investigate into the existence of a debt due to a judgment-debtor, where such debt is denied by the garnishee in execution?

No.

QUESTIONS 116, 117, 118.

116. Is it your experience that a large number of applications made under Order XXI (Rules 58 to 63 and 98 to 102) of the Code of Civil Procedure are frivolous and made with a view to causing delay? Have you any suggestions to make for an alteration of these provisions with a view to preventing such applications and consequent delays?

117. Are the provisions for suits in Order XXI, Rules 63 and 103 frequently used for the purpose of instituting frivolous suits? If so, would you suggest any measures for remedying this evil? Would you consider it advisable to provide that claims or objections should be investigated in execution after full enquiry and that a suit after the decision in an execution proceeding should be barred? Would the raising of court fees for suits of this character be justified in principle and serve as a check against the institution of frivolous suits?

118. Are the provisions of Order XXI, Rule 90 frequently availed of to make frivolous applications? Would you advise the deposit of the sale-warrant-amount of the amount realised at the court sale being made a condition precedent to the granting of an application under that rule?

Frivolous suits can always be dealt with strictly by able Judges.

119. Do you consider that the setting up of a single executing court for a particular local area would make for speedy and effective execution of decrees?

Single Executing Court for a particular area would work better than the existing system if properly implemented.

SECTION 'E'

(i) *Appeals and Revision*

QUESTIONS 120 to 123:

120. Do you agree with the principle that as a rule only one appeal should lie in civil cases followed by a revision on the ground of miscarriage or failure of Justice? Would you

be in favour of appeals being heard by a Bench of District Judges with no further right of appeal? Will this method lead to conflicting decisions by the District Judges and if so, what remedy will you suggest?

121. Do you agree that the present law leads to a multiplicity of appeals which causes enormous delay and the hearing of the same matter occasionally as many as five times with no tangible advantage to the litigants?

122. Are you in favour of omitting any of the items in the list of appealable orders given in Order XLIII, Rule 1?

123. Have you any changes to suggest in the existing method of the preparation of paper books and other records of the appeal with a view to reducing, as far as possible, the costs in appeal.

The provisions in both the Civil Procedure Code and the Criminal Procedure Code if properly and intelligently applied can prevent frivolous appeals. As the standard of efficiency at all levels is at present low and tending to decline, it is necessary that the present system of appeals should be maintained as it is. Hence there is no need for any change or modification.

QUESTIONS 124 to 128:

124. Would you be in favour of written briefs being submitted in the heavier appeals in the Supreme Court and a suitable time limit being applied to arguments by the lawyers?

125. What are your views in regard to the rights of appeal to the Supreme Court provided by the Constitution in articles 132, 133, 134 and 136?

126. Would you enlarge or curtail the appellate jurisdiction conferred on the Supreme Court in regard to Criminal matters under article 134?

127. How, in your opinion, has the exercise of the appellate jurisdiction under article 134 affected the High Courts?

128. What generally are your views in regard to the exercise of its jurisdiction by the Supreme Court under articles 136?

The system of written briefs being submitted in heavier appeals and limiting arguments will only result in injustice.

QUESTIONS 129 & 130:

129. Do you agree that a large number of revision applications filed before High Courts lack substance and are filed for delaying the conclusion of the litigation? Would you be in favour of a drastic curtailment of this right of revision?

130. Would you be in favour of a drastic curtailment of the right of revision in the case of interlocutory orders? What is your view on the proposal that revisions in respect of such orders should be confined only to cases falling within clause (a) of section 115 of the Code of Civil Procedure and that no revision should be allowed in cases falling under clauses (b) and (c)?

Revisional jurisdiction should be always available to the litigants. If they are frivolous they will be disposed of in the proper manner in Admission by the Judges.

QUESTIONS 131 to 132:

131. Do you agree that the admission of an application for revision under section 25 of the Provincial Small Cause Courts Act should be made conditional on an applicant depositing the decretal amount in court?

132. Would you confer upon the District Court revisional jurisdiction under section 25 of the Provincial Small Cause Courts Act, without any further revision to the High Court?

Payment of decretal amount as a condition precedent would work hardship. Revisional jurisdiction to District Judge and right of appeal to the High Court against the same will be favourable.

(ii) *Writ Procedure*

133. What are your views as to the manner in which writ proceedings under article 226 have been dealt with in your State? Have these proceedings been the cause of congestion and delays in your courts?

The working of Articles 226 so far as Madras is concerned is satisfactory.

SECTION 'F'

(i) *Costs*

135. Do you agree with the principle that costs awarded to a successful party should be a fair indemnity for the expenses incurred by him in asserting or defending his legal right? If so, do the costs awarded in your State to the successful litigant give him such an indemnity? If not, have you any measures to suggest by which the disparity between the costs awarded to a litigant and the amount he should be entitled to by way of a fair indemnity is eliminated?

Costs awarded in civil proceedings are a fair Indemnity to the successful party.

(ii) *Court Fees*

QUESTIONS 136 to 139:—

136. Do you agree with the general principle that the vindication of legal rights in the courts of law of the State should be made easy and a nominal court fee only should be charged to the citizen for the vindication of his rights in a court of law?

137. Would the introduction of such a principle in this country give rise to a mass of frivolous litigation?

138. Are you in favour of the system prevailing in many States under which the system of administration of justice is a source of revenue and profit to the State? Do you approve of the costs of administering justice in criminal courts being

made a charge on the civil litigant? Would you relate the scale of fees chargeable in civil cases to the actual cost of the administration of civil justice? If so, what heads of expenses would you include in such costs?

139. Would you favour the levy of a single composite court fee at the initiation of the proceedings and the total abolition of such fees at subsequent stages on various items such as certified copies, Government records, applications for adjournments, etc? Would not the abolition of the latter tend to a reduction of the administrative staff and a simplified and a quicker system of administration of justice?

The present scale of Court fees are high, and it is really a source of revenue to the Government. This practice may be discontinued and Court fees reduced especially in view of the fact that major litigant population in India are from poorer classes.

Composite court fee may be levied (which will also be nominal) with advantage if the present practice is discontinued.

QUESTIONS 140 to 141:

140. Would you favour the levy of reduced court fees in first appeals?

141. Would you advocate a proportionate refund of the court fees in cases which are settled before the framing of issues?

Yes.

SECTION 'G'

LEGAL REPRESENTATIVES AND GUARDIANS AD LITEM

142. Are considerable delays caused in legal proceedings in your state by applications for the appointment of Guardians ad litem and bringing on record legal representatives of deceased parties? If so, can you suggest any measures to obviate these delays?

The questions under this head need not be considered as the present practice itself is quite satisfactory.

SECTION 'H'

LAW OF EVIDENCE

QUESTIONS 144 to 154:

144. Are you of the view that some of the provisions of the Indian Evidence Act tend to cause delay in the disposal of civil and criminal matters? If so, please state the provisions and indicate suitable amendments?

145. Would you be in favour of giving summary powers to courts to punish witnesses who have clearly committed perjury in the enquiry before the courts? Would the grant of such powers, in your opinion, help to eradicate perjury or reduce the number of false claims or defences?

146. Would you empower the officers presiding over courts to interfere and terminate, if necessary, the examination-in-chief or cross-examination of particular witnesses or to refuse to hear additional oral evidence on particular points?

147. Should the provisions of section 90 of the Evidence Act be made applicable to certified copies of documents thirty years old although the copies themselves may not be thirty years old?

148. Would you be in favour of relaxing to some extent the present rule against the admission of hearsay evidence? If so, please indicate the manner and extent to which such relaxation should be made?

149. Are delays in the disposal of cases caused by the need for the production of certified copies of public documents?

150. Would you be in favour of permitting parties by consent to give secondary evidence of such documents in some form in order to obviate such delays?

151. It has been said that our law of evidence needs to be modernized. Do you agree? If so, have you any suggestions to make in that direction?

152. Are you generally in favour of leaving much larger power than at present in the presiding judge to regulate, shorten and refuse the admission of evidence?

153. Should the scope of the provisions relating to judicial notice in section 57 of the Indian Evidence Act be enlarged? If so, to what extent?

154. Would you amplify the scope of the rules relating to the admission of secondary evidence? If so, how?

In spite of its being one of the oldest Acts to be enacted the Indian Evidence Act is quite successfully and satisfactorily applied, and this has evoked the admiration of all jurists as a perfect piece of legislation. Hence there is no change necessary, but in some instances the rigidity of the Act may be relaxed to certain extent. This Act provides the Judges with sufficient powers of control over the admission and recording of evidence led before them. Judges need not be given the power to themselves punish witnesses for perjury.

SECTION 'I'

COMPULSORY REGISTRATION OF DOCUMENTS AND ALLIED MATTERS

QUESTION 155:

Would you make the following compulsorily registerable so that they could be effected only by a registered instrument

- (a) partition of immovable property in a joint Hindu family,
- (b) a release by a member of the joint family of his interest in joint family properties,
- (c) a surrender by a Hindu female in favour of the reversioner,
- (d) a family arrangement,
- (e) a grant of maintenance,

(f) adoption, and,

(g) a contractual partnership with a capital exceeding Rs. 500/—?

No.

QUESTIONS 156 to 157:

136. Would you recommend amendment of sections 59 and 123 of the Transfer of Property Act and section 68 of the Evidence Act so as to do away with or modify the requirements as to attestation and proof?

157. Would you be in favour of providing that the registration of a document should be presumptive evidence of the execution of, and signature to the, document by the parties thereto?

Yes.

SECTION 'J'

INSOLVENCY JURISDICTION

158. Are you in favour of the continuance of the two differing procedures which at present govern insolvency in the Presidency Town and outside?

No.

Because there is not much of difference between the two systems. Even this little difference is much superficial.

QUESTIONS 159 & 160:—

159. Have you any suggestions to make in regard to improvements in the administration of the estates of insolvents? Are there undue delays in such administration? If so, what remedies would you suggest to obviate the delays?

160. Are the existing provisions relating to compositions and schemes of arrangement satisfactory? Are these provisions taken advantage of by creditors and insolvents? Have you any alterations to suggest?

Since there is no need for Insolvency Jurisdiction itself consequent upon the relaxation of the provisions pertaining to arrest of Judgment Debtors, these questions need not be considered.

SECTION 'K'

ADMINISTRATIVE BODIES

162. Having regard to the increasing powers conferred on administrative bodies to decide matters affecting rights of citizens, do you consider that the system followed in the disposal of these matters by the administrative bodies sufficiently safeguards the interests of the citizens?

The tendency to create Administrative Bodies and the amplification of their areas and jurisdiction are matters which will have to be well considered as they would in course of time cause decline of the present judicial set up itself.

PART II

CRIMINAL LAW AND PROCEDURE

Since the Code of Criminal Procedure was subjected to extensive amendment in all details recently, it is not possible to answer most of the questions under this head without studying the working of the amended Code. But in general certain matters may be reconsidered.

QUESTION 181:

Are you in favour of provision that objections on the ground of want of sanction, misjoinder of charges, etc., should be taken at the earliest opportunity and should not be permitted on appeal unless they have been taken in the court at the first instance?

Yes.

QUESTION 183:

Are you in favour of retention of Honorary Magistrates of any class, exercising judicial functions?

The system of Honorary Magistracy may be abolished as it is not satisfactorily working.

QUESTION 184:

Are you in favour of enlarging the revisional jurisdiction of the Sessions Judges so as to enable them to pass final orders instead of making a reference to the High Court? If so, to what extent?

Yes.

QUESTION 185:

Is it necessary to retain the proviso to section 366 of the Code requiring the presiding judge to read out the whole judgment on the request of the prosecution or the defence?

No.

QUESTION 186:

Do you recommend the extension of the scope of section 561A of the Code of Criminal Procedure to all criminal appellate and revisional courts, to prevent abuse of the process of the Court or to secure the ends of justice?

Yes.

QUESTION 190:

What is your opinion on the working of the system of trial by Jury in your State? Do you advocate its continuance or abolition? Please give your reasons.

Trial by Jury is quite unsuitable to India and it has not been working well. Hence it could be abolished.

QUESTION 192:

Are you in favour of relaxation of the rule of presumption of innocence of the accused in any case? If so, in what class of cases and to what extent?

No.

QUESTION 193:

Do you agree that the provisions in sub-section (2) of Section 510 of the Code of Criminal Procedure confer an unqualified privilege upon the prosecution and the accused to summon the chemical examiner and other officials mentioned therein and that they are likely to cause unreasonable delay in the disposal of Criminal trials?

Though it may cause some delay, yet there should not be any curtailment of this privilege.

The Law Commission has visited different centres and taken oral evidence, but they have not yet framed their report. This report is awaited.

REVISION OF NEGOTIABLE INSTRUMENTS ACT

The Law Commission, appointed by the Government of India, invited the special attention of the Chamber as to whether the saving clause in Section 1 of the Negotiable Instruments Act regarding the applicability of the Act to instruments of local usage should be amended.

Under the present system the Negotiable Instruments Act applies only to cheques, promissory notes and bills of exchange and does not affect any local usage relating to any instruments in an oriental language, i.e., the Act does not apply to Hundies etc. The Law Commission felt that having regard to the great lapse of time and the need for the uniformity of the law in the context of the present international transaction, Section 1 has to be amended so as to make the Act applicable to Hundies also. In that context, the opinion of the Chamber was invited by the Law Commission. The Chamber submitted the following memorandum.

"I request your kind reference to your above letter asking the opinion of the Chamber whether the saving clause to section 1 of the Negotiable Instruments Act of 1881 may be amended so as to secure uniformity of law and practice with regard to negotiable instruments.

The Committee of the Chamber have carefully considered your letter and the reasons you have stated therein for

amending the saving clause to section 1. The Committee of the Chamber see that though more than 75 years have elapsed the mercantile community have not discarded the usages of local instruments and assimilated the rules under the Negotiable Instruments Act. The trade of India is not only assuming greater proportions in volume but also is getting diversified. Fresh contact is made with more and more countries. In this context of our increasing international character of our trade the Committee of the Chamber feel that there is necessity to have an uniform practice and law with regard to negotiable instruments. Therefore the Committee agree with you that the saving clause in section 1 have to be dropped so that there may be only one law governing negotiable instruments. Or this subject they also wish to point out that the amendment to section 1 should be specified to take effect from a particular day. In determining the date, it should be seen that there is sufficient time for the mercantile community to adopt themselves and to bring their practice in conformity with the Negotiable Instruments Act. In conclusion the Committee of the Chamber agree to your suggestion to drop the saving clause to section 1 of the Negotiable Instruments Act.

In this connection I may also draw your attention to the evidence tendered by the Chamber before the Sub-Committee of the Law Commission when they met the members of this Chamber on 9th July 1956. Among others, an opinion has been expressed by the Chamber that the law relating to negotiable instruments may be assimilated to Hundies also.

Later on members of the Law Commission visited the Chamber and had discussion on the basis of the memorandum submitted by the Chamber. Their report is still awaited.

INCOME-TAX

During the course of the year, the Central Board of Revenue, published a set of rules. These rules sought to vest in the Commissioner of Income-tax additional powers authorising any other officer to enter into any building or place and to search the same for seizure of account books or any documents which will be relevant or useful for any proceedings pending under the Income-Tax Act. There were other

provisions of the Rules equally drastic and the chamber therefore, in formulating its views consulted interested members and on the basis of suggestions received from members, the following memorandum was submitted to Government.

The Committee of the Chamber have carefully considered the above draft rules. The Chamber is no doubt aware of the provisions of Section 37 (2) of the Indian Income-Tax Act which provides that the Commissioner of Income-tax may specifically authorise any Income-tax Officer in this behalf to make search and seize documents etc., which in his opinion will be useful or relevant to any proceeding under the Income-Tax Act. The Committee of the Chamber feel that the exercise of the power vested under this Section may lead to further estrangement between the taxing authorities and assesseees and to undesirable results. Already there is a feeling in the minds of the assesseees that they are unduly harassed by the Department in the matter of their assessments. The invoking of the Section and the exercise of the power thereunder will only aggravate their feeling and may not bring about good relations and co-operation that ought to exist between the Income-Tax Department and the assesseees. It is felt on the Committee that in as much as the Commissioner will be advised only by the Income-Tax Officers concerned the orders for search may be issued so as to subserve and suit the convenience of Income-tax Officers and the resort to search may not be in exceptional cases. To the minds of the Committee it appears these powers were invested in the Commissioners of Income-tax only to be used in emergent and in the exceptional cases and not as a day-to-day affair to be resorted to by the Income-tax Department in the course of their work.

The Chamber has noted Rule No. 2 (a) which says that the Income-Tax Officer authorised by the Commissioner can enter the said building or place with the assistance of Police Officers. The Committee of the Chamber feel that this provision is too drastic and that in no case the assistance of Police Officers should be requisitioned for the purpose of search. The presence of Police Officers in or about the premises of the assessee will lead to complete ruination of the assesseees reputation irrespective of the result of the enquiry and search. So, the Chamber feels that in no case the assistance

of the Police Officers should be taken in making such search etc.,

The scope of rule No. 4 is rather wide. If any person in or about such place is also authorised to be searched, it may result in the Income-tax Officers making roving and indiscriminate searches. This has to be avoided.

The Chamber feels that whenever a search is made it ought to be made in the presence of witnesses consisting of 4 respectable persons of the locality or an Honorary Magistrate or a Justice of Peace. So the rule has to be suitably amended.

Rules 7 & 8 provide that the occupant of the place or any other person who is searched under Rule 4 should be supplied with an inventory of the articles taken possession of under the search only at his request. The delivery of copy of the inventory duly signed by the officer making the search should be provided to the persons mentioned above even without their request.

The Committee of the Chamber, in conclusion, would urge that the exercise of the powers under the sections and rules should be limited to un-avoidable and exceptional cases. If it is used as an instrument of a routine nature, it is felt that the psychological reactions caused in the assesseees' minds will be too unfavourable and only serve to estrange their feelings.

The Committee of the Chamber trust that the above views of the Chamber will be taken into account when finalising the rules."

Later on when the Hon'ble Shri T. T. Krishnamachariar visited the Chamber, opportunity was taken to mention these difficulties to him also. The draft rules have not yet been finalised.

Another set of draft rules were published by the Income-Tax Department inviting suggestions from the Chamber. These rules related to the return of Income and total world income. The Chamber duly consulted its Auditor members and on the basis of that, the following memorandum was sent,

"I request your kind reference to your communication cited above enclosing therewith a copy of the S. R. O. No. 1737, and inviting the comments of the Chamber on the Draft Amendments to the I. T. Return Form. At the outset, I have to inform you that your communication was received only on 11-9-56 and so within a short period of 10 days it was not possible for the Chamber to consult members, and to formulate its opinion. Any way the Chamber has considered the Draft Amendments and comments are as under.

The Income-Tax Return forms have all along been elaborate and complicated and so there has all along been a demand for simplifying the same. The Forms now prescribed do not provide any remedy in this direction, but will only be more complicate, and elaborate. It is felt that Form A and B can be combined and there need only be two forms. It will save lot of complication if only two forms are prescribed one for companies and one for non-companies. The main difference between A and B lies in the deletion of matters regarding business in the latter.

Coming to specific details the Chamber's suggestions are:—

- (a) In view of the present definition of Taxable Territories—a separate item regarding Jammu and Kashmir is not necessary.
- (b) In view of the State Re-organisation Act, the words relating to and reference to Part B States have to be modified.
- (c) Form A, Page 7 part IV.

This form is for non-companies. So in para (2) of the above the sentence "In the case of a Company etc., is not necessary.

- (d) Form C. Declaration at page 39.

The line "resident but not ordinary resident in the declaration" has to be omitted and with regard to Companies, only the other two "Resident" and "Non-resident" are required.

- (e) There is no provision in the forms for showing the losses, brought forward from previous years. If a provision is made, it will facilitate the Department.
- (f) *Item (1) Part II of Form A:* Provision in this has to be made for the entries "Married" or "Unmarried".

The Chamber hopes that when finalising the draft, the Central Board of Revenue will consider the above suggestions of the Chamber.

CENTRAL SALES-TAX BILL, 1956

Government of India, with a view to set at rest the controversies about the powers of State Governments to levy sales-tax on inter-state transactions and with the object of giving effect to recommendations of the Taxation Enquiry Commission for the purpose of making available to the States increased revenue published and introduced in Parliament a Bill for the levy and collection of Sales-tax on Inter-State transactions. The high-lights of the Bill are the levy of sales-tax at the rate of 1% on sales on an interstate character, the declaration of certain commodities as commodities of interstate importance and giving powers to the States themselves to collect the Tax. The Bill was considered by the Committee of the Chamber and the following representation was forwarded to the Hon'ble Minister for Finance, Government of India.

I am to request your kind reference to the above Bill introduced in the Lok Sabha and to forward to you the comments of the Chamber on the various provisions.

Before proceeding to offer our detailed criticism on the various clauses of the Bill, the Chamber would like to make some general observations on the principle and the objects of the Bill. The subject of Sales-tax has been a matter of constant representations by the mercantile community both to the Centre and the State Governments. It has all along been its complaint that the Sales-tax legislations of various States were restrictive of and injurious to inter-State trade and commerce and were irksome in the day-to-day carrying

of business. Realising the force of the contention, Article 286 was placed on the Constitution seeking to place some limit on the Sales-tax legislation of the various States in respect of its inter-State jurisdiction. But unhappily, the former Article 286 became a subject matter of raging controversy and the different interpretations placed upon it led to chaotic conditions. The Taxation Enquiry Commission appointed by the Government of India fully examined the whole question of Sales-tax levied by the States and also the levy of Sales-tax on Inter-State transactions, and made some recommendation to rationalise sales-tax and to remove some of its harmful features. In the beginning of this year, Article 286 of the Constitution was amended with a view to set at rest all the conflicting judicial decisions. The subject of Sales-tax on inter-State transactions was taken over to the Union list. The object of such amendment was not only to formulate the principles about inter-State sales, but also to impose restrictions on the powers of the State Legislature in respect of levy of Sales-tax in case of commodities of special importance and above all to simplify the law on the subject so as to help the business community. But it looks as though that there is no measure of relief forthcoming to the business community in the levy of sales-tax on inter-State transactions at least in the matter of simplicity, for the above Bill will be introducing new set of complications. Further the rate of tax specified in Clause 8 appears to be on the high side. The Bill does not even prescribe an exemption limit of turnover for assessment. The Committee feels that it is necessary to start with, that the tax should not be levied at such a high rate as specified in Section 8, but should have been fixed at half a per cent. The list of declared commodities under Clause 14 is short, and tax at 2% as ceiling means no relief on the burden of the tax. The list has to be expanded and the tax reduced to one per cent.

The chamber now submits that the following criticisms may be considered.

Clause 2 (b) "dealer":—The definition of "dealer" is too wide and it appears that even an agriculturist who sells his produce will come under the definition. The Sales-tax legislation of the States always exempt the sale by an agriculturist of his produce. It is felt if the definition does not

exempt such sales, it should be amended to include such exemption.

(d) "*goods*":—This definition of "goods" in relation to works of contract to be made clear.

(h) "*sale price*":—For the definition of "sale price" it is not clear whether the Sales-tax charged by the dealers will also be included in the turnover. For the sake of clarity and precision, it is necessary to provide that Sales-tax charged by the dealer should not be included in the chargeable turnover, otherwise it will amount to Sales-tax on Sales-tax. Courts of judicature have deemed that inclusion of sales-tax on turnover for calculation of tax is not contemplated under the Act. Further packing charges charged by the dealer should not be included in sale price. So, after the words "cost of installation" "cost of packing" should also be added in the definition.

(j) "*Turnover*":—The definition of the word "turnover" has to be amended consistent with the definition of "sales price" as suggested above.

Section 8 (1) :—The rate of tax prescribed is 1%. It is felt that the rate prescribed is too high and it is suggested that the rate should be fixed at $\frac{1}{2}$ %. The section says the dealer is liable to pay sales-tax on his sales to a registered dealer goods of the description referred to in Sub-section 3.

Sub-section 8 (4) says "in any other case, are goods of the class or classes specified in the certificate for registration of the registered dealer purchasing the goods" etc. While the Chamber sees the necessity for sale being to a registered dealer it thinks that the above provision in Section 8 (1) is too restrictive and mean difficulty in day-to-day working. The certificate of registration has to specify the goods or classes of goods dealt by the dealer. It is felt that this restriction may be removed and sale to a registered dealer may be retained. In short, it may be provided by a necessary amendment of Clause 8 that sale to a registered dealer of any commodity is liable to tax under the provisions of Clause 8 (1):

Clause 9 (2):—This provides that the Sales-tax Law of the State will be applicable in the matter of collection, assess-

ment, appeals and reviews. It is felt for the sake of uniformity all over India separate provisions by the Centre may be prescribed in this Law itself.

Section 10 (e):—This being a taxation measure it is felt that there is no necessity for punishment by simple imprisonment. Fines alone will meet the needs of justice and will safeguard the revenue of the State. So the words with “simple imprisonment” which may extend to six months or “with both” may be omitted.

Section 14:—The Committee of the Chamber feels that the list of declared commodities is too short. There is necessity for enlarging the list by inclusion of such items as yarn and art silk yarn, non-ferrous metals, jute yarn.

Section 15:—This section sets the limit on the rate of tax that could be levied by the State Legislature on declared commodities. The Chamber feels that the object of placing certain commodities in the declared list is for the purpose of reducing the rigorous incidence of taxation in view of their inter-State importance or in view of their being highly essential to the life of the community. But the rate of 2% provided in this Act hardly meets the requirements. The relief, if at all there is any, is too meagre and it is suggested that the rate should be prescribed at 1%.”

The Bill has been subsequently passed in December 1956.

CONSTITUTION OF SALES TAX ADVISORY COMMITTEES

The Commercial Bodies and the trade have long been urging for the constitution of Sales-Tax Advisory Committees both at the State level and District level for the purpose of bringing to the notice of the Government the various difficulties experienced both by the trade and industry in the matter of administration of Sales-Tax. It will be recalled that such a Committee was in existence before 1952 and was abolished. Yielding to the representation of the trade and industry the Government of Madras constituted Sales-tax Advisory Committees both at the State and District levels.

The term of the Committee at state level is for a period of 2 years and the Hon'ble Revenue Minister of the State will be the Chairman of the Committee at the State level. The Committee, besides including the Minister for Finance and the Minister for Industries etc., consists largely of representatives from various Chambers of Commerce and Trade Associations in the City.

In August the Government of Madras convened a meeting and the Chamber sent through its representative the following points for discussion at the meeting.

“I thank you for your above letter inviting subjects for discussion at the meeting of the Sales Tax Advisory Committee. My Chamber has suggested the following subjects for discussion and I request you to include them in the agenda.

1. Government's policy of bringing into force from 1-4-'57 single point sales tax on eight articles is welcomed but the list has to be expanded so as to include sugar, cotton seeds, oilcakes, cottage industry matches, milk powder and Betelnuts.
2. Sales Tax on wheat products such as Maida, Semolina (Sooji) and Atta. These commodities come under the category of essential foodstuffs and are exempted from sales tax in other States. In view of the directions given by the Central Government to mitigate the regressive effect of the Sales Tax and to reduce the burden on the poor the Chamber suggests that the State Government may consider exempting these items altogether from tax. If however the Government of Madras cannot forego the tax on wheat products and feels that they are not on a par with essential articles, they should be included in the list of items selected for single-point levy. This commodity is ideally suited for single-point taxation because the roller mills engaged in its production in the State maintain day to day account regarding production and sales rendering checking by the Department easy. In the case of wheat products imported into the State by wholesalers from Bengal,

Bihar and Punjab these are supported by Rail Receipts and Bank Invoices and tax collection is easy with no chance of evasion.

3. The Chamber suggests that matches being an essential commodity for the life of the community they may be exempted from Sales tax. In our State the manufacture of matches is extensively done as a cottage industry with the aid of manual labour. This industry is subjected to heavy excise duty and a multi-point sales tax levy imposes very heavy additional burdens. If the State Government cannot afford the loss of revenue by a total exemption, the Chamber submits that they levy the tax at the rate of three pias per Rupee at the source of manufacture or at the first point of Sale at manufacture's depots.
4. Under Sec. 5 (ii) of the Madras General Sales-Tax Act the sale of cotton (including Kapas) is liable to tax under Sec. 3 sub section (1) only at such single-point as may be prescribed at the rate of $\frac{1}{2}$ per cent of the turnover at that point. Under Turnover and Assessment Rule 4-A (iv) in the case of cotton (including Kapas) the tax under Sec. 3 (1) shall be levied in accordance with the following provisions (a) in the case of all cotton (including Kapas) sold to a spinning mill in the State the tax shall be levied from the spinning mill on the amount for which it is bought by it, (b) in the case of all cotton (including Kapas) which is exported outside the State the tax shall be levied from the dealer who buys it in the State and is the last dealer not exempt from taxation under Sec. 3 (3) on the amount for which it is bought by him. Under Rule 6 (4) (a) General Sales Tax-Rules the licence fee for dealing in cotton shall be Rs. 150/— if the turnover exceeds Rs. 20,000/— and Rs. 100/— for every subsequent Rs. 1,00,000/— of turnover, subject to a maximum of Rs. 2,000/—. This means that mills in addition to paying tax at $\frac{1}{2}$ % of their purchase turnover have to pay licence fees on a slab rate based on turnover. This amounts to a double tax being levied on the commodity one in the form of licence

fees and the other in the form of tax. This anomaly should be set right by charging licence fee at a nominal and fixed rate. Again dealers in cotton (mills excluded) are allowed the privilege of deducting their sales turnover to spinning mills from their total turnover for purpose of calculating the license fee payable by them, because such deductions bear tax in the hands of spinning mills. On the same analogy spinning mills should be permitted to deduct such portion of their purchases as is consumed by them for purposes of calculating license fee payable.

5. License fee levied on turnover of cotton yarn (other than hand spun yarn) at a progressive rate of Rs. 150/— for the first one lakh Rupees turnover and Rs. 100/— for every subsequent one lakh subject to a maximum of Rs. 2,000/— is very excessive. License fees are levied for regulation of business and should not be used for raising revenue. This should be reduced to a nominal amount.
6. Sales Tax Assesseees are put to much inconvenience by the refusal of the authorities to accept their accounting year and insistence on the official year alone being followed for purposes of assessment. This has been recognised by the Income-tax Department and the Commercial Tax Department can also do likewise.
7. The Sales Tax Validation Ordinance 1956 and the succeeding Act of 1956 deny the State Government power to levy sales tax from non-resident dealers *anew*. This point has been further clarified by the Bombay High Court in Sri D. Kripalini's case. The new Deputy Commercial Tax Officers appointed for collecting Sales tax from non-residents have been given power to register, license and assess Non-Residents. This is ultra vires of the above said Act of '56. Government should issue clear instructions to the twelve Deputy Commercial Tax Officers to collect sales tax from non-resident dealers only where

assessment had already been made before the coming into force of the Act and where the party had himself collected the tax.

8. When there is delay in furnishing returns or in paying the license fee or tax there is no provision in the Act for condonation of delay even where valid reasons exist, resulting in prosecution or compounding of the offence. This should be provided for if necessary by amending the Act.
9. Applications from new comers for import licence are not considered by import control authorities unless accompanied by original sales tax receipts. Sales Tax payments are usually made by cheque and it is difficult to furnish receipts. To get over this difficulty the Chamber suggests that powers be conferred on the assessing authority to issue Sales-Tax Clearance Certificates to support Import Applications.
10. Raiding of business premises by Sales Tax Officers for the purpose of verifying stock, counting cash etc. has become very frequent resulting in harassment of assessees. So as to prevent misuse of the powers conferred upon these officers, we suggest that Commercial Tax Officers should not exercise these powers without strong grounds and should raid shops only after the prior consent of the Commissioner of Commercial Taxes.
11. Bills for purchases from Chandies as well as from artisans and agriculturists should not be insisted upon since they are not permanent dealers.
12. Estimate of Turnover should not be based upon the percentage of profit. Again, estimation should not be on the ground of leakage of revenue.
13. Sales Tax Authorities should not insist upon producing Income-tax assessment orders.
14. Under the Act dealers have to keep accounts in the regional language or any one of the languages mentioned in the Act. They are given privilege to maintain accounts in Hindi, Marathi etc., for a period

of two years which is to expire soon. Difficulty in keeping accounts in the regional languages especially by those who are not conversant with the regional languages is likely to cause much embarrassment to dealers. They have to believe the accounts written by paid clerks and for any mistakes they have committed the proprietor will be held responsible. In view of the fact that regional languages are recognised in the Indian Constitution there cannot be any objection in extending the facility of keeping accounts in any language mentioned in the constitution indefinitely.

The Meeting was Postponed by the Government.

Government of Madras by their Press note informed that they have decided to levy Single-point Sales-Tax on 8 commodities with effect from First of April 1957 in lieu of the present multi-point Sales-tax. The matter was considered and the following representation was made by the Chamber to the Hon'ble Minister in charge of Commercial Taxes, Government of Madras.

"From press reports the Chamber infers that Government are considering the question of single-point levy of sales-tax instead of the present multi point levy. This point has been stressed by members of the mercantile community all over the State right from the inception of this Act. Government were good enough to convene a conference of representatives of Chambers of Commerce and Associations last year to consider this changeover but so far Government have not announced their decision in this connection. In the meanwhile, during the last budget Government have decided to try the experiment of single-point levy on certain commodities. Recently in the case of sugar also Government have decided to levy sales-tax at a single-point alone. Mercantile community are grateful to Government for extending the scope of the singlepoint levy and they are led to infer that Government are seriously considering the question of single-point levy. This is a step in the right direction and the Chamber, on behalf of the mercantile community, beg to assure Government that in introducing the single-point levy Government will not stand to lose even an iota of the revenue now derived from this source of taxation. Mercantile community are equally

zealous of safeguarding the interests of Government and protecting the revenue under this source as the Government especially now are committed to mounting expenditure in implementing the Second Five Year Plan of all round developments.

Before implementing the single-point levy, the Chamber feels that it will be necessary for Government to study the implications of the change over from the multi-point to single-point tax. It will also be necessary to consider as to how many times the commodity changes hands before it reaches the consumer at the last stage of transaction and other incidental details. For this purpose it will be extremely advisable to appoint an ad hoc Committee to go into the whole question to study all its implications of the change over so that Government can take sufficient safeguards to protect its revenue. This Committee may be assisted by the Commercial Tax Department and by non-officials and may study the whole field of taxation under this head and will, therefore, be in the best position to advise Government as to how the change over will affect revenues. Such a Committee will also be helpful in finding the harassment caused to the mercantile community under the present system of multi-point levy and how the change over to single-point levy will remove these difficulties and inconveniences without at the same time affecting the Government revenue. The Committee may consist of top ranking officials of the Commercial Tax Department and members of the mercantile community. This Committee should be distinct and separate from the Sales-tax Advisory Committees contemplated by Government and whose constitution is now under the consideration of the Government and should be solely devoted to find out as to how best the change-over should be made from the multipoint levy to the single point levy without affecting Government's revenue in the least manner and other incidental details only. The Committee to be more useful should be fully representative of the mercantile interests also. Merchants are in the best position to give unbiassed opinion as to how best the act can be enforced and how best evasion could be effectively stopped or minimised.

The Chamber consisting as it does about 900 members with 40 District Chambers of Commerce and Associations affiliated to it and spread all over the State will be only too

willing to co-operate with the Government and place its experience at the disposal of the Government and be always helpful in giving suggestions to the Government with regard to the change over without at the same time affecting Government's revenue in the least manner.

I request that Government may be pleased to consider this suggestion and appoint an ad hoc Committee with the object of recommending to Government as to how best the change over can be made in the shortest time. The Committee will be helpful in other respects also. In the course of their investigation it will be possible for them to assess as to how many times commodities change hands before they reach the consumer, the volume of trade in each commodity, etc. which will be very useful in the administration of the Act.

EMPLOYEES PROVIDENT FUND-EXTENSION

The All India Organisation of Industrial Employers, New Delhi, wrote to the Chamber that the matter of extending the Employees Provident Fund Act 1952 to Commercial Establishments and to other Industries was under contemplation of the Government of India. They requested the Chamber to let them know the views of the Chamber on the extension of the Provident Fund Act further to organised Industries and Commercial establishments. The subject was considered by the Committee and the following communication was sent to the All-India Organisation of Industrial Employers.

"I write to thank you for your above communication inviting views of the Chamber on the proposals of the Government of India to extend Employees Provident Funds Act of 1952 to additional industries, and commercial establishments.

This matter has been considered at length by the Committee of the Chamber and the pros and cons of extension of the Act to commercial establishments were also considered by the Committee. From your communication the Committee could guess the direction in which the mind of the Government is working. They feel that the Government are anxious to bring more and more industries and also commercial establishments under the purview of the Provident Fund Act.

Certain establishments do have a provident fund system of their own, may be, they may not be in conformity with the Provisions of the Provident Fund Act of 1952. To those who have such a system it may not mean much hardship but to other establishments which do not have such a system at present, the extension of the Provident Fund Act may involve some financial strain, apart from the burden of routine work associated with the working of such a system. I do not know how for such a consideration will weigh with the Government in the matter of application of this Act to commercial and other establishments.

With regard to your first point about bringing commercial establishments under the Provident Fund Act I have to inform you that the Committee felt that the Act should only be made applicable to commercial establishments who employ more than 50 persons. This strength is to be taken irrespective of the fact whether such number is employed in one place or in different branches of the same concern in different places i.e., the branches of the same establishment have to be treated as one unit.

Regarding the second question, the Committee of the Chamber feels that once the Act is extended to even commercial establishments there will be no point in saying that it should not be extended to organised industry even though they may not be employing 10,000 workers.

In considering this subject it is pertinent to point out that in the event of the above proposal of Government materialising, the case of establishment which cannot due to a variety of circumstances bear the brunt of such incidental commitment should not be compelled to join such a scheme. It is therefore advisable to arm Government sufficiently in advance with power to exempt such establishments in deserving cases.

MINES AND MINERALS—DRAFT RULES

The Government of India, published their draft rules under Section 7 of the Mines and Minerals (Regulation & Development) Act 1948, with a view to provide for matters

relating to the granting renewal etc., to mining leases. The draft rules were considered by the Committee of the Chamber in the light of the views expressed by members interested in the subject and the Chamber sent the following communication to the Federation of Indian Chambers of Commerce & Industry, New Delhi, requesting them to forward the same to the Government of India.

"I thank you for your above communication enclosing therewith a copy of the Draft Rules under the above Act. The draft Rules were considered by the Committee, and their comments are as under.

It is felt that the appointment of the Controller will go to expedite the disposal of the many applications pending with the State Governments. The Controller must be required to look into the numerous applications and in case the areas covered by such applications are not large as to interest the Central Government the issue of leases should not be delayed.

Clause 6 (5):—It is felt that the period of 15 years is too short a period for a mining lease, and especially for mines which require development. For developing mines, large sums of money have to be invested initially. A period of 15 years will not be adequate to recoup the capital invested. If this short period is retained, the fear that capital investment may not be recovered will be a strong factor, which will deter lessees from embarking on development programmes. It is therefore suggested that a further clause on the following lines may be added:—

"If in the opinion of the Controller any particular mine requires development, he may extend the period of lease for a further period of 10 years after the expiry of the lease."

Clause 6 (12):—If the Controller has to consult the State Government, it is felt there will be undue delay. Instead the Controller can issue notice to the Collector of the District in which the mine is situate and decide the modification after consulting the parties concerned."

MADRAS PLANTATION AGRICULTURAL ACT

It was brought to the notice of the Chamber that the provisions of the Madras Plantation Agricultural Act do not provide for the exemption of donations made to institutions like Universities for the purpose of Scientific research. There is provision in the Income-Tax Act exempting tax whenever any Company or concern makes donations to Universities or other Institutions for the carrying of research connected with the business. As it was felt the absence of such provisions, in the Plantation Agricultural Act of Madras is a lacuna and with a view to enable the Plantation Companies to donate sums for research work, the Chamber made a representation to Government on the following lines requesting Government to amend the Act, if found necessary, so as to enable such companies to contribute liberally.

"I am directed to invite your kind attention to Section 5 of the above Act and for a clarification as to whether donations to Scientific Research made to institutions like Universities, Colleges or other bodies are allowed as expense in the computation of assessable agricultural income. Clause 5 of the said Act deals with computation of agricultural income for the purpose of assessment. It is not clear whether clause (c) or the residuary clause (e) of the above section of the Act provides for any such allowance. It has been universally recognised that any expenditure incurred on research including sums paid to a university or other bodies for research connected with plantations should constitute one of the legitimate expenses connected with the plantations, and must be deemed as an expense to be deducted from the income for the purposes of arriving at the assessable income. There are similar provisions under the Indian Income-tax Act of 1922 as would be clear from Sub-Clauses XII to XIV of sub-section 2 of Section 10 of the Act. Under this section, any sum paid to the University for scientific research, research in social science, or statistical research related to the class of business carried on by the person concerned is exempt from tax. So it is the Chamber's request that suitable instructions may be issued to the Agricultural Income-Tax Officers who may be dealing with assessment of such cases to allow such deductions in case it is already covered by the above provisions. If in the opinion of the Government, this section does not provide for such allowance, the Chamber would like to bring

to the notice of the Government the importance and necessity of introducing a provision of this nature in the Agricultural Income-tax Act so that the plantation industry may be able to sponsor the development of research for projects connected with their industry and sums paid towards such research to university or other institutions may be deemed to be legitimate expenses incurred by the Plantations with reference to Section 5.

If however, for any reason, it is not possible to accept the view it is suggested that the Government may amend Rule 3 of the Rules made under this Act so as to include such items of expenditure as legitimate Plantation expenses.

The Chamber will appreciate very much for an early clarification. If in the opinion of Government an amendment is deemed necessary the Chamber requests you to be good enough to introduce the same so as to enable the Plantation industry to make donations to such institutions for research purposes which will go in the promotion and development of the industry which will in turn result in increased revenue to Government ultimately."

FACTORIES ACT—EXTENSION TO SMALL INDUSTRIES

The Government of Madras, by their notification, in the Fort St. George Gazette dated the 31st Oct. '56 brought under the purview of certain sections of the Factories Act a large number of small-scale Units engaged in the manufacture of goods. It was felt that the application of Factories Act relating to licensing, permission of sites etc., works great hardship on small units and the Chamber addressed the following communication to the Secretary to the Government of Madras.

"My attention has been drawn to the notification mentioned above published in Part I of the Fort St. George Gazette, No. 43A, dated 31st October 1956 by which a large number of small commercial establishments have been brought under the purview of some or other provisions of the Factories Act of 1948 and I have to communicate as follows:

The application of a number of sections of the Factories Act to small establishments like beedy factories, cloth printing and dying factories, handloom factories, minor engineering workshops, automobile workshops, Dhall factories, printing presses, tanneries, rice and flour mills, aerated water factories, jewellers and metal casting works will cast a great responsibility on these establishments which will prove onerous and burdensome on them. While the Chamber may not have serious objection to the application of such of those provisions relating to the employment of children or the provision of necessary amenities it has to be observed that to apply such of those provisions of the Act relating to licensing, permission of sites, submission of plans and returns and the payment of license fee etc., will work great hardship on the establishments concerned. The application of these provisions to big factories who have got the necessary resources, the other clerical staffs, establishment may not be inappropriate. You will be aware that many of these establishments referred to above are carried on by artisans who may not be expected to know the intricacies of the provisions of the Factories Act and of the responsibilities cast on them. In view of the slender resources and of their being carried on as a small business to make a decent living, the Chamber feels that the application of these sections which will entail financial and other commitments will badly affect them. The Chamber need hardly emphasise that in the circumstances to ask such factories for license fee, plan fee etc., will be too harsh and a burden which such establishments could hardly bear.

The Government and the Planning Commission are making every effort to promote the growth of small scale and cottage industries and are rendering all sorts of assistance. In this context the application of the provisions of the Factories Act to small establishments like these will give a rude set back to the growth of small scale industries and establishments and throw out of employment a very large number of persons who are carrying on these avocations.

The Chamber learns that the Factory officers have now set about to collect the license fee from these establishments and are demanding fee not only for the year 1957 but also for the rest of the period of two months in the current year.

As the notification has only been published just now in September it is not just to demand license fee for the rest of the period of the current year.

In conclusion the Chamber would request you to take into consideration the financial burden that the application of the provisions of the Factories Act will cast on such small establishments and the other practical difficulties in the matter of complying with the provisions relating to registration, obtaining and renewal of licences and submission of returns etc., and to modify the notification dropping the application of such provisions of the Factories Act like Sec. 6, 7, 110 etc."

who can ill afford to bear this levy. Artificial silk is the poor man's luxury and it should have been left free.

Tariff and Taxation

The Hon'ble Shri C. D. Deshmuk, Finance Minister, Government of India, announced his Budget proposals on the 28th February and Shri M. A. Chidambaram, President of the Chamber, commenting on those proposals issued a statement as follows:—

"Some of the proposals contained in the speech of the Hon'ble Finance Minister, Government of India, are drastic in their nature and are bound to squeeze the private sector out of existence. I feel that the private sector could be told in clear terms that in the economic regeneration of the country they have no place in the future.

Had the Hon'ble Finance Minister taken a more correct estimate of the income and expenditure, I feel there may not be much need for fresh taxes as are proposed to be imposed during the coming year. For the current year there was a deficit on revenue account to the extent of Rs. 17.35 crores but on the basis of the available information the year shows a surplus of Rs. 12.31 crores. This year the Hon'ble Finance Minister estimates the revenue only at Rs. 493.6 crores and the expenditure at Rs. 545.43 crores, leaving a deficit of Rs. 51.83 crores on revenue account. I feel that if a more realistic approach is made the deficit could have been reduced. The Finance Minister is unduly pessimistic when he expects a drop of Rs. 15 crores in customs duties. Larger quantities of cement and iron and steel are contemplated for import during the coming year. The proposal to reduce export duties on tea is most welcome during this critical period. The brunt of the duties has however fallen on textile production and it is bound to react on cost of living. The exemption of sarees and dhoties from the levy is no solace to the industry as much of the production in these varieties have been reserved for hadloom goods.

Glass-making has to be encouraged and therefore the proposals to enhance the import duty on liquid gold will be a handicap. Equally unwelcome is the proposal to levy duty on soaps of all kinds. This will amount to taxing the poor

Proposals relating to income-tax and super-tax are likely to have an adverse effect upon capital formation or corporate activities. The increase in the rates of super-tax is unwarranted while the tax on dividends and bonus shares could have been avoided. While the need of the hour is for more Investment Companies and Corporations, the Finance Minister by his proposals seeks to discourage their formation. The proposed withdrawal of the initial depreciation on new buildings, plant and machinery brought into use after 31st March 1956 will give a set back to house building activities and retard industrial activities by the private sector.

Judging from the experience of the past I feel the deficit may not be as gaping as disclosed in the budget and some of the proposals for fresh taxation may be dropped."

Having regard to the financial exigencies, Government of India were not in a position to accede to the request contained in the President's Statement.

On 30th November the Hon'ble Shri T. T. Krishnamachariar, after assuming charge as Finance Minister, Government of India in the place rendered vacant by the resignation of the Hon'ble Shri C. D. Deshmukh announced an interim budget in view of the forthcoming elections in 1957. Some of the proposals were drastic and the President issued a Statement as follows:—

"The Finance Minister's latest Tax proposals should be considered revolutionary and with the present Industrial development programmes in the country, I feel that these proposals may retard the nation's industrial progress. By these proposals, Private Sector may not be able to keep up their programme of development envisaged in the Second Five Year Plan. Then, naturally, Government should not find fault with the Private Sector, if they are unable to discharge the obligations cast upon them.

The proposal of Capital gains should not have been thought of now and Government should have waited for a more opportune time.

The increase in taxes on dividends is uncalled for and there will not be sufficient incentive for Capital formation. His proposals with regard to Section 23-A of the Companies Act, will bring both the non-Investment and Investment Companies on a par.

To compel the investment of amounts in the depreciation and other Reserves with the Reserve Bank of India will greatly impede the progress of Industries, and I still hope that the Finance Minister will reconsider this aspect.

The increase on the duty on luxury car is understandable, but I cannot reconcile how the Finance Minister is justified in the increase of duty on import of Motor-cycles and Scooters which are used by middle class people at the present stage when the manufacturing programme of these vehicles is yet under way."

Later on, on the basis of the Budget proposals the Finance Minister introduced Finance Bills in the Parliament and the Chamber commenting on the proposals urged Government as follows:—

The Chamber has noted from press reports the proposals for the introduction of new taxes and enhancement of existing taxes. The country was least prepared during this part of the year for budget proposals of such a momentous character affecting the economy of the country. It was thought that as in the previous years budget will be introduced only by the end of February. During the elections in 1952 also the budget was introduced after the Government was formed after the general elections, though an interim budget was introduced in February. Therefore these proposals have come at an unexpected moment but it was thought that having introduced the budget at such a short period the country will be given sufficient time to consider these budget proposals in the Parliament stage but that was also not to be. It has become almost a feature now to introduce taxation measures at frequent intervals during the course of the year itself. Some two months back Government introduced tax proposals of a momentous character. Now in December the proposals have been introduced covering a wide field of taxation and for enhancement of existing taxes. The Chamber

hopes that this will not be a regular feature in the years to come and that the budget proposals will be introduced only once in a year as in the past unless there are compelling reasons to introduce new taxes during the mid-year.

Under the budget now introduced there are various proposals of a far-reaching nature and I am directed by the Chamber to offer the following comments on them.

Capital gains tax:—This tax has been reintroduced without any of the concessions given in the 1947 Act under the Liaquat Ali Budget. Those proposals were withdrawn for good reasons and Government have now thought it fit to reintroduce the proposals withdrawing, of course, all the concessions granted under the previous Act. Though the Taxation Enquiry Commission has recommended the introduction of capital gains tax, Government have taken the most inopportune time for the levy of such tax. Government have stated that the year 1954 will be adopted as the basis for calculation of capital gains. This would result in the appointment of an army of assessors to assess the value of properties which prevailed in 1954. The Chamber is not aware what will be the basis for assessment of such value. Any way that will always be a matter of dispute. There is no basis for the introduction of such a tax just at present. Whatever justifications there were to introduce this tax in 1947 they do not hold good under the present circumstances. It is however encouraging to find from today's announcement in the papers that Government have no idea of taxing sales of residential houses below Rs. 25,000/—. While Government have to be congratulated for such small mercy, the Chamber feels that the present time is most inopportune to introduce such tax and feels that the revenue derived from this tax will not be commensurate with the expenses incurred for collection of such tax and for the valuation of properties incidental to it.

Another proposal which has attracted well merited all-round criticism is with regard to the proposal of Government to increase the tax on dividends. It is felt that to base the dividend tax on the paid up capital of a Company is not sound in principle. It is equally bad to tax dividends just at a time when capital formation has to be encouraged by all

means. The effect of these proposals will be to curb the flow of capital into private enterprise when the private enterprise is called upon to perform important functions under the Second Five Year Plan of development. Some years before there was a limitation on dividends but for very good reasons that was given up and the Chamber cannot understand why more or less similar proposal in effect should be introduced just at present when the country is embarking on an era of planned development. At any rate the enhancement of tax proposed under the new proposal is very rigorous and will impede formation of new ventures. The Chamber hopes that this will receive the serious attention of the Government.

Of all the proposals that have attracted well-founded criticisms all over the country is the proposal contained in Clause 3 of the Finance Bill delegating power to Government to prescribe compulsory deposit of reserve and depreciation funds in the Reserve Bank or with the Government. This is a novel suggestion and on the face of it will forge new fetters on private enterprise and entrepreneurs. If the proposal is implemented it will amount to a super-imposition of another control over and above the capital issue control order and would result in forcing private enterprise to finance programmes and schemes in the public sector under the Five Year Plan. For every investment or for even expansion the private enterprise will have to look to the Central Government for sanction to use the funds created by them. The Finance Minister has said that the purpose of this proposal is to make the industrialist invest the moneys in expansion of industrialisation, and to prevent the flow of such funds into other channels. But Government will be aware that even now under the new Company Law there are restrictions on investment of the Companies fund, which amply secure the object the Finance Minister has in view. So, there is no necessity to further impose restriction over investment in the shape of the proposals now brought forward. Nevertheless we have the assurance from the Finance Minister that Government will not sit tight over such sanction but it cannot be denied that it is a control exercised on private enterprise. Already it is a matter of complaint that there is inordinate delay in issuing licences for expansion or for setting up of new units by the Licensing Committee. Added to that if

this control is also exercised Government will appreciate that whatever enthusiasm the private sector has under the present scheme will be sapped away by this new proposal. Private sector has been called upon to play a great and major role in the implementation of the Second Five Year Plan and unless sufficient facilities are afforded to them this proposal will prove to be a millstone round its neck. Even now it is very difficult to find adequate resources for the private sector to find finance for their schemes, and for running the existing units. Money conditions in the market are very stringent and Banks due to paucity of sufficient funds are not in a position to meet the demands of industries for expansion or even for financing working capital. Under such circumstances this proposal coming as it does just at this critical juncture, will mar future economic development of the country under the private enterprise to a great extent.

Customs and excise duty:—Government probably are under the impression that the use of car has become a luxury in India. The use of car in India compared to other countries is extremely limited and this is not at all the time to place a further curb on the use of car. The imposition of a high excise duty of Rs. 3,000/- will retard manufacture and use of such cars in India at a time when manufacture of such cars has been undertaken in the country and Government has blessed such undertakings with the issue of licence for manufacture. It is no doubt true that the duty can be borne by those who use such luxury cars, but coming as it does with the proposal of the Government to introduce high import tariff on motor cycles and scooters it takes away the bottom of Government's argument. While it is the intention of Government according to the former to tax the use of luxury cars it is not at all understandable why Government have sought to levy increased duty on the import of motor cycles and scooters which considered from any angle is middle-class people's form of conveyance. Use of scooters and motor cycles is to be encouraged in a country where other forms of transport are woefully inadequate and where there is a great bottleneck for transport facilities. As Government are aware travel by railway is a nightmare while in important Cities where transport has been nationalised the position is anything but satisfactory. Often times one has to wait for hours

standing in the queue for transport and office-going people find it very difficult to get themselves accommodated in the transport run by Government. Under such circumstances the use of motor cycles and scooter has to be encouraged and the Chamber cannot understand why Government, while introducing such novel forms of taxes, should have thought of enhancing the duty on import of scooters and motor cycles. This proposal at least may be withdrawn.

Among various commodities for which import duty has been enhanced the attention of the Chamber is particularly drawn to the imposition of high duty on artificial silk yarn. This Chamber has mentioned the above duty only as one of the many instances. Generally the effect of such import or excise duty is to restrict consumption at a time when there is a move all over the country to arrest high level of prices prevailing in the country. The proposal coming as it does now will have the opposite effect by increasing the cost of living. The Chamber notes that the idea of introducing so many novel forms of taxes is to bridge the gulf between the available resources and the target fixed under the Plan but the administration of such doses of taxes just at a time when the middle-class people have been emaciated by all round increase in prices will have the adverse effect of restricting consumption. Even now there is a feeling that if adequate resources are not available as envisaged in the Plan, the Plan period may be spreadover. In the light of the circumstances mentioned above, the Chamber requests that Government may be pleased to consider the above suggestions at the time of considering the above proposals.

AGRICULTURAL PRODUCE CESS ACT

As usual, the opinion of the Chamber was consulted by the Government with regard to fixation of Tariff values under the Agricultural Produce Cess Act 1940. The Chamber consulted interested members and on the basis of the suggestions received from them, made recommendations having regard to the prevailing market prices. The Chamber's recommendations are given below and some of them have been accepted.

S. No.	Name of Article	Unit	Tariff Values 1955-56		Tariff Values Proposed 1956-57	
6.	Fibre for brushes all kinds	Cwt.	Rs.	52/-	Rs.	45/-
7.	Fish (i) dry salted	"	"	60/-	"	55/-
	" (ii) Prawns dry	"	"	130/-	"	130/-
12.	Oil cakes Groundnut oilcake	Ton.	"	180/-	"	175/-
	Oil cakes Other kinds	"	"	240/-	"	150/-
13.	Pulses Split all kinds	Cwt.	"	22/-	"	20/-
	Pulses whole all kinds	"	"	18/-	"	15/-
14.	Seeds : Celery seeds	"	"	100/-	"	63/-
	Coriander	"	"	40/-	"	38/-
	Mustard	"	"	30/-	"	25/-
15.	Spices : Chillies, dry	Cwt.	"	100/-	"	90/-
	Turmeric	"	"	80/-	"	70/-
18.	Vegetables Garlic	"	"	40/-	"	35/-
	Onions	"	"	13/-	"	10/-
	Potatoes	"	"	20/-	"	20/-
	Ginger, Dry	"	"	175/-	"	150/-

In the case of Item No. 17, tobacco, it is suggested that the Export Promotion Council which held its session recently in Madras had made useful suggestions i.e., the Cess should be levied on the basis of the values declared in the shipping Bill supported by Invoices and/or Letters of Credit. But in the event of tariff value fixed, the following suggestions may be considered.

Redried Strips					Redried Leaf	
F.C.A. Gr.	1	Rs.	3	4	0	
	2	"	3	0	6	
	3	"	2	13	0	
	4	"	2	8	0	
LG	"	2	2	0		
LBV	"	2	2	0		
LBV	...					
LBV2	...					
LMG	...					
MG	...					
B	...					
DB	...					
DG	...					
PL	...					
Non-Fluecured	...					
Chewing Beedi,	...					
cheroot and Cigar	...					
tobacco	...					

Rs. 1 0 0

" 0 12 0

" 0 8 0

" 0 7 0

" 0 7 6

" 0 6 3

" 0 5 5

" 0 4 9

" 0 10 0

" 0 12 0

Chinese Rates

In the case of F. C. V. if a classification of the several grades has to be made, as is stated in your letter, then I would suggest the prices are revised as under:—

(1956—57)

Class I Gr. 1,2,3, & X	Rs. 3—0—0
Class II Gr. 4, LBY & LB	Rs. 2—4—0
Class III Gr. LBY2, LMG B, Bits & MG	Rs. 0—10—0
Class IV Gr. DB, DG, DBL & PL	Rs. 0—5—0

- Note:*— (i) Class I & II are for Redried strips.
Class III & IV are for Redried leaf.
- (ii) If non-redried, prices to be reduced by As. 2 per Lb.
- (iii) The prices to be revised from time to time depending upon market conditions.

ANNUAL REVISION OF TARIFF VALUES

The Director General of Commercial Intelligence and Statistics, Calcutta, forwarded to the Chamber 10 copies of his suggestions for revision of Tariff values for the year 1957, requesting the opinion of the Chamber on those proposals. As usual, the Chamber consulted the affiliated bodies and interested members of the Chamber and on the basis of their suggestions forwarded the following representation to Government.

“In continuation of my letter No. G. 1194/56, dated the 29th May 1956 I give below suggestions with regard to tariff values proposed to be adopted for the coming year.

SECTION I

Item 5 (2): Live Animals and Products of the Animal Kindom Ivory, unmanufactured.—

The proposal is to enhance the value to Rs. 1,500/— instead of Rs. 1,175/— and to Rs. 1,400/— from Rs. 1,125/— per Cwt. and from Rs. 975/— to Rs. 775/—. Ivory articles are manufactured in great quantities in India and are

exported outside India as curios. In fact, ivory is a raw-material for manufacture in India and there is no justification to enhance its tariff value.

SECTION II

Item 9 (4): Mace, unground.—The proposal is to raise its value from Rs. 5/— to Rs. 7/— per Lb. Members interested in the trade are of opinion that the existing value Rs. 5/— alone may be retained, as otherwise there will be a general increase in prices which is not justified under the present circumstances.

Item 14: Rattan of Chair and Basket quality.—The proposal to increase their values is not justified. As in the case of ivory, this is also a raw-material for our cottage industries products which are also exported in large quantities to other countries. Manufactures out of rattan still continue to be a cottage industry and it is not advisable to penalise cottage industry products in this manner.

Item 28: Ammonium bicarbonate.—The proposal is to retain the tariff value at Rs. 40/— per Cwt. The C. I. F. price of Continental make is about Rs. 25/—. The I.C.I. price of English make is Rs. 34-8-0. Such being the case, there is no reason why the tariff value should not be substantially reduced. The Chamber would suggest Rs. 30/— per cwt. being the average of Continental prices and I.C.I. prices.

Item 28: Ammonium Chloride.—As in the case of Bicarbonate the C. I. F. price of Continental products is about Rs. 34/— per cwt. and the English prices is Rs. 47/—. Therefore the proposal to fix the Tariff value based upon English price alone is not sound. It should be fixed at Rs. 40/—.

Item 28: Sodium Hydrosulphite.—The fixation of tariff value of Rs. 120/— will be on the higher side. The average ruling price of Continental product is about Rs. 102/—. The tariff value may therefore be fixed at Rs. 105/— alone.

Item 28 (34) Soda caustic—(a) Solid.—The tariff value may be fixed at Rs. 28/— instead of Rs. 30/— as suggested by you.

(b) *Other sorts.*—The value may be fixed at Rs. 32/- instead of Rs. 34/- per cwt.

Item 30 (1) Alizarine, dry.—The value of Rs. 6-4-0 instead of Rs. 7-8-0 as suggested will reflect market prices.

Item 30 (1) Coupling dyes of the naphthol groups (a) Naphthols.—The tariff value may be fixed at Rs. 10-4-0 instead of Rs. 11-4-0 per Lb.

(c) *Bases.*—The selling prices of all the Bases except four Bases lie within Rs. 10/- per lb. The Bases priced higher are four in number and they are not very popular sellers. In view of this, there is a suggestion that the Tariff Value of Rs. 11/- per Lb is not reasonable and that the rate be reduced to Rs. 9/- per Lb.

Item 30 (13) Alizarine, moist.—Under Item No. 30 (1) Alizarine, moist appropriately has been reduced from Rs. 225, to 160/- but under this heading the value is retained at Rs. 225/- as in the case of previous year. The Chamber takes it that it is a mistake and it should be reduced to Rs. 160/-.

Item 30 (13) Vats: (c) Other Vats powder.—The Manufacturers prices for important varieties of Vats show a downward tendency and if it is not possible to reduce its price to Rs. 45/- which will be a correct value, the present value of Rs. 47-8-0 be maintained.

Item No. 31 (4) Camphor (a) Natural.—The present C.I.F. value of this is only 3 sh. or Rs. 2-1-0 per lb. Therefore, the proposed tariff value of Rs. 4/- is on the higher side. Supplies are derived mostly from Japan. The tariff value may therefore be fixed at not more than Rs. 2-8-0 per Lb.

(b) *Synthetic:*—For the same reason Rs. 1-12-0 per Lb. will reflect market price.

Later on the Director-General of Commercial Intelligence and Statistics came to Madras and the Chamber stressed its points when the representatives of the Chamber met him at the Custom House, Madras. Some of the suggestions were accepted by the Government.

CENTRALISATION & MECHANISATION OF TRADE STATISTICS

There was a proposal by the Director-General of Commercial Intelligence and Statistics for centralisation and mechanisation of trade statistics and a copy of the proposals of the Director-General was sent to the Chamber through the Collector of Customs, Madras, inviting its suggestion on the draft proposals. The Chamber consulted members and made the following observations.

“In continuation of my letter No.G.323/56 dated 11th February, 1956, I am to communicate the following suggestions received from members with regard to the Centralisation and Mechanisation of Trade Statistics.

The list circulated by you for inclusion in the Daily Return is elaborate and more voluminous. Necessarily the rate of subscription for such list is bound to be higher. There is a feeling among members that the present rate of subscription itself is too heavy and a further increase of subscription for the Daily Return is extremely inadvisable. Many members may not be interested in subscribing for the whole list because it may not be very useful to them from the point of view of their trade. It is, therefore, suggested that the Daily List may be split into different sections if possible such as import and export and subscription fixed separately for each section so that those interested may subscribe to the appropriate section instead of the whole.

Alternatively the nine sections proposed to be incorporated may be prepared separately and subscriptions fixed for these sections. It will then be possible for those interested in that section to subscribe for that relevant section and they need not, therefore, be forced to subscribe for the entire list which may be beyond their reach. Moreover information contained in all sections may not be relevant to them and they may not be interested in it. Fixing subscription for the entire list as a whole will prevent many members, who may be interested in particular sections alone, from subscribing for the entire list. This aspect of the question has to be considered and you may be pleased to consider the suggestions given above.

It will be advisable to give the section number at the head of each page. The list of commodities which enter into the Trade Return require some amendments.

Fruits and nuts, fresh—appearing in page 9 item No. 051-07—HPS Groundnut and mixed nuts may be provided for.

Similarly under item No. 054-02—page 11—Cow Peas may be included.

Under Division 06—Sugar and Sugar preparations—page 13—cube Sugar has to be shown separately.

Similarly after Palmyra jaggery (Item No. 02 Division 06—page 13) provision may be made for Palmyra Sugar Candy also.

Tea and mate—Group No. 074—page 14—provision is made for Black, Green, Brick and Waste Tea alone. When the list is prepared so elaborately it should be able to provide for different varieties of Tea such as Leaf or Dust. An indication of the quality such as O. P., B. O. P., Fannings etc., will also be very helpful to know the demand for particular quality of tea. This may be considered.

Under 'Spices' against Group No. 075—page 14—provision may be made for 'Laurel' and 'Turmeric'. These are very important commodities.

Under 'Oilseed cake and meal' against Item No. 081-03—page 15—'Groundnut oil cakes' may be split into 'Deoiled Groundnut Meal'.

Division 09. Miscellaneous Food Preparation—page 15—Vermicelli, Macaroni, Spagetti and Noodles also have to be provided for.

Under Group No. 262—page 23 'Wool and other animal hair'—it is advisable to provide for Camel hair and Cow Tail hair also.

Group No. 265-09—page 26—under 'Vegetable textile fibres' "AKUND" has to be included.

Group No. 272-08—page 28—'Red Stone' to be included.

Group No. 292—'Crude vegetable materials'—page No. 4—'Annato seed' and 'Dividivi' have to be mentioned.

Page 91: Group 29—for tyres "covers" are specified in most places and in one or two places "tyres". Uniformly "tyres" may be used instead of "covers".

Addition suggested:—

- (1) Pneumatic tyres for auto-rickshaws and auto-transport three-wheeled vehicles.
- (2) do tubes.

Page 126: Group 681-08—It is suggested that "Used Rails for steel poles" instead of "Rails for steel poles" and "used rails re-laying quality" instead of "re-laying rails" may be substituted.

Page 143: Group 699-0604 "Roller chains" unless these are understood to be "chains for rollers" this may lead to confusion.

699-0609-Chains "others". It is necessary to have "not otherwise specified" as there are several other types like chains for automobiles, motorcycles, scooters, etc. which should not come under "other".

Page 177: Group 732-02.02 "Auto-rickshaws" add "and other three-wheelers".
732-02 after .0101 add "Imported in semi-knocked condition" and separately "completely knocked down condition"; i.e., same as provided under motor vans, lorries and trucks under 732-03.

Page 178: 733-02—.0102 "Chain wheel crank" should be "chain wheels & cranks in sets".

After this add: Chain wheel with cranks —

Particulars: No.

Cranks only. —

Particulars: No.

Page 161: 716-13: Diesel fuel injection equipment, diesel engines, nozzle holders for use on stationary single cylinder fuel injection pumps for stationary engines, can be, with advantage, brought under Group 711.

Page 168: 721.2108 "Spare parts" to be introduced after this item.

Page 164 & 165: 721-01 .01 "Control and switchgear" list not exhaustive.

"Lightning Arresters" to be included as an item.

721-01.0119 "Control and switchgear, n. e. s." to introduce before this: —

Switches upto 11 kv;

Switches over 11 kv but upto 22 kv;

Switches over 22 kv. but upto 33 kv;

Switches over 33 kv. but upto 66 kv;

Switches over 66 kv. but upto 132 kv.

Page 172-721-08 .05 House service meters: to be sub-divided into

single phase upto 10 amps;

Single phase over 10 amps;

other than single phase upto 10 amps;

other than single phase over 10 amps.

Page 136: 699-01

.0301 "and fittings" to be added to "solid drawn tubular steel poles".

.0302 "and fittings" to be added to "Riveted or welded tubular steel poles".

Page 127—681-13 "other than electric transmission" should be added to "Steel tubes and fittings, welded or drawn", to avoid confusion.

Page 175—721-19

.0505 and .0506 "and fittings cemented or otherwise" should be added to the description.

Page 137—699-04.01 to .09 "and accessories" should be added to the description.

REPATRIATION OF INDIAN INVESTMENTS FROM FOREIGN COUNTRIES

This Chamber has been taking abiding interest in the repatriation of Indian capital invested abroad for industrialisation of the country. In the course of business large amounts of Indian capital have been invested abroad and such investments consist of lands, business premises etc., and owing to insecurity in foreign countries these investors were very anxious to repatriate their capital. For doing so the Income-Tax Department were not very helpful and their attitude was anything but encouraging for the repatriation of such capital.

In the course of the year, the Chamber took up the matter in a communication addressed to the Hon'ble Finance Minister, which is as under.

"The Chamber has submitted to you from time to time from 1951 representations with regard to remittances of profits and capital to India from foreign countries with particular reference to remittances of profits and capital from Malaya. Government were pleased to sanction some concessions that the profits which accrued to residents of India in foreign countries and which were not taxable on accrual basis were exempted from taxation if remitted to India within a specified time and one half of the amount so remitted was invested for a period of two years in Government securities held in the custody of the Reserve Bank of India. Further concessions were also issued in respect of non-residents of India bringing their foreign profits into India in the year of remittance and such profits were exempted if the person was not resident in India in two out of the three years preceding the year in which the remittances of profits were received.

The Chamber submits that these exemptions do not go far enough. Many South Indians, especially Nattukottai Chettiars have been carrying on business in Malaya for a number of years and in the course of the business they came in possession of immovable properties taken over in settlement of monies advanced. These properties were taken over when there was a big slump of rubber estates and businessmen purchased rubber estates or immovable properties in

Malaya as investments. It is the practice of the Income-Tax Department in Madras to consider the difference between the purchase price of the properties referred to in the foregoing paragraph and their selling price as normal profits of business and include such profits in the assessment. This has been causing considerable hardship and the matter has been the subject matter of several judicial pronouncements some in favour of the Department and some in favour of the assessees. In view of the pronounced tendency of the Income-tax Department in subjecting to tax the profit realised on the sale of immovable properties that came into possession of the businessmen in Malaya in the circumstances explained in the foregoing paragraph, there has naturally been considerable reluctance on the part of the business men in selling their properties and remitting the amounts to India. The rates of Indian taxation are so steep that after paying the tax on the profit on the sale of properties very little is left with the businessmen and this does not act as sufficient incentive for them to sell the properties and bring the monies so realised to India. In spite of the fact that in recent years there has been a marked increase in the price of rubber estates and house properties in Malaya as compared with the prices at which these properties were acquired in the nineteen thirties.

The Malayan Government when they introduced income-tax in the post-war period made a specific provision in their law that profits on the sale of properties purchased before the outbreak of the Second World War were exempted from taxation. It is submitted that this is a just and fair provision based on the well known rule that properties held over a fairly long period of time were held as investments and not as trading stock.

The Chamber submit that an emergency has now arisen in the case of Indian businessmen in Malaya as a result whereof they have to dispose of their properties such as rubber estates and house properties and repatriate the capital to India and close down their businesses in Malaya. The proposed grant of independence to Malaya is bound to be followed by severe restrictions on foreign nationals carrying on business in Malaya as have been imposed in the case of Ceylon and Burma and Indonesia. Apart from the imposition of such restrictions the Chamber also apprehends that

there would be restrictions on the export of currency from Malaya and therefore, even the Indian businessmen, if they close down their businesses in Malaya after the grant of independence to that country would be unable to bring their capital and profits to India.

In these circumstances the Chamber submits that there is a just case for exempting from taxation the profits made on the sale of immovable properties in Malaya by Indian residents at least in the case of properties purchased before the outbreak of the second world war. The Chamber feels sure that provided a time limit is given Indian businessmen will sell all the immovable properties in Malaya and bring the amounts so realised to India. Such exemptions of the profits on the sale of immovable properties in Malaya will afford considerable inducement for Indian businessmen trading in that country to sell their properties for which there is now a ready market, which may disappear after the grant of independence to Malaya as has happened in the case of Burma.

The Chamber, therefore suggest that Government of India may be pleased to exempt from taxation the profits of Indian residents arising from the sale of immovable properties in Malaya provided the sale price is brought into this country within a specified time. The Chamber is also agreeable to the imposition of a condition in case such exemption is granted that half of the amounts so remitted as represent the profit on the sale of immovable properties in Malaya should be invested in Central or State Government securities. The Chamber feels that such a condition would provide the Government of India with a substantial amount in connection with the prosecution of the Second Five Year Plan.

The Chamber particularly desires to mention that residents of merged States like Pudukkottah are more deserving of the concessions asked for herein. They acquired the properties in Malaya at a time when there was no income-tax in the Merged States and but for the merger they would be free to sell their properties in Malaya at profit and bring the sale price to the merger States without attracting any liability to taxation. Under such circumstances, the Chamber

submit that, if the Government of India is not prepared to allow a general exemption in favour of all residents of India as suggested herein, an exemption atleast in favour of the residents of Merged States may be granted on the analogy of non-residents coming to India being exempted on their profits remitted to India in such year if they were not resident in India in two out of the three preceding years."

The Central Board of Revenue issued the following Notification. This has, in a way, helped repatriation of Indian investments abroad to a limited extent. The subject continues to engage the attention of the Chamber.

"Please refer to your demi-official letter No. 211 (70)/56 dated the 31st March, 1956.

2. The board have examined the question of taxability of profits arising to Indian businessmen on the sale of immoveable properties in Malaya. Under ordinary circumstances, profits arising from sale of property acquired in the course of moneylending business are assessable to income-tax. It is, however, possible that such properties after being acquired in the course of moneylending business may be taken out of the business and kept as permanent investment. When such properties held as investment are sold in special circumstances, the profits arising therefrom will be treated as capital gains. Whether in any particular case an item of property is held as an investment or not is a question of fact to be decided in the light of the circumstances relating to that case. It may, however, be accepted that if properties acquired in Malaya by Indian businessmen in the course of moneylending business prior to 1-9-1939 are now sold in the process of winding up of business in Malaya, the resulting surplus, if any, will be of the nature of capital gains.

3. Instructions may accordingly be issued to the Income-tax Officers."

When Shri E. S. Krishnamoorthy, Member, Central Board of Revenue visited the Chamber, the Chamber stressed the need for increasing the representation on the Customs Advisory Committee of the Federation of Indian Chambers

of Commerce and Industry, New Delhi. Mr. Krishnamoorthy was good enough to enhance the representation from one to two and the following two nominees of the Chamber

Shri Mohanlal D. Tolia

and

Shri M. M. Rawal

were elected to represent the Federation on the Customs Advisory Committee.

The Customs Advisory Committee has been doing very useful work. The Chamber has been inviting suggestions from members for being discussed at the Customs Advisory Committee Meetings.

The following is the list of subjects that were forwarded for consideration at the monthly meeting of the Customs Advisory Committees and the proceedings of the Committees are indicated against those subjects to facilitate reference.

Members are requested to make fuller use of such Committees and forward their subjects for consideration:

Subjects and Minutes

It has now been brought to the notice of the Chamber that owing to the inordinate delay in the clearance of goods, heavy loss is incurred by importers. Such delay in the case of breakable goods like glassware causes much loss. In a consignment of such goods imported through the Port of Madras recently it has been represented to the Chamber by Messrs. Poppat Jamal & Sons, Madras, that the breakage was as high as 80%. This has to be avoided. In the case of such goods at least the procedure for clearance may be simplified without at the same time Customs suffering any loss.

Minutes:—The member also complained that glassware merchants had to suffer heavy breakages of goods on account of delay in clearance and therefore special care should be taken to avoid delay. He also stated that consignments such

as medicines etc., get spoiled if they were not cleared at an early date on account of their being removed from one place to another inside the barbour.

The Chairman said that normally such consignments were not delayed. He also said that importers might enter into an arrangement with the Port Trust for keeping those consignments in a warehouse or bonded warehouse. The Chairman, however, asked the members to write about this so that he might consider the same. Mr. Jaywant, Traffic Manager, Port Trust also said that if the member wrote a letter, he would take up the matter for arranging a bonded warehouse.

Customs Test

In the case of import of paper it is understood that the Customs insist on obtaining chemical analysis of paper before allowing consignees to clear the goods. The formalities for obtaining chemical analysis have been known to take as long as three weeks. During this period other incoming cargo is stored over earlier arrivals. Therefore it causes much inconvenience if chemical analysis certificates are issued without much delay, clearance can be expedited.

Minutes:—The Member complained that there was an all-round delay in the Customs House and a Committee should be appointed to study and suggest ways and means to minimise delay. He also complained that there was delay in test of paper consignments, M. S. rounds etc.

The Chairman replied that every effort was being made to avoid delay at every stage and the question of augmentation of staff to cope with the increase of work in the Custom House had also been taken up. With regard to delay in test of paper consignments. M. S. rounds etc., the Chairman said that out of the sample received in the laboratory for test only 5% of the samples had been detained because elaborate quantitative estimation of the ingredients had to be made in those cases which would normally take about 10 days. Some of the samples had to be rechecked and counter-checked.

Delay in Clearance of Post parcels.—It is stated that more than 2000 parcels are lying in the General Post Office uncleared by the Customs authorities in spite of intimation of their arrival having been given to them. Further it is also complained that import licences submitted to the Postal Appraising Department are sometimes mislaid, lost or wrongly endorsed. All these may be due to either lack of adequate staff or fall in efficiency. This state of affairs has to be improved.

Minutes:—The member complained about the delay in the clearance of post parcels and stated that there were more than 2000 parcels lying in the General Post Office uncleared by the Customs authorities even though intimation of their arrival had been given to them.

The Chairman replied that most of the parcels were cleared and efforts were being made to clear the remaining parcels as early as possible. He hoped that by 15th of October, 1956 the position would be brought upto date.

Assessment of samples.—It is also stated that samples of no commercial value received purely for commercial purposes are subject to disproportionate duty irrespective of their declared value.

Minutes:—The member complained that samples of no commercial value received purely for commercial purposes were being subjected to disproportionate duty irrespective of their declared value.

The Chairman stated that samples were not exempt from duty when imported and only samples of no commercial value were exempt from duty. He sympathised with the difficulties represented by the member and stated that in case where any importer feels aggrieved that duty had been collected in excess or duty had been collected wrongly he might prefer an appeal.

Delay in test.—Customs analysis takes inordinate delay. In spite of previous representation the difficulty is still continuing.

(b) It is complained that consignment of Neko Soap, a well known brand of make, was taken for Customs test though ultimately the consignment was found to conform to the prescribed test they were levied transit dues for the long period kept by the Customs for completing their test. In such cases for no fault of theirs importers are obliged to pay transit dues for the delay and time taken by the Customs for making their test.

It is suggested that some arrangements should be made where, in case of test either the goods should be permitted to be cleared on furnishing a guarantee or the customs give certificates for the Port Trust to exempt the levy of transit dues whenever Customs test is involved.

*Minutes:—*The member complained that there was inordinate delay in Customs test with the result the importers were being asked to pay heavy transit dues for no fault of theirs. By way of illustration the member brought to the notice of the Chairman a complaint made by M/s. Thadani & Co., about the delay in test in respect of a consignment of Neko Soap and the consequent loss incurred by them by way of payment of heavy transit dues. The members therefore urged that some arrangement should be made whereby the goods should be permitted to be cleared on furnishing a guarantee or the Customs should give certificates to the Port Trust for exemption from the levy of transit dues whenever Customs test was involved.

The Chairman stated that every possible effort was being made to avoid delay in test and in cases where the delay was due to the Customs test, recommendations for remission of wharf rent were being made to Madras Port Trust. The Chairman said that in the case of M/s. Thadani & Co., recommendation for remission of transit dues was given for the period of detention i.e., from 5-5-1956 to 20-7-1956 and the delay of nearly two months prior to 5-5-56 was due to the importers fault. He also stated that importers are also given the option of clearing the goods pending test results on their executing a guarantee to pay any extra duty found leviable on test.

*Bonds and letters of guarantee-signing of:—*The difficulties with regard to the change in the procedure on

signing of letters, and bonds of guarantee was taken up through the representatives. The subject was discussed on the basis of the following letter addressed by the Chamber.

“The attention of the Chamber has been drawn to the great inconvenience caused to the trade by the sudden amendment of the Public Notice No. 253/55 and substitution in its place Public Notice No. 200/56. According to the revised notice all bonds and guarantees should be signed in the presence of a responsible officer of the Customs Department preferably an Appraiser or a principal Appraiser. Government will have their own reasons for introducing this amendment, but I have to submit that this amendment has resulted in great hardship to the trade. At a time when Government are on a drive to increase production they want top executives of business firms and industries to rush up to the Customs House to affix their signature in bonds and guarantees, which is after all a formal matter. They may have to wait for sometime because the officer may be busy, and in such cases the inconvenience is all the more greater. The Chamber is not aware of any reason as to why the facility offered in the circular of 1955 should have been amended. If that has been intimated to Chambers of Commerce they might have been in a better position to suggest amendment that would not result in inconvenience to members of the business community and at the same time safeguard the interests of the Customs Department. There may be so many practical methods of avoiding inconvenience but the Customs without consulting the trade have all on a sudden cancelled the facilities afforded by the previous circular and compelled each and every member of the trade, who is to use the Customs Department, to go and affix his signature in person before the Principal Appraiser or the Appraiser. In more responsible matters signature of top executives are identified and documents are passed for payment. A similar procedure with some additional safeguard if found necessary could be adopted for customs purposes also. As it is Managers and top executives of business firms who can ill afford to leave their place in the office have to go to the customs office to affix their signature. The Chamber is not aware of what provision Government is making in the case of mofussil importers or exporters. Is it the intention of the Customs Department to compel even mofussil importers or exporters to come all

the way from Madura or Tuticorin to Madras and affix their signature in the presence of the Appraising Department. I feel this subject could have been discussed at the Customs Advisory Committee before such a subject of major importance is taken by the Customs. Nothing would have been lost in consulting the trade. Even now it is not too late to withdraw the Public Notice No. 200/56 Ap. of 26-9-56.

I request you to be good enough to appreciate the difficulties caused to the trade and to withdraw this notification. If ultimately it is found necessary that Customs Department have to be armed with additional powers, there can be no objection to the Customs to consult the trade interests and then enforce such regulation as may be found necessary in the circumstances. The Chamber would, therefore, request you to be good enough to examine this matter and withdraw the offending notification as early as possible.

Minutes:—It was represented by the members that it caused great inconvenience to the business community in ordering them to come and sign the Bonds and Letters of Guarantee in the presence of a responsible officer preferably before the Appraiser or Principal Appraiser as required in the Public Notice No. 200/56. They suggest that the signature of a responsible person of a firm may be accepted instead of asking him to sign in the presence of an Appraiser.

The Chairman stated that the Public Notice No. 200/56, was issued in compliance with orders of the Central Board of Revenue. He also stated that as the matter related to all ports in India, it had already been taken up with the Board and may be finalised soon. If any delay was noticed in the observance of the above procedure by any Appraiser or Principal Appraiser, he asked the members to bring it to the notice of the Asst. Collector of Customs, Appraising Department or Public Relations Officer for redress.

COMMUNICATIONS

Railway Budget

Commenting on the Railway Budget, the President of the Chamber issued the following statement:—

The Railway Budget for the year 1956-57 introduced by the Hon'ble Shri Lal Bahadur Shastri furnishes interest-

ing reading. Last year the Railways budgetted for an income of Rs. 292.5 crores whereas the revised estimate for 1955-56 is Rs. 314 crores i.e., about Rs. 22.4 crores more than the budgetted estimate. This year the budget estimate for 1956-57 is put down at Rs. 345 crores and I feel that the actuals will be much more than this conservative estimate.

When the public and the mercantile community were under the impression that pending the report of the Railway Freight Structure Committee, appointed by the Government, no variations would be made with regard to freight structure, the proposed increase has come as a surprise. I feel that before making any alterations in the freight rates Government will be well advised to wait for the recommendations of the Freight Structure Committee.

Wagon shortage is a serious bottleneck responsible for the creation of artificial scarcity and plenty side by side. The proposal to introduce express goods train service at additional cost will be welcomed. If export trade is to assume full stature Railways have an important role to play in the movement of goods from the centres of production to the ports of shipment.

Incidentally I may mention the allotment for Railways under the Second Five Year Plan falls short of expectation. If the Railways are to play a dominant part in the industrial evolution of the country I strongly feel that allotment should be sufficiently increased. More new lines have to be constructed, and the Railways should lose no more time in meeting the long felt necessity for the quick movement of the goods. It is an irony that Railways have taken on themselves the popularisation of Hindi as a national language by translating various railway codes, manuals, forms etc., into Hindi. When a National Language Commission has been appointed I feel this attempt in forestalling the findings of that Commission appointed by the Government of India is subject to criticism. They can wait till the recommendations of the Commission are implemented by the Government.

RAILWAY FREIGHT STRUCTURE ENQUIRY COMMITTEE

By far the most important subject that came up for consideration during the year under review was the question of

revision of railway freight generally. The Government of India appointed a Railway Freight Structure Enquiry Committee with Sir A. Ramaswamy Mudaliar as Chairman. The Committee issued an elaborate questionnaire touching various aspects of the freight rates, packing conditions and other incidental charges. The Committee of the Chamber appointed a Sub-Committee who met on different occasions and on the basis of their recommendations the questionnaire was replied. Copy of the questionnaire as well as the reply forwarded by the Chamber is reproduced below:—

The Committee of the Chamber have given careful consideration to the questionnaire issued by the Railway Freight Structure Enquiry Committee and I am directed to send herewith replies to the questionnaire.

Before the freights were revised in 1948 the business community were not given any opportunity to express their view point and the revision mainly aimed at simplification of the previous rate structure. While it removed some anomalies and difficulties it brought within its wake fresh difficulties. Number of classes were reduced, station to station rates were abolished, the cumulative effect of which was a general increase in freight charges.

Since 1948 momentous changes have taken place. Very many industries have been started while the existing industries are expanded or sought to be expanded. In the absence of regionalisation of industries goods have to be carried over long distances, and unless the freight is so framed as to ensure distribution at equitable cost there will be plenty in some areas and scarcity in some other areas. In a vast country like India certain regions will be particularly suited for the growth of certain commodities while other parts will have to depend upon these commodities. With the tempo of industrialisation and with the accent on agricultural production, it is expected that there will be surpluses of some commodities for export. Government of India is on an export drive and all incentives must be given for promotion of export trade. Railways can play a vital role in helping export drive and the freight policy should be conceived on those lines also.

The Chamber, therefore appreciates that Government have appointed the Railway Freight Structure Enquiry Committee at the most opportune time when the country is embarking on ambitious programmes of industrial activities and agricultural production. But in framing a new freight structure policy the Chamber would like very much to impress upon you the need to keep in view the foregoing facts also. Railways are the biggest national asset and a public utility concern like Railways should not aim only at making profits. While its financial stability should be ensured the freight should be so framed as to help movement of commodities from places of production to places of consumption at economic rates. Transport charges should not be unduly high.

The Chamber is glad that some important questions like rates for train loads, freight pool, warehousing facilities etc., have been raised in the questionnaire. The Chamber has offered its views on those questions and in framing the new policies the Chamber hopes that the views expressed by the Commercial Community will be duly considered.

It should be one of the objectives of the Railway Freight Structure Enquiry Committee to examine the freight structure with a view to promote developmental activities, help promote export trade also and increase the utility of the service to the public. While the Railways should ensure its financial stability it should help developmental activities also. New lines may prove unremunerative in the initial years of its working but may ultimately found to be very beneficial but to introduce penal charges in the initial periods is not at all advisable. There is also a suggestion whether freight should be flexible. The chamber is opposed to this idea. To introduce an element of uncertainty will tend to violate sanctity of contracts and may be ultimately injurious to movement of commodities both for internal distribution as well as for export trade. The Chamber welcomes the idea of providing warehousing facilities as provided in the questionnaire. Government is already seized of this question but by its very nature it is bound to take a long time. There are other immediate requirements like covered platforms for storage of goods also but by and large the provision of warehousing facilities is bound to have salutary good results upon prices especially of agricultural commodities.

There is however a feeling that the working expenses of the administration have been mounting up. Though this question is not covered by the questionnaire the Chamber feels that it will not be out of place if the Committee gives some thought to it in suggesting the future freight policy.

The Chamber requests that in framing the future freight structure the suggestions made above may be kept in view.

REPLIES TO THE QUESTIONNAIRE ISSUED BY THE RAILWAY FREIGHT STRUCTURE ENQUIRY COMMITTEE

PART 1-A

1 (a) What, in your view, has been the effect on industry and trade generally, or on any particular section of industry and trade, of the adoption in 1948 of the revised general classification of goods?

The revision of the Railway Freight Structure in 1948, though it removed certain anomalies and difficulties in the previous classification of goods, has brought in its wake fresh difficulties. Under the 1948 revision the number of classes were reduced from 16 to 15. It has also made a reclassification of commodities the effect of which has been the general upgrading of most of the commodities. Further many of the schedules and station to station rates, which were in force previously, were abolished. The result of all these changes was a general increase in freight charges.

It has affected the growth of certain industries like tiles as the revision has resulted in considerable increase of freight. According to the revision in 1948 the rates were as follows:—

1—150 miles	.34 ps. per maund per Mile
151—300 miles	.31 ps. per maund per Mile
301 and beyond	.17 ps. per maund per Mile

Prior to 1948 the rates were as under

1—100 miles	.20 ps. per maund per Mile
101—200 miles	.17 ps. per maund per Mile
201—500 miles	.14 ps. per maund per Mile
501—and beyond	.10 ps. per maund per Mile

1 (b) Has the adoption in 1948 of the principle of telescopic rates on the continuous mileage over the different railways, been helpful to industry and trade generally?

Are there any instances where this principle has acted adversely to the interest of any particular industry or trade?

The classification of 1948 adopted also the principle of telescopic rates, but it has to be observed that the benefit of telescopic rates was much neutralised by the distribution of legs on the basis of distances. The system fixed a distance of 300 miles both for the first and second legs. It is the experience of trade and industry that the average distance of general haul of goods is very much below the distance of 300 miles in the first leg and usually in the large majority of cases the movement is not above 100 miles. As the movement is within this range the lower incidence or telescopic rate has not proved to be an advantageous one. If the benefit of the telescopic rates has to be made available the distance range for the first leg has to be reduced and also the number of legs may also have to be increased.

1 (c) In particular, has the revised freight structure had any effect on short haul and medium haul traffic; if so, how and to what extent?

Please illustrate your answers by giving specific instances where the volume and the distance of movement of traffic have been substantially affected by the changes brought about by the revision of the freight structure in 1948.

The revised structure has affected the short and medium haul traffic. Added to this there are also levies on the short distance haul. The effect of all these charges on the short distance traffic has been to inflate the cost of transport.

2. (a) Do the present rating arrangements permit of sufficient flexibility to meet the legitimate needs of industries in regard to the movement of raw materials and finished products?

It is felt that the present rating arrangements are not sufficiently elastic although there is a provision for the variation of rates between the maximum and minimum for each class. It has been found in actual practice that the Railway administration are reluctant to exercise their discretion. Even though they have power for the grant of special station to station rate, the administration very rarely grant this facility. Though theoretically there may be flexibility, in actual practice the working has been rigid. Example: handloom goods. Though the commodity is booked at a concession rate at the Starting station they are charged at full freight at destination (from West Coast stations to stations in Eastern Railway).

2 (b) To what extent do Railway Administrations exercise the discretion permitted to them under present rating arrangements to meet the legitimate needs of industries?

(i) Is the number of class rates and wagon-load scales at present prescribed adequate and are the different class rates and wagon-load scales appropriate in relation to one another, if not, what modifications do you suggest?

It is felt that the number of class rates and wagon load scales have to be revised and enlarged. Wagon load scales are available to limited number of about 80 articles alone which should be expanded.

3. (ii) (a) Are the number of 'legs' and the distance range in each 'leg' in each of the class rates and wagon-load scales suited to the needs of traffic?

The number of legs and distant range of the legs have also to be revised in view of the experience of movement of raw materials and goods from many stations. While the rate for the first leg has necessarily to be higher, there is a strong case for more progressive reduction of rates in the

subsequent legs in view of the fact that according to our suggestion there will be additional number of legs as recommended above. In the opinion of the Chamber this progressive reduction of rates in the subsequent legs will not likely to affect revenues of the Railways. As it is because of the operation of the high freight most of the commodities are diverted to road traffic. If the railway freight is more attractive there will be voluminous trade offering for railways and will not, therefore affect the earnings of the Railways.

3 (ii) (b) also, is the rate per mile under each 'leg' appropriate in itself and in relation to the other 'legs'; if not, what modifications do you suggest?

Please indicate the financial effect of any modifications that you may suggest in answer to Question 3 (i) and (ii) above.

4. Under the present freight structure, (please see Annexure (1) a maximum rate has been fixed for each class rate, for 2 of the wagon-load scales out of 13 and for the coal scale. This implies that, beyond a distance of about 1,500 miles, no charge is made for the transport of commodities covered by them. Should this practice remain as at present and be extended to all wagon-load scales, or should it be discontinued, so that the traffic which is now carried free beyond this distance may be appropriately charged?

The fixation of a maximum distance of 1,500 miles beyond which no charge will be leviable will in fact be of no practical advantage to the trade or industry, because raw materials for industry or finished products of industry are not despatched beyond this distance. Having regard to the total mileage of Indian Railways it is not advisable to fix such a high distance beyond which no charge will be leviable. In view of what has been stated above there is a strong case for the reduction of this maximum distance to not more than 1,000 miles beyond which no charge need be levied for the transport of goods. This principle should be extended to other important commodities like foodgrains, textiles, iron and steel etc. This is particularly necessary having regard to the fact that owing to the peculiar nature of concentration of certain industries in particular region longer haulage is

found absolutely necessary in the interest of consuming centres. Government of India under the Second Five Year Plan are establishing three Iron and Steel industries in remote parts of the country and whereas the consumption will be by people situated at a distance. If this concession is not extended to those commodities also there will be a great disparity in prices between different regions which has to be avoided under any circumstances.

5. What is your opinion about the principle of levy of a separate (i) Terminal charge;

It is felt that charges levied by railways in the shape of freight should be deemed to include the overall charge for all these services rendered by the Railway for the transportation of goods. It is said that the terminal charges are levied as a reasonable fee for meeting the services rendered by the Railway in the matter of providing sidings, sheds, cranes, machinery, loading and unloading etc. Moreover it has to be borne in mind that this charge falls only on a section of the trade tending to create disparity in the prices either of raw products or finished goods. The freight should be deemed to cover all such charges and the Chamber therefore feels that collection of terminal charges has to be discouraged.

5 (ii) 'Short distance' charge for haulage of less than 75 miles.

It is felt a special levy in the shape of short distance charge when the distance of haulage is less than 75 miles is not justified after the introduction of the telescopic rates. This levy is a handicap on short distance movement. After the telescopic rates there is no justification for continuing the short distance charge especially when the freight for the first leg is higher than the subsequent legs. It has to be remembered that most of the cottage industry products move within the minimum of 75 miles and if an additional charge is levied for this short distance it will be a great handicap to movement of such commodities.

5 (iii) transhipment charge for break of gauge; in addition to the conveyance charge?

Apart from the principles involved, have you any suggestions regarding the quantum of these charges?

If any change is recommended in the principle of a reduction in the quantum of charge, have you any suggestions to make as to how the loss of revenue incurred thereby can be recouped by the Railways?

As stated above freight charges should be taken to cover for the services rendered by the Railway but any way in view of the fact that the Railways will have to incur additional expenses at break of gauge points, there may be justification for a small extra charge. The present charge of three pies per maund on smalls and two pies per maund on wagon load traffic is rather too heavy.

The transhipment charges are excessive because of the prevalence of number of gauges operating in the country. Therefore it should be the end and aim of the Railways to reduce the number of gauges in the earliest possible time. Pending such reduction mechanical contrivances if operated at these points will tend to diminish the cost of transhipment. Under any case there is a case for reduction of this charge.

6. Having regard to the long distances over which some of the traffic has to move in this country, would you recommend that the distance unit for charge should be raised from the present limit of one mile; if so, what would you suggest as the unit?

Unit charges may be fixed for a distance of 5 miles. This will facilitate calculation of rates for Railways.

7. In your opinion, is there any case for altering the existing minimum distance for charge of 20 miles for goods traffic?

In view of the fact that Railways are charging extra freight for the first leg which, as recommended above, has to be reduced to 100 miles there is no case for charging for a minimum distance of 20 miles. If at all a minimum is necessary it should be 10 miles and not more than that as it was prevailing before 1948.

8. On some railways, freight on liquid commodities moving in tank wagons includes the charges for haulage of empty tank wagons to the loading stations, while on others

such a charge is not made. Would you advocate the abolition of the empty haulage charge or the extension of this principle to all railways?

The levy of haulage charges for empty wagons cannot be justified. It has to be eliminated.

9. A number of commodities have been grouped together in the existing classification of goods having regard to the characteristics of the commodities concerned in relation to their transportation conditions and their prices. Have you any objection to this method of classification of goods or to the grouping of particular commodities?

The Chamber is aware that number of commodities are fitted together under the same classification having regard to the characteristic and their prices. There are yet number of commodities for which classifications have not been provided for and the Railway Conference Association takes suggestions from commercial bodies regarding their correct classification. In the classification of commodities primarily the cost of transport should be taken into consideration but that may involve extra work and the Chamber suggests that the price of commodities be taken as a safe method for transportation though it may not be the correct method. The value of the commodity alone should not be the criterion for the classification of commodities. The end use of the commodity together with the cost and characteristic of transportation should be the basic features regulating classification of commodities. For instance under the existing classification cycle parts come under class 13 along motor car parts. Cycle is mostly used by the common man and the classification of its part along with motor parts is objectionable.

It is not at all advisable to give discretion to subordinate Railway staff to classify commodities according to their likes and dislikes. The term 'etc' added to some commodities by the Indian Railway Conference Association should not be left vague. There should be a specific mention of the commodities brought under that classification. For instance under the common head 'grains and pulses' certain commodities are mentioned together with 'etc'. This will give option to the Railway authorities either to charge certain other

commodities which are not specifically mentioned under this head or under some other head. As far as possible all commodities which are sought to be brought under the same common head should be specifically mentioned under that head to avoid uncertainty.

10. Are you satisfied with the classification of goods as at present; if not, have you any comments to offer for modification by way of reclassifying the commodities, having regard to their transportation characteristics, and their prices, either within the framework of the present classification or by increasing or decreasing the number of classes?

Generally speaking there is a case consequent on the industrialisation of the country and with a view to give a fillip to our trade and industry to increase the number of classes. India in recent years is becoming progressively industrialised and movements of manufactured goods are taking place in an increasing manner. There is a large volume of export trade in many of these industrial products and the operation of freight should not be a handicap to the development of either internal distribution or of external trade. Having this in view the Chamber feels the number of classes be increased and the Railway freight so devised as to give a fillip to our developing economy.

11. Have you any suggestions to make regarding the proper relationship between rates for traffic moving in 'smalls' and in wagon loads?

Movement in 'smalls' should not be penalised. The difference in rates for despatches in 'smalls' and "Wagon loads" can be minimised. Arising out of this, the Chamber suggests that the present restriction of limiting booking of only four R. R. may be relaxed in the case of wagon loads. On account of this restriction manufacturers and dealers are forced to send consignments under 'smalls'. If this limit is relaxed the volume of movement in 'smalls' will be reduced.

12. Does the present uniform rate of minimum charge for consignments in wagon loads at Rs. 1-12-0 per ton on the carrying capacity need any revision; if so, in what direction? Would you advocate the charge varying with the class of commodities carried?

The present difficulty arises out of the fact that the Railways have not wagons of varying capacity, nor have the Railways sufficient number of special type of wagons. In the circumstances even though the goods are despatched for transport the sender has to pay the minimum charge for the wagon with the result that he is at a disadvantage. The Chamber is of opinion that the charge for transport should vary with the class of commodities.

13 (a) Does the present uniform rate of minimum charge at Rs. 1/— per consignment for 'smalls' need any revision; if so, in what direction?

(b) Should such minimum charge vary with the class of commodities also?

14. The minimum weight for a 'smalls' consignment carried by goods train is 7 seers. It has been suggested that this involves duplication of services both by goods and parcels trains and results in wasteful operation, and that this could be reduced by raising the minimum weight for 'smalls' carried by goods trains. Do you agree to this proposal and if so, what is the minimum weight that you would suggest?

The minimum charge of Re. 1/— for sending 'smalls' irrespective of the quantity would appear to be too heavy, especially in respect of consignments of small packages.

If the minimum weight under 'smalls' is raised to 15 seers instead of the present 7 it may not result in any hardship to consignments of 'smalls' and it will avoid duplication of services both by goods and parcels. There should be a reduction depending upon the class of commodities.

15. It has been suggested that for 'smalls' traffic carried by goods trains, all commodities up to a maximum weight per consignment be placed in one class. What is your view on this suggestion and, if you agree, what is the maximum weight which you would advocate?

The Chamber feels that it is not necessary to group all commodities under one class having regard to the recommendations made above.

16. Do you consider it appropriate to ensure better utilisation of transportation capacity available from time to time by resorting to the following expedient.

(i) Revising in the upward direction the existing 'W' condition i.e., the minimum weight condition for qualifying for a wagon-load rate;

No.

16 (ii) Adopting the present class rate for wagon-loads only, where wagon-load scales are not quoted at present and levying an extra charge for movement in 'smalls';

No. In view of the recommendations made above the Chamber is not in favour of adopting the present class rate for wagons only. In fact there is a need to enlarge the sphere of wagon-load rates.

16 (iii) quoting a reduction in the freight rates for quantities loaded beyond the minimum weights per wagon ('W' conditions) fixed for the different commodities, so as to encourage loading up to the fullest extent the wagon actually supplied can hold.

What are your views in regard to these suggestions and have you any other suggestions to make in the matter?

Generally the Chamber agrees to a reduction in the freight rates for quantities loaded beyond the minimum weights.

17. Do you consider it feasible or desirable to have 'train load rates' as a feature of the railway freight structure in addition to the existing three types of freight rates; if so, what advantage do you anticipate for trade or railways from the introduction of train load rates? What safeguards would you suggest to prevent the system from causing hardship to any of the interests concerned?

It is desirable to have provision for 'train load rates'. It may not be utilised very often, but at times of scarcity such rates will be taken advantage of. This is desirable especially now when there are large industrial projects undertaken by Government for transport of raw materials or in the case of

movement of food-grains where bulk transport is found often times necessary. Of course the possibility of competition from steamer lines has to be looked into and attractive rates offered if the scheme is to succeed. But in giving facilities for 'train load rates' it will be seen that small consignments are not affected.

18. It has been suggested that, for special express goods services, there should be an additional charge; what are your views thereon?

Ordinarily additional payment for express goods services is uncalled for. It is expected that when goods are entrusted to Railways for transport it will be delivered at destination in the quickest possible time but in view of the present position where shortage of wagons is acutely felt and where certain interests are anxious that their goods should be delivered without any delay the Chamber has no objection to the levy of a nominal additional charge, but this should be considered purely as a temporary measure.

In case express goods service is made a normal feature the bulk of the trade may resort to despatch goods by this means and the Chamber anticipates that the same pressure will develop there and the only result will be higher transport charges without any corresponding advantage.

19. Have you any suggestions to make regarding the conditions under which railways supply cranes for loading and unloading heavy consignments and the rates at which such services are charged?

Charges for cranes should be levied only to meet the cost of services and maintenance. It should be a service to attract more traffic and should not be depended upon for extra revenue.

20. Have you any suggestions to make in regard to the rates for live-stock and animals and conditions applying thereto?

21. It has been stated that the overall charge for 'short distance' is generally unremunerative.

(a) Would you suggest that Railways should not carry such traffic where there are alternative modes of transport available, if so, up to what mileage should such traffic be considered as 'short distance' traffic?

(b) Should freight rates on short distance traffic be so adjusted that traffic may generally be carried by alternative means of inland transport, particularly road transport or inland waterways?

(c) Would similar adjustment of freight rates be also desirable on long distance traffic where the commodities could be carried by coastal shipping in order to remove the strain on railways?

This question has arisen due to paucity of wagons to cater to all forms of transport. There was a time when Railways were at their wits end to attract traffic and Inspectors were appointed to attract traffic because there was satisfactory wagon supply position. Now a time has come when certain traffic in "smalls" to other alternative form of transport. Government have ambitious scheme to augment wagon supply position and it is quite possible that not in the distant future Railways may be in a better position to accommodate all forms of traffic. Therefore in the opinion of the Chamber it is not at all advisable to divert traffic by adjusting freights for short distance. The Chamber does not subscribe to the general impression that overall charge for short distance is generally unremunerative. In fact the total revenue of the Railways should be taken into consideration and not revenue derived from certain distance traffic alone.

22. How do the freight rates for short distances compare with the corresponding freight rates by road or inland waterways?

The Chamber is not in possession of facts for a comparison of the freight rates by road or inland waterways. But it is understood that charges by road compare favourably with Railways but the rates by inland waterways is definitely cheaper.

23. Some commodities, which are essentially needed in different parts of the country, have to bear disproportionately high freight charges owing to their transport over long distances. In regard to these particular commodities, it has been suggested that a freight pool may be created so as to keep fairly uniform the freight rates irrespective of distance. Do you advocate such a freight pool being formed in regard to a limited number of commodities; if so, what are the commodities which you consider may be operated through a freight pool either on an all-India basis or on a zonal basis?

No.

If the suggestion of a freight pool is accepted, would you advocate the exclusion from it of traffic moving over a minimum distance?

In particular, would you support a freight pool for coal, iron and steel, kerosene oil, petrol, cement, chemical manures and salt?

The idea of a freight pool is a novel idea. With particular reference to certain regions the idea of a freight pool will be ordinarily welcomed. South India particularly has to depend for her requirements of bulk commodities like food-grains, coal, iron and steel, sugar etc., on supplies from North India, but it might be pointed out that the maximum distance should be reduced from 1,500 to 1,000 miles at least if the 'freight pool' is to be of any advantage. The Chamber realises that in the case of factories where raw materials have to be transported from short distance this will work as a handicap. The need for lower freight and long distance traffic has been recognised even before by quoting station to station rate on certain commodities. Therefore the idea of a freight pool is a revival of the old policy in a modified form and the Chamber would request that it may be tried as an experimental measure for some time.

We support a freight pool for coal, iron and steel, cement chemical manure, grains and pulses, sugar etc.

24. The main centre of consumption of raw jute being Calcutta, it has been stated that the import of raw jute into Calcutta involves less price to the cultivator as freight

charges increase, with the result that, beyond a limited radius of Calcutta, it becomes uneconomical to grow jute. Would you advocate a uniform pooled freight on all raw jute brought to Calcutta?

25. If you advocate a pooled freight on any or all the commodities mentioned in question 23 and 24, have you any suggestions to make as to who should work the freight pool the railways or the industry concerned or an appropriate Government Agency?

In the event of the introduction of the freight pool, the Chamber feels that it should be worked by a Government Agency in consultation with the concerned trade or industry.

26. The First Five-Year Plan has resulted in certain agricultural and industrial developments in the country, and the Second Five Year Plan contemplates a more rapid development in both these directions. In view of these developments achieved and contemplated, would you suggest any revision or modification of the present freight structure to further the economic progress of the country?

Yes. In a vast country like India certain regions are particularly suited for the growth of certain agricultural commodities while certain other regions are more favourable for some other commodities. Exchange of these commodities from one region to another is found to be very necessary with a view to its equitable distribution all over the country. Railways have a responsibility of helping distribution equitably and the Chamber therefore feels that the freight structure should be so devised as to help equitable distribution. Then only the benefits of money spent in certain regions will go to the benefit of people living in other regions. With a view to help this the Railways should reduce the freight for movement of certain agricultural commodities which are found essential to the life of the nation. Similarly in the case of industrial commodities also in the absence of proper regionalisation of industries such distribution by quoting lower freight is necessary. The increased traffic resulting by such reduction in freight will more than compensate the possible loss of revenue that may be expected by a reduction. It is only when these products of industries or agriculture

are consumed to an increasing extent in other regions that the progress of industry or agriculture in other region can be ensured. Railways have therefore to perform a useful part in helping distribution at minimum cost.

27. The Railway Board have permitted Railways to waive the 'short distance' charge, either in full or in part, for large scale regular movements of industrial raw materials where it is justified by commercial reasons. Please give a list of cases in which requests for such waiver were acceded to and also a list where such requests were turned down during the three years ending 1954-55 and indicate briefly the reasons in either case.

28. Since 1948, have there been many requests from the public for quotation of station-to station, or for reduction of rates for particular commodities, to what extent were these requests met by the railways concerned?

Please give instances of requests that have been made, and where such requests have not been granted, the reasons if any, given by the railways.

The Chamber is not in possession of list of cases where-in request for waiver of short distance charge by the Railway Board has been made. Further regarding station to station rates or reduction of freight for particular commodities the experience is that the Railways are not favourably disposed to grant the facility of station to station rates. Instances in which such station to station rates have been refused are sugar, piecegoods, wheat, foodgrains, salt to mention a few.

It is understood that while special rate has been quoted for wheat flour at Rs. 1-0-7 from Wadi Bunder to Madras there is no such rate from Madras to Wadi Bunder. The charge now is Rs. 1-9-4 in the reverse direction. This is discriminatory.

The Chamber understands that in case station to station rate is quoted it is likely that there will be good volume of traffic from producing to consuming centres.

29. The revision of the freight structure in 1948 involved the adoption of the principle of telescopic rate on the

continuous mileage over the different railways and the abolition of a number of station-to-station rates. Has the effect of this been favourable or unfavourable to Industrial development and (ii) trade generally, and (iii) the particular trade or industry with which you are connected? If, in your opinion, there has been any adverse effect, what remedial measures would you suggest?

It is the opinion of the Chamber that the introduction of telescopic rates has not been without its disadvantage. It has not as expected reduced the over-all incidence of freight charges. This question has been answered (reply to the question No. 1)

The Chamber understands that Copra Industry in Calicut is adversely affected for want of station to station rate. Local production of copra being insufficient, it is found necessary to import copra. The landed cost of imported copra in Calicut as well as Madras, Bombay, or Calcutta being more or less same locally produced copra or coconut oil cannot compete in those markets without station to station rates. Similarly if station to station rate is quoted for coir yarn from Calicut to Wadi Bunder, it will stimulate traffic and help the industry.

30. It has been suggested that station-to station rates should be revived on a large scale so as to foster the development of new industries and to assist export trade. How far do you agree with this suggestion and what restrictions would you place having regard to the economics of transportation?

It is felt that the station-to station rates should be revived on a larger scale to foster the development of industries and to assist export trade. Station to station rates are necessary to satisfy particular exigencies and for carrying traffic from source of production to the source of consumption.

31. It has been suggested that the railway freight rate policy should not be based only on considerations of the economics of transportation and the needs of railway finance. What other objectives may be taken into consideration and to what extent should the Railways' freight rate policy be adjusted

for the purpose and under what conditions and subject to what safeguards?

32. Should the railway freight structure be utilised to assist the development of particular industries or other interests?

33. It has been suggested that the Railways Administrations also may render some assistance to the establishment and development of new industries and that, in the fixation of freight rates, a distinction may be made between the requirements of industries already established and those newly planned. Would you advocate any such distinction; if so, for which industries, for what period and subject to what limitations?

Would you advocate, for the same reasons, special consideration being shown for the economic development of under developed areas?

A public utility concern like Railways should not ordinarily have any other consideration other than economics of transport and the needs of Railway finance. But in a country like India vast distance and with grave disparities in natural resources Railways have another important part to play. It should be one of the objectives of the Railway Freight Structure to examine the freight structure so as to promote developmental activities and help promote export trade.

With regard to question No. 33 the Chamber is of opinion that any discrimination in rates of freight for transport of materials between new industries and an established one will savour of discrimination and it may so happen that established industries may wither and languish. While favouring one individual industry the Railways should not be a party to the extermination of another established industry. But with regard to industries of a pioneering nature the Chamber has no objection in the Railways quoting special rates to assist its development and growth.

34. The high level of cost of materials and labour has the effect of rendering unremunerative many of the new lines

required to be constructed in underdeveloped areas. It has been stated that with a view to accelerating the pace of construction of such lines, charges may be recovered "on the basis of inflated mileage for a limited period so that the projects may not be financially burdensome". Have you any comments to make in the matter?

In the preceding question the Committee seems to have a feeling to render assistance for the starting of new industries by quoting lower rates. In strange contrast, the Committee wants to inflate charges in the case of lines constructed in undeveloped areas. The Chamber is of opinion that finances of the Railways should be taken as a whole in calculating the income or resources of the Railways and not of particular lines. Some lines may be unremunerative for sometimes but may eventually turn out to be remunerative. There should not be any penal inflated charges in the case of new lines undertaken in undeveloped areas. Rather the Chamber will go to the extent of saying that as in the case of new industries these undeveloped areas may be helped with lower freight till the areas become more developed to stand higher freight.

35. What freight policy would, in your opinion, be best suited to achieve the double objective of—

- (1) facilitating the economic and industrial development of the country, and
- (2) securing adequate revenue for meeting increases in maintenance and operation costs due to the investment of large capital both in the construction of new railway mileage and in the provision of rolling-stock and other facilities?

Even under the present rating structure there are large surpluses available for the Railways. It is only due to the inability of the Railways to cater to the growing requirements of the public that it is found not possible for not earning more profits. The chamber feels that with the developmental activities conceived on an ambitious scale and over the country, the Railways will have sufficient ground to cover and earn more revenues even under the present rates of freights. If the classification is widened as suggested above

and a rational policy adopted for classification of goods under the various heads the revenue derived from such sources itself will be sufficient not only in facilitating the economic and industrial development of the country but also provide ample revenues to meet the cost of investment, construction of new lines and for provisions of rolling stock. Railways as a public utility concern should give more amenities and attract more traffic to itself.

36. What services should the railways finance out of their revenues without resorting to borrowing or drawing on reserves i.e., what charges should railways be expected to meet out of their current revenues for ensuring the progressive improvement in the standard of railway services?

Normally the freight structure should be so adopted to meet the working expenditure, the interests charges, depreciation and also for rehabilitation and for meeting reasonable contribution to the general revenue. For developmental purposes the Chamber is of opinion that the freight structure should not be expected to finance.

37. In the Second Five-Year Plan, emphasis is laid on the development of village and cottage industries. Should the railway freight structure be utilised to assist the development of these Industries and other similar interests? If assistance is to be given to them, have you any suggestions to make as to how far the railways can help either through modification of freight rates or packing condition or by special grouping of commodities for purposes of rating, or in any other way?

For the development of village and cottage industries Government both State and Central are offering too many amenities and facilities. In a way larger industries are also asked to contribute to subsidise these cottage and village industries. In the circumstances is it undesirable that the general tax-payer also should be called upto to contribute to the welfare of these industries. Of course these industries are means of employment to large number of people. To foster their growth Railway can also help not by modification of freight rate but by relaxation of the conditions attached to packing.

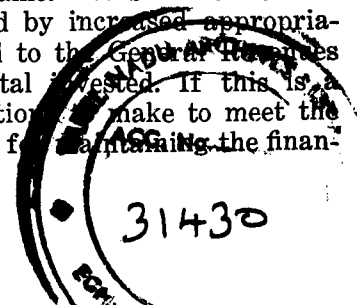
38. To what extent does the general policy of Government to control or fix ceilings for the prices of particular commodities affect the charging of freight rates for such commodities or their raw materials in accordance with the normal principles which the railways follow?

If the criterion for the levy of rate is based upon the cost of transport then the fixation of ceilings will not come into the picture at all. On the other hand it is for the Government to consider before fixing a ceiling on prices.

39. It has been alleged that, under the present freight structure, certain commodities are carried at rates below the cost of transport. Would you state what those commodities are? If the allegation is correct, do you suggest that economic rates should be charged on such commodities, or do you consider that there should be a level beyond which these rates be not increased irrespective of the cost of transport?

40. It has been stated that, during the next five years, the railway transport capacity will have to be increased very substantially. This increased capacity will be absorbed mainly by 'low rated' traffic like coal, ores, limestones, pig iron, grains and pulses, chemical manures, cement, oilseeds, agricultural implements, billets and blooms, motor tractors, iron and steel and machinery. There may also be some increases in certain 'high rated' commodities like jute, raw and manufactured, tea, cotton and cotton piecegoods, petrol and petroleum products. It is stated that the cost of haulage of additional traffic of this magnitude will not be less than the average cost of haulage at present incurred by the railways. This additional traffic, on the other hand, will involve the increased expenditure from current revenues on railways in improvements to goods sheds and other development works necessitated by the increase in traffic. This additional expenditure will be further enhanced by increased appropriation to the Development Fund and to the General Fund consequent on the additional capital invested. If this is a fair picture, have you any suggestions to make to meet the situation having regard to the need for maintaining the financial stability of the railways?

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The Chamber does not subscribe to the premises raised in this question. It feels on the other hand that consequent on the increased volume of traffic arising out of developmental activities the revenue will more than off-set increasing expenditure and will provide sufficient revenue for appropriation to the general revenues as well. After all the working expenses form only a part of the general revenues and it cannot be assumed that the increased traffic will only be in low rated traffic. Consequential on the industrialisation and increase in national income there is bound to be an increase in traffic in the high rated commodities as well.

41. Should fluctuations in the competitive conditions in the export market be taken into consideration in adjusting railway freight rates for commodities which are mainly exportable and, if so, should the adjustment be flexible in both directions, or would you attach more importance to stable rates prevailing irrespective of these varying factors?

However desirable it is to have an element of flexibility in the rates of freight to suit foreign market conditions in principle the introduction of an element of flexibility in the freight structure is likely to upset previous calculations. In the case of India which has embarked on a policy of industrialisation an element of flexibility in the price structure is calculated to do some good for our industries to compete in the foreign market but there is always the danger of uncertainty prevailing in the minds of importers abroad owing to the introduction of an element of flexibility in freight structure. Contracts are entered with the foreign importers and buyers after taking into consideration the existing rates of freight, and if a sudden change is caused to the rates structure it is bound to upset the previous calculations and the prices may vary accordingly. It is surely not at all advisable to introduce an element of uncertainty effecting cost structure of the goods. Recently export duties were levied on some commodities exported outside India to adjust international price, but this far from achieving its purpose had attracted adverse criticism in the international market. Before entering into contract there should always be an element of certainty in regard to basic factors and if the rate structure is varied or flexible ultimately it may have adverse reaction on our export trade as well. The Chamber, therefore, is opposed

to the introduction of any element of flexibility in the rating structure.

42. In the post-war period, has there been any change in the pattern of traffic, viz., in the quantum, direction and range of movements of commodities?

There has been an increase in the quantum of movement of goods as a result of the First Five Year Plan. There has been an increased tempo of agricultural production not to mention the rapid strides in industrial output. Moreover there has not been a proper regionalisation of industries even started by the Government of India, so much so there has been brisk movement of some commodities over long distances. There has been similarly some spurt in our exports leading to heavy traffic to ports. The demand for wagons has always been increasing for export cargo but the Railways were hopelessly found to be unable to meet such demands. There has been a lot of movement of foodgrains. Previously we were importing large quantities of rice and pulses from Burma, Indonesia and other foreign countries which were dislodged at ports and distributed in the adjoining areas alone. Now Government of India is importing rice and other foodgrains for the requirements of the whole country and store them in different godowns and therefore traffic has increased on that account also. The traffic is mainly directed towards ports. Export of mineral ores has expanded many fold, as compared to pre-war period. Another feature of the postwar period has been to import large quantities of machinery to carry developmental activities.

43. To what extent and in what manner has the freight rates policy adopted in 1948 influenced (1) the location and pace of development of industry and (2) the furtherance of trade?

The Chamber cannot point out any concrete cases where the freight rate adopted in 1948 has influenced in the location of industries or pace of development. Before industries are installed in certain places its location was generally based upon variety of factors chief among which are availability of raw products, man-power, power supply, transport facilities. After the installation of industries of course they

depend to a large extent upon help from transport authorities for movement of both raw materials and finished products.

44. In the industries with which you are connected, are the prices quoted F. O. R. destination or F. O. R. forwarding station or either, according to circumstances?

- (a) If they are quoted F. O. R. destination, please supply figures showing the selling prices and the freight separately.
- (b) If they are quoted F. O. R. forwarding station, please give the average distance a product is hauled and the proportion which the railway freight generally bears to the selling price at the forwarding station.
- (c) Are there many cases where the difference between the selling price at the point of receipt is substantially greater than could be accounted for by the actual freight charged?
- (d) What were the relative figures or proportions in (a) and (b) before the last war, i.e., in 1938-39, in 1947-48 and in 1948-49, i.e., after revision of the goods freight structure in 1948?

45. What is the element of railway freight on the various direct requirements of an agriculturist such as chemical manure, diesel oil, seeds, &c. and how does it bear upon the cost of production of more important food crops and commercial crops?

46. As a result of the various developments in industry and agriculture, achieved or planned, what changes have occurred or are likely to occur in the movement of agricultural produce in your area? Will you please give the information in reference to commodities of importance in your area.

This information can best be had from Government, but some fillip has been given under the various plans of developments for increasing area under rice crop. Sugar cane production is also said to have been increased. Large areas of virgin land have been brought under the plough under the

impetus given by Government. Therefore, the dependence of this State on rice and other foodgrains producing areas may be less.

47. It has been stated that the small agriculturist has difficulty in disposing of his produce quickly by rail as he cannot usually avail of the benefit of the low rates applying to wagon-load quantities. Have you any suggestions to make for affording facilities to him by—

- (i) adjustment of railway freight rates, and/or
- (ii) providing warehouses for temporary storage of his produce through the agency of co-operative bodies, private interests or the railways themselves, with a view to convenient and quick clubbing of 'smalls' consignments into wagon-loads?

It is illogical to adjust freight based upon low rates of requirements of wagons. Adjustment of railway freight for less than wagon-load movement may be helpful to help small scale agriculturists. The Chamber cannot favour this suggestion. Already the Chamber has stated that for the movement of small scale industries products there should not be any discrimination in freight. Generally speaking provision of warehousing facility will be helpful to small scale agriculturists. But even now in many stations there is not even covered accommodation for goods. The question of providing warehouses arises only afterwards. Government of India is also seized of this question. It may however be stated that provision of such warehouses will be more convenient in clubbing of small consignment.

48. Will you please indicate the nature and extent of industrial development in the private sector envisaged during the Second Plan Period in your region?

Nil.

49. To what extent are the volume and lengths of movement of existing traffic likely to be affected by the development visualised in the private sector during the Second Plan Period in your region?

No.

50. Please give an estimate of the quantum of new traffic in the principal commodities, with their approximate lengths of movements, likely to result from the increased activities in the private sector during the Second Plan Period in your region?

Nil.

51. Please indicate the nature and extent of industrial expansion in the public sector envisaged during the Second Plan Period in your region.

Nil.

52. To what extent are the volume and lengths of movement of existing traffic likely to be affected by the development visualised in the public sector during the Second Plan Period in your region?

Nil.

53. Please give an estimate of the quantum of new traffic in the principal commodities, with their approximate lengths of movement, likely to result from the increased activities in the public sector during the Second Plan Period in your region.

Nil.

54. Have you any suggestions to make as to the basic principles to be followed in framing the railway freight structure generally?

55. Apart from your answers to the above questions, have you any suggestions to make about any other aspect of the present freight structure, including its simplification?

The freight structure should be so framed with a view for the equitable distribution of at least essential commodities from centres of production to centres of consumption and to ports. In a developing economy Railways can play a dominant part in adjusting the prices of commodities. That was how Railways when they were under the management of Companies adjusted movement by quoting station-to station

rate and special rates to ports to help export trade. Now from 1948 onwards when the rate structure was revised such facilities have been withdrawn. The Chamber also wishes to point out that a public utility concern like Railways should not base its freight structure with a view to get increased revenue alone. Service to the country, promotion of industries, promotion of export trade should be important factors guiding fixation of freight.

PART II.

1 (a) Will you please indicate to what extent traders book commodities at owner's risk rates and to what extent they book them at railway risk rates?

(b) Will you please indicate the names of commodities which traders prefer to book at higher railway risk rates where alternative owner's risk rates are available?

(c) Has there been any change of practice in this respect compared with the pre-war period.

From the available information, the Chamber can state that many of the merchants and traders prefer to book their goods at owner's risk and in order to cover the risk incidental to transit they choose to insure with private insurers. Of course, many of them have been complaining that there has been lot of pilferage to consignments especially after the war.

2 (a) To what extent do traders resort to private insurance as an alternative to or in addition to booking at railway risk rates, and for what reasons?

Generally traders resort to private insurance in about 5 or 10% cases wherever the value of their goods is high and for which there is no facility in the Railway for insurance and because of the fact that a particular commodity does not fall under the category of "excepted article". Secondly due to apprehension that valuable goods may suffer theft, pilferage, wholesale loss etc., traders, in order to safeguard themselves get their goods insured with private insurance even though booked at Railway risk rates since the Railways in

the event of heavy loss let them down under the protection of Railway risk notes.

2 (b) What kinds of risk are covered by private insurance? Please indicate also the rate of premium on the value of goods where they are privately insured.

Private insurance cover risk against loss from fire accident and even certain types of damages.

2 (c) To what extent has there been a shift during the two periods 1945-50 and 1950-55 in favour of, or against, private insurance as compared with booking at railway risk rates; if so, in respect of what commodities and under what categories of risk cover?

The shift in favour of private insurance has been very much in their favour during the period 1950-55, more especially in the case of drugs, silk fabrics, musical instruments, matches and other costly goods.

3. In regard to goods booked at owner's risk rates, what proportion of the traffic is covered by private insurance? Has there been a shift during the two periods 1945-50 and 1950-55 in favour of, or against, private insurance? If so in respect of what commodities?

The shift in favour of private insurance has been very much in their favour during the period 1950-55, more especially in the case of drugs, silk, fabrics, musical instruments, matches and other costly goods.

4 (a) Has there been a marked increase in the payment of compensation claims by railways after the last war; if so, please name the principal commodities in respect of which such an increase has taken place. If possible, the answer may be given with reference to quinquennial periods, 1940-45, 1945-50 and 1950-55.

(b) Will you please give, with reference to these commodities, the quantum of increase in the volume of traffic and the relative prices of the commodities compared with the pre-war period and the periods indicated above?

From the available reports, it may be found that there has been a marked increase in the payment of compensation especially after the last war, in almost all cases. The factual data with regard to payment of compensation during various periods can best be had from the Railway Administration.

5 (a) In respect of compensation claims paid by railways, please state the quantum of payment arising from—

- (i) thefts and pilferages;
 - (ii) misdespatch;
 - (iii) deterioration due to delay in transit;
 - (iv) fall in prices owing to delay in transit;
 - (v) damage to consignment due to rough shunting and rough handling;
 - (iv) leakage and damage due to wet;
 - (vii) any other well defined cause;
- and the proportion in each case.

(b) Will you please indicate separately, in respect of the above, the value of claims preferred and the quantum of payment made by railways?

(c) In respect of compensation claims rejected by railways, please give a similar breakdown as in (a) above.

Factual information relating to various queries can only be had from the Railway Administration. But the Chamber can generally say that there has been a phenomenal increase in the payment of compensation against loss, pilferage, theft, wastage etc., since the war.

6. In regard to compensation claims rejected by railways, please state the principal commodities generally involved and give a rough estimate of the value of claims preferred in respect of each of these commodities.

With regard to claims it is understood that claims have arisen mostly in the case of costly goods.

7 (a) The railways' liability in respect of defectively packed goods, and animals or goods carried or deemed to be carried at owner's risk rates, has been extended to cover cases of negligence in addition to cases of misconduct, as a result of the Indian Railways (Amendment) Act of 1949.

What benefit has the trading public derived from the new provisions of the law?

It is no doubt true that with the amendment of the Indian Railways Act of 1949 the Railways' liability has been enhanced to cover cases of negligence also. But this amendment has not conferred any practical advantage to the Railway user. Railways always take shelter under the Railway Risk Note Form which seems to be their sheet anchor against all cases of claims. The Railways being Bailees, the amendment has not proved to be of much practical benefit.

7 (b) To what extent have these provisions operated to the disadvantage of the railways? If the provisions have operated to the disadvantage of the railways, would you recommend the narrowing of the difference between the owner's risk rates and the railway risk rates?

In view of what has been stated above there is a case for enlarging Railways liability as Carriers.

8. The present practice is to quote only railway risk rates for certain commodities whether moving in smalls or wagon loads. For other commodities, railway risk and owner's risk rates are both quoted whether moving in smalls or in wagon loads. For yet other commodities, the sender has the option of either of the two rates when the consignment is in smalls but not in wagon loads. For a further set of commodities the sender has the option of the two rates when the consignment is in wagon loads only. Have you any comments or suggestion to offer in regard to this practice?

The present practice of quoting Railway Risk rates for certain commodities, Railway Risk and Owner's Risk for certain other commodities and giving option to the sender to choose either of the rates has only tended to create confusion and chaos. It has not been of much practical advantage

either to the sender. The liability of the Railway in either case whether owner's risk or Railway risk being very thin it does not serve much useful purpose to quote two different sets of rates for a variety of goods.

9. In the case of commodities where both railway risk and owner's risk rates are quoted, the difference between the two sets of rates varies widely from commodity to commodity. Have you any comments to make on the disparity between the two sets of rates?

It is not advisable to maintain a disparity between two sets of rates when the liability of the Railways is the same in respect of both the rates. The Chamber sees that no useful purpose will be served by maintaining the disparity in the rates from commodity to commodity.

10. Do you consider it desirable to withdraw, either altogether or for particular commodities, the alternative owner's risk classification existing at present? If so, would you suggest any change in the railway risk classification?

If you advocate the withdrawal of owner's risk classification, would you suggest an exception being made in the case of wagon loads where wagon load schedules are quoted? In case this exception is recommended, would you suggest alternative railway risk rates also being quoted for traffic in wagon loads?

As stated above, if there should be any wide difference between the Owner's Risk Rates and the Railway Risk Rate, Railways should assume greater liability. If that position cannot be accepted by railways, this by itself will serve no useful purpose.

11. If you recommend that the owner's risk rates be completely withdrawn, do you suggest the same principle being extended to commodities coming under the "excepted" category; if so, do you agree to an adequate enhancement in the rates for commodities in the "excepted" category to be removed from owner's risk classification and included in the railway risk classification?

12. It has been suggested that railways should accept goods for transport at railway risk rates only, but, if a trader offers to relieve the railways of a portion of the risk, he should be allowed a certain reduction in rate. Do you agree with this view and, if so, please indicate the nature and extent of the risk which the railway may be relieved of. What consequential reduction in rates would you suggest in such cases?

Far from absolving the railways of the responsibility, business people would like the railways to assume more responsibility for the goods entrusted to their care.

13. A large number of dangerous goods are carried only at railway risk. In some cases, commodities like safety matches, paints and varnishes are carried either at railway risk or at owner's risk rates, the owner's risk rates providing for a relaxation in packing conditions. Would you like this practice to be continued?

It is not at all desirable as far as possible to maintain disparity in rates when Railways are not taking any additional liability. In such a case the relaxation with regard to packing conditions may be continued.

14. In your opinion, are the conditions laid down for execution of forwarding notes under Section 72-A of the Indian Railways Act, 1890, in respect of animals or goods carried on a railway satisfactory and, if not, what charges would you recommend in the law?

The Forwarding Note being an important document should necessarily be clear in its terms. In many cases Railways disown liability and take shelter under the risk note form issued by them under Section 72 of the Indian Railways Act. Whenever Railways accept goods for transport they should take full responsibility to deliver them in good condition at the destination.

15. Have you any comments to offer or suggestions to make regarding the present standard packing conditions in general or regarding special conditions of packing applying to particular commodities?

16. In the case of certain commodities, packing conditions have been notified, and these commodities are not accepted for booking by railways unless the prescribed conditions have been fulfilled. In the case of certain other commodities, while the packing conditions are prescribed, the consignments tendered for carriage are accepted even though the prescribed conditions are not conformed to, if the exact nature of the defect is recorded by the sender in the forwarding note. In view of the increasing industrial skill in the country, would you recommend the extension of compulsory packing conditions to more commodities and, if so, please suggest the names of the commodities to be included.

The Chamber realises the importance of packing conditions in the matter of transport of goods. In the case of dangerous goods packing conditions are essential both from the point of view of the railways and the safety of transport of the commodities themselves. In that view packing conditions necessary to secure such safety may be prescribed in consultation with the Railway authorities and mercantile interests. But in prescribing those conditions, care should be taken to see that by insisting on those conditions the cost of packing for transport should not be unduly enhanced. The cost of packing should be considered as part and parcel of the cost of transport.

17 (a) Have you any suggestions to make regarding the provisions of warehouse facilities for storage of goods prior to despatch or after delivery? Are you aware of any schemes for providing such facilities on a planned basis either by private business or co-operative bodies railways?

It is the opinion of the Chamber that it is necessary to provide warehousing facilities for goods prior to despatch and before delivery. In the case of agricultural products the necessity for providing such warehouses has already been indicated. The Railways therefore will be well advised in providing such facilities wherever possible. The Chamber may state that such facilities will tend to get a better price for the primary producer.

17 (b) Would you suggest that such a scheme should be taken up and, if so, which body or bodies would you recommend for carrying out a scheme of this kind?

Government are already enlarging their scope of service to the country leaving less scope to the private enterprise. It is therefore only in the fitness of things if the warehousing facilities are also provided by the railways. In the event of private people taking this service it is quite possible that charges may vary from place to place which has to be avoided. The Chamber, therefore, suggests that railways are the best authorities to do this useful service to the public.

18 (a) Under Section 72 of the Indian Railways Act, 1890 the responsibility of the railway administration for loss, destruction or deterioration of animals or goods delivered to the railways for carriage is that of a bailee as provided for by the Indian Contract Act, 1872. Are you in favour of the continuance of this provision, if not, what in your view should be the extent of the liability which the railways should assume?

(b) It has been suggested that the railway's liability, instead of being that of a 'bailee', should be that of a common carrier, which, in effect, would make the railways 'insurers' of goods carried by them. Would you advocate this change and, if so, would you indicate the nature and extent of the risk that would be assumed by the railway on account of this change?

As has been stated above the present legal liability of the Railways in respect of loss, damage etc. has led the trade even though they book the goods at Railway risk rates to cover them by private insurance. The present liability of the railway as 'bailee' is limited and is one-sided and is not fair to the users of the railway. Section 72 of the Act and Forwarding Note issued thereunder have been relied upon by the railways to disown responsibility in the matter of loss, destruction and pilferage. It is very difficult for the railway users to prove negligence on the part of railways when the goods are in the custody of the railways. Therefore, the present conditions are extremely one-sided and detrimental to

the trade. From very early times, there has been persistent representations on the part of the railways users to amend Section 72 throwing more responsibility on the railways as 'Bailee'. When the public pay adequate charges for the safe transport of the goods, it is natural to assume that the railways will perform their part of the contract to the satisfaction of the railway users. It is therefore, the considered opinion of the Chamber that the responsibility of the Railways should be basically revised fixing on the Railways greater liability for loss, damage etc. To this purpose section 72 of the Indian Railways Act should be amended.

19. It is stated that the bulk of the claims for compensation arises directly or indirectly from thefts and pilferages. What steps would you suggest should be adopted by the railways, the State Governments, the Union Government and by the public, to meet the situation?

Law and order have to be maintained by the State Government concerned. The Railways should strengthen the Watch and Ward Department. It should be a separate entity and not subordinate to the Railways authorities.

20. On the basis of compensation claims paid by railways during 1954-55, can you give a rough estimate of the additional amount that will have to be paid if railways are treated as common carriers, thereby becoming virtual insurers, instead of being merely bailees as at present? Will you please give the figures separately for running train thefts and other causes? Are there any commodities where the incidence of running train thefts is particularly high?

Nil.

21. Have you any general observations to make regarding claims made and claims paid?

There is a general feeling that refund of claims take inordinate time. Claims should be paid as expeditiously as possible.

Claims amounting to less than Rs. 5/— should not be asked to be waived.

To avoid delay in the settlement of claims involving Rs. 50/— and less the Chamber suggests that the feasibility of authorising goods Station Masters to settle such claims may be considered.

Settlement of claims leaves much to be desired. There is a feeling that the interests of the mercantile community will be better safeguarded if the claims Department functions as a separate entity.

PART III

1. (a) Sections 41 and 42 of the Indian Railways Act, 1890, define the functions of the Railways Rates Tribunal. Have you any suggestions to make regarding the widening of these functions or restricting them?

(b) It has been suggested that it would be in the public interest if the Railway Rates Tribunal is given the Power to initiate investigations in regard to freight rates. Would you favour such a suggestion?

(c) If you recommend the restriction or narrowing down of the powers of the Tribunal as laid down in sections 41 and 42 of the Indian Railways Act, 1890, would you suggest that the powers so taken away from the Tribunal be conferred on some other body? By whom would these functions be exercised and in what manner?

The Chamber is of opinion that power now conferred upon the Railway Rates Tribunal under Section 41 and 42 of the Indian Railways Act should not be curtailed. There is however a feeling that the present restrictions placed upon them for sitting in judgment over the question of terminal charges should also be brought under their purview. The Railway Rates Tribunal performs more or less judicial functions and it is inadvisable to clothe that body with the powers of investigation as well. With regard to the disparity in freight rates, it should be left to be looked after by a separate body.

2. Sub-section (2), Section 42 of the Indian Railways Act, 1942, provides that the Central Government alone will

have power to reduce the level of class rates, while Sub-section (1) of the same section provides that the Tribunal alone shall have power to reclassify a commodity in a higher class, but only on application made by the Central Government. Under these provisions if government is to raise additional revenue from goods traffic, it has to apply to the Tribunal and obtain its approval to raise the rates on a particular commodity by classifying it in a higher class. Otherwise it has to raise rates on all goods in a particular class. Do you consider this position satisfactory; if not, what suggestions have you to make?

The Chamber is emphatically of opinion that the Central Government should not have ordinarily powers to reclassify the commodity under a higher class without reference to the Tribunal. If any such increase is deemed essential the Chamber feels that it should come through proper channel i. e., after reference to the Tribunal alone.

3. It has been suggested that the Central Government may be given the power to reclassify any commodity in a higher class without prior reference to and approval by the Railway Rates Tribunal and that, in such cases, the trade can appeal to the Tribunal if the reclassification is unreasonable. Have you any comments to make on this suggestion?

Nil.

4. Have you any comments to make on the rules of procedure which have been adopted by the Railway Rates Tribunal?

5. It has been stated that there is great delay in obtaining decisions from the Railways Rates Tribunal by the parties concerned. Do you agree with this statement and, if so, what suggestions would you make to expedite the adjudication of cases by the Tribunal?

There is a feeling that the proceedings before the Tribunal are dilatory and takes much time. It will be helpful if the rules are so framed to expedite such decisions.

6. It is stated that the actual cost to the parties for obtaining a case adjudicated by the Railway Rates Tribunal

is very much high. Do you agree with this statement and, if so, what remedy would you suggest?

The possible remedy to minimise the cost is to have the sittings of the Tribunal at important commercial centres.

7. The Indian Railways Act, 1890, provides in Section 44, Sub-Section (2) (e), that any party shall be entitled to be heard in person or by a representative duly authorised in writing or by a legal practitioner. The records show that the privilege of appearing in person or by a duly authorised representative has never been exercised by the parties concerned, apart from the railways. How do you account for this fact? Do you consider that there is anything in the procedure or in the nature of the enquiry which prevents any party appearing directly and arguing his case?

It is only very recently that more and more educated persons have taken to business. Ordinarily businessmen are not thoroughly aware of the formations and the proceedings or of the various laws and regulations prevailing at present. They have not developed their legal side of the business. Therefore they were not in a position to represent their cases adequately.

8. Have you any remarks or suggestions to make regarding the constitution, and the qualification for membership, of the Tribunal as prescribed by the Indian Railways Act, 1890? If you desire any modification in the qualification for membership of the Tribunal, what is your suggestion and how would you justify it?

Nil.

9. Do you suggest any increase or decrease in the number of members of the Tribunal?

Nil.

10. (a) The Tribunal, consisting of three members with legal experience, is now assisted by assessors chosen from two panels, (i) the trade, industry and agriculture panel, and (ii) the railway panel. Do you consider the system of associating assessors with the Tribunal fulfils the purpose

which was intended, namely, to have at the disposal of the Tribunal the experience and knowledge of the trade and of the Railways

(b) Do you consider the system of formation of the panels and the choosing of assessors from these panels for individual cases satisfactory? If you do not consider the system satisfactory, what suggestions have you to make?

Nil.

11. It has been suggested that there should be an independent body which will have the power of fixing freight rates and dealing with complaints arising therefrom. Do you approve of this suggestion and, if you do, would you make a difference between matters affecting rates which should be dealt with by an independent non-judicial body, and matters which would be suitable for decision by a judicial body? What should be the composition of these bodies?

In either case, how would you reconcile the powers given to one or the other of the bodies with the ultimate power of control over the budget exercised by Parliament?

Nil.

12. It has been stated that, since the railways are now entirely Government undertaking functioning under parliamentary control, the necessity for a judicial body like the Railway Rates Tribunal for adjudication of disputes regarding freight rates does not exist. Do you agree with this view? In case you do not favour the continuance of a judicial body like the Railway Rates Tribunal, would you suggest the constitution of an advisory body on the analogy of the Tariff Commission?

The continuation of the Tribunal is very essential even though the Railways have become nationalised undertakings. The association of an Advisory Body may not serve a very useful purpose from the point of view of the trade, because their recommendations would be only advisory in character and need not be binding on the administration.

SUPPLEMENTARY QUESTION TO PART 1-A.

16 (A) Have you any comments or suggestions in regard to wagon load conditions generally and in particular in regard to:—

- (i) the existing minimum weight conditions applicable to different commodities in the light of their comparative weights with reference to volume (e.g. Bran and Reinforced concrete have the same minimum weight conditions), and
- (ii) the varying ratios between the minimum weight for wagons on different gauges for different commodities.

The Committee visited Madras in June 1956 and Shri V. Pandurangiah, Shri T. K. Singaram, Shri T. Ranganatha Mehta, Shri M. V. Arunachalam, Shri R. Subramaniam, Shri M. A. Thangappan, Shri K. S. Krishnamurthi, and Shri K. A. Menon tendered oral evidence before the Committee on the basis of the replies submitted.

Zonal Railway Users' Consultative Committee

The Zonal Railway Users' Consultative Committee, to which the Chamber elected Shri T. Ranganatha Mehta, continued to do very useful work. Subjects were invited for discussion from the general body of members which were forwarded to the representative of the Chamber on the Committee. They were discussed at the Zonal Railway Users' Consultative Committee meetings and the proceedings were communicated to members who forwarded those subjects.

During the course of the year the following subjects were forwarded for consideration. The minutes of the meetings are also appended under each subject to facilitate reference:—

(i) *Alterations of Names of Railway Stations*:—Names of certain stations have been changed for all official purposes. Postal authorities have also recognised those changes but

Railways have not adopted those changed names. They continue to maintain the old names. Difficulty has arisen now for booking from other end to these stations whose names have been changed. For example taking Nagapatam, which has been changed to Nagapattinam for all official purposes and by Postal authorities but the Railways still continue to maintain Nagapatam. Therefore when a merchant at the other end wants to send goods to Nagapattinam according to the changed name the Railway authorities refuse to book such goods as they say there is no station by name 'Nagapattinam'. This creates confusion. Alterations in the names of stations have to be carried by Railways also. Examples of other stations are Trichinopoly, Mayavaram, Madura, Calicut to mention a few.

Minutes:—The Chairman explained the procedure for change of names of stations and stated that it was for the State Government to approach the Government of India, Home Ministry and obtain their sanction, in accordance with Government of India, Home Ministry Memorandum No. 130/53-Public, dated 11th September, 1953.

2. To provide public telephone at important stations from Telephone Exchanges where there are only 25 connections instead of 40 that is now fixed.

Minutes:—The Chairman stated that public telephones were installed at important stations on a programmed basis, provided the Local Exchange had a minimum of 40 subscribers. The following 12 stations had been selected for provision of telephones during the current year:—

1. Godavari.
2. Chirala.
3. Nellore Goods Shed.
4. Ernaklam North.
5. Madura (Parcel Office)
6. Madras Beach (Parcel Office)
7. Negapatam (Duty S. M.'s Office and Goods Shed.)

8. Quilon (Goods Shed.)
9. Chittoor.
10. Pakala.
11. Narasaravupet.
12. Hindupur.

It was decided to include Gudur and Tambaram in the above list.

3. To give more representations to the Trade Associations in the Zonal Consultative Committee and in the Regional Committees. Trade and industry are increasing in volume and they should have a more effective voice in those bodies. Government nominees have to be represented but they are mostly concerned with the policy matters and they can be given, if necessary, more representation in the National Committee.

Minutes:—The Chairman stated that the constitution of the Railway Users' Committees was drawn up by the Railway Ministry.

4. Under Invoices Nos. 85 and 89 dated 20th and 27th November '54 domestic earthenware classified under the 5th class were imported to Madras but Railways re-classified them as Porcelainware and charges were collected at 14th class rate. These were really earthenware goods and ought to have been classified only under the 5th class. A certificate from the manufacturers i.e., Ceramic Export of the Mysore Government to the effect that the goods were made of earthenware was produced but the Railways refused to accept that contention and have charged the extra freight. This has been discussed before but the Chamber would like to know what is the basis of classification of such goods to prevent any future difficulties. If the Railways require any other certificate the party will be prepared to do so.

Minutes:—The Chairman explained the difference between earthenware and porcelainware.

5. *Refund of Wagon Deposits:*—If items more than 15 days old are pending in a station, parties who wish

to cancel the demand must be allowed to do so without forfeiting the deposit as it will amount only to reducing the pending items and the Railway does not lose anything in allowing the refund. Similarly, if the Railway meets any item out of priority for the convenience of the Railway and if the party cancels demands before the wagon is actually supplied, wagon deposit should not be forfeited.

Minutes:—The Chairman explained the rules in force for refund of Wagon Registration Fee. The Committee suggested that in the case of perishables if the demands were cancelled after the expiry of 10 days from the date of registration the wagon registration fee should not be forfeited, as in the case of perishables it will not be possible to wait for 15 days for allotment of wagons. The Chairman agreed to address the Railway Board on the suggestion made.

6. *Supply of Wagons:*—Since 8-3-56 wagons are not supplied for transport of rice from Trichinopoly to Cochin Harbour. This is an essential commodity and prices are fluctuating due to non-supply of wagons. Even wagons for which registration was done as early as 14-4-56 have not been supplied so far. Owing to this abnormal delay merchants are put to much difficulty and goods are deteriorating in quality. This may be avoided especially now when there is a shortage of rice in the West Coast. Railways should strain all the resources to supply enough number of wagons.

Minutes:—A statement of wagons loaded with rice for Cochin Harbour Terminus from March 1956 from stations in Trichinopoly Division were placed before the Committee.

Rice from one State to another was moved under Preferential Schedule "D" and in accordance with the dates of registration of all commodities failing under that class of priority. Hence it was not possible to single out demands to a particular station like Cochin Harbour Terminus or an area like the West Coast. As on 18th June 1956 on the entire Trichinopoly Division, 1126 demands were pending.

7. *Refund of Demurrage:*—Railways should not be guided by the letter of the law alone. They should examine each case for refund on its merit. In a particular case the

bills were drawn on a Bank in Madras but the Bank had apparently closed its local office. The consignors and the consignees were not aware of it so that there was some delay in clearing the consignment due to no fault of the parties or of the Railways. The closure of the Bank was beyond the control of the parties and if as a consequence of such closure there has been a delay in the clearance, Railways should also recognise the difficulties to which the parties will be put to and grant refund of such demurrage charged by them.

Minutes:—The Chairman explained that Railway Receipt was not necessary for unloading wagon but only for removal of the goods. A free time of 24 hours excluding Sundays and the day of unloading was available for removal of goods and it should be possible to clear Railway Receipts from banks.

8. Letter from Dalmia Cement (Bharat) Ltd., Dalmiapuram dated 26-12-55 is reproduced below:—

“Due to mechanisation by the installation of additional automatic bagging plant in our cement packing house we terminated the services of about 125 mazdoors who were doing hand packing of cement in the packing house, in the middle of December, 1952. The rest of the workers of the packing house as usual went in for duty and although it was understood that they would do work as usual and that they would not go on strike without notice, the mazdoors of the packing house who came for duty in the 6 p.m. to 2 a.m. shift of 16-12-52 refused to do work suddenly. Consequently the various empty wagons supplied to us for loading cement could not be loaded and handed over to the Railway authorities in time for being despatched by the goods train concerned. Since we had no advance intimation of the sudden stay in strike, we could not also request the railways to defer supply of wagons for loading. The workers of the other sections also followed the strike and consequently the empty wagons placed for loading other materials and loads received (such as coal, gunnies, bauxite & c.) could not be released, in time. The strike continued for a couple of days and the Railways have raised demurrage charges aggregating to Rs. 2476-0-0, in respect of the wagons detained inside our

siding. We thereupon represented to the Railway authorities that the circumstances under which either the inward loads could not be released or the empty wagons could not be loaded and delivered in time, were sudden and beyond our control and the Railways should therefore give special consideration to the matter. In spite of repeated representations and best efforts, the Railways have not waived the demurrage charges raised and are insisting on payment of the amount without further delay.

From the details explained above, you will appreciate in as much as we have had no information about the strike, that the stay-in-strike staged by the workers was sudden, that the Railways could not therefore be requested in advance to defer either placement of loads or empties, and that the circumstances were beyond our control, we should not be penalised and that the demurrage charges raised should be waived as a special case. In fact such occasions are rare and deserve special consideration and lenient treatment. Where ever we have had advance intimation about strikes, we have always either not placed demands for supply of wagons for loading and/or advised them not to place inward loads for releasing and thus averted the question of detention of empties or loads inside the factory sidings during strike periods and consequent demurrage. We also understand that in similar cases in other large factories special consideration has been given and wharfage and demurrage charges have been waived.”

These cases have to be examined.

Minutes:—The Chairman stated that as a general principle this could not be accepted as Railways and trade suffer serious loss by detention to wagons and congestion in goods sheds. But individual cases will continue to be dealt with on merits.

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9. *Free time Allowed for Loading and Unloading Wagons:*—From the decision of the Indian Railway Rates Tribunal in complaint No. 3 of 1953 between the Rohtas Industries Ltd., Dalmianagar and the Eastern Railway, it is found that some cement factories on the Eastern Railway having private or assisted sidings are being allowed 24 hours

free time. The free time is reckoned either from the time of placement of the wagons in case placement is done in several instalments and from 18 hours of the day of placement in case wagons are placed in one instalment. The free time of 6 hours is applicable only for Railway station. The concession in free time allowed by the Eastern Railway should be extended by the Southern Railway also to large factories having private or assisted sidings; otherwise it would mean that the industries in the South are being discriminated.

Minutes:—The Chairman stated that it was understood that in the case of big industrial firms, viz., Tata Iron and Steel Co., Ltd., The Indian Iron and Steel Co. and the Steel Corporation of Bengal, Ltd., a free time of 27 hours was allowed for loading or unloading wagons at sidings on the Eastern Railway.

On this Railway in the case of Madukkarai Cement Siding, the Bhadravati Iron Works Siding and the Sugar Factory Siding at Mandya, additional free time was allowed by this Railway as shunting was performed by the firm's own locomotive. Apart from this, no other relaxation had been made and it was considered not desirable to permit increased free time at sidings, as proposed.

10. *Wagons for Transport of Wheat from Punjab, Pepsu, U.P. and C.P.:*—Flour Mills located in the South have to depend for their supplies of wheat from Punjab, Pepsu, U. P. & C. P. Wagons are not supplied for their transport and in the absence of adequate stock workings of flour mills are threatened. Indents for wagons are not accepted at Srirangana Nagar. Such goods should be moved on a priority basis; otherwise it will affect the food supply position in the consuming centres like Madras.

Minutes:—The Chairman stated the movement was from Northern Railways, via., Bezwada to South of Bezwada. The quota via. Bezwada from Central Railway was 250 wagons per day and of these 205 was for South of Bezwada; out of the 205 wagons, 55 wagons per day was allotted to Northern Railway. In addition to this, one special train per day originating from Northern Railway with loads for Madras area, i.e., for Salt Cotaurs, Rayapuram and Madras

Harbour was accepted, outside quota. Hence, there should be no difficulty in the movement of wheat from Northern Railway to Madras.

11. *Through Traffic to Ahmedabad:*—There is a regular daily passenger traffic from Madras to Bombay while their ultimate destination is Ahmedabad and beyond. These passengers have to travel to Bombay, alight at Bombay and stay there for a day before they could get a train to Ahmedabad. There are, therefore, great inconveniences and difficulties for them. A through bogie should be attached to the express and mail for onward traffic to Ahmedabad. This facility may be investigated.

Minutes:—The Chairman stated that the Madras—Bombay Mail and Express trains now run with the maximum permissible load, and it will not be possible to add any more coaches to them as a regular measure without affecting the speed of these trains. Further, there was no facility at Dadar or Bandra for the interchange of these through coaches, if introduced.

12. At Parli Station there is only a small goods shed which would have been sufficient when there was not enough traffic. There has been a phenomenal increase of business at that station in commodities like bamboo, bamboo products, jaggery, tamarind etc. Even one industry alone pays freight on an average of Rs. 2,500/— per month, so much so the goods shed is found to be too inadequate. Goods now accepted for bookings are left in open platforms for days together exposed to the vagaries of weather thus causing much damage to the goods. There was an offer from Kumar Industries to put up a covered shed at that station, but the Railways informed them that arrangements would be made to provide additional accommodation. But now it is understood that the Passengers Amenities Committee has not approved the work and therefore no additional accommodation will be available. It is very necessary from the point of view of the traffic that covered accommodation should be provided without any delay. The Zonal Committee may be pleased to reconsider the decision of the Passengers Amenities Committee and put covered accommodation without delay.

Minutes:—The Chairman stated that this work had been included in the Programme of Works for 1956-57.

13. *Cannanore:*—Cannanore is an important industrial centre and large volume of traffic in textiles are offered for despatch. In the absence of covered parcel shed these are thrown on the platforms which get drenched due to rain causing much loss to merchants. When Railways are spending large amounts of money for passenger amenities there is no reason why the necessity of providing covered accommodation should not receive very serious and urgent attention of the Railway authorities.

There is urgent necessity for an overbridge at the Railway level-crossing near the station.

Minutes:—(a) The Chairman stated that additional accommodation of 2,000 sq. ft. for securing parcels at Cannanore was proposed to be included in the Works Programme for 1958-59.

(b) The level crossing at mile 468/16-17 near Cannanore Railway station was included in the list of level crossings to be replaced by over or under bridges recommended by the Government of Madras and placed in the second year of priority.

The work will be taken up when the State Government advises that they will provide funds for their portion of the work.

14. *Nellore:*—In Nellore out-going passengers have to wait for pretty long period for the train to pass as passengers have got out at the other side of the new station by crossing the Railway line. A sub-way or an overbridge is an urgent necessity.

Minutes:—The Chairman stated that the remodelling of Nellore Railway station was in progress. In lieu of an overbridge from the main platform to the island platform, arrangement had been made for the construction of an underground passage, under the remodelling scheme, and the work was in hand. It is delayed only for lack of certain steel materials.

15. Every attempt should be made to stop the nefarious practice. Pilferages have been caused to even insured parcels. Recently under Railway Passenger Way Bill No. 554919 dated 30th March '56 a parcel containing time-pieces from Madras Central Station to Calcutta was insured for Rs.800/-. Apparently the parcel was delivered in good condition but on opening, it was found that 22 pieces worth Rs. 450/— were missing and in its place two pieces of tiles were noticed. The parcel was found to be apparently in good condition and in such cases Railways will disown responsibility. In the interests of business such cases have to be properly investigated and the culprit booked.

Minutes:—The Chairman stated that the Railway Protection Force were specially watching this.

Another meeting of Zonal Railway Users' Consultative Committee was held in January 1957, and the Chamber forwarded several subjects. For convenient reference the subjects forwarded by the Chamber and also the note circulated by the General Manager's Office, Southern Railway on each subject are reproduced below:—

1. *Despatch of Pipes:*—The issue of a qualified Railway Receipt with the remark "loaded by sender not tallied by Railway staff" is taken as a shelter to repudiate claims arising out of loss or pilferage to goods entrusted to Railways for transport. Railways are anxious to absolve themselves of all responsibilities while the interests of the Railway users are not at all sought to be safeguarded. Railways should give all reasonable facilities to its users to put forth their claims for refund arising out of loss instead of shutting out their legitimate claims and taking shelter under the remark mentioned above.

In the case of complaints with regard to shortage arising out of consignments of iron and steel, Railways have prescribed certain packing conditions before accepting goods. A similar procedure may be followed with variations as may be found necessary in the case of pipes and fittings to minimise loss arising out of pilferage and if the packing conditions are adhered to, Railways should hold themselves responsible for the goods. After fulfilling these conditions Railways

should assume full responsibilities for the safe and complete delivery of consignments.

Note:—The prescribed Packing Condition for 'pipes' under Iron or Steel, Division 'B' is P/19 'f' which reads as under.

P/19 "If of cast iron, must be securely packed in crates, bound with rope".

The symbol 'f' indicates that detachable fittings must be separately packed in a case.

When the loading of pipes in wagon loads is done by senders at the booking station and is not supervised by the Railway staff and the contents not either checked, counted or weighed, a remark to the effect 'Loaded by senders, not supervised by Railway Staff' is made in the Railway Receipt issued. In such cases, if the consignment is received in the same wagon in which it was loaded at the forwarding station without having been subjected to any interference enroute, the Railway as a carrier is justified in repudiating claims, if any on account of alleged shortage in the number of pipes loaded.

The question of prescribing a suitable packing condition for iron or steel pipes despatched in open wagons is already under examination and is being considered by the Commercial Committee.

2. Introduction of an additional Passenger train or a Diesel Coach Service in the Shencottah—Tinnevely Junction Section, in between Train Nos. 712 Shencottah Virudhunagar Passenger and 764 Trivandrum Tinnevely Passenger.

Note:—There is no commercial justification for running additional trains on the section. There is also no appreciable overcrowding of trains on the section to justify the running of additional trains.

3. Similarly introduction of an additional Passenger Train or Diesel Coach Service in the Tinnevely Junction to Shencottah section between Nos. 763 Tinnevely Trivandrum Passenger and 759 Maniyachi Shencottah Passengers.

Note:—Same remarks as that furnished for Subject No. 312 will apply.

4. Extending the Tinnevely Express between Madras Egmore and Tinnevely Junction to Madras Egmore Nos. 619 and 620 to Shencottah as Express instead of the same rakes running as a Passenger train as at present between Tinnevely Junction and Shencottah and Vice-Versa under Nos. 763 and 764.

In the up service the interval between the two trains is over 5 hours. This is causing considerable inconvenience to passengers in the Shencottah-Tinnevely Junction section, particularly from Ambasamudram to Tinnevely junction, who wish to travel to Tinnevely on business. With the present train timings, the passengers reach Tinnevely just after the business hours of the fore-noon.

Similarly in the Down Service the interval between Train Nos 763 and 759 is over 6 hours. As such the necessity for an additional train service between the two should be considered as most urgent.

A number of anomalous situations arising out of running the Tinnevely Express between Madras Egmore to Tinnevely and Tinnevely to Madras Egmore and running the same carriages as Passenger under different numbers beyond Tinnevely in the Down Service and up to Tinnevely in the Up-Service Nos. 763 and 764 are causing considerable inconvenience to the travelling public between Shencottah and Tinnevely in general and Ambasamudram to Tinnevely Junction in particular and this could be avoided by extending the Express service upto Shencottah and from Shencottah to Tinnevely Junction.

The Shencottah-Tinnevely Junction appears to be the most neglected portion in the Southern Railway System. The convenience of the travelling public is not heeded. Otherwise, why should the long distance passengers travelling in this section be denied the Express train service to and from Madras.

Long distance passengers in the Shencottah-Tinnevely Junction Section under the present arrangements, who wish

to travel by train No. 620 Express to Madras Egmore have to get their berths reserved at Trivandrum Central. Of course they could purchase the tickets at their local railway stations, but the reservation has to be made at the Trivandrum Central Station. Long distance passengers through they are, a compartment of 4 first class berths right on four wheels is allotted to them. The two berth first class compartments and another 4 berth first class compartment, which are at present being run are reserved exclusively for passengers reserving at Tinnevely Junction. The long distance passenger has to wait for days together to know the fate of his application for reservation in the compartment reserved for intermediary stations running the risk of berth not being available to him owing to prior reservations that might have been made at the Trivandrum Central Station and from other intermediary stations and all the time he is denied the benefit of the berths that might be available from those reserved for booking at Tinnevely Junction. This novel procedure is being continued by allotting to the train of the same carriages different numbers between Trivandrum Central and Tinnevely Junction.

For instance passengers who have to travel from Ambasamudram to Tinnevely Junction often have now to reserve berths at Tinnevely Junction providing themselves with separate tickets upto Tinnevely Junction lest they should run the risk of reservation already having been taken up apart from having to travel in compartments right on four wheels. It does not stop with this. Even after providing themselves with tickets reserved in the compartments exclusively allocated for Tinnevely Junction and separate tickets upto Tinnevely Junction, they could not travel in the Tinnevely Junction compartments since all of them are bolted and locked and the Guard of the train could open them only to be penalised severely even though they might hold tickets from Tinnevely Junction for travel by the same compartment from Tinnevely Junction onwards.

All these anomalies and the consequent inconvenience to the travelling public could be avoided by extending the Tinnevely Express upto Shencottah on the down service and from Shencottah to Tinnevely Junction on the Up Service.

Even if the suggestion to extend the Express Train as above is not found necessary or feasible, at least reservation for travel by upper class passengers should be made at Shencottah instead of the present arrangements for reservation at Tinnevely Junction.

A member of the Chamber, during his last 4 trips, had to purchase tickets for him and the members of his party at Tinnevely Junction for travel to Madras with separate tickets from Kulladakurichi to Tinnevely Junction, all the time travelling in a compartment different from that in which their berths from Tinnevely Junction had been reserved.

Note:—Nos. 131 and 132 Virudhunagar-Shencottah Express providing connection with Nos. 605 and 606 Madras Egmore-Trivandrum Central Expresses at Virudhunagar and conveying the Madras Egmore-Shencottah through coaches (one SN, One LT and One LTV) were introduced to run on and from 1-10-50. But as it was found that the trains were running very poorly filled between Tinnevely and Shencottah their running was cancelled between Tinnevely and Shencottah in the Time Tables that came into force from 1-4-1951.

Subsequently in response to pressing public request for suitable connecting trains on the Tinnevely-Shencottah section, the service on the section was re-arranged as from 6-11-51 providing immediate connecting passenger trains viz. 763 and 764 between Tinnevely and Shencottah which trains also conveyed the Madras Egmore-Shencottah through coaches. As an operating convenience the coaches working Nos. 131 and 132 were utilised to run as Nos. 763 and 764 trains also.

Nos. 131 and 132 re-numbered as 631 and 632 were thus running between Virudhunagar and Tinnevely upto 1-10-53 from which date Nos. 619 and 620 Madras Egmore-Madura Janata Expresses were extended to run to and from Tinnevely merging them with Nos. 131 and 132 between Tinnevely and Virudhunagar and providing upper class accommodation by these trains as agreed to by the Board. On and from the same date, the running of Nos. 763 and 764 was extended to run to and from Trivandrum Central to fill in the long gap in train service on that section.

In view of the fact that the Express trains, which were actually in service on the Tinnevely-Shencottah section in the past, were cancelled on account of poor traffic, there is now no case for reverting to the previous arrangement i.e. extending Nos. 619 and 620 between Tinnevely and Shencottah cancelling Nos. 763 & 764 instead between these points merely for the reason that it would facilitate reservation of upper class accommodation in the Up direction from Shencottah. The elimination of halts between Tinnevely and Shencottah for Nos. 763 and 764 will also result in protests, as no alternative passenger train service can be provided within the existing resources.

5. *Execution of Indemnity Bonds*:—At present there is a provision for the delivery of goods on the production of Indemnity Bonds by the consignee. Indemnity Bonds have to be signed by the Divisional Superintendent on behalf of the Railway. In case the Divisional Superintendent is out of headquarters the signing of the guarantee bond is kept pending and delayed. We suggest that in order to avoid delay in the clearance of goods, any other officer in the office of the Divisional Superintendent may also be authorised to sign on behalf of the Railway.

Note:—Indemnity Notes are not signed by the Divisional Superintendents. Under the existing procedure, if the value of a consignment sought to be taken delivery of under Indemnity Note is above Rs. 5,000/— and below Rs. 10,000/—, the Station Master should obtain the sanction of the Divisional Superintendent to the delivery of the consignment on Indemnity Note. Presumably, in the absence of the Divisional Superintendent from Headquarters, there is some delay in the sanction being accorded. Divisional Superintendents are being instructed to authorise their Divisional Commercial Superintendents to accord such sanction when they (Divisional Superintendents) are absent from Headquarters, pending ratification by them on their return to Headquarters.

6. It has been found often that whenever indents for wagons for the transport of grains, pulses, dhall flour, sugar, etc., are made, only open wagons are allotted for their carriage. When damage is assessed at the destination the claim for compensation is invariably rejected resulting in great

loss to the trade. It is, therefore, suggested that for the transport of such articles closed wagons alone should be allotted.

Note:—Normally only covered wagons are allotted for movement of grains, pulses, flour, Sugar, etc.

7. Whenever there is a break of gauge from broad gauge to metre gauge, goods contained in single broad gauge wagon are transhipped to two or more wagons. Cases are not wanting where only a portion of the consignment is first delivered and then after a long delay the rest of the consignment is delivered. To avoid hardship to the trade arrangements have to be made that whenever such transshipment occurs the whole consignment is delivered at the same time as far as possible.

Note:—No. 330. Instructions are already in force to the effect that in respect of wagon load consignments from BG to MG received at Transshipment points, the entire consignments should be transhipped into MG Wagons and despatched together to destination stations without delay so that delivery could be effected in full. This however is not always possible. In the reverse direction it would be uneconomical to allot one BG Wagon for each MG Wagon.

8. Consequent on the re-organisation of the Railways on a divisional basis, a divisional office has been located in Madurai. It is suggested for the benefit of the trade and the public that claims and refund section may also be moved to Madurai.

Note:—The subject was discussed at the Tenth Meeting of the Z. R. U. C. C. held at Bangalore Cantonment on 6 and 7-7-56 and the following minute was recorded:

“The Chairman explained that in the matter of Claims settlement and quotation of station to station rates uniform policy and practice had to be adopted and hence the work had to be done only in the Headquarters Office. The Chairman pointed out that on the Southern Railway, the average time taken for settlement of claims was 37 days which was the best compared with other Railways”.

9. An enquiry and visitors section may also be opened at Madura Divisional office.

Note:—At present the Divisional Office at Madura is located in a number of buildings. In the Institute Building which houses the Personnel, Electrical, signals & Telecommunication and General Branches and in which D. S's room is also situated) the front verandah has been converted into an Enquiry Office. There is a clerk (lady) deputed to attend to enquiries from the public. There is a Railway telephone on the enquiry counter. A. P. & T. Phone will be provided as soon as we get more phones from the Department. A few chairs are provided for visitors.

2. The verandah adjoining D. S's and D. P. O's room is converted into a Visitor's room and some chairs are provided therein.

3. In the new Divisional Office proposed to be constructed provision has been made for Visitors' Room which could also be utilised as an Enquiry Office, providing necessary phones etc.

10. The present goods shed in Madura is not sufficient to cope up with the increasing traffic. An expansive shed may be opened at Madura East Station where there is scope for expansion.

Note:—Consequent on the representations received from the Chamber of Commerce and Merchants' Association at Madura complaining against the want of sufficient accommodation in the goods shed at Madura the feasibility of shifting the goods shed to Madura East was looked into. After detailed investigations it was found that the proposal could not be undertaken due to the presence of irrigation tanks in the area and the exorbitant cost of the work involved. The question of dealing with firewood traffic in an extension at the South end of Madura Station is under consideration. If this is possible additional goods shed and platform facilities can be provided at Madura itself.

11. It is felt that the Railway authorities have to exercise their discretion in deserving cases in the matter of

refund of demurrage or wharfage claims especially when the delay is not caused by the default of the parties.

Note:—This railway disposes of each case of claim for refund of demurrage or wharfage on its merits after due consideration. It would however not be possible to waive demurrage and wharfage in cases where the fault of the consignee is not established. These charges are not penalties but represent generally the loss incurred by Railway by delay in clearance. Where the railway is wholly or mainly responsible for the delay these charges are not generally collected.

12. The Railway administration make vague remarks on Railway Receipts. Such vague remarks lead to repudiation of claims when transport is made at Railway risk. To safeguard the interests of the parties and in fairness clear instructions have to be laid down for the guidance of the trade.

Note:—The packing conditions for commodities are laid down in the I.R.C.A. Goods Tariff and they are considered to be the minimum requirements of the Railway. When the packing of a consignment is defective or is not in accordance with the packing conditions as laid down in the Goods Tariff, the consignor should enter such defective nature in the forwarding note which is copied in the Railway Receipt. Instructions are already in force that unnecessary remarks should not be made in the Railway Receipts.

13. It is learnt that there are no invalid's chairs at Guntakal Junction. Invalids who have to change platforms find it very difficult. The provision of an invalid's chair at Guntakal Junction is very essential.

Note:—The matter is being examined.

14. *Movement of wheat from North to South:*—Wheat and wheat products are under item 'C' of the preferential traffic schedule. The flour mills in South India have to depend for their supplies of wheat from North India. So wheat which is their raw material should be given the same priority as wheat products in the matter of movement from North to South. It has been brought to notice of the Chamber that

there is considerable difficulty in the matter of obtaining wagons from North to South for movement of wheat. To maintain production, movement facilities for wheat from North to South have to be ensured.

Note:—Movement from North to South is more or less free now except during peak demands season.

15. *Additional staff for Cannanore Parcel Office:*—With the increase in the volume of trade the present staff are unable to cope up with the work. Additional staff have to be sanctioned to avoid delay.

Note:—This is under consideration.

16. *Over crowding in Malabar Mail:*—The Malabar Mail is very much over-crowded, even from Madras Central, the starting station. Passengers find it impossible to secure even standing accommodation even from Madras. The only way to avoid this terrible congestion felt all the year round is to run a daily Janatha. Such a train was run sometime ago, and it has to be revived. If such a train is run in convenient hours, it will be a facility and attract passengers.

Note:—The daily Janatha Express train which was running prior to 1-4-51 between Madras and Mangalore had to be cancelled on account of its poor patronage, the occupation being only about 10% between Madras and Jalarpet and 50% beyond.

There is overcrowding now by the existing three pairs of West Coast line trains viz. Nos. 513, 514, 545, 546 and 562 (Madras-Mangalore; Madras-Mettupalayam and Madras-Cochin Harbour Terminus Expresses respectively). Therefore provision in the Second Plan period for an additional train, preferably a Janatha train (tri-weekly) each way between Madras Central and Coimbatore Junction and another one daily between Shoranur and Mangalore has been made. This will be possible however only after the capacity improvement works are completed and the stock position improves towards the end of the plan period.

Proposals of the Indian Railway Conference Association

As usual, the Chamber received large number of proposals from the Indian Railway Conference Association for the correct classification of goods for the purpose of collection of freight. In all those cases interested members were consulted and the suggestions received from them were communicated to the Indian Railway Conference Association for adoption.

Air Transport Council

The Government of India constituted an Air Transport Council, who issued a questionnaire, A copy of same was sent to the Chamber for reply. The Chamber submitted a memorandum on the questionnaire issued by the Council as follows:

We are grateful to you for giving us an opportunity to tender evidence in relation to the questionnaire issued by the Air Transport Council. The Chamber can give suggestions on general lines only and therefore it is not proposed to answer questions seriatim.

The Chamber feels that extension of service to certain other important towns in the Southern Region can be thought of as a long range policy. We have in mind the extension of service to Kozhikode in the West Coast and Tuticorin in the South. Both these towns are of growing commercial importance. There is a heavy volume of traffic in perishables from Kozhikode and the Chamber feels that given facilities there is scope for development of traffic in fresh fish to Madras. Even otherwise Kozhikode is a big handloom weaving centre and large number of well known handloom factories and weaving establishments are located there. Kozhikode is also the District Headquarter and with the formation of the Kerala State, which is contemplated, it is expected to grow much more in importance and there is likelihood of passenger traffic offering. Similarly in the case of Tuticorin with the merger of additional Taluqs in Tinnevely District there is bound to be more volume of traffic emanating from that centre both in respect of passenger and goods. Being very near to Ceylon passengers to and

from Ceylon will find it more convenient to emplane or dep-plane at Tuticorin. The feasibility of extension of service to these two towns may be considered by the Air Transport Council.

There is also the need for introducing a direct air service between Madras and Mecca. Now passengers proceeding to Mecca have to go to Bombay and catch the service there. It is expected that there will be about two to three thousand passengers every year.

Speaking generally about fares the Chamber is of opinion that a general reduction in fares is necessary to attract and stimulate traffic. Even now air travel is resorted to only by highly placed people because of the high incidence of fares. It is not popular also. There is misconception that air travel is not very safe. This misconception has to be removed from the minds of the air travelling public adopting safety devices. The fare also is unconscionably high compared to fare over the Railways. For instance the present first class fare from Madras to Delhi is only Rs. 110/— while in the case of travel over air it is Rs. 220/— by night plane which works out exactly double the first class train fare. This abnormal disparity has to be reduced by an appreciable reduction in air fare. It should not ordinarily be one and a half times the present first class railway fare. This is bound to stimulate traffic and may not result in any appreciable loss to the air operator. Air fares should not be fixed on the basis of operation cost alone. It is of strategic importance also and if found necessary Government should subsidise such service in view of its national and strategic importance. The Chamber should not be understood to mean that it should be run on very low fares. Stress should be laid on importance of maintaining such service for strategic purposes also.

Arising out of this the Chamber feels that introduction of mercantile coupons for air travel is likely to stimulate traffic and may be availed of by larger number of mercantile firms and companies but in such case the period should be sufficiently long and during the beginning at least it is helpful if money is refundable on unused coupons at a discount.

The Chamber is of opinion that introduction of telegraphic rates is very necessary. The freight should be calculated

not only on the quantity but on the distance as well. We feel that for longer distance there should be a progressive diminution in fares.

The Chamber is sceptical as to whether the time has come for the introduction of luxury class travel. The experience of Railways in introducing air-conditioned travel is not very happy. It is better to wait for some more time before people get air-minded and use air travel as a popular form of travel.

Other advanced countries have introduced various forms of concession travel. The introduction of such concession travel should be kept in view. For the time being some concessional fares may be introduced in the case of tourists, return journeys and with more experience this facility can be extended to cover other forms of travel.

Certain quantities of handloom goods are now moving to America. Similarly they are moving to Ceylon also. Consequent on the non-availability of wagons to ports of shipment this form of traffic is resorted to and the Chamber feels that a slight reduction in freight will promote more traffic offering for air transport. Movement of handloom goods is necessarily restricted to finer varieties alone. Exporters prefer to despatch such varieties by air. Reptile skins similarly used to be exported to Continental markets before. It is a matter for investigation as to why such traffic is not offering now. It is felt that operation of heavy freight is a handicap for export of such goods.

The Chamber is of opinion that medicines, articles of handicrafts like ivory articles, filigree and other artware are capable of being attracted for transport by air. Delay in transport has to be avoided. The allocation of certain quantities alone to particular routes is operating as a handicap now.

Another point which the Chamber wants to bring to your notice is that in the case of travel to foreign countries an allowance of 66 lbs. per passenger is allowed but in the case of passengers to Ceylon only 44 lbs. are allowed. This disparity has to be removed.

In all cases samples for transport should be given concessional rate. This is with a view to augment traffic and ultimately it will be found beneficial to air operator. Half rate is suggested for despatch of samples.

Settlement of claims should be done as expeditiously as possible.

Later on when the Council visited Madras, the office tendered oral evidence on the basis of the written submission made by the Chamber.

Posts and Telegraphs

The Posts & Telegraphs Advisory Committee also did very useful work. The number of complaints has been steadily increasing and the utility of the Committee has been well recognised. There is scope for increasing the usefulness of the Committee and it is requested that members of the Chamber should take active interest in the deliberation of the Committee and forward to the Chamber subjects for discussion at those meetings. It may be pointed out that discussion at a compact Committee facilitates more expeditious handling of the subjects which would otherwise have to be taken in correspondence entailing considerable delay. For the benefit of members the subjects discussed at the meetings of the Committee together with the proceedings are given below:—

1. *Opening of A Telephone Public Call Office at Adirampatnam:*—The need for opening of a Public Call Office at Adirampatnam is increasingly felt. There are already 4 Post Offices in that town. It is a major Panchayat and has a population of 22,000. There is a Police Station and a Customs Office. There is a High School and a College. Adirampatnam is a salt producing area and there is a flourishing coconut industry. In addition there are many Rice Mills. Residents of this place have established their business concerns not only outside the Districts but also Overseas in Ceylon, Malaya and Burma. In the absence of a Public Telephone Office, residents have to go to Pattukkottai or to Mannargudi which causes much inconvenience. Though with difficulty they can go to these places, it is found impossible for

outsiders to call residents at Adirampatnam. The Chamber is given to understand that there are about 25 subscribers already waiting. The opening of a Public Call Office at Adirampatnam may be fully investigated.

Minutes:—The proposal will be taken up for consideration soon after a telephone exchange is opened at Pattukkottai. Mr. Zackria Sait desired to know why a P.C. O. could not be installed at Adirampatnam connected to the Telephone exchange at Mannargudi, which is only 22 miles away. It was pointed out that Pattukkottai is only 7 miles away from Adirampatnam and that it would be more advantageous to have a P. C. O. at Adirampatnam connected to the proposed exchange at Pattukkottai.

2. It is represented that the Public Call Office previously functioning at Madurai has been transferred to Mangammal Choultry Sub-Office. Madurai is more important and the office should be located there.

Minutes:—The P.C.O was shifted from Madurai R.M.S. office to Mangammal Choultry P. O. as it was found that the R. M. S. staff were not in a position to man the P.C.O. efficiently.

3. Large number of applications for installation of telephones seems to be pending before the Sub-Divisional Officer, Madurai. They may be given telephone connections as early as possible.

Minutes:—The number of persons on the waiting list for telephone connections at Madurai Exchange is about 200, and at Tallakulam exchange about 3. More connections will be provided at Madurai after the installation of additional boards. Necessary action has also been taken to increase the capacity of these exchanges. The Chairman desired that the waiting list with reference to the Tallakulam Exchange should be liquidated quickly.

4. The facilities for trunk telephone calls at Shoranur Railway Station are available now only between 9 A.M. and 5 p.m. After 5 p.m., one has to go to the Post & Telegraph

Office or the Telephone Exchange which are outside the premises of the station. People travelling by the evening trains are very much handicapped on this account. It will be of great help to passengers if trunk calls are allowed throughout the R. M. S. working hours at Shoranur.

Minutes:—Inasmuch as the R. M. S. office at Shoranur RS is closed between 17 and 19 hours, it is not possible to provide trunk-call facilities at Shoranur R. S. during these hours.

5. It is represented that at present there is no public telephone call facility on the Railway Station Platform at Coimbatore, though there is one outside the platform in the R. M. S. Office. The public are put to much inconvenience on this account as passengers will have to go down all the way to R. M. S. Office and avail the use of the telephone. It is suggested that the telephone located at the R. M. S. Office may be shifted to the platform itself.

Minutes:—The P. C. O. at Coimbatore R.S. is located in the R.M.S. office as it is not possible to man the P. C. O. if it is located on the platform proper. The question of opening a coin-box P.C.O. at Coimbatore R.S. is, however, under examination.

6. *Telephone Calls to Calcutta:*—Much delay is experienced to get a subscriber in Calcutta from Cannanore. It is requested that arrangements to provide a direct line with Madras from Cannanore may be made so that the traffic load may be eased and the congestion in the lines may be reduced to a great extent.

Minutes:—There is no justification to provide a direct circuit from Cannanore to Madras. The delay complained about will, however, be enquired into.

7. On various occasions installation of an enquiry phone at Cannanore S. O., has been urged for a long time. The possibility of installation should be considered as early as possible.

Minutes:—The matter is under examination.

8. *Toll Fees for Local Calls to Trichur from Alagappanagar Exchange:*—There is only one trunk line to Trichur and often it is congested. Alagappanagar being a suburb of Trichur where there are a large number of industrial institutions who have to transact business at Trichur very frequently with Banks and other Commercial institutions, the utility of a telephone is practically denied to the Alagappanagar subscribers when they want to contact the Trichur subscribers. With the importance of Trichur where there are a large number of subscribers it would have been far better if the department had only put up a common exchange for Ollur and Alagappanagar and allow free local calls between Trichur and the combined Ollur and Alagappanagar Exchange. Instead of that the department has allowed connections for subscribers at Ollur from Trichur exchange all the way taking cable pairs and overhead lines dropping the original idea of giving the Ollur subscribers connection from Alagappanagar exchange who are counterparts of Alagappanagar and who get the benefit of free calls to Trichur.

Even now if the Alagappanagar Exchange can be shifted to a place midway between Ollur and Alagappanagar and connections are arranged to subscribers from Ollur and Alagappanagar area and give free calls to Trichur using all the cable pairs now leading to Ollur subscribers from Trichur as trunk line, there will be scope for getting more than 100 new subscribers to the Alagappanagar Exchange.

Minutes:—It is not possible to waive the toll fee between Trichur and Alagappa Nagar.

9. It will be helpful if circulars are issued relating to despatch and arrival of sea mails giving all particulars about the name of the steamer, dates of voyage etc.

Minutes:—Arrangements already exist under which information regarding sailings of ships conveying mails from India to Europe and vice-versa is communicated to all important offices for being notified to the public. Similar arrangements do not, however, exist with reference to sailings from India to Malaya and Rangoon and vice-versa. The matter will be taken up with the Director-General of Posts and Telegraphs, New Delhi.

10. The Palghat Chamber of Commerce, Palghat, has informed me that there are still pending applications for new phone connections at Palghat. They state that since materials are now available there should not be any delay in giving fresh connections.

Minutes:—An additional 100 line board is under installation at Palghat Exchange and as soon as the work is completed, action will be taken to provide telephone connections to all persons on the waiting list.

11. It is represented that there is delay in the delivery of mails from Madurai Head Office.

Minutes:—There is no avoidable delay in delivery of mails from Madurai H. O. on days when the mail carrying trains arrive Madurai R. S. in time.

12. A post card sent to a local address has been charged As. 3/— extra and returned to the sender. The card is enclosed herewith. The Chamber thinks that As. 3/— extra has been charged because the word “local” has been written over the address portion of the post card. To charge As. 3/— extra for no fault of the sender is uncalled for. After all the word “local” is intended to give only a direction of the destination. Under such cases the levy of a penalty of As. 3/— will appear to be very hard. Clear instructions may be issued in this connection.

Minutes:—A reference has been made to the Director-General, Posts and Telegraphs, New Delhi, enquiring whether taxing of Post cards with superscriptions like “Local”, “Express Delivery”, “Late-fee paid” etc. on the address portion may be waived. His decision is awaited.

13. To return the postal articles insufficiently stamped to the sender for affixing due postage instead of charging penalty, and then transmit the same to the addressees instead of the present system of demanding the insufficiently stamped due postage from the addressees with the penalty, and in case he refuses, return to the sender the article, which makes him liable to pay the insufficient postage with penalty and also to take back the letter. In such cases it amounts

to penalising the addressee who is not a party and in cases when he refuses to receive the letter with penalty the sender is penalised without any service to him as his letter is not delivered to the party and he is also taxed for simply carrying the letter and returning it to him.

It is not always the case with people to post articles deliberately with insufficient stamps, and in the sorting if any article is found not properly stamped, the department will not lose anything in returning the article to the sender to get the proper stamp value affixed without charging penalty.

Minutes:—Janab Mohd. Sulaiman Zackria Sait suggested that if any insufficiently paid postal unregistered article is detected in sorting, it should not be forwarded onwards to the addressee but should be returned to the sender for affixing more stamps to make up the deficiency, instead of the present procedure under which the sender is required to pay the penalty when the article is refused by the addressee and returned to the sender.

According to Clause 51 of the P&T. Guide, a letter posted insufficiently pre-paid, is charged on delivery with double the amount of deficiency and according to Clause 34 of the P & T Guide, the sender is bound to pay any postage or other sum due on an undelivered or refused article returned to him by the Post Office. The suggestion is not practicable.

14. *Book Pattern Post:*—The fixation of a limit of 20 copies at one time to claim concessional rate under bookpost though the matter conforms the requirements of a book-post is an handicap. This will have the result of favouring only bigger firms who can post more than 20 covers at a time and get the benefit of sending book-post and the facility will be denied to smaller firms. If this limit cannot be abolished there is a case for reducing the limit to 5.

Minutes:—It was pointed out by the Secretary that the restriction under clause 57 (7) of the P & T Guide applied only to those documents that were wholly or partly printed in imitation of typewriting or reproduced from manuscript

or typewritten original by any mechanical process. The restriction under clause 57 (7) *ibid* that atleast 20 precisely identical copies should be posted at the sametime did not apply to other documents.

15. It is represented that tapals in many important areas of Trichy Town are delivered very late. It is due to posting of untrained postmen in that area. There has been large volume of correspondence on this subject, but latest one being addressed to the P. M. G. dated 21st May 1956.

Minutes:—The delay complained about was due to heavy absenteeism among the postmen of Tiruchi H. O. Necessary steps have been taken to avoid a recurrence of the delay.

16. *Conversion of the Trichy Fort Post Office into Delivery Sub Office:*—It is represented that the top floor of the present building occupied by the Fort Post Office is vacant, and it will be a suitable place for making the office into delivery sub office. It may be looked into.

Minutes:—The matter is under examination.

17. *Money Order:*—A money Order No. 35343 sent on 25-2-56 for Rs. 500/- from Madras G.P.O. was delivered at Hyderabad-Dn., only on 28-2-56. It was given to understand that the M. O. will definitely reach Hyderabad on 27-2-56. This money was sent as "Earnest Money" against tender, the last date for which was fixed as 27-2-56, but the money order was refused because it was delivered only the next day i.e., 28-2-56. The endorsement to this effect is dated 29-2-56 but the money was actually received back only on 3-3-56. The delay in tendering the money order at the destination not in time has caused much loss to the sender. When such money orders are routed by airmail there is no reason why a money order sent on 25-2-56 should not reach Hyderabad on or before 27th February 1956. Similarly on the return when the endorsement is dated 29-2-56 it should take 3 or 4 days to return back the amount to sender. This delay should be investigated.

Minutes:—Janab Zackria Sait mentioned that the delay in the payment of the Money Order referred to above has

caused much inconvenience to the party. The cause of delay in payment is being investigated into.

18. It is desirable that at least important post offices like G. P. O. should have copy of abbreviated telegraphic addresses with them for reference by the public. The publications of such copies are delayed so that the public cannot keep up-to-date copies. That cannot be said of the post offices who should maintain an up-to-date list for reference.

Minutes:—Printed copies of abbreviated telegraphic addresses are supplied to all departmental telegraph offices. An up-to-date corrected copy is kept at the counter of the Madras C. T. O. for reference by members of the public.

In the month of November 1956 another meeting of the Posts & Telegraphs Advisory Committee was held and the subjects forwarded for the consideration of the Committee and the minutes of the meeting are reproduced below:—

1. *Delivery on Sunday:*—There should be delivery on Sundays at least to Post Box holders. Most of the foreign Air Mails arrive on Saturdays late in the evening and they are held over for delivery till the ensuing Monday. To facilitate the trade and also to avoid delay, it is suggested that delivery should be made to Post Box holders at least on Sundays.

Minutes:—Under the existing orders, almost all P. Os are completely closed on Sundays. Only certain selected offices are kept open for the delivery of E. D. articles and for the clearance of 'late-fee' letters. Moreover, if the suggestion is agreed to, all the bags that are received in an office have to be opened and the attendance of almost all the officials would be necessary to dispose of the articles contained in the bags. In the circumstances, it is not possible to arrange for the delivery of articles addressed to P. B. holders on Sundays.

2. *Letters Addressed to Post Box Nos:*—In the course of business letters are not only addressed to firms in their names but also to partners and the staff of the firms holding post Boxes. In this connection, the recent restrictions

about the delivery of letters care of the Post Box holders will greatly inconvenience the trade. It is suggested even if letters are addressed to persons CARE OF Post Box Nos letters should be deposited in the Post Boxes. This will, incidentally relieve the strain on the Postal staff in the matter of street delivery.

Minutes:—It was mentioned that according to the latest orders only such articles as are addressed to the *renter* of a P. B. bearing the P. B. No. shall be delivered through the P. B. Articles addressed to other persons or individuals or Firms c/o P. B. No. cannot be delivered through the P. B.

3. *Franking Machine:*—When the Director of Posts and Telegraphs met members of the Southern India Chamber sometime ago, a representation was made by the Chamber to introduce a Franking Machine in the Post Office for the purpose of being used by small firms who maintain deposits for postage with the Postal Department and whose letters could be franked and periodical accounts sent to them. If such a Franking Machine is introduced in the Post Office, this would not only save the use of lot of postage stamps, but also avoid pilferage of stamps etc. The recommendation of this Chamber in this respect may be considered.

Minutes:—The suggestion is not feasible of adoption. Book packets and Registered Newspapers in large Nos. can be posted without pre-payment of postage even now under certain conditions. Moreover, Franking machines are to be obtained direct by the Firms and only license is issued by the Department.

4. Express Delivery letters received by the Trivandrum Madras Plane each day arrive at the Madras Air Port at 5-10 P.M. These letters are not delivered immediately but are only delivered the next morning. This delay causes inconvenience and may be rectified.

Minutes:—The Trivandrum-Madras plane is scheduled to reach Madras Airport at 5-10 P.M. As it will take at least one hour for all the bags to be opened and the contents sorted out at the Madras Airport Sorting office, it will not be possible to arrange for the delivery of the E. D. articles

received by this service in Madras on the same day, of receipt.

5. As per the present Rule at G. P. O. unpaid articles are issued only by one delivery at 10-30 A.M. daily which includes letters received upto 9-30 A.M. only. Letters after 9-30 A.M. unpaid or under-paid are only delivered on the next day. Even if the addressee keeps a deposit with the Post Office, his letters received after 9-30 A.M. on a particular day will be only delivered on the succeeding day. If he is a Post Box holder, unpaid articles after debiting to his account will not be put in the post box but he must send a special messenger or else the postman will go and deliver it on the next day. This may be remedied.

Minutes:—In the Madras G. P. O., mails from the various incoming Sections are received before 9 A.M. and the bulk of unpaid article is available before this hour, and they are issued by the 10-30 A.M. delivery. The number of unpaid articles received at the Madras GPO after 9 or 9-30 A.M. is negligible and they are sent out for delivery on the following day. The suggestion of the member to the effect that unpaid articles received at Madras G.P.O. even after 9-30 A.M. should be delivered on the same day, will be examined.

6. *Penalty Levied on Insufficient Stamped Post Cards:* The present ruling is that a local post card with ps. 6 stamp is subject to a penalty of As. 3/— per card if sent to mofussil places. The penalty, it is felt is too excessive. If a penalty is to be levied, it should not exceed double value of the insufficient stamp. This will mean a penalty of 6 ps. and not As 3.

Minutes:—According to the existing orders of the Director-General, Posts & Telegraphs, Local Postcards, if posted to a mofussil station, should be treated as insufficiently paid letters and a fee of 3 annas realised from the addressee. If, however, a local postcard is redirected to a mofussil station, only half-an-anna is to be realised from the addressee, treating the article as an insufficiently paid postcard. The matter has been referred to the Director-General, Posts & Telegraphs and he has ordered that the present practice should be followed, pending a reconsideration of the entire issue.

7. *Taxing of Letters Containing Crossed Cheques:*—When letters containing crossed cheques are sent in the normal course of business through ordinary post, they are treated by the Postal authorities as containing articles of value and taxed accordingly. It is felt that a crossed cheque need not be sent by Registered Post in the ordinary course of business and it should only be treated as a letter containing communication and charged as such. Whenever a penalty is levied on such articles for insufficient stamp, double the value of the insufficient postage should only be levied as penalty and in no circumstances it is felt that the penalty should be double the Registration charges for the article. It is not necessary to treat a letter containing a Crossed Cheque to be treated as an article containing valuable article and should compulsorily be registered.

Minutes:—According to clause 117 (d) of the P & T Guide, Registration is obligatory in the case of an article containing cheques Hundi, Bank-note, etc. etc., No distinction has been made between crossed cheques and un-crossed cheques, and twice the fee for Registration will be levied on the delivery of any postal article required under the said clause to be Registered on which the fee for Registration has not been pre-paid.

8. *Despatch of Sea Mails:*—The circulars with regard to despatch of Sea Mails are issued very late. It is pointed out that the notification in regard to despatch of Sea Mails may be issued at least in the previous month as before for the benefit of the public.

Minutes:—Inasmuch as the sailings of Steamers are not regular now-a-days, it is not possible to issue a Notification to the public about the sailing of a particular Steamer with mails one month in advance, as suggested by the member. As and when intimations regarding sailings from Bombay, Madras and Calcutta are received, the public are duly notified in the matter without any delay.

9. *Transmission of Circulars by Book Post:*—The present restriction for this facility has to be relaxed and the number of articles should be reduced to 10 from the present 20.

Minutes:—According to Clause 57 (7) of the P & T Guide, documents wholly or partly printed in imitation of Typewriting or reproduced from manuscript or typewritten original by any mechanical process may be posted at the rates prescribed for 'Book-Packets' provided atleast 20 precisely identical copies are posted at the same time. The suggestion of the member is that this limit should be reduced to 10. This is an All-India issue to be decided by the Director-General, Posts & Telegraphs, New Delhi.

10. At present, in case of deficiency in postage to foreign countries, Bombay Post Office returns the article to the sender to make good the deficiency in postage. As this facility is only available for foreign postage, it is suggested that this should be extended to inland Mail also in future.

Minutes:—According to the existing orders, double the deficiency in respect of Inland articles is collected only from the addressees on delivery of the articles in question. In the case of articles addressed to Foreign countries, however, the concerned office of Exchange returns an unpaid or insufficiently paid article to the sender to make good the deficiency. The suggestion of the member is that the procedure followed in the case of unpaid and insufficiently paid Foreign articles should be applied to unpaid and insufficiently paid Inland articles as well. This is not practicable. This is also a matter which can be decided only by the Director-General, Posts and Telegraphs.

11. For Express Delivery articles, receipts may be directed to be given to the senders for records.

Minutes:—Receipts are granted by the P. O. only in the case of Registered articles. As 'E.D.' articles are treated as unregistered articles for all purposes, no receipts can be granted to the senders of such articles.

12. It is suggested that the mail from Madras to Madurai may be sent to by Tinnevely Express in order to ensure early delivery at Madurai. The question of early delivery of mail at Madurai has been pending before the department. If mails are carried by the Tinnevely Express from Madras, early delivery at Madurai may be ensured.

Minutes:—In order to facilitate earlier delivery of Mails at Madura, arrangements already exist whereby bags from Madras Sorting Office, Madras G. P. O. and Mount Road C. S. O. are despatched to Madura under the 'Weight System'.

13. *Separate Circle for the newly formed Karnataka State:*—It is suggested in view of the re-organisation a separate circle may be established for Karnataka State.

Minutes:—This is a question to be decided by the Director-General, Posts & Telegraphs.

14. *Representation to Mofussil Commercial Interests:* It is suggested that the mofussil Chambers of Commerce may also be represented on the Posts & Telegraphs Advisory Committee if need be by enlarging its strength.

Minutes:—According to the existing orders, there are nine members serving on the Regional P & T Advisory Committee, Madras, of which three represent business and trade interests. Members to represent the trade interests are nominated by the State Government concerned. At present the 3 members on the Committee represent the Madras Chamber of Commerce, the Southern India Chamber of Commerce and the Mysore Chamber of Commerce respectively. The question of expansion of the membership, scope and activities of the P & T Advisory Committees is already under consideration with the Director-General, Posts & Telegraphs.

15. *Expeditious Delivery of Tapals in Kerala State-Mail from Kasargod, Malabar Area:*—After Reorganisation of the States arrangements for expeditious carrying of mails from Kasargod area to Trivandrum, the capital of Kerala State, have to be made. It is suggested that mail may be carried by air either from Cochin or Coimbatore and vice versa.

Minutes:—Arrangements already exist for the quick transmission of mails from Kasargod, Malabar area to Trivandrum and vice versa. Mails are routed via Mangalore and from thereby the Bombay-Cochin and Madras-Trivandrum air-services.

16. *Provision of Telegraph Facilities at Nariyambattu North Arcot District:*—At present, there is a Branch Post Office at Nariyambattu, North Arcot District. A memorial signed by the citizens of the place and the surrounding villages requested the conversion of the present Post Office there-in into a Sub Post Office and Telegraph Office. In reply to the above representation, the Postmaster-General and the Director of Establishment and Planning have replied that the provision of Telegraph facilities at Nariyambattu is under examination. It is suggested that the question may speedily be considered and the telegraph facilities provided at Nariyambattu.

Minutes:—There is an E. D. B. O. at this place at present, and it has been found on examination that there is no justification to upgrade this office into a Departmental S. O. The question of providing telegraph facilities at this office on a Guarantee basis, is however, being pursued.

17. Multiple address telegrams are not allowed for certain countries such as U.S.A. This is a handicap to the trade who wish to send quotations by cable to their different constituents in each City. This facility should be extended to all countries.

18. Where messages are copies on a multiple address cable it should be possible for some portions of the text only to be copied to some firms and other portions of the text to be copied to others. At present, there is no provision for this under the present rules and necessary provision may be made for this purpose.

19. In Telegraphic messages of private code every word containing 5 characters is counted as one word. According to the present Posts & Telegraphs rules these 5 characters should either purely be of 5 alphabets, or purely 5 numerals. It can be easily imagined that the secret codes may contain words which have not only the alphabets but also numerals. This is not allowed by the Department. So, it is suggested that code words consisting of letters and numerals inter mixed should also be allowed.

Minutes:—Foreign telegrams are subject to the regulations laid down by the International Telecommunication

Convention to which the Government of India is a party. Any change in the existing rules will have to be taken up with the above Convention. The suggestions put forward by the members will be brought to the notice of the P & T Directorate for action, considered necessary.

20. Copies of cables received and sent together with the translations usually sent by the Commercial houses in confirmation of cables received and sent. These are not allowed to be posted by Second Class Air Mail. These should be treated as business papers and permitted as Second Class instead of the present practice of treating them as First Class Mails and charging them as such.

Minutes:—There is no Second class Airmail service. All correspondence enclosed and sent in closed covers and paid for at the appropriate rates applicable to letters are sent by Air to destinations outside India. Second Class mails will be forwarded by Air if the prescribed surcharge for air-transmission is paid. Otherwise, the second class mail will be sent by the surface route.

21. *Supply of Public Abbreviated Addresses and Official and Press Abbreviated Addresses:*—Up-to-date editions of the above publication have to be brought out and copies made available to the public.

Minutes:—These publications are compiled, printed and issued by the Telegraph Check Office, Calcutta. While the last edition in respect of Official and Press Abbreviated Addresses has been issued corrected upto 1952, the last Edition in respect of Public Abbreviated Addresses has been issued as far back as 1950. The need for publishing up-to-date editions of these publications will be brought to the notice of the T. C. O. Calcutta. The suggestion of the member in regard to issue of corrections in the form of correction Lists, could not be agreed to as it may not be practicable to keep track of all purchasers at a later stage etc.

22. *Delay in the Delivery of Foreign Cables and Local Telegrams:*—There is considerable delay in delivery of foreign cables. In some cases express cables sent from foreign countries which reach Madras in two hours are not delivered for nearly two or three hours.

Minutes:—Suitable instructions have been issued to the Chief Superintendent, C. T. O. Madras to ensure that no avoidable delay occurs in the delivery of cables and telegrams from his office.

23. *Introduction of Messenger Service Facility at P.C. Os in Virudhunagar and Tuticorin:*—It is suggested that the above facility may be provided at Virudhunagar and Tuticorin.

Minutes:—Particulars regarding the average number of Inward calls at these P. C. Os have been called for and the 'messenger service', if justified, introduced.

24. For the convenience of the public at Madura Junction a separate PCO may be opened either at the Railway premises or at RMS office. Steps may be taken for the early installation of telephones with regard to persons in the waiting list.

Minutes:—The question of opening a P. C. O at Madura Jn. is under correspondence with the Railway authorities and will be pursued vigorously.

Estimates for 3 New Boards for the Madura Exchange have been approved by the Director-General, Posts & Telegraphs. As soon as the new boards are installed, all the members on the waiting list will be provided with connections.

25. *Phonograph Service at Madura:*—At the moment phonogram service is confined to the Central Telegraph Office at Madurai and that the service is made available only through a single telephone. It is necessary to provide phonogram service at Head Post Office as also in the Madura Bazaar Post Office. Pending the introduction of the same more telephones may be made available for phonogram service at the Central Telegraph Office at Madurai.

Minutes:—The daily average phonogram traffic handled in Madura G. T. O. is 45 'A' and 15 'C'. According to departmental standards, only one phonogram phone is justified. In a local telephone area, only one office can be declared a phonogram office as per standing rules. This is the practice

obtaining even in large Cities like Bombay, Calcutta and Madras. The Superintendent, C. T. O. Madura has already been instructed to receive phonograms on enquiry Phone also during peak periods when there are simultaneous calls. The installation of a second phone is also under examination. The main difficulty arises because certain members of the public book a large number of telegrams on 'phone at the same time resulting in denial of this facility to others.

26. *Telephone Connection to M/s. Kumar Industries, Edathara*:—The request to provide a telephone connection from Palghat may be considered.

Minutes:—This will be examined and a report has been called for from the Divisional Engineer, Telegraphs, Coimbatore.

27. *Issue of Telephone connections in Mangalore* is at a standstill for several months. The reason is that new connections could not be granted without laying underground cables. The laying of underground cables are long over due and more than 100 applications are in the waiting list for telephone connections. It is suggested that the matter may be immediately taken up and speedy connections are provided.

Minutes:—Necessary cables have been despatched and are being laid. As soon as this is over, more connections will be provided.

28. *Toll Fees*:—It is learnt that no toll fee is collected for local calls in the Exchange at Srirangam, Goldenrock, etc. Similar facilities have to be extended to local calls to Trichur from Alagappa Nagar.

Minutes:—This question has been examined previously and it has been found that the levy of the toll fee in question cannot be waived.

29. *Public Call Office at Adirampattinam*:—The opening of a Public Call Office at Adirampattinam is long overdue. A Telephone Exchange has been opened at Pattukottai. The Chamber learns that the above place has also been taken

under the National Extension Scheme. So the opening of the P. C. O. is to be taken up.

Minutes:—The question will be taken up as soon as a telephone Exchange is opened at Pattukkottai. The switch-board and other materials are awaited. The case will be expedited.

30. *Conversion of Trichy Fort and Clock Tower Post Offices into Delivery Sub Offices*:—The above matter has been discussed in the Committee before but in spite of assurance so far no action has been taken in that regard. It is suggested that the conversion of the above Post Offices into Delivery Sub-Offices may be taken up immediately.

Minutes:—There is no case under consideration in regard to the conversion of the Clock Tower P. O. into a delivery office. As regards the proposals to convert Tiruchi Fort P. O. into a delivery office, it may be mentioned that after a detailed examination of all the issues involved, it has been decided to accept the proposal. The measures will be given effect to shortly.

Telephone Advisory Committee

There is a Telephone Advisory Committee also and complaints received from members were discussed at these meetings. Apart from meetings, the Chamber also took up the individual cases where ever difficulties were brought to the notice of the Chamber.

Interviews

This year unusually there was a large number of interviews with the Hon'ble Ministers, Chief Controller, our Commercial Representatives abroad etc. Such discussions had very useful effect and a brief resume of the subjects discussed at those meetings is given below for the information of members:—

VISIT OF SHRI R. VENKATESWARAN

Shri R. Venkateswaran, I.F.S., who was appointed First Secretary to the Indian Embassy in Paris visited the Chamber on the 5th January and had informal discussion with the Vice-President and the Secretary of the Chamber. The points discussed at that meeting are given below:—

“Previously our exports to France consisted mostly of coffee, coir yarn, tanned leather, ores and minerals, cashew-nut groundnut oil, pepper, and cotton waste.

There should be an expanding market for our tea, jute, spices and tobacco. To Norway also we were exporting large quantities of gunny bags, jute products, tea, coffee, ground nut.

Indian Banks should be encouraged to open branches in those countries. Banks can assist exporters by giving confidential reports of parties. In the absence of such facility Trade Commissioners without committing themselves can give reports of parties with whom Indians can develop trade.

Having regard to the change in the pattern of trade, Indian Government Trade Commissioners should approach the market for our manufactured goods as well. Handloom goods are now being favourably received in foreign markets. Attempts should be made to develop markets for this commodity in the area under your jurisdiction.

During disputes Indian exporters are at the mercy of the buyers abroad. Government of course are making arrangements for arbitration but pending the enforcement of such clauses Indian exporters should be represented by our Trade Commissioners.

Trade enquiries for Indian commodities should be passed on directly to Chambers of Commerce to avoid delay”.

Mr. Venkateswaran promised to do his best to promote India's export trade with countries under his jurisdiction.

VISIT OF BURMESE PURCHASE MISSION

The Chamber understood from Newspapers Reports that a Burmese Purchase Mission was on a visit to India and to Madras. The Chamber took the opportunity of contacting the leader of the Mission and requested them to address the General Body of members. The Mission was led by the Hon'ble U. Tin, Finance Minister, Government of Burma and they agreed to visit the Chamber on the 7th February, 1956. A meeting of members was arranged when Janab K. S. G. Haja Shareeff in welcoming the Burmese Purchase Mission stated as follows:—

“In the unavoidable absence of Shri M. A. Chidambaram, President of the Chamber, I consider it my great privilege to welcome you to the Chamber on the occasion of your visit to Madras.

India and Burma have maintained the best of cordial relations for very many centuries, now and with the attainment of Independence by both the countries this cordiality should be all the more strengthened to the mutual advantage of both the countries. South India in particular has very intimate trade relationship with Burma and we look forward to an era of increasing trade and prosperity in the years to come. South India can supply large varieties of goods which are required in Burma, and I only request that in respect of such commodities you may be pleased to make your purchases from this part of the country. We can supply cotton mill piecegoods, towels, groundnut oil, iron and steel goods, fresh fruits and vegetables, prawns, beedies, etc. We are aware

that you are encouraging handloom industry in your own country but till such time when your manufacture attains more perfection, you may be pleased to import your requirements of at least finer varieties of handloom goods from India.

We are aware, Sir, that your visit is primarily in connection with Burma's purchasing programme, but the Chamber wish to avail of this opportunity to make a representation to you regarding the Land Nationalisation in Burma and how it has affected South India in particular. We have a considerable stake in Burma and residents of the Madras State particularly the Nattukottai Chettiars have suffered a great deal on account of the Land Nationalisation Act in Burma. They are hard hit by the Act and the Chamber request that a fair and equitable compensation be paid to the dispossessed land-owners. Even now it is not too late to reconsider the whole question of compensation. What is more urgently required now is an early settlement of the amounts payable to such of those as are dispossessed of their lands who should also be given permission to remit whatever compensation they obtain from the Government to India. The Chamber is given to understand that Indian residents in Burma are finding great difficulty in obtaining exchange control permits to effect remittances to India even in normal and deserving cases. We request you to convey our feelings to the Government of Burma so that these difficulties may be got over.

Another difficulty confronting Indians proceeding to Burma is the one relating to issue of fresh visas on the strength of time barred re-entry visas which are refused by Government of Burma from 1st January 1956. This has resulted in great inconvenience to passengers proceeding to Burma. Indians have to go to Burma to look after their businesses, profession, lands, etc., and the refusal of fresh visas would result in great difficulties. You may be pleased to use your good offices with your Government and request them to direct your Consuls in India to issue fresh visas on time barred re-entry visas as before.

I thank you again for the honour you have done in visiting the Chamber."

A brief report of the proceedings of the meeting is appended below:—

"Sithu U Aung Soe referred to the cordial relationship which existed between India and Burma, and said the members of the Mission were in India to purchase certain goods which Burma required. The Government was purchasing then directly and would distribute the goods through its Civil Supplies Department.

The nationalisation of land was an economic policy determined by the Government, and was not meant to spite anybody. After the war they had to do this since nearly 75 per cent of the Burmese population was rural and their living standards had to be improved. Fair compensation would be given not only to Chettiars but also to a number of other people who were affected. There was no question of discrimination.

As regards remittances, he said the economic policy and development plans required foreign exchange. They had to adjust their foreign exchange position to meet their requirements. In that adjustment there might be some hardship but the question would be carefully considered.

Rajah Sir M. A. Muthiah Chettiar of Chettinad said that he understood that the suspension of the issue of fresh visas on the strength of time barred re-entry visas was only a temporary measure. In the meantime BONA-FIDE persons were affected, and he requested the Burmese Government to expediate the necessary inquiries in the interests of Burma it would be better to allow persons to go there and dispose of their property. The question of relief from double income-tax should also be taken up by two Governments.

He also pleaded that adequate remittance facilities should be extended when compensation amounts were obtained.

Mr A. M.M. Murugappa Chettiar, referring to income-tax reliefsaid that recently the question had been settled between India and Ceylon and said that some such arrangement might be made between India and Burma also. Even

if the full value of compensation was given, the total amount would work roughly to about Rs. four crores.

When the Burmese Ambassador inquired why India could not purchase rice from Burma, he was told that they would take rice from Burma to the extent of the compensation amount.

Rajah Sir M. A. Muthiah Chettiar proposed a vote of thanks.

VISIT OF CHINESE DELEGATION

At the request of the Commercial Councillor of the Embassy of the People's Republic of China here, the Chamber arranged a meeting of members of the Chinese Delegation who visited India to witness the Indian Industries Fair at Delhi, with the members of the Chamber. After visiting the Fair, the Delegation toured all over India to understand the possibilities of expanding trade with India and China. The Trade Delegation visited the Chamber on Wednesday the 8th February, 1956.

Shri K. Govindan, Vice-President of the Chamber in welcoming the members of the Delegation stated as follows:-

"I am extremely grateful to you for the honour you have done in visiting the Chamber today. It was our pleasure to entertain the members of the Chinese Trade Delegation in 1954 and we had very fruitful discussion at the Chamber and I believe that as a result of such discussion trade between the two countries has increased and shows definite signs of improvement. China, as I understand, is industrially developing and there are varieties of goods which India can, with advantage, import from China. Similarly India can export valuable materials which are imported into China from other countries now. Trade is multilateral and there is considerable scope for improving the trade between the two countries. Politically also our relations have been cordial and I see no reason why given good-will on either side our trade should not improve.

I now request you to discuss with members of the Delegation your individual requirements. China is mostly interested now in the export of machines, chemicals, paper, silk and silk piecegoods electrical materials, Chinagares, preserved food, stationery, country drugs, etc."

There was a general discussion and Members of the Delegation replied suitably to the points raised at the time of discussion.

Janab K. S. G. Haja Shareeff, Vice-President in proposing a vote of thanks said that India can export to other countries Mica, Groundnut Oil, Cotton piecegoods and other items.

A reception was held in their honour.

VISIT OF SHRI K. R. P. AIYANGAR

The Regional Director, Company Law Administration informed the Chamber that Shri K. R. P. Aiyangar, Joint Secretary, Ministry of Finance, Department of Company Law Administration would be visiting Madras and wanted to know whether members of the Chamber would like to meet him. The Chamber agreed to meet and invited Shri K.R.P. Aiyangar to address the General Body of members and accordingly a meeting was arranged at the Chamber on the 25th February 1956. Mr. Aiyangar was accompanied by Mr. E. G. Marker, U. K. Company Law Expert who has been invited by the Government of India to advise them about the implementation of the New Companies Act.

Janab K. S. G. Haja Shareeff in welcoming them stated as follows:

I thank you for coming to the Chamber for an informal discussion regarding the provisions of the new Company Law. We are at a disadvantage to make full use of your visit today as the rules under the new Companies Act are yet to be published. There are stringent provisions throwing onerous responsibilities under the new Act. The Act perhaps contains number of restrictions on Directors and promoters of companies. Penal clauses and heavy fines are sought to be imposed. In

the initial period it is, therefore, advisable to promote better understanding between the administration and the promoters of companies and I would take this opportunity of requesting you, Sirs that the implementation of the new Act and rules may be carried smoothly so as to avoid drastic punishment. Wide publicity to the rules framed under the Act will be very helpful. Closer association of the mercantile public with the administration will be very useful in the implementation of the Act and the rules and the Chamber would suggest now that as in the case of other Advisory Committees, Government should form Regional Advisory Committees consisting of representatives of Chambers of Commerce and administration.

Many complex and new changes have been introduced in the Act. Naturally it will take time for companies to bring themselves in conformity with the new provisions. During this transition stage many difficulties are likely to crop up in understanding the various complicated provisions of the Act and implementing them. We are sure that co-operation from the administration will be forthcoming.

The following is the brief proceedings of the meeting.

"Mr. K. R. P. Aiyangar explained that many of the provisions in the new Companies Act had already been there in the old Act and if some of these were now more stringent, it was because of slackness in the implementation in the old days. The Company Law Administration Department, he said, dealt not only with the administration of that Act, but was also concerned with certain other subjects like stock exchanges, financial corporations and the like. The company law legislation had been designed to regulate the development and administration of the private sector, in the best possible manner, he observed.

As for the heavy penalties mentioned in the Act, Mr. Aiyangar said that they would remain in the background. Where bona fide mistakes arose out of ignorance or similar reasons, a realistic view would be taken, but where there was "studied law-breaking" the powers of the law would have to be used, he said. He appealed for all round co-operation in implementing the Act.

Mr. Aiyangar then described how the Regional Directors would work in the various regions. Their functions would be to give guidance to the Registrars in the States in each Region of the country. About Mr. Marker, the speaker said he had been for many years head of the companies division of the Board of Trade in U. K. and he had been advising them in this country in the past few years.

VISIT OF THE INDUSTRIAL FINANCE CORPORATION

The Manager of the Industrial Finance Corporation of India informed the Chambers that the Chairman and Board of Directors of the Industrial Finance Corporation would be having their Board meeting at Madras and they would like to meet Chambers of Commerce during their visit to the City. They agreed to meet members at the office of the Chamber and accordingly a meeting was arranged to meet them at the Chamber on the 2nd March 1956.

The following memorandum was discussed:—

"When the Chamber had occasion to meet the members of the Industrial Finance Corporation on the last occasion, they submitted a memorandum containing several points in respect of which the Chamber felt the usefulness of the Industrial Finance Corporation could be improved upon. Since then many things have happened. The most important development in the intervening period, i.e., since we met the Industrial Finance Corporation on the 11th of December, 1954, is the passing of the Indian Companies Amending Bill into law. This is a very comprehensive measure which comes into force on the 1st of April imposing on Managing Agents and Directors of companies more arduous responsibilities than ever before. From the point of view of the Industrial Finance Corporation the interests of Companies and their shareholders are more securely safeguarded than heretofore. Malpractices in Company management are visited with dire punishment and there is generally greater assurance of vigilance particularly because of the creation of the Company Law Administration with Regional Offices in all the principal centres in India. The Industrial Finance Corporation has reason to feel a greater sense of confidence in the borrowing

Community in so far as this is represented by public joint stock enterprises.

There has been a marked decline in the number of persons applying for loans to the Industrial Finance Corporation. In fact from time to time the Industrial Finance Corporation officials have been complaining of paucity of worthwhile borrowers.

This may be put down to several factors. First and foremost in the comparative improvement in the capital market resulting in Companies being able to obtain requisite additional finance for capital expenditure by issue of debentures or preference shares; or where prestige warranted, by the issue of equity capital also. Where it was possible to enter the capital market, no company would think of going in for long term credit particularly where capital programmes have to be put through.

Secondly the publication of the Parliamentary Committee Report on Industrial Finance Corporation's working has left a lot of uneasiness on the part of prospective borrowers that there was always the contingency of their borrowing receiving unnecessary publicity with an off chance of its being discussed in Parliament. This led to a great deal of shyness in respect of any intentions companies may have of approaching the Industrial Finance Corporation for finance.

The formalities connected with the application for a loan to the Industrial Finance Corporation have appeared even to trained company management somewhat cumbersome. This is independent of such considerations as survey fees and title deed examination fees and other legal expenses which are by no means negligible and these have to be incurred whether or not the loan proposition fructified. The impression that the formalities connected with a loan are too numerous is difficult to eradicate from the minds of company management.

Instances have been noticed where a company has borrowed from the Industrial Finance Corporation and where another company under the same managing personnel has required financial aid. The Managing Agents have shown

a marked reluctance to approach the Industrial Finance Corporation and have preferred to go into the capital market for debentures and even preferred bank borrowing with all its attendant drawbacks of short term repayability. We believe such profound if silent reluctance to borrow from the I. F. C. is certainly worthy of examination. Perhaps a simplification of procedure would go a great way.

It is true that the creation of a number of Finance Corporations including the Industrial Credit and Investment Corporation and a number of State Finance Corporations has led to some diversion of business from the parent body, the I. F. C. It is perhaps quite desirable that a degree of decentralisation in the service of long term credit should be secured. But it would appear that even the State Corporations are suffering from paucity of worthwhile borrowers. The Chamber believes that it is worthwhile reviewing the whole mechanism of the present set up of the Finance Corporations with a view to secure some simplifications on the procedural front.

After all the main attractions of a loan from the Industrial Finance Corporation are that money is made available to industrial companies on a long term basis with facilities for easy repayment by instalments spread over a period of years. The second advantage is that the rate of interest is a stable one and not liable to fluctuations as in the case of bank borrowings. In fact the rates originally fixed by the Industrial Finance Corporation looked a trifle stiff but with the stiffening of interest rates following the increase in the British and later the Indian bank rates, they must be considered reasonable in the present period of financial stringency. The long term character of the loan and the reasonableness of interest rate have been the primary attractions. The Chamber believes this should be accompanied by a simplicity in the borrowing procedure and also in the formalities to be observed by companies in respect of returns or statements sent by them.

The Chamber feels that the passing of the new Companies Act will, to some extent, act as a check on company formation. Recent changes in the Income-Tax Law particularly provision like the amendment of Section 23-A of the

Income-Tax Act are likely to act as a disincentive for formation of even private companies. The Chamber contemplates a situation where large partnerships for the purpose of organising small and medium sized industries may be formed. It may be necessary to extend the facilities of long term industrial credit to bona fide industrialists who work on partnership basis. The Chamber also thinks private limited companies should be given the facilities of these credit facilities.

In referring to procedural difficulties we cannot omit a very important fact and that is, the frequent complaints of delay in the sanctioning of loans. This often led to applicants for loans not availing of the loans when such loans are sanctioned. In the meantime company management prefer to avail of debenture issues or other such facilities where money is obtainable more quickly. Quicker sanction of loans company is found to be credit-worthy where any particular would go a great way in popularising the Industrial Finance Corporation as a source of industrial credit.

Having said so the Chamber would like to compliment the Industrial Finance Corporation on the increasing amount of information the Corporation has been publishing in their annual reports. This has led to a more lively appreciation of the functions and usefulness of the Industrial Finance Corporation and the part they play in the scheme of industrial finance."

At noon, the President was good enough to entertain members and other invitees to lunch.

Mr. Menon replied suitably to the points raised in the memorandum.

Janab K. S. G. Haja Shareeff proposed a vote of thanks.

VISIT OF SHRI M. GOPALA MENON

Shri M. Gopala Menon, I. F. S. who was appointed Consul General to New York was on a visit to Madras before taking up his appointment. Shri E. C. Shankar, Deputy Chief Controller of Imports & Exports intimated of the visit and want-

ed to know whether the Chamber would like to meet him. The Chamber agreed to meet him and accordingly a meeting was arranged at the office of the Chamber to meet Mr. Gopala Menon on the 9th March, 1956.

Shri K. Govindan, Vice-President, in welconming Mr. Gopala Menon stated as follows:—

"It is only two months ago we had the pleasure of your visit as the Consul-General for India in Nairobi. Today it is our pleasure to welcome you as the Consul-General for the Government of India in the highly developed country of America. We are sure that with your experience you will interpret the feelings of India in America and try to maintain better relationship between the two great countries. We are specially interested in matters of trade and we would, therefore, stress this aspect of the question before you go to take charge of your exalted office in New York. It is futile to expect India to export her industrial products to America. That may not be possible immediately or for some time to come and therefore we have to content ourselves by exporting large quantities of raw materials and semi-manufactured products which have an expanding market in America. Recently when the Industrial Delegation from America visited Madras they evinced great interest in our handloom goods. Some goods are now known to be moving but we feel sure that with constant vigil and ceaseless enterprise Indian handloom goods can surely find a market in America. We would request you, therefore, to explore all possibilities to find market for our handloom goods. America used to buy large quantities of spices, caspewnuts etc., but of late the demand has precipitously fallen down probably because of conditions coming back to normal and also due to synthetic products coming into the market. It is quite possible to revive the market for these commodities in America. Hides and skins tanned can have a good market in America. Similarly coir yarn and jute products, druggets etc., are bound to have a steady export trade with America. We request you to explore the possibilities of finding sales for our goods in American market.

You should also be pleased to help Indian exporters to contact with reliable importers on the other side. In the

absence of Indian Banks functioning in those areas exporters are left to the mercy of foreign Bankers here to get correct reports of importers abroad. Our Trade Commissioner and Consul-General can help Indian exporters by giving correct information about market possibilities, taste, changes, customs, manners and customs duties prevailing etc. You should also be pleased to watch whether there are any discriminatory tariff operating against Indian exporters, if so that has to be taken at higher level through the Government of India. There are good lot of Indian businessmen known to be doing business in America and it will certainly be helpful to Indian exporters if a directory of such business people is published or an authentic list is maintained by your office.

I thank you again for having visited the Chamber and request you that whenever you come back to India you will make it convenient to visit important market centres and contact Chambers of Commerce in those areas.

Mr. Gopala Menon assured his best efforts in promoting India's trade in U. S. He exhorted to the business community here to be honest in their trade relations with foreign countries and maintain standards. He also stressed the need for quality control with regard to export commodities.

There was discussion with regard to augmenting our export trade with America and members took part in the discussion and the meeting lasted for an hour.

Shri K. Jacob Louis proposed a vote of thanks.

VISIT OF COL. URWICK

Shri K. N. Sundaram, Assistant Educational Adviser, Government of India, informed the Chamber that Col. Urwick a distinguished educationist in U. K. and whose services were lent to the Government of India under the Colombo Plan was visiting Madras in March and wanted to know whether the Chamber would like to discuss matters of common interest with Col. Urwick. The Chamber agreed and a meeting was arranged to take place at the Chamber on the 10th March, 1956.

In the absence of the President, Janab K. S. G. Haja Shareeff, Vice-President in welcoming Col. Urwick stated as follows:—

In the unavoidable absence of our President, Shri M. A. Chidambaram, I deem it a great pleasure to welcome you today to the Chamber.

India is making rapid progress in industries and it has promoted business activities all over the country. With the increasing outlay on the industrial development during the Second Five Year Plan of development we should naturally expect a higher tempo of business activities all round. In this context it is well that the Government of India should think of giving practical training in business management. During your short visit to the City you will be meeting representative gathering of businessmen. The Madras University has to be congratulated for having started a course in business management. It is still in its infancy. Much more remains to be done and I have to suggest that increased facilities should be given for training more number of people in practical administration and business management. New subjects have to be incorporated in the curriculum and I feel that time has come when admissions have to be increased to cope up with the demand for qualified Managers etc. Business management course is perhaps new to this country and the system of education has to be such as to meet the requirements of modern trade, industry and commerce. With your practical experience and close association I am sure you will be able to give the correct lead in suggesting ways and means of improving the present course provided in the University of Madras so as to make it more purposeful and useful to modern requirements.

I thank you again for visiting the Chamber.

I am also thankful to Mr. Sundaram for making this meeting possible. I now request him to speak a few words on the scope of higher education in business management.

Invitations were issued to Dr. A. Lakshmanaswami Mudaliyar and other important members connected with the University and there was a good response.

The following is a brief report of the proceedings of the meeting.

"Mr. Urwick said that as Chairman of the Board of a firm of Management Consultants, he counted himself as a practical businessman and as such he was talking to a gathering of practical businessmen. The Industrial expansion contemplated in the Second Five Year Plan would virtually amount to a doubling of activities in the course of five years for which the country would have to find trained management personnel. To use a military phrase, they required "generals", whose job it was to understand the people in each business and to weld their skills together so as to produce unified effort.

Indicating how the United States had been able to build up an enormous volume of educational effort in the field of business management, Col. Urwick said that in India they had to think about two things, namely, "operation stop gap" and "operation future". The first was the training of managers already in business and who could not be spared for a long time from business. He explained what the American Management Association was doing through short courses and seminars to enable practical businessmen to acquire some theoretical training also. "Operation futures" was also for people already in business and the Madras University had started evening classes for them. This was the joint job of the academic people and the business people. The theoretical part of the education was only 15 per cent; but without it the practical part of 85 per cent would not fertilise.

Dr. A Lakshmanaswami Mudaliar, who was present, answered a question put by one of the members. He said that the University had started the course in business management after a discussion with some leading businessmen. At present they were taking 25 students and if, in course of time, it was possible to increase the number; they would do so. They also wanted to start a sort of "Managerial Association" which could do research in problems like transport along with professors working in the Economics, Business Administration and other fields. The University would give every facility possible to the available business talent and to have the advice of the business community also, he said."

Mr. Yusuff Sait proposed a vote of thanks.

VISIT OF SHRI D. L. MAZUMDAR, I.C.S.

The Indian Companies Act 1956 was implemented with effect from 1st April 1956. Prior to the implementation of the Act, Mr. D. L. Mazumdar, I.C.S. who was connected with the Enquiry Committee for drafting the Bill and final passage of the Bill in the Parliament, was on a brief visit to different centres all over the country. He visited Madras and the Chamber took the opportunity of his visit and invited him to address the general body of members. Mr. Mazumdar agreed and a meeting was convened at the Chamber to meet him on the 22nd March 1956.

In welcoming Mr. Mazumdar, Shri. K. Govindan stated as follows:—

The Chamber is grateful to you for coming over here to explain the provisions of the new Act and Rules framed thereunder. The changes introduced under the New Companies Act are of a momentous nature and it will necessarily take time for the public to get accustomed and to get themselves adjusted with the new provisions. The Act has many penal provisions and unless it is administered with extreme sympathy and understanding in the initial period at least of its administration it will lead to many difficulties. It is, therefore, requested that you may be pleased to issue instructions to the various Regional Directors that they should be very helpful to the members of the public in explaining the provisions of the new Act and administer them with sympathy. We are happy that we have you as the head of the Company Law Administration. You have been closely connected with the New Companies Act right from the appointment of the Company Law Reforms Committee and we expect you to show all help and understanding during the initial stages.

Now that the Act will come into force from April, we assure you of our wholehearted support in implementing the provisions of the Act and rules framed thereunder. As and when we find genuine difficulties in the administration of the provisions of the Act and the Rules you should be able to help us to get over those difficulties when represented through organised bodies. It is also very necessary that Directors and Officers connected with the Company Law Administration

should find it possible to tour different areas all over the country and explain the provisions of the new Act which has introduced momentous changes in the old Act so that its administration may be made as smooth as possible.

Mr. Srinivasan I am happy to say has endeared himself to us and we are thankful to him and expect that he will continue to give his advice in the implementation of the new Act.

Later on the following subjects were placed before him for discussion.

(1) Section 49 of the New Companies Act requires that all investments made by the Company on its own behalf should be held by it in its own name. There are several instances when Companies have to deposit with Government Tender Deposit, Electricity Deposit in the form of National Savings Certificate or Government Securities. Government Departments require that the same should be deposited in their own names. It is difficult to reconcile with the provision of the New Companies Act and the requirements of Government Departments. A Clarification on this point is necessary.

(2) Can the Managing Agents of a Company whose financial year ends with 31st August 1956 draw their usual remuneration of 15% on the Net Profits of the managed Company for the year ended 31st August 1956 in view of the provisions of the Section 348 read with Section 331.

(3) Is there any provision in the Act affecting the continued operation of the existing selling agency arrangement between a public limited Company and a firm in which three of the Directors of the Company are interested?

(4) Are Branch Managers included in the term "Manager" in so far as maximum managerial remuneration is concerned? The Branch Managers in this case deal with the administration of the Branch and are not hardling the management of the Company as a whole.

(5) We would request you to let us know the effect of (a) the guarantee of the Managing Director and his family or loans to the Company by a bank;

(b) a pro-note by the Company in favour of the Managing Director and his family and subsequent endorsements thereon in favour of the Bank.

(6) What is the form of Balance Sheet to be adopted for 1955 and 1956 in respect of a public limited company, whose official year ends with December.

(7) Will the Managing Director retire by rotation, where under the present articles he is a non-rotational Director?

(8) Will amounts overdue for three months in current account of a firm in which some Directors are partners be considered as loan and will such a loan disqualify Directorship?

(9) Sections 349 and 350 determine charities up to 5% of the nett profits in the preceding three years—1953—55. It it to be understood that charities are not permissible when no nett profits are available in the above three years? An elucidation of the word 'average' is necessary. Does it represent the average profits of one year or of three years?

Is it necessary that the consent of th shareholders should be obtained in the general meeting before any charity is paid from 1-4-'56?

(10) *Section 297-Relative & Association.*—It may be clarified whether these provisions apply only to the Managing Agents and not to the Directors and whether relatives of Directors also will come into the picture.

(11) Under Section 356 of the Companies Act the appointment of Managing Agents or their Associates as Selling Agents of goods produced by the Company if the sales are made from any place in India is prohibited; but under Section 645, if any agreement has been entered into prior to the commencement of this Act, nothing in the Act shall affect any such agreement; but Section 9 says that "the provisions of this Act shall have effect notwithstanding anything to the contrary contained in any agreement executed by it "whether the same be registered, executed or passed as the case may be before or after the commencement of the Act.

In view of the conflicting provisions mentioned in Section 645 and Section 9 of the Act, the Chamber would like to have a clarification on the following:—

If, in cases of any prior agreements that have been entered into between a Managing Agent and their Associates, appointing the latter as a Selling Agent for goods produced by the Company, of which the former is the managing Agent, whether such agreements are vitiated by Section 356.

(12) According to Section 293 of the Act restrictions are placed on the Board of Directors of Public Companies and Private Companies which are subsidiaries to the Public Companies.

(13) Clause (d) of Section 293 reads as under:—

“The Board of Directors of a Public Company or of a private Company which is a subsidiary of a Public Company, shall not except with the consent of such public company or subsidiary in general meeting:—

(d) borrow moneys after the commencement of this Act where the moneys to be borrowed, together with the moneys already borrowed by the Companies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the Paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; or”

According to the provisions of this Clause, is it incumbent upon the Companies to pass a resolution at the General meeting in cases where the borrowings exceed the paid-up capital together with its free reserves.

(14) Clause 5 of Section 293 restricts the validity of any advances made by anybody if such borrowings are in excess of the limit imposed by Clause (d) of Sub Section I unless the same is approved by the General Body.

(15) According to this provision, unless and until the resolution is passed by the General Meeting before the 31st

March 1956, it is likely that the banks will refuse to permit operations in the accounts (loan accounts, overdraft accounts or Cash credit accounts) in cases where the total borrowings exceed the paid-up capital and free reserves.

(16) Some of the Companies have already issued notices calling for meeting of the shareholders for passing such resolutions but in some cases, even though the notices have already been issued, meetings have been called for to be held during April 1956.

(17) The Chamber would like to be advised that it is not the intention of the framers of the Act to restrict the availability of drawings from banks during the period (i.e.) from 1-4-'56 to the date of the meeting provided notices calling for such meetings have already been issued before end of March 1956.

(18) The Chamber feels that the provision refers only to fresh advances given after the 1st April 1956 and if in case, certain limits have already been sanctioned by the banks, there should be no difficulty for the banks to permit the operation *upto the limits already sanctioned*. We would like to have your clarifications that our reading is correct and will be highly obliged if the clarifications are immediately made so that the Companies whose borrowings already exceed their paid-up capital and free reserve are not inconvenienced considerably after 1-4-'56.

(19) The Chamber would also like you to clarify whether opening of Letters of Credit with any bank will be construed as borrowings.

The following is the brief report of the proceedings:—

Speaking on the occasion Mr. Mazumdar said that there was certain basic objectives which were taken for granted for the purpose of the Companies Act. What the Act attempted to do was to work out the manner in which these objectives could be reached through managing agency companies. Some people asked how far the Act would help in industrialising the country, and how far it would help to increase production. He said that it was not enough that they increased

production. The manner in which they increased production was also important.

They wanted to ensure that the provisions of the Act were enforced in a way which would secure the objectives which the framers of the legislation had in view. Businessmen need not be dismayed by the complexity of the Act. He assured them that if they managed the companies honestly, and in a straightforward manner, there was absolutely no fear from the Act, and nobody would be penalised for mistakes made in good faith. They were all engaged in a common endeavour. They were trying for the first time, jointly to bring about an order in the management of companies where they would have to modify their past methods and practices in the light of new ideas that were embodied in the Companies Act. They should see that the management of companies was done in the manner desired by Parliament.

Shri K. V. Srinivasan proposed a vote of thanks.

VISIT OF THE CENTRAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

The Central Council of the Institute of Chartered Accountants of India was having their Sessions in Madras. Shri. C. S. Sastri of Messrs. Sastri & Shah in the President of this Institute and knowing that the Council is meeting in Madras, the Chamber took an opportunity of inviting them to a meeting. They agreed and a meeting has been convened on the 3rd April, 1956 at the Chamber.

Janab K. S. G. Haja Shareeff, Vice-President, in welcoming the President and other members stated as follows:—

"I consider it a great pleasure to welcome you President & members of the Council of the Institute of Chartered Accountant of India to this Chamber. My joy in welcoming you to-day is all the more greater because your President happens to be a distinguished member of this Chamber. In honouring you, sirs, we are honouring ourselves because I hope all of you are members of the mercantile community

and are connected with some Chamber or the other. I particularly welcome Miss Sivabhogam perhaps the only lady member of your profession.

Yours is perhaps the only body whose independent status has been recognised by the Government of India long before. You belong to a noble profession and the future of the industrial and commercial development of the country depends upon you to a great extent. It is for you to give proper advice as to how accounts of a complicated nature have to be maintained. Especially so now when India is embarking on more ambitious schemes of all-round developments, you have a more conspicuous part to play and I am sure that with the traditions of your profession you will guide members of the mercantile community on correct lines. The New Companies Act has come into force and more restrictions are placed on Company Management and Directors. The new set up calls for much more vigilance on your part and I would urge you, sirs, that you will guide us on correct lines and in consonance with the law.

Mr. Sastri, Your President, is a member of the Company Law Advisory Commission also. In the initial period of the Company Law Administration much difficulty may be experienced by members of the mercantile community and Mr. Sastri, who is one among us, will represent our difficulties so that much of the rigour of administrations may be softened.

I thank you again for having visited the Chamber and this reception is only a token of our appreciation of the high and esteemed place that you members of the Chartered Accountants occupy in the economic set up of the country."

Mr. C. S. Sastri thanked the Chamber for the reception and Messrs. G. Basu, Chopra and Chokshi from different centres thanked the Chamber in eulogistic terms for the welcome accorded to them.

Shri V. Soundararajan proposing a vote of thanks said as follows:—

"My esteemed Vice-President of the Chamber, Members of the Central Council of the Institute of Chartered Account-

ants of India, Mr. C. S. Sastri, President of the Council, Miss. R. Sivabhogam, Chairman of the Regional Council and brother members of the Chamber,

The pleasant duty of proposing a vote of thanks has been assigned to me and I consider it my proud privilege to perform the same.

As soon as the news of the visit of the members of the Central Council to the Madras City was afloat, it occurred to me that a fitting reception should be given to them and that they should be properly honoured at this Chamber.

I thank the Secretary and the Committee of the Chamber for having taken up the matter and arranged for this meeting when I made my humble suggestion and request.

I thank the distinguished guests of the evening for having responded to the invitation of the Chamber and graced this new premises of the Chamber with their presence.

We, the members of the Accountancy profession in Madras have been going through the First Madras Regional Conference so uniquely convened by the Madras Regional Council under the leadership of Miss. R. Sivabogam and so ably conducted by Mr. C. S. Sastri. Several papers on important subjects were read at the Conference and it gave a good scope for exchange of thoughts. From 1st Friday, it has been a gala time and no day has passed without either a tea, dinner or a supper, not to make mention of other entertainments. I am sure that pleasant memories will be carried from here.

I do not want to take more of your time and I once again sincerely offer my thanks to the Central Council Members and the members of the Chamber and others who have responded to the invitation for this happy function.

VISIT OF SHRI RANBIR SINGH

Shri Ranbir Singh who was appointed to look after Indian Trade interests in Cenral Africa visited the Chamber on the 4th April, 1956.

Matters of interest to promote trade between Central Africa were discussed at an informal meeting. The meeting lasted for more than an hour and points relating to improving of Indian export trade in Central Africa was discussed. Mr. Ranbir Singh promised to look in the matter and try to do his best in promoting India's trade in those countries.

VISIT OF THE RT. HON'BLE MR. JOHN STRACHEY & PROF. J. K. GALBRAITH

The Rt. Hon'ble Mr. John Strachey, P. C., M. P., (England) and Prof. J. K. Galbraith (Harvard University) who were invited by the Government of India to have a dispassionate study of the progress of the 2nd Five Year Plan were in Madras and the Chamber took an opportunity of their visit and invited them to address the General Body of members. They agreed and a meeting was arranged at the Chamber on Saturday the 14th April 1956.

Jnanb K. S. G. Haja Shareeff in welcoming Mr. John Strachey and Prof. J. K. Galbraith stated as follows:—

"In the unavoidable absence of the President of the Chamber Shri. M. A. Chidambaram, I deem it a great privilege to welcome you to-day.

The Rt. Hon'ble Mr. Strachey comes from a very noble family and was the Minister for Food during the worst days of food control in U. K. His name is well known all over the country. India owes a deep debt of gratitude to the Labour Government of which Mr. Strachey was a member for the grant of independence to us. They will be always remembered with gratitude and we owe not a little to the Rt. Hon'ble Mr. Strachey for influencing the Labour Government for the grant of independence.

Prof. Galbraith can rightly claim international reputation and many students from India had the privilege of being trained under him in business management.

India is now embarking on more ambitious schemes of all round development. The First Five-Year Plan is just

ver and the draft of the Second Five-Year Plan is being finished. This therefore, is the most opportune time for impartial observers like the Rt. Hon'ble Mr. Strachey and Prof. Galbraith to give a correct appraisal of the achievement under the First Year Plan and the hopes for the Second Five Year Plan. Your objective study will be of immense benefit to the country as a whole and will stimulate our thoughts and aspirations. There are various problems facing the country like the Industrial policy of Government, nationalisation, place of private sector in the scheme of development, the role of small scale industries in relation to factory industries etc. Over and above, the question of unemployment, especially among the educated class is looming large and Government and the public would be grateful for a correct appraisal from disinterested people like you.

I thank you again for having visited the Chamber today.

A brief account of the meeting is given below:—

Prof. J. K. Galbraith said the Government of India had shown wisdom in drawing up the Plan. The Indian people, like the people of all Asia, had been impatient with their backward conditions. Judged from this, viewpoint, he felt at the projected 17 per cent increase in national income was not too much.

The Professor said after all inflation was not a greater evil than unemployment. The large "gap" in the Plan called for voluntary savings, increased taxation and foreign assistance, "which are so vital for this huge enterprise."

He also commended the emphasis placed in the First Plan on food production, and on industries in the Second Plan, and remarked the sequence was a proper one.

He did not agree with those people who criticised the new approach to the Plan as Marxist in character because the emphasis laid on heavy industries.

Visitors to India were impressed by the competency of Indian Civil Service and administrative service personnel.

He said he was in favour of public corporations having a degree of autonomy as business enterprise generally did not yield readily to civil service administration. And he did not think that public corporations were less efficient than private corporations.

Mr. John Strachey said he was very much impressed with India's role in world affairs.

Mr. Strachey also criticised the present British policy in respect of Goa and Cyprus which he said was an "incredible folly."

Curiously enough, on great issues the British Government had followed a right policy, but on relatively small issues it was spoiling its 'generally fine record.'

Mr. Strachey said he felt quite at home in Madras. Britain and India as Commonwealth countries had some sort of "metaphysical link," he added.

Raja Sir M. A. Muthiah Chettiar proposed a vote of thanks.

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

Shri. S. N. Bilgrami, I.A.S., Chief Controller of imports & Exports, was on a visit to Madras and the Chamber invited him to attend a meeting at the office of the Chamber on the 3rd May 1956. Shri Bilgrami agreed and a meeting was held at the Chamber.

Janab K. S. G. Haja Shareeff, Vice-President, in welcoming Mr. Bilgrami spoke as follows:—

"In the unavoidable absence of Shri. M. A. Chidambaram, President, it is my pleasant duty to welcome you to the Chamber today. This is your first visit to our new building and I only suggest that it will be a facility to importers and exporters if such periodical meetings are arranged in Chambers of Commerce so that you can appreciate the difficulties of importers and exporters by personal discussion. It is no doubt true that difficulties arising out of import control

have been very much minimised but still there is much more to be done and I am sure that Government will be examining these difficulties with a view to minimise them still further. Suggestions have been received from members both in respect of imports and exports control and I have catalogued them in the form of a memorandum and I would request you to discuss those points. If for any reason it is not possible to possible to discuss all the subjects I request you to examine them at your Headquarters and favour the Chamber with the Government's decision on them.

The following memorandum was then discussed with him.

Imports

POLICY

1. *Issue of Licences to Consumers' Co-operative Societies*:—The scope for business of established importers is being curtailed from period to period with the result that many established importers are existing from hand to mouth. The recent announcement that licences will be granted to Consumer's Co-operative Societies for certain consumer goods will further accentuate the difficult position in which the established importers are already placed. The Chamber earnestly suggests that consumer's Co-operative Societies should not be issued licences for the import of consumer items whose quota is less than 25%. In any case, Co-operative Societies should only be treated on a par with "NEW COMERS"

2. *Import of Raw-Materials*:—The Chamber has received representations from indigenous manufacturers of fountain pens that ebonite rods and tubs are not allowed to be imported and that manufacturers are asked to obtain their supplies from indigenous sources. The standard of indigenous products is reported not to be up to the requirements of the industry and that unless imports of these are allowed the quality of their products will suffer.

Similarly Blue Match Paper, Glue and Chlorate of Potash are necessary for the manufacture of matches. The Chamber has received representation that local supplies are far-below standard quality. Imports of these also should be allowed in the interests of the mach industry.

Similar representations from other indigenous manufacturers may be sympathetically examined and imports allowed in deserving cases.

3. *Licence Fee*:—In many cases, particularly in respect of items for which *Ad Hoc* licences and licences under L. L. Scheme are issued, importers have to pay licence fees on the value applied for. The actual value for which licences

are granted are in many cases only a fraction of the value applied for. In such cases, the licence fee paid by the applicants is much more than what would have been due on the basis of the value of the licence actually granted. In such cases the refund of excess fees paid by the importer is justified. However if for any administrative reasons refund of the excess fees paid is not considered practicable, the Chamber suggests that the following procedure may be adopted.

- (a) Broad indication of the policy may be notified to the importers, so that the importers will be able to make a reasonable estimate of the licences to which they would be eligible and will then apply only for such value and will deposit licence fee accordingly.
- (b) If the above suggestion is not considered feasible, the Chamber requests the Import Control Authorities to devise any other procedure that may be found practicable, so that importers will get a refund of the excess amount.

4. *Compensating Licence*:—In French India, established importers of items banned or whose quotas are curtailed are granted special licences to import other permissible items to compensate them for loss in turnover. Such a system may be usefully followed in the Indian Union also to the extent that the foreign exchange position permits.

5. *Period of Grace*:—The period of grace may be extended to 30 days and opening of letters of credit may be permitted during the period of grace to facilitate last minute efforts of foreign exporters to fulfil contracts.

6. Border line cases of shipments after the permissible date of licence should be treated leniently. A distinction should be made between this and a case where import is made without a licence.

7. *Import Application*:—The columns relating to quantity or tonnage as also the Customs Tariff No. may be omitted since import quotas and import licences are now being granted on the basis of I.T.C. Serial Nos. and value of past imports.

8. *Special Avocation Scheme*:—This scheme requires reconsideration in the light of past experience and goods imported under these specific licences entering the market in their original form.

PROCEDURE

1. *Transfer of Quota*:—Insistence on registration of new Partnership Deeds or Dissolution Deeds creates difficulties in the matter of allotment of quotas. The present rules of procedure appear to cause much avoidable hardship. Representations have been made by various Trade Organisations and by this Chamber on a number of occasions in the past and promises were held out that the insistence on Registration will be looked into in consultation with the Ministry of Law. It is earnestly requested that registration of Deed of Dissolution may not be insisted upon.

The Deed of Dissolution of Partnership which amply satisfies the regulations in force is to be considered sufficient. Unless the position is re-examined in the light of these representations growth of healthy partnerships and genuine cases of Dissolution of Partnerships will cause much hardship and inconvenience to the trade.

PARTICULAR ITEMS

1. *News Print*:—The present policy requires reconsideration particularly in the light of present demand and indigenous supply position.

2. *Soda Bicarb*:—Restrictions now imposed should be relaxed in view of the present unsatisfactory supply position.

3. *Cafein Pure*:—In view of shortage of local production and high price of imported material there is a case for liberalisation of imports.

4. *White Glazed Tiles*—Item 242A/IV:—There is a case for increase in quota.

5. *Digging Forks*:—Licences under special avocation scheme may be granted to planters for importation of implements like Digging Forks.

6. *Import of Hearing Aids*:—Import duty on hearing aids was reduced from 41½% to 31½% but spares for Hearing Aids will continue to be assessed at the higher rate. It is suggested that sports which are equality important be assessed at the same rate as 'Hearing Aids'. The Chamber feels that it may be through oversight the duty on 'spares' was not correspondingly reduced.

7. *Import of Electricity Meters*:—The restriction of 20% of the face value of Rs. 750/— whichever is higher for meters of upto 10 amp. should be removed in the light of the policy of Government in granting large *Ad Hoc* licences to actual users.

8. *Automotive Parts*:—Oil seals were allowed import under licence issued for motor vehicles parts i.e., under S. No. 293, 295 and 297 of Part IV. But in the January-June 1956 Policy Book import of Oil Seals is restricted to 3% of the face value of Motor Vehicle Parts licence in view of the fact that there is a proposal for putting up a factory for the manufacture of Oil Seals. The capacity of the proposed factory is limited, and if the import of Oil Seals is restricted in the above manner, prices of imported stock will shoot up and the consumer will be put to much difficulty. The old policy may be revived.

9. *Oils, Varnishes & Painting Materials for Artist's Use*:—The above items may also be included in Appendix XX of the Policy.

10. *Betel Nuts*:—The liberal policy followed by Government in the matter of import of betel nuts has only resulted in enhancement of foreign prices without any benefit to the consumer. The policy requires re-consideration.

Recommendations Regarding Individual Items

Part & S.No. I. T. C. Schedule	Brief Description	Present policy may be indicated if possible	Changes suggested	Reason for changes in policy suggested
76A, 77-77E/V	Vegetables canned or bottled	30%		The remarks (ii) against this require education. Strictly Strawberries are not berries, but the restriction in the above remarks are enforced on this, on the plea strawberry is a berry. This may be made clear in the policy as to whether the restriction is applicable to Strawberries or not.
87 & 109/IV	Drugs & Medicines	100% Soft 75% Gl.		It does not appear Strawberries are indigenously canned or bottled, and therefore, this may be allowed to the full value of the licence. The non-listed items may be allowed importation upto 25% of the face value, as there are quite a number of medicinal preparations, which are classified as "non-listed item". Many are essentially required in the daily life of the

Part & S.No. I. T. C. Schedule	Brief Description	Present policy may be indicated if possible	Changes suggested	Reason for changes in policy suggested
115 (c)/IV	Toilet requisites N. O. S. (other)		common man. The restricted import of these puts up the selling prices of these medicinal preparations; and in increased quantum of imports may help keeping the consumer prices at reasonably low level.	
			Remark No. 6 Addl. licences. Banned items tooth paste, tooth powder etc. 10% or Rs. 500/- whichever is higher must be allowed.	
			There should be no distinction between quota licence and additional licence for the import of these articles.	
167 (i) Part IV	Fountain Pens	15% quota (i) licences will be valid for import of pens of not less than Rs. 25/- c.i.f. each	NO CHANGE. In addition to (i) & (ii) in the remarks column the following may be added :— (iii) Upto 50% of the face value of the licences or Rs. 500/- whichever	

Part & S.No. I. T. C. Schedule	Brief Description	Present policy may be indicated if possible	Changes suggested	Reason for changes in policy suggested
168 (c)/IV	Stationery others	(ii) Upto 5% of the face value of quota licences or Rs. 250/- whichever is higher can be utilised for ink less fountain pens provided the c.i.f. price is not less than Rs. 24/- per dozen	is higher can be utilised for the import of "STYLO PENS" from soft currency areas provided the c.i.f. price is not less than Rs. 36 per dozen. (a) Stylo Pens are not being manufactured in India.	This will also help to improve the quality of local manufacture.
			Banned items such as files and paper clips and paper pins 10% or Rs. 500/- whichever is higher should be allowed. Import from Dollar Area to be allowed 25% or Rs. 500/- whichever is higher.	
211/IV	Oil cloth and floor cloth		Remark (i) after the face value of the licence and Rs. 500/- which ever is higher.	

Part & S.No. I. T. C. Schedule	Brief Description	Present policy may be indicated if possible	Changes suggested	Reason for changes in policy suggested
246/IV	Glass tumblers		Token quota of 5%. 25% or Rs.500/- whichever is higher to be allowed from Dollar Area.	
278/IV	Cutlery		Remark (ii) Not more than 25% should be increased to 50% or Rs. 500/- whichever is higher.	
325 (c)/IV	Educational Toys		Import of simple toys capable of demonstrating on electric power must be allowed.	
63/V (d) others	Builders hard- ware hinges & Locks		Token quota for padlocks must be granted 25% or Rs. 500/- which- ever is higher must be allowed from Dollar Area.	
113-A/V	P.V.C. Sheetting		1. Basic year must be extended to 1952-53. 2. Remark (ii) not more than 20% to be increased to 50% or Rs. 1000 whichever is higher for thickness above 0.006" guage.	

Licences must be issued to New Comers for the following serial numbers and new Comers must be given the opportunity to import goods : 115(c)/IV, 168(c)/IV, 277/IV, 278/IV.

Exports

POLICY

(1) *Pre-Banned Commitments*:—The insistance of telegrams either way as the proof of commitments made before is causing hardship to the trade. Officers made by letters or letters cum telegrams should also be recognised.

(2) *Border Line Cases. Following Ban on exports*:—Cases have been brought to the notice of the Chamber where shipping bills presented just before the pre-ban period were not accepted by subordinate authorities and these had to be represented on the day following the imposition of the ban and in such cases the shipping bills were not passed. Such border line cases should be decided in favour of the exporters.

(3) *Basic Years*:—Now that number of exporters have performed several contracts during 1954, 1955 and during 1956 it is desirable that the revised quota system or movement policy should be framed in such a way that all the people will be able to get their share of quota for the purpose of movement. The basic year can be chosen any one of the years from 1953 to 1956 June.

The mine-owners, who have had no opportunity to export large quantities before 1954 had also during the past two years performed their export trade and can now establish their quota for movements based on their own performances during any one of the last few years whichever is favourable to them. Except for newcomer-Mine-owners no fresh registration or quota slips be issued for new-comer exporters, in so much that the basic year will be upto June 1956.

(4) *Import Restrictions in Foreign Countries*:—Handloom exporters are finding it difficult to market their goods in Ceylon, in view of the operation of the Ceylon's Industries Products Act under which importers of sarongs in Ceylon have to take larger quantities of sarongs manufactured in Ceylon than in the past. Representation should be made

on Government level to minimise hardships to exporters of Indian sarongs.

(5) *Duty Refunds on Exports*:—The principle of refunding excise duty on exports of an article should be extended to manufactures of that article also. A case in point is ready-made garments.

(6) *Co-operative Societies*:—The Chamber has reason to believe that licences issued in the name of Co-operative Societies have been greatly misused. The Chamber feels that the Department should insist on certain documents to prove the bona fides of the exports made by the licensee themselves to buyers abroad. The only concrete proof, among others that can be insisted on the Co-operative Societies is a certificate from the Bank that the licensees themselves have negotiated the documents. The certification of the documents by the State Government will not be sufficient to arrest trafficking in licenses. In addition, an affidavit duly signed by the Sub-Registrar of the Society to be prepared in detail as to the quantity exported, the value realised etc. and that the exports here made only by the Society and not through the medium of anybody.

INDIVIDUAL ITEMS

(1) *Potatoes*:—While potatoes to Pakistan are under O.G.L. there is no reason why export to Ceylon should be prohibited.

(2) *Bone-Meal*:—In view of the surplus available restricted exports may be allowed.

(3) *Crushed Bones*:—Firms other than established exporters or millers should be granted licences on the basis of firm orders obtained from abroad and firm contracts with millers in India.

(4) *Fish Meal*:—There is a case for exports being allowed.

ADDITIONAL POINTS FOR DISCUSSION WITH SHRI S. N. BILGRAMI AT A MEETING HELD AT THE OFFICE OF THE CHAMBER ON THURSDAY THE 3rd MAY 1956 AT 4 P.M.

IMPORTS

Wheat:—In the case of imported wheat conversion into atta can be done upto not less than 98% of the wheat while in the case of indigenous wheat only about 80% will be available for conversion because Indian wheat is mixed up with hard wheat upto 20%. If indigenous wheat alone is used for the manufacture of fines, the resultant atta will be 10 to 15% and it will be a task to find a market for them in South India. It is therefore necessary to use imported wheat also and the Chamber suggests that flour mills may be allowed imports of wheat for blending with indigenous wheat.

Pearl Barley:—This item is classified now both under Serial Nos. 78 & 79 of Part IV and Serial No. 12-B of Part V of the I.T.C. Schedule. But imports under Part IV are prohibited because of the remarks in column mentioned against this item. It is suggested that those holding quota certificates issued under Part IV Serial No. 78 & 79 should also be allowed to participate in the import trade.

Newsprint:—Under the category of Newsprint, mechanical glazed paper have also been imported and Government insist that this paper though not required by news papers should only be sold to them. Importers therefore are either holding on the stock or they are forced to sell the goods to non-news papers. It has been represented to the Chamber that some kind of facility was given to Bombay importers to sell the mechanical glazed paper of 60 grams and thicker substances to non-news paper people. That facility may be extended to importers in Madras also.

EXPORTS

Wheat Bran:—Wheat bran is not consumed in any considerable extent in South India. Its use here is limited. The Chamber suggests that wheat bran may be allowed exports to the extent of 50% of production in mills.

Export of Silk Waste from India:—Under the present policy Silk Waste of West Bengal, Bihar, Assam, Madhya Pradesh, Jammu, Kashmir and Punjab origin is licensed freely for export but Silk Waste of Mysore and Madras origin is restricted and export is allowed by quota system. Since Spun Silk Waste is not consumed locally it is suggested that this Waste of Madras and Mysore origin may also be allowed export freely.”

Proceedings of the meeting are given below:—

Mr. Bilgrami stated that as the Minister for Commerce and Industry had indicated the imports were likely to become more and more restricted in the years to come. Though the total imports might be more, the machinery would make up a very large part of such imports and those dealing in consumer goods might have to be satisfied with smaller licences. They wanted to develop the country and achieve their target in five years which would ordinarily take 15 years, and therefore they had to make certain sacrifices. He hoped that the merchants would rise to the occasion. Though he could not say when exactly the restrictive policy would be enforced, he stated that it would come in the near future. He said that the Government did not want any industry to close for want of raw materials. They wanted the raw materials available in India to be used as they wanted to save foreign exchange.

CONSUMERS' CO-OPERATIVES

Referring to the encouragement given to consumers' co-operative societies, Mr. Bilgrami said that the Union Government decided to support consumer' Co-operative Societies following consistent recommendation by the State Government for nearly two and a half years. Further the traders need not have any fear from the societies as license issued to them were very small and that too they were given with the recommendation of State Governments only. The Government, he said had decided as a matter of policy to encourage co-operative Societies. As regards special concessions given to importers in Pondicherry, he pointed out that the total imports in Madras was about Rs. 75 crores while it was only about one crore in Pondicherry.

Shri K. V. Srinivasan, Vice-President, proposed a vote of thanks.

After returning to the headquarters, Shri. S. N. Bilgrami was good enough to send clarifications on many points raised in the Chamber's memorandum which were duly communicated to members.

VISIT OF MESSRS. VOLLRATH AND RIFFA

The Trade Commissioner for the Federal Republic of Germany informed the Chamber that Messrs. Vollrath & Riffa, two German experts of the Association of German Machine Manufacturers will be in Madras and the Chamber took the opportunity of inviting them to address a meeting of members at the office of the Chamber on the 5th May 1956.

Janab K. S. G. Haja Shareeff in welcoming them said as follows:—

I deem it a pleasure today to welcome our distinguished visitors to the Chamber. They have come all the way from Germany at the invitation of the Government of India to study the possibilities of developing small scale and cottage industries in India.

During the Second Five Year Plan large sums have been allotted for the development of cottage and small scale industries and Government of India have laid much stress on their development. 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. I am sure that as a result of your visit and study of their potentialities you will make wholesome recommendations for their developments.

I feel that the problem of development of cottage industries has to be approached from a different angle also. 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

necessary subsidise such imports. 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 are not only the bread and butter of many of these smaller businesses but is dependent on them to some extent as well". I would request you to consider these aspects of the question also. I feel the need for their development but that does not mean that such developments should be at the expense of the factory industry and ultimately at the expense of the consumer.

Mr. Vollrath paid a tribute to the development of agriculture in India and the progress made in other fields. They were studying various aspects relating to the location of training Centres, facilities available in India and steps to be taken for building new factories for small industries. There was a general discussion and the meeting lasted for more than a hour. Members took very lively interests. They are yet to submit their report.

VISIT OF SHRI M. V. DEO

The Deputy Chief Controller of Imports & Exports, informed the Chamber of the visit to Madras of Shri M. V. Deo who was appointed as First Secretary (Commercial) to the Consulate General of India in Geneva and the Chamber invited him to address the General body of members. A meeting was arranged to take place on the 8th May 1956.

Shri. V. Pandurangiah welcomed the distinguished guest and the following memorandum was discussed:—

1. "At present there is a great unfavourable balance of trade against India. Our exports to Switzerland amounts to Rs. 59 lakhs in 1952-53; Rs. 75 lakhs in 1953-54; and Rs. 93 lakhs in 1954-55. Against this, our imports are in the order of Rs. 7 crores in 1952-53; Rs. 9 crores in 1953-54 and Rs. 10 crores in 1954-55. This big gap in the balance of trade against us should be bridged and Indian exports have to be encouraged at least to balance the trade with Switzerland.

2. India is having bilateral trade agreements with many other countries. It is necessary in view of our adverse

trade balance with Switzerland to conclude such a trade Agreement.

3. Our principal exports consist of coir yarn, Lemon grass oil, cotton raw, coffee etc. There is considerable scope for India to export various other items of raw and manufactured goods. Switzerland consumes large quantities of coffee and she takes her requirements from Costa Rica and Columbia. Indian coffee is in no way inferior. There is possibility to develop our exports in this commodity.

Switzerland buys large quantities of tea and most of her purchases are from Ceylon. China occupies only the 3rd place. Switzerland can certainly purchase more tea from India.

Switzerland also imports tobacco in considerable quantities, mainly from U.S.A., Indonesia, Brazil, Turkey and Greece. India produces fine varieties of Virginia and our Trade Commissioners should see that India's share in the imports of tobacco in that country is developed.

There is similarly good market for vegetable oils.

There is a limited demand for Indian textiles like towels, printed dresses, fabrics etc.

As far as the Chamber is aware, there are no Indian business houses operating in Switzerland. The Chamber would like to be informed whether there are any handicaps for Indian businessmen opening their branches in Switzerland. If there be any such handicaps Government should take such matters on a higher level.

Switzerland is an international tourist Centre. The importance of exhibiting Indian commodities in such centres cannot be overemphasised. Our Trade Commissioners should maintain a museum of Indian commodities besides participating in Fairs & Exhibitions.

It should be possible for our Trade Commissioners to give confidential reports of importers there on request. In the absence of Indian Banks in these countries Indian exporters cannot look up to any other source for such information.

You may be pleased to inform Chambers of Commerce at least about changing customs and manners and tastes of people so that Indian exporters can adopt them with advantage.

Similarly it should be possible for you to study the operation of tariff and other duties and if there be any discriminative duty against Indian goods, you should be pleased to take such matters with Government.

One great service that Trade Commissioners can do to develop our trade is to advise at least Chambers of Commerce of trade enquiries received by them so that exporters can offer such goods. Government often calls Governments often and Indian merchants should be enabled to quote against such tenders. The information now made available through the medium of Government publications is often inordinately delayed and does not serve much useful purpose.

Mr. Deo said that there was a proposal before the Government to open a depot in Geneva where articles from India would be exhibited. He thought there was scope for development of export trade to Switzerland and appealed for the co-operation of the mercantile community in their efforts to build a good market for Indian goods.

Shri L. Srinivasan proposed a vote of thanks.

VISIT OF MAJ. GEN. M. S. CHOPRA

Major-General M. S. Chopra who was appointed Minister-Designate to the Philippines visited the Chamber and had discussion with members on the 11th May, 1956.

Janab K. S. G. Haja Shareeff, Vice-President, in welcoming Mr. Chopra and said as follows:

"We are indeed grateful to you for having visited the Chamber today. We are aware that you are proceeding to Philippines to promote better understandings between this country and Philippines and also to increase our trade relationship with that country.

The trade between these countries has not developed to any great extent, our imports being valued at Rs. 18 lakhs during 1954-55 and our exports amounting nearly to Rs. 89 lakhs, but one thing that concerns us most is that the trade between these two countries far from improving has been diminishing. Our imports in 1952-53 from Philippines was valued at Rs. 36 lakhs which steadily decreased to Rs. 25 lakhs in 1953-54 and to Rs. 18 lakhs in 1954-55. Similarly our exports fell from Rs. 1.76 crores in 1952-53 to Rs. 1.11 crores in 1953-54. Which again has fallen to Rs. 98 lakhs during the current year. It is, therefore, very opportune that the Government of India have decided to send their representative of your status to improve our mutual trade and better our relationship. We feel sure that with constant care you will see that the trade steadily improves, I mean both imports and exports for our mutual benefit.

One great handicap for the promotion of trade either way between India and Philippines is the want of regular sailings between India and Philippines, and it does not appear feasible with our limited tonnage to send in Indian bottoms carrying our goods to Philippines. Unless there is an increase in the trade both ways it is not economical to find steamer carry our cargoes. It is equally true that unless there are regular sailings the volume of traffic would not improve. We are, therefore, in a vicious circle and we feel that this question has to be decided simultaneously i.e., of providing steamer and improving the trade.

Our exports consist of gunny bags and gunny cloth while our imports consist of Hemp alone. In the absence of details about the country it is not possible for us to suggest how to improve our exports to Philippines, but the fact remains that India is becoming more and more industrially advanced and we should find a market not only for our raw materials like gunny cloth, gunny bags but also for our manufactured goods as well.

I am sure that as a result of your stay in Philippines you will bestow constant attention to the promotion of India's export trade to the country in your jurisdiction.

We thank you again for the honour you have done in visiting the Chamber."

There was a general discussion with regard to the possibilities of improving trade between India and Phillippines Mr. Chopra promised to do his best in increasing the trade between the two countries.

Shri K. V. Srinivasan vice-president proposed and vote of thanks.

VISIT OF SHRI V. V. CHARI

Shri V. V. Chari, Members (Income-tax), Central Board of Revenue, visited the Chamber on the 11th May 1956.

Janab K. S. G. Haja Shareeff in welcoming Mr. Chari stated as follows:—

“Visit of the member, Central Board of Revenue is an annual event to which members look with much expectancy and hope. We are, therefore, very glad for having come to the Chamber to explain some of the points mentioned in the memorandum. I believe an advance copy of the memorandum has been forwarded to you yesterday itself.

Income-tax in the new set up of things is assuming more and more importance and it is one of the biggest sources of revenue to the Central Government. Naturally Government should pay more attention to its collection and prevent evasion. We, members of the mercantile community, can always assure our co-operation in the administration of the Act and legitimate collection thereunder, but it should be possible for Government without causing loss of revenue to obviate some of the patent defects found in the administration of the Act. The relationship between assesseees and Government have to be improved. Though much has been done in this direction much more still remains to be done. The administration has more closely to identify with the assesseees. The Commissioner of Income-tax has only recently taken charge of this circle and we hope to meet him separately soon.

I now request you to be good enough to discuss the points mentioned in the memorandum.”

The following memorandum was then discussed.

1. “Section 2 (6) a.—*Dividend: Advances to Shareholders:* (a) The Chamber would be grateful for a clarification as to what extent the advances to shareholders will be treated as dividends. Is it to the extent of the proportionate share of the shareholders or the entire advances to the shareholders? Supposing ‘A’ holds 10 shares out of 100 shares of share-capital of the Company, the amount advanced to him is Rs. 10,000/— the balance to the credit of Profit and Loss Account is Rs. 30,000/— in such a case, the Chamber would like to be informed whether the amount advanced during the year will be treated as dividend to ‘A’ is Rs. 10,000/— or Rs. 3000/— being the proportionable share of ‘A.’

(b) Whether for purpose of Section 2 (6) A the gross or the nett amount advanced during the year will be treated as dividend.

2. Section 23A:—(a) Section 23 (A) as amended gives power to the Department to penalise the Company to Super-tax, if such companies do not distribute as dividends 60% or 100% as the case may be of the total income. The recent Finance Act provides that if a Company declares more than 6% dividend it will be subject to additional tax of 2 annas in the Rupee upto 10% and 3 annas for dividends declared above 10%. Is it not inconsistent with the provisions of Section 23 (A) which require a compulsory declaration of dividend to the extent of 60% or 100% as the case may be of the available nett profits?

(b) In the First Schedule of the Finance Act Part II under Rates of Super-tax under D (3) proviso (i) (b) levy of dividend-tax over and above 6%, the language used is as under:—

“In addition, in the case of a Company referred to in Clause (ii) of the preceeding proviso which has distributed to its shareholders *during the previous year*, dividends in excess of 6% of its paid-up capital...”

This suggests that tax is attracted in respect of Company's income assessed to 1955-56 but whose dividends are paid in the previous year for 1956-57 assessment. This appears to be anomalous, for under the same provisions D (i) (a), rebate

is allowed on the profits liable to tax for 1956-57 assesment, while under the clause first referred to above, the the charge is made in respect of profits liable to tax for earlier assesment.

3. *Tax on Registered firms*:—The Chamber would like to know whether the exemption announced by the Finance Minister applies to all professional firms as against firms carrying on business.

4. *Entertainment Allowance*:—Entertainment allowance is now being allowed if the assessee was in receipt of such allowances before 1st April 1955. A case has arisen where a company was formed after 1-4-1955 to take over another company with all assets & liabilities and its entire staff. Some of the staff of the old company were being given entertainment allowances as before by the new company. Section 7 (2) does not provide for exemption of entertainment allowance so given by the new company and it is requested that the exemption referred to above may be extended to such of those employees also.

5. *Hindu Joint Family*:—The qualification for higher limit for Income-tax for a Hindu-Joint Family is stated in the Finance Act of 1955, First Schedule Part I as follows:—

“If a Joint family had at the end of the previous year, at least two members entitled to claim partition, Rs. 8,400/- will be exempted and if the Joint Family had at least four members, Rs. 12,600/— will be exempted, provided that none of the members in the former case and none of the minimum number of members in the latter case is lineally descended from any other living member of the family not entitled to claim partition.”

Is not the lineal descendant contemplated therein refers to a descendant from any other living *male member* of the family only and not from any other living *female member* of the family.

6. *Refunds*:—In spite of assurances given by the Member of the Central Board of Revenue and the Commissioners of Income-tax from time to time invariably refunds are delayed and in fact, in certain cases the refunds are postponed

to a date just after the close of the financial year, Whereas in cases of demands they are being insisted upon for payment before closure of financial year. The Chamber would suggest that the refunds are given immediately not exceeding one month they are found due, just as demands are immediately pressed for payment. The delays in refunds, it is suggested, should be avoided.

7. *Advance Tax under Sec. 18A*:—On a previous occasion, the Commissioner for Income-tax was good enough to address members of this Chamber and gave us to understand that word “may” in Section 18(A) should be deemed to mean “must”. The Department may be pleased to issue proper instructions for the benefits of assesseees to revise assessment even in cases where it is not advantageous from the point of revenue.

8. *Stay of Payment of Disputed Tax*. While the Chamber feels that Government should take all necessary precautions to safeguard its revenue, in deserving cases Government should keep disputed tax in abeyance till the disposal of the appeal before the appellate Tribunal if the party can furnish security for the balance of tax in arrears. The Chamber only wants to emphasise that Government should not be a party for the closure of the business by pressing for payment the disputed part of the tax. The Central Board of Revenue may in such deserving cases review the decisions of the Commissioner instead of merely forwarding it for disposal to the Commissioner back again.

9. *Amendment to Sec. (10) in the Finance Act of 1955* has empowered the assessee to claim development rebate at 25% on new Machinery “installed” after 31st March 1954 and wholly used for business. The assessing Officer makes a reasearch on the words and tries to import new meaning in the strictest sense possible to defeat the purpose of the amendment in favour of the assessee, the other conditions having been satisfied. The Chamber feels that the narrow interpretation sought to be put by the Department on the word “installed” is causing hardship to assesseees and would request you to give a liberal interpretation to the word such as to mean the putting into use of the Machinery as amounting to installation.

10. *Draft Assessment Orders*:—The Commissioner, when he met members of the Chamber the other day, promised to issue draft assessment orders in cases where there is scope for material variation in the figures submitted by the assessee. That assurance has not been implemented and the Chamber would request that this assurance be implemented.

11. *Time Limit for Filing Returns*:—Under Section 22 (1) of the Income-tax Act, the return of income should be submitted within the expiry of 65 days from the date of issue of notice. It so happens in certain cases that notices under section 22 (2) are issued according to which a return is to be submitted within 35 days of receipt and these 35 days expire before the expiration of the aforesaid 65 days allowed under Section 22 (1). It is suggested that notice under Section 22 (2) should be so issued that the return falls due after the period allowed under Section 22 (1).

12. *Refund of Tribunal Fee*:—The Chamber suggests the refund of Rs. 100/— paid at the time of institution of appeal before the Tribunal, in cases where the assessee wins the appeal.

13. *Administration*:—(a) Copies of the Finance Act and rules framed thereunder are not made readily available even with Government Presses. Immediate non-availability of the above causes much inconvenience to the public.

(b) Circulars issued to the department in connection with interpretation of clauses, be made available to the public also.

(c) Much inconvenience is experienced by public for want of a public Telephone in the Income-tax Office. The Commissioner should be pleased at least to cause to open a Public Telephone Call Office at the Income-tax Office.

(d) It is felt that assessee and their representatives are put to much inconvenience for want of accommodation and sufficient furniture in the Income-tax Offices. This may be looked into.

The following is a brief report of the proceedings.

“Mr. Chari said there were two kinds of refunds. One related to straight refunds and they were already quickly given and in Madras few applications in regard to such refunds were pending. But there were refunds pending due to appeals. In such cases, no doubt, delay was caused, because the Department also went on appeal. But it would take care to see that all reasonable fears were allayed in this matter.

The Chamber said that in deserving cases the Government should keep the disputed tax in abeyance till the disposal of the appeal before the Appellate Tribunal if the party could furnish security for the balance of tax arrears.

Mr. Chari said so long as there was no danger to Government revenues the Department did give reasonable time, and tried to be as helpful as possible to assessee. But it was impossible to give a cut and dry instruction to officials in this matter. But with better relations between assessee and the Department, the problem would gradually disappear.

Already several crores of rupees was pending recovery simply on the ground, that the assessments were under appeal. This itself showed that time was given to the parties. In all hard cases where there was no danger to Government revenue suitable instructions for payment by instalments on adequate security had been given.

Mr. Chari disagreed with the Chamber on the need to issue draft assessment orders in cases where there was scope for material variation in the figures submitted by the assessee. He said it was not businesslike to issue such draft assessment orders. Further, it would cause delays.

When Mr. Chari was told there was much delay in the disposal of appeals, he said the Department was trying to strengthen the cadre of Assistant Commissioners. “We will do our best to avoid delay in appeals,” he said.

On the question of relief from double income-tax in the case of people doing business in Ceylon, Mr. Chari said negotiations carried for this purpose had made much progress “we have had agreement on many points,” He was sure that their grievances in this regard would be removed.

Mr. K. V. Srinivasan proposed a vote of thanks.

VISIT OF SHRI A. N. SIVARAMAN

A goodwill delegation appointed by the Government of India left for Sweden during the course of the year. Mr. A. N. Sivaraman who was a member of the Delegation before leaving for Sweden wanted to contact members of the Chamber to know their difficulties. A meeting was accordingly arranged to meet him at the Chamber on 15th May 1956 when the following subjects were discussed.

FINLAND

Our exports to Finland have been falling and it is very small now. It was .25 crores in 1952-53. It came to .13 crores in 1953-54 and to .18 crores in 1954-55 while imports from Finland have been increasing from 1.81 crores in 52-53 to 1.89 crores in 1953-54 and 2.15 crores in 1954-55. Our exports are mainly confined to cow-hides, spices, cotton raw, gunny bags while we import large quantities of writing paper, newsprint, plywood etc. It would be seen that most of our exports are confined to raw and semi-manufactured goods. There is a market for our textiles, handloom goods etc.

SWEDEN

As in the case of Finland, our exports to Sweden also have not kept pace with our imports there-from. The balance of trade is against us. However exports amount to 1.81 crores in 1952-53, 1.51 crores in 1953-54 and 1.53 crores in 1954-55 while our imports have been steadily increasing. It was 5.68 crores in 1952-53, 6.20 crores in 1953-54 and 6.03 crores in 1954-55. Imports from Sweden consist of Iron steel materials, paper and pasteboard etc., while our exports are confined to very small number of items like coir manufactured, hides and skins jute raw and gunny bags, oil cake etc.

DENMARK

With regard to our trade relation with Denmark, our exports show some slight increase. It was 1.0 crores in 1952-53, 1.11 crores in 1953-54 and 1.29 crores in 1954-55 while imports have been steadily mounting from 1.51 crores to 1.63 crores and 2.11 crores for the same period. Imports

from Denmark are instruments, apparatus and other appliances and parts, electrical machinery, machinery and mill-work, oilman's stores, while exports related to oil cakes, lac, shell, spices, hemp, jute raw etc.

Mr. Sivaraman said he will bear in mind the discussion here at the Chamber and promised to do his best to promote India's export trade with those countries.

VISIT OF THE WORLD BANK MISSION

The Secretary to the Government of Madras, Finance Department informed the Chamber that a party of members of the World Bank Mission headed by Mr. Thomas H. Mc Kittrick will be visiting Madras and wanted representatives of the Chamber to meet them at the Secretariat on the 16th May 1956. Janab K. S. G. Haja Shareeff was requested to attend the meeting at the Secretariat. Mr. Shareeff stressed the need for increasing the outlay in the Second Five Year Plan for Railways and Transport.

VISIT OF SHRI S. K. BANERJI, I.C.S.

Shri S. K. Banerji, I. C. S., who was appointed Minister-Designate to Syria wanted to contact Chambers of Commerce before actually accepting his appointment. He attended a meeting at the Chamber on the 16th May 1956.

Shri K. V. Srinivasan, Vice-President, in welcoming him to the Chamber said as follows:—

“I have great pleasure in welcoming you to the Chamber to-day. In consonance with the policy of the Government of India for export drive, Government are appointing Trade Commissioners to promote our export trade with foreign countries. It is a laudable object. It is only when we increase our exports we can earn more foreign currency. Moreover under the changed set-up India is becoming industrially much advanced and this is therefore the best opportune time to capture markets for Indian commodities both raw and manufactured abroad. Government have therefore to be congratulated in appointing Trade Commissioners even in countries with which our trade at present is limited. But Government

have fully recognised the potentialities of improving our export trade with those countries. The standard of living in all countries is progressively increasing and there is bound to be good markets for Indian commodities in foreign countries.

Syria may not appear now to be a big importer of Indian goods. But given correct initiative, the Chamber feels that there is bound to be a good market for Indian commodities for raw, semi-manufactured and manufactured. Our information goes to show that Syria is mostly an agricultural country. It is yet to be industrialised. The standard of living is increasing and there ought to be considerable scope for goods manufactured in India in those countries. It may not be immediately possible for India to export fertilisers for agricultural purposes but it cannot be ruled out that India will not be in a position to send her fertilizers and before any other country captures those markets, India should be in a position to forestall them. The possibilities of improving our sales of agricultural implements, cement etc. have also to be fully explored.

We have now a very good favourable balance in our trade with Syria. Our imports consist mostly of fruits and vegetables, while our exports consist of cowhides buffalo hides fruits and vegetables, tanning and dying substances, leather, oil seeds, spices. Our exports for the last year amounted to Rs. 1.13 crores and our imports from Syria amounted to Rs. 4 lakhs. But having regard to the potentialities of the markets, if a correct approach is made it is well possible to increase the favourable balance of trade with Syria. It has to be remembered that there has been considerable exports to Syria of imported goods into India. With the development of our industries in India we can send larger quantities of manufactured goods from India itself. Textiles, both mill-made and hand-woven must be having a good market there. Similarly sewing machines, cement, agricultural implements, hardware etc., can easily find a market in Syria. We feel sure that with your dynamic personality you can certainly help India to export more of her goods.

Indian Trade Commissioners abroad should explore and maintain Indian stores in the areas under their jurisdiction.

Goods manufactured in India which are available for export must be exhibited in important towns and propaganda for Indian goods have to be carried out. Tea must be having good response in Syria. What I have suggested above are only suggestive and not exhaustive. Unless we know the conditions of our trade, customs and manners of people in Syria, we cannot decide now what goods will have response in those markets. Trade Commissioners should closely watch any discrimination against Indian goods and advise Indian exporters as to the rates of duty, change of fashion etc.

One important thing that Trade Commissioners can do to help promote India's export trade is to intimate at least representative Chambers of Commerce with latest information as to the tenders issued in those countries so that Indian exporters can participate in those tenders. They can also help to develop our exports by passing on trade enquiries, market prices, reputation and financial standing of parties etc.

If having regard to the potentialities of the market there and in the neighbouring countries, there is possibility of stimulating exports, you may be pleased to sponsor trade missions to these countries.

Once again I thank you for having visited the Chamber."

Mr. Banerji promised to do his best in promoting the export trade of India with those countries under his jurisdiction. There was a general discussion.

VISIT OF SHRI TENNETI VISWANATHAM

The Regional Director of Company Law Administration informed the Chamber of the visit to Madras of Shri Tenneti Viswanatham, Chairman of the Company Law Advisory Commission. The Chamber wrote to him to visit the Chamber and accordingly a meeting was arranged on the 19th May 1956.

Janab K. S. G. Haja Shareeff in welcoming Mr. Viswanathan stated as follows:—

"On the occasion of your first official visit to the Chamber, I deem it a great pleasure to welcome you to the Chamber,

Mr. Viswanatham and Mr. Sastri are no strangers to us. It is only a fitting recognition of the meritorious service that Mr. Viswanathan, has been appointed as the first Chairman of the Company Law Advisory Commission. I extend a hearty welcome to you all.

The Indian Companies Act is a very complicated one and perhaps is the biggest Act. It is implemented for the first time from 1st of April 1956 but we feel sure that with your clear accumen and general grasp of the subject you will do credit to the working of the Act without prejudicing the rights of Company Directors and at the same time administering the Act with extreme sympathy and justice.

The Act has been enforced from 1st of April 1956 i.e., it has been functioning for about one and a half months only and it is too early to say what difficulties are experienced under the Act. It is only when the Act has been working for some time more that practical difficulties can be known more clearly. We cannot express how grateful we are for your coming here and meeting representative Chambers of Commerce all over the country to explain the functions of the Advisory Commission. That itself is a good gesture and we, members of the mercantile community, can surely hope to get a square deal at your hands in the administration of this complicated Act.

We, members, will be grateful to you, Sir, if you will kindly let us know as to the scope and functions of this Advisory Commission. We know that this Commission is appointed under Section 410 of the Companies Act. We find also that the Commission is empowered to inquire into and advise the Central Government before a notification is issued under Section 324 in respect of any description of industry or business, on the necessity for, and advisability of, issuing the notification. There has been protracted discussion both outside and inside the Parliament about the advisability of Companies engaged in specified class of industry or business shall or shall not have Managing Agents. Very many industries have been started by the enterprise of Managing Agents and I may be permitted to say that had it not been for their enthusiasm and enterprise industrial development would not have attained this stage of development. In the initial stages

Managing Agents have played a conspicuous part. I am not holding any brief for them. There may have been black-sheeps. Before issuing, therefore notification under Section 324, we feel sure the Commission will take into consideration their past performances.

Our business today is more to hear you and may I request you to enlighten members as to the scope and functions of the Commission.

You have indeed made a good beginning in touring the country and meeting members of the mercantile community soon after the constitution of this Advisory Commission and we feel sure that in times to come when there are genuine difficulties to be discussed personally you will allow us the facility of personal discussion by touring the country at frequent intervals.

I thank you again for the honour you have done in coming to the Chamber.

I thank Mr. Srinivasan, our popular Regional Director for Company Law Administration.

The following is the proceedings of the Meeting:

The Chairman of the Company Law Advisory Commission Mr. T. Viswathan, told that the business community, which fulfilled an important role in national life, had a special responsibility to conduct business on sound and ethical lines.

The new Company Law, he said was only the consolidation of the inner urge in everyone to bring a moral reform, which could not be confined only to the political sphere.

A party was given by the Chamber to the Chairman and the other members of the Commission. Messrs. B. M. Chathurvedi, President, Calcutta Stock Exchange, G. Ambekar, former President of the Indian National Trade Union Congress, and C. S. Sastri, President of the Institute of Chartered Accountants.

Mr. Ambekar said "he disagreed with the view that the past performances of managing agents should be taken into

account now. It was their present and future behaviour that should justify the continuance of the institution. The main function for which managing agents were supported, namely to help the expansion of industries did not exist any longer since the war, as industries had already come to be established and did not depend on managing agent for their expansion any longer.

Mr. Chathuvedi said he personally believed managing agents had done a great service in building up industries, but they should not merely live on past glory. The service motive should predominate instead of the profit motive. With a changed outlook the managing agents had always a right to exist and it was up to them to establish that right.

Mr. C. S. Sastri said the service rendered by the managing agency system had been acknowledged in Parliament. But times were changing and managing agents must also move with the times. They should only manage and should consider themselves as agents of the public and not of proprietors.

Mr. Viswanatham said that already a mental change had come about in India on the part of many industrialists. Since independence everyone had an inner urge to bring about a moral reform. People were intolerant of not only immoral practices in the political field but also of those in business and wanted everyone connected with an industry or a company to have a square and fair deal.

The managing of companies was but a part of the process of national reconstruction which they were all carrying out. The restraints in the new Companies Act would not affect those who conducted business on sound lines and in the interests of the public and the country.

No doubt the administration of the new Act might cause some "irritations" but he was sure they could be removed after some experience. A new code of business conduct had to be evolved, he said. The public and private sectors much supplement each other's activities.

Unlike in the past, Indian businessmen and industrialists of today were taking an intelligent interest in business and

industry and many were young and qualified people. This was a welcome change. Mr. Viswanatham said and added that it depended on the private sector to acquit itself in such a way that all restrictions would become dead letters.

Mr. K. V. Srinivasan, Vice-President, proposed a vote of thanks.

VISIT OF SHRI R. DORAISWAMY, I.A.S.

Shri R. Doraiswamy, I.A.S., Member, Forward Market Commission was on a visit to Madras and the Chamber took the opportunity of requesting him to visit the Chamber. A meeting was accordingly convened on 29-5-1956.

Janab K.S.G. Haja Shareeff, Vice-President, in welcoming Mr. Doraiswamy stated as follows:—

"I am very grateful to you for coming to the Chamber to-day. In 1954 the Chamber had the honour of welcoming members of the Forward Market Commission. I only wish that such visits are more frequent so that members will have more opportunities of discussing their problems personally

Last time when members of the Market Commission visited the Chamber we discussed the possibilities of recognising the Oil Seeds Association to control Forward trading at Madras. Madras is a large grower of groundnut and other oil seeds and very large quantities of oils also are produced within the State. The demand for this product within the country is also undoubtedly increasing. In view of the fact that Madras is a producer of groundnut, seeds and oils and that the bulk of the trade in seeds and oils are transacted in the city it stands to reason that an Association functioning here and exclusively dealing in those commodities and working satisfactorily may be recognised to conduct forward trading in groundnut, seeds and oil.

The Market Commission has recommended the establishment of a Forward Market in pepper in Cochin. Members dealing in pepper have been consigning goods to Bombay and hedge the same in Bombay Future Market. Bombay is also the chief distributive centre for pepper and pepper

delers depend on Bombay to dispose off their stocks and Hedge their pepper in Future Market. There is therefore a feeling among some of our members that Bombay should also be recognised. West Coast is a producer of large quantities of pepper and it will be in the fitness of things to develop a Forward Market at Cochin. We have an open mind and we would like to know the conclusions of Government in this respect. I may point out in this connection, that speaking generally Forward Market should be organised at places where these goods are grown otherwise growers will have to depend upon far-off places for their sales. Cochin is similarly the seat of Copra, cocoanut oil trade and there is scope for developing a Forward market there, we would like to know Government reactions to this suggestion. The idea of establishing a Forward Market is to develop the trade in these commodities right in the centre of production. That will be conducive to the interests of the growers as well as dealers and the Chamber would be glad to know Government's views on this point.

I thank you again for having come to the Chamber for a discussion of this important problem and I would request that whenever members of the Commission visit Madras they may also be pleased to visit Chambers of Commerce."

There was a discussion and the following is the proceedings of the meeting:—

Mr. Doraiswami, member of the Forward Markets Commission, had discussions with the members on matters relating to forward trading in groundnut seed and oil, coconut oil, pepper and bullion.

Mr. Doraiswami, explaining the functions of the Forward Market Commission said that they had a tradition of forward trading in India, particularly in respect of cotton for a very long time. Forward trading had also been resorted to other commodities other than cotton, particularly, in respect of oil seeds and jute. Between World War I and II, in order to ensure adequate supplies of essential commodities and to keep inflation under restraint, there was a ban on forward trading on various commodities under the Defence Rules of India. After the World War, the ban on it

was continued under the Essential Supplies (Temporary Powers) Act 1946. The regulation of forward trading had since been transferred to the Forward Contracts Regulation Act 1952.

Proceeding Mr. Doraiswami said that the duties of the Commission, which was quasi judicial and executive, were to advise the Government on matters pertaining to the regulation of forward contracts and to keep continuous watch over the forward markets in the country. He said that the Commission had so far submitted several reports to the Central Government covering various commodities like cotton, shellac oil seeds etc. He also stated that the East India Cotton Association in respect of cotton and the Bombay Oil seeds Exchange in respect of oil seeds, were functioning already under the supervision of the Commission. So far as Madras was concerned the Madras Oil Seeds Exchange had been recommended for purposes of forward trading in groundnut seed oil. He added that the Commission had also recommended the Association at Alleppey and Cochin for the purpose of forward trading in coconut oil and pepper.

Referring to the establishment of a forward market in pepper at Cochin, the speaker said that Cochin had all the facilities required for forward trading namely banking, telephone, godowns and the existence of experienced operators.

Answering a question in regard to bullion trade, Mr. Doraiswami stated that the question as to whether there was need for forward trading in bullion, was under the examination of the Commission.

Shri V. Pandurangiah proposed a vote of thanks.

VISIT OF SHRI A. K. MUKARJI

The Deputy Chief controller of Imports & Exports, informed the Chamber that Shri A. K. Mukarji who has been appointed as the First Secretary (Commercial) Designate for India at U. K. will be on a visit to Madras and wanted to ascertain whether members of the Chamber would like to meet him. The Chamber requested him to visit the Chamber for a discussion of Indo-U.K. trade. He agreed and a meeting was held at the Chamber on the 7th June 1956.

Janab K. S. G. Haja Shareeff, Vice-President, in welcoming Mr. Mukarji stated as follows:—

“I am grateful to you for coming to this Chamber and for visiting other commercial bodies and getting yourself acquainted with the problems of Indo-U. K. trade before assuming the office of the First Secretary (Commercial) to the Embassy of India in U. K. It will be very useful if, after gaining some experience as Trade Commissioner in important countries like U.K., our Trade Commissioners make it a point to visit Chambers of Commerce so that they can inform merchants of their experiences in those countries which will be still more useful. I hope you will bear this in mind.

Politically though we are separated there is always room for economic co-operation and for trade between the two countries for our mutual advantage. I must say ever since independence there are more number of businessmen coming from U. K. to India than there used to be before. The great need of the hour now for an Indian Trade Commissioner is to convince businessmen and manufacturers there, that though politically we have separated economically we are prepared to co-operate on equal terms to our mutual advantage. When India is undertaking large-scale industrialisation there is all the more need for greater co-operation between the two countries.

It has also to be borne in mind that our trade relationship existed for quite a long time now and perhaps our First Trade Commissioner's office was opened in U. K. Therefore, for a long time now our trade relationship has been growing. It is necessary to maintain those vital links as before. But the pattern of our trade may be somewhat different hereafter. It may not be possible for India to export raw materials alone as before. India has to develop her markets for finished goods also. In the expanding economy of U. K. there is always the possibility of finding markets not only for our raw materials but for some of our semi-finished and finished products as well. Our export of cotton textile to U. K. has been spectacular which shows that provided prices are competitive there is no prejudice against Indian goods in U. K. Trade is multilateral and unless we

are prepared to import more from U. K., it is futile to expect U. K. to import more of our goods. What is essential here is to develop a climate in those markets for Indian goods by popularising it and in this respect Indian Trade Commissioners have an important role to play. I am sure that with your experience you will not only maintain the existing position for Indian goods in U. K., but will also try to steadily expand it.

I thank you again for coming to the Chamber. I request that the points set up in the memorandum may be discussed.

The following memorandum was then discussed:—

“It is gratifying to note that our exports to U. K. have been increasing from Rs. 122 crores in 1952-53 to Rs. 150 crores in 1953-54 and to Rs. 185 crores in 1954-55. But this is no time to rest on oars. Our imports from U. K. have also kept pace but there has been a steady increase in the favourable balance of trade in favour of India.

Some of our goods are losing their hold in the U. K. market. Perhaps it may be due to export restrictions or it may be due to competition for Indian goods in these markets. Some of the goods coming under this category are coffee which has been steadily losing ground. Our exports of coffee to U. K. amounted to Rs. 36 lakhs in 1953-54 which has fallen to Rs. 27 lakhs in 1954-55. There are of course some restrictions on the export of coffee but from reports available it is seen that India experiences competition in U. K. markets from Tanganyika, Uganda, Brazil. India's share is negligible but it is understood that there is a partiality for Indian coffee. The consumption of coffee is round about 100,000 cwt., out of which India's share is round about only 6,000 cwt. There is scope for more quantities of Indian coffee being absorbed in U. K.

In the case of coir meetings there has been a decline in the offtake by U. K. it is reported that substitute products are being utilised to a larger extent in U. K. Attempts should be made to sustain our existing position.

In the case of cashew kernels also our exports have fallen from Rs. 2 crores to Rs. 1 crore.

Similarly there has been a fall in the value of our exports of tanned goat skin, manganese ore, leather, pepper and spices, cotton waste, gunny cloth.

These are some of our principal items of exports to U. K. and you may be pleased to investigate the causes leading to the fall in the offtake of these goods by U. K. market and suggest what action should be taken at this end to sustain and improve our position there.

There are certain other commodities whose exports to U. K. can be further encouraged because U. K. is known to be depending for these commodities on other countries for her requirements.

Tea is an instance in point. There is vast scope for Indian tea in U. K. market but Indian tea is meeting with competition from Ceylon, Pakistan, Nyasaland and Indonesia. U. K. is a very potential market and it should be our constant endeavour to earn a greater share in the U. K. trade for Indian tea.

Similar is the case with the Manganese Ore, tobacco, timber, mica, Sandalwood Oil and other essential oils, goat and sheep hair, hoofs and horns, hide fleshings, vegetable oils etc. The principal commodities exported to U. K. and which mostly depend upon U. K. market is our hides, skins and leather. There is going to be an Export Promotion Council also set up for the promotion of our exports. India, due to historical reasons, has to a large extent depend upon U. K.'s offtake of these goods, because it is the centre of the international trade. Our market for these commodities should be strengthened. There cannot be any complaint about the quality hereafter, and there is no scope for adulteration which was the principal reasons standing in the way of improving our exports.

There should be an arbitration panel attached to the Trade Commissioner's office to arbitrate in matters of dispute regarding the quality and price realised at auctions there.

India is having a good volume of exports in cotton textiles to U. K. From paper reports it is seen that there is an

agitation against Indian goods but it should be your earnest attempt to sustain that market for our cotton peicegoods.

It is represented that there is considerable scope to expand our trade in furniture, artware etc. Our handloom goods are becoming increasingly popular with the change of fashion. It may look rather presumptuous on the part of India now to explore the possibilities of developing a market in U. K. for our industrial products. With the growth of industries, it is possible that India may be in a position to export our finished goods which are found surplus to our requirements. It is worthwhile to explore markets for our finished goods as well. The pattern of our trade is bound to be different hereafter and our Trade Commissioner may have a slightly different role to play in having to market our finished goods as well.

It will be very helpful if direct replies are given to enquiries. You should also be pleased to study the operation of tariffs there and if there be any discrimination against Indian goods they should be taken up on a Governmental level.

Our exports can be strengthened if it is possible for Indian Banks to open their branches in that country. U. K. will continue to figure as one of our principal markets Competition there is bound to be keen. The publicity branch should be more fully developed and India should participate in all Fairs and Exhibitions."

Mr. Mukarji assured members that it would be his constant endeavour to promote India's trade with U. K. and he exhorted merchants to maintain high standards of quality in the goods they exported.

VISIT OF MR. HARRY J. ROBINSON

The Federation of Indian Chambers of Commerce and Industry informed the Chamber that Mr. Harry J. Robinson who has been deputed by the Stanford Research Institute, California to investigate investment possibilities in India for U. S. Capital will be on a visit to Madras and would be

available for discussion in the Chamber. The Chamber readily agree to invite him and accordingly a meeting of members was arranged to meet Mr. Harry J. Robinson on the 15th June 1956.

In welcoming Mr. Robinson, Janab K. S. G. Haja Shareeff spoke as follows:—

It is so good of you to have visited this Chamber to-day. We are thankful to the Stanford Research Institute, California for deputing you to investigate investment possibilities in India for U. S. capital. In an under-developed country like India which is embarking on ambitious programmes of development there is always scope not only for finance from foreign countries but also for importation of technical 'know-how'. India is in the process of industrialisation and there is vast scope for investing U. S. capital in India on business principles. There appears to be of late some misunderstanding between the two great countries but if an impartial assessment is made, it will in the ultimate analysis be found there is no reason why there should be any misunderstanding. We expect you to interpret to American investors the conditions prevailing here so that they need not be nervous about it. Our illustrious Prime Minister Pandit Nehru has programmed to visit America soon. We are sure as a result of his visit to America, there will be better understanding between the two great countries. We, business people on our part have an important role in promoting friendliness and create brotherly feelings among business community of these two countries. Exchange of visits like yours will greatly help accelerate goodwill between us and will promote industrialisation of underdeveloped countries which alone is the strongest bulwark against reactionary forces. India wants such assistance and we know Americans have it. The climate for investment in India is extremely propitious. There is still vast field reserved for private enterprise and there is no reason why in that sphere foreign capital should not be invested. There are no doubt financing agencies within the country as World Bank Mission, Industrial Finance Corporation etc. But they are mostly useful in the case of giant industries and undertakings. Till 1948 the extent of American investment amounted to about 1796 lakhs which has risen to 3,000 lakhs till the 31st December 1953. This

is gratifying as far it goes but there is scope for much more and with good will on either side, I do not see any reason why it should not show more phenomenal increase especially when America has both finances and technical 'know how' and when it wants them to help her industrialisation.

We are thankful to the Stanford Research Institute for deputing you here to know the conditions prevailing in the country and we expect you to give a correct picture of the scope of investment in India and the favourable conditions prevailing in India. If there has been any mis-conception in the minds of American investors we expect you to remove them by giving true facts as prevailing in India, so that they need not be nervous about nationalisation or repatriation of capital or transfer of profits etc. It is pertinent to mention here that institutions like yours should help Indian industrialists by inviting them to visit and study the progress of industries, technological development etc, so that intending industrialists can follow those things in India with advantage. That will help promote better trade also between these two countries. I know that you would collect and collate informations pertaining to specific investment opportunities and needs in our country which fit in with our industrial development programme and that you will submit those facts to appropriate sources of American capital. India has never been shunning foreign capital but we have been always stating that such investments should not be attached with any political strings. If it is on a proper investment basis, there is no reason why India should not take advantage of such capital and technical 'know-how.'

India is on her onward march for industrialisation whether with foreign assistance or not because that is the best solution to improve the standard of living of her people and in this attempt at rapid industrialisation help received from foreign countries either in the shape of capital or technical 'know how' will be very much appreciated as it will help accelerate the pace of our development.

I now request you, sir, to inform us of the task lying ahead of you and tell us how we businessmen help create better understanding between the two countries and what American investors expect of us to do to attract capital for her industries."

The following is the brief resume of the proceedings of the meeting:—

Mr. Harry J. Robinson of the Stanford Research Institute, California, U. S., disclosed that the Ford foundation would very shortly start a research organisation in Delhi, which would work on the lines of the Stanford Institute, collecting and collating information pertaining to specific investment opportunities and needs in India. Dr. P. S. Lokanathan is likely to be the Director of the Institute.

Mr. Robinson, who has been deputed by the California Institute to investigate the investment possibilities for U. S. capital in India, had discussion for over an hour.

Mr. Robinson said his country was always willing to give the necessary help to Indian industries. He had been working closely with the Government of India collecting information pertaining to specific investment opportunities and needs in India, and the data collected, he added, would be submitted through the Stanford Research Institute to appropriate sources of American capital and then the necessary capital and technical know-how would be supplied in consultation with India Government.

Mr. Robinson said the Stanford Institute, started in 1946, was giving the necessary advice to industrialists in foreign countries and also supplying them with technical assistance. He also assured the members of the trade that the Institute would give the necessary help to those interested in any particular field and who approached them for any advice.

Later, there was a discussion on the possibilities of expanding Thermos Flask industry and Stainless Steel industry in India and Mr. Harry Robinson promised to give the necessary details, technical or otherwise, in consultation with the California Institute.

Mr. K. V. Srinivasan, Vice-President, proposed a vote of thanks.

VISIT OF SHRI E. S. KRISHNAMOORTHY

Shri E. S. Krishnamoorthy, Member (Customs), Central Board of Revenue agreed on request to visit the Chamber on 2nd July 1956.

In the absence of President and Vice-Presidents, Shri H. C. Kothari in welcoming Mr. Krishnamoorthy stated as follows:—

“We are indeed grateful to you for visiting the Chamber again at such a short interval. We are particularly glad to note that some of the promises which you gave us when you addressed us last like expansion of the Customs Advisory Committee and for removing some of the commodities on the assessment of market value have been implemented by the Government for which, we members of the trade are particularly grateful to you. When you met us at the last meeting we raised the question of constitution of an Appellate Tribunal and we are sure that it is engaging the serious attention of yourself and the Government. We feel that the constitution of an Appellate Tribunal is essential when so many complicated cases are coming up for decision.

There are yet more things to be done especially at a time when the trade has developed and Port by its nature cannot cope up with the increased volume of trade. There is increasing need for co-operation from the Customs also to relieve congestion at the Harbour. The assessment on market value has led to much delay and probably was one of the reasons for congestion. Analysis of samples and consignments take unduly long time while inspection and passing of cargo similarly takes long time. All these could be attended to more speedily if the Customs are adequately staffed.

On account of congestion, steamers at Madras Harbour are frequently cancelled and there is increasing demand for freight space. There is however a feeling that in view of this keen demand the Steamer Companies try to take in more profitable class of cargo and leave out the rest even though they had previously issued shipping orders for the other class of cargo. This should be looked into and space should be ensured for cargo in the order of priority of the issuance

of the shipping orders irrespective of the commodities. hope you will attend to this matter also.

There are some points put up in the memorandum and I request you to discuss them."

The following remorandum was then discussed. It may be stated that the memorandum was sent in advance to Mr. Krishnamoorthy.

IMPORT CONTROL

"(1) *Classification*:—The arrangements made in this regard require reconsideration. The view taken by certain Customs Officers that only those who have obtained clarifications from the Department are entitled to the benefit of the view therein and others are governed by the current view of the Department requires revision.

(2) *Import of Spares*:—Spare parts of an article unless otherwise specified are classifiable under the same serial number of the import trade schedule and should be allowed import as such without limit to the full value of the Licence for that article. The remark in certain serial numbers that "Spare parts will be allowed clearance upto 5% of the face value *even though* these spare parts may fall under the other serial numbers and parts of the schedule" is sometimes taken to mean that Spare parts of the article licenced and falling under the same serial number as the article licensed can be imported only upto the 5% of the face value. The concession is interpreted as a restriction in this case which should not be done.

(3) *Not Otherwise Specified*:—This is sometimes interpreted as though the wording was "NOT OTHERWISE CLASSIFIED". It is submitted that unless an article is specified elsewhere by its own name, it should be regarded as 'not otherwise specified.'

EXPORTS

(1) *Customs Examination of Ores*:—The insistance on inspecting the entire cargo of ores before shipment often

causes practical difficulties. Cargo covered by a Shipping Bill may be permitted export after inspection of 25% of the cargo selected at random.

CUSTOMS DUTIES

(1) *Parker Fountain Pens*:—Duty is being assessed at Bombay at 30% whereas in other ports it is classified as 'article plated with gold or silver' and assessed at 78½%. This anomaly is there since a long time, and is very much resented by the trade.

(2) *Torch Bulbs*:—Torch bulbs of 3.8v which are purely Torch bulbs are being assessed at 100% whereas 3.9v bulbs which are used for the same purpose are being assessed at 50%. This anomaly should be removed and Torch Bulbs should be assessed as "Torch Bulbs" at 50%.

(3) *Section 21 of the Sea Customs Act*:—Of late this section is being invoked frequently by the Madras Customs upsetting previous precedents and anticipations by importers owing to which importers are put to loss where changes in duty are made to their detriment. Such changes should not be made on the spot and on individual cases but should be duly notified to the trade and should take effect after sufficient notice.

(4) *Import Duty on Samples*:—In the case of articles like textiles in which samples to show patterns current in the foreign market are frequently being received by textile exporters in India, there is a case for import duties on such samples being waived if the duty leviable on such samples is below a certain figure. Generally import of sample is found necessary to popularies various commodities in India. Government will ultimately gain more revenue by allowing imports of such samples free of charge which will result in large scale imports.

Insistance to declare the C.I.F. value of saleable goods for assessing imports of pharmaceutical samples involves hardship for the importers as it puts up their selling expenses.

PROCEDURE

(1) *Care of goods under Clearance*:—When there is delay in the clearance of goods on account of controversies regarding test or interpretation of I.T.C. regulations etc. some arrangement should be made to protect the goods to avoid pilferage and other loss to the importers by way of damage to goods, loss of insurance claims etc. It is suggested that on the requisition from the importers, such goods should be stored either in a portion of the Bonded Warehouse or Port Trust Strong Room or other safe place.

(2) *Delay in Adjudication*:—It has been represented that owing to disputes concerning interpretation of Import Licences adjudication is held up some times for months pending reference back and forth between Madras and Delhi. A time limit should be placed within which the primary adjudication of a case should be finished failing which the goods should be released after receiving a bond from the Importer concerned undertaking to pay any penalty that may be finally imposed.

ADMINISTRATION

(1) *Strengthening of staff of Appraising Dept*:—There is a general complaint that there is delay in Customs at every stage. In order to avoid the overall delay, it is suggested that the Customs staff should be strengthened.

(2) *Delay in Dealing with Postal Articles*:—There is great delay in the assessing and release of foreign parcels. It is understood that the staff is deputed to the various counters in rotation, so that it becomes nobody's responsibility. It is suggested that this system should be discontinued.

Also as far as possible, experienced personnel should be posted to this Department and frequent changes avoided.

(3) *Appellate Tribunal*:—The Chamber is pleased to note that the Government are considering the constitution of an Appellate Tribunal to adjudicate upon customs matters as per the frequent representations made by this Chamber.

The Chamber had been suggesting the Tribunal should consist of a judicial person of the status of a Districts Judge as Chairman with two members one a Customs Officer and the other a member of the trade in order to infuse confidence in the minds of the trade.

(4) *Orders*:—Of late orders of customs have become very laconic. Even after the importer submits pages of arguments in support of his case none of the arguments are met, nor any reasons vouchsafed for the decisions beyond saying that "importers explanation is unsatisfactory". The Chamber suggests that the orders of the Department should be speaking orders rather than silent orders as the former alone will help understand the official point of view.

(5) *Varying practices at different Ports*:—Although sometimes when a different practice adopted at different ports is brought to the notice of the Madras Customs they may give consideration to it in the individual cases, this finally works out to the detriment of the importer, in that the local customs are able to obtain from Delhi a reversal of the policy previously pursued elsewhere. As a rule when two views of a matter are possible the authorities should incline to the view favourable to the importer provided it does not entail loss of revenue.

(6) *Smuggling*:—The Chamber has received a representation that in the case of Fountain Pens and Parts particularly from Japan there is smuggling going on a large scale with the result that the indigenous industry is handicapped. This may be looked into.

Mr. Krishnamoorthy stated that the Government was considering the question of constituting an Appellate Tribunal to adjudicate Customs matters and its decisions would be announced soon. He assured members that he would do everything possible to remove the difficulties of the trade and see that delays were not caused because of Customs formalities provided the revenues were not affected in any way.

Mr. M. V. Arunachalam proposed a vote of thanks.

VISIT OF THE PRESIDENT & MEMBERS OF THE COMMITTEE OF THE FEDERATION

The Federation of Indian Chambers of Commerce and Industry, New Delhi, decided to hold one of their Committee Meetings at Coimbatore. This Chamber thought it fit to give them a reception when they were in Madras on their way to Coimbatore. The Federation agreed to the meeting and so in consultation with other member-bodies of the Federation in Madras, it was decided to welcome the President and Vice-President of the Federation on the 4th July.

Shri M. A. Chidambaram, President, in welcoming the President of the Federation said as follows:—

On behalf of the affiliated bodies of the Federation in this City I have great pleasure in welcoming you Shri Lakshimpat Singhania and other members of the Committee of the Federation. It is only very rarely that such an opportunity for meeting the Committee of the Federation and other affiliated bodies comes off. Therefore our joy in welcoming you today is all the more greater. To an audience of this nature you require no introduction.

The Federation of Indian Chambers of Commerce and Industry rightly occupies a position of being the authoritative mouthpiece of the industrial and commercial community of the country. We, members of the business community look up to the Federation for guidance and correct lead. The economic philosophy and policy of the Government are undergoing significant changes. It has now come to be thought in high quarters that state ownership of the means of production and distribution are the surest way to achieve economic progress and an egalitarian society. In this context the responsibility facing the Federation as the apex commercial body, we realise is stupendous.

In this changing context of national and international events the business community in India have to play its proper role in shaping and moulding the economic policies of the Government. It is not enough if we merely remain as on-lookers and criticise Government for all their acts of omissions and commissions. The business community on the

other hand should take an active part in so moulding the policies of Government as not to affect their interest and at the same time will be of benefit to the public at large. If in the absence now of representation to the commercial community in the Legislatures, our task in properly placing our view points before Government has become a matter of paramount necessity. The business community have not the necessary leisure to fight general elections but that should not deter them from taking active and abiding interest in the elections. It does not mean that we should throw ourselves headlong into the thick of the fight for elections. It should always be our aim and endeavour to extend our wholehearted co-operation to Government in all their economic policies designed to improve the lot of the common man and achieve economic progress. But all the same we should see that the private sector which has played a significant role all along should not be squeezed out of existence. Representatives of trade and commerce have, therefore, a very responsible task to play in shaping and moulding the economic policies of Government. We have to organise ourselves and take all steps to educate our people, our rulers and mould their policies as otherwise our cause is in danger of being lost by default. We, therefore look to the Federation, as the most authoritative body, to give us the correct lead at this juncture.

I thank you again for the honour you have done us today.

Later on in the evening the President and members of the Committee of the Federation were entertained to Dinner at 'Hotel Connemara' by a Committee of Hosts consisting of Presidents of City affiliated bodies.

The following is the proceedings of the meeting:—

Mr. Lakshimpat Singhania, President of the Federation of Indian Chambers of Commerce and Industry said that private sector should make all efforts to accomplish the commercial and industrial advancement of the country.

He stated further that businessmen have to go with the times, understand them and make their contributions to progress.

Mr. Babubhai Chinnai, Vice-President of the Federation who also addressed a meeting of members of the Executive Committees of the Affiliated Bodies of the Federation echoed the Federation President's remarks and said a change in the outlook was very necessary. He called for co-operation among various business bodies so that they could represent their problems to the Government with one vote.

He also pleaded for better initiative to start new industries and also to expand existing ones.

Mr. Lakshmipat Singhanian endorsed Mr. Chidambaram's sentiments and said it was very necessary that they co-operate together and form into a body as integrated as possible, whereby we can represent as one body to the Government. He suggested that the various Chambers should make their representations to the Government through the Federation.

Mr. Singhanian said the overall performance of Indian economy was very encouraging. But yet the standards of living when compared with those in more advanced countries were low. The Government had made their industrial policy more flexible than before and in view of these things, he felt that arguments about private and public sectors would be out of place.

The main point, Mr. Singhanian said was that the country should progress. Their work lay in one direction and that was to increase further the activity of the private sector for the progress of the nation. Once they realised they were of the nation, they would not have any fear of nationalisation and such like. We must try to keep on putting more and more incentive and initiative to have new industries and to enlarge our existing industries, he said.

Mr. Babubhai Chinnai, who is also the President of the Indian Merchants Chamber of Bombay, said with the active co-operation of the Government, the Federation would strive to develop industries and the country's export trade. The crux of the problem according to him was that we have to change our outlook. We cannot remain as we were before Independence, he observed.

Mr. Chinnai also referred to the meetings of the Federation and said that out of the five or six meetings a year, they had more or less decided to hold one meeting in the South. He agreed with Mr. Chidambaram's suggestion that if the Federation Committee could not meet in Madras, at least the President should go round the country to meet the different Chambers of Commerce.

Stressing the need for co-operation amongst the different Chambers, Mr. Chinnai said that unless they all discussed their different problems and made their considered observations, it was very likely they might not be heard in the proper quarters in the way in which they wanted it to be heard.

Mr. Chinnai further said that it would be out of date to ask for provision in the Constitution for representation of special interests in the legislatures.

Rajah Sir M. A. Muthiah Chettiar said the provincial Governments in the South had always given respect to the views of the Chambers of Commerce. There was the need to represent their problems on the floors of legislatures and he suggested that the Federation should try to make such of those legislators who were really interested in the businessman's problems, to champion their cause.

He also pleaded that there should be greater realisation on the part of trade and industry that they should take an active interest in the progress of the country.

A Committee of hosts consisting of the Presidents and members of the various Chambers of Commerce in the city entertained Mr. Lakshmipat Singhanian and other members of the Federation Committee at a dinner party in Hotel Connemara.

Mr. D. C. Kothari, Member of the Federation's Executive Committee, welcomed Mr. Singhanian and others on behalf of the Committee of hosts. He said that the Federation representing the various commerce chambers occupied a very unique position in the commercial and industrial sphere. Mr. Kothari wished Mr. Singhanian a successful year of

office and assured him all co-operation from the local Chambers of Commerce and the mercantile community. He also welcomed Mr. Babubhai Chinnai, Vice-President of the Federation and requested the office-bearers of the Federation to visit the South as often as possible so that they could keep contact with the members of the trade here.

Mr. Singhanian, thanked the Committee of hosts for the honour done to him and other members and pointed out that both the private and public sectors should work together in raising the standard of living of the commonman. There was no difference between the private and the public sectors after the attainment of independence and their one sole aim must be to increase the living standards by increasing production in all fronts, he said.

We should take up the responsibility placed on our shoulders and build up the right economy in the country by building up more and more industries. After the attainment of independence our Government was engaged in providing better living conditions to the common man and it was the duty of the private sector to co-operate with the Government in all these activities. He would even suggest that as there was not much difference between the public sector and the private sector, the name of private sector should be changed.

He appealed to the members in the private sector to pool their resources together and invest them for starting new industries.

Mr. Singhanian called upon the mercantile community to give their best in the implementation of the Second Plan.

Mr. J. V. Somayajulu, President of the Andhra Chamber of Commerce proposed a vote of thanks.

VISIT OF THE ESTIMATES COMMITTEE OF LOK SABHA

The Chairman, Madras Port Trust informed the Chamber that a Sub-Committee of the Estimates Committee of the Parliament will be in Madras during the first week of July

and wanted representatives of the Chamber to meet and discuss with them if we have any problems.

Messrs. K. S. G. Haja Shareeff, V. Pandurangiah and K. S. Krishnamoorthy met members of the Estimate Committee on behalf of the Chamber and discussed problems relating to transport difficulties.

Later on in consultation with affiliated bodies of the Chamber, the Chamber made the following representation to the Estimates Committee.

You will recall that the Sub-Committee of the Estimates Committee of the Lok Sabha met representatives of Chambers of Commerce and local Associations in July of this year and discussed with them the estimates of the Ministry of Transport relating to Shipping, National Highways. River Navigation, Tourism etc. The Chairman of the Sub-Committee also had an informal discussion with the representatives of Shipping Companies in connection with the above subject also. Arising out of the discussion, it was suggested that among other things as a means to improve shipping and port facilities available for our export and import trade and also to relieve the congestion in the major ports, the question of developing the minor ports in the country may be considered. It was felt that if the minor ports were developed they would help not only to relieve congestion now experienced at the major ports but will also help vessels to have a quick turnaround. With that object in view, the development of various minor ports in South India were suggested.

One such minor port which was largely used years ago is Nagapattinam. This Port lies about 175 miles south of Madras. Some years ago, this port commanded a good deal of passenger traffic and served as a Port of embarkation and landing of passengers and cargo to Malaya, and Singapore and Burma. Now the trade passing through this port has shrunk to about 0.5% of the trade of the Port of Madras. This Port is a very important one as it is the outlet to the rich rice growing districts of Tanjore, and other produce and also in close proximity to districts wherefrom passengers to Malaya and Burma usually arrive. If the Port is developed, it is possible to handle a cargo of 50,000

tons per annum and also offers immense possibilities for developing the import and export trade.

At present the Port is not in a position to handle traffic owing to the following handicaps in handling traffic and if the improvements suggested are carried out, the port can once more revive its past trade.

(1) Now export cargoes are stacked in the open wharf in the port by the Customs and Port authorities for their examination before shipment. This exposes the cargo to the vagaries of the monsoon and therefore the goods deteriorate in quality.

(2) There is now only an open landing wharf for passengers. This puts passengers to lot of inconvenience and hardship especially when they are made to form a queue for booking the tickets and for the examination of the Customs and Port Trust authorities for passport etc. Covered accommodation for cargo as well as for passengers is very essential and long overdue.

(3) The bar in this port is almost in all seasons not navigable for boats as it is always filled with large quantities of sand. This is due to the long extension of the groin on either side of the river flowing into the sea. If a powerful dredger is provided for removing silt of the bar, the port will be rendered fit for boat traffic all the year round.

(4) Another handicap is with regard to the difficulty of the cargo boats. During monsoon and foul weather, the cargo boats are carried north and south. If a high power tug is provided this difficulty with regard to the cargo boats could be eliminated.

In this connection, it may be observed that about the end of 1954 the Port handled without difficulty a vessel of 7,500 tons of rice. Further there are other facilities also for developing this minor port. Plenty of good labour and a good lighter fleet are also available.

The chief commodities that move from the Port are rice, onions and general cargo. There is also the prospect of

cotton being moved. It may also be stated here that a modern sugar factory is being installed and will be in operation soon within 20 miles of this port.

(5) For handling the general cargo if mobile cranes and heavy lifts are provided, loading and unloading of cargoes will be greatly facilitated.

Considering all these factors, it is felt that if the minor port of Nagapattinam is developed on the above lines, it could greatly help in the movement of export and import cargoes and passenger traffic.

The Chamber feels that the other two important ports in the South viz., Tuticorin and Mangalore if they are also developed, the movement of import and export cargo will be greatly facilitated and will also contribute to the economic well being of the vast hinterland comprised in many districts of South India.

The trade in South India have all along been representing to Government for the construction of a deep sea harbour in Tuticorin. The development of a deep sea harbour in Tuticorin has been considered along with the Sethu Samudram Project. A committee was also appointed under the Chairmanship of Dr. A. Ramaswami Mudaliyar for making recommendations to the Government about the project. It is learnt that if the Sethu-Samulram Project is to be a success a first rate port should be developed and that choice for first rate port should naturally fall on Tuticorin which occupies a predominant position in the South and lies in close proximity to Ceylon. Tuticorin is an all weather and sheltered port. In spite of several other handicaps even now Tuticorin is able to maintain as an important Port and handles about 5 lakhs tons annually. Tuticorin commands a vast hinterland which produces cotton and other cash crops and also serves as an outlet for the export of yarn, fibre, onions, chillies, salt etc. Further in that region a cement industry and a Heavy chemical industry are springing up. The development of Tuticorin port will greatly go to relieve the congestion in other harbours like Madras and Cochin and will also serve to augment our export trade with Burma, Ceylon and Malaya and in course of time it will take its place as a major port.

Similarly another port which requires additional facilities is the port at Mangalore. To make the port of Mangalore sub-serve the interests of trade, it has to be developed into an all weather port. Further, there are no wharfs and what now exist are only revetments and to make the jetty safeaid to provide anchorage for country crafts, it is necessary to construct wharfs. Along with this, if power driven cranes are also provided, the handling of cargoes will greatly be facilitated. The Chamber understands that the report on the model experiments conducted at Poona on the question of developing this Port is already with Government and is awaiting their decision. If the suggestions made above are considered and given effect to, it is felt that the congestion experienced regarding export and import cargo in many of the major ports will greatly be reduced. Further the development of these ports will go to relieve the strain on the Railways which at present have to bear the burden of moving the export and import cargo from the interior to the port and vice-versa. In the context of the inadequate allocations made for the development of the Railways under the 2nd Five Year Plan the problem of developing minor ports assumes more significant importance.

Therefore the Chamber trusts that the Sub-Committee will consider the matter and make suitable recommendations.

VISIT OF THE LAW COMMISSION

Mention was made in the first part of the report about the appointment of a Law Commission to revise, codify, amend, considerate or otherwise bring up-to-date various laws like the Negotiable Instruments Act, the Sale of Goods Act etc.

Some members of the Commission wanted to meet representatives of Chambers of Commerce and accordingly a meeting was arranged to meet them on the 9th July.

The Commission consisted of Messrs. J. Satyanarayana, V. K. Thiruvengkatachari, V. Balakrishna, (Secretary) The Chamber was represented by Messrs. R. Subramaniam, K. R. Krishnaswamy and K. A. Menon, Secretary.

The following subjects were discussed with them.

1. The definition of a Negotiable Instrument requires amendment to ensure that cheques, Bills of Exchange and Promissory Notes made out other than to order or bearer are also governed by some of the beneficial provisions of the Act. As an instance, a cheque marked "not negotiable" and the words "order or bearer" scored out is not now governed by the provisions of the Act.

A "Hundi" which is drawn according to the local usage payable after so many days from date, does not also strictly come within the purview of the Act. Provision may be made to cover this type of instrument also which is widely in use in the commercial circles.

2. A specific definition of "reasonable time" would be advantageous particularly in the case of cheques.

An instance may occur where on the 25th June a cheque is issued when the funds of the drawee are available at the Bank, but the cheque is presented on the 1st July. In between on the 30th June the Bank may debit a large sum as half-yearly interest which may convert the amount at credit into a debit. If the reasonable time is statutorily fixed in regard to the presentation of cheques it would be helpful. The present practice of banks to refuse payment of cheques if delayed in presentation varies from 3 to 6 months, for which there does not appear to be a statutory provision. A reduction in this period may be considered advantageous.

3. Section 93 appears to insist on notice of dis-honour being issued even to the maker of a cheque which is not done in commercial practice nor does it appear to be insisted upon by the Courts. As the existing practice of not notifying the drawer of a cheque appears to be satisfactory, exception may be made in this regard.

4. Where a Bill is drawn from out of India and is expressed payable in foreign currency, provision should be made in the Act that a tender of Rupees at the current rate of exchange shall be deemed sufficient tender in discharge of the instrument.

As it is, Banks claim the right to payment in foreign currency or in the alternative payment in Indian currency with the necessary Exchange Control approval and even when payment in Rupees is made they do not retire Bills until the Exchange Control approval is obtained. This causes hardship to importers. There appears to be a similar provision in the English law relating to Bills of Exchange.

5. Specific provision should be made in regard to dating of instruments with particular reference to post dated instruments.

6. Section 64 requires that instruments in original should be presented for payment. As this causes hardship to Banks etc., in big cities where a large number of Bills pass through Banks each day and the drawees are in widely scattered areas, a provision should be made that a notice delivered in person or sent by Registered Post should be deemed sufficient instead.

7. Summary procedure on Negotiable Instruments may be extended to all Courts instead of being restricted to certain Courts only.

VISIT OF SHRI LALJI MEHROTRA

Shri Lalji Mehrotra, Ambassador-Designate to Burma was on a visit to Madras prior to taking charge of his office and at our request he visited the Chamber on 22nd August 1956.

In the absence of President and Vice-Presidents Shri V. Pandurangiah welcomed Mr. Lalji Mehrotra and stated as follows:—

“I have great pleasure to-day in welcoming you to the Chamber. You are no stranger to us. You have visited the Chamber twice in 1948 and it is a coincidence that on all these occasions I had the pleasure of welcoming you. In honouring you, Sir, we are honouring one amongst ourselves and the Government of India have to be congratulated in appointing you as the Ambassador for India in Burma, a country with which we have intimate and close ties of friendship and

trade relationship. As the President of the Federation your services to the mercantile community have been commendable. You are now in the best position to interpret the feelings of Indians in Burma and safeguard the interests of a very large section of the Indian population who have settled there and who have vested interests in that country. It was during your Presidentship of the Federation that the Land Nationalisation Bill was passed by the Burmese Legislature. We are very grateful for what you have done as President of the Federation in this connection and we are very glad that one who is thoroughly conversant with this problem has been appointed as Ambassador to that great country. This policy of Land Nationalisation though an economic programme of the Government of Burma has affected South Indians very much in particular. India in general and residents of Madras State, particularly the Nattukotai Chettiers have suffered a great deal on account of this policy. They are hard hit by the Act and the Chamber requests that a fair and equitable compensation be paid to the dispossessed land owners. The present compensation is only a notional one. Even now the Chamber feels it is not too late to reconsider the whole question of compensation. What is more urgently required now is an early settlement of the amount payable to such of those as are dispossessed of their lands. They should also be given permission to remit whatever compensation they obtain from the Government of Burma to India. Indian residents in Burma are finding great difficulty in obtaining exchange Control Permits to effect remittances to India even in normal and deserving cases. We request you to take up this matter with the Government of Burma, so that these difficulties may be got over.

Another difficulty confronting Indians proceeding to Burma is one relating to the issue of fresh visas on the strength of time-barred re-entry visas which are refused by the Government of Burma. This has resulted in great inconvenience to passengers proceeding to Burma. Indians have to go to Burma to look after their business, profession, lands etc., and the refusal of fresh visas would result in great difficulties. In deserving cases, they should be allowed to stay in Burma even for longer periods also. The Chamber would request you, Sir to use your good offices with the Government of Burma.

Want of direct sailings from Madras to Rangoon is another difficulty confronting Indians especially in South India. Passengers have to go very often to Burma to look after their lands or professions. In the absence of direct sailings there is considerable inconvenience and loss of money in having to proceed to Calcutta and await their turn to sail from Calcutta to Rangoon. The Chamber has made representations to Government of India. Having regard to the great inconvenience to passengers the Chamber will be grateful if you can take up this matter with Government with a view to the reintroduction of direct sailings between Madras and Rangoon.

There is considerable scope for improving the trade relationship between the two great countries. India has made rapid progress in industries and can supply goods required in Burma and for which she now depends upon other countries. Cotton mill goods, groundnut oil, iron and steel goods, fruits and vegetables, prawns, beedies etc., have good scope in Burmese market if only a proper atmosphere is created there. Recently, some difficulties have been brought to the notice of the Chamber in the export of some of the goods mentioned above. Where such difficulties are experienced, we request you, sir, to take up these matters with the Burmese Government, so that such difficulties may be eliminated, in the mutual interests of both the countries. In the matter of handloom industry also, the Chamber understands that Burma is developing her own industry, but we have to mention here that till the handloom industry in Burma attains more perfection, they may be pleased to import their requirements of finer varieties of handloom goods from India.

Recently, it has been brought to the notice of the Chamber that large quantities of pulses were purchased by Indian importers during January, February, but for reasons beyond their control it could not be shipped to India due to lack of shipping accommodation. The Customs authorities at Rangoon have refused to allow export of these goods. The goods have been paid for and very large amount is involved in this transaction. The Chamber took up the matter with the Government, but still the goods have not been allowed export. Our Trade Commissioner in Burma is already seized of this question and we request you Sir, to interfere in this matter.

Now that India is importing large quantities of rice from Burma it should be possible for Burma to increase her share of imports from India.

Earlier, Raja Sir M. A. Muthiah Chettiar of Chettinad appealed to the Government of India to make earnest efforts to bring about an early settlement of compensation payable to Indian landowners in Burma, who were affected by Burma's land nationalisation policy.

Sir Muthiah Chettiar said that what they wanted was only a just and fair treatment of the claims of Indians, and not any special rights. If only the Union Government made genuine efforts and used its admitted influence with the Burma Government, a solution could be found for all the knotty problems affecting people in South India.

"Mr. Lalji Mehrotra, India's Ambassador-designate to Burma, referred to the issue of land nationalisation in Burma and compensation payable to Indians dispossessed of their land, and said that in the matter of asking for compensation "the case of Indians was very weak then due to the land policy pursued in different States in India."

Some years ago the matter was taken up, and a delegation of which the speaker was a member, which was about to start to Rangoon, was cancelled, "we had to be apologetic for the doings of some of our own State Governments. Unfortunately, the position had not much improved at home, and therefore while making representations to Burma they must first strengthen the hands of the people who took up the cause abroad, he added.

Mr. Mehrotra assured the Chamber that he would do his best to render all assistance to bring about a solution, based on fairness and justice. As regards difficulty in getting visas from Burma Government, certainly when a large number of Indians were in Burma it should be made easy for their friends and representatives to go to Burma and stay there as long as their work demanded. As regards direct sailing between Madras and Rangoon he said he would do his best in the matter.

Mr. Mehrotra said he fully appreciated the demand that facilities should be given for remittance of the amounts paid as compensation and people dispossessed of land should be accorded a fair treatment, as compensation was given but part of their belongings.

Mr. Mehrotra said that he was sure that as in the past Burma would in the future also be a good market for Indian goods. There were 700,000 Indians in Burma and they could well assist in expanding the market for Indian goods in Burma.

One weakness in India was that businessmen sought to find solutions for promoting trade in a rather segregated manner. Joint efforts must be made.

Sir Muthiah Chettiar, proposing a vote of thanks asked that Burma rice was coming to India why should not Government of India pay the compensation dues, payable by Burma Government to Indian and then adjust the payment towards its dues to the Burma Government.

He also asked why when India was freely allowing foreign capital to go out of India, countries like Ceylon and Burma should put so many restrictions on the moneys of Indians in Burma.

"We are not grievance mongers, what we want is only just and fair treatment based on principles of human justice and no special rights." Let the compensation be paid on the basis of that paid in India to people dispossessed of land. It did not matter. Compensation paid here was more than in Burma, he added.

VISIT OF THE SOUTH VIETNAM TRADE DELEGATION

The Export Trade Controller informed the Chamber of the visit to Madras of the South Vietnam Trade Delegation. Having regard to our past relationship with Indo-China, we wanted that delegation to visit the Chamber and therefore, a meeting was arranged at the Chamber on the 28th August.

Shri M. A. Chidambaram, President of the Chamber in welcoming the members of the Delegation stated as follows:-

On behalf of the members of the Chamber, I have great pleasure in welcoming you today to the Chamber on the occasion of your first visit to the City.

South Vietnam and India had close ties of friendship all along in the past but it has now been interrupted. It should be our joint efforts to revive and expand our trade to the mutual advantage of both the countries. Under the impetus of the successive Five Year Plans, India is making rapid strides in industrialisation and she can supply large quantities of manufactured goods which are consumed in your country. and for which you now depend mostly on some other countries. India used to export large quantities of coir manufactures, cordage, cotton piecegoods, gunny bags, and we can now export other manufactured goods also which are required in South Vietnam like hardware, sewing machines, cycles, electrical goods, not to speak of other manufactured goods like cotton piecegoods, handloom goods etc. Our industries are fast developing and India is now in a position to supply them at competitive prices.

As a result of the trade between the two countries in the past a good number of Indians have come to settle there, carry on business and other avocations and in the course of business have acquired properties. To look after those properties it is found necessary to send their Agents periodically but one great obstacle standing in their way in the refusal to grant visas as and when applications are made for the same. One essential facility for the promotion of trade is travel facilities. For this purpose the issue of visas to foreign nationals should be made as simple as possible. But now the Chamber understands that the issue of visas is much delayed and it is known that applications for the grant of visas have been kept pending even for years. I would take this opportunity of appealing to you that whenever applications are received for the grant of visas they should be looked into and sanctioned as expeditiously as possible.

Another point of vital importance which I would like to mention today is the grant of facilities for remittance from

South Viet Nam. Even a country like India allows remittance of profits on foreign investments in India without much let or hindrance and foreign investors therefore have come forward and invested large sums for industrial development in India. A procedure similar to this, if adopted by your country will increase the flow of capital for development purposes also. Closely allied with this is the question of repatriation of capital when the business is wound up. It is known that large sums of Indian money remain locked up for want of this facility and I would make an earnest appeal to examine this question and allow reasonable facilities for their repatriation. I have dealt upon these points primarily because these steps will greatly assist in the creation of confidence and promote more intimate trade relationship between these two countries. I would only wish that you may be pleased to send such Delegations periodically to strengthen the bonds of friendship between the two countries. I also take this opportunity of appealing to Indian businessmen and industrialists to send such Delegations to know of their requirements.

I again thank you for the honour you have done us in visiting the Chamber.

The following is the proceedings of the meeting:—

Dr. Tang Van Chi, Deputy Leader of the South Viet-Nam Trade Delegation now in the City, told the Southern India Chamber of Commerce that the delegation had been holding discussions with Ministers and officials of the Union Government for a trade agreement between India and South-Viet Nam.

He was hopeful that arrangements for concluding the agreement would soon be settled. Replying Dr. Tang Van Chi who is the Secretary-General of the Commerce and Industry, Ministry of South Viet-Nam referred to currency problems and said South Viet-Nam had a system by which it could make purchases not only from Dollar areas, but from other countries as well, to meet the country's requirements.

Indian nationals in South Viet-Nam had been allowed to remove capital from that country just as other nationals

were allowed since South Viet-Nam became a free nation. But in all such requests for transfer of capital there should be sufficient justification for transfer of money. Sometimes the Government sought to find out the justification when such requests were made. And in certain cases permission had not been granted because of the absence of sufficient justification for transfer of capital.

There was no reason why foreign investors in South Viet-Nam should ask for repatriation of capital from the country. The Government had now removed restrictions on remittance of profits by foreigners in South Viet-Nam he added.

The policy of the new South Viet-Nam Government was always to encourage foreign investments and our friends should also help us recover our national economy and build up the country.

As regards the question of visas for Indians staying in South Viet-Nam in connection with business, he said the subject had already been discussed by the delegation with the Government of India and he hoped it would be settled satisfactorily soon and the results will be very favourable to you."

VISIT OF MR. ROLF VON KEISER

The Trade Commissioner for Germany informed the Chamber that Mr. Rolf Von Keiser, Commercial Councillor, German Embassy, New Delhi, will be visiting Madras and wanted to ascertain whether members of the Chamber would like to meet him. India and Germany were having good trade relationship and the Chamber, therefore, requested him to attend a meeting at the Chamber. A meeting was accordingly convened at the Chamber on the 340th August.

Shri K. V. Srinivasan, Vice-President, welcomed the guest and the following memorandum was discussed.

"(1) In view of the increasing tempo of industrial development in India under the successive Five Year Plans, India will require large quantities of machinery from foreign

countries and Germany can supply machinery both for big scale and small scale industries and help India to achieve her targets. In view of this development it is advisable for Germany to open Show Rooms attached to their Trade Commissioner's office for display of machinery.

(2) Delivery period should be adhered to as in the terms of the contract and prices should be competitive. Spares for imported machinery should be made readily available.

(3) India has a very unfavourable balance of trade in the Indo-German trade. The gap should be filled up and Germany should increase her offtake of goods from India. This is primarily a matter for discussion with the Indian Trade Commissioner in Germany but you can also advise your Government to increase her imports from India so that India in turn can increase her imports from Germany."

Mr. Rolf Von Keiser said that both the countries should acquaint themselves with changes in each other's pattern of economy. Germany mainly had to shift from consumer goods to capital goods and technical assistance. There was a discussion lasting for more than an hour and Shri K. Eswaran proposed a vote of thanks.

VISIT OF HON'BLE SHRI MANUBHAI M. SHAH

It was reported in the newspapers that the Hon'ble Shri Manubhai M. Shah, Union Minister for Heavy Industries was on a visit to Madras. The Chamber took this opportunity and sent a telegram requesting him to meet members at the office of the Chamber. As the Minister, was having a heavy programme it was not possible for him to visit different Chambers of Commerce and so a meeting was convened at the Secretariat on 22nd September, to facilitate the attendance of all members.

Janab K. S. G. Haja Shareeff attended the meeting and placed the following points for discussion with him.

"I am encouraged to note from your Press statement at Salem that the question of location of a Steel Plant in

South is engaging the attention of the Government. This Chamber has all along been pressing the Government that having regard to the potentialities in regard to raw materials, there is scope for the establishment of a plant in the South. The difficulties pointed out for its location only centred round the supply of coal. But that problem is being successfully tackled through the Lignite operations at Neiveli. For any successful industrialisation, unless there is abundant supply of iron and steel, much head-way cannot be made. South India is a big consumer of iron and steel and in view of the rich deposits of iron ore this question should receive paramount attention from the Planning Commission and the Government of India.

Industrialisation of the South should not solely depend and wait on the success of the Lignite operations at Neiveli. There are so many other heavy industries which could be started under the auspices of the Central Government in the South. The Chamber has already at a previous meeting convened by the state Government suggested the location of a Ship Building industry in the south. One advantage is that no country in the East barring Japan has any Ship Building Industry and if an industry is started in India, it offers very good scope not only in India but in the Eastern countries whose requirements of boats and steamers may be met in course of time. Our Shipping tonnage is woefully inadequate and with the increase in production of both raw and manufactured goods under the Second Five Year Plan, and also having regard to the huge increase in import and export trade of the country we should have sufficient tonnage to carry out goods and earn foreign exchange. Therefore, the question of ship building industry should receive prime consideration from the Government of India and South India offers good scope for its location.

Heavy Duty Machine Shop:—Industrialists in South India are particularly at a handicap for want of Heavy Duty Machine Shop in the State. The Railways, under the Second Five Year Plan, have ambitious programmes of development, but we in South India, are not in a position to participate or to take our due share in the manufacturing

programme for want of this Heavy Duty Workshop Industry in the South. It is beyond the capacity of any single private industrialist to establish such shop. It should be sponsored by Government.

Steel Pressing Units:—Already the Automobile Industry in South has made much progress and there are two units for the manufacture of automobiles. Large quantities of steel are essential and the country has now to depend for its supply on imports. Government of India should help the establishment of steel Pressing Units in the South.

Having regard to the industrial backwardness of this State it was thought that an equipment for the manufacture of Heavy Electrical Machinery may be located in South India, because its location does not depend upon the availability of raw-materials. But the claims of the South seems to have been by-passed in favour of Bhopal. There are very many other industries which could be located in South.

1. Cables.
2. Cast Iron Pipes.
3. Dyes & Colours.

Dyes & Colours:—South India offers the best scope for this industry in view of the preponderance of the handloom industry in this State. So far, private enterprise has not come forward for the manufacture of dyes and colours and it is necessary that the Government of India should sponsor the establishment of such industry. Similarly Heavy Chemical Industry can also be located in the South for the manufacture of Sulphuric Acid etc.”

VISIT OF JAPANESE MACHINE INDUSTRY MISSION

The President of the Chamber, after his return from Japan informed the Chamber of the visit to India of a High Power Japanese Technical Mission. The Mission actually reached India in September and they agreed to meet members

at the office of the Chamber on the 24th September 1956. A meeting was therefore arranged to meet members of the Mission at the Chamber.

In welcoming the Members of the Mission, Janab K.S.G. Haja Shareeff, Vice-President, stated as follows:—

“In the unavoidable absence of Shri M. A. Chidambaram, President of the Chamber, who is at present out of India, I consider it a great pleasure to welcome you to this Chamber on the occasion of your visit to the City of Madras. Members of your Mission, we are the happy to learn consist of leading Machine Industry experts and your visit, therefore, will be of inestimable value and advantage at this juncture.

India has set very high and ambitious programmes for industrialisation of the country during the Second Five Year Plan of all round development. The country has laid much emphasis on industrialisation to increase the standard of living of the people. The pattern of trade hereafter will, therefore, be different from what it was before Independence. India has much leeway to make in the matter of industrialisation and must have the co-operation and assistance from highly industrialised countries like yours and any assistance in the matter of supply of capital goods and machinery or technical know-how will be much appreciated, and be welcome. You have already visited some of the important industrial centres in the country and acquainted yourself with our present economic situation and large programmes of industrial development under our Second Five Year Plan and you may therefore be in a position to assess our requirements and how best to assist us in our efforts.

Our trade relationship all along has been extremely cordial and we hope, in the years to come it will improve steadily to the mutual advantage of both the countries. We look up to an era of ever expanding trade and India will always be willing to take advantage of the assistance from her friends in the East. You have made giant strides in technological and industrial development. The progress of small scale industries in Japan has been remarkable. Under our Second Five Year Plan large amounts have been ear-marked for the development of heavy and small-scale industries and we

hope that we can get all assistance and co-operation from you.

For an effective increase in the trade between the two countries the Chamber feels that a show-room of samples exhibiting Japanese machinery will go a long way in popularising your goods in this part of the country. There are no Japanese Trade Commissioners in this part of the country and it will be very helpful if one is appointed to give at least information relating to progress of industries in your country. It will be of great advantage if Japanese experts possessing technical knowledge are posted in important centres in India so that industrialists could get first hand information in case they find it necessary. In the great task of building the economic edifice of the country, we in India, hope to get the utmost co-operation from highly industrialised countries like yours.

You are aware that Government of India have established the State Trading Corporation which will mainly handle export of ores but nevertheless we hope that importers in Japan will continue to maintain their good relationship with exporters at this end.

On behalf of the commercial and industrial community in the City and on behalf of the members of the Southern India Chamber of Commerce I thank you, members of the Mission again for the honour you have done us in visiting the Chamber."

The Mission consisted of the following members :—

TAKASUGI, Shin-Ichi (Head of the Mission)	President, Mitsubishi Electric Manufacturing Co., Ltd.
AMANO, Shun-ichi	President, Nippon Sharyo Seizo Kaisha Ltd.
IMURA, Koki	President, Fujikoshi Steel Industry Co., Ltd.
KASAMURA, Kazuo	Director, Kubota Iron & Machinery Works, Ltd.

KATO, Tomoharu	Director, Fuji Iron & Steel Co., Ltd.
KISHIMOTO, Hisao	Permanent Director, Mitsubishi Electric Manufacturing Co., Ltd.
KONO, Chosaku	Sub-director, Overseas Business Division, Hitachi Ltd.
KUDO, Ryoji	Permanent Director, Hitachi Ship Building & Engineering Co., Ltd.
MAKINO, Tsunezo	President, Makino Vertical Milling Machine Co., Ltd.
MITSUTAKE, Bin-ichi	Managing Director, O. M. Spinning Machine Manufactur- ing Co., Ltd.
SATO, Takaya	Director of Appliance Manufacturing Division, Tokyo Shibaura Electric Co. Ltd.
WATANABE, Toshihide	President, Nippon Electric Co., Ltd.
TACHIBANA, Kosaku (Secretary General of the Mission)	Managing Director, The Japan Machinery Federation
ONO, Tatsuo (Assistant Secretary of the Mission)	Deputy Chief, International Affairs Division, Federation of Economic Organizations
Assistants :	
FUJITA, Tatsuru	Assistant Manager, Foreign Trade Survey Section Foreign Trade Division, Sales Dept., Nippon Electric Co. Ltd.

IMURA, Masaru	Sales Manager, Fujikoshi Steel Industry Co., Ltd.
YAMAKI, Naomi	Manager, Production Dept., Nagoya Works, Mitsubishi Electric Mfg. Co., Ltd.,
YOKOTA, Kuniaki	Chief of Research Secretary, Credit Department, The Export-Import Bank of Japan.
IWASHITA, Yoshio	Chief, Raw Materials Secretary, Purchasing Department, The Nippon Steel Tube Co., Ltd.
NAKAI, Kuniomi	Sub-Manager, Purchasing Department, Yawata Iron & Steel Co., Ltd.

The following is the reply of the leader of the Delegation :—

"As the leader of the Japanese Machinery Industrialists' Mission I should like to state quite broadly what the mission has in mind.

We have studied, before we left Tokyo, your "Second Five-Year Plan" and the magnificent scope of the plan has given us deepest impression. We should like to pay our greatest respect to the gentlemen who have conceived and planned this grand project. It is our sincere hope and expectation, that this plan should be materialized, for the prosperity and happiness of the people of India.

The main objective of the mission is to study and discuss the scope of co-operation, which Japan can offer you in order to collaborate in speedier industrialization of India based on the Five Year Plan.

The mission is not the one organised by the Japanese Government, but it has been spontaneously organised by the largest associations of Japanese industrialists, namely, Japan Machinery Federation and the Federation of Economic Organisations. I should like further to draw your attention to

the fact that the organisation of the mission was initiated by Mr. Ttize Ishizaku, President of the Federation of Economic Organisations, who visited India, in 1953 as the leader of the Japan Economic Mission.

The Japanese Government has patronized the mission and has given us the greatest co-operation in its power, because, for the prosperity and happiness of the peoples of India and Japan, it is extremely desirable, that economic relations between both countries should be further improved.

In Tokyo, on 13th September, we had a conference on our visit to India with the Minister of International Trade and Industry, Director-General of the Economic Planning Board, Vice-Minister of Finance, Vice-Minister of Foreign Affairs, Vice-Minister of Transportation, etc., of the Japanese Government, in which they have given us their confidence, their sincere support and helpful suggestions.

Accordingly, it is our duty, on our return to Japan, to report all what has happened during our stay in India and also to submit our proposal on policy and practical means of improvement of economic relations between the two countries, to the Japanese Government as well as to the associations of industrialists mentioned before.

It is a definite fact, that since her independence, India has achieved tremendous work on her rehabilitation under the great leadership and guidance of Prime Minister Nehru, and is becoming one of the greatest international powers. The "Second Five-Year Plan" is no doubt one of the signs of this magnificent growth of the nation. I have to admit that our understanding of the five-year plan has been rather superficial as seen only from outside on papers. However, I am hoping that, by meeting leading personnels in India, and by observing the actual situation here at the spot, the deep interior and the true meaning of the plan will be gradually revealed to us.

The day before the departure from Tokyo, I had the privilege of being invited to the Imperial Hotel by Mr. Mookerjee, Ex-mayor of Calcutta, who happened to be visiting our country. At the party, I had the pleasure of meeting Dr. B.C.

Roy, Chief Minister of West Bengal. At the table, I gave a talk about the objective of our visit to India and, among other things, stated, that, for the economic rehabilitation, India had been following socialistic pattern, whereas Japan had been based on free enterprise principle, and that this difference of political status should by no means interfere with the economic relations between our two countries, because both countries were arriving at the same target, namely prosperity and happiness of their peoples. Dr. Roy pointed out, that my statement that India is a socialistic nation was not entirely right, by emphasizing the need in India of further developing and improving of medium and small scale industries as well as cottage industries, for the sake of bettering and stabilizing the living condition of Indian people. Here I was taught how it was dangerous to draw quick and simple conclusions on the matters of ways of thinking, merely from observing the exterior of things.

Since our arrival here in New Delhi, we have been much impressed by the grand scale of government building erection programme. It is my observation that India, one of the oldest nations in the world, is now launching as one of the most modern nations.

Yesterday we had the privilege of meeting Dr. S. Radhakrishnan, Vice-President, and Mr. D. P. Karmarkar, Minister for Commerce and Consumer Industries. Here again, we were profoundly impressed by the enthusiasm and vigour of the leaders, who are working hard to open a new era, and we should like to bless the prosperous future of India.

We are leaving from here to-morrow morning for a round trip through Bombay, Bangalore and Madras. We are expecting to find out more about your country by meeting people, discussing with them and observing the things, in these different localities.

To be frank with you, I do not believe the task of industrialising so vast a country like India could be achieved within five or ten years. After score of years, however, India could possibly be one of the most industrialized countries on the earth, with the tremendous amount of her natural resources

at her disposal. In the field of agriculture also, India could possibly more than triplicate or quadruplicate her produce.

This requires, no doubt, extraordinary effort on the part of Indian people, and it is our problem to find out how best Japan as an agricultural and industrial nation, can participate in this effort, much broader and deeper than we are doing now.

Industrialisation of India, as I see it, may be divided into two broad scopes, namely heavy industry field controlled directly by the government and private enterprises, in medium and small scale industry field. There are already more than twenty factories here in India which are operated on the basis of engineering collaboration on plant exportation from Japan. This seems to me to be one of the most appropriate patterns of collaboration between India and Japanese industries.

As you may be aware, Japanese heavy industries are operated on the basis of numerous medium and small scale industries, as parts manufacturers, sub-contractors, retailers and service facilities. I might quote here some figures from the statistics of 1954 in Japan.

Number of factories	23,415
Number of employees	959,088
Number of employees per factory	41.0
Establishments employing less than 300 persons	98%
Establishments employing more than 300 persons	2%

It is our belief that, in India also, development of heavy industries necessitates that of numerous medium and small scale industries.

Improvement of India-Japanese economic relations can only be realised, when either party has sufficient understanding of the benefit and situation of the other. This understanding, to my firm belief, must be and can be attained. Criticism on communism and Democracy has now a tendency

towards trying to find a foundation for world peace in the oriental way of thinking which is based on philosophy and religion. I believe this is the very reason, why under the existing threat of a third world war, Prime Minister Nehru is deemed as the only hope of peace.

Buddhism, which was founded by one of the greatest prophet ever lived Sakya, who had been born in India, travelled eastward towards Japan, and now it is hardly possible to find a single village in Japan, which does not have a Buddhist temple. Each of the member of the mission here presented, will eventually be taken care of by Buddhist priests, when he passes away. Why do we, the oriental nations, who are all under the influence of this oriental philosophy, say "Asia for Asians" or "Return to Asia"? Because in order to maintain world peace, we are becoming stabilizing powers in the world between the two existing antagonizing powers.

Certainly, Japan has been under the torture of defeat in the last war. But we are surely on our way to rehabilitation. There are still many things both in political and foreign affairs in Japan which are not satisfactory even for Japanese ourselves, and which you, Indian people, might also find unsatisfactory. Please be assured, however, that our rehabilitation is under way, and please expect from us that we will gradually make our country better.

What good ideas and plans could not be smoothly realised if there do not exist mutual understanding and friendship between the two countries. We will endeavour to understand India better, but at the same time I should like to ask you for further efforts on your part to understand us. There are a few things, I believe in our country, in industrial fields, which are better than what European countries have. We wish to have many of you to visit our country, meet our people and observe the things going on over there. By these means better plans for collaborations and transactions shall be born, as excellent examples actually have shown.

Let me emphasize again that mutual understanding and confidence in each other are the only foundation on which eternal friendship can be built. It is our sincere hope that

this mission will become a stepping stone for better friendship and for further improvement of economic relations between the two nations.

Our mission includes experts in different fields of Industry and each of us is prepared to discuss fully the matters concerned. We would like to have frank discussions with you, so that smoother exchange of products may be attained between us, you supplying us what we do not possess and we supplying you what you do not produce, for the happiness of both peoples.

May I ask your favour to understand what I have stated here and guide us to achieve our objective during our stay in India. We shall be back here in New Delhi on 25th September and shall be available for meetings and discussions until 2nd October.

I should feel most obliged if you could set up an appropriate programme for discussions and make our stay here as efficient as possible. Thank you.

Rajah Sir M. A. Muthiah Chettiar proposed a vote of thanks.

VISIT OF SHRI P. A. MENON, I.C.S.,

Shri P. A. Menon, I.C.S., who had been appointed Trade Commissioner to Australia and New Zealand met members at the office of the Chamber on the 4th October 1956 when the following memorandum was discussed with him.

"The trade relationship between India and Australia has been steadily expanding. The volume of our exports has been maintained and slight increase has been recorded during 1955-56 as compared to 1954-55. There is still considerable scope for expansion of India's export trade to Australia and New Zealand. The economy of India as well as the economy of Australia is expanding steadily with the progress of industrialisation in both the countries. Therefore, there is good scope for increasing our overall exports to Australia.

Direct steamer sailings:—The Chamber is of opinion that want of direct shipping facilities has operated as a

great handicap against the development of India's export trade with Australia and New Zealand. Government of India may be prevailed upon to introduce direct sailings between these two countries which will promote greater trade.

In the absence of any Indian Banks operating in those countries, Indian exporters have to depend on Indian Trade Commissioners and Ambassadors to get confidential reports about the standing and reputation of importers at the other end. Such enquiries may be complied with by our Embassy and Indian Banks may be encouraged to open branches in those countries.

Similarly Indian firms should be encouraged to open their branches in Australia and if there are any handicaps operating against them they may be looked into.

The following commodities offer further scope for exports to Australia and New Zealand:—

Tea:—Our competitor seems to be Ceylon. With the growth in the national income of Australia this commodity offers goods scope for expansion.

Coffee:—It may not be possible for India to export very large quantity just at present but the possibility of developing a market for Indian coffee in Australia has to be explored.

Cotton piecegoods:—Of late in the export of certain varieties of mill piecegoods a decline has been noticed. Under the Second Five Year Plan, India has found a big target for exports and our traditional markets have not only to be maintained but enhanced. In some of our varieties just like white bleached, dyed and coloured, Japan seems to be stealing a march over Indian piecegoods. If there are any handicaps operating against Indian exports they have to be investigated and Indian exporters have to be given timely information as to what steps Indian manufacturers should adopt to augment their exports to keep and improve our market.

Handloom piecegoods:—Owing to the sustained efforts taken by the Government of India, of late there has been an

increasing demand for Indian handloom goods in foreign countries. Furnishing fabrics, tapestry etc., offer considerable scope for expansion and our Trade Commissioners may be requested to look into the possibilities of exploring an expanding market in Australia for such like items

Tobacco:—In the matter of export of unmanufactured tobacco there has been a great reduction both in the quantum and value of our exports. Our exports fell from 4.6 lakhs pounds in 1954-55 to 1.4 lakhs pounds in 1955-56. It cannot be that Australia has all on a sudden curtailed her consumption of tobacco. The inference is that other countries have developed a trade in this commodity with Australia. If Indian exporters are kept informed of the handicaps operating against Indian exporters we may be able to adopt better standards to maintain our market in Australia.

Gunny bags and Jute goods:—Our exports continue to be maintained in the matter of export of gunny bags and jute goods. As these commodities are sterling earners, a continuous watch should be made on the export of these commodities with a view to expand it.

Among the new lines of business which India can develop with Australia may be suggested the following:—

Tiles:—The demand for tiles from Australia has been increasing but one great handicap operating against India's increasing export is the want of direct sailings to Australia.

Stoneware pipes:—Similar is the case with Stoneware pipes.

Spices and Curry Powder:—Even now India is exporting a sizeable quantity of Spices and Curry Powder. South India is particularly interested in the exports of Curry Powder and Spices.

Among other manufactured goods leather goods, jewellery and fancy goods, and glassware offer good scope for expansion.

It is advisable to participate in Fairs and Exhibitions. Government of India are now opening permanent Show-rooms

in important overseas centres and you may be pleased to stress the need to open such a permanent Show-room in Australia also.

Mr. Menon promised to do his best to improve the trade between India and Australia.

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

Shri S. N. Bilgrami, I.A.S., Chief Controller of Imports & Exports was on a visit to Madras and the Chamber took the opportunity of inviting him to attend a meeting. A meeting, was therefore, convened accordingly at the office of the Chamber on the 10th October 1956 to discuss import and export problems. Subjects were invited from members and after scrutinising those subjects by the Import and Export Sub-Committees, the following memorandum was discussed with Mr. Bilgrami.

Imports

1. *Upgrading of Madras Licensing office*:—The Chamber is pleased to place on record its sense of appreciation in the upgrading of the Madras office by appointing a Joint Chief Controller of Imports. The Chamber hopes that additional powers will be given to him to deal expeditiously with the requirements of importers and exporters in this part of the country.

2. *Reply to Memorandum*:—The Chamber requests that in practice adopted in the past of sending detailed replies from headquarters for the Chamber's memoranda may be restored.

3. *Change over from O.G.L. to Licensing*:—When an item is removed from O.G.L. the change over should be gradual from O.G.L. to free licensing and then from licensing to quota. Straight change over from O.G.L. to quota creates difficulties and anomalies as in the case of Part V, 67 "print-

ing machinery", Part V, 75 "Diary appliances", Part V, 65 (6) "other office machines" etc, in the case of all of which the result of the change over has been that soft currency is under quota while dollar is on liberal licensing.

4. *Quota for articles Removed from O.G.L.*:—when an item formerly under O.G.L. is brought under licensing it should be allotted a separate sub-serial number and 100% quota allowed so as not to affect its import when clubbed with other items already under restricted quota. Example Bello-donna Plaster in sheets.

5. *Import of Parts*:—Policy requires clarification regarding import of parts where parts are not separately specified or classified.

6. *Face Value Restriction*:—Face value restriction to be periodically revised in the light of market conditions to avoid exorbitant increase in price. Examples are electric motor starters (Part II, 42), Meters (Part II, 39) Cables (Part II, 45) Tumbler Switches with porcelain base (Part II, 39), Switch Sockets with porcelain base (Part II, 39), Ball bearings, etc., under Part IV, 295 and 297 and Table glass-ware under IV 245.

In the case of import licence for above Rs. 2,500/— which is valid only for six months, difficulties arise in regard to time of shipment of articles coming within the face value restriction since the licence as a whole including the face value restricted items would be valid only for 6 months. It would be impossible to club together 2 period licences to utilise in full the face value restriction in both the licences to make the imports economic. It is suggested that in regard to licences valid for six months, the face value restricted items alone may be allowed 12 months instead of 6 months.

7. *Canalisation of Imports*:—Canalisation of imports to one or two private importers creates difficulties for the trade. This is particularly so in the case of bicycle tyres and tubes and motor car tyres. Licences to be issued to all established importers of cycles or parts.

8. *Import of Articles for Processing and Re-Export*:—Articles such as machinery for repair, negative cinematograph films for positive printing etc., should be allowed import under O.G.L. to utilise indigenous capacity for processing.

9. *Liberal Licensing Scheme*:—The issue of licences to be actually liberal in practice instead of first come first served basis as at present. Minimum value of Rs. 5,000/—to be issued without insisting on any certificate except Income-tax Verification Certificate. Past utilisation to be taken into account when considering fresh applications. In the case of established importers all certificates to be dispensed with except the total of their quota certificates.

Where holders of liberal licences are able to adduce evidence of having utilised licences granted to them in full during the licensing period, a supplementary licence can be granted to them even during the same period.

10. *Sub-division of Serial Number-loss of Quota*:—To compensate for loss of quota caused by excessive sub-division of serial numbers holders of license for restricted items to be allowed to import non-restricted items under the same serial number on an *ad hac* basis, e.g., centrifugal pumps of below 6" in Part II 34 quota is 20% while above 6" is 100%.

11. *Co-operative Societies*:—To be treated on the same footing as new-comers without any special facilities.

12. *Re-Validation of Licences*:—Policy requires relaxation.

13. *Issue of Licences in Former French India*:—Items in short supply in Indian Union and under restricted quota to established importers are being licensed freely in former French India and find their market only in the territory outside Pondicherry. This has an unhealthy effect on the trade and increases speculation. Instances are electric motor starters, electric house service meters, umbrella ribs etc.

14. *Licences to Established Importers denied while Allowed to Actual Users*:—There is no justification for this. Examples are prohibited categories of motors, chicory etc.

15. *Minimum value of Licences*:—The present figures to be doubled. Separate minimum values to be fixed in respect of items when the minimum is insufficient to make up an economic shipment e.g. Perambulators.

16. *Established Importers of a Specific article denied Licence while Established Importers of an allied article are given Licence*:—In several cases established importers of a specified item do not get import licences for that item but licences for that item are granted to established importers of a different serial number. Instances are Pearl Barley in bulk under Part IV, 79 and Glazed newsprint (V.44) and enamel Ironware (IV. 269)

17. *Transfer of Quota Rights*:—Insistence on Deeds of Dissolution or Affidavits from retired partners is unnecessary where clear intention to relinquish rights can be spelt from the partnership Deed itself.

A case has been brought to the notice of the Chamber where for want of such Dissolution Deed or Affidavit, the remaining partner is denied the full quota rights although the Partnership Deed entitles him to the full quota on reconstitution of the firm.

18. *More than One Licence for One Article*:—When an article as a whole is imported it should be assigned one serial number instead of two or more serial numbers. Example electric lamp shades with lamp-holders (I. T. C. Circular No. 65/56, dated 31st August 1956)

19. *Cancellation of Licences*:—This should be avoided as far possible and other methods of penalising the parties concerned to be enforced.

20. *Classification of Electric Switches and Accessories*: The present classification between Part II, 39 (c) and Part II, 45 is anomalous and requires revision.

21. *Adjudication*:—Unauthorised imports resulting from bona-fide difference of opinion based on classification should be treated differently from imports without license.

22. *Imports in excess of License*:—Small excesses to the extent of 10% of the licence value to be allowed.

23. *Machine Tools*:—Free licensing of machine tools to be transferred to ports and licenses to be issued expeditiously.

24. *Application from Established Importers*:—Where quota is unchanged applications may be dispensed with and licenses issued on production of previous period licence and chalan for necessary fee and declaration as to Income-tax Number and change of partnership.

25. *Basic Period Extension*:—The Chamber recommends the extension of basic period for the following articles to 1955-56.

(a) Powdered Milk containing not less than 18% cream intended for infant-feeding Part IV Serial No. 9.

(b) Milk condensed or preserved etc. Part IV S. No. 10.

(c) Milk foods for infants. Part IV. S. No. 74.

In the case of the above items the quota may be reduced by 10% for those who prefer the latest basic year.

26. *Changes in Classification*:—(a) Brass rules, and metal furniture from Part IV, Serial No. 281 to Part V, 67.

(b) Printing materials, transfer inks finishing inks, Litho polishing stones from Part V, 122 to Part V, 67(1)

(c) Shoot board plainer with bevel from Part II Serial No. 20 (1) to Part V, 67 (1).

(d) *Process arc lamps for process block making*:—from Part V, 78 to Part IV, Serial No. 305.

(e) Machine cloth from Part III-5A to Part V, 67(2).

27. *Part V. 93-Dental Equipment, Instruments & Apparatus*:—In the absence of indigenous manufacture there is a case for this item to be brought under O.G.L.

28. *Road Vehicle Type Diesel Engines*:—Market price is too high. Policy requires liberalisation.

29. *Sanitaryware*:—Quota may be increased to 150% due to increased demand.

30. *Indian Water Closets*:—Token import of Indian Water Closets to be allowed.

31. *White Glazed Tiles-242 (IV)*:—Quota to be increased to 40%.

32. *Drugs and Medicines*:—Face value restriction to be increased 50%. The serial number to be worded specifically to include dental medicines.

33. *Part V. 78*:—Quota to be increased 40% general and 60% soft.

34. *Import of Teak Wood*:—Import to be allowed under O.G.L.

35. *Packing and Wrapping paper*:—On the one hand local manufacturers appear to be accumulating stocks while on the other large imports are being allowed through Indian Union as well as from former French India. To remedy this situation, the Chamber suggests an arrangement by which local manufacture is ensured of a market without at the same time, increasing the price to the consumer.

36. *Bottled Penicillin*:—Quota to be announced expeditiously. The difficulty in re-fixation of quotas may be solved by fixing the number of Mega Units that can be imported under the licence.

37. *Advertising Material (Part IV-S. No. 168) (a) & (b)*:—Policy to be liberalised and licence to be issued expeditiously.

38. *White Printing Paper*:—White Printing Paper containing not less than 70% mechanical woodpulp and weighing not more than 40 grms per square meter to be allowed under Serial No. 158 of Part IV.

39. *Cardboards, Strawboards, Mill Boards, and Paste Boards* to be allowed import under Serial No. 168 of Part IV. Special additional licence of 10%.

Dividing line between paper and boards to be as per British Paper Trade Customs 1944.

40. *Metal Lamps etc. IV 272*:—In note IV instead of "spare parts for lamps "read" Spare parts for incandescent lamps".

41. *Cork Stopper IV. S. 154*:—Policy to be re-examined in the light of indigenous production.

42. *Import of Patchouli Leaves*:—Part IV. 132 C: Policy to be liberalised.

43. *Aromatic Chemicals*-Under list 6 of Appendix 28:- The list to be enlarged to include all aromatic chemicals.

44. *Wire Nails*:—Licensing may be done liberally as in the case of other steel items in view of the fact that indigenous manufacture is not sufficient to cope up with the demand.

45. *Cycle Accessories*:—A case has been brought to the notice of the Chamber where a small-scale assembler has been denied an Import licence on the ground that his manufacturing programme was not approved by the Development Commissioner, Small-Scale Industries, New Delhi. This stipulation is not found in the Policy Book. Rejection of application on such ground causes difficulty to the trade. This may be looked into.

Exports

(1) *Iron & Manganese Ores*:—The present policy relating to the export of these ores has created uncertainty and chaos in the minds of the trade both in India and abroad. If this policy continues, regardless of the mode of transport and the grades of the ores, the Chamber has every reason to believe, the Government will also realise it sooner, that the over-all exports of ores will definitely *dwindle* considerably during this financial year, and many mines may have to be closed creating unemployment.

Iron Ore:—A glance at the total exports of ore will reveal that Japan's imports occupied a major share. Japan's total imports from India is only a tenth of her overall imports from all countries. Japan was, and has been still, the only country importing low grades ores below 63%. Japan's imports of low grade commenced only from the beginning of 1955, on account of Goa trouble. Goa's price for the low grade ores has been just *half* of India's lowest price. It is not expected that the exports of low grade will last over a year or two maximum.

	51/52	52/53	53/54	54/55
Japan	164,404	346,671	536,978	502,601
Other Countries	115,632	464,354	663,187	524,716
	55/56	Apr./June 56		
Japan	1,006,935	177,056		
Others	395,779	115,979		

Many mines of low grade ores were developed in the past 18 months at very high cost and risk. The trade engaged canal and road movements to augment export, without depending on wagon movement. It is not conceivable why the Government should control canal and road movements, as long as it is the Government's intention to accelerate exports and earn more foreign exchange.

It may be good for the Government to have a controlling and bargaining power for the exports of ores. But it cannot be denied, at least in so far as the low grades of ores are concerned, that India is only a very small and a casual exporter. If the Government choose to have the control over the prices, it would be wiser to fix a minimum ceiling price of all the grades instead of controlling the entire trade to the detriment of the Nation.

The S. T. C. has not been till now in a position to buy the low grades from the traders, nor have they been able to sell, as this Chamber understands, the ores of 58/60 & 60/62. S. T. C. is now in existence for four months.

In the circumstance may the Chamber ask the Government the reason for still controlling the low grades ores moved by canal and by road? the deposits are in plenty and if the S. T. C. wants to buy, it can always buy at any time and export in addition to the private traders.

Ready Stocks at Harbour:—What is the difficulty in allowing all ready stocks of ores in the Harbour, at least in cases where these ores were offered to the S. T. C. and it showed no interest. If the Government fear that such exports will fall under 'a claim' of 'future quotas', they can well permit these exports on the undertaking from the exporters that they will have no claim on these for wagon movements later.

Old Contracts-S.T.C.:—There are many cases where the S. T. C. is not interested to assist the trade in lending its name with the quota for exports; these are cases where the S. T. C.'s share of profit is only about 2 to 2½%. The S. T. C. agreed to share half of the profit of the exporters where their profits fall less than 7½%.

Where the S. T. C. is not interested on such old contracts, it has referred these cases to the C. C. E. Such cases may be allowed exports freely, if stocks are ready at the ports regardless of the fixing up of the vessels before or after the policy dated 27-7-56.

Manganese Ores:—The S. T. C. has not so far evinced any interest in the export of Manganese ores originating from

the Mysore Srikakulam area. Why not then the Government allow free exports of Mysore Srikakulam origin ores if the mine owners and exporters move the ores to the ports by road? The markets for this ore now being at its peak level, it may not be the intention of the Government to lose not only the valuable foreign exchange but the good opportunities of developing the mines and trade contracts.

(2) *Adjustments of Quotas:*—Adjustments of quotas against exports made after 15th July cause considerable hardships to the trade in completely shutting out many exporters from doing regular business. There are many instances where vessels actually anchoring at the Harbour between June and July could not be berthed on account of want of berthing space, and shipments therefore, were completed after 15th of July. Cases where shipments were completed after 15th July though stocks were moved to the Harbour and all other formalities have been completed prior to 15th July should not be deducted in the future quotas.

Adjustment of Movement Quota simultaneously with the shipment Quantities:—Adjustment of movement quotas simultaneously with the shipment quantities do not look sound as it hampers the trade all round.

'A' moved 10,000 tons of Manganese Ore before 30-6-'56. He held this 10,000 tons at the time of the announcement of the new policy, dated 27-7-56.

He obtained a quota based on his past performance for 1,000 tons. He received the quota slip on 21-9-1956.

He effected shipment on 22-9-1956 of the old 10,000 tons of ore which he moved prior to 30-6-1956.

The question now arises, whether the quota of 11,000 tons of 'A' issued on 21-9-1956, should be adjusted with the 10,000 tons shipment effected on 22-9-1956 leaving only 1,000 tons to be moved and shipped; though not a single ton was moved under the quota.

'B' obtained a quota on 21-9-1956 for 11,000 tons. He also held stocks of 10,000 tons moved prior to 30-6-1956. He

puts off the shipment of his old stocks and ships only such quantities as he moves against his quota.

What difference does it make to the Government in adjusting 'A's quota for shipment, because he shipped and leaving 'B's stocks to move, as long as the quota for movement is entirely based on the availability of the wagons?

The Madras office adjusts the quota for movement once the shipment is effected. The Bombay office, it is learnt, issues two different slips one for movement and the other for shipment; if the shipment quota is completed the movement quota continues.

The Government policy of,

(1) giving a yearly quota to help the trade to continue their activities of mining etc.

(2) of continuing the establishments at all points pertaining to this trade, that there will not be any stopgap in the plans, at least to the extent of ones quota,

(3) of calculation of the quota percentage based on the availability of wagons at each sector, etc., is totally discomfited if the Madras office adjusts the quota for movement also throwing out all gears the trade. If this system continues it is bound to paralyse the whole trade by the,

(1) sudden stopping of the activities of mining for the year till the announcement of the new policy on 1-7-57 after mining and moving only 1,000 tons as per the quota of 'A'.

(2) closing down the mines and all establishments connected thereon till 1-7-1957,

(3) by throwing away all staff and labour as unemployed,

(4) by expending money again afresh for opening of the mines on 1-7-1957.

(5) by losing all contracts internal and abroad by keeping his hands folded for one year.

(3) *Transfer of Quota Rights*:—The first policy pertaining to the transfer of quota was announced by the Government of India in Public Notice No. 15, dated 28-2-1952. This policy, however, did not say specifically that the exports or imports made prior to the announcement of the policy should get the approval of the Government before parties establish their basic exports or imports.

'A', an exporter, exported during 1948 certain exports and claimed basic quota against such exports.

His firm underwent a change in the constitution by 1951 by one of the partners retiring from the partnership.

In cases where the firms underwent changes prior to the first notification to the Government's policy viz., Public Notice No. 15, dated 28-2-1952, the Government should not stand in the way of exporters or importers establishing quotas against their past imports or exports prior to the announcement of this policy.

(4) *Small Quota holder of less than 100 tons for Movement*:—Such exporters have to be assisted by enabling them to move to one Port.

(5) *Issue of Licences for export of Onions*:—Now licences are issued on the basis of State of origin of the commodity. The Chamber feels that instead of this it should be on a regional basis, taking the consumption of the country as a whole. The issue of licences on the basis of State of origin has led to considerable hardship to the trade. The Chamber requests that the position may be reconsidered and licences issued on the basis of region. This will lead to equitable distribution of the available surplus among regions. In the case of onion export there has been discrimination between exporters of Andhra area, Mysore area and Madras area.

No doubt licences issued for the export of onions were extended but in the absence of sailings extension of licences by 15 days will not serve much useful purpose. Licences should be extended by at least one month more.

Licences for export of onions should be issued for January-June and July-December period as in the case of other commodities. State Governments may be urged to furnish details sufficiently in advance to facilitate announcement of policy in time.

Established exporters were responsible for creating a market for Indian commodities in foreign countries after much pioneering work. They should get all encouragement. While the Chamber is not against new-comers being added to the exporters' list established exporters must have a dominant share in the export trade.

(6) *Export of Chillies*:—It has been represented to the Chamber that the policy guiding export of chillies has not been announced. This has created much hardship to exporters of chillies. There are firms whose business is to purchase chillies from the districts and export. There are many Indian firms established in foreign countries who depend for their supply of chillies upon Indian exporters. These merchants are put to much embarrassment in the absence of issue of licence. Harvests promise to be good and what is peculiar is that there are two harvests in South India. Export of chillies will not drain local supplies. Even when local prices were higher Government allowed export of chillies and there is no reason why exports should be completely banned now. There is a case for export of chillies at least in restricted quantities. In the absence of any quota for exports, agriculturists will be the worst sufferers.

It has been admitted by the Government of Madras that the Southern Region has bumper crop of chillies and plenty of surplus are available for export.

(7) *Export of Silk Waste*:—According to E. T. C. Circular No. 263/56, dated 10th September 1956 of the Export Trade Controller stock-holders of silk waste have to furnish a return of their stock position as on the 5th September 1956 duly authenticated by the Director of Industries. This, the Chamber feels, will lead to many undesirable practices. Issue of licences should be on the basis of stocks held by the exporter at the port of shipment and against Port Trust Stock Certificate. The Chamber also feels that the issue of licences

to stock-holders will encourage unnecessary speculation, and hoarding. Established exporters should be allowed to participate in the trade.

Earlier Janab K. S. G. Haja Shareeff, Vice-President, in welcoming Mr. Bilgrami stated as follows:—

I have great pleasure in welcoming you today to the Chamber. We had the pleasure of meeting you earlier in the year and your subsequent visit now shows the interest which you evince in knowing difficulties of the trade at different centres.

Since we met last, we find that a radical change has been introduced in the import control policy in respect of a few matters which are of vital concern to the trade. Some of these changes seek to alter the pattern of trade and cut at the foot of the business of the established importer. We are well aware of the need to conserve the foreign exchange resources of the country and I may assure you that the trade is second to none in their endeavours to assist the Government in implementing such a policy so as to be of maximum advantage to the country but at the same time we feel that the burden should be equitably borne by all sectors of trade and industry and should not fall too heavily upon one class alone. Quotas to established importers are being curtailed from time to time in respect of most of the items with an indigenous angle, while at the same time other classes of importers are being steadily encouraged. After all it was the established importer who was the primary agency for foreign trade and I feel that under no circumstances should he give place entirely to an actual user or other class of importer in any scheme of licensing.

Again the scope of licensing to actual users has in practice been enlarged by the scheme of ad hoc licensing to include consumers as well which could not have been the intention in formulating the policy of the Government.

Another feature which the trade views with concern is the encouragement shown to Co-operative Societies in regard to items in which quotas for established importers are severely curtailed. I hope you will give these matters your

earnest consideration when revising the policy for the coming year.

You have given this Chamber barely one hour for discussion which is hardly sufficient. We hope we will get enough time for discussion in detail but I would request that in case you are not able to discuss any of the points you may pleased to examine them in detail at headquarters and give the Chamber the benefit of your views.

The following is the brief resume of the proceedings of the meeting:—

“The Chief Controller assured the members that each item to be removed from the O. G. L. was studied with either the currency point of view or the indigenous industry point of view. This time the predominant consideration in so far as O. G. L. announcement was concerned would be foreign currency.

In regard to the policy governing the import of parts, he admitted it was ‘defective’. He was prepared to ‘review’ the position’.

—Shri K. R. Sundaram Iyer proposed a vote of thanks.

The following were some of the replies received from the Chief Controller of Imports & Exports, to the various points raised in the Memorandum:—

Reply No. 1.

“With reference to your memorandum dated the 10th October 1956, on the subject noted above (Memorandum on import policy for certain items) to Shri S. N. Bilgrami, I write to say as below with regard to the following items:—

26. (a) Change of classification of Brass rules & metal furniture. The present ITC classification corresponds to the Tariff classification of the article, S. No. 281/IV being based on Tariff item No. 71(5) Change suggested by you runs counter to the general policy of classifications and is not acceptable.

29. Sanitary ware.

Your views have been noted for consideration at the time of formulation of policy for the next period.

35. Packing & Wrapping paper :

do.

37. Advertising Material S. No. 168 (a) & (b)/ Part IV.

It is regretted that your suggestion for liberalisation is not acceptable, as there is adequate printing facilities in India to get them printed here and the policy is intended to encourage the printing of such materials in India.

38. White printing paper:

Your attention is invited to order No. 19/56 dated 10—10—56 by which the description of S. No. 158/IV has been changed. Paper of the kind mentioned by you falls under S. No. 44/V and if you desire that its import against S. N. 158/IV should be allowed, detailed reasons therefor may be given.

39. Card Boards, Straw Board etc.

It is regretted that your suggestion for allowing import of Card Boards, Straw Boards, Mill Boards and Paste Boards under S. No. 168(c) IV cannot be accepted. However, your suggestion for dividing line between paper and Board has been noted for consideration.

40. Metal Lamps etc. S. No. 272/IV

Your views have been noted for consideration at the time of formulation of policy for the next period.

41. Cork Stoppers S. No. 154/IV

Your views have been noted for consideration at the time of formulation of policy for the next period.

42. Patchouli Leaves S. No. 132(c)/IV.

It is regretted that your suggestions cannot be considered unless reasons with data in support for the suggestion are furnished.

45. Cycle Accessories :

No licence is ordinarily granted unless the programme of manufacture is supported by Development Commissioner, Small-scale Industries, in the case of Small-scale manufacturers. It is considered that such a check is necessary having regard to the nature of the item and the extent of import restriction thereon.

Reply No. 2.

"With reference to suggestion No. 43 of your above noted memorandum regarding expansion of list of Aromatic Chemicals, I write to draw your attention to the provision at the end of Appendix XXVIII in view of which applications from Actual Users and Established Importers for the import of aromatic chemicals not specified in list VI are duly considered by this office on ad hoc basis. This has been done because frequent requests for additions to the list of aromatic chemicals were being received. Your suggestion, therefore, does not appear to be acceptable.

As regards other suggestions you will hear separately from respective sections of this office."

Reply No. 3.

With reference to your memo dated the 10th October 1956 submitted to the Chief Controller of Imports & Exports, on the subject mentioned above, (Import of wire nails) I write to say that your views regarding Wire Nails-Item 44 have been noted for consideration while formulating the next year policy.

2. With regard to item No. 26 (e)-Machine Cloth from S. No. 5-A/III to 67 (2)/V it is regretted that your suggestion on the points referred to above cannot be examined till full reasons are furnished in support of your suggestion.

Reply No. 4.

With reference to your memorandum dated the 10th October 1956 on the subject noted above (Import of Cycle parts by small scale manufacturers) I write to say that the word "recognised" mentioned in remark IV against Serial No. 301/IV in the Policy seems to be sufficient stipulation.

Reply No. 5.

Please refer to the Memorandum dated 10-10-56 of items for discussion with Shri S. N. Bilgrami C. C. I & E. replies to the various points detailed in the memorandum are given below:—

Para 9.

It is regretted that Chambers's suggestion to issue minimum value licences for Rs. 5000/— for L. L. items to every applicant without insisting on any certificate regarding firms capacity to handle imports and other requirements vide Appendix II to the Red Book cannot be accepted. Licences for L. L. items are issued on the basis of the applicants capacity to handle business and the utilisation of previous licences is also taken into account in working out his entitlement.

The Chamber's suggestion to dispense with the production of Bank Certificates by Established Importers, in addition to their quota Certificates too cannot be agreed to as there may be Established Importers who have a meagre quota and they may be having better capacity of handling business and would thus be entitled to higher value licences on that score.

The suggestion for granting supplementary licences against the applications for L. L. items cannot also be accepted as the licences are granted on the basis of the applicants capacity to handle business and utilisation of the licences previously granted to them.

Para 11.

The Chamber's suggestion has been noted, for consideration at the time of formulation of the policy for the next period.

Para 12.

As provided in para 68 of Section I of the Red Book requests for revalidation of Actual User licences will be entertained and the period of validity of licences issued to Established Importers and New Comers will not ordinarily be extended. It is regretted that no relaxation can be made in this provision.

Para 13.

The Chamber's comments have been noted.

Para 15.

The Chamber's suggestion to double the minimum value of licences prescribed in para 32 of Section I of the Red Book, has been considered but it is requested that it could not be accepted. However, validity of small value licences upto 2,500/— has been extended to 12 months vide para 73 of Section I of the Red Book so as to enable the importers to club together their quota licences for two periods and import the goods in one lot.

Para 19.

Licences are cancelled in terms of the provision contained in para 9 of the Import Control Order 1955.

Before the licence is cancelled, the licensee is given an opportunity to be heard. It is regretted that this step cannot be avoided altogether.

Para 21.

Changes in classification are usually given effect to from the next period and wherever changes in classification are effected during the currency of the period, the change is announced to the public by means of a Public Notice. The customs authorities may, however, take lenient view in adjudicating cases of unauthorised imports if they are satisfied with the bonafides of the case.

Para 22.

Attention is invited to Public Notice No. 77 ITC (PN)/50 dated 20-8-50 and para 83 of Chapter II of Hand Book of Rules and procedure, 1956 in which it has been clarified that excesses over the licence value will be treated as unauthorised imports and will be penalised. It is regretted that the Chamber's suggestion to allow excesses to the extent of 10% of the value of the licences cannot be accepted.

The established importers can claim licences on production of quota certificates and it is not considered necessary to reintroduce the procedure for issue of licences to Established Importers on repeat basis.

Reply No. 6.

In continuation of this office letter of even number dated the 15th November 1956 on the above subject. (import policy for certain items) I write to say that while a substance of 180 grammes per sq. metre has been accepted as a normal line of demarcation between paper and board but the ultimate decision to classify a particular type as board or paper is taken on the trade usage and classifications and not its substance alone.

Reply No. 7.

With reference to your memorandum dated 10-10-1956 presented to the C. C. I. & E. on the above subject (import of Timber) I write to say that the question whether import quota for wood and timber should be revised is under consideration.

2. It may be added that no special consideration can be given to outstanding contracts since the O. G. L. was initially issued with a specific validity and commitments cannot be held good after that date."

VISIT OF SHRI T. C. KAPUR

Shri T. C. Kapur was appointed by the Government of India on special duty to study the possibilities of incorporating the Arbitration Clause in export sale agreements. He was on a visit to Madras and wanted to meet members of the Chamber. A meeting was arranged at the Chamber on 19th October 1956.

Janab K. S. G. Haja Shareeff, Vice-President, in welcoming Mr. Kapur stated as follows:—

Mr. Kapur is no stranger to us. Recently, under his Chairmanship the Export Credit Guarantee has produced a very valuable report and the mercantile community are thankful to them for the valuable work they have done in this regard. It is but natural that Government of India should have appointed him as Special Officer to examine the feasibility of compulsorily introducing arbitration clause in Export sales agreement. Mr. Kapur is pre-eminently suited to

this work possessing as he does a thorough knowledge of the export trade of the country.

In the Second Five Year Plan, Government have laid much emphasis on the development of our export trade not only to finance our mounting imports but to create a balance of trade in favour of India. They have adopted various measures. They have appointed a net work of Trade Commissioners abroad. Government of India wants to diversify the export trade and encourage it in the best manner possible. But due to historical reasons with regard to certain trades at least in the matter of disputes, arbitration proceedings are held in the country of import rather than in the country of origin or shipment. This is not a satisfactory condition and whatever justification there was in the past, it is high time that it should be done away with. But in doing so, the equilibrium of trade which has been maintained for many years should not be violently upset. While, therefore, every care should be taken to maintain and augment our export trade the facility of arbitration should be made available at the country of shipment. Our Trade Commissioners abroad are not now competent to represent Indian exporters at arbitration proceedings so that Indian exporters are helplessly at the mercy of importers at the other end. This was one of the reasons why the export trade of the country could not assume full stature in the past. Now the export trade is much increased and diversified. The pattern of trade also has undergone a radical change. Instances of difference of opinion between importer and exporter are bound to be more in the years to come. Therefore, it is but natural that the interests of exporters should be sufficiently safeguarded. Moreover, an arbitration clause in the sale agreement will infuse greater confidence not only in the minds of exporters, but in the minds of importers abroad also, because they have a sure remedy of having the matter arbitrated by an impartial Tribunal. The Chamber, therefore, welcomes the proposal to introduce such a clause in the sale agreement.

Some steps have already been taken by the Federation in this regard. It has to be followed up and every endeavour should be made to persuade other countries to accept such a clause and in the meanwhile we should maintain high tradition in arbitration proceedings so as to infuse confidence in

the minds of importers abroad. With the introduction of the Export Credit Guarantee the foreign importer as well as the Indian exporter can have greater confidence with regard to quality and the introduction of a clause of this nature will help the working of that scheme also.

I now throw open the meeting for discussion..

There was discussion about possibilities of introducing Arbitration Clause. The proceedings of the meeting are given below:—

After exchange of ideas, the views of the Chamber become crystalized as under:—

(a) It is desirable that the disputes between Indian exporters and the foreign buyers should be as few as possible. Failing settlement of disputes by mutual negotiations the disputes should be resolved by Arbitration. The export sales contracts should, therefore, provide for Arbitration, but no standard clause will serve the purpose as the conditions differ from commodity to commodity.

(b) Export of most of the commodities to the U. K. Western Europe, U. S. A., Canada and Australia are generally on the basis of standard contract forms prepared by the Associations of foreign buyers in those countries. These contract forms provide for Arbitration in the country of importation by the Arbitration Tribunal of those Associations. Any attempt to modify these arrangements is bound to effect exports. The present practice regarding these exports should, therefore, be allowed to continue. There are, however, cases where Indian exporters have failed to obtain justice from Arbitration Tribunals in other countries. Members who had such experience will be advised to bring such cases to the notice of the Government. The Government should try to negotiate through their Trade Commissioners to ensure better Arbitration results in the future.

(c) Regarding exports to other countries, sale contracts usually do not provide for Arbitration. The exporters would be advised to provide for Arbitration in sale contracts.

(d) It would be an advantage if Arbitration were to take place in India. If that is not possible or where insistence on this would effect exports, arbitration in the country of importation must be agreed to by the exporters.

(e) For exports to countries round about Indian Ocean generally and to new markets particularly, Indian exporters are likely to face difficulties in appointing their nominees to act as Arbitrators. The Government should arrange through their Trade Commissioners or other agencies to get lists of honest and impartial persons prepared. Indian exporters can select their nominees out of these lists.

2. The Chamber will as early as possible, but not later than one month, forward to Officer on Special Duty (Shri T. C. Kapur) at Delhi a statement giving the following particulars: —

- (a) the commodities that are being exported by their members;
- (b) Countries to which these commodities are being exported;
- (c) the commodities export sales agreements of which do not contain Arbitration Clause."

VISIT OF SHRI C. SIVA RAO

Shri C. Siva Rao, who has been appointed Second Secretary (Commercial) to the Embassy of India, in Prague, was on a visit to Madras, before accepting his appointment. During the course of his visit to Madras, he visited the Chamber on the 27th October 1956 and Janab K. S. G. Haja Shareeff, Vice-President, in welcoming Mr. Siva Rao stated as follows:—

I have great pleasure in welcoming you to-day. India is organising a net work of Trade Commissioners all over the world to expand our export trade. The Second Five Year Plan lays much emphasis on improving our exports not only to finance our mounting import trade but also to create a more favourable balance in India's favour. India also has concluded many bilateral trade agreements with the same

purpose. Government of India have also set up Export Promotion Councils for different commodities. All these go to show that Government lays much emphasis on our export trade and our Trade Commissioners abroad have a peculiar responsibility now to understand the market conditions in those countries so that they also help promote our export trade.

With regard to our trade with Czechoslovakia, I have to bring to your kind notice that India has been having for some years very unfavourable balance of trade. In 1951-52 our imports from Czechoslovakia were valued at Rs. 2.81 crores, while our exports during that period amounted to Rs. 1.19 crores. Similarly in 1952-53 there was an adverse balance of trade but in 1953-54 the balance of trade was in India's favour, our exports being Rs. 2.67 crores while our imports amounted to Rs. 1.14 crores but again in 1955-56 the balance of trade is greatly against India, imports amounting Rs. 2.89 crores while our exports amounted to Rs. 1.33 crores alone. This is an unsatisfactory state of affair and you have, therefore, to see not only to restore the equilibrium in our export trade but also to create more favourable balance in India's favour. Our exports at present consist of raw goat skins, iron ore, pepper, mica to mention a few. South India especially is interested in exporting large quantities of Tea, Tobacco and Cashewnuts, Coffee etc. There are other kinds of goods produced in this State, Handloom goods and leather goods, artware etc., for which a market in Czechoslovakia can be found and developed. We realise that import into Czechoslovakia is carried on by monopolistic National Corporation and it has been the experience of some of our members at least that it takes inordinate delay in getting replies for enquiries, quotations etc. Our Trade Commissioners should be helpful in contacting them. India's trade should assume more volume and India's share in the total import of Czechoslovakia should increase steadily. Commodities mentioned in the recent trade agreement between the two countries are suggestive. Our Trade commissioners having regard now to the industrial advancement in this country should explore possibilities of finding a market for more commodities also and we feel sure that with your experience you will render a good account of your efforts in this direction in Czechoslovakia.

There was a discussion with regard to the trade possibilities between India and Czechoslovakia. Mr. Siva Rao said he will explore the possibilities of increasing our export trade, especially in view of the fact India was having adverse trade balance against her in Czechoslovakia.

Shri V. Pandurangiah proposed a vote of thanks.

VISIT OF Dr. KRUGMANN

The German Trade Commissioner in Madras informed the Chamber that Dr. Krugmann, a top executive of the German Fair and Exhibitions Committee would be visiting Madras and wanted to ascertain whether the Chamber would like to meet him. Agreeing to meet Dr. Krugmann at the Chamber, a meeting was arranged on the 29th October 1956 for a discussion of Indo-German trade relationship.

In welcoming Dr. Krugmann, Janab K.S.G. Haja Sha-reef, Vice-President, stated as follows:—

"I have great pleasure in welcoming you to the Chamber. I am particularly thankful to Mr. Kickbush your genial Trade Commissioner here for arranging this meeting.

The trade relationship between India and Germany has been very cordial and promises to be so in a greater measure in the future. India has always been an admirer of the progress of industrialisation in West Germany. It is remarkable to see how West Germany has so quickly re-emerged as an industrial country and have regained her former position. The quick pace and the short period within which West Germany have reconstructed her war-shattered industries and economy speak volumes about the industrial patriotism of the people of West Germany. That is an object lesson for many other countries to follow. India and Germany are drawing closer together in the economic sphere. India is much indebted to you for the keen interest which you have evinced in the industrialisation of this infant Republic. Even now a high powered Technical Mission of your country is touring India with a view to start a Technical Institute in India. As you are aware India has also embarked upon ambitious schemes of industrial development as evidenced by the first

and second Five Year Plans of economic development. For the successful implementation of the Plan India aspires and seeks the co-operation of foreign countries and in this respect we can certainly look to Germany for their co-operation and active participation.

The volume of trade between the two countries has been considerable in the past and we have every reason to hope that with the increase in the national income of the people the trade is bound to grow much larger. India stands committed now to increase her exports. Trade is multi-lateral and we are convinced that unless we sell more we cannot buy more. The pattern of our export trade has also undergone radical changes in the recent past. Raw commodities which used to be exported in large quantities have been used up locally and we are trying to build up an expanding market for our manufactured and semi-manufactured goods and we look forward to foreign countries especially West Germany to buy more of our goods. It may be of interest to you to know that this Chamber has already appointed, a Committee for the promotion of Indo-German trade.

Fairs and Exhibitions have played a notable part in the marketing of manufactured goods. Such Exhibitions serve as a shop-window and no manufacturing country should ignore its importance and significance in the present context of things. Such Fairs have also an educative value. India has not lost any time in realising the importance of such Fairs and Exhibitions. India has been taking part in such international Fairs and Exhibitions and have opened very many show-rooms in other countries to popularise our goods. Recently under the auspices of the Federation of Indian Chambers of Commerce and Industry and with the active co-operation of the Government of India, an international fair was organised in New Delhi recently and judging from its success it is to be hoped that such Fairs will become an annual feature in the years to come. You have organised such international Fairs and Exhibitions and have considerable experience to your credit and your advice and suggestions will be of inestimable value to the organisers of such Fairs in India.

I thank you for having visited the Chamber. A true copy of his speech is given below:—

When the German Industries Fair, Hanover, to-day, for once comes to visit you, we do so most happily because it enables us to return the visits of so many of your compatriots to our various fairs in past years.

I am on a journey which brings me into territory in which a development towards a new world economic centre of first importance has begun. In Germany we are following with great admiration the endeavours of all East Asian States to create the widest possible ranges of industries, and as you know-we are most willing to help you in every way with our science and our technical and commercial knowledge.

The thesis formerly propounded that rising industrialisation in a mainly raw material producing country will reduce the amount of industrial goods imported from mainly industrial countries is quite out of date. It is true there will be many finished goods which you will not need to import, but in other respects there will only be a rearrangement of the types of trade exchanges and experience has shown that the total volume will indeed not suffer but will tend to rise.

We would like our importers to buy more from the East Asian Countries and we believe that it would interest you also if they could buy more directly instead of as hitherto purchasing a large part of our imports through produce markets and trading firms in other countries.

In fact in respect of German imports from India we have no clear picture, whereas exports to India, which to-day is the largest buyer of West German goods in the entire continent of Asia, have been fairly exactly recorded. Thus the German favourable balance will not be so high as it would seem from the recorded figures. At any rate the total volume of West German-India trade has risen from five-hundred and eighty-five million DM in nineteen-fifty-four to eight hundred and fifty-eight millions D. Marks for nineteen-fifty five. This year it is likely to exceed one thousand million D-Marks.

According to the statistics the share of production goods in the total Indian imports amounted to nearly seventy-per cent., and in view of the enormous projects of your second

five-year plan this share is not only likely to remain, but will probably increase. For this reason the Industries Fair in Hanover should be particularly attractive to the Indian economy.

If I now give you some details concerning our trade fair it is to explain the particular characteristics of the German Industries Fair in Hanover which make our Fair especially predestined to offer every businessman and importer in East Asia something which he will not find in any other trade fair in Europe. The film itself will in pictures give you an impression of the size of our fair ground and of the extent and multiplicity of the industrial goods displayed there. These chief characteristics I would like to summarize in the following points:—

1. We have always laid great value on concentrating on groups of exhibitors, or encouraging exhibition by manufacturers who are able quickly to adopt their production to the structure of changes in world economy.
2. In Hanover you will find-and this is the only place in Germany the display of the entire West German production goods industry.
3. Every spring for ten days you will be able to bring yourself upto date on the latest technical designs and on modern production methods. This applies in particular to the great steel and iron manufacturers who for many years have been engaged on setting up factories in a number of overseas countries.
4. Although the main emphasis of our trade fair is on the concentrated display of production and investment goods we also show those branches of consumer goods, which have always had a particular appeal as exports, being specially designed to secure the interest of international buyers.
5. Of approximately four thousand exhibitors there are usually four hundred, that is ten per cent, of foreign-non-German firms, mainly European, but also some from overseas, from twenty different countries in all.

6. Furthermore in Hanover we have created a new type of industrial fair; all the exhibits are arranged by trade groups, in so-called special trade halls, no matter whether the exhibitors are German or foreign. This clear arrangement makes it possible for the buyer fairly quickly to get a complete picture of the production and capacity of each group.

We were against the system of state pavilions or collective displays because we believe, that the collection of a great variety of goods in such pavilions is contrary to the idea of a genuine trade fair and there is always a risk that such an exhibition in a pavilion may be more of an advertising show.

7. Instead of this we offer opportunities for foreign countries to advertise their own industry in our information offices. These information offices are in most cases managed by government representatives of the countries in question and from long experience we know that they are highly valued. Thus in these offices contact can be made very simply with "other foreign" parties, the so-called third party.

Please bear in mind that among the one-point-four million visitors at the last fair there were about sixty-thousand foreigners whom we registered in our lists of foreign guests as from the day of their arrival in Hanover so that at any time we were able to bring interested partners from all parts of the world together in our information offices or other rendezvous for foreigners.

This year-by-year steadily increasing influx of foreign buyers is certainly not chance but can be ascribed primarily to the attractiveness of our manifold and businesslike display and of course, to wide publicity abroad. At present we have throughout the world fifty-seven of our agencies and six agencies for the sale of tickets.

Not the least important of my reasons for coming to East Asia is to expand and consolidate this network of agencies in this very important economic area.

In this connection I would like to draw your attention to a point which may have escaped you and that is that Hanover in the last two years has developed into a true centre of

contact and business between West and East. During the last two fairs we were happy to welcome in Hanover delegations from the USSR and in nineteen-fifty six for the first time the Berlin representative of the China National Import & Export Corporation, was present. There has also been an increase in the number of leading personalities representing the foreign trade monopolies from Czecho-Slovakia, Hungary, Rumania, Bulgaria and Poland and a few days before my departure to fly here we took up negotiations with several groups of Polish and Czecho-Slovak potential exhibitors. At any rate Hanover is well on the road to become a trade fair centre at which the displays of the industrial production of the Western and Eastern hemispheres meet.

An important characteristic in the organisation of our fair is the fact that all exhibitors are manufacturers. For only the manufacturer can give an absolute guarantee regarding the technical quality and the value of his goods as well as for delivery periods and other terms.

I would add also that in Hanover not only the large firms meet every year, but also medium sized and small industries with their special products.

And finally the majority of the machines, apparatus and appliances exhibited at the Hanover Fair are shown in operation, so that when you enter one of our halls you might get the impression that you are in a large factory. This insures that the efficiency of a machine or apparatus can be tested at the stand itself.

I do not intend to bore you with statistics but ask you to allow me to mention a few figures which will indicate the size of our fair.

As most of you perhaps know we are still a very young fair and will in this coming year celebrate our tenth anniversary. We are therefore unable to point to a centuries old tradition, but find this no drawback for often enough tradition can become a burden. On the other hand, we have been able to build up a fair which in regard to organisation, clarity and above all in the architecture of its buildings meets the most modern demands. In nineteen-fourty-seven we began with thirty-six thousand square yards of enclosed hall

space and a small outdoor exhibition ground. To-day with a total area of eight-hundred and thirty-seven-thousand square yards we have a total area in covered halls of two hundred and eighty-seven thousand square yards and an open space of one-hundred and sixty-seven thousand square yards, so that Hanover-at least in area is the largest fair ground in Europe.

The biggest group of exhibitors represents the electrical industries, numbering over a thousand. This is followed by machine engineering with almost nine-hundred and fifty manufacturerers. Other large groups are fine mechanics and optical industries with two hundred and eight-four exhibitors, chemical and plastics industries with two hundred and eighty-three and many more.

Among the consumers' goods branches the group jewellery, silverware and clocks and watches occupies the leading place with two hundred and fifty firms. Next comes the group China and ceramics with one hundred and eighty-nine and glass-ware with a hundred firms, followed by the cutlery trade, to mention only a few. The group office machines and equipment includes three-hundred and fifty firms. These few figures may suffice. You will find the complete list of exhibits in the prospectus which we have laid on your seats.

Permit me, however, to add that Hanover has also made a name for itself with two special exhibitions of machine tools. In nineteen-fifty-two there was a European machine tools exhibition and in nineteen-fifty-five it was on a national basis. In the autumn of nineteen-fifty-seven, once more on a European basis, but with exhibitors from overseas also, the Hanover fair ground will contain the largest machine tool exhibition since the war. We are counting on over a thousand exhibitors and about fifteenthousand tons of exhibits.

May I in conclusion mention-for you will obtain all further information through the eye of the camera in the film-that we are sincerely looking forward to receiving from your country at our fair next year which will be held from the twenty-eight

of April to the seventh of May nineteen-fifty-seven, a delegation of prominent personalities representing your economic life, at an economic congress on the second and third of May nineteen-fifty-seven which is being organised in conjunction with the East Asian society of Hamburg-Bremen.

These economic congresses in Hanover have become and here I can use the word a tradition, and they serve to maintain and develop human relations. The East Asia congress next year will receive the full support of the West German Foreign Office and the Federal Ministry of Economics in Bonn and will provide an opportunity to discuss any questions concerning the expansion of trade between the East Asian countries and the Federal Republic, and other questions between your exports and the competent representatives of the German economy and export industries.

You may obtain all information (including prospectus, special trade prospectuses, advance catalogue, main catalogue and information concerning technical novelties to be shown at the next fair) from our Hanover trade fair representative in your country, or, if such does not yet exist, from our diplomatic mission, or German Consulate.

I would ask those of you who intend to come to Hanover please to make known at a very early date your requirements regarding quarters. They should be addressed to the tourist office, Verkehrsamt Hannover. Although in addition to the hotels we have thirty-thousand private quarters available, you will understand that with over one million visitors the best rooms are soon disposed of.

You may be assured that we shall give you at least as friendly a welcome in Hanover as you have given me here.

VISIT OF THE JAPAN WOODWORKING MACHINERY TRADE MISSION

Shri C. Sechachalam informed the Chamber that the Japan Wood Working Machinery Trade Mission will visit the Chamber on the 9th November 1956 and a meeting was accordingly arranged.

The following members of the Mission visited the Chamber.

1. Mr. Kiyotaka Segomi (Head)
2. Mr. Koitsu Kodama
3. Mr. Noriyuki Nagaoka
4. Mr. Teiji Okamoto
5. Mr. Akira Tanaka
6. Mr. Sadajiro Katoh
7. Mr. Koyoshi Nakayama
8. Mr. Shozo Tanijiri
9. Mr. Suematsu Sakamoto

Shri K. V. Srinivasan, Vice-President, in welcoming the members stated as follows: —

“I have pleasure to welcome you to the Chamber. Recently we had the benefit of the visit of the Japanese Machine Industry Mission and we had interesting discussion with them. Now your Mission has also thought it fit to come to India. The visit of such Missions shows the abiding interest which Japanese manufacturers are evincing in the industrialisation of India and how eager they are to promote industrialisation in this country to our mutual advantage.

India has already finished her First Five Year Plan of development, and has embarked upon a second one. During the Second Five Year Plan of development much emphasis has been placed on the development of industries. A more prominent place has been assigned to the development of small-scale and cottage industries having regard to the importance it plays in the economy of the country as offering a solution for relieving unemployment and underemployment in the country. We have taken inspiration from your country in the matter of development of cottage and small-scale industries, and we have every reason to think that Japan will be able to help us considerably in the promotion of small-scale industries. Your Mission covers only a part of the small-scale industry sector and we feel sure that Missions connected

with other sectors also will find it convenient to visit this country in due course.

There is much area under forest in South India and so it offers considerable scope for industries based on timber, and consequently for woodworking machinery. I hope you will be visiting different centres of industrial activity and explore the ways and means of co-operating with Industrialists here with a view to the establishment of such industries here.

There was discussion about the trade possibilities between India and Japan, especially, with relation to Small-scale Industries in which members took great interest.

Shri V. Pandurangiah thanked the members for coming to the Chamber and explaining in detail the possibilities of improving Indo-Japanese Trade.

VISIT OF DR. C.E. GRIFFIN

Dr. C. E. Griffin, a former Professor of Economics at the University of Michigan who was connected with the General Motors Corporation, New York, was on a visit to Madras and the Chamber invited him to attend a meeting at the Chamber. He agreed to visit the Chamber on the 20th November 1956 and a meeting was arranged to give him a welcome.

Janab K. S. G. Haja Shareeff, Vice-President, in welcoming Dr. Griffin stated as follows:—

The Chamber is grateful to you for your visit. I am also thankful to Mr. Santhanam for making this meeting possible.

The relative roles of state and private enterprises in the economic development of the country is looming large in all discussions. Our Government's attitude to the question has been summarised in their industrial policy statement of 1956. Our Government makes no rigid or doctrinaire approach to the question of State Enterprise and according to them every country has to determine and choose the relative role and

field of Private and State Enterprises according to the circumstances prevailing in a country and best suited to the genius of the people. You will be well aware that India is making an all-out effort for rapid industrialisation of the country for it has been realised that it is the best panacea to solve the economic ills facing the country and to raise the standard of living of our people. In this great task of achieving rapid economic development both public and private enterprises have great scope and place. India being an undeveloped country with large untapped and unharnessed resources the State has to step in and participate in a large measure in promoting rapid industrialisation. So the Government have been directing all their energies for the planned development of the country's resources. We have successfully completed our First Five Year Plan of all round development and our Second Five Year Plan representing another phase in our development has just been begun. In the Second Five Year Plan the Private Enterprise has also been assigned an important and active role.

During the past some months several foreign visitors and experts have visited the country and they have after careful investigation and study pronounced in unmistakable terms the progress India has achieved. Their studies and criticisms have given us great strength and helped us to have a clear perspective of our aims and methods. For our guidance and inspiration we look forward to your study and investigation about the achievement and contribution of Private Enterprise and its role and function in the light of your rich experience in your country.

I thank you again for having come to the Chamber.

I now throw open the meeting for discussion.

The following is the proceedings of the meeting:—Dr. C. E. Griffin, former Professor of Economics, Michigan University, said the success of the American individualistic capitalism lay in the fact that in such a system the rewards for success were direct and very substantial. The individual was largely responsible for his own acts and punishment for failure was also direct and substantial, he added.

Explaining to a gathering of the members of the Southern India Chamber of Commerce, the dominant role played

by “laissez faire” in the U. S. economy. Dr. Griffin, who was one-time consultant of the General Motors Corporation, New York, said that an expanding economy need not necessarily be due to increasing population. It could be for the purpose of raising the general standard of living of the pupils.

Dr. Griffin, describing himself as “a sort of academic spokesman” of the American businessman, said the enlightened entrepreneur in his country believed in the preservation of the spirit of competition.

In the discussion that ensued between the visitor—who has come to India to study the system of free enterprise—and the members, the following points were made: In India, Government was the biggest competitor to the private businessman and there was no private monopoly, excepting the Governmental one. The private sector was more efficient than the Government in running an industry. It was not possible to form any political party composed of businessmen alone.

Shri K. V. Srinivasan, Vice-President, proposed a vote of thanks.

VISIT OF A TEAM OF BRITISH ECONOMISTS AND FINANCIAL COMMENTATORS TO INDIA

The Federation of Indian Chambers of Commerce and Industry, New Delhi, informed the Chamber that at the invitation of the Government of India, a Team of British Economists and Financial Commentators will be visiting India and during the course of their tour, they will be visiting Madras and wanted the Chamber to meet them at the office of the Chamber.

The Team of British Economists and Financial Commentators consisted of six people as given below:—

1. Mr. Roland Bird, of the ‘Economist’, London,
2. Mr. Duncan Burn, of the ‘Times’ London,
3. Mr. Andrew Shonfield of ‘Financial Times’, London,

4. Mrs. Barbara Wright (better known as Mrs. Barbara Wootton) of Bedford College, London.
5. Mr. J. Macartney-Filgate of the Lazard Bros., London.
6. Mr. Paul Bureau of the 'News Chronicle' London (In addition, Mrs Macartney-Filgate would be accompanying the Delegation.)

The Chamber agreed to meet them and a meeting was arranged at the Chamber on the 28th Nov. 1956 and a reception was given to this Team. Since they did not visit other Chambers of Commerce in the City, Committee of other Chambers affiliated to the Federation were invited to attend the meeting and other important members were also invited.

Shri M. A. Chidambaram, President of the Chamber, in welcoming them said as follows:—

"I consider it a great privilege to have this honour of welcoming you in our midst to-day. We members of the mercantile community in the City are very glad to have this opportunity of meeting you. Government of India have been inviting experts from foreign countries for a dispassionate study of the various aspects of our economy like industry, agriculture, taxation and administration etc., and we have had the benefit of advice from such experts. We are glad you have been invited by the Government of India to study our industrial development especially with reference to our programmes under our Five Year Plans.

All along India's economy was under developed. It was predominantly agricultural. But under the inspiring leadership of our illustrious Prime Minister, Jawaharlal Nehru, we have embarked upon planned all-round development of our country's resources. After due thought to the circumstances and the need for quick development the country has chosen democratic planning, suited to the genius of the people. In consonance with our ideal and principles the first Five Year Plan of all-round development was successfully implemented and a more ambitious Second Five Year Plan with greater emphasis on industrial developments is in progress.

It has been realised that rapid industrialisation is the only speedy solution to our mounting unemployment and as the means to raise the living standards of our people. During pre-independence era, though there were certain lines of manufacture in this country. our economy was stagnant and industrially backward considered in relation to its immense resources. It is our aim and object under our successive Five Year Plans to fill up the gaps in our industrial structure and to increase the capital base of our economy. We have Plans for establishment of heavy and basic industries to impart momentum to industrialisation.

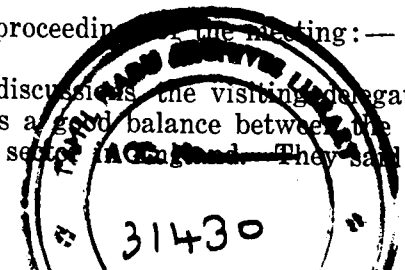
During your short visit to the different centres in this country you would have noticed that the country is pulsating with a glow of economic activity and every effort is being made for accelerating industrial expansion and to place the country high in the industrial map of the world. We know the task and process of industrialisation is an arduous one, and the change-over from a primary economy to an industrial one will create great problems in finance, organisation, technical know-how etc. In this mighty task of industrialisation we surely can look forward to collaboration from countries like yours. Our Second Five Year Plan envisages financial and other forms of assistance from foreign countries. The relationship between India and the British people our erstwhile rulers especially is more cordial after Independence. We can say after Independence the area and the extent of collaboration have greatly increased to our mutual benefit. This is an unmistakable sign that business and industry know no political frontier.

Gentlemen, you will be able to see aspects in our programme that might have eluded us and that your findings, detached as they will be, will offer us valuable guidance in our great endeavour in democratic planning.

Once again thank you.

The following is the proceeding of the meeting:—

In the course of the discussions the visiting delegation pointed out that there was a good balance between the private sector and the public sector. They said the



allocation for public sector in India under the Second Plan was "slightly excessive" to the total amount,

Replying to a question whether sterling would be compelled to be devalued, one of the members of the delegation appealed to the businessmen not to believe the rumours that sterling would be devalued. Sterling was a much stronger currency than was made out by those in the European market. Its future depended on the collective discipline of all the members of the Sterling area which formed one-third of the world.

As regards State Trading Corporation, one of the Economists said that State trading had not been able to get an effective machinery to carry out the trade which was undertaken. In England, it was felt by the importers that State trading was liable to push prices up and disturb the established policy of bigger exporters of keeping prices stable. He further said that they did not have any parallel in England to the type of State trading undertaken in India.

Replying to questions on nationalisation, it was pointed out that there was a trend of thought which felt that nationalisation was bound to be a deterrent to foreign capital coming in and for starting of new enterprises in India. There was no doubt that the nationalisation of insurance companies in India had very unfavourable effect on the general willingness of private capital in England seeking out an outlet in India.

Adverting to the tightening up of credit facilities in England, one of the members said there was a general shortage of capital in England and the Chancellor of Exchequer had expressed a wish that the banks in general should reduce bank credit and bank advances. Banks were called upon to reduce the total volume of their advances but it was left to them to exercise discretion as to the direction in which these advances should be reduced. There was a certain amount of flexibility in their banking system which enabled banks to use discretion to assist deserving cases.

Janab Abdul Hameed Khan proposed a vote of thanks.

VISIT OF MR. E.d' ALESSANDRO

Mr. E.d' Alessandro, Trade Commissioner for Italy who was on a visit to Madras informed the Chamber that he would like to have discussion with members of the Chamber with regard to the promotion of Indo-Italian trade. The Chamber agreed and a meeting was arranged to meet him at the Chamber on the 19th December 1956.

Janab K. S. G. Haja Shareeff, Vice-President, welcomed Mr. E.d' Alessandro and pointed out to him to promote Indo-Italian trade.

The following points were discussed with him and Mr. E.d' Alessandro said that he would do everything to promote trade between the two countries.

Among Asian countries India is the only country which has an adverse balance of trade with Italy. During the year India imported goods valued Rs. 16.5 crores as against her exports valued Rs. 9.5 crores. It is no doubt true that the adverse balance of trade is steadily declining but it has to be borne in mind that unless Italy imports more from India it may not be possible to increase our volume of imports from Italy. Even now our exports are dwindling and we are forced to draw upon foreign resources to pay for our current imports which are found absolutely necessary to help implementation of the Five Year Plan. It is, therefore, necessary that Italy, in the first place, should think of improving her off-take of goods from India. There are various commodities which Italy can buy to a greater extent from India, for example fibres for which Indonesia seems to be our principal rival, coir fibres for which Ceylon is a close rival. Italy can definitely take more of Indian coffee for which Brazil is a competitor. Tea is another instance where our exports can be improved. Italy offers a good market for Indian goat-skins and kid-skins. India's share now is comparatively small. Boots, shoes, chapals, handloom goods, carpets and floor-rugs are commodities which can be marketed in Italy without much difficulty.

Among goods which India can import from Italy are machineries of all kinds which will help industrialisation of

the country. Government is following austererity principles in the matter of imports but the Chamber may well point out that with the steady growth in the national income of the people there is bound to be increased imports of even consumer goods from Italy not in the distant future. India is a country with immense potentialities and though it may not be possible straightaway to increase our offtake of Italian goods you may rest assured that Italy's exports to India will steadily improve. There is no bias against Italian goods and Italy is a country with which India has very cordial trade relations.

There are visible signs of Italian participation in India's industrial development and this is a very good sign. India needs foreign collaboration and the Trade Commissioner can help very much to promote such collaboration with Italian participation.

VISIT OF

THE HON'BLE SHRI T. T. KRISHNAMACHARIAR

The Chamber requested the Hon'ble Shri T. T. Krishnamachariar to address the general body of members soon after his assumption of office as Finance Minister, Government of India. For want of convenient date, it could not be possible to hold a meeting. Ultimately the Hon'ble Minister agreed to address the general body of members on 24-12-56 and a meeting was therefore, arranged to meet him. Other Chambers of Commerce were also invited.

The President Shri M. A. Chidambaram, in welcoming Shri T. T. Krishnamachariar stated as follows:—

"It gives me very sincere pleasure indeed in according you, Sir, a most cordial welcome on this occasion. Your present visit has a special significance for us because you are visiting us for the first time as Finance Minister of the Government of India. We are proud that one amongst us has been called upon to fill this high and exalted office at this crucial period in the history of the country, when she has embarked upon a robust programme of economic development. Ulease accept our most sincere felicitations on your appointment as Finance Minister. It is our hope that after the elec-

tions, you will continue to be our Finance Minister and fill that office with the same conspicuous success that you have attained in the tenure of your office as Commerce Minister. We express this hope in no conventional sense.

After assuming the office as Finance Minister, you have not been content to let grass grow under your feet. We are aware that the fixing of the general elections for February-March 1957, has obliged you to pre-date your taxation proposals by about three months and since taxes imposed, are in their very character retrospective for a year, it is just as well that what might have been announced on the 28th February were in fact announced on 30th November. As you rightly observed on the floor of Parliament, it will enable the business world and industrial companies to adjust their programmes and declare their dividends and do such other acts as may be necessary with full knowledge of the new taxes and obligation.

It is not my object to refer to the budget proposals in detail, to which detailed reference is made in the memorandum which is already in your hands. It is however my hope that the points raised in our memorandum will receive your most sympathetic consideration. I would confine my observations, therefore, to one or two other matters which are of importance from the point of view of the mercantile community. The business world, industrialists and the Managing Agency class have been subject to a steady cascade of half-informed and un-informed criticism. The fact that every jibe at the mercantile community has been received with acclamation on the floor of Parliament and elsewhere, is convincing proof that there is little appreciation of the difficulties and in some sectors, the very grave difficulties which the business world is facing. They have nevertheless afforded the utmost possible co-operation to Government in the fulfilment of targets and establishing of industries for which licences are obtained.

Our besetting difficulty has been the drying up of capital formation. We are almost celebrating the tenth anniversary of the beginning of an economic phase which started with the Lquat Ali Khan's budget of 1947. There is only a limited volume of capital available in this country and it is natu-

ral that such capital should seek a well-secured and high-yielding haven. If Foreign business houses with their prestige built over half a century and in some cases over a century, issue capital, subscription is forthcoming even if such capital issues are made at a premium and even after such considerable watering of the original capital as has taken place in the intervening period. Is it any wonder that houses of world repute are able to get their capital fully subscribed and that on the other hand the comparatively unknown entrepreneur and industrialists of India is unable to have similar response from the capital market? We have had a very limited quantum of industrial tradition—practically no industrial tradition—in India and our oldest industries are not more than a few decades old. The entrepreneur has to face numerous difficulties not only at the stage of obtaining licences, capital issue sanction, and foreign collaboration but also physically in installing his plant and machinery and in working it at the initial stages. It is not for me to go into details but I know of several honest and sound industrialists who in spite of the excellence of the industries sponsored by them, have been unable to get capital from the market. In my humble opinion, Sir it would not be fair to put them along-side of business houses of world repute and say that they do not inspire the same confidence as foreign industrialists of established repute. There is plenty of evidence that the climate for capital formation has been systematically rendered adverse over these ten years by direct taxation on the one hand and uncertainties of Government policies on the other. If to the present quantum of uncertainty is added the uncertainty of quarterly or half yearly tax levies, I have a misgiving, Sir that the climate for not only capital formation but for business commitments over even medium-terms would become very unhealthy. I feel that given a reasonable if not positively healthy climate, the Indian industrialist would prove his mettle.

I appeal to you, Sir, that you should give him a chance to establish himself and test his initial production on the consumer market, improve quality and secure for himself a name as a producer of quality goods. Industrial units in the West have had whole centuries, since the industrial revolution, in which to improve quality, cheapen production cost and advance their techniques. Their research and market-

ing methods have naturally improved over the long tenure of time during which they were allowed to develop their industry unhampered by official intervention. For instance Trade Union clamour did not come closely on the footsteps of the issue of Certificates of commencement of business to an industry as we witness in India today. I am aware of some industrial units, which after a period of initial working for three months had to shut down owing to labour trouble. Even the most resourceful Trade Union leader cannot prove that an industry could stand a particular level of wages or labour benefits before it has time to establish itself. This single disheartening feature of the Indian industrial set-up has frightened more entrepreneurs and capitalists out of industry than perhaps any others, including taxation. I can go on piling up reason after reason why the industrialist has not been able to go ahead either on the scale or in the manner expected by Government. It is my hope that with your abundant experience of business and your intimate knowledge of the difficulties confronting industrialists in India, you will give them a reasonable chance of proving themselves and establishing the economic soundness of the ventures on which they embark. A casual perusal of the history of any industry in the United Kingdom would convince any one that they had also their cycles of difficulty and heartbreaking phases even before the cycle of heavy levies and taxes, corresponding to ours in their earlier years. After all, India is still gathering pebbles on the shore of economic development while the vast seas remain to be navigated. We want a word of encouragement and reassurance from Government to build up the morale of those who embark on these uncharted seas. Is it too much to expect that Government will give the word of cheer in order that the much maligned private sector may play its part in the development of the plan targets?"

Later on the following memorandum which was prepared in consultation with the members was discussed.

(1) *Conditions in Money Market*:—The Chamber has been watching with deep concern the worsening conditions of the money market. Banks have been for some months unwilling to consider fresh proposals for advances even from established clients. Particularly Banks licensed to engage

in foreign exchange business are believed to have used up their resources in the financing of import bills. It is also learnt, that this is due in great measures to the import of steel which has been financed by many Banks to a considerable extent. It is a pity that the usual and seasonal overdraft facilities enjoyed by business houses and industrial establishments in regard to raw material have either been curtailed or denied in many instances by Banks. It is very unusual for Banks to have lent up to the limit of their resources even at the very commencement of the busy season. The Chamber understands that new industries, which had issued capital and put up plant and machinery and which, in the usual course, were looking up to Banks to finance their purchase of raw materials, have all been hard put to it to obtain accommodation from Banks. The Industrial Finance Corporation confines its assistance to capital programmes and states in distinct terms that it would not lend money for working expenses. In these circumstances the non-extension of the usual credit facilities by Banks is creating many embarrassing situations for both trade and industry. The Chamber is particularly puzzled by the phenomenon of deficit financing and increasing money supply on the one hand and sudden tight money conditions in the Banking world on the other. It is not as if this money tightness has come upon us in the last few weeks. It has been there for the last few months and the indications are that this will continue to be the case for at least three to four months to come. The Reserve Bank has been obliged to issue circulars to curtail even the normal seasonal agricultural advances and it is only a few weeks ago that the Reserve Bank has lifted the ban on advances on foodgrains. Banks have been so depleted of their liquid resources that they have not been able to buy their usual requirements of gilt-edged securities, even when prices fall, as they have fallen in the last two weeks. The Chamber is aware that the present situation must be regarded as abnormal but unless an early remedy is forthcoming the distress felt by trade and industry will continue for some months. The Chamber is glad to note that the Finance Minister has been in close touch with the Banks in Bombay and Calcutta in this regard.

The Chamber believes that the method of distribution of iron and steel itself entails delay in realisation of sale

proceeds. For instance the stockist of steel finances the import at the external price and sells it at the subsidised price and remains out of pocket for the subsidy for some time. On paper this is supposed to be for a short period—say a fortnight. In actual practice there is very considerable delay running into a few months in the realisation of these subsidy amounts. In other words there is an element of subsidy in what the stockist himself does to the extent of his being out of pocket for large amounts over long periods.

Another matter to which the Chamber would like to draw your attention is the very great delay in the payment of Bills by Government both Central and States. Instances are known in South India of Companies which have sold goods to Government and have not received payment for over two years. In some instance it lasts for longer periods. The Chamber feels that such margin of profit as the dealer may be banking on is bound to be wiped out by the interest he has to pay to Banks, consequent on prolonged non-receipt of proceeds of sales from Government. In the meantime Income-tax assessment intervenes and the stockist is called upon to pay income-tax in cash on income not realised. Having regard to these several hardships the Chamber requests the Finance Minister to issue instructions for prompt payment of Bill so long as the goods received conformed to specifications and the other obligations under the contract are fulfilled. The Chamber is of opinion that this single move on the part of Government will tend to ease the present stringent money condition to a considerable extent.

(2) *Kaldor's Report*:—Members have read this report with great interest not unmixed with concern. The proposals contained in this Report, while in being several instances original, appear to cut at the root of incentives both in trade and industry. While this Chamber is in agreement with Prof. Kaldor's general policy of broad based taxation and for so arranging the mechanism of taxation, that an increased national income should be reflected in a proportionate increase in revenue, several of the proposals seem to be far-reaching in their implications. For instance the tax on expenditure is a novel one. The Chamber gathers that these proposals were made by Prof. Kaldor to the United

Kingdom Government and that the U. K. Government, however did not accept these proposals. A tax on expenditure in a country like India would no doubt affect only the so-called higher income groups but this may easily operate as a check on consumption. The Chamber doubts whether this would be anti-inflationary as the Government seems to think. While wasteful expenditure must be discouraged, a tax on expenditure as such at this stage of our development programmes seems to be ill-conceived. It is no more possible for the Chamber to estimate the income from such a tax than it has been possible for the Government to estimate correctly the income from Estate Duty. The Chamber feels that this is not likely to be a material source of Central revenue while it is bound to inhibit consumption to a degree. The anti-inflationary effect of such a tax is unlikely to be very visible in its impact on our economy.

(3) *Annual Tax on Wealth*:—There is another proposal for an annual tax on total wealth which will be a novel tax for a country like India though, no doubt such a tax prevails in economically advanced countries like Sweden and Japan. The Chamber is of opinion that an annual tax on total wealth might sap incentives particularly as it will fall on the top of a steeply graded system of personal taxation in the form of income and super taxes. The Chamber recognises that the combined operation of a tax on total wealth and income and super taxes will only be to secure a redistribution of the tax-heads to a degree. The Chamber thinks that the country should be given an opportunity of expressing its views on Kaldor's Report particularly as it has followed closely in time the Taxation Enquiry Commission's Report with its numerous proposals for fresh taxation at the State and Central levels.

(4) *Budget Proposal*:—The proposals made in the Finance Bills of 30th November, 1956 are in many ways far-reaching. The increase in the dividend tax from As. 2 and As. 3 to As. 4 and As. 6 is bound to impose great hardship on the higher dividend paying Companies. Any cut in the higher range of dividends brought about by the recourse to dividend taxation is bound to result in large capital depreciation of equities. In fact this has already occurred in an alarming measure. Such wiping out of real values in its turn

affects capital formation. The revenue implications of this levy are not likely to mean any substantial addition to the Exchequer, whereas the damage done to real values is considerable. The Stock Exchanges report a steep fall in values and business in the trading rings has been drying up.

(5) *Capital Gains Tax*:—The capital gains tax is another tax which is likely to do psychological damage whereas the revenue to Government from this source cannot be substantial particularly as 1st January 1954 has been made a base date for computation of capital gains.

(6) *Compulsory Deposit*:—By far the most drastic proposal made in the Bill is the one concerning compulsory deposit of depreciation allowances with the Government to the extent of 75% of sums so allocated out of current profits and 25% in respect of accumulated reserves. At present these reserves are being used as part working funds of companies and have relieved the pressure on Banks, which demand for working funds of industrial Companies would otherwise have exerted. As it is, working funds have become a major problem with most industrial Companies, because of the need to store raw material for long term consumption and also because of the need to store the finished goods. Considerations such as scarcity of Railway transport or delay in Governmental release orders as in the case of sugar and cement, often oblige Companies to resort to Bank finance to a much larger extent than used to be the case. Under such circumstances funds accumulated by way of depreciation allowances and development rebate have come in handy to Companies as part working finance. The Chamber notes what the Finance Minister stated on the floor of Parliament that one of the reasons for introducing this system of compulsory deposit was to prevent acquiring of controlling equity interests in other Companies. The provisions of the Companies Act of 1956 are stringent and can visit dire punishment on such persons as choose to misapply Company funds in this manner. In fact the resources available in Reserves of Companies are hardly adequate to meet the day-to-day requirements of industry. The fact that in occasional instances such funds have been applied in non-industrial directions, can scarcely be regarded as a provocation for the present move by Government to conscript such depreciation reserves.

The Chamber feels that this is going to cause grave hardship to industry in the coming years.

The Chamber need hardly refer to the fact that practically every industry working profitably, has expansion programmes which it hopes to finance out of depreciation allowances and reserves. Many have already opened Letters of Credit with small margins. Such Companies will find it a great hardship to deposit these reserves with Government and wait for release orders which are likely to take time.

(7) *Banking Companies Amendment Bill*:—The recent amendment to the Banking Companies Act requiring the prior sanction of the Reserve Bank for the appointment of the Executive Officers of the Banks makes serious inroads into the discretionary powers of Banking Companies. There is an objection both in principle as well as in procedure as the proposal involves a divorce between power and responsibility. Obviously law cannot vest the power of vetoing appointment in the Reserve Bank and make the Board of Directors responsible for the good conduct and success of the Bank. This introduces the thin end of a wedge into the discretionary powers of Banks and this may truly be followed by similar inroads into discretionary powers of industrial Companies. The Chamber hopes that Government will give the most serious consideration to the violation of a sound business principle which is involved in this amendment.

(8) *Lack of Co-ordination*:—Recent developments have indicated that there is much lack of co-ordination in the efforts of the Centre and the States in the matter of implementing welfare schemes. Recently the Plantation Enquiry Commission brought out its Report on tea. This Report makes some important recommendations which will take care of a fair proportion of the revenues from the tea industry. One such recommendation is the contribution of Rs. 50/— per acre to the Tea Re-planting Fund. There are other recommendations which punch large holes on Tea revenues. The tea industry has informed the Chamber that this, in addition to the obligations imposed by the Plantation Labour Act, will make serious inroads into distributable profits of Tea Companies. On top of this has now come the

Plantation Award which has been gazetted by the State Government. The Chamber gathers that the total amount that has to be distributed with retrospective effect from March 1952 would be of the order of over Rs. 17 crores. This is well in excess of the resources and capacity of the tea industry. If this Award is implemented, the industry may be facing a dead-lock. As it is, the Planting Industry reports a grave situation. The combined effect of the recommendations of the Plantation Enquiry Commission, the Plantation Award and of the Plantation Labour Act would be to bring the industry to a state of standstill. The Government of India have a large stake in tea as it is the principal foreign exchange earner for India. In the opinion of the Chamber it is essential that welfare measures, however good in themselves, will have to take account of the capacity of the industry employing labour, as the ultimate prosperity of the labour employed, will depend on the stability of the industry itself. The Chamber requests the attention of the Finance Minister to the situation created by the uncoordinated recommendations of both the Plantation Enquiry Commission and the Award. While the former are only recommendations, there is a statutory obligation to implement the latter within a month of its being gazetted. It is reported that the Industry has gone to the Supreme Court for legal redress in the meantime.

(9) *Foreign Exchange Resources*:—The Chamber has been watching with concern the very considerable pace at which our foreign exchange resources are being used up. There has been a big draw on our sterling balances and the Chamber believes that our export markets have suffered a decline in the last few months. It is stated that our textile goods have been less favoured in the last few months than they were in the corresponding period of last year. Owing to the unsettled conditions in U. K., our tea exports for the whole year are likely to be affected. In the meantime the fact that India Tea Association of Calcutta has already circularised to its members calling upon them to voluntarily curtail their crop is an index of the declining state of our export market. Special efforts will have to be made to stimulate our export market by stringent quality control and by diversification and promotion of our export trade. Necessary steps for carrying effective propaganda abroad will have

to be considered in consultation with our Embassies and Consulates. Our Trade Commissioners should do more active propaganda for our products.

10. *Extension of State Trading*:—The Chamber has been following the progress of State Trading activities of the Government in the mineral and cement sectors. While the Chamber feels that it is too soon to express any opinion on the result so far achieved it hopes that the State will not encroach further on trading fields depriving the mercantile community of its legitimate share in the country's economic activities. State Trading in cement has had the immediate effect of putting up the consumer price of cement. The burden is being felt by the building industry in the private sector to a great extent.

The chamber would like to know why Government did not resort to the establishment of an Equalisation Fund to deal with the problem of imported cement. Government have considerable experience of the operation of an Equalisation Fund in the case of steel. In regard to imported cement which is being bought at practically double the price of indigenous cement it would have met the requirements of fair marketing if a cement Equalisation Fund has been started and the imported cement has been sold at an equalised price alongside of indigenous production. Retention prices could have been fixed for cement and the excess amount being the difference between retention price and the equalised price could have been collected from the cement manufacturing units for the purpose of being paid into the Equalisation Fund. After setting off of the loss in the sale of imported cement, the Fund could have been utilised for development of the cement industry by loans as has been recently done in the case of Tata Iron and Steel Company which received a loan out of the Steel Equalisation Fund.

(11) *Company Law*:—The brief period during which Company Law has been in operation has revealed many anomalies and hardships which could not have been anticipated by the framers of the Act. Instances have come to our notice of two or more sections having the effect of partial cancellation of certain provisions of the Act. A great deal

of confusion has been caused, for instance by the provision of Sections 198, 309, 352, 353, 354, 355, 356, 357 and 387. The interpretation of several sections has caused a lot of hardship while final clarification may rest with Courts of Law. It is not possible to test these sections by resorting to Courts of Law in every case. While the Company Law Administration is no doubt a very active body, they feel difficulty in offering authentic interpretation of various sections. It is our hope that this Act will be as liberally implemented as the Government have declared they would for at least a few years to come.

(12) *Search of Premises and seizure of documents*:—The Chamber has noted with alarm the proposal to amend the Income-tax Rules under Section 59 of the Act for the search of premises and seizure of documents. This would empower the Commissioner to authorise any Income-tax Officer to enter any premises, to inspect and search the premises and to take possession of books and documents which in his opinion would be useful for any income-tax proceedings. It further empowers them to make search of the person, when such person is suspected to conceal any article for which the search is being made. The present Income-tax Act clothes the Department with ample power to prevent evasion. 'Best judgment' and similar forms of assessment and other penal provisions are sufficiently deterrent in their operation against evaders. The Chamber thinks that the proposed amendment is drastic and is likely to aggravate the bitterness that exists between the assessee and assessors. The Chamber feels that creating an atmosphere of mistrust is not likely to facilitate the smooth collection of income-tax and suggests that this proposal may be dropped".

The following is the brief summary of the proceedings:

I am very grateful to you, Sir, for the warm words of welcome which is becoming almost a characteristic of your Chamber on all occasions that I visited the Chamber. I quite agree with you, Sir, that I do not mean it in the conventional sense. Whatever you have said are your feelings from the warmth of your heart Southern India Chamber of Commerce's relationship with me

in particular is such even if I had committed mistakes they will gloss over them. You have mentioned, Sir, that I should come back. That is the President's intention, but many will be the slip between the cup and the lip because when one changes the job that might be change of life. It is true because there is some work to do in future. So it is possible that I might have to do this work for some time to come and it is, therefore, extremely heartening that my own special constituency, which catapulted me into politics about 20 years back, has a warm corner in its heart for me.

Mr. President, you high lighted some of the difficulties which you share in common with other friends in Madras, and some of which have been expressed in the memorandum that you have presented to me. The one handicap which any Finance Minister faces is, he has no friends and he has no confidants. He might have complaints. His plans are hatched only a few hours before they are announced. Sometimes it is a difficulty to take anyone into confidence, particularly if he thinks that certain overhauling is necessary to keep the economy in proper shape. But that is not all. You know the party to which I belong is pledged to bring into being a socialist economy in a changing world. Changes have to be made not merely in the administrative set up, not merely in the tax set up, but also in the character of the economy-in the distribution of wealth, in the distribution of profits of production and also the benefits that accrue to the people out of production. A few days back the Rashtrapathi, speaking at a function in connection with the inauguration of a private Institute of Research in Applied Economics, mentioned the fact that in an under-developed country we have to lay emphasis on production for consumption rather than production for profits. That can be said to be a socialistic objective. So it cannot be complained therefore by any sector of the public that the Government is pledged to bring about a mere egalitarian society because no Government could ever be a complete egalitarian society. When we are engaged in building an egalitarian society somebody has to suffer or at any rate made to feel that he suffers. So I am asking the business community generally to be a little more charitable in their judgement of our acts. I am suggesting that not because I want a charitable outlook from you. Of course we do that partially. But that apart what

we want is that you should not lose faith in yourselves. So you must feel that you have your place and you do not want an assurance from your Finance Minister. Whether you have a place or not, you must assume you have a place in a democratic set-up. Everybody has a place, which is undoubtedly changed from time to time. I am suggesting this to private enterprise or free enterprise, as you call it. You do not like the word 'private' You can call it as 'free'. That by emphasising the fact that you are unfree, you are losing faith in yourselves. We are not thinking of a totalitarian society. We are not thinking of a society in which the Government will do everything. We are thinking of a democratic society, in which the Government will have certain basic functions assigned to it. This means it will have control of the gears of the economy. There must be wheels to control the friction of the economy. I suggest in a democratic set up and relatively, I suppose, most of you will have more freedom. After all free enterprise does not mean freedom to exploit.

How people now describe free enterprise. They want the freedom to exploit which the Government will not permit. There is no point in your thinking that the free enterprise has no obligation. In a democratic social set up those obligations are likely to increase progressively so that perhaps the freedom will also progressively be contracted or circumscribed in the interest of the community. I am mentioning this to tell you only that it is wrong on your part as members of the free enterprise fraternity to feel that somebody is doing you harm all the time.

Now there are one or two points about capital formation and with regard to certain European firms. Only I mentioned that capital has not gone dry. I have no intention to say that European firms are better firms than Indian firms. There are good Indian and European firms. People feel that if investment is made in those companies the return is reasonable. It may be 9%. It may be 10%. Why should

you not create that confidence? Why not place all your cards on the tables and convince people. I think Indian firms could do that. That capital formation as you mentioned in your memorandum does not depend on high dividends. High dividends sometimes occurred by jugglery, sometimes by the force of circumstances but in reality the man who invests does not expect high dividends. Normally he is content with 6 per cent, 9 per cent is something satisfactory to him and there is jubilation if he gets 12 percent. Therefore my feeling is that the capital formation response is quicker. If you can get debenture capital for 6½% that indicates as to why people are willing to put their money in 6½% debentures. If you have a private equity capital there is a debenture trustee who looks after your interest and therefore you are satisfied with that. People feel that they are confident in regard to debenture issue. That confidence is with regard to equity issue. The memorandum says and the President also mentioned certain aspects on this matter. Both of them are not correct in their understanding. Well, you might say there is a capital market here for a big expansion. In fact, I think, we need not be ashamed of what has been happening in the last four and half years. Expansion has been taking place. New industries are coming into being. Licences are being given and are being implemented. The very fact that you mention in the memorandum namely the heavy drawing of sterling balances is indicative of the fact that there is more money that is being used for import of raw material and capital goods. I shall give you some figures. In the first half year, 1955, we imported Rs. 49 crores worth of capital goods, heavy electrical goods. In the first half year, 1956, it is an additional 120 crores. During the first half of 1955, 127 crores of raw material and during the first half of 1956 it is Rs. 179 crores. It shows that industry is growing. Cost has not gone up to that extent. It is certainly a reflection of certain activities I think that the position is not bad. Is it bad that we import more. Simultaneously with the import money goes back, and thereby a large amount has been taken away, when you need more money for expansion. There is expansion. That things are looking up and not looking down. I would like to discourage thinking that things are going down. The clock is reverse. If you do not keep the momentum up, somebody will have to do it and I think we need undoubtedly

more institutions for the purpose of providing capital for industry. We have a few institutions which lend long-term loaning. But I am against providing new institutions, which will probably be started by somebody and will put their own investment and not serving the purpose. We have the Reserve Bank. We have taken over the Imperial Bank. There is no use of multiplication of these institutions. They provide for the purpose of short-term industrial need. I would also like to tell you that we have some foreign aid which can be directed to this purpose, the aid that we have received from the United States. What is called public law 480 for which the goods which we received from them we have to refund the money in Rupees and the American Government have agreed that a portion of this money might be utilised for the purpose of providing loan capital for industrial development on terms and conditions agreed between the Government of U. S., and the Indian Government. I think it is a good idea for starting an institution integrated with the other Banking institutions in the country which will provide medium term credit for industry. Therefore, you will understand that I am as keenly alive to the needs of expansion of the base of these credit institutions and for expanding the economy of the country as you are. Of course part of the difficulties in regard to bank finance is that finances which is supposed to be short-term ones are used for long-term purposes. I mention this fact about the foreign bank rate. The bills that they have been discounted only a matter of 2% is given for industrial purpose. The short-term character of that lending is a mere camouflage. The question of the cash being credited from six months to another six, I think we will go back to the year 1909 before I was born. So there is no point in thinking that the Reserve Bank only gives long term loans itself. I think if you are a borrower and you borrow money for business purposes and some portion for the purpose of expansion, some for the purpose of expansion of your holding. It is a long-term arrangement not a short-term arrangement. Regarding the reasons for the stringency of the money condition I am afraid I must completely disagree with you. It is not a question of usual seasonal overdraft facility. It is good in one sense because it shows the demand is more or less on a permanent character and the seasonal fluctuations are very slight. Well

you have stated your case. Whether your analysis of the situation is correct or not, it is immaterial because in this it is not a question if my point or yours is correct. I recognise that there is need for money both for financing our credits and the expansion of business. How to go about it? I don't mind in telling you, Mr. President, that I find myself completely at sea. Because I find that all institutional managers are completely ignorant of the character of the economy which is fast developing. I have been in Bombay and I have been in Calcutta. The Banks Association whatever name it has here I am told that they passed a resolution that one person should only speak. When I met at a protest meeting. I asked them to meet me so that they might also settle the difficulties and I might examine their suggestion. So far I am concerned it was purely educative. The chosen person read from a written script. That is the position. There is no use of blaming me. If I seek advice from the Government of India I am not able to get very much. The Reserve Bank and the State Bank are autonomous bodies and the autonomy that they want is to stayput. Their autonomy is not to do anything. Is that sort of autonomy to be equated with the aims of free enterprise, autonomy to do nothing and autonomy to exploit—whether it is in the banking sector or it is in the industrial sector. I am saying this in all seriousness. I agree with Mr. President that something has to be done. It becomes sometimes necessary for somebody to indulge in plain-speaking. Institutions responsible for giving advice to Government did not give such advice or were disinclined to do so. At the present moment, I do not know how I could do it. I will try to do something. I know the industrial community will feel that this man is trying to break through a wall. I want your sympathies even if you cannot completely agree with me.

Mr. President, you have mentioned Kaldor's Report. Kaldor's Report is an interesting document. Kaldor is an extremely interesting man. I know him. I have spoken to him a number of times. He is full of ideas.

Mr. President you have come nearer home. That is my budget proposals. I am glad in your speech you have agreed

that there is a rational aim in bringing a budget on the 30th of November. As you have mentioned, Sir it is because the next budget will probably be in the middle of May. The auditors have to draw Balance-sheets. I don't agree with you, Mr. President, that the dividend tax is going to check capital formation. It is because the capital formation is not adequate. We have to depend increasingly on corporate resources. Even in a country like United Kingdom funds are found largely by corporate savings, by pension funds, by insurance savings and the equity markets give them very little. In fact there is difference between the Federation of British Industries and the City. In regard to their outlook it is the indication of the fact that the industrial units happen to depend on their own resources, probably because the City Bankers are very much lacking in lending money. Therefore it is my view that it will be helpful so far as the professional capitalists are concerned and I don't think that the person, who invests for a return, is going to be deterred, merely because of the fact of the dividend taxation. In fact I was telling a friend yesterday that if a person pays Rs. 20/— as dividend the total will be Rs. 28/—.

You mentioned about the psychological effect of capital gains taxation. Regarding the compulsory deposit concerned the purpose behind the Government's mind, is complex. There is no use in simplification. It has served a number of purposes. In its administration for the first year I shall be as friendly as possible. If you have commitment I shall not say that commitments should be forgotten. It is an experiment. People say that it has not been tried anywhere. It is not merely as Finance Minister, it is not merely as a politician, it is not merely as members of the Congress Party, it is as a human being that I go round to the various parts of India, and I see poverty, squalor and disease. That is where the country is united. People live in huts and in insanitary surroundings. Have I not got my responsibility to do my bit? Every Act that we promulgate is intended to build one more stone which will take us to the ultimate end of making the lives of the common man a little more cheerful. Once in five years we have to go to polls and justify ourselves, but this is a step forward. Your effort in production is only to the ultimate consumer. I can repeat what Rasht-rapati says 'production is not for profit'. The ultimate aim

of all production is to see that the consumer should get something. Therefore, Sir I would like to justify my point on the sole ground that it is all intended for a purpose. What you will do in the future it is very difficult to say.

The last point you have mentioned is the lack of co-ordination. May I plead guilty. The lack of co-ordination is not confined to Government. It is a common feature of all human beings. One Department does one thing and the other Department does another thing.

You have greater justification in saying that there is lack of co-ordination, that we have not made up our minds.

I am not responsible for the Plantation Award. I am not even responsible for the creation of the person who gave the award. Is that not a lesson to all of us. Certainly the plantation labour might understand it. I think managing labour plantations estates in South India might take a step.

You have made some reference to foreign exchange resources. I quite agree that it is not very good but it is not something which is totally unplanned. What has happened has happened for the benefit of the country. We have imported something which primarily has value.

State Trading is useful. I hope it has come to stay and you mentioned something about cement. There is a real point in this. The real point is that we have not much cement. The total demand for cement exceeds 10 million tons and the total production is in the region of 5 million tons. We expect the current quantity would be 12 million tons. If I keep the price at Rs. 92/— which will be the price normally the blackmarket will sell it at Rs. 10/- more you will get more.

The last item is Company Law. I do not know very much about the working of Company Law except what I see. I quite agree with you that some portion is extremely silly. It is rather a voluminous Act, of six hundred and odd sections. The Company Law Administration is fast growing. Our receipts are 6 lakhs of Rupees and our expenditure is Rs. 29 lakhs. At this rate it will become more. Well,

I would put a stop to it. Companies will pay for the Rs. 30 lakhs. I shall look into it. I agree that it is likely that some of the provisions of the Company Law are harassing you and such of those provisions will certainly be amended.

With regard to seizure Rules under the Income-tax Act I plead guilty, and necessity needs no justification. The necessity remains. The penal code is intended for few people. Bulk of the people are honest. It is intended for people who do harm. If there is any hardship please write to me and I will send an apology.

Mr. President I am glad and grateful to you for inviting me today to meet members of the Chamber.

Janab K. S. G. Haja Shareeff, Vice-President, proposed a vote of thanks.

VISIT OF SHRI N. KESAVAN

Shri N. Kesavan who was appointed 1st Secretary (Commercial) to the Indian Ambassador in Burma visited the Chamber on the 28th December 1956.

Shri K. V. Srinivasan welcomed him to the Chamber and the following points were discussed with him.

It is realised that India can build up an export market to mutual advantage for her manufacturers in the Eastern countries and amongst them Burma offers immense potentialities as a major market for India. Traditionally she is one of our principal customers for many consumer goods like Textiles, groundnut oil, jute goods, fish, and coal and coke. But owing to condition of stress in her economy and decline in foreign exchange resources, Burma had to prune her imports and incidentally some of the goods which were previously under O. G. L. had to be placed under restrictive licensing. This apart, India's export to Burma have been on the decline. Trade figures indicate that the value of exports has sunk from Rs. 16 crores in 1954-55 to Rs. 12.438 crores in 1955-56, and India's share in the total imports of Burma declined from 24% in 1953-54 to 17% in 1954-55. Particularly heavy decrease has been registered in such items

as cotton textiles, food and drink, unmanufactured-tobacco, cotton yarn and twist. In cotton textile India has lost much ground to Japan. Such goods like hosiery, bicycles, hardware, sports goods, boots and shoes are also facing competition from Japan, Hongkong or U. K.

Now that India is taking a large quantity of rice, and once her economic planning and reconstruction gain momentum, there are fair prospects for developing and improving our export trade in bicycles, hardware, sewing machines, electrical goods and accessories, diesel engine, leather manufactures, non-ferrous manufactures, such as stainless steel utensils, metal furniture, surgical instruments, sports goods, Vanaspathi, prawns, Ready-made garments etc.

We are aware that Burma is developing her own handloom industries and that India is supplying large quantities of yarn. An industry cannot be developed overnight and by its very nature Burma is bound to take some more time before she perfects her manufacture. Till such time Burma can take at least finer varieties of handloom goods from India. Similarly is the case with Beedies. You may be pleased to discuss the possibilities of expanding our export trade in these commodities also.

Burma is buying large quantities of goods from many countries. A Purchase Mission also visited this Chamber last year. Having regard to our intimate trade relationship in the past it will be advisable for Burma to send copies of tenders to Chambers of Commerce so that Indian manufactures and exporters will be enabled to submit their tenders and if they are found acceptable to Burma Government much business can result. You may be an official Ambassador and improve our trade relationship and regain our past trade with Burma. Of course we realise that the trade is regulated by terms of a trade agreement but commodities mentioned in the agreement are only suggestive and not at all exhaustive. You may be pleased to move in the interior of Burma, understand change in pattern of consumption, and shifts in income or usage and intimate them to manufacturers here through Chambers of Commerce so that Indian manufacturers and exporters can orientate their manufacture to suit the market. In particular our Trade Commissioners should be

vigilant with regard to any discrimination in the rates of duty and competitive goods entering in those markets from other countries and give advise to our exporters about them. Government of India have already decided upon to open a permanent Show-room of Indian goods in Burma which the Chamber is of opinion, is in the right direction and is likely to popularise our goods in those markets. In addition to this, Government may be requested to participate in Fairs and Exhibitions in the event of Burma organising such Fairs and Exhibitions. There are large number of Indian businessmen there and it will be advantageous if a Directory of Indian businessmen is preserved at least for immediate reference in your office.

Indians have properties and other business interest in Burma and many passengers have to proceed to Burma to look after them. In the absence of direct sailings between India and Burma, passengers are put to very great difficulties and loss. In that they have to go to Calcutta, wait in the queue and then sail to Burma. The sailing of S. S. 'Sonavati' has been revived with effect from January but it is a very small vessel and she is always called back for constant repair. There should be regular direct sailings as that will be the first step to improve the trade between Burma and South India. I need not tell that more than any other part of India, South India has intimate relationship with Burma and every endeavour should be made to restore that trade parity in the past and the Chamber believes that the facility of regular direct sailings should be revived without any loss of time.

Mr. Kesavan stated that India has had very good trade relationship with Burma and he would do everything to revive that trade.

Miscellaneous

NEW BUILDING

The year 1956 is an important year as far as the Chamber is concerned. Members of the Chamber will always remember that it was during this year that the new Building of the Chamber was completed and occupied. No less a person than the Hon'ble Shri T. T. Krishnamachariar, the then Minister for Commerce & Industry, Government of India, was invited to declare open the Building and the Hon'ble Minister readily agreed to the same. The religious function in connection with the inauguration of the new Building was celebrated on the 19th January where after Pooja a Committee meeting was held in the premises now occupied by the Chamber. On the 20th January, the Building was formally declared open by the Hon'ble Shri T. T. Krishnamachariar. The Building was tastefully decorated and the meeting was held in the first floor of the Chamber's new building. Elaborate arrangements were made for the reception of members and thousands of visitors and after refreshments, members were taken to the first floor where after prayer, a Welcome address was presented by Shri M. A. Chidambaram. A presentation of memento was also made to the Hon'ble Minister.

The President then gave a brief history of the Chamber's building as follows:—

“On this auspicious occasion it is a pleasure to me to give you a very brief history of the present building where the office of the Southern India Chamber of Commerce will be located hereafter.

The Southern India Chamber of Commerce was formed on the 6th October 1909, and the office of the Chamber was located in the premises of the Indian Bank, “Ramakoti Buildings”, Rattan Bazaar, Madras. The Chamber was able to shift on the 2nd March 1910 to a more spacious premises of Messrs. H. M. Badsha Sahib & Company at the Bentick's Buildings, No. 16, North Beach Road. The Committee of the Chamber took early steps to house the Chamber in its own building and as early as September 1912 decided to pur-

chase the “Indian Chamber Buildings”, 28-30, North Beach Road, and to carry out some necessary improvements. The late Diwan Bahadur Govindas Chathurbhujadoss, a previous President of the Chamber, was very helpful and advanced loan for the purchase of this building. From 31st March 1913, till yesterday the office of the Chamber was located there.

With the growing activities of the Chamber and its increasing membership, the need for a more spacious accommodation was felt keenly. Lack of sufficient space necessitated us to hold the Annual and other meetings in rented buildings. In spite of their efforts to secure a suitable site in the heart of the business locality it was not till 1945 the Committee could get the site on which this building is put up through the personal efforts of Dr. Rm. Alagappa Chettiar, the then President, who for unavoidable reasons is not present today in our midst. The Chamber has to pay Rs. 4967 towards the annual ground rent value for the site. Dr. Alagappa Chettiar was kind enough to donate to the Chamber 5% debentures worth Rs. 75,000/—to meet this annual commitment. The Chamber will always remain grateful for his personal efforts to secure this site and for his munificent donation. The foundation-stone for this building was laid as early as 28th December 1945 and Architects were engaged for drawing up the plans for the new building but for various reasons the proposal to put up a building had to be delayed. In the meanwhile, the activities of the Chamber have been constantly growing and the need for a more spacious accommodation was increasingly felt. In 1952 the Committee of the Chamber realising the imperative need for increased accommodation decided upon to proceed with the construction of a building for the Chamber. It was my privilege to be the President of the Chamber from 1951 and it was my burning passion to locate the Chamber in a more spacious building. The first brick for the foundation of this building was laid on the 11th August 1952, but I must confess here it is only after laying the first brick that I became more conscious of the responsibility undertaken by me. There was no finance with the Chamber and as you are all aware the Chamber is not a profit earning institution. Funds had to be raised. Early in 1952, Architects were again appointed to draw different plans for putting up the new building. Though the Committee had ambitious scheme to put up a more palatial

building, lack of finance was the limiting factor and the Committee decided to put up this modest building and plans were finally decided upon early in 1954. Finding necessary finances to put up a building of this size and magnitude was a task by itself. But the Committee of the Chamber were not disheartened. The need to have a spacious building emboldened them to raise the necessary finances from advance rents, from prospective tenants, and by the issue of debentures. To fix upon such tenants and to get five years rent in advance was really another great stupendous difficulty. Nevertheless the Indian Bank Limited came forward and advanced 5 years rent for their accommodation in the ground floor. Having secured one tenant, it was not very difficult for me to approach the New India Assurance Company who also willingly took the entire first floor and advanced rent for 5 years. The Committee, then, decided to issue Debentures for Rs. 5 lakhs and the Indian Bank subscribed to the extent of Rs. 4. 61 lakhs the balance being subscribed by other members of the Chamber. Had it not been for this timely help, putting up this building could not have been an accomplished fact so soon. Finances thus assured, no time was lost in the construction of the building. The pile foundation was over by 15-11-1954 and the actual construction was taken up on 18-11-1954.

There were many amusing hurdles which we had to overcome in putting up this building. To mention one when piling was proceeding, the piles struck a water main passing through the Chamber's plot and it was an amusing sight to see water sprouting as if from an artesian well. We were not aware of any pipe line passing through the Chamber's plot but when I reached back my office after visiting the site, I was surprised to meet Military Authorities coming to me and informing me that the supply of water to the Fort St. George has been suddenly interrupted owing to the pile striking the water main to the Fort. The matter had to be taken up with the Military authorities, the Revenue Secretary and quite a lot of time had to be spent for diverting the military water supply pipe line. I am thankful to Major General Katoch who was very helpful in the matter of diversion of this water supply main.

Licences for the importation of electric lifts were allowed to six floor buildings alone. This policy may be sound in

the case of Calcutta and Bombay but it operated as a handicap to Madras and especially to this building. The matter had to be taken up with Government of India who were good enough to make an exception and grant the licence for the Chamber. This has entailed some delay in putting up the lift.

The Committee have plans for putting up an Assembly Hall adjoining to the premises of the Chamber for which piling work has already been done. It is our fervent hope that with the co-operation of members this will become an accomplished fact soon.

The building now constructed is a 3 storeyed one with a floor area of 34,200 sq. ft. in all. It is 120 ft. long, 65 ft. wide and 60 ft. in height. The rentable space in the building is 27,700 sq. ft. with wide corridor. It would be possible to realise a monthly rental income of about Rs. 8,000/— excluding the portion occupied by the Chamber in the ground floor. After meeting the interest charges on advance rents and debentures and after payment of taxes, it is estimated that the Chamber will be able to save about Rs. 30,000 a year which would go for the redemption of the debentures. According to our expectations the loan and debentures will be paid off within a period of 15 years and the Chamber will then be assured of a monthly fixed income of Rs. 8,000/— which will be solely devoted for the advancement of trade and commerce in this State.

As stated above there is an annual commitment to the extent of Rs. 5,000/— payable to the Local Government every year towards the ground rent. The interests on securities kindly deposited by Dr. Rm. Alagappa Chettiar would yield only Rs. 3,750/—, so much so the Chamber has to make up about Rs. 2,000/— to meet this annual commitment. Apart from this, provision has to be made for payment of interest, taxes, licence fee, and maintenance etc. Chambers of Commerce and Associations are non-profit earning institutions and perform a useful service in disseminating commercial information to the commercial community. The subscription levied by this Chamber is purposely kept low with a view to make it more democratic and representative of the entire commercial community and so there is no surplus. In the changed circumstances Chambers of Commerce have a more

important role to play in educating the commercial public and in industrialisation of the country. Since they are not associations working for profit the Local Government may be pleased that having regard to the financial position of the Chamber and its usefulness to reduce substantially the annual ground rent payable to Government for this site.

The Indian Bank has played a conspicuous part in the promotion and growth of this institution. The first meeting to consider the formation of the Chamber was held at the premises of the Indian Bank and the actual resolution for its formation was passed at a meeting again held at the premises of the Indian Bank. During the first year the Chamber was located in their premises and the late Mr. Vidya Sagar Pandiya, its then Secretary was the first Honorary Secretary of the Chamber. It is again the Indian Bank that has readily come forward and offered its help for putting up this edifice to house the Chamber by agreeing to take part of the ground floor and advancing rent for five years and by making a success of the issue of debentures for Rs. 5 lakhs for which they have subscribed Rs. 4,61,000/—, the remaining Rs. 39,000/— being subscribed by members. The Bank has always identified with the growth of organised commercial opinion and the Chamber will always treasure with pride and gratitude the services rendered to it by the Bank, its Board of Directors and the Secretary for the formation and growth of this premier Indian Chamber of Commerce in this part of the country.

I have received every co-operation from members of the Building Committee, the Executive Committee and the general body of members of the Chamber for which I am very much beholden. Had it not been for this co-operation this building could not have been completed within a record time.

I have to record here my sincere appreciation of the work done by Mr. John R. Davis of Messrs. Prynne, Abbot & Davis, Architects of this building in giving all possible help and suggestions and making it as elegant as possible within our limited means. Mr. Pithawadian of Messrs. Prynne, Abbot & Davis was very helpful for expediting the work of construction. To Mr. N. T. Patel, general contractor, we are very much indebted. They are responsible for the elect-

rification also. They have finished the construction within time. Messrs. King & Co., Sanitary Contractors, have done a good work. To Mr. K. Varugis, who was steering the work of construction on behalf of the Chamber I am expressing my grateful thanks. Mr. M. S. Viswanathan, Engineer, was in charge of the day to day work of the building and he has spared no pains in expediting the work. It is through the co-operation of them all that we have been able to finish this construction work within as short a time as possible. Our thanks are in no small measure due to them.

Now that the work of construction is over and now that the Chamber is located in a more spacious accommodation, I look forward that the mercantile and industrial community in this part of the country will render all possible help to this oldest institution and make it thoroughly representative and the authoritative mouthpiece of the commercial community in this part of the country.

The President then requested the Hon'ble Minister to make the following presentations to Mr. J. R. Davis Architect of the Building, Mr. N. T. Patel, Contractor, Mr. F. B. Pithawadian, and Mr. K. Varugis who was incharge of the construction.

The Hon'ble Minister then addressed the gathering as follows:—

Outlining the industrial policy of the Government under the Second Five-Year Plan, Mr. Krishnamachari said, while it allowed existing units in the private sector to operate, it was also open to Government to enter the field where private enterprise operated, and operate in such a manner that the existing units could function effectively and continue to render benefits to the people. Therefore, there was ample room for the private sector to play its part, he added.

Explaining himself briefly, Mr. Krishnamachari said, what we are thinking of is that private sector will also develop but in terms of proportion, its development will be much less than the public sector. That is as it should be, because the public sector has just begun.

The Government had, however, no intention to ask the private sector to fit into the Procrustean bed that might be

devised for the development of the public sector, Mr. Krishnamachari added.

Suggesting openings to the private sector, he said, sugar offered a good scope, because of the low cost of production that obtained in South India and because of the possibility of exporting the commodity even if produced in excess of the demand.

Mr. Krishnamachari recalled at the outset, how he, as a member of the Chamber at a time when it was obscure, had been permitted by circumstances to play some part in making it better known. It was, therefore, somewhat embarrassing for him to hear words of praise from the present President. The Chamber was started by persons who were giants in the commercial field as well as in public life—persons like Sir Theagraya Chetty, Basha Abdul Khudus Sahib and Dewan Bahadur Govind Doss Chaturbojadoss. The Chamber premises in North Beach Road, where the giants shaped the growth of the Chamber, would no longer be in their thought

There were quite a number of people who came in the intermediate stage and he was one of them, Mr. Krishnamachari said. And they could not forget Raja Sir Muthiah Chettiar who had played an important part in not merely building up the institution but in helping the people to carry on its work. He was grateful to the Chamber, which had years ago, catapulted him into politics. But, it was not an unmixed blessing, he added.

Mr. Krishnamachari, continuing said that he had learnt his first lesson in politics from the Chamber. The years 1937-39 were difficult times. In one sense the members of the Chamber had then experienced how to reconcile difficult and conflicting interests. They had a Congress Government in power and most of the members of the Chamber were Congressmen. Therefore there was no antipathy as such but the interests of the businessmen and the interests of the politicians who formulated political and fiscal policies did not always synchronise with each other. Therefore, they had a very difficult task of synthesising their political and national loyalties with their own personal interests and they were able to achieve it 'reasonably satisfactory' That was the first

lesson they learnt to synthesise personal interests with national politics; it still remained good, he said.

While looking into the messages received by the Chamber, Mr. Krishnamachari said, his eyes were attracted to the message of the Prime Minister. It was a very short one, nevertheless they could read between the lines. One might ask what was this Chamber and other Chambers to do during the Second Five-Year Plan period. The Government had laid down a policy which, at first sight, looked as though private enterprise would not have any field for action. The Prime Minister had said that there was scope for work by the Chamber in explaining the policy of the Government and in getting business to attune themselves to the circumstances of the day and contribute effectively for industrial progress and economic development.

Referring to the future of industrialisation, Mr. Krishnamachari said that the Government had made it very clear that so far as the public sector was concerned it would take on itself the responsibility for developing mainly key industries. Where they had a few units of private enterprise functioning, normally the Government would see, as far as possible, that they continued to function without being asked to fit into the Procrustean bed that might be devised for developing the public sector. They had to go a little further. The public sector could not restrict itself to one field. While they allowed existing units to operate, it should also be open to Government to enter into a field where private enterprise operated and operate in such a manner that existing institutions could function effectively and continued to render benefits to the people. That would broadly be the future industrial policy in the Second Five-Year Plan, he added.

There was room for the private sector to play its own part, said the Minister. There was no intention of putting an absolute ban on private sector, nor could the Government such as the one they had, accept absolute prohibition of public sector in developing private sector. "Relatively, I think there is considerable elbow room for the private sector not merely to develop but also effectively contribute to the development of the country", he said.

Referring to the complaint of the comparative backwardness of industry in the State, Mr. Krishnamachari pointed out that there were several States in India which were more backward than theirs. The country itself was backward industrially, though they had progress in evidence in certain isolated areas like Bombay. It was this backwardness that they wanted to get rid of. What had they done to remove the backwardness?

The Government of India and the State Government were committed irrevocably, to the Lignite Project, which, in terms of money, would be somewhere between 50 and 60 crores of rupees, during the Second Five-Year Plan. It might be a little more, but they were committed to the scheme. He said he had devoted some time to the study of the scheme and had also brought the value of the scheme for the South to the notice of the authorities. It would regenerate four districts in the State, which were comparatively backward and arising out of the scheme would be the generation of electrical power, which would not be subjected to periodical variations and power cuts.

The Lignite Project had helped them to plan a little more boldly for South India, said Mr. Krishnamachari. It was also his intention, he said, to persuade the Government of India to undertake a scheme for putting up an aluminium plant somewhere in South India. It was further his intention to eradicate from the minds of the people of Salem any fear regarding the iron and steel plant. The difficulty of putting up such a plant in a place where they did not have coking coal was well known. Nevertheless, they were in communication with the East German Authorities to help them to find out whether a low shaft furnace would work in Salem. He hoped that scheme would take shape before long.

Turning next to the role of the private sector, Mr. Krishnamachari said: "I am sure the Government of India will favourably look upon any attempts to put sugar factories in the country because the production in South India would be so low that even if they produced sugar in excess of their demand they would be able to find export markets. There were also other things—paper mills, chemical factories which

could be started in South India. All these would take shape now or in the near future, but I cannot now say what shape they would take".

Mr. Krishnamachari said he was mentioning all these to indicate that he had not lost sight of the demands of the South and that he had been trying to persuade the Government of India to take some interest in regard to the development of South India. But, basically in an area where they did not possess coal, they had to rely on medium and small-scale industries. They had to some extent tried to place the handloom industry on a reasonably good footing. He expressed his gratitude to Mr. Rajagopalachari, who had been responsible for making him and the Government of India take interest in Handloom industry. "But I do not state that is all we should do. We are experimenting in the region of small-scale industries and as we go on we seem to see light", he said, referring to certain methods which would help them to build up an organisation to develop small-scale industries and help medium scale industries more effectively.

The Union Minister suggested that they should set up an economic and industrial research institute in the Chamber which would study the problem relating to medium-scale industries and bring them to the notice of the State and Central Government. He assured them that as long as he remained in politics he would be devoted to their service.

In conclusion, Mr. Krishnamachari, paid a tribute to Dr. Alagappa Chettiar who had made the new building a possibility by taking the first step towards the construction and Mr. M. A. Chidambaram to whom should go the credit for seeing to its completion. It was matter for congratulation that the Chamber had been housed right in the centre of the City. He was glad that they proposed to construct an assembly hall also which would be needed when the membership grew.

He also stated that nationalisation of life insurance which might have come to them as a 'bomb-shell' had been devised, shaped and perfected over a period of years. The Government had finally felt that they could not devise any legislative

hedge which could not be jumped over by those in the insurance field who put public funds to 'misapplication'. One of the first requirements of an egalitarian society they were now trying to build up, he added, was security for the individual in regard to future and insurance provided an important field in the scheme of social security.

Explaining himself, further, Mr. Krishnamachari said, "We have had a series of legislative measures controlling insurance, but we have finally felt that legislative control had become ineffective. You also know there had been instances—some glaring ones to which my colleague had referred: of misapplication of public funds in the insurance field. Ultimately we have come to this conclusion for two reasons, undoubtedly, one a native reason—public funds of the policyholders being misapplied and second a positive one, we could devise no legislative hedge which could not be jumped over."

Continuing, Mr. Krishnamachari said, "We are trying to build up a society in which there will be more even distribution of wealth—an egalitarian society. One of the first requirements of such a society is security for the individual in regard to future. Insurance provides an important field in the scheme of social security. And that it not all. In a country with low levels of income, it is very difficult for the Government, or for that matter any organisation, to syphon in any surpluses that the people might have as saving for the purpose of national development. Attempts had been made in the past trying to make the low income groups contribute to the National Savings Scheme. The scheme had been good enough but not very good. Therefore insurance provides a very valuable method of making the low-income groups to invest in funds which will be ultimately used not merely for the purpose of protecting them in future but also for providing them with the basis for national development".

I have dealt with these at some length merely to indicate that the Prime Minister's message to you says that you have a field in which you can operate and you have a part to play in this ambitious scheme we have before us under the Second Five-Year Plan, and that anything that we do is not intended primarily to injure the interests that now exists", he said. Mr. V. Pandurangiah proposed a vote of thanks and by singing the National Anthem, the meeting was closed.

EXPORT CREDIT GUARANTEE COMMITTEE

Government of India, in the course of the year, appointed an Export Credit Guarantee Committee who sent copies of their questionnaire for eliciting information from Chambers of Commerce and individuals. The Chamber sent copies of the questionnaire to members likely to be interested and suggestions received from members were placed before the Export sub-Committee and on the basis of their recommendations, the following memorandum was submitted to Government.

"The Questionnaire issued by the Export Credit Guarantee Committee has been considered by the Committee and I am directed to point out that the scheme with certain modifications can be given a fair trial so as to ensure to the exporter in this country against losses resulting from causes beyond his control and the foreign importer against risks resulting from Indian exporter, not fulfilling his contractual obligations. The answers to the questionnaire have been framed in a general way and no attempt has been made to answer them seriatim. The Chamber would request you that the final proposals of the Export Credit Guarantee Committee may be forwarded to Chambers of Commerce for detailed criticism before those proposals are finalised.

(1) The scheme is essential to promote export trade and the Chamber feels that the following measures are necessary.—

(a) With a view to expand our exports trade, goods sometimes are sent abroad on consignment basis. It so happens at times that such goods do not find market in those countries. They being unsaleable in those countries, they should be allowed re-export from those countries irrespective of any export ban or restrictions and the export Credit Guarantee Scheme should provide for risks involved in such trade.

(b) With the purpose of expanding our export trade and to expand new contacts with foreign countries, it is found necessary to send our representatives abroad and also to invite representatives from other countries to visit Indian markets. There are certain travel restrictions imposed by

the Government of India, as well as by other foreign countries which prevent the exchange of such representatives and so prevent the promotion of our export trade. By reciprocal arrangements, such travel facilities should be given by both the countries to *bona fide* businessmen.

(2) One of the objectives of the Export Credit Guarantee Scheme is to assist the exporter in financing exports. The agencies for financing the export trade are not now giving the necessary measure of assistance to expand our foreign trade to larger dimensions and the Chamber would be pleased to know whether the Export Credit Guarantee Scheme contemplates the setting up of any organisation for providing short term finance and if need be for standing guarantee to the Bank until shipment is effected.

(43) The Export Credit Guarantee Scheme should cover the following:—

(a) Perishable articles like foodgrains and other products are at times denied landing facilities at the destination due to sudden quarantine restrictions. In such cases, the Indian exporter is faced with heavy loss in having to receive back the articles in a deteriorated condition. This also is beyond the control of the exporter and it is necessary that the Scheme of Export Credit Guarantee should cover risks of this nature.

(b) Sudden changes in the Import Policy of foreign countries should not operate against the interest of Indian exporters having unfulfilled contracts. Similarly changes in the Export Policy of the Government of India should not be made applicable to existing export contracts. Even though the contract entered into by the Indian exporter with foreign buyer is subject to import licence etc., it is taken for granted by the Indian exporters that licence for its importation would be obtained. Sometimes the foreign buyer repudiates the contract due to non-availability of import licence and the Indian exporter is put to heavy loss. This risk also should be covered by the Export Credit Guarantee Scheme.

(c) Due to non-availability of wagons for internal movement from the centres of production to the ports of

shipment and due to the difficulty of securing shipping accommodation due to congestion at the major ports, exporters at times are unable to fulfil their contracts within the prescribed time limit. It so happens that as a result of this delay, foreign buyers cancel contracts and claim an allowance or penalty for non-fulfilment of contract. There is also fluctuation in freight-rates in the meanwhile. These are some of the handicaps facing exporters and they are beyond the control of exporters here. The Chamber feels that cover issued by the Government should provide for such contingencies also.

It is very necessary that Government should issue immediate instructions to Railway authorities that in the allotment of wagon, top priority should be given for export cargo.

(d) The Export Credit Guarantee Scheme should cover *inter alia*.

(a) Cases where losses occurring outside India and not within the control of the exporter or the buyer and not normally insurable with Commercial Insurance.

(b) The loss arising from additional handling, of transport, insurance charges on account of interruption or diversion of voyage which cannot be recovered from the buyer.

(e) *Special policies-Japan & Middle East Countries:-* There are some markets where the regulations vary very often. Exports to markets such as Japan should have a special cover to meet the particular problems involved in selling to those countries.

Japan, for instance, has a sterling allocation completely controlled by the Government. If the Sterling allocation is not released though for all purposes, Government may approve of the purchases of certain raw products and other requirements of the importers, the importers will find it next to impossible to fulfil their obligations to the exporters here. The exporters in such cases will be very much handicapped without being able to export materials having secured the

goods covering the contract with the buyers at the other end. Special attention will have to be paid by the Board of the Export Credit Guarantee to cover goods involved in such cases.

(f) *Special Policies for D/A terms*:—There are cases where policies have to be issued where exports have to be done on Draft on Acceptance terms.

There are certain cases of exports which have to be mainly confined to certain countries. For instance, the export of hides and skins are generally done on large scale on D/A terms. Though there is good market for hides and skins in the continental countries and Japan exporters are unable to export directly to those countries in view of the fact that they are unable to draw in the currency of the importing countries. The Exchange Banks in India are agreeable to discount D/A bills if these Bills are drawn in sterling or dollars. The Chamber feels that there is every possibility of export being enlarged and for the establishment of good markets in the Continental countries and Japan if exporters have the facility of covering the policy whereby they will get facilities from the Exchange Banks for discounting D/A Bills in the currency of the importing country.

(4) The Chamber is of opinion that the cover should be issued commoditywise and made compulsory.

(5) The rate of premium should be kept as low as possible. Indian products now exported being largely raw-materials and semi-manufactured goods have to face stiff competition in foreign markets. The price is the one potent factor that would count in the foreign market and therefore it is necessary that the rate of premium should not in any way militate against the competitive character of Indian commodities abroad. It is, therefore, absolutely necessary to adapt a low rate of premium, necessary to meet the cost of service and for the provision of a Reserve Fund. The Chamber also feels that the rate of premium should be uniform and should depend on what each commodity can bear and the nature of risk involved.

(6) There is every need to settle claims as expeditiously as possible. The head of the Department should be at

the Centre with Regional centres in each important port. The Regional Board should work in close co-ordination with the Export Promotion Councils also. The trade should be adequately represented on the Boards.

All policies should be issued from the central office, because it will be able to maintain complete status of records on overseas buyers and to sift commercial intelligence of overseas markets.

THE EXPORT CREDIT GUARANTEE COMMITTEE SUPPLEMENT

(1) *Joint Venture Policy*:—Special comprehensive Covers may also be covered with a Joint Venture Policy under which the Export Credit Department will share with the exporters a comprehensive trade project over a period of time, usually four years or more. If the project fails, the department will share the loss equally with the exporters and if it succeeds and continues, business is established for the price of premium for which the exporter paid during the course of the partnership, the exporter enjoys the whole profit of the venture.

By this joint venture policy, the exporters will be given ample opportunities to import certain machineries for the manufacture of finished products or processing of raw materials for ultimate export abroad.

(2) *Business through Brokers or Agents*:—The business, as far as possible, should be done directly with the department. The exporter may, if he wishes, use a broker for transacting his business. But, however, the department should always reserve the right to communicate their decisions directly to the exporter, since the matters involved are of a confidential nature."

The Export Credit Guarantee Committee consisted of:—

Chairman:—

Shri T. C. Kapur,

Retd. General Manager of the Bombay Mutual Life Assurance Society Ltd. Bombay.

Members:—

1. Shri W. A. Foges,
M/s. United Traders Ltd., Bombay.
2. Shri E. P. W. Da Costa,
Editor, Eastern Economist, New Delhi.
3. Shri S. Gupta,
Secretary & Treasurer of the State Bank of India,
Calcutta.
4. Shri S. C. Roy,
Director, The National Rolling & Steel Ropes Ltd.,
Calcutta.
5. Shri S. S. T. Chari,
Director, Best & Co. Ltd., Madras.
6. Shri T. S. Ramaswami, Under Secretary, Ministry
of Commerce & Industry, New Delhi (Member-
Secretary)

The Chamber placed its hall at the disposal of the export Credit Guarantee Committee for conducting enquiries.

The following members tendered oral evidence on 19th April 1956 before the Committee when evidence from the Chamber was invited.

1. Janab K. S. G. Haja Shareeff.
2. Shri M. V. Arunachalam.
3. Shri A. Nagappa Chettiar.
4. Shri T. K. Singaram.
5. Shri C. R. Kasiviswanathan.
6. Shri K. S. Krishnamurthy.
7. Shri C. Hanumantha Rao.
8. Shri A. K. Balasubramaniam and Shri K. A.
Menon, Secretary.

The Committee has published its report.

OFFICIAL LANGUAGE COMMISSION

The President of India appointed an Official Language Commission to make recommendations for the progressive use of the Hindi language for official purposes and on other matters. The Commission drew up a questionnaire copy of which was sent to the Chamber for reply.

The Local Government also invited views of the Chamber on the questionnaire sent by the Official Language Commission. The Chamber, in consultation with members drew up the following memorandum and it was forwarded to the Commission.

"The Committee of the Chamber have considered the questionnaire issued by the Official Language, Commission appointed by the Government of India. I am to communicate their views as hereunder:—

The Articles of the Constitution stipulate for the replacement of English by Hindi as the official language after a period of 15 years from the date of inauguration of the Constitution. The Committee feel that this period of 15 years is too short and it will not be possible to adopt Hindi as the official language of the Union having regard to the fact that the use of Hindi has not made any headway in regions where it is not the mother tongue. They feel that the time has not yet been reached for taking any concrete steps towards the replacement of English by Hindi. Most of the schools all over the country impart education through the medium of their regional languages while in the universities also the medium of instruction still continues to be English. The reason for the continuance of English as the medium of instruction in collegiate education is not far to seek. Neither the regional language nor Hindi has yet developed or become suitable as a medium of instruction. Hindi, as the Committee learn, is not yet standardised nor has it evolved sufficient vocabulary or technical terms prevalent and used in commercial and scientific fields. The above observation applies to the regional languages also to a great extent.

As a Chamber of Commerce we are mostly concerned with the development of both the internal and international

trade of the country and so in submitting our views the Chamber is mainly concerned as to how far the change in the official language of the country will advance or retard the trade and industry of the country. Viewed from this standpoint, the Committee feel that in the circumstances it is not advisable to replace English with any other official language. India is fast being industrialised and her trade relationship is being increased with foreign countries and our technical education has to keep pace with this development. In the absence of any standard books and literature in Hindi, it will be practically difficult if not impossible to assimilate scientific development and progress in other countries. It is the information of the Committee that Hindi has not reached that state of development or perfection as to be the vehicle for absorbing or conveying that standard of technical knowledge. Many terms and expressions in the sphere of trade, industry and administration are yet to be evolved in Hindi and in the opinion of the Committee the process of evolution of such terms is necessarily slow.

So before adopting Hindi as the official language of the country the Committee feel that Hindi language has sufficiently to be developed and perfected to attain the status of an official language. The period mentioned in the Constitution that Hindi should be adopted as the official language after 15 years is too short and in the opinion of the Committee the Constitution has to be amended so as to provide for a minimum period of 30 years before Government could think of replacing English by Hindi as the official language of the Union.

It has also to be borne in mind that regional languages have been adopted for imparting instructions in High Schools not with any animosity to any foreign language but it was to facilitate progress of education and it was thought that regional language will be more suitable for imparting education till the school final standard for the time being. So as a natural corollary the medium of instruction in the colleges should also be in the regional language. Therefore in the opinion of the Committee it is not advisable to impose any language other than the regional language as the medium of instruction, at any stage of education. The Committee feel that introduction of any other official language cannot be imposed

within a particular period of time. The process and transition have necessarily to be slow and have to be spread over a larger period of time, and in the meanwhile there should not be the least compulsion in any part of the region to study Hindi as a compulsory subject. The Committee do not envisage the possibility of making Hindi as the medium of instruction either in the school course or collegiate course and the best that can be done is to popularise Hindi and to introduce it in the curriculum of the High School and in the University course as an optional subject.

For recruitment to Union services the candidates should have the choice to take their examination in any one of the 14 languages recognised under Schedule 8 of the Constitution but under no circumstances Hindi should be made a compulsory subject for recruitment. If necessary, candidates selected for appointment may be called upon to qualify themselves in Hindi also within a period of time.

The Committee are of opinion that the language of State Legislature should be the regional language, but there should not be the least compulsion that proceedings of the Legislature should be carried exclusively in the regional language. In the case of Parliament, insistence on a particular language will be a grave handicap to members of the Parliament who may be conversant with the regional language alone. There should be facilities to interpret speeches in the Parliament so that members can take an effective part in the proceedings of the Parliament. This is recognised in international gatherings and such international gatherings have not suffered for want of an official language.

The regional language should be recognised as the language of the Court upto the High Court level and the Committee are of opinion that the possibility of replacing English as official language of the High Court and Supreme Court by any other language is necessarily bound to take considerable period of time.

Later, on, representatives of the Chamber were asked to submit oral evidence and the following members tendered oral evidence before the Official Language Commission on 12th January 1956.

1. Roa Bahadur T. S. Kachapikesa Mudaliyar, B. A.,
2. Rao Bahadur V. S. Subramaniam,
3. Shri K. Jacob Loius,
4. Shri V. Pandurangiah, and
5. Shri K. A. Menon, Secretary.

QUARTERLY GENERAL BODY MEETING

A Quarterly Meeting was held at the office of the Chamber on Wednesday the 4th January 1956. In reviewing the economic situation in the country, the President Shri M. A. Chidambaram, made the following speech:—

“It gives me great pleasure to welcome you to this Quarterly Meeting of the Chamber.

Recent months have been a period of intense activity both political and economic. We had the pleasure of the visits of top ranking leaders like Mr. Bulganin and Mr. Khrushchev from Russia, H. M. the King of Nepal and H. M. the King of Saudi Arabia. We hope that as a result of such visits our relationships between those countries would be strengthened and that increased co-operation in the field of commerce and industry will be forthcoming to the mutual advantage of the countries. The Federation of Indian Chambers of Commerce and Industry have recently organised the Indian Industries Fair, the first of its kind in the whole of Asia. Judged from all reports this Fair has been a tremendous success and has attracted many foreign manufacturers and industrialists. Such Fairs and Exhibitions will give an additional impetus to the progress of indigenous industries. The Chamber itself has had the benefit of visits of foreign Trade Missions. All these will promote a better understanding and trade relationship between India and those foreign countries. These have to be followed up by individual efforts also to achieve concrete results.

In the midst of all these political and economic activities, South India has suffered heavy loss of life and property due to the wrath of nature. Four Districts have been affected and loss of human life is heavy. The loss of property is

colossal, and the loss of cattle cannot be estimated with any amount of accuracy. Large number of people are rendered homeless and most of them have been stranded with out food, without cloth and without shelter. The extent of ravage and destruction caused by the fury of cyclone this year has surpassed that of 1952. Traffic and communications have been paralysed. This is a challenge and people should rise as one man to meet this situation. The State Government are doing their best to ameliorate the afflicted from their sorrowful predicament. I should like to pay a tribute to the prompt and effective steps taken by our popular Chief Minister the Hon'ble Shri K. Kamaraj Nadar. He immediately rushed to the affected area to personally supervise relief measures. But for his timely action in cutting down redtapism, the suffering of people would have been much more aggravated. Under his inspiring lead, all officers high and low rose up to the immensity of the catastrophe. This act of his has rightly won the affection and esteem of the public.

It has no doubt to be realised that Government by themselves cannot cover the entire field. Their efforts have to be supplemented by the public so that enough money and material are placed at the disposal of the Government to organise relief. I have appealed to members of the mercantile community and judging from the results the response has not been meagre but no amount of money and material is too great to meet this catastrophe. The Chamber has already donated Rs. 12,500 from contributions from members. It has also been brought to the notice of the Chamber that in response to my appeal members and non-members have sent their contributions in cash and kind to Government. I would again appeal to supplement the valiant efforts of Government by liberal donations and contributions to meet this situation. Within the last three years this is the second time some districts in this State are affected due to natural calamities. We are only wise after the incident and we make frantic efforts to make collections soon after the catastrophe. I feel that a permanent fund should be created under the auspices of the State Government and liberal budgetary allotments made towards this fund. With this as a starting point we can rush up relief immediately when such a catastrophe overtakes the people. A nominal contribution every year will go a long way in mitigating the sufferings of the people

stricken by such natural calamities. I am glad that Government of India have under consideration the setting up of an Emergency Relief Organisation on a permanent basis with the co-operation of the State. This is a step in the right direction but a Central organisation will not by itself be able to organise relief having regard to local conditions and I feel that the organisation of such Funds by State Governments also will be more suited to give immediate relief to the suffering humanity.

I was very much pained to hear that there were certain antisocial elements who lost no opportunity in cashing the suffering of the people. I cannot but condemn this in strong language. This is thoroughly reprehensible and I would take this opportunity to warn such members to desist from any such nefarious doings. I am sure that the resentment of members will not be less than mine in condemning such unsocial acts. This is a time when we should join hands with Government and give all out help.

Government of Madras will soon be framing their budget for the coming year and on an occasion like this it is well to remind them of the feeling of the mercantile community for the introduction of a single-point Sales-Tax. The question of a single-point Sales-Tax has been considered by the mercantile community of the State at a Conference held under the auspices of this Chamber recently. The enforcement of the present system of Sales-Tax has been a long standing complaint and the multipoint Sales-Tax has been responsible for the elimination of normal links in the trade and have given rise to many difficulties in the matter of submission of returns, statements etc. The tax being of a cumulative nature all links in the chain of transaction have to maintain accounts in the languages prescribed under the Act. Most of the assesseees are drawn from members of the retail trade and therefore they find it difficult to keep accounts as required by the Commercial Tax Authorities. Moreover the present system of taxation has been in a measure responsible for creating unemployment and economic stagnation. I feel that in the present circumstances there is need to change over the system of multi-point levy to a single-point levy of taxation at a rate to be fixed by Government without prejudice to the budgetary position. The mercantile

community also feel that the single-point levy of tax should rather be introduced at the first link in the chain of transaction which has the merit of easy collection as the burden of collection will fall on those classes of dealers who are in a position to maintain the necessary accounts, register etc., and who can afford the cost of tax compliance. It is also easy from the point of Government to collect tax at this stage as the area of operation will be limited to a smaller number of assesseees and the Government need not maintain elaborate machinery to collect it. I do hope that Government will give due consideration to the above suggestions and in framing their budget for the year 1956-57 they will introduce this reform which will be appreciated by the entire mercantile community. In suggesting this reform Government need be under no apprehension that we are clamouring for a reduction in the quantum of tax.

The Hon'ble Minister for Commerce and Industry while speaking in the Import Advisory Council stated that the Government have a proposal under consideration to establish a State Trading Corporation. We all remember gentlemen that some time ago, a Committee was constituted for making recommendations on the possibilities of Government entering trade. The Second Five Year Plan has provided a fresh occasion for resurrecting the idea so that Government could secure for themselves additional resources for the prosecution of the Second Five Year Plan. I also understand that the Panel of Economists has also indicated that a beginning may be made in regard to State Trading in Jute at an opportune moment.

Gentlemen, we are all well aware of the efficiency of State Trading in various countries. Experience has shown that State Trading neither has secured for the Government the finances it hopes to find nor has resulted in fair supplies at equitable prices to the consumer. At best State Trading is a mechanism which is suited only to times of emergency. The State Trading Organisations will hardly be flexible and will have no capacity to adjust themselves to the changing conditions in the foreign markets. I trust that the Government of India, before embarking on such a scheme will take note of the history and experience of such organisations in

other, countries. I fully believe that Government will consider all aspects of this question before venturing on it. Such organisations will have adverse repercussions on the economy of the country and are likely to displace many institutions who have built up foreign trade. I feel that State Trading as an economic programme is not suited to the present circumstances and Government may be pleased to consult accredited Commercial Bodies before implementing this economic programme.

The Planning Commission are now working out the size and the phase of the Second Five Year Plan of development. The targets for production for various industries are being worked out in detail. In this connection the target for production of the Textile Industry has come in for a good deal of discussion and controversy. There is a section of opinion which is all out for pegging mill cloth production at the figure of 5,000 million yards with a view to give the increase in volume of consumption of cloth during the Second Five Year Plan to be met wholly by the cottage textile industry. The arguments of the protagonists for reservation of the entire increase in consumption to the handloom industry would appear to be based on the assumption that it will give increased opportunities for employment to a large number of people and thus in a measure go to the realisation of the primary objectives of the Second Five Year Plan i.e. providing higher level of employment. They rely on the Ambar Charka for output of yarn to supply the increasing needs of the handloom industry for the production of cloth. Laudable though their objectives are, I cannot but feel that too much reliance on the Charka to meet the growing requirements of yarn for the country cannot be placed. To restrict mill production to a said level will not be in the best interest of the country or the consumer at large. When the consumption is expected to rise with the growing national income, the demand for cloth within the country will rise and the country should not be starved at a time when the demand is growing up. More over it is uncertain whether the yarn from Ambar Charka would be suitable for use by the handloom industry. At any rate I am convinced that the cost to the weaver for this raw-material will be disproportionately high compared to the yarn spun from Mills. After all, the fortunes of the handloom industry, depend to a large extent upon the price factor

and unless serious attempts are made to reduce cost of production. I feel the marketability of handloom goods will be a big problem in spite of the encouragement to the industry. It is necessary we should realise its limitation.

India has built up a foreign market for her textiles. In case the cottage section of the industry fails to raise its production to the expected levels which I fear will be the case, the country would be forced to the expediency of cutting down her exports. Such measure will have grave repercussions in the matter of securing to India the necessary foreign exchange for financing the plan. An expanding industry like the textile industry in India should be encouraged on the other hand to earn more foreign exchange. It is also extremely doubtful whether the Ambar Charka will provide gainful employment with its low income potentialities. I am however of opinion that on an issue like this the Government should reconsider the far reaching consequences of their directive to stop all licensing of new spindles. Our aim should be to provide gainful employment combined with production at economic cost.

Gentlemen, this perhaps is the last meeting to be held in the present habitation. Our new building at Esplanade is almost complete. I am glad to inform you all that the Hon'ble Shri T. T. Krishnamachariar, Minister for Commerce and Industry and Iron and Steel, has agreed to declare open the the new Building on the 20th of this month and arrangements are now being finalised to celebrate the event in a fitting manner. I would appeal to you all to help the institution in all possible ways to enable it to enlarge its activities and services and increase its usefulness to the members of the mercantile community at large."

Shri V. R. Natesan, M. A., B. L., F. I. A. (Lond), Regional Director, Employees' State Insurance Corporation addressed the gathering as follows on the subject of 'Employees' State Insurance Scheme.'

"I am grateful to you for the opportunity you have given me to address you on a subject with which I have been dealing for sometime past.

Now, let me have the privilege of explaining to you the salient features of the Employees' State Insurance Scheme, its administrative set up etc.

As the term "Social Security" itself suggests, any Scheme of Social Security tries to minimise the sense of insecurity which atleast some members of any society generally have. The incidence of the sense of insecurity is comparatively all the more greater in the case of a person who is dependent only on the income earned by himself.

It is a matter of common observation and experience that every person who earns a livelihood for himself or his family i.e., every person who is engaged in a gainful occupation, is exposed to certain risks, which makes his income unsteady. These risks include sickness, convalescence, old age, employment injury, maternity, unemployment and death. Some of these contingencies particularly sickness, injury and maternity come as double inconvenience in that they involve loss of income on the one hand and increase in expenditure on the other. Some people may have a small saving to fall back upon in these contingencies; but seldom does this saving prove adequate and generally one has to resort to borrowing at exorbitant rates of interest. Others may not have had the prudence to save or the wherewithal for providing for such a contingency. For them there are various other ways of combatting these risks e.g., joint family system, private charities and social assistance. Joint family is breaking. In these days of growing expenses, private charities are also not much in evidence.

In modern conditions, therefore, when prices are high and wages not high enough to support all the members of the family, the best method is by the collective effort of all members of the society to insure against these risks. This remedy is known as Social Insurance in its various aspects such as health insurance, old age insurance, unemployment insurance, etc. The workers in India are in need of one such method. A recognised method of positive approach in all countries to solve this problem is through Social Insurance to suit the present day condition.

With these objects in view, the Employees' State Insurance Act was passed by the Indian Parliament in April

1948, to provide certain benefits to employees in case of sickness, maternity and employment injury. In view of various circumstances prevailing in our country this Statute is very limited as regards its scope and the risks it proposes to cover at present. However, in course of time, there is scope for its extension to cover other fields of Social insecurity.

Scope:

The Act applies to all factories using power, employing 20 or more persons and engaged in a manufacturing process. "Seasonal" factories as defined in the Employees' State Insurance Act, 1948 and mines, subject to the Indian Mines Act and Railway running sheds are excluded from the scope of the Act.

All employees whether permanent, temporary or casual, manual, clerical or supervisory, other than those drawing a remuneration exceeding Rs. 400/— per month, come within the purview of the Scheme. Persons employed in the Armed forces do not come within the scope of the Act.

However, the Act itself provides for extension of the Scheme in due course to any other establishment or class of establishments, industrial, commercial, agricultural or otherwise.

BENEFITS PROVIDED UNDER THE SCHEME

The act entitles insured persons to the following benefits in areas where the benefit provisions of the Act are enforced.

(a) *Medical Benefit*:—Every insured person is entitled to free medical treatment in case of sickness and employment injury. Women employees, in addition also get ante-natal, and post-natal care-medical benefit includes free consultation, free medicines, drugs and dressings, home visits, hospitalisation in all serious and other emergent cases and radiological and pathological services. In case of employment injury emergency treatment is also provided. There is provision for the specialists' advice and services also.

(b) *Disablement Benefit*:—When an insured employee sustains an injury in the course of his employment, he will receive, besides free medical treatment, disablement benefit in cash roughly equal to one half of his wages for the period for which he is certified as unable to attend to work.

In case of total permanent disablement a life pension at the full rate, i.e. equal to about half the wages will be paid. For partial permanent disablement, a proportion thereof depending on the extent of loss of earning capacity will be granted.

(c) *Dependants' Benefit*:—In the event of death of an insured person as a result of an employment injury, a pension roughly equal to half of the average wages will be available to the widow (s) and his children.

This mode of payment is an improvement upon the existing system of lump sum payments under the Workmen's Compensation Act, in that it provides greater security. The cash payments, on the whole, are also more generous.

The Dependants' benefit to the widows are payable until their death or the date of re-marriage. The dependants' benefits to children are payable ordinarily until they attain 15 years of age. In the case of a daughter of the deceased worker the benefits will cease immediately on her marriage if it is earlier than the attainment of the above-mentioned age.

(b) *Sickness Benefit*:—A qualified insured person who is not fit or able to work on account of sickness, will get a cash benefit equal to about half his daily wage per day for a maximum period of 56 days in any continuous period of 365 days.

(e) *Maternity Benefit*:—A qualified insured woman will be entitled, at the time of her confinement, not only to free medical treatment but also, so long as she does not work for remuneration, to maternity benefit at the rate of 12 annas a day or at the rate of sickness benefit whichever is higher. The benefit is payable for 12 weeks of which not more than six weeks may precede the expected date of confinement.

Finance:

The Scheme will be financed out of the Employees' State Insurance fund which consists of contributions from employees and employers, grants and donations from Central and State Governments. The Central Government met 2/3rds of the administrative expenses for the first five years and the State Governments will share 1/4th of the cost of the medical care of insured persons. The Scheme is thus a co-operative effort of three partners, employees-employers and the States, of whom the employee is the one entitled to full benefits..

Till such time as the Scheme is implemented throughout the country, the employers as a whole are required to pay a special contribution throughout the country in lieu of the contributions as laid down in the Schedule I to the Act. The employees pay their contributions only at places where the benefit provisions of the Scheme are in force.

It will be seen that for a small contribution, insured persons get substantial cash benefits and a high standard of medical care to which they would be entitled as a matter of right and not as charity.

Administrative Set up:—

The overall administration of the Scheme, rests with the Employees' State Insurance Corporation set up by the Government of India under the Employees' State Insurance Act. It consists of 39 members comprising representatives of employees, employers, the Central and State Governments, medical profession and the Parliament.

A *standing Committee* consisting of 13 members of the Corporation and representing all groups in the Corporation is responsible for the superintendence, general administration and direction of the Corporation's activities.

A *Medical Benefit Council* consisting of 29 members has been set up to advise the Corporation on the administration of medical benefits.

For associating non-official representatives at all levels, *Regional Boards* consisting of representatives of employers and employees and nominees of the State Governments concerned have also been set up for each of the Regions to advise the Corporation on the proper and efficient running of the Scheme in all the places within the Region. Apart from this there are provisions in the Act for the setting up of *Local Committees and also Local Medical Benefit Councils* within the Region in those places where the benefit provisions of the Scheme are implemented.

The Employees' State Insurance Corporation is a statutory quasi-Government body under the administrative control of the Ministry of Labour, Govt. of India. The Corporation functions with its *Qrs. in Delhi*. Its Chief executive Officer is the Director General who is assisted by four Principal Officers at the Headquarters. The Headquarters of the Corporation will be mainly concerned with the laying down of policy, supervision and co-ordination and the Scheme will be administered through a number of Regional and Local Offices all over the country.

The Corporation has opened *Regional Offices* in the five industrial centres of India viz. Delhi, Bombay, Calcutta, Kanpur, and Madras under the charge of the respective area Regional Directors.

For purposes of effecting cash benefits in areas where benefits provisions of the Act are brought into force, the Corporation will set up *Local Offices* in such localities in those areas as are having large concentration of labour. In areas where the Labour concentration is not adequate, the Corporation may set up Sub Local or Pay Offices for the administration of cash benefits.

As regards the medical benefit, it is well known that under our Constitution, any measures relating to "health" of any person in a State is the responsibility of the State Government within whose jurisdiction he lives. The medical benefit (i.e. medical care) under the Scheme, will therefore, be provided in each State by the State Government.

For the purpose of providing medical benefit, the State Governments will set up special wholtime dispensaries called the "*State Insurance Dispensaries*" exclusively for the insured persons. Wherever desired necessary, they may also consider the desirability of appointment of part-time doctors. In any case, arrangement for medical treatment either in full time dispensaries or otherwise would be made taking into consideration the distance at which the workers reside so that when a worker falls ill he can have access to medical attention easily. In order to give insured persons adequate medical treatment there will be roughly one full time doctor for each 2,500 insured persons. Every insured person, it is hoped will choose for getting ordinarily medical treatment, a dispensary which is near his residence. Ordinarily an Insured person will receive medical treatment from an Insurance Medical Officer at the dispensary normally of his choice, Incapacity certificates for purpose of cash benefits will also be given by the same Insurance Medical Officer. Out-patient services at the dispensaries will, however, be supplemented by domiciliary service i.e. home visits, by doctors where a patient is unable to come to the dispensary and by hospitalisation in cases of emergency.

Important Aspects of the Scheme:

(1) In cases of employment injury, employers will be required to provide first aid and in serious cases, emergency treatment and transport for removal to hospitals whenever the services of an Insurance Medical Officer are not readily available. Any reasonable expenses actually incurred by them will be reimbursed to them by the Corporation as laid down in the Regulations.

(2) Three of the Cash benefits viz. disablement benefit, Dependants' benefit and maternity benefit provided by the Corporation compare favourably with benefits to which industrial workers are at present statutorily entitled under the Workmen' compensation Act and the Maternity Benefit Act respectively which this Scheme would replace.

Firstly, *Under the Workmen's Compensation Act* the benefits payable to permanently disabled workers and the dependants of a diseased worker, are in the form of a lump

sum payment. That does not appear in all cases to be very satisfactory, as the lump sum is usually frittered away and it does not prevent a disabled worker from falling into want again. With a view to prevent this, the State Insurance Scheme substitutes pension for the lump sum in the case of disablement benefit. Similarly in the case of death of an insured person due to employment injury, his dependants viz. widow, minor legitimate son, unmarried legitimate daughter and under certain circumstances his other dependants will be paid benefits in the form of pensions. The widow will get her pension during her life or until remarriage and the children until attaining the age of 15 which may be extended to 18 years, if they continue education to the satisfaction of the Corporation. Thus, by substituting a pension for the lump sum payment the insured person or his dependants, in case of his death due to employment injury, would be helped to lead a respectable life without being reduced to beggary after the lapse of a short time.

Secondly, in respect of these cash benefits one other point which is not to be forgotten is that the quantum of benefit, viz, dependants' as well as disablement, inclusive of temporary disablement benefits, is definitely on a scale higher than that provided for under the Workmen's compensation Act.

The third point to be noticed is that whereas under the Workmen's compensation Act temporary disablement benefit is payable for a maximum period of five years only, under the Employees' State Insurance Scheme, temporary disablement benefit would be payable so long as the disablement lasts.

Fourthly, the workers would be entitled, for the duration of disablement, to free medical aid wherever necessary.

Coming to the *Maternity Benefit Act* in force in the States, broadly speaking, these Acts provide in case of maternity for a rate of benefit of 8 annas a day for a maximum period of 7 weeks. The corresponding benefit under the E.S.I. Scheme is more liberal in as much as the benefit is roughly 7/12 of her average daily wage or 12 annas a day whichever is greater, and is payable for a maximum period of 12

weeks. Apart from this improvement, the conditions of eligibility for receipt of the benefit under the E.S.I. Scheme are easier than those under the Madras Maternity Benefit Act. Thus as regards both quantum and eligibility for this benefit, the change is for the better.

Implementation of the Scheme:

In view of the magnitude of the Scheme which is also new to our country, it has been our programme to implement it throughout the country by stages. It is the plan of the Corporation to extend the Scheme to the entire country within the next year when it is expected to benefit about 25 lakhs of industrial workers.

Future:

Comprehensive Social Security Scheme has been for a long time successfully working in other countries. The present step taken by the Union Government is a first step towards social security in India and may well be called the dawn of Social security in our country. Eventhough the benefits now proposed may look modest, one has to remember that the Scheme is purely for the benefit of the employees but also those of the employers and the Governments, can be utilised for providing benefits to the Insured persons only and not for any other purpose.

A successful working of the Scheme would pay good dividends to the employers in the form of a healthy and contented labour as well as by reduced absenteeism and turnover of workers. The effect of these would be reflected in the form of increased production at lower costs.

For the workers, the Scheme provides for better health and a measure of security and income. This would mean less worry to employees which in turn would lead to increased efficiency and increased income.

The efficient working of the Scheme would also ensure a healthy labour population which atleast so far as cities go form an important factor of the total population.

The Scheme would ensure an increase in the country's wealth and a rise in the standard of living. Such improvements would pave the way for extension of the scope of the Act both as regards the contingencies as well as the population to be covered.

It is hoped that the employers and the employees as well as the general public would extend full co-operation for the successful working of this limited Scheme in order that the full objective of a WELFARE STATE may be achieved at an early date.

There was a good attendance testifying to the popularity of such meetings. The Presidents entertained members to refreshments.

HALF YEARLY MEETING

Owing to the absence of Shri M. A. Chidambaram, President of the Chamber, an early opportunity was not taken to convene a half-yearly meeting this time. A meeting was held on Friday the 7th December 1956. It was planned to invite His Excellency to the meeting, but owing to a bereavement to His Excellency it was not found possible and Shri Pyarelal Agarwal, Commissioner of Income-Tax was requested to address the General body.

The President, Shri M. A. Chidambaram, in reviewing the situation stated as follows:—

“I have great pleasure in welcoming you all to this half-yearly meeting of the Chamber. The first quarterly meeting could not be held primarily because of my absence away from India. I thank Shri Pyarelal Agarwal, our Commissioner of Income-tax for having kindly consented to address the general body of members on ‘Income-Tax Act’.

Gentlemen, we are meeting today under a great shadow of distress. Many lives have been lost in the recent train disaster at Ariyalur. Our heart-felt sympathies go to the members of the bereaved families of the victims of the unfortunate tragedy. Coming as it does, soon after the disaster at Mehbubnagar, it has given a rude set-back and shock to

the safety of travel over the Railways. It would appear that the Railways have not learned any lesson even after the grim tragedy at Mehbubnagar, because this accident greater in magnitude has occurred under more or less identical conditions. The resignation of the Hon'ble Shri Lal Bahadur Shastri is indeed regrettable but it will not by itself solve the problem or revive confidence in the minds of the travelling public. I would say the least the Railways can do in this matter is to cause a thorough re-examination of all the bridges by expert engineering talents without minding cost. The track maintenance has proved to be deplorable. While it is absolutely essential in a growing economy to provide more facilities for travel and to increase amenities for such travel, it is more necessary that safety of travel over the existing routes should be ensured and track should be maintained in good condition. There should not be any more complacency in this regard. This grim tragedy should be an eye-opener for a thorough examination and overhaul of the existing bridges in the Railway system. Such repeated accidents coming one after the other in quick succession create a sense of insecurity in the biggest national asset of the country. The Railways should lose no more time for taking steps to ensure safety of travel.

Since I addressed you last, there has been quick succession of momentous world events. War clouds still hang on the international horizon. We were hoping that war as a means of settling disputes has been given up in international politics and that all outstanding differences will be settled by discussion over the table. But now it is apparent that the cult of force is still depended upon to settle differences. The armed Anglo-French aggression in Egypt threatened to engulf the world in the fury of another global war. The situation in Hungary is anything but happy. There are tensions in other parts of the world. The United Nations organisation is striving its best to ensure peace by mutual discussions. Nations are yet to realise and recognise the importance of solving international questions through the medium of the United Nations. The United Nations, no doubt, has played a great part and has been a stabilising factor in the matter of preserving world peace. But its importance and utility have not been fully appreciated by even the founders of this world organisation. It is to be hoped

that nations will realise the importance of solving differences by discussion for which the United Nations forms the only forum. India, as usual has played a conspicuous part in spreading the area of peace and creating better understanding between conflicting nations and it is to be hoped that she will still continue to exercise her moral influence in the preservation of peace and creating a better understanding between them. War will always leave a trail of bitterness and will not solve any problem.

It is most unfortunate that Pakistan should have thought it fit to take back the question of Kashmir to the United Nations just at present. I feel this question should be settled by negotiations between the two countries.

Friends, the administrative set-up of the country has been re-organised on a linguistic pattern from the first of November to help the State to achieve administrative efficiency. This has been the demand of the Indian National Congress for years and has been hailed as the next logical step in the consolidation of the country after integration of the princely States by the late lamented Shri Vallabhai Patel. To us it is of minor significance, for trade and commerce know no linguistic barriers. But all the same we cannot but share the hopes and aspirations of the people that the redrawing of the political map of India is a step in the right direction and will greatly assist the States in the matter of accelerating cultural and other developments. It is our fervant hope that this new set up will in no way endanger the unity of the country nor impede its economic progress. Whatever passions have been created have all subsided and the country has at last adjusted itself to the great task of cementing new ties and building the economic edifice of India on strong foundations.

The immediate concern of the commercial community is the proposals of the Hon'ble Finance Minister for fresh taxation. The proposals coming as they do during the middle of the year were least expected. They cover a wide field of taxation. The proposal to reintroduce a tax on capital gains without any of the exemptions and concessions provided in 1947 budget should be considered very harsh. The increased tax on dividends will prove the last straw on the camel's

back in the matter of capital formation and investment. Equally unsatisfactory is the proposal to control the depreciation and development reserve of companies and compelling them to be deposited in the Reserve Bank or with the Government. If the above proposal is implemented I fear large slice of reserve funds is likely to be diverted for financing the programmes of the public sector. It is even now very difficult to get bank accommodation for industries. Under the above circumstances the above proposal will militate against flow of capital to the private sector which has been assigned an important role in the scheme of development. Coming as it does over and above the control over capital issues, this measure is least welcome and sap whatever little enthusiasm the private enterprise has. While it is true that Corporate savings have to play a great part in the future developmental schemes, in a country like ours where corporate form of enterprise is not fully developed, individual savings should not only be discouraged but on the other hand should be encouraged by all means. We are told that in the face of mounting deficit, all the available resources in the country have to be mobilised to finance and increase the outlay on the Second Five Year Plan. To me, however, it appears that having regard to the enormous resources that have to be mobilised for its implementation, the paucity of technical personnel and other uncertainties the plan could have been spread over and these additional burdens sought to be inflicted could have been avoided just at this juncture. I note, however, from the speech of the Hon'ble Finance Minister that one of his justifications for introducing the new imposts is for diminishing the volume of deficit financing and for finding the resources for the plan. You will realise that the large scale deficit financing envisaged under the plan was a matter of discussion and controversy. To the extent the deficit financing will be reduced there may be some relief. But the proposals of the Finance Minister to impose new taxes and enhance existing taxes to bridge the gap may impede the programme of economic development.

From to-day's press reports I understand that the Vice-President of the Federation led a deputation to the Hon'ble Finance Minister and represented to him the difficulties of the private sector particularly with reference to the proposals of the Finance Minister regarding deposit of deprecia-

tion and reserves funds. It was explained to the Minister that it will be difficult for the private sector to perform the very important functions assigned to them if these proposals are implemented. I am sorry to note that the Finance Minister did not concede the request of the delegation but only assured them that the Administrative machinery will be toned up with a view to reduce the difficulties to a minimum in the matter of refunds. You would have also noticed from daily papers that the Stock-Exchanges at Madras, Bombay and Calcutta have unanimously represented that the performance under the Second Five Year Plan assigned to the private sector will be greatly impeded if these proposals are finalised. I entirely agree with them and would request the Finance Minister even now to reconsider this proposal in the light of the representations made to him by various bodies.

This year trade and commerce have been greatly agitated by the tight money conditions prevailing in the country. Though the period that we have passed during the year should be considered a slack season, conditions prevailing in the money market have all along been very tight and naturally, when we are approaching the busy season, we may have to face, if past experience is any indication, much more tight conditions prevailing in the money market. This condition may be due to the growing industrialisation and the consequent demand for money all through the year. It is to be expected that in future years also this trend in the money market will assert in a more pronounced form unless timely measures are taken to mitigate these conditions. We are glad that the Hon'ble Finance Minister has been holding discussions with the Banking circles in important centres. I may, however, be permitted to state that increasing the rate for deposit in banks by itself will not attract more funds. The dispersal of huge funds among sectors not accustomed to thrift and banking habits has been in my opinion one of the many reasons why more monies are not attracted by banks. Banking habits should be inculcated and perhaps the spread of banks in rural areas may mobilise funds which are otherwise diverted to unproductive channels. It was thought that the nationalisation of the Imperial Bank would conduce to the opening of more branches in the rural areas but this expectation has yet to materialise.

Another disturbing trend in our economy is the growing deficit in our foreign trade and our increasing withdrawals from our sterling balances. A country wedded to industrialisation has necessarily to import machinery and technical 'know-how' in growing quantities and volumes but that is all the more reason why we should concentrate on exports and earn foreign exchange not only to finance our import but also to create more favourable balance. It is true that Government have appointed more Trade Commissioners in more countries and have concluded bilateral trade agreements with many countries. Government have also recently appointed Export Promotion Committees to stimulate our exports. While all these steps are directed with a view to expand our exports every attempt should be made to improve our quality of export commodities and to diversify the commodities that enter our foreign trade. Ultimately the cost will be the determining factor in stimulating our exports and therefore it is very necessary that while improving the quality, there should be continuous attempts to reduce cost. Want of adequate freight to some of our nearby and important markets is another hindrance to our export trade assuming higher proportion. While Government of India have been trying to boost up our exports, Railways are not able to discharge their share of responsibility. Transport has proved to be the greatest bottleneck in the promotion of our export trade. A country's economic progress is determined by the balance of payment held in its favour.

Gentlemen, Government have recently introduced a Bill in the Parliament for the levy of sales-tax on commodities that enter into Inter-State transactions. The bill, though in a way sets at rest many of the old controversies about the interpretation of inter-state sale and while it seeks to levy not altogether a new form of tax, the incidence is oppressive and the commodities exempted are few in number. Let us hope that the Parliament will give due consideration to the opinions and suggestions of the commercial community and amend the provisions suitably. The Bill has however been passed into law.

Another matter on which I would like to speak today is with regard to the proposals contained in the draft rules of the Central Board of Revenue for search of premises and

seizure of documents under the Income-tax Act. Under the provisions of the Act Government have taken power to make a search with regard to a pending enquiry. Provisions such as the one relating to the requisition of the Police Officer for assistance requires reconsideration. While it is necessary that we should play our part and pay regularly taxes that are due to Government, it is undesirable for a Government which has set its goal on the establishment of a welfare State to convert the country into a Police state. I hope that Government when finalising the rules will drop the above objectionable features.

Friends, the country will soon be called upon to elect its representatives to State Legislatures and the Parliament. The commercial community are not represented there and we are anxious that our points of view should be put forward before the Government of the country at least to keep them informed of the difficulties through which the commercial community are passing. We should therefore, on our behalf take active interest in the elections and should see that members of the commercial community are chosen in large numbers as members of the Legislatures so that our cause may not go by default.

Mr. Agarwal, Commissioner of Income-tax speaking on the occasion, mentioned that income-tax was a major source of revenue to any Government. He defended the new taxation measures and said they had been envisaged to fill up the gap and to implement the Second Five-Year Plan successfully. He referred to the various difficulties experienced by both the Department and the public and expressed the hope that with the goodwill and greater co-operation from the mercantile community the administration could be run smoothly. He advised the public to utilise the services of the Public Relations Officers to their benefit.

As regards the Income-Tax Act Mr. Agarwal said it was codified in 1922 and various amendments had been introduced to cope with the situation. The Law Commission had suggested some measures to simplify the rules which he hoped would be advantageous to them.

So far as the rules empowering the officials to make a search in regard to a pending enquiry the Commissioner

said only responsible Gazetted Officers were entrusted with this work. Further such a measure would be resorted to with the approval of the Commissioner and as such they need not be perturbed over it. The rules also gave powers to requisition the police assistance because the officers also required protection.

Janab K. S. G. Haja Shareeff Vice-President, proposed a vote of thanks.

REPUBLIC DAY CELEBRATIONS

As usual, the Republic Day was celebrated in 1956 Sri. K. Govidan, Vice-President, made the following speech in unfurling the National Flâg.

“Today ushers in the seventh year of our Republican Constitution. Though six years is sufficiently a long period in the span of human life, it is too short a period to reckon with in the progress of a nation. But one can certainly say that the Republic of India has made remarkable progress even within such short period. Judging from the achievements of the past we have every reason to hope that India, under the able guidance of our Prime Minister Jawaharlal Nehru, will make rapid strides both economically and politically in the years to come. The Republican Constitution was framed by the leaders of all parties and by representatives of the public and it is meant to unite the country in the common endeavour to raise the standard of living of our people and to make India play her rightful part in the comity of nations. Of course it is only after working the Constitution some necessary adjustments have been found necessary and the Constitution has already been amended four times. It may be necessary hereafter also to amend the Constitution to suit the changing circumstances and to suit the genius of the nation. The Constitution is sacred and it is the bounden duty of each and every individual all over the country to work the Constitution in a spirit of co-operation so that the nation as a whole marches from strength to strength.

The Flag of the Republic of India is the symbol and emblem of our national unity, and it should be our duty as

an Indian to honour the Flag irrespective of our political leanings. We should consider ourselves first as an Indian and then everything else.

We are almost on the completion of our First Five Year Plan of all round development. The success of the plan in imparting strength and stability to our economy has encouraged the Government to look forward boldly and to frame the Second Five Year Plan on a broader basis. The Draft Second Five Year Plan is on the anvil. The Plan seeks to lay emphasis on the development of basic and heavy industries and to enlarge the sphere of the public sector. Consistent with the policy of the Government to establish a socialistic pattern of society several measures are also being adopted. It is only a few days ago that the Government have thought fit to enter into the field reserved for private sector by nationalising the Life Insurance business. Whatever might be the reasons that have prompted Government to take this step, I may be permitted to observe that this does not go for the creation of proper psychological climate for investment.

The businessmen have to confront with new situations arising out of the decision of the Government to achieve a socialistic pattern of society. They have to reorientate their outlook and to fit in with the broad framework of the social and economic structure of the country. I have every hope that businessmen, whose capacity for adaptability is well known, will rise equal to the occasion and continue to play their part in the economic regeneration of the country.

A major event in the political life of the nation during the past year is with regard to reorganisation of the States. The recommendations of the States Reorganisation Commission has provoked a good deal of controversy and agitation all over the country. Passions have run riot and have produced an orgy of violence in some parts of the country. I am glad to hear that those affected parts in the country are returning to normal condition. However a development which is of far reaching significance is with regard to announcement about the offer to merge the States of Bengal and Bihar. Such approaches and offers will be acclaimed by all right thinking men in the country. To me it seems that the

cause of India both politically and economically will greatly be advanced by such steps. As early as October 1955 our illustrious President Shri M. A. Chidambaram, as Mayor of Madras, has suggested the formation of a Dakshinapradesh. I am glad to note now that suggestion is receiving the serious attention of all right thinking men of Congress High Command. I hope better counsels will prevail and a viable unit will be formed in this region. I feel that unless an unit is sufficiently big enough we cannot exert any pressure on the Centre. 'United we stand divided we fall'.

The Chamber has realised and achieved its long-cherished desire to have an elegant and spacious building of its own. It is for members to take advantage of the facility and services offered by the Chamber and to co-operate with it and make this institution the only representative organisation in this part of the country. To all members I wish you a happy prosperous New Year and I appeal to them all to render every assistance for the promotion of organised trade and commerce. We are now at a critical time in the history of the nation when private sector is put on its mettle. It is a challenge to the commercial community and it is for us to play our rightful part in shaping the destiny of the country and to raise the standard of living of the common man.

May the Flag of the Republic of India fly high and may it usher in an era of peace and prosperity to mankind and raise our international status."

There was a good attendance and members were entertained to light refreshments.

INDEPENDENCE DAY CELEBRATIONS

The Independence day was celebrated on the 15th August 1956. Janab K. S. G. Haja Shareeff, Vice-President, in unfurling the National Flag at the premises of the Chamber stated as follows:—

"We are assembled here to-day to celebrate the 9th year of Independence and to salute the Flag of India. To-day will always remain a memorable day in the history of India's

Freedom struggle, for it was on this day in 1947 that India by her unique technique won her freedom from foreign domination. Freedom is the breath of our nostrils and it has its own significance. This day is a day of National rejoicings all over the country, but it is well to remember on this day those Sons and Daughters of India who have sacrificed their all at the Altar of Freedom so that posterity may breathe the air of Independence. We remember to-day as ever with gratitude the supreme sacrifice, the indomitable courage and the burning passion for the country that animated the Father of Nation, Mahatma Gandhi under whose leadership, the Satyagraha Army of India progressed their onward march and won for the country her freedom. Let us hope that his teachings will continue to influence our decisions in the mighty task that lie ahead of us so that the country may progress from strength to strength in the years to come. Just as the name of Mahatma Gandhi will ever live pre-eminent in the annals of our country so this nation will live in the respect and honour of the world so long as it adheres to the principles and ideals for which he stood.

Gentlemen, within the short period after the attainment of Independence, the country has made remarkable progress judged from any test. The consolidation of our hard won freedom, the reorganisation of the States on a linguistic basis, the economic upliftment of the people are all achievements of which especially an infant Republic can feel justifiably proud of. Though our freedom is less than a decade old, our country has come to play a notable part in the international deliberations like any other more mature nations. Our contribution to the stabilisation of peace in a world torn asunder by conflicting ideologies has not been mean and it has been acknowledged by other nations. India has become to be recognised as a negotiator in the international sphere for the maintenance of peace and amity. Her advice is eagerly sought after in the comity of nations. We can feel proud of our achievements in the preservation of peace and extending the area of peace and co-operation.

Even now war clouds are threatening the international political horizon and momentous discussion will take place tomorrow this time at London about the nationalisation of Suez Canal. We hope that India with her characteristic love

for peace and prosperity for all nations will play a more significant role in influencing the decisions of nations with a view to maintain peace without at the same time compromising the status of any nation. We have every confidence in the wisdom of our illustrious Prime Minister Shri Jawaharlal Nehru and we are sure that under his towering personality, India will gain added stature in her international status and the Flag of Independent India will fly still higher.

Coming nearer home, gentlemen, we are yet to satisfactorily solve the problem confronting our brethren in Goa. Consistent with her attitude in all such problems, India is seeking a peaceful solution with regard to this question also. Let us hope that this problem also will ere long be satisfactorily solved and that our brethren in Goa will also be able to breathe the free air of Independence and become one with us.

The vexed problem of re-organisation of States has to the delight of all been satisfactorily solved. However much one may disagree with this question of Reorganisation of States on linguistic basis, once the Parliament has taken a decision, we have to work out and implement that decision in good faith and in a co-operative attitude. We trust that the heat, rancour and the dust that has been created both in Bombay and Ahmedabad will become a thing of the past and let us hope the country as a whole will forget the past and it will address itself to the more important task of the economic regeneration of the country.

Gentlemen, if in the sphere of politics we have attained a large measure of success so far, our achievements in the economic front as well have not been mean. The successful implementation of the First Five Year Plan of all round development soon after the attainment of Independence shows how courageously the Government have faced these problems without any loss of time. They are alive to the fact that political independence alone will not find an echo in the hearts of the people unless there is economic independence for them. The end and aim of all political independence is to make one live happily and Government have lost no time in switching the country on those lines. The First Five Year Plan has been acclaimed to be a remarkable success and it has contributed not a little to improve the standard of living

of the common man. The success of the first Plan has prompted the Government to launch on mightier schemes under the Second Five Year Plan of development and it is hoped that before the Second Five Year Plan period runs out there would not be so much of unemployment and that the standard of living of the people will improve by at least 25 per cent. These are indeed laudable objectives and a country wedded to the amelioration of the condition of the masses as India is to-day will see that the targets placed before her are achieved. Government have recognised that industrialisation is the best panacea for improving the standard of living of the people and let us hope that by such economic planning the country will steadily grow from strength to strength and take her rightful place among the other highly industrialised nations.

To-day we are not assembled here to discuss any controversial points. We have gathered here only to pay homage to the Flag of Independent India and to rededicate ourselves to the cause of the country. Let us hope that under the inspiring guidance of our Tricolour Flag all her sons and daughters will unite together in a common bond of love and patriotic fervour to serve the country and advance her cause politically, economically and socially. May the Flag of Independent India fly high and as long as the spirit of Mahatma Gandhi, the Father of the Nation, pervades the atmosphere we hope that we, as a nation, will march together arm in arm and build up India of our dreams and India of our aspirations.

There was a good attendance and members were entertained to light refreshments.

CENTRAL PURCHASE ORGANISATION

Mention was made in the last year's report about the constitution of the Central Purchase Organisation and the Chamber's memorandum to the questionnaire issued by them. Later on, during February, the Government convened a conference of various interests concerned. The Chamber made the following observations to be considered by the Committee.

"The Government have accepted or accepted in principle for implementation the recommendations of the Stores Purchase Committee.

Recommendation No. 49:—"The acceptance of General Conditions of Contract should be a condition precedent to registration."

This has been fully discussed in paragraph 8.7 in the Report of the Stores Purchase Committee. This is impracticable. The General Conditions of Contract cannot be applied to all purchases, and there are bound to be purchases which owing to their specialised nature require adjustments in the General Conditions. The General Conditions themselves are so comprehensive and grossly one-sided that they cannot be made a condition precedent to registration. Many established and reputed suppliers may not be able to agree to these unconditionally. If this is insisted upon, the field will be open to speculators and others who are prepared to take chances. It may, therefore, be noted that insistence on these conditions will not be conducive to economic purchase.

Omnibus conditions in the General Conditions of Contract which are not accepted by Courts of Law as equitable are sought to be imposed on Contracting Firms through executive procedure. The attention of the Government may be drawn to the impracticability of this condition.

Recommendation No. 45:—"Registration of a supplier should be renewed every three years." (paragraph 8.5 in the report)

This does not appear to be necessary except in the case of firms whose record of meeting obligations has not been quite up to the mark.

Recommendation No. 64:—" 'Abnormal Conditions' clause in Supply contracts should be revoked; 'wages Escalator' clause should be discouraged; 'Escapes' on raw materials should be confined to controlled commodities only." (paragraph 8.24)

Very few firms will be able to tender on these conditions. The remarks on the General Conditions of Contract apply to this recommendation also.

Recommendation No. 67:—"Quotations should normally be invited on an all-inclusive basis, i. e., inclusive of Sales-Tax and other local taxes". (paragraph 8. 28).

It is hardly fair that tenderers should be made responsible for varying rates of taxes in the different States, where such Sales Tax are payable. Any attempt at comparison of prices inclusive of Sales Tax that may become payable should be considered unreasonable. Sales Tax and other local taxes should not be taken into consideration for comparing tender prices.

Recommendation No. 68:—"All quotations should be invited and contracts placed on the basis of F. O. R. destination (or local delivery) except where concessional Railway Tariffs are applicable." (paragraph 8.30)

This again is introducing an element in the purchase procedure for which the tendering firms are not responsible. If this suggestion is accepted by the Government, the volume of orders placed with tendering firms will depend upon the location of the firm, the freight or transport charges involved, etc. For instance, if a large volume of equipment or stores is required by a consumer in Bombay, firms located at or near Bombay alone stand a better chance of securing the business than competitors from the Madras, Calcutta or other areas. Though these considerations may come in for examination, no rules of procedure should be prescribed as involved in the above recommendation.

Recommendation No. 95:—"Payment of final bills to the suppliers should be ensured within 90 days from the date of despatch of stores. If a consignee fails to report in time regarding rejection of (or shortage in) supplies, payment should be authorised on an Indemnity Bond" (paragraph 11.6).

A further condition may be added to the effect that if a consignee fails to report regarding rejection or shortage in supplies, within 30 days after receipt of goods, payment should

be authorised, and in any case whatsoever payment should be made within 120 days from the date of despatch without insisting on any Indemnity Bond.

Recommendation No. 104:—"Consigness should continue to have the right to inspect and reject stores on arrival even where the stores are inspected prior to despatch; the suppliers should be informed immediately about damages and shortage, if any." (paragraph 11.19)

This suggestion requires careful study and examination. This may give rise to unexpected and unprovided for difficulties. A clarification should be made that the reasons should be specific and not in general terms. In any case a time limit of 30 days should be prescribed for exercising this right.

Inspection and Delivery Dates

Where inspection prior to shipment at the country of export is not provided for, a complete inspection at the port of entry in India is some times insisted upon necessitating opening of packages, repacking, etc. It should be possible in the case of equipments of established foreign makers represented in India by firms with a good record for the inspection to pass the consignments on visual or a superficial inspection on the strength of makers' packing notes, test and routine certificates and such other relevant documents.

Unless the Central Purchase organisation agree to the time limit of three weeks from the date of application by the suppliers not only for granting but also for notifying the extension of delivery dates to the various authorities concerned including inspection, delay in inspection and the consequent difficulties to the suppliers are bound to continue.

One of the causes necessitating extension of delivery which is beyond the control of the supplier is due to delay in carrying out inspection of manufactured equipment by the India Stores Department, London or its officers due to paucity of staff in the Inspectorate. There have been instances where the I.S.D. London could not proceed to inspect for want of official copies of the A/T.

Invariably granting of extension takes unreasonably long time inspite of several periodical reminders. Even demi-official letters to officers concerned have been tried but without any appreciable results. There has not been any improvement in the situation in this regard though several representations have been made.

The all-important question of extension of delivery dates has not been fully gone into. It is gathered that the most voluminous work in the D. G. S. & D. office pertains to extension of delivery dates. Even now an inspection of the office of the Assistant Director and other subordinate officials will reveal the magnitude of this problem. Heaps of letters pertaining to extension of delivery very materially interferes with the responsible and otherwise voluminous work an Assistant Director and his staff are entrusted. Simplification of the procedure for granting extension of delivery will show a considerable improvement in the overall working of the purchase organisation. It is suggested that simultaneously with the issuing of Savingram orders, which procedure has almost come to stay, the period of delivery ex-Works alone in the case of both imported and indigenous stores, is taken into account. Particularly in the case of imported stores, the time taken for the steamer, clearance of the goods and inspection at the port of import, and even the time taken for the normal availability of booking should be provided for. The dates of delivery of the stores in India should be arrived at after making reasonable provision for all the above factors.

The date of filing by the supplier or his application to the Railway applying for booking of inspected stores should be deemed to be the date of delivery. At present the supplier is made responsible for delay arising out of non-availability of booking for days and weeks which, in some cases, extend beyond the delivery dates or even the extended delivery dates as the case may be. Proof of application by the supplier to the transport authority should be considered sufficient.

There are quite a number of cases in which A/Ts are not issued even after several weeks of the Savingram. Under the present import trade regulations no foreign manufacturer will proceed to process the equipment without his being

notified of a valid import licence. The import recommendation certificate is at present sent along with the regular A/T, but the date of delivery in the A/T does not provide for the time lag between the issue of the Savingram and the A/T. It will be most advantageous if the import recommendation certificate is sent along with the Savingram.

Conditions in the Contractors' tender which the Purchase Organisation does not find to be acceptable should be communicated in the Savingram itself. Otherwise it will result in further correspondence leading to extended delivery. While so much stress has been laid by the indenter, the consignee and the purchase organisation on the fact that time is the essence of the contract, arrangement drawings in respect of engineering equipment and stores which can only be submitted after final orders are placed with the makers abroad are not dealt with promptly. On the other hand, there have been delays extending to several months in the approval of arrangement drawings and in issuing clarifications of technical details. Still extension of delivery dates which is unavoidable owing to such delays are granted in the first instance subject to levy of liquidated damages even though no delay is attributable to the contractor. Where there has been no delay on the part of the contractor extension of deliveries should be granted without any reservation.

The present procedure of granting provisional extension in the first instance and final extension without liquidated damages after the stores are delivered involve considerable avoidable correspondence in the Purchase Organisation since the same procedure has to be gone through over again resulting in very considerable delays in the grant of final extensions, in the absence of which the contractor cannot realise the balance of 10% or 20% payment as the case may be.

Provision should be made to the effect that if receipt notes are not returned by the consignees within a period of 30 days after receipt of consignment and within six months from date of despatch in any case whatsoever, the balance of 10% or 20% of the purchase value will be paid to the contractors.

Bills in respect of supplies involving extension of delivery accompanied by a copy of the DGS & D's letter granting

extension should not be returned for want of communication from the DGS & D to the Pay & Accounts officer of the extension of delivery. It should be the responsibility of the Pay and Accounts Officer to obtain in the most expeditious manner copies of such sanction orders and not the suppliers'.

Similarly, the D.G.S. & D., the Purchase or the Inspection Wing as the case may be should give the highest priority for all references from the Pay & Accounts Officers, particularly in respect of copies of sanction orders and provide such copies within three days from the date of receipt of the reference.

A new procedure of withholding from suppliers' bill 'anticipated liquidated damages' involving further difficulties to the contractors has been introduced. Hitherto the first payment of the 90% or the 80% as the case may be of the contractors' bill was being made where copies of sanction orders granting extension have been received by the Pay & Accounts Officer. Repeated representations from contractors have not elicited why and when this procedure was introduced. In any case the contractors are entitled to be notified of any such procedure which, at present appears to be inter-departmental communication. Liquidated damages, if any, involved should be adjusted from the balance payment of 10% or 20% bills of the suppliers as the case may be and not predetermined or deducted from the 90% or 80% advance payment bills.

Due to these reasons there is a considerable time lag between payment to the manufacturer by the supplier and the time the supplier received payment from the DGS & D. This time lag has increased lately to an alarming degree caused by certain new administrative rules framed lately by the DGS & D from a purely technical point of view. The supplier consequently incurs heavy additional financial expenses and loss which he is unable to foresee. Large amounts of the suppliers' working capital are blocked over long periods constituting a heavy strain on his financial resources.

It is understood that the suggestions raised by the Chamber have been duly noted.

PORT IMPORT COMMITTEE MEETINGS

Various meetings of the Port Import Committee were held and for all these meetings subjects were invited from members and they were forwarded for consideration at the meetings. Shri R. Subramaniam represented the Chamber on different occasions.

The following is the brief summary of the subjects forwarded by the Chamber, together with minutes of proceedings of the meetings:—

1. *Analysis Reports*:- The Import Trade Control Authorities insisted for Analysis Report relating to composition of certain materials on import. They are trade secrets and cannot be divulged. The insistence for such reports places the importer in a delicate situation. The Chamber feels that unless they are absolutely necessary, Government may not insist for such reports.

Shri K. Govindan, representative of the Southern India Chamber of Commerce who initiated discussion said that the insistence by the Import Trade Control authorities for Analysis Report relating to composition of certain materials place the importers in a delicate situation. He added that they were trade secrets and could not be divulged and requested that unless they were absolutely necessary, the Government should not insist on such reports.

The Chairman stated that with a view to avoiding malpractices the Government had to insist on such reports and asked the member to bring to his notice specific cases in which the importers experience difficulty so that the matter can be further examined.

2. *Application Forms*:- Application forms for import licence refers to the quantity or tonnage of the goods imported. When there is difference of opinion between the Import Trade Control Authorities and the Customs Department regarding the correct classification, the importer is not in a position definitely to state the Tariff Item Nos with regard to those particular commodities. The applicant therefore is

put in a delicate position. If these information are not absolutely essential, they may be deleted from the form.

At present the quantity of tonnage of the goods imported is required to be specified in the application forms. Shri Govindan stated that the applicants find it difficult to indicate the exact tonnage on applications. In the course of discussions, it was stated that approximate tonnage would meet the requirements of the case.

3. *Minimum Amount of Licence*:—The limit of Rs. 250/— for stoves and parts thereof Serial No. 268/IV, Sheet and Plate Glass, Serial No. 244/IV and Inkless Fountain Pens Serial No. 167/IV is too small and it is suggested that the minimum limit should be raised to Rs. 500/—

Shri K. Govindan said that in respect of Stoves and parts thereof (Serial No. 268/IV Sheet and plate glass (Serial No. 244/IV) and Inkless fountain pens, the minimum limit of Rs. 250/— should be raised to Rs. 500/— But it was felt at the meeting that the minimum limit had already been raised and that could be left as it was.

4. *Avocation Licences*:—The avocation licences which are being given have to be more closely scrutinised. There should be a limit that no item can be imported under this licence for more than Rs. 500/—.

The representative of the Southern India Chamber of Commerce felt that there should be maximum limit, say Rs. 500/— for the avocation licences and that they should be more closely scrutinised.

5. *Items 167 (i)/IV: 259/IV; 278/IV Fountain Pens, Gold or Goldplated Pen Nibs & Cutlery.*

The position as to the exact amount that could be utilised from Dollar area of

- (i) Inkless Fountain pens and pencils
- (ii) Goldplated nibs and
- (iii) Pen-knives, Scissors and cut-throat razors need elucidation.

Shri Govindan wished that the position as to the exact amount that could be utilised from Dollar Area in respect of inkless pens and pencils, goldplated nibs, pen-knives, scissors and cut-throat razors, should be elucidated.

6. *Item 168 (c) /IV: Stationery 'Others'.*

(i) Remarks appended to this item give a list of items that cannot be imported against these licences and 'Iron-clips' is one of such items. 'Letter Clips' made of steel to hold bunches of letters are not locally produced in such quantities to meet the requirements of the country. It is suggested to allow 'steel letter clips'.

(ii) under remark No. 3, quota licence holders are allowed additional licences for equivalent value for Artists materials specified in Appendix XX. According to the present policy, water colours, water colours boxes, poster colours and water-proof inks are allowed only upto 50% of value of the licence. The present production is extremely limited and cannot cope up with the demand consequent on the increase of additional institutions. It is therefore, suggested that the restriction on the utilisation of these licences may be removed.

(iii) Set Squares are not allowed additional licences for equivalent value for Artists materials specified in Appendix XX. According to the present policy, water colours, water colour boxes, poster colours and water-proof inks are allowed only upto 50% of value of the licence. The present production is extremely limited and cannot cope up with the demand consequent on the increase of additional institutions. It is therefore, suggested that the restriction on the utilisation of these licences may be removed.

(ii) Set Squares are not allowed importation. There are special kinds of Set Squares such as Four-in-One set Square which are not indigenously manufactured. Token imports of these are necessary and this may be allowed import under licence precision and measuring tools (21/I) or 92(g) (3)/V).

Shri Govindan suggested that steel letter clips made of steel to hold bunches of letters should be allowed

importation and the restriction imposed on the importation of water colours, as water colour boxes, poster colours and water-proof inks should be removed. He also suggested that the importation of setsquares might be allowed under precision and measuring tools (21/I, or 92 (g) (3)/V). He said that the production of indigenous sources were either insufficient or subnormal in quality. The Chairman said that he would take up the matter with the Chief Controller of Imports & Exports, New Delhi.

7. *Item 167/IV:* Ball point pens are now becoming more and more popular and regular importation is made under available licences. Replacement parts are essential and they may be allowed:—

Shri Govindan suggested that replacement of Ball Point Pens were very essential and they might be allowed importation. It was also suggested at the meeting that replacement parts including refills should be allowed importation.

Next Meeting:—

1. Recommendations to Government to expedite the proposed Customs Appellate Tribunal and Associating therein the trade as well as Officer of the Import Control Administration.

The representative of the Southern India Chamber of Commerce Shri R. Subramaniam mentioned that recently an announcement was made that a Customs Appellate Tribunal would be started with the Secretary of the Finance Department and the Secretary of the Commerce Department as members therein. Mr. Subramaniam requested that the Government of India may be moved to associate one member of the trade also to be included in the Tribunal. The Committee felt that the forum of the Customs Advisory Committee will be more appropriate to discuss this question than this Committee. The Chairman, however, pointed out that the trade must have confidence in the Commerce Ministry's representative.

2. Delays in Adjudication of Import Control cases by Customs and Central Board of Revenue.

Mr. Subramaniam mentioned that in some cases appeals to Collector of Customs on import control cases have been kept pending for a year and appeals to C.B.R. for 1½ years. He said that there should be some sort of time limit. The Chairman remarked that most of the members of the Import Advisory Committee are members of the Customs Advisory Committee also and that it would be better to take up this matter with the latter Committee. He desired, however, to have particulars of one or two cases which have been unduly delayed as complained of which Mr. Subramaniam promised to supply.

3. Clarifications obtained from the Import Control Department to be applied to all cases and not only to those to whom they are addressed:—

Mr. Subramaniam stated that in cases where clarifications had been obtained and subsequently found to be incorrect, the Customs authorities are treating such cases leniently in the cases of imports made by the party which obtained the clarification but in the case of others importing stores based on the clarification furnished to another party heavy penalties have been levied. He said that such differential treatment was unfair and unjust. Mr. Sundaram Iyer stated that to avoid such a situation, in cases where a wrong classification has been given by Customs and subsequently it was found that the classification given was incorrect Customs must invariably issue a notification stating the correct classification. The Chairman remarked that he cannot give any undertaking on behalf of the Customs Department and also explained the difficulty involved in issuing such a notification. The Committee however felt it reasonable that a notification giving the correct classification should be issued wherever incorrect classification has been given.

4. Definition of integral coupling under serial number 32, 33 and 34 of Part II of I. T. C. Schedule requires clarification and relaxation.

Mr. Subramaniam stated that the definition of integral coupling under serial number 32/II appearing on page 81 of the Red Book may be extended to other kinds of machine viz., Diesel Engines, Kerosene Engine etc. The Chairman said that he will recommend this to the Chief Controller of Imports if there is no other snag.

5. Provision made in certain serial numbers such as Part II 42, Part II 45, Part II 46 etc. permitting imports of spares falling under other serial number upto 5% of the face value of the Quota Licence not to be construed as taking away the right to import Spares covered by the serial number Licenced, if necessary to the full value of the Quota Licence.

Mr. Subramaniam argued that the provision made in certain serial numbers such as S. No. 42/II, 39/II, 45/II 46/II permitting imports of spares falling under other serial number upto 5% of the face value of the quota licence should not be construed as taking away the right to import spares covered by the serial number licensed, if necessary to the full value of the quota licence. The Chairman remarked that there is no provision in the existing rules to allow spare parts to the full value of the licences granted against any of the above items. After some discussion it was decided to request the Chief Controller of Imports to include a rider in the Policy Statements that irrespective of the provision made for imports of other spare parts upto 5%, not covered by a particular item it should be made clear that the intention is to restrict the spare parts of that item itself upto 5%.

6. Where machinery is imported the required starting and controlling gear and spare parts reasonably required for the use of the machinery to be always allowed with the machinery irrespective of the serial numbers under which such other equipment may fall.

Mr. Subramaniam suggested that where machinery is imported, the required starting and controlling gear and spare parts reasonably required for the use of the machinery irrespective of the serial numbers under

which miscellaneous auxiliary equipment may fall should be allowed. The Chairman said that as this is permitted in the case of Actual users, and taking that analogy this suggestion will be recommended to Government.

7. Desirability of co-ordination between different ports in issuing clarifications to prevent different clarifications at different ports.

Mr. Subramaniam mentioned that there should be co-ordination between different ports in issuing clarifications to prevent different clarifications at different ports. The Chairman remarked that clarifications decided by other ports are occasionally received in this office and if necessary are reproduced. Clarifications issued by this office are also sent to other licensing authorities, where considered necessary and hence co-ordination to a certain degree existed already in this regard. He also said that 90% of the clarifications are being issued by Delhi and the chances for differences are limited. The index attached to the Red Books is also a useful guide in respect of clarification of any particular commodity.

8. Desirability of including the following items under Export Promotion scheme.

- (a) Raw cashew nuts against export of Processed Cashew Kernels
- (b) Empty barrels against export of Liquids in barrels such as turpentine, oil etc.

Mr. Subramaniam expressed the desirability of including the following items under the Export Promotion Scheme.

- (1) Import of Raw Cashew nuts against exports of processed Cashew kernels.
- (2) Import of empty barrels against export of Liquids in barrels such as Turpentine, Oil etc.

The Chairman said that Raw Cashew nuts are not allowed import by Actual users and there is no justification to include this item under Export Promotion Scheme as the imports made under Actual User licences are mainly re-exported after processing.

In the case of export of Turpentine, oils etc. Mr. Subramaniam pointed out that as the price of the barrels alone was very costly they are unable to meet competition. The Chairman said that he will examine this further and see what can be done on details being furnished.

9. Garage Tools to be allowed import on the basis of a percentage of the face value of import licences for Automobile accessories.

Mr. Subramaniam suggested that Garage tools may be allowed imports on the basis of a percentage of the face value of import licences for Automobile accessories. Now according to the present policy unless one is an established importer for hardware, he cannot import garage tools. The Chairman agreed to recommend this suggestion to Government.

10. Recording instruments with charts required for Motor vehicles to record speeding, idling etc., to be allowed import under Motor vehicle licences instead of under part II 439 (B) (1) as at present.

Mr. Subramaniam suggested that Recording Instruments with charts required for motor vehicles to record speeding, idling etc., may be allowed import under Motor Vehicle licences instead under Part II, S. No. 39 (b) (i) as at present. It was argued that recording instruments can be used only for lorries and the scope for abuse was therefore limited. The Chairman agreed to recommend this to Government.

11. In the case of sight drafts received through a bank and accepted by the Licence holder, the Bank should be treated as joint holder of the licence as in the case of Letters of Credit.

Mr. Subramaniam suggested that in the case of sight drafts received through a bank and accepted by the licence holder, the Bank should be treated as Joint holder of the licence as in the case of Letters of Credit. The Chairman requested Mr. Subramaniam to write to him separately on this subject when he promised to look into it.

12. Import Licences issued in French India to be valid for shipment initially to Madras and thereafter by transshipment to French India as Steamer Companies appear to show reluctance in undertaking transshipment owing to conditions in Madras Harbour.

Mr. Subramaniam suggested that import licences issued in French India may be made valid for shipment initially to Madras and thereafter by transshipment to French India as Steamer Companies showed reluctance in undertaking transshipment owing to conditions in Madras Harbour. The Chairman remarked that Government of India are interested only in imports made straightway at Pondicherry. He also said that Customs will not possibly entertain the idea of importing the goods at Madras and then transshipping them to Pondicherry.

13. Part IV item 160 increase of quota from 50% to 75% now granted to be made available only for varieties of packing and wrapping paper not made in India.

Mr. Subramaniam referred to S. No. 160 of Part IV Packing and Wrapping paper. He said that the quota has been increased from 50% to 75%. He mentioned that the Andhra Paper Mills are producing large quantities of Kraft paper and there is already accumulation of 1,000 tons. The Chairman remarked that in the case of Actual users, licences are granted only for varieties of wrapping papers not indigenously available in sufficient quantities. After some discussion it was decided to take up this matter with the Chief Controller of Imports and also at the next meeting.

14. Import Licences expiring in August and September to be extended by two months owing to Suez canal situation.

Mr. Subramaniam suggested that import licences expiring in August and September may be extended by two months owing to the Suez Canal situation. The Chairman was doubtful whether the Suez Canal situation had assumed such a proportion. In this connection Mr. Sundaram Iyer said that previously revalidation of licences was done on a liberal basis and there appeared to be some change towards tightening now. It was argued that the fact that a letter of credit has been opened long after the issue of the licence should not stand in the way of revalidation. The Chairman assured the members that hard cases will be considered favourably.

15. In cases of transfer of quotas when a Partnership changes into a Proprietorship and in the absence of claim by the retired partner/partners, the succeeding proprietor to be allowed full quota instead of only partial quota.

Mr. Subramaniam suggested that in cases of transfer of quotas when a partnership changes into a proprietorship and in the absence of claim by the retired partner/partners, the succeeding proprietor should be allowed full quota instead of only partial quota. (He cited the case of Mr. Ramalingam Chettiar in this connection who was granted only 75% of the quota).

The Chairman said that he will check up and examine this question further. (It was understood later that this matter is under consideration of Chief Controller of Imports, New Delhi).

16. Forms of bankers' certificates to be filed by the applicants for newcomer's licences and liberal licences may be prescribed.

Mr. Subramaniam requested that forms of Bankers' certificates to be filled by new comer applicants and liberal licences may be prescribed. The Chairman said that this will be done. In this connection Mr. Sundaram Iyer suggested that in the case of established importers applying for liberal licences Banker's certificate should not be insisted upon. His B. C. itself should be considered sufficient to establish his financial reputation. If this

cannot be done, he said that a prescribed form should be drawn in which the banker's certificate should be obtained.

17. Instead of insisting on production of original sales tax receipts by the applicant for newcomer's licence, a certificate from the sales-tax assessing authority to the effect that the applicant has been paying sales tax without arrears in the preceding year of assessment should be deemed sufficient; a form also may be prescribed in this behalf.

Mr. Subramaniam's next suggestion was that instead of insisting on production of original sales tax receipts by the applicant for newcomers' licence, a certificate from the Sales tax assessing authority to the effect that the applicant has been paying sales tax without arrears in the preceding year of assessment should be deemed sufficient. The Chairman remarked that this question has already been taken up with the Chief Controller.

Next Meeting

1. *Import of Cotton Yarn of 80s and above*:—In view of the paucity of supplies, the Chamber recommends (a) increase in quota from 75% to 100% (b) actual users other than Co-operative Societies also to be licensed, (c) licences to be issued under the Export Promotion Scheme.

In view of the paucity of supplies, the Chamber recommended that—(a) the quota should be increased from 75% to 100% (b) actual users other than co-operative societies also should be licensed, and (c) licences might be issued under the Export Promotion Scheme. As the question related more to the Textile Commissioner, Bombay, the Chairman said that the suggestion might be referred to the Textile Commissioner through the Chief Controller of Imports and Exports, New Delhi, for his consideration.

(2) *Cancellation of Import Licences by the C. C. I.*:—Cancellation of import licences after their issue may be avoided wherever possible. Such cancellation created confusion and difficulties for the trade.

The Chamber wished to point out to the Committee the confusion and difficulties of the trade due to the cancellation by the Chief Controller of Import of import licences after issue. The member of the Chamber said that cancellation of such kind should be avoided wherever possible. The Chairman stated that such cases are rare and licences are cancelled after sufficient notice being given in the Gazette.

(3) *Implemenatation of the decision arrived at Port Import Advisory Committee:—*

The Committee to be of more purpose the meeting suggests that the decision of the Government of India on the recommendations of the Committee at the previous meetings should be placed for the information of the Committee at every sitting.

It was proposed by the Chamber that the decision of the Government of India on the various recommendations of the Port Import Advisory Committee should be placed before the next meeting of the Committee for its information. The member of the Chamber was informed that the above suggestion was being implemented and a statement showing action taken in regard to suggestions made in previous meetings was shown to the members.

(4) Copies of individual clarifications issued by the I. T. C. should be forwarded to Chambers of Commerce periodically for the information of the trade.

The Chamber proposed that copies of individual clarifications issued by the Import Trade Control Department should be forwarded to the Chambers of Commerce periodically for the information of the trade. The Chairman pointed out that wherever it was considered that the clarifications were of little more than individual importance they could be notified for the information of the trade.

(5) Definition of a Pumping Set under Part 2 Serial No. 34 should be amended to read "the horse power of the

prime-mover or the motor must match the horse power required to run the Pump at its maximum head".

It was suggested that the definition of pumping set under Part II, Serial No. 34, should be amended to read as "the horse power of the prime-mover or the motor must match the horse power required to run the Pump at its maximum head". It was decided to refer it to the Chief Controller of Imports.

(7) *Increase in Freight:—*The value of import licences to be automatically enhanced to the extent of the freight surcharge on account of the Suez situation if shown separately in the invoice.

The member of the Chamber said that the value of import licences should be automatically enhanced to the extent of the freight surcharge on account of the Suez situation, if shown separately in the invoice. He was informed that individual cases would be dealt with on merits.

(8) It is advisable to fix in advance the date of the subsequent meeting of the Port Import Committee and give at least a fortnight notice to Chambers.

The member suggested that the meetings of the Import Advisory Committee should be fixed in advance and at least 15 days' time should be given to the members. Some of the members suggested that they could have a fixed day in the month for the meeting and it was agreed that every 4th Wednesday afternoon the Committee should meet and the members should send the subjects for the agenda before the 3rd week.

(9) As far as possible when an article is imported as a whole it should be assigned a separate Serial Number irrespective of the component parts it contains instead of asking for a licence for more than one Serial Number for the same article.

The member said that as far as possible when an article was imported as a whole it should be assigned a separate Serial Number irrespective of the component

parts it contains instead of asking for a licence for more than one Serial Number for the same article. It was decided to forward the suggestion to the Chief Controller of Imports for his consideration.

10. (a) A clarification to be issued in regard to metal clad or otherwise switches covered by Serial Number 45 of Part 2.

(b) Clarification regarding electric wiring accessories under Part 2.

It was requested by the Chamber that clarifications should be issued in regard to metal clad (or otherwise) switches covered by Sl. No. 45/II and electric wiring accessories coming under Part II. The Chairman said that he would take up the question with the Chief Controller of Imports.

11. Part 2-No. 32 Generators without Switch-gear, Switch-board and instruments to be also allowed import under O. G. L. No. 39.

It was proposed by the Southern India Chamber of Commerce that Generators without switch gear switch board and instruments should be allowed under O. G. L.

No. 39.

12. In the case of liberally licensable items minimum value of licences should be at least Rs. 10,000/—unless the lower value is applied for. A procedure similar to that adopted in steel import control may be followed so as to keep a check on the quantum of imports and to ensure an equitable distribution of licences.

The members stated that unless a lower value was applied for, the minimum value of licences should be at least Rs. 10,000/— Other members felt that it should not be made compulsory but only as a concession.

14. Policy regarding O. G. L. to be amended as follows:

(a) for majority of the items in short supply and not produced in India, O. G. L. to be valid until cancelled after due notice.

(b) items in respect of which annual review is necessary may be valid till 31st December of each year rather than 30th September of each year.

The Chamber suggested the following two amendments in the policy in respect of O. G. L.:—

(a) For majority of the items in short supply and not produced in India, O. G. L. to be valid until cancelled after due notice.

(b) Items in respect of which annual review is necessary may be valid till 31st December of each year rather than 30th September of each year. It was decided to refer the above two items to the Chief Controller of Imports for favourable consideration.

15. Negatives of cinematograph films to be placed under O. G. L. to encourage the processing in India of pictures taken in foreign countries.

The Chamber stated that the order to encourage the processing in India of pictures taken in foreign countries, negatives of cinematograph films should be placed under O. G. L. The Chairman stated that it was possible to issue licences in such cases, where necessary.

16. Policy regarding spare parts of an item to be clarified where it is not otherwise specified.

The member observed that the policy of the Government in respect of spare parts of an item might be clarified where it was not otherwise specified. It was stated that a small committee was already examining the matter.

17. Delay in issue of the Customs Clearance Permits under Iron and Steel Control to be looked into and expedited.

The member requested that delay in issue of the Customs Clearance Permits under Iron and Steel Control must be avoided. The Chairman promised to look into the matter and do the needful. (It has subsequently been ascertained that no avoidable delay has taken place in this matter.)

Next Meeting

1. Decisions taken by Government on the recommendations made by the Committee in its previous sittings not circulated to Chambers as promised in the last meeting:—

This has since been done.

2. *Part II, 42—Refixation of quotas*:—Consequent on the addition of new item E refixation of quotas has become necessary. Since the quota remains unchanged at 100% affidavits from parties to show that goods imported previously fall under Serial No. 42E should be accepted in lieu of fresh refixation of quotas in cases where documents are not traceable.

It was resolved to forward the suggestion to Joint Chief Controller of Imports & Exports, Calcutta.

3. Clarification between items covered by Part II, 39 C and Part II, 45B to be issued early.

The Committee felt that if it was the intention to classify certain items under those items it must be made clear by a clarification Circular.

4. Circular to be issued incorporating the view of the C. C. I. regarding import of spare parts to 5% face value as announced by him during his recent visit to Madras.

Chairman said that the matter was under consideration of Chief Controller of Imports and Exports, New Delhi and it was expected that a clarificatory circular will issue.

5. Divergence of views between Customs and I. T. C. in regard to import from dollar area of gold plated nibs. (Part IV, Serial No. 259).

The Chairman stated that this question was already under consideration of the Chief Controller of Imports.

6. Liberal licensing photographic goods-Part IV. S. No. 305, July Dec. 1956.

As this subject had already been discussed this item was dropped from the scope of discussion.

Next Meeting

1. Import Policy may be announced at least 15 days in advance of each half-year.

The Chairman enquired as to what are the implications involved in suggesting announcement of the policy 15 days earlier as the intending applicants has three to four months time after the publication of the policy to make their applications.

After discussion the Chairman stated that the policy Book are made available for sale throughout India on the very same day and at any rate the applicants from mofussil areas would get later than those in the cities and the suggestion made by the member therefore dropped.

2. Import of goods of dollar area origin may be permitted import from Soft Currency area if payment is made in Soft-currency. Shri Subramaniam stated that at present the importers desirous of importing goods of Dollar area origin from sterling areas on payment of sterling against Soft Currency Area licences, have to obtain a no objection certificate from the Reserve Bank of India. Further his point was that in such cases why at all "no objection" certificate from Reserve Bank of India be insisted upon and imports permitted without any restrictions. To this the Chairman explained that it would not be possible at any rate to import manufactured goods of Dollar origin from Sterling area and that it would be possible only to import goods manufactured in the sterling area out of raw materials imported from Dollar Area, which in other words would mean that the goods imported would be processed one shipped from Soft Currency area. There are already instructions to allow imports of this.

kind. After discussion it was decided not to press the matter further.

3 & 4. Licence to actual users not to be strictly restricted to items announced in the policy but to include other items which may be considered on merits-e.g. Umbrella Ribs. Policy regarding spare parts and face value restrictions on import of spare parts to be expedited.

3 & 4. Licences to actual users not to be strictly restricted to items announced in the policy but to include other items which may be considered on merits e.g. Umbrella Ribs .

5. Classification of Strawberries in syrup to be under 77A and not under 77D, of Part IV as at present.

5. According to Shri Subramaniam 'Straw berries' should be considered as Berries in the botanical sense of the term and not classified as "fruits" n.o.s." as the dictionary meaning covered both the interpretations. The Chairman stated that straw berries are not much of an essential commodity to the economy of the country and the Red Book also mentions the appropriate classification. After some discussion the matter was recorded.

Next Meeting

(1) *Extension of Basic period*:—The basic period for serial No. 113-A/V P.V.C. Sheeting to be extended at least upto 1953-54.

Shri Subramaniam pointed out that import of P.V.C. Sheatings were under O. G. L. upto 1952 and this warrants extension of basic period at least upto 1953-54. The Chairman agreed to take up the question with the Government of India.

2. *Import of Pulses and Grains-Part No.V Serial No. 1*: Past imports of grams and lentils should also be considered for calculation of quota so as not to exclude from the scope of licensing past importers of grams and lentils only.

Shri Subramaniam stated that the item pulses and grams which was under one serial number formerly has now been sub-divided as two items whereby an importer with past import of pulses can import pulses can import Pulses, Grams and Lentils and the importer having to his credit past imports of Grams and Lentils only can neither establish his quota nor can import Pulses. He stressed that this should be rectified. The Chairman after discussion agreed to take up this matter with Delhi.

3. *Camphor-Part IV/ 13*: There appears to be a case for reducing the quota in view of large accumulation of stocks.

The point raised by the Chamber that in view of the large accumulation of stocks, the quota percentage for import of Camphor should be reduced was discussed in detail. It was agreed to record the matter.

4. *Serial No. 259, Part IV-Gold Plated Nibs*:—Imports made in accordance with the I. T. C. Ruling 11357/56, dated 20th June 1956 given by the J. C. C. I. not to be treated as unauthorised.

The Chairman said that the proper authorities in the case of goods already arrived are the Customs and that the ruling stated to have been given by this office should not be taken for granted for the reason stated above: moreover the ruling did not specifically relate to small value licences but referred to the matter in general. However, he said, the matter has been discussed with the Customs authorities on several occasions. It was also suggested that the matter can be taken up with the Customs authorities by the member of the Customs Advisory Committee.

5. *Suez Situation*:—Import licences should be automatically revalidated and enhancement in value allowed to cover increase in freight.

The Chairman stated that in so far as enhancement of value is concerned due to increase in freight a Public Notice issued by the Government of India has been reproduced in his office I. T. C. Circular No. 95/56 dated

the 27th November 1956. With regard to the revalidation, the Chairman said that the same could not be agreed to for reasons discussed earlier. However, Shri Sundaram Iyer brought to the notice of the Chairman that there is much clamour all over U. K. and U. S. A. for shipping space warranting revalidation of licences. The Chairman said that if Shri Sundaram Iyer could give him a notice on this point he would be glad to examine the question further for consideration of the revalidation of licences.

6. *Policy for Spare Parts*:—Clarification required early.

The Chairman said that the clarification regarding spare parts for S. No. 45 (c)/II is still under the consideration of the Government and that he would remind the Chief Controller of Imports and Exports in the matter.

7. *Part II-42-Electric Motor Starters*:—(a) Face value restriction not to apply for oil immersed starters as well as other types of starters in which indigenous production is insufficient.

(b) Face value restriction not to be proportionately applied even for the import of spares also.

The Chairman requested Shri Subramaniam to give him some material on the points raised, to enable him to take up the matter with Delhi.

8. *Discrepancy in Classification between Part II/39 (c) and Part II/45*:—

(a) Early announcement to be made clarifying the policy.

(b) Divergence of views regarding clarification of Switch Lamp-holders to be rectified.

(a) Chairman promised to remind the Government in the matter.

(b) Chairman requested the member to bring to his notice specific cases where divergence of views regarding

clarification of Switch Lamp-holders have been given for rectification.

9. *Established Importers taking up Manufacture*:—The recent policy of denying quota licences to established importers who are also actual users requires reconsideration.

After some discussion on this point, Shri Sundaram Iyer agreed to forward a note on the actual difficulties involved in not giving the quota licences to Established Importers who are also Actual Users.

PORT EXPORT ADVISORY COMMITTEE MEETINGS

Similarly, various meetings of the Port Export Advisory Committees were held and subjects received from members were forwarded for consideration at the meetings. The following is the brief summary of the proceedings together with the minutes of the meetings:

(1) *Export of Wheat Bran*:—Wheat bran is not consumed to any considerable extent in South India. Export may be allowed without detriment to local requirements. The Chamber suggests that 50% of the production in mills may be allowed export.

Shri K. S. Krishnamurthi of the Southern India Chamber of Commerce explained the proposal and said that there were 600 tons of wheat bran available in Madras State and the local consumption was almost 'Nil'. In the circumstances he wanted that export of wheat bran should be allowed atleast upto 50% of the production. The Chairman informed the members that the Central Government is guided by the surpluses declared by State Governments in this regard. There might be surplus in one State, but it might be adjusted against the deficit in other States. The Chairman however added that he would take up this matter with the Ministry of Commerce & Industry but at the same time, he advised Mr. Krishnamoorthy to take up the issue with the Government of Madras as the Ministry of Food and Agriculture of the Government of India would evidently move

only on the initiative taken by the local Government, particularly in respect of items of food declared as surpluses available for export.

A question was raised by Shri Partap Singh, Senior Marketing Development Officer for Tobacco, in this connection. He said that wheat bran was a good food for the livestock in the improvement of which the country was always interested. Then the Chairman said that there would hardly be a case in favour of export of wheat bran and explained the general policy of the Government of India in this regard, as already stated above.

(2) *Export of Potatoes to Ceylon*:—While export of this commodity is allowed under O.G.L. to Pakistan, there is no reason why its export to Ceylon should be prohibited. Larger areas have been brought under cultivation. Owing to transport difficulties its export to other parts of the country is not easily possible. There is a good market in Ceylon.

The Chairman said that Potato was a seasonal crop. He added, there might be a surplus in Madras State which would be exported, but possibly the surplus if any was not notified to the Central Government. In these cases, the Chairman emphasised that the Central Government is guided by the advice of the State Government concerned.

Shri Sthanunathan told that if the export is through Dhanushkodi it would be possible for the Railways to extend all facilities for through service to Ceylon. He added that even adjustment in freight could be considered in that case.

(3) *Export of Hand-Made Matches*:—There is a good demand for hand-made matches in countries where there are Indian settlers like Malaya, Ceylon, East and South Africa. Matches and crackers are manufactured on a cottage industry basis and their exports may be considered.

The Chairman informed the members that the export of matches was already under Open General Licence and as such, it could be freely exported. He added that

even the export of crackers was also allowed freely subject to certain restrictive conditions such as the production of a certificate from the Chief Inspector of Explosives.

Subject:—*Export of Onions*

The attention of the Chamber has been drawn to the circular No. ETC. 127/56, dated the 9th May 1956 issued by the Deputy Chief Controller of Imports and Exports, Madras, relating to export of onions during March/August 1956 period. I enclose herewith true copy of the circular referred to above for your ready reference.

In this connection, I have to draw the attention of Government to the manifest injustice done to exporters of onions from Madras State and to state as follows:—

Madras is the principal port of shipment of onions to foreign countries like Burma, Malaya, Singapore, Ceylon etc. It is only on the basis of previous shipments through the port, export quotas have been allotted to established exporters of this commodity. During so many years of export trade control and during the period when quota was administered such quotas were allotted to shippers on the basis of previous turnover and not on the basis of the place of origin of onions or of shippers. It is only on this basis that the whole framework of Import and Export Trade Control has been working all along these years. Even when these commodities were short of requirements, quota was issued on the basis of previous performances and not on the basis of the place of origin. Exporters irrespective of the State to which they belong have all taken risk and responsibility in finding out export market for this commodity. The recent decision of the Government to issue quota on the basis of the place of business of exporters is therefore, a manifest injustice to exporters of one State and is in direct contradiction to the policy followed by Government all along guiding the export of this commodity in particular.

The Chamber wishes to point out that in the matter of import or export, trade, Government have viewed the interests of the country as whole and not the interests of any

State specially. The whole mechanism of the Export Control has been worked on that basis and except in the case of onions trade for which a separate policy has been announced just now the whole frame-work has been devised on the basis of it. The Chamber is therefore at a loss to understand as to why a separate policy should be followed in the case of onions alone. The Chamber was all along under the impression that guiding principle in the export trade will be that all available surpluses to requirements in the country will be allowed export on the basis of previous performances and that the whole supply position would be considered before allowing export. The present novel procedure followed in the case of onion export alone has caused much loss to a section of exporters belonging to a particular State.

According to the present circular mentioned above Established shippers in Andhra State will get 200% on their best year's exports subject to a minimum of 5 tons and a maximum of 100 tons. Producers or Dealers in Andhra State will be allowed quotas equivalent to 132% of the quota allowed to them for the period July/December 1955. Under the same circular, Mysore dealers/producers will be allowed quotas equivalent to 274% of the quotas allowed to them for the period July/December 1955, whereas in the case of Madras State, established shippers will be allowed quotas equivalent to 2½% of their best year's basis exports subject to a minimum of 43 tons and a maximum of 100 tons. Producers or dealers in Madras will be allowed quota equivalent to 55% of the quota allowed to them for the period July/December 1955 and on the pre-basis period exporters will be allowed quotas of 3 tons each.

A comparison of the allocations between an established shipper in Andhra State and in Madras will clearly show to Government how glaring is the disparity between them. Whereas an established shipper in Andhra gets 200% the Madras established exporter gets a niggardly 2½%. Producers in Andhra will get 132% as against 274% in Mysore State, while the producer in Madras will be given 55%. This is a manifest injustice done not only to the established exporter in Madras, but also to the producer dealers in the States. The Chamber is not aware of any reason as to why a Madras exporter producer should be penalised in this manner.

This is an extremely discriminatory policy which has resulted in severe loss to long established exporters dealers in Madras State. The only possible explanation for Government following such a policy will perhaps be that Andhra Government would have declared large quantities surplus to its requirements and it need be distributed amongst small number of established shippers. Whereas the quota declared surplus to requirements by Madras Government is limited and the number of established shippers from Madras are many. If quota is distributed to shippers from States on the basis of declared surpluses by State Governments the Chamber has to submit that it will result in great injustice to shippers from certain States as it has resulted now and will not be in consonance with the principles, followed by Government of India from time to time. Exports are allowed only when the whole country is taken as one unit and the available surplus according to the declaration of the State Government is allowed for export by all the established exporters on the basis of their previous performances. It is only on the basis that has been distributed by Government all along. In this connection, the Chamber has to state that recently the Chamber had an occasion to discuss the possibilities of developing an export trade in potatoes and wheat-bran from Madras Port. The Chamber was given to understand that if potatoes and wheat bran are found to be in surplus in the State, there may be demand in other States for this commodities and therefore exports cannot be allowed. The Chamber was therefore, led to think that in the case of other commodities also the same principle will be followed. But the Chamber is surprised to find that in the case of onions export an extremely discriminatory policy is followed. Exporters or dealers in one State are given much more preference when compared to their counterparts in the Madras State. The risk involved in the export trade is common to all exporters alike irrespective of the fact whether they belong to Andhra State or Madras State or Mysore State. All exporters have taken considerable pains to develop markets for Indian commodities abroad. In the circumstances, the Chamber fails to understand as to why an exporter in Andhra State is given preference over a Madras exporter.

Allocations of export quotas on the basis of surplus declared in different States is highly illogical and discriminatory.

If this principle is followed logically in respect of all commodities this will lead to very unsatisfactory results. A province because of its geographical situation, productivity etc., may be in a better position in respect of some commodities while certain other States will be so in respect of other commodities. A State may be surplus in her wheat production while other States will be in rice production while a third State will be in chillies and some other States will be more so in the case of cotton. If export quotas are allowed on the basis of their production and surpluses in those States then the benefit of this production cannot be taken advantage of by the less unfortunate State. That is exactly the reason why all the available surpluses are taken into consideration before allocation of export quota. Import quotas for that matter are allowed on the basis of previous performances alone. The purpose of Union of India will be defeated if States which grow surpluses are given preference for export of commodities which are peculiar to those States. If there are surpluses in Andhra State or Mysore State the benefit of it should percolate to consumers in adjoining States. Similarly if there is surplus production in any commodity in the Madras State it should also percolate to the adjoining States. That is a principle which has been followed right through and the Chamber therefore is all the more surprised as to why in the case of onions trade alone, Government of India should follow a discriminatory policy.

If this policy is followed, the Chamber can quite well see that there will be confusion in the export trade control. Even now it is not too late to mend matters. Onions is a commodity used by almost all people irrespective of the States to which they belong. This is largely used in North India also and therefore there is use for this commodity all over the country. The entire surplus in a region should be taken into consideration and quotas allotted to all established exporters if necessary prescribing a minimum of exports to make them eligible to claim quota. There is need to prescribe minimum of exports, as otherwise, there will be many uneconomic units who will not be able to handle small quotas with any advantage to them. There may be misuse of such licences and therefore Government will be well advised in prescribing a minimum for qualifying themselves to claim quota. Smaller

exporters may be treated as casual exporters and surpluses may be made available to them.

The announcement of policy relating to export of onions is often delayed. The policy is announced now in May. It is much delayed. Generally the policy used to be announced early in January and in July but the March/August policy is announced only in the month of May. This has to be avoided. Perhaps Government of India is waiting for the recommendations from the State Governments. But it is advisable to announce policy as early as possible. If necessary a conservative estimate may be had and quota allotted on the basis of that estimate and if surpluses are found to be much more, there is no harm in declaring a supplementary allotment. The validity period of licence should ordinarily be for 6 months with provision for extension for 3 months more. Otherwise there will be rush of exports and the importing countries will begin to dictate prices with consequent loss to India and Indian exporters. In the matter of allocation of licences also, the Chamber submits that established exporters having taken up much risk and responsibility should be given preference in the allocation of quotas. At least 75% of the available quota should be distributed among established shippers while 25% may be reserved for producer/dealer/or newcomers or pre-basic exporters.

There is yet another reason why the present differential allocations between Madras, Andhra and Mysore should be revised. If quotas are allotted on the basis of Government's present allocation, there is every likelihood that prices of onions will shoot up in Andhra and Mysore. There will, therefore, be a strain on Madras onions to that area so much so merchants in Andhra can get the benefit of onions price by exporting larger quantities while their internal requirements will be met by onions produced in other State. As long as there is no state barrier in the matter of movement of onions there is nothing to prevent onions grown in Madras moving to Andhra State or Mysore State, to fill up the vacuum created by larger exports by those areas.

The Chamber would therefore request you to be good enough to reconsider the entire matter and allocate quotas

uniformly to all exporters irrespective of the States to which they belong.

Reply:

Then the Committee took up for discussion the memorandum submitted by the Southern India Chamber of Commerce, Madras, to the Chief Controller of Imports and Exports, New Delhi suggesting uniform allotment of quotas for export of onions to all exporters irrespective of the States to which they belong. Mr. Rangan explained the policy and said that in the present policy the local consumption and surpluses of different individual regions were taken into account to protect the interests of growers. The representative of the Southern India Chamber of Commerce contended that the procedure should be on the basis of what had been before the partition of Madras and Andhra States. Mr. Chari and Mr. Somayajulu suggested the continuance of present procedure. Mr. Rangan said that distinction was only between onions of Madras and Andhra or Mysore origin and not between merchants as such. However, he added, that the memorandum of the Southern India Chamber of Commerce had been addressed to Delhi and if their comments were required by the authorities at Headquarters he would certainly convey the feelings of the Committee.

Next Meeting:

(1) *Extension of validity period of licences for export of onions:—*

Licences for the export of onions were issued only after the 10th May 1956 and they will expire by 31st August 1956. The time is too short to complete exports under the licences. In the case of other licences the validity period is initially for three months and thereafter an extension of three months is usually given. There is a strong case for the extension of the validity period of licences issued for the export of onions. It may be stated here that if all the licences are utilised within a short period there will be dumping of goods with the result that prices will slump down in the foreign market and exporters and producers, will be adversely affected. It is, therefore, very essential that the validity of the period should be spread over. It may be extended by two months at least from 31st August

1956. The present licences are issued to cover six months period March—August 1956. Licences for the second period may also be issued without delay.

Shri C. R. Kasi Viswanathan, the representative of the Southern India Chamber of Commerce said that licences for the export of onions were issued only after the 10th May 1956 and they will expire by the 31st August, 1956. The time was too short to complete export under these licences. He, therefore, pleaded for the extension of the validity period of these licences issued for export of onions. He also stated that if all the licences were utilised within a short period there would be dumping of goods with the result that prices would slump down in the foreign market and exporters and producers would be adversely affected. He therefore, requested that the validity period might be spread over by two months at least from 31st August 1956. He also requested that the licences for the second period might be issued without delay.

The Chairman explained that general extension of all licences issued for onions is out of question. He said he would be prepared to consider cases on merits i.e., where he is satisfied that shipments could not be effected for reasons beyond the control of the exporters. With regard to dumping of goods the Chairman said that licences for onions have been issued for exports during specified periods taking into account the availability of surplus stocks etc. during that period and that dumping will arise only when a large number of exporters had not utilised their licences and other factors such as reduced price and supply position. Mr. Abdul Wahib expressed concern over the excess stocks that are now lying unsold. The Chairman remarked that in such cases the State Governments will be consulted, the stock position will be reviewed and exports will be regulated on the basis of their recommendations.

Shri Kasi Viswanathan suggested that, in future, licences for onions may be issued with six months' validity.

(2) Licences for the export of chillies may also be issued afresh.

Shri Kasi Viswanathan mentioned that the policy for export of chillies has not yet been announced. He said that there has been a bumper crop of chillies this time and that the area under cultivation has increased and it is likely that the internal prices may come down. He therefore suggested that export of chillies to Ceylon may be resumed. Mr. Govinda Menon who supported this view referred to a Gazette report on the subject particulars of which, he said, will be furnished to the Chairman as early as possible. The Chairman has promised to look into this.

3. *Export of Iron ore from Nayudupet area:*—The ore from Nayudupet area is of low grade. There are no buyers in the Continent or in any other country except from Japan. This does not involve wagon facilities also as the ore is transported by lorry to the port of shipment at Madras. There are subsisting contracts between exporters here and importers in Japan and it is known that vessels have been chartered for transport of this ore to Japan. Having regard to the quality of ore and the fact that wagons are not required for its transport there would appear to be no reason why this grade of ore also should be brought under the State Trading Activities. The Chamber has already taken up this matter with the Government of India and it will be in the fitness of things if this Committee makes a recommendation exempting this variety of ore from the operation of the Export Control Regulations.

Shri Kasi Viswanathan explained that there are two big mines in the Nayudupet Area to the extent of 2,000 acres and the ores produced in these mines which are low grades are not covered by wagon movement, and having regard to the quality of the ore and the fact that wagons are not required for their movement, the Government should allow free export of such ores. Mr. S. S. T. Chari also expressed the same view. The Chairman explained that the Government's new policy has been re-oriented more with the canalisation and regulation of such exports in the best manner possible having regard to the Country's foreign exchange earnings and not merely on the basis of their free movements.

With regard to the fears expressed regarding the activities of the State Trading Corporation, the Chairman said that it is not clear as to the type of ores that will be required by the State Trading Corporation and in what manner they would be collecting such ores. The Government are only trying to find out as to the extent of the business the State Trading Corporation should be able to handle and to what extent this can be allowed to the other people. However he expected the Government to finalise the issue before the first week of October.

Next Meeting:—

(1) *Export of Manganese and Iron Ores:*—The Chairman of the Port Export Advisory Committee in the last meeting said that he would consider genuine cases where contracts were concluded before 26-7-1956 and vessels chartered for the export of iron ore. Since the last meeting of Port Export Advisory committee there was a discussion with the Chairman of the State Trading Corporation by representatives of exporters and mineowners in Delhi. As a result of the discussion State Trading Corporation have notified their views. According to the result of the discussion no further exports of iron ore will be allowed except with the assistance of the State Trading Corporation. If this is so, it has to be clarified whether it also applies for export of ore for whose movement no wagon facilities or allotment are required.

In the case of export of ores wherein the State Trading Corporation is not asked to give its assistance for the transport of the ore it is suggested that the Government can permit such exports in the name of the exporter and not in the name of the S. T. C. Of course the S. T. C. for permitting export can have their usual share of its commission. If the ores are only exported in the name of the party they will be able to get financial assistance from Banks. Further the parties may also be prepared to waive claim for increased quota percentage on the basis of the quantity exported in excess of their quota.

At least in respect of commitments made this policy has to be adopted.

The member, Mr. Kasi Viswanathan mentioned that according to the recorded note of the discussions held between the Managing Director, Chairman of the State Trading Corporation and the representatives of exporters and mineowners in Delhi no further exports of iron ore would be allowed except with the assistance of the State Trading Corporation. He wanted to know whether it is also applied for export of ore for whose movement no wagon facilities or allotment were required. It was stated that the quota system was in force in all sectors but cases of genuine difficulty can be met by allowing shipment on ad hoc basis if vessels were chartered before the 27th July 1956, stocks were ready then and the commitment was firm. The member stated that only if the ore are exported in the name of the party they will be able to get financial assistance from Banks and hence he suggested that in the case of export of ores wherein the State Trading Corporation was not asked to give its assistance for the transport of the ore, the Government could permit such exports in the name of the exporter and not in the name of the State Trading Corporation. He wished that at least in respect of commitments made this policy must be adopted. Chairman agreed to pass on this point to the Ministry.

2. *Production of Quota Slip to the Station Masters for allotment of wagons:—*

The Station Masters in the Bangalore area insist upon the production of quota slips every time before the wagons are allotted for the purpose of making endorsement about the wagons allotted. Exporters may have their registration at different stations. If every Station Master insists upon the production of quota slips, it may not be possible for the exporters to produce it at every Station. In the circumstances it is suggested that recommendations to the Railway authorities may be sent requesting them to allot wagons in the normal course accepting the declaration by the quota slip holders, and quota slip holders may be asked to produce their quota slips every month for making the necessary endorsement by the Station Masters.

The member suggested that Station Masters might be instructed not to insist upon the production of quota slips every time before wagons were allotted and to insist only on declarations to the effect that the parties were holding quota slips or duplicate slips should be issued. He said that the original quota slips would be produced before the Station Masters once in a month for making endorsement. As only three stations could be booked against a quota slip and the risks of issuing duplicate slips were obvious, the matter was recorded after discussion.

3. *Export of Chrome ore:—*Messrs. Inden Biselers suggested that the export of Chrome Ore should be made free from this port. Madras exports Chrome Ore of Mysore origin only. Mysore ores are completely refractory and have a high percentage of iron. So they are not easily marketable. In view of this and of the plentiful deposit no restrictions need be laid on their export.

The member observed that the present restrictions on the export of Chrome Ore might be removed and exports should be allowed freely through the port of Madras. The Chairman said that he would consider that suggestion for recommending it on to the authorities in Delhi.

4. *Publication of Book containing Export Policy:—*It suggested that a book containing the Export policy be published at least once a year.

The suggestion given by the member in this regard was that the book should be published at least once in a year. This point had been discussed earlier.

5. *Delay in the despatch of E. T. C. Circulars:—*It is complained that E. T. C. Circulars are received very late. So much so the exporters are hard hit by reason of such late receipt. The despatch of such circulars should be regular and be sent without delay.

In this connection of such late receipt, the United Trading Corporation write to say that ETC Circular No. 263/56, dated 10-9-1956 regarding the export of Madras/Mysore Silk-waste of quota was available only on the 18th September

1956. According to the circular they have to submit a return of stocks for silk and cocoons by 20th September 1956 to the C. C. I. It can be imagined how the delay in the receipt of this particular circular will affect the exporter concerned. Hardly he has a day for complying the circular. Such cases have to be sympathetically dealt with and the date of the receipt of the return should be extended.

The member complained that there were great delays in the despatch of E. T. C. circulars and requested the Chairman to look into the question.

The Chairman said that there might have been some delays in respect of some circulars due to mistakes on the part of despatchers. He however assured the Committee that he would look into the matter and asked the Controller (Co-ordination) to take necessary steps.

6. *Interchangeability of quota of one port to another Port:—*

Government should permit the interchangeability of quota only on 'ad-hoc' basis in the matter of export from one port to another, wherever the stocks were moved prior to the notification of the policy and vessels nominated for lifting of the cargo. Such cases may be considered only wherever the parties have chosen the same basic period for the Ports Concerned.

The member stated that the Government should permit the interchangeability of quota only on 'ad-hoc' basis in the matter of export from one port to another, wherever the stocks were moved prior to the notification of the policy and vessels nominated for lifting of the cargo. Such cases might be considered only wherever the parties had chosen the same basic period for the ports concerned.

7. *Export of toor husk and of other pulses-allocation of quota:—*

Till 1945 export of husk of pulses were permitted by the Government of India. When rationing and control were

introduced their export was banned. At present there is a surplus of husks consequent on the satisfactory production of pulses. Further there are heavy stocks enough for meeting the local consumption. Further there are other forms of cattle feed namely cotton seed and oilcake etc., being available in plenty. The husk has no great demand and while prices of the commodities are rising the prices of husk are declining. They suggest that the export of husk of pulses may be permitted.

It was suggested by the member that the export of husk of pulses might be permitted. He said that there was a surplus of husks due to increased production of pulses. He added that there were enough stocks to meet the local consumption.

These points, Chairman assured, would be dealt with in connection with the policy for the next period.

(1) *Export of Onions:—*Licences were extended upto 15th of October 1956 but in the absence of sailings that has not been of much practical advantage. There is a genuine request to extend the Validity period.

As an extension of validity had already been given, till the 31st of October 1956 for the export of onions, this subject was merely recorded by the Committee.

(2) *Appointment of a Liaison Officer:—*The volume of import and export has increased and consequently the work in the Department has increased. Therefore it is suggested that a Liaison Officer may be appointed to help importers and exporters.

The Members represented that there should be an officer called 'Liaison Officer' to help the traders by giving them a patient hearing of their cases and then if he is convinced of their point of view, to properly represent the case to the Joint Chief Controller of Imports and Exports. As the Joint Chief Controller was always busy, the members stated, this arrangement would on the one hand, relieve him of some work and on the other it would be of great help to the traders. The Chairman

pointed out that even to-day Controllers and Deputy Chief Controller were hearing the parties but without the designation 'Liaison Officer' attached to them. However, the Chairman observed that he could name the present Controller (co-ordination) as Controller (co-ordination and Liaison), as he is in a better position in view of the co-ordinated grip of both import and export wings but the members stated that an officer should be deputed solely for public Relations or Liaison work. He added that he would implement this after his return from the ensuing visit to Delhi in connection with the Import and Export Advisory Council Meetings.

(43) *Functions of the Export and Import Control Department in the Port:*—The functions of the Import and Export Control Authorities at the Port should not be limited to the purposes of implementing the policy laid down by Government but they should also have the discretion to help and augment the export trade in deserving matters.

It was represented by the Southern India Chamber of Commerce that the Import and Export Control authorities at ports should not limit their functions, only, to implement the policy of the Government, but also should use their discretion to help and augment the Export Trade in deserving cases. The member representing the Chamber cited some cases of hardship. The Chairman regretted that some hardship would have been caused but he requested the members to approach the Trade Control authorities at the Ports whenever they experience any difficulty and assured his maximum co-operation so far as Madras port is concerned.

(4) *References to the Trade Commissioners:*—Our Trade Commissioners in foreign countries may be required to answer references or inquiries whenever the same are required by our exporters here at their cost. Though it may not be strictly relevant to bring it before the Committee a recommendation by this Committee to the Ministry of Commerce will be helpful.

The member, representing the Southern India Chamber of Commerce was of the view that Indian Trade

Commissioner in Foreign countries should answer the enquiries at cost of replies. The Chairman concurred with the view and informed the members that all the Trade Commissioners who passed through Madras had given him an assurance to extend their fullest co-operation in assisting the trade in matters concerning them. In case of any difficulty the cases may be brought to the notice of the Chairman.

(5) *Export of Crushed Bones & Bone Grist:*—It is suggested that the export of Crushed Bones should not be banned even progressively. Their export should be permitted to help Mills to maintain production of Bone Meal and to sell it at economic prices. Further, it would not be a workable proposition to link the quota for export of Crushed Bones with Bonemeal supplied to states.

The points raised by the Southern India Chamber of Commerce regarding Bone and Bone-grist, requesting that the export thereof should not be banned even progressively and that quota for export of crushed bones with bone-grist, requesting that the export thereof should not be banned even progressively and that quota for export of crushed bones with bone-grist supplied to states should be linked up was recorded after discussion. The Chairman requested to bring to his notice cases of hardship, if any.

(6) *Export of Bone-sinews:*—Export of Bone-sinews should be permitted as heretofore.

Export of bone-sinews was requested to be permitted as heretofore. This was recorded.

1. *Issue of licences for Export of Onions:*—Licences for the export of onions for the period September 1956 to February 1957 have not been issued though it is nearly 3 months since the quota period has commenced. If the licence is evenly spread over for a period of 6 months, exporters can watch favourable market conditions in the importing country and adjust their shipments accordingly. If all the exports have to be concentrated within a short period, there will be a rush of goods with the result exporters and producers will not

be able to realise their economic prices. This Chamber has already represented that licences should be issued during the beginning of the quota period itself. This may be looked into and licences issued expeditiously.

The Chairman stated that the policy regarding export of Onions for the period September 1956 to February 1957 has already been announced.

2. *Export of Pulses to Ceylon*:—If the supply position in this country, is not bad, the Chamber feels that all facilities should be given to export as much quantities of pulses as possible. Even now, we have not a very favourable balance of trade in our favour and recently at the Export Advisory Council Meeting, it was reported in the papers, that all attempts should be taken to improve our export trade. A suggestion has been received by the Chamber that there is a demand for pulses in our adjacent market in Ceylon and that Ceylonese Government have approached the Government of India for export of some quantities of pulses. If Government of India ultimately decide to export some quantities to Ceylon, the Chamber feels that quotas should be equitably distributed among all regions and that the claim of exporters of pulses from Madras should be duly recognised. It has to be remembered that because of the proximity of Ceylon to South Indian market and also having regard to the fact that many South Indian business firms have started their business in Ceylon, it will be a great facility if exporters from South India are given their due share to participate in this trade.

Shri Kasiviswanathan stated that his Chamber is not advocating exports of pulses to Ceylon at the moment in view of the short supply position existing in the country but stressed that in the event of Government taking a decision to allow export of pulses due weight should be given for export of the same from the Madras Port. The Committee noted the point.

3. *Export of Iron Ore*:—The Chairman confirmed during the last meeting that the quotas issued were not incompatible with the availability of wagons in each sector and that all quota-holders will get their due share of wagons.

The Chamber requests the Chairman to confirm this information that the trade will feel happy that they will not be denied their due share of wagons before the expiry of their quota.

The Chairman informed the committee that when the policy was originally announced it was based on the capacity of the Railways to move the entire quota. However, in view of the fact that many concessions have been given since the original policy was announced in August 1956 the balance has been distributed he could not give an assurance that all the quota holders will get their full share of wagons but everyone will get their due share on a pro rata basis.

4. *Allotment of Wagons*:—Change of procedure request for—

It was brought to the notice of the Chairman that exporters who hold quota slips for quantities of 1000 tons and less did not succeed in getting a single wagon allotted by the railways. To this the Chairman requested the member to give him the details to enable him to take up the matter with the Railways.

The Chairman explained that it would not be desirable for the Railways to change the existing procedure of allotment of wagons on pro-rata principle till a better system should be found.

5. *Loading of ore to the capacity of the wagons*:—Ores with less Iron contents—change of freight-clarification.

Shri Kasiviswanathan stated in this connection that in the case of Iron ore from Naidupet to Madras and Manganese ore from Bhadravathi to Madras, there is a case for change in the freight structure for the reasons discussed. The member representing the Railways agreed to look into the point raised by Shri Kasi viswanathan.

Next meeting:—

1. *Export of Onions*:—It is represented to the Chamber that in response to your Circular No. 325/56, certain members did not submit their applications for fresh quota and naturally they were not issued any licence. But on the other hand the Chamber is given to understand that some other shippers in defiance of the above circular submitted their applications and they were issued quotas. The Chamber would like to have a clarification if the above information is correct.

According to the policy announced for the export of onions, Madras exporter is at a disadvantage compared to his counterpart in Bombay & Calcutta. Madras is the seat of onion trade and naturally it was expected that more quotas will be allocated for Madras.

If it is not possible to throw export of onions under O. G. L. having regard to the fact that only meagre quotas are allocated and it is not economical to handle such small quotas, it is suggested that licences may be issued to Established exporters alone. This suggestion may be considered. (a) Consideration of a complaint received by the Chamber alleging that no uniform policy has been followed in regard to issue of quota slips in terms of the Circular No. 325/56.

It was pointed out by Shri Kasiviswanathan that the Onion Merchants Association, Madras had represented to his Chamber that though the closure of the ceiling of Onions was announced on the 29th November 1956 applications received on 30th November and 1st December 1956 were entertained and allotment memos issued. He handed over specific cases in this direction.

The Chairman explained that though in fact the ceiling was notified as closed on the 29th November 1956 he had on reconsideration allowed all applications from mofussil areas posted on the 29th and received in the office on the 30th and on the 1st December 1956 for issue of allotment memos so that mofussil applicants were placed on the same footing as those from Madras and that the firms to whom the allotment memos were said to have been issued might have been from mofussil areas.

(b) Suggestion to allocate more quotas for Madras port as the policy now in force puts the Madras exporters in a disadvantageous position compared to their counterparts in Bombay and Calcutta.

The Chairman explained that no special treatment can be accorded in this regard and the quota earmarked for Madras port was sufficient and the same was fixed by the Government of India in consultation with the State Government. After some discussion the matter was not pursued.

(c) Suggestion to restrict export of Onions only through established exporters:

This point was discussed in length and the Chairman agreed that this point could be taken into consideration in the future licensing Policy but it seems to him that export should be broad based and shipping opportunity should be taken advantage of as soon it arises without going through elaborate procedure.

2. *First come first served policy*:—entertaining of applications-request for the modification of the present system.

Discussion on this point was initiated by Shri Kasi Viswanathan who suggested certain modifications of "first come-first served" principle. The Chairman requested the member to give him any workable suggestion and he would recommend the same to the Government if the same was considered as feasible.

3. Extension of validity of export licence over three months-payment of licence fees removal of

It was pointed out by the Chairman that extension of validity beyond three months indicate that the exporters who took out licences were not in a position to utilise the same within the period of the validity and that renewal of export licences beyond three months is tantamount to the issue of a new licence and as such export licence fee had to be paid. On further discussion the member did not press the matter.

4. Interviews with Controllers-Fixation of Specified hours for visitors.

The Chairman said that at present visitors could interview Controllers at any time and if the members feel that specified hours should be fixed, he has no objection to do so provided it was agreed in principle that outside the prescribed hours no interviews would be given by the Controllers. After discussion it was decided to maintain the status quo.

5. Export of Iron and Manganese Ores-Ad Hoc shipment to be permitted against past contracts with vessels chartered prior to the announcement of the Policy.

The Chairman after discussion said that it was not possible to agree in the context of current policy to the suggestion that Ad-hoc shipment should be permitted against past contracts even when it was claimed that the vessel was chartered prior to the announcement of the policy.

6. Shipping Bills to be passed even prior to the outward entry being filed to facilitate the shipping bill being filed sufficiently in advance.

The Chairman pointed out that he was not aware of any case where shipping bills were not entertained in his office prior to the outward entry being filed with the Customs as in accordance with the revised procedure now in force Shipping Bills need not be filed first at Customs and that the intending exporters could file the same with the Export Controller's office far in advance of the arrival of the steamers.

The member on further discussion was convinced and it was decided to drop the matter.

7. Information regarding the difficulties experienced by small quotaholders in securing wagons-details furnished-redress of—

This point was discussed in detail and the Chairman explained that the point was already receiving attention of the Government.

8. Delay in disposal of Quota Slips-Redress of:—

As it did not appear that there was any general complaint, the Chairman requested the members to give him a list of individual cases, if any for necessary investigation to which the member agreed.

9. Appointment of a Liaison Officer-Request for—

The Chairman in this connection pointed out that the Controller (Co-ordination) was already acting as Liaison Officer at his level and an Assistant Collector was also available for this kind of work in addition to the Asst. Controller for Enquiry sitting downstairs. The member, however desired that the Assistant Controller sitting in the main building should have a name board as Assistant Controller and Liaison Officer so that there would be a feeling of satisfaction with the public that their request for a Liaison Officer has been agreed to. The Chairman said that he has no objection to the same and action would be taken in this direction quickly.

Next meeting:—

(1) *Export of Onions*:—Licences issued for the export of onions from Andhra Ports may be permitted for export from Madras also, since there are no freight booking available from Andhra Ports to Ceylon and Malaya. More over it has been represented to the Chamber that onions exported from Andhra Ports due to inadequate facilities in the steamer for storing were destroyed before reaching their destination and a complete consignment consisting of more than 30 tons were thrown into the sea as waste.

In most cases licences for exports of 5 tons were issued to all those who produced I. V. C. Certificate. It is reported that this has led to misuse of licences. This has resulted

in injuring the reputation built up by regular established shippers. The Chamber is of opinion that at least 75% quota be reserved for established exporters and balance 25% may be released to newcomers.

Very many representations have been received in the Chamber pointing out the difficulties of exporters owing to the limited period granted by the Department for the export of onions. It is represented that Shipping Bills were validated for a period of 15 days but due to inadequacy of steamer sailings or want of space in the steamer large consignments have been shut out. It is further represented that the validity period of this shipment extends upto the end of February and in such cases where the reason for not exporting has been proved to the satisfaction of the Export Control Department, they may be reconsidered and allowed exports. The points raised therein were already discussed.

2. *Export of Chillies*:—From all available reports the Chamber is of the view that there is a prospect of bumper chilly crop this year. In the case of Madras at least there are two crops as against one crop raised in North Indian States. Therefore the prospect of chilly crop this year especially is very sound and owing to this crop position prices have slumped down which is adversely affecting the producers. If export facilities are given it is quite probable that prices may stiffen to economic levels. If we fail to supply our constant market with regular supply it is quite probable that Ceylon may get her requirements from other countries like Indo-China etc. This has to be avoided.

The members were of the opinion that the chillies crop during the current year is a bumper one and that it is time Government permit export of the same. To this the Chairman stated that certain amount of exports of chillies by institutions like co-operative societies is taking place. He would also recommend the suggestion made to the Government for consideration

43. *Approval of Transfer of Quota Rights by Delhi—Acceptance of indemnity—interim Relief*:—

Where the parties have submitted their papers to Delhi for approval duly supported by all documentary evidences, the J. C. C. E., can accept the indemnity bond from the applicants, if supported by copies of documentary evidence submitted to Delhi and they being consistent with the terms of the regulations.

This point was discussed in detail and the Chairman stated that if individual cases were brought to his notice they would be considered on merits wherever possible.

ZONAL ADVISORY COMMITTEE

During the course of the year, Government appointed a Zonal Advisory Committee for discussion of matters relating to exports of Iron and Manganese ores. The Chamber nominated Shri C. R. Kasi Viswanathan to attend the meeting of that Committee. He did useful work. Subjects received from members were duly forwarded to the Committee for discussion. The following subjects were considered by the Committee and the proceedings are given below:—

1. With the advent of the Middle East trouble, the exports of Iron and Manganese Ores to the West are likely to be impaired considerably, if not totally stopped. In view of this situation, can the Government review the current policy?

The Chairman stated that it was too early to say anything in the matter and that we should wait and watch the situation for sometime to come.

2. If no immediate relaxation of the restrictions on Manganese Ore of Mysore origin is done, where at least movements are affected by road, it is likely to paralyse the mining industry in this sector.

The Chairman pointed out that ores can be moved by road from Mysore but he cannot assure export quotas to applicants who move such ores by road. Shri Naidu, however, pointed that Government should come to the rescue of the mine owner in this matter. He said

that the international price of manganese ore has reached its height and with a view to keep up the market, it was essential that the ores so moved by road should also be allowed to be exported by mine owners. This suggestion had the support of the other members also.

3. (i) It is true that the Canal movement of Iron Ore exported from Kakinada Port was permitted to be converted for movement of Manganese Ore from the Bangalore Sector? If it is in the affirmative, the reasons for permitting such conversions?

(iii) Is it true that the Canal movement of Iron ore from Cocanada Port was permitted for movement from the Meter gauge and Broad gauge Sections of the Southern Railway, save the Hospet/Bellary area, leading to Madras Port?

(i) The chairman said that the information received by the member was not correct.

(ii) Here also the Chairman said that he was not aware of such an instance. He requested the member to give him any specific case to enable him to examine the matter further.

4. *Iron Ore*:—Has the Chairman any information whether the S.T.C. had concluded big contracts with Japan for Iron Ore? In the affirmative, what quantity, what grade and what price, and when does the delivery expire?

Should this information be not readily available the Chairman is requested to furnish information at least during the next meeting that the Trade will be able to give concrete suggestions to help the S. T. C. also help itself.

The Chairman said all he knew in the matter was that the question of conclusion of contract is under consideration and that he had no other information on the subject.

The Chairman requested the member to approach the State Trading Corporation direct for the information.

Item 5 to 11:

What is the total quantity of the existing contracts with the S. T. C. with all countries-gradewise?

Have the S. T. C. covered all purchases in India covering their entire sales abroad? If so, whether with the miners or exporters and in what ratio, and if not, what is their intention?

How do the S. T. C. want to make their purchases on tender basis or on direct offers from the parties?

Japan is prepared to buy large quantities of minimum 63% rejection. When the S. T. C. is in a position to move against its quota large quantities of 65% Ore from Hospet Bellary, Bangalore and Bezwada Sectors, can it buy 58/62% ore to give the buyers a paper average of 63%?

If the S. T. C. is not desirous of selling ores with paper average, will it at least make all low grades ore free from any restriction, if such ores do not involve wagon movements?

Prices of low grade ores—Difficulties, if any, in meeting the price fixture of S. T. C.—outlet for the cargo.

Purchase of Ore by the S. T. C.:—There are some practical difficulties in the parties fulfilling the terms of the purchase of S. T. C. We request the Chairman to suggest to the Government the terms of the purchases of the S. T. C. that would be in line with the general trade practice.

As long as the S. T. C.'s contract with the sellers is only on F. O. B. basis, and it is, for all purposes, an inland sale and purchase, why not the S. T. C. pay 100% to the sellers on completion of shipment?

The Chairman pointed out that the points raised by member have to be furnished by the State Trading Corporation

if they have no objection and that the member may therefore, approach that organisation direct.

EXPORT OF IRON & MANGANESE ORE

During the year, major change was made by the Government in taking over export trade of Iron and Manganese ore by the State Trading Corporation. When this trade was taken by the State Trading Corporation, the Federation of Indian Chambers of Commerce and Industry, New Delhi, convened a meeting of interests to which the Chamber nominated Mr. S. Narayanaswamy. He gave a report of the proceedings of the meeting.

The Chamber also made the following representation to Government.

There have been in recent days violent changes in the policy relating to export of Iron and Manganese Ores. The State Trading Corporation has been superimposed but it is not the intention of the Chamber to take up that question in this representation. The Chamber is still considering the implication of that major factor and that will form the subject matter of a separate representation. The present representation is restricted in its scope in that it seeks to ventilate the difficulties arising to the trade out of the policy announced for the export of iron and manganese ore.

In the case of export of other commodities Government have allowed two or three years as the basic period for the grant of quota. In the case of import trade also this facility is given. Exporters have been clamouring for extension of the basic period and they were expecting that Government will concede that demand, especially so when Government are intent upon to increase our exports, but in the case of iron or manganese ore Government have drastically reduced the basic period and have confined it to exports made during 1st July 1955 to 31st December 1955. This is an unduly narrow basic period and many exporters who, due to unforeseen circumstances, could not export during this period will be deprived of export facilities and they have, under the present policy, to wind up their business. This restriction

in the basic period of six months is calculated to shut out many exporters who have cultivated the trade in these commodities and who for no fault of theirs will be deprived of their trade which they have built up. Due to internal dispute in the firm or due to some other reason they would not have been in a position to export during this particular period and the Chamber feels that to cut them out of the export trade altogether for not exporting during the particular arbitrary period fixed by Government savours of injustice to many of the exporters. While exporters were looking for the extension of basic period from 3 to 5 years and while Government wants to enhance exports the restriction in the basic period for export of iron ore and manganese ore is understandable and the Chamber would, therefore, request you to be good enough to reconsider their decision and extend the basic period at least to cover exports made during the calendar years 1953, 1954 and 1955. The average exports made during these three years may be taken as performance during the basic period and if that is not found possible exporters should be given the freedom to choose the best year during any one of these three years. This is a legitimate demand of the commercial community and this has been accepted by Government in respect of many other commodities and the Chamber, therefore, hopes that Government will not have any difficulty in prescribing these years as the basic period for the issue of licence for export of iron and manganese ores also.

Many new-comers have come into the field of export trade. Many exporters have invested large sums of money during recent months in opening of new mines to augment exports. They had not the least suspicion that by a stroke of the pen Government will bring it under the State Trading activities and curtail export in this drastic manner. Large sums of money have been invested and if they are denied the facility of export trade on account of the fact that they have not exported during the arbitrary basic period fixed by Government it will be a calamity to most of them which the

Chamber hopes is not the intention of the Government. The Chamber is however glad to note that Government is examining such cases and that they will come to a decision soon. The Chamber, therefore takes this opportunity of requesting you to consider their cases also favourably and allow them the benefit of export quota.

In respect of ores emanating from Nayudupet area especially, the Chamber submits that ore is of a peculiar grade with 58% minimum Fe and with high phosphorus and high arsenic contents amounting to 0.15% to 0.18% and 0.1% to 0.125% respectively. It is represented that on account of these impurities the demand from the Continental market for this variety is next to nil and there are only one or two buyers in Japan while other importers in the Continent or Japan evince absolutely no interest in this variety of ore. The demand, therefore emanate from only two or three buyers in Japan and Government will not be doing any service to the country by restricting export of this special variety of low grade iron ore. It will remain untapped with no buyers for this variety. The Chamber is of opinion that it is not at all the intention of Government to shut out this ore from being exported.

There is added reason why this ore can be allowed export without let or hindrance. Government are constrained to restrict export of iron and manganese ores to suit wagon allotment position. If that presumption is correct the chamber submits that in respect of transport of iron ore from Nayudupet area exporters do not depend upon wagon allotments at all. They are brought to Madras port by trucks, and transport does not involve allotment of wagon or transport bottleneck. In the circumstances there would appear to be no meaning in restricting the export of this variety of ore from Nayudupet.

It is the information of the Chamber that due to uncertain supply of this ore from India, Japan is already negotiating

for its purchase from other countries in which case it will be a permanent loss for India. For this variety of ore there are no other buyers and it is in the interests of the country to keep Japanese market in good humour by supplying their requirements. Equally advantageous it is from the point of view of India to export this ore to Japan. The Chamber, therefore, feels that nothing should be done to hamper the even flow of trade in this commodity to Japan.

Even after the State Trading Corporation comes into operation they may not be interested in the purchase of this variety of iron from Nayudupet because of its low grade, impurities and consequential unmarketability of this variety in the Continental market and the lack of demand from this ore. The State Trading Corporation may not, therefore, be interested in purchase of this ore from mine-owners and it, therefore, stands to reason that exporters of this variety of ore especially may be given sufficient freedom to market this commodity in the best market possible to enable the country to earn foreign exchange. It is the information of the Chamber that very large sums of money have already been sunk in opening of new mines in Nayudupet for developing this ore and it will positively be harmful if Government bring this ore under control regulation. The mine-owners have already advanced large sums of money to many lorry owners for transport of this ore from Nayudupet and if the scheme of control is made applicable to this variety also Government can well appreciate the difficulty of mine-owners and exporters of this ore. They are not given the benefit of any export quota now as the policy for new-comers has not yet been devised and on the other hand they have invested large sums of money in opening of new mines and have similarly advanced large sums of money for transport by truck. All this will become a waste and ultimately the State Trading Corporation may not be interested in the purchase of this ore because of its low grade and impurities. Exporters have committed themselves for sale of this ore

and if ultimately Government are not interested in the purchase of this ore there will appear to be no meaning in restricting the export of this ore also with others. The Chamber would, therefore request you to be good enough to reconsider the position and having regard to the facts mentioned above announce their policy to allow free export of ore emanating from this area as heretofore.

Accounts

Balance Sheet of The Southern India as at

Figures for the previous year. Rs. A. P.	LIABILITIES	Rs. A. P.	Rs. A. P.
...	I. SHARE CAPITAL ...	...	...
	II. RESERVE & SURPLUS		
	(i) Capital Reserve not available for dividend:		
87,796 3 7	Building Fund ...	87,796 3 7	
	(2) Capital Redemption		
	Reserve Fund ...	...	
	(3) Other Reserves:		
	General Fund		
1,01,750 9 4	As per last B. Sheet. ...	1,01,750 9 4	
	(4) Any other fund created out of Net profit.		
	(5) Surplus:		
	Surplus for the year as per Inc. & Exp. A/c 1,01,010 4 1		
	Less: 1. Deferred Revenue Expen- diture (Building Fund) W/off 1/5th of Rs. 28,216 0 9 w/off in 5 years ... 5,643 3 4		
	2. Debenture issue ex p e n s e s w/off 1/15th of... 11,251-0-6 for w/off in 15 years ... 1,687 10 6		
	3. Proposed Addi- tions to Reserves		
	General Fund ... 85,025 2 3		
	4. Provision for Bonus to Staff (Secretary Rs. 2,625-0-0) 8,654 4 0		
	1,01,010 4 1		
	(6) Proposed Additions to Reserve...	85,025 2 3	
1,89,546 12 11	C/o ...		2,74,571 15 2

Chamber of Commerce, Madras. 31st December, 1956.

Figures for the previous year Rs. A. P.	ASSETS	Rs. A. P.	Rs. A. P.
	1. FIXED ASSETS		
	Building		
	At cost as per last Balance Sheet ...	20,854 11 8	
	Less: Sale realised 1,00,000 0 0		
	Transfer to Income & Expenditure Account being profit on sale 95,458 15 8		
	4,541 0 4		
	Add: Adjustment for Depreciation W/off 18,313 11 4	20,854 11 8	
	Add: Transfer from Building Under construction A/c at cost ...	7,25,821 2 3	
4,541 0 4	Less: Depreciation to date ...	16,633 0 0	7,09,188 2
	Building under Construction		
	As per last Balance Sheet ...	5,56,957 13 3	
	Add: outlay during the year ...	2,74,735 12 0	
		8,31,693 9 3	
	Less Transfer to		
	Building 7,25,821 2 3		
	Elec. Instn. 55,889 3 0		
	"Passenger Lift 49,983 4 0	8,31,693 9 3	...
5,56,957 13 3	Electric Installation		
	At cost		
	Transfer from Building under Construction Account ...	55,889 3 0	
	Less: cost met by Tenants ...	7,541 8 6	
		48,347 10 6	
	Less. Depreciation to date ...	4,232 0 0	44,115 10 6
5,61,498 13 7	C/o ...		7,53,303 12 9

Balance Sheet of The Southern India as at

Figures for the previous year. Rs. A. P.	LIABILITIES—(Contd.)	Rs. A. P.	Rs. A. P.
1,89,546 12 11	Brought forward ...		2,74,571 15 2
	III. SECURED LOANS		
	Debentures		
	1,000 5% Redeemable Debentures of Rs. 500/- each ...	5,00,000 0 0	
	(Secured by Building as per contra & Redeemable on 31-12-1970 or at the option of the Chamber at any time after 31-12-1965 by giving not less than 3 months notice)		
	As per last Balance Sheet ...	5,00,000 0 0	
5,00,000 0 0	Less: Redeemed during the year 100 Debentures of Rs. 500/- each ...	50,000 0 0	4,50,000 0 0
	IV. UNSECURED LOANS		
	V. CURRENT LIABILITIES & PROVISIONS:		
	SUNDRY CREDITORS:		
	Membership application Deposits ... 1,435 0 0		
	Advance Subscriptions 225 0 0		
	Federation of Indian Chambers of Commerce & Industry Delegation Fee ...		
	Subscription to Fort-nightly Review ... 15 0 0		
	Arbitration Deposits ...		
	Provision for Expenses ...	1,675 0 0	
		1,231 14 0	
	Provision for Building construction payments ...	54,638 2 0	
	Rental Advances ...	2,16,207 4 0	
6,89,546 12 11	C/o ...	2,73,752 4 0	7,24,571 15 2

Chamber of Commerce, Madras. 31st December, 1956.

Figures for the previous year Rs. A. P.	ASSETS—(Contd.)	Rs. A. P.	Rs. A. P.
5,61,498 13 7	Brought forward ...		7,53,803 12 9
	<i>At cost: Electric Passenger Lift</i>		
	Transfer from Building under Construction Account ...	49,983 4 0	
	Less: Depreciation to date ...	1,249 7 0	48,733 13 0
	Fort Station Island Park Railings		
	At cost as per last Balance Sheet ...	1,405 4 6	
1,405 4 6	Less: Depreciation to date ...	98 0 0	1,307 4 6
	Furniture		
	At cost as per last Balance Sheet ...	7,712 3 4	
	Add: Additions during the year ...	10,922 0 0	
		18,634 3 4	
	Less: Depreciation to date ...	6,166 2 0	13,468 1 4
1,662 6 10	Library Books		
	At cost as per last Balance Sheet ...	8,201 2 11	
	Add: Additions during the year ...	90 15 0	
		8,292 1 11	
	Less: Depreciation to date ...	6,277 10 6	2,01 7 5
2,147 5 2	Typewriter		
	At cost purchased during the year ...	1,117 0 0	
	Less: Depreciation to date ...	13 15 6	1,103 0 6
	Weights & Measures		
	At cost as per last Balance Sheet ...	2,042 12 6	
	Less: Depreciation to date ...	1,322 15 1	719 13 5
817 15 11	Gestetner Duplicator		
	At cost as per last Balance Sheet ...	2,750 0 0	
	Less: Depreciation to date ...	1,605 12 4	1,144 8 8
1,346 2 2			
6,88,878 0 2	C/o ...		8,20,794 8 7

Chamber of Commerce, Madras.

Balance Sheet of The Southern India 31st December, 1956.

		as at		Figures for the previous year			Figures for the previous year
Figures for the previous year. Rs. A. P.	LIABILITIES—(Contd.)	Rs. A. P.	Rs. A. P.	Rs. A. P.	ASSETS—(Contd.)	Rs. A. P.	Rs. A. P.
6,89,546 12 11	Brought forward ...	2,73,752 4 0	7,24,571 15 2	5,63,878 0 2	Brought forward ...		8,20,794 8 7
	Interest accrued and accruing on Secured Loans ...	11,250 0 0			Loudspeaker Equipment & Electric Fan. At cost purchased during the year ...	1,107 11 3	
	Interest accrued and accruing on Rental Advances ...	1,517 0 0			Less: Depreciation to date ...	59 12 3	1,137 15 0
	Merchants' Cup Account ...	130 15 9			Postal Franking Machine.		
	Flood Relief Fund ...	...		524 14 1	At cost as per last Balance sheet ...	1,014 3 9	
	Tenants advances for execution of Lease Deeds 997 8 0				Less: Depreciation to date ...	568 1 8	446 2 1
	Less: Stamp paper etc. 739 8 0			1,855 0 0	Portraits.		
		258 0 0			At cost as per last Balance sheet ...	1,855 0 0	
					Add: Additions during the year ...	104 9 9	1,959 9 9
3,45,556 14 2	Provision Bonus to Staff ...	8,654 4 0	2,95,562 7 9	5,71,257 14 3	II. INVESTMENTS:		8,24,338 3 5
					(i) In Government Securities (quoted) Face value Rs.		
					3% 1959 Madras State Government Loan 7,000/- ...	6,895 0 0	
					3% 1963-65 G.I. Loan 5,200/- ...	5,096 0 0	
					3% 1986 Conversion Loan of 1946 5,000/- ...	4,971 14 0	
				16,962 14 0	(Market value Rs. 15,310-6-0)	16,962 14 0	
					(ii) Investment in shares Deben- tures or Bonds (quoted)		
					5% Debentures of Alagappa Tex- tiles (Cochin) Ltd.		
					Face value Rs. 75,000/- ...	70,375 0 0	87,337 14 0
				70,375 0 0	(Market value Rs. 71,250/-)		168 13 4
				167 9 4	Interest accrued on Investments...		
					III. CURRENT ASSETS:		
					Dues from Tenants ...	7,577 3 6	
					Members' Subscriptions (considered good) ...	330 0 0	7,907 3 6
				6,59,400 13 7	C/o ...		9,19,752 2 2
9,35,103 11 1	C/o ...		10,20,134 6 11				

Balance Sheet of The Southern India

as at

Figures for the previous year. Rs. A. P.	LIABILITIES—(Contd.)	Rs. A. P.	Rs. A. P.
9,35,103 11 1	Brought forward ...		10,20,134 6 11
9,35,103 11 1	C/o ...		10,20,134 6 11

Chamber of Commerce, Madras.

31st December, 1956.

Figures for the previous year Rs. A. P.	ASSETS—(Contd.)	Rs. A. P.	Rs. A. P.
6,59,400 13 7	Brought forward ...		9,19,752 2 3
	IV. Loans and Advances:		
	Income-tax deducted from In- terest on Investments ...	271 0 0	
	Advance payment of Income-tax ...	3,041 13 0	
	Pre-paid Property Tax ...	6,249 11 0	
	Advances to staff (for purchase of cycle) ...	—	
	Refund due for diversion of pipe line ...	1,201 8 0	
	Cost of Budget Estimates ...		
	Deposit:		
	With Govt. of India Central Publi- cations Branch ...	26 0 0	
	With the Madras Port Trust ...	108 0 0	
	With the Madras Electricity System ...	500 0 0	
	With the General Post Office Madras ...	537 13 3	
2,314 0 8			11,935 13 3
	V. Cash and Bank Balances:		
	Cash on hand ...	188 3 8	
	Postage stamps ...	5 0 0	
	Cash with the Indian Bank Ltd., Esplanade Branch, Madras. In Current Account.		
	General Fund Account ...	4,195 12 8	
	Building Fund Account ...	45,044 9 9	
		49,433 10 1	
6,61,714 14 3	C/o ...		9,31,687 15 6

Balance Sheet of The Southern India as at

Figures for the previous year. Rs. A. P.	LIABILITIES	Rs. A. P.	Rs. A. P.
9,35,103 11 1	Brought forward ...		10,20,134 6 11
9,35,103 11 1	Total ...		10,20,134 6 11

K. A. MENON,
Secretary.

Report of the Auditor to the Members of the

I have audited the Balance Sheet of the Southern India Chamber of Commerce, Madras, as at 31st December 1956 together with the Income and Expenditure Account for the year ended that date with the Books of Account according to the explanations given to me the said accounts give the information Sheet gives a true and fair view of the state of affairs of the Southern India Chamber as at 31st December 1956 and the Income and Expenditure Account gives a true and fair view of the Income or Expenditure for the year ended that date.

I have obtained all the information and explanations which to the best of my opinion proper books of account as required by law have been kept The Balance Sheet and Income & Expenditure Account dealt with by the

Tel: No. 55211
Catholic Centre,
Armenian Street,
Madras-1.
16th March 1957.

Examined and found Correct

V. SOUNDARARAJAN, B.A., G.D.A., F.C.A.
Chartered Accountant.

Chamber of Commerce, Madras. 31st December, 1956.

Figures for the previous year Rs. A. P.	ASSETS—(Contd.)	Rs. A. P.	Rs. A. P.
6,81,714 14 3	Brought forward ...	49,433 10 1	9,31,687 15 6
	Cash with the Indian Bank Ltd., Head Office, Madras in Current Account.		
	Debenture Trust Account ...	5,135 9 11	
	In Fixed Deposit Account ...	Nil	
	Interest accrued on Fixed Deposit ...	Nil	
	Cash with the City Bank Ltd. (in liquidation) in Deposit Account ...	1,741 0 0	56,310 4 0
2,33,921 11 7	VI. MISCELLANEOUS EXPENDI- TURE AND LOSSES		
	Deferred Revenue Expenditure (Building Fund) Account.		
	Net Expenditure till 31—12—1955 ...	28,216 0 9	
33,216 0 9	Less: Written off to date at 20% ...	5,643 3 4	22,572 13 5
	DEBENTURE ISSUE EXPENSES		
	Expenditure till 31—12—1955 ...	11,351 0 6	
11,251 0 6	Less: Written off to date (at 1/15th per year for writing off in 15 years) ...	1,687 10 6	9,563 6 0
9,35,103 11 1	Total ...		10,20,134 6 11

K. S. G. HAJA SHAREEFF,
K. V. SRINIVASAN,
Vice-Presidents.

M. A. CHIDAMBARAM,
President.

Southern India Chamber of Commerce, Madras

Commerce, Madras, as at 31st December 1956 together with the Income and of the Chamber and in my opinion and to the best of my information and required by the Companies' Act 1956 in the manner so required and the Balance Chamber as at 31st December 1956 and the Income and Expenditure Account gives a

my knowledge and belief were necessary for the purposes of my audit. by the Chamber so far as appears from my examination of those books: report are in agreement with the books of account.

Income & Expenditure Account of The Southern for the

India Chamber of Commerce, Madras. year Ended 31st December, 1956

Figures for the previous year Rs. A. P.	EXPENDITURE	Rs. A. P.	Rs. A. P.
26,305 12 1	To Establishment (To Secretary Rs. 9,660/-) ...		30,463 8 11
3,172 0 0	„ Bonus to Staff for 1955 (To Secretary Rs. 2,100/-) ...		5,146 8 0
1,842 12 6	„ Contribution to Provident Fund (To Secretary Rs. 787 8 0) ...		2,088 7 6
244 14 8	„ Interest Contribution to Provi- dent Fund ...		21 5 3
4,309 11 5	„ Postage and Telegrams ...		4,793 3 3
7,370 15 9	„ Printing and Stationery ...		7,748 10 6
881 6 0	„ Telephone Charges ...		1,180 4 0
481 8 0	„ Rent for open land and shed ...		487 2 0
207 12 2	„ Lighting Charges ...		3,556 1 11
	„ Conservancy Charges ...		2,243 2 9
	„ Salaries & Wages of Building Caretaker, Watchmen, etc., ...		5,161 8 0
432 5 9	„ Repairs and Maintenance ...		675 13 6
139 1 0	„ Fire Insurance ...		1,126 0 0
800 12 6	„ Property Tax ...		18,985 9 5
4,976 14 0	„ Ground Rent ...		4,976 14 0
1,703 8 0	„ Income tax ...		
	„ Retainer's fees to Lawyer ...		375 0 0
24 0 0	„ Advertisement Charges ...		146 11 0
500 0 0	„ Audit fees ...		500 0 0
	„ Interest :		
	„ On Rental Deposits ...	6,510 2 0	
20,229 8 2	„ On Debentures ...	23,829 12 9	
115 4 0	„ Binding Charges ...		30,339 14 9
	„ Catering & Entertainment (in- cluding Independence Day & Republic Day Celebrations) ...		
760 11 9	„ Conveyance Charges ...		2,052 3 6
6 15 0	„ Travelling Expenses ...		12 5 6
87 8 0	„ Bank Charges ...		566 0 0
1,851 0 0	„ Newspapers & Magazines ...		48 4 0
46 8 0	„ Market Report Allowance ...		1,899 5 0
	„ Expenses for :		102 0 0
	„ Survey and Sampling ...	591 0 0	
	„ Certificate of Weight and Quality ...	85 0 0	
	„ Tobacco Seed Oil & Ground- nut Oil Analysis ...	420 8 0	
967 12 0	„ Maintenance of Fort Station Island Park ...		1,046 8 0
480 0 0	„ Miscellaneous Expenses ...		1,276 0 6
1,123 11 9	„ Esplanade Building Opening Ceremony Expenses ...		2,343 7 0
	„ C/o ...		8,480 4 6
79,002 4 6			1,37,856 7 9

Figures for the previous year Rs. A. P.	INCOME	Rs. A. P.	Rs. A. P.
	By Subscription		
	„ Resident Members ...	39,870 0 0	
	„ Non-Resident Members ...	3,570 0 0	
	„ Affiliated Bodies ...	3,400 0 0	
45,170 0 0			46,840 0 0
5,000 0 0	„ Entrance Fees ...		7,500 0 0
200 0 0	„ Nomination Fees ...		1,200 0 0
	„ Other Fees :		
	For Certificate of Origin ...	1,978 0 0	
	„ Certificate of Invoice ...	828 8 0	
	„ Certificate of Weight and Quality ...	1,864 8 0	
	„ Survey and Sampling ...	2,400 14 0	
	„ Tobacco Seed Oil & Groundnut Oil Analysis ...	1,573 8 0	
9,291 14 0			8,645 6 0
	By Weight & Measurement Fees :		
	From Narmac Shippings Ltd., ...	95 0 0	
	„ K. P. V. Shaik Mohamad Rowther & Co., ...	1,940 0 0	
	„ South India Corporation (Agencies) Private Ltd., ...	785 0 0	
	„ P. Devarajulu Naidu & Sons ...	115 0 0	
2,987 8 0			2,935 0 0
107 0 2	By Miscellaneous Receipts ...		849 8 0
2,250 0 0	„ Rental Income ...		86,965 3 6
	„ Lighting charges recovered ...		4,345 1 9
	„ Conservancy charges recovered ...		1,940 0 0
	„ Interest :		
	From Government Securities ...	517 4 0	
	„ Fixed Deposit & Current accounts with Banks ...	1,369 6 11	
	„ Debentures of Alagappa Textiles (Cochin) Ltd., ...	3,750 0 0	
	„ 18-A Advance I. T. Payments... ..		5,636 10 11
5,557 1 9			
1,000 0 0	By Subscription for Import & Export Circulars ...		740 0 0
2,000 0 0	„ Contribution by Members ...		...
	„ Collection from Members for Independence Day and Re- public Day Celebrations ...		725 0 0
672 0 0	„ Profit on sale of Building, 23/30 North Beach Road ...		95,458 15 ent.
	„ Transfer to Deferred Revenue Expenditure (Building Fund)... ..		...
21,431 15 3			
95,667 7 2			2,63,780

A.,
stant.

Income & Expenditure Account of The Southern

Figures for the previous year Rs. A. P.	EXPENDITURE—(Contd.)	Rs. A. P.	Rs. A. P.
79,002 4 6	B/f ...		1,37,856 7 9
	To Electric Service Connection Charges ...		380 0 0
	„ Donations:		
	„ King George V Memorial Fund ...	5 0 0	
	„ Madras Union of Journalists ...	...	
	„ Flag Day Celebrations ...	50 0 0	
	„ Buddha Jayanti Celebrations Committee ...	101 0 0	
306 0 0	„ Tuberculosis Association ...	23 0 0	179 0 0
	„ Subscriptions:		
	„ Federation of Indian Chambers of Commerce & Industry ...	1,000 0 0	
	„ Indian Standards Institution ...	250 0 0	
1,350 0 0	„ Indian National Committee ...	100 0 0	1,350 0 0
	„ Depreciation :		
	On Building at 2½% ...	16,633 0 0	
	„ Electric Installation at 10% ...	4,232 0 0	
	„ Electric Passenger Lift at 10% ...	1,249 7 0	
	„ Fort Station Island Park Railings at 7% ...	98 0 0	
	„ Furniture at 7% ...	116 5 6	
	„ Library Books at 10% ...	223 12 9	
	„ Typewriter at 15% ...	13 15 6	
	„ Weights and Measures at 12% ...	98 2 6	
	„ Gestetner Duplicator at 15% ...	201 14 6	
	„ Loudspeaker Equipment and Electric Fan at 10% ...	59 12 3	
921 14 8	„ Postal Franking Machine at 15% ...	78 12 0	23,005 2 0
40 0 0	„ Estimated Value of Electric-Wiring written off ...		...
14,047 4 0	„ Surplus for the year ...		1,01,010 4 1
95,667 7 2	Total ...		2,63,780 13 10

K. A. MENON,
Secretary.

India Chamber of Commerce, Madras.
year Ended 31st December, 1956

Figures for the previous year Rs. A. P.	INCOME—(Contd.)	Rs. A. P.	Rs. A. P.
95,667 7 2	B/f ...		2,63,780 13 10
95,667 7 2	Total ...		2,63,780 13 10

**K. S. G. HAJA SHAREEFF,
K. V. SRINIVASAN,**
Vice Presidents:

M. A. CHIDAMBARAM,
President.

Tel. No. 55211
Catholic Centre,
Armenian Street,
Madras-1.
16th March, 1957.]

Examined and Found Correct
V. SOUNDARARAJAN, B.A., G.D.A., F.C.A.,
Chartered Accountant.

**The Southern India Chamber
Provident Fund Revenue Account for**

Rs. A. P.	EXPENDITURE	Rs. A. P.	Rs. A. P.
	To Transfer to Employees Provident Fund		
	Contributions ...	4,116 12 0	
	Interest Credited ...	1,111 9 0	5,228 5 0
	„ Bank Charges ...		2 15 0
	Total ...		5,231 4 0

K. A. MENON,
Secretary.

M. A. CHIDAMBARAM,
K. S. G. HAJA SHAREEFF,
Trustees.

**of Commerce, Madras
the year ended 31st December, 1956**

Rs. A. P.	INCOME	Rs. A. P.	Rs. A. P.
	By Subscriptions by Employees ...		2,028 4 6
	„ Contribution by Chamber ...		2,083 7 6
	„ Interest Received and accrued on Investments, Loans ...	1,090 3 9	
	Contribution by Chamber ...	21 5 3	1,111 9 0
	„ Excess of Expenditure over Income transferred to General Fund ...		2 15 0
	Total ...		5,231 4 0

Tot : No. 55211
Catholic Centre,
Armenian Street,
Madras-1.
16th March, 1957.

Examined and found Correct

V. SOUNDARARAJAN, B.A., G.D.A., F.C.A.
Chartered Accountant.

**The Southern India Chamber
Provident Fund Balance Sheet**

Rs. A. P.	LIABILITIES	Rs. A. P.	Rs. A. P.
	Employees Provident Fund:		
	As per last Balance Sheet ...	27,661 7 3	
	Add: Contribution and Interest for the year ...	5,228 5 0	32,889 12 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 ...	667 10 6	
	Less: Excess of Expenditure over Income for the year ...	2 15 0	664 11 6
	Total ...		33,815 8 6

**of Commerce, Madras
as at 31st December, 1956**

Rs. A. P.	ASSETS	Rs. A. P.	Rs. A. P.
	Investments (at cost):		
	Post Office National Savings Certificates ...	2,500 0 0	
	3% 1957 Government of India Victory Loan (Face Value Rs. 3,900/-) (Market Value Rs. 3,887-13-0) ...	3,956 1 0	
	3½% 1964 National Plan Loan (Face Value Rs. 5,000/-) (Market Value Rs. 4,906-4-0) ...	4,918 12 0	
	3½% 10 Years Treasury Savings Deposit Certificates ...	4,000 0 0	
		15,374 13 0	
	S. I. Chamber of Commerce 5% Redeemable Debentures ...	14,000 0 0	29,374 13
	Loans to Members. ...		832 8 0
	Interest accrued on Investments, Loans etc. ...		698 9 11
	Income-tax deducted at source on interest from Investments. ...		178 8 0
	Cash with the Indian Bank Ltd., on Current Account. ...		2,741 1 7
	Total ...		33,815 8 6

K. A. MENON,
Secretary.

M. A. CHIDAMBARAM,
K. S. G. HAJA SHAREEFF,
Trustees.

Tel: No. 55211
Catholic Centre,
Armenian Street,
Madras-1.
16th March, 1957.]

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 Cochin State Tile Manufacturers Association
Tiruchur,
Cochin State.
2. The East India Tobacco Federation,
2/6, Second Line Beach,
Madras.
3. The Erode Oil Merchants' Association,
Erode.
4. The Indian Chamber of Commerce,
14/73, Oppanakara Street,
Coimbatore.
5. The Indian Chamber of Commerce,
South Raja Street,
Tuticorin.
6. The Kanara Chamber of Commerce,
Bunder,
Mangalore.
7. The Madras Betel Nut Merchants Association,
37, Godown Srteet,
G. T. Madras-1.
8. The Madras Cycle Importers' Association,
No. 164, Broadway,
Madras-1.
9. The Madras Dyes & Chemicals Merchants' Association,
No. 26, Govindappa Naick Street,
Madras-1.
10. The Madras Fruits Commission Agents' Association,
33, Bunder Street,
Madras.
11. The Madras Hotels Association,
289, China Bazaar Road,
Madras.

12. The Madras Jewellers' & Diamond Merchants' Association,
Car Street, China Bazaar Road,
Madras.
13. The Madras Kirana Merchants' Association,
210, Govindappa Naick Street,
Madras-1.
14. The Madras Maniyari Merchants Association,
No. 2/3, Narayana Mudaly Street,
Madras-1.
15. The Madras Mica Association,
Gudur.
16. The Madras Opticians' Association,
3/173, Broadway,
Madras.
17. The Madura Ramnad Chamber of Commerce,
90-92, East Avanimoola Street,
(2nd floor), Madurai.
18. The Malabar Chamber of Commerce,
Old Empress Hotel Road,
Calicut.
19. Malabar Produce Merchants' Association,
Copra Bazaar,
Calicut.
20. The Negapatam Chamber of Commerce,
Negapatam.
21. The Oilman Stores & Sundry Merchants' Association,
3, Bunder Street,
Madras.
22. The Palghat Chamber of Commerce,
Palghat.
23. The Rajapalayam Chamber of Commerce,
"S. N. B. Buildings",
Bank Road,
Rajapalayam (Ramnad District).
24. The Salem District Chamber of Commerce,
Cherry Road,
Salem.
25. The Sindhi (Multani) Bankers Association,
44, Erulappan Street,
Madras.
26. The Sivakasi Chamber of Match Industries,
Valapalakadai Street,
Sivakasi (S. India).
27. South Indian Iron & Hardware Merchants' Association
"Catholic Centre",
2, Armenian Street,
Madras-1.
28. The South Indian Society of Auctioneers &
Estate Agents,
5, Thambu Chetty Street
Madras-1.
29. South Indian Film Chamber of Commerce,
19-A, Woods Road,
Madras-2.
30. The South India Betel Nut
Importers Association,
117, Audiappa Naick Street,
G. T. Madras-1.
31. Tamil Nadu Foodgrains Merchants'
Association Limited,
7, Swami Sannadhi Lane,
East Masi Street,
Mathurai.
32. The Tirupur Cotton Merchants' Association,
53/8, Kumaran Road,
Tirupur.
33. Trichinopoly District Chamber of Commerce,
21, Sub Jail Road,
Tiruchirapalli.
34. The Trichinopoly District Merchants' Association,
42, Gandhi Market,
Tiruchirapalli.
35. The Tuticorin Ceylon Current Exporters &
Importers Chamber,
58-A, South Raja Street,
Tuticorin.

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.
 Indian Farming.
 Indian Leather Research Institute Journal.
 Indian Central Tobacco Bulletins.
 Indian Shipping.
 Indian Merchants Chamber Journal.
 Indian Exporter.
 Italian Trade News.
 Journal of Trade and Industry.
 Lawyer.
 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.

List of Dailies, Journals, Periodicals and Government publications received in the Library during 1956.

DAILIES

Daily list of Imports and Exports at Madras Port.
 The Hindu.
 The Mail.
 The Indian Express.
 Hindustan Times.
 The Times of India.
 The Statesman.
 Amrita Bazaar Patrika.
 Pandian Market Review.

WEEKLY

Bombay Gazette.
 Kerala Gazette.
 Fort St. George Gazette.
 Gazette of India.
 Mysore Gazette.
 Andhra Gazette.
 Calcutta Gazette.
 Board of Trade Journal.
 Capital.
 Commerce.
 Eastern Economist.
 Economist.
 Indian Finance.
 Indian Trade Journal.
 Machinery Market.
 Weekly marketing Notes.
 Weekly Bulletin of Agriculture Statistics.
 Weekly Bulletin of Import & Export Trade Control.

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.
 Acome 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)
 Asylum Press Almanac Directory.
 Thackers 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 Indian Produce.
 Directory of Indian Industries.
 Indian Textile Diary.
 M.M. Year Book.
 Wellington N.Z. Business Directory.
 Danish Export Calendar.

Swedish Export 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

M A D R A S

COMMERCIAL HOLIDAYS IN 1957



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 1957.

Month	Date	Day	Holiday
* January	1	Tuesday	New Year's Day
"	12	Saturday	Vaikunta Ekadasi
"	14	Monday	Pongal
"	15	Tuesday	Mattu Pongal
"	26	Saturday	Republic Day
February	27	Wednesday	Maha Sivarathri
April	1	Monday	Telugu New Year's Day
"	13	Saturday	Tamil New Year's Day
* "	19	Friday	Good Friday
* May	2	Thursday	Ramzan
June	29	Saturday	Half-yearly Closing of Bank Account
(not a holiday for other Govt. Office including Non-Bank treasuries)			
* July	9	Tuesday	Bakrid
August	7	Wednesday	Muharram
"	10	Saturday	Avani Avittam
* "	15	Thursday	Independence Day
* "	20	Tuesday	Sri Jayanthi
"	28	Wednesday	Vinayaka Chathurthi
September	23	Monday	Mahalaya Amavasya
October	1	Tuesday	Ayudha Puja
* "	2	Wednesday	
"	3	Thursday	
* "	7	Monday	Meeladi Nabi
"	22	Tuesday	Deepavali
* "	23	Wednesday	
* December	25	Wednesday	Christmas
"	31	Tuesday	Annual Closing of Bank Account
(not a holiday for other Govt. Office including Non-Bank treasuries)			

* The Proposed Postal Holidays.

"Indian Chamber Buildings"
 MADRAS
 27th November 1956

K. A. MENON, M. A. CHIDAMBARAM,
 Secretary. Preside

ANDHRA PRADESH

COMMERCIAL HOLIDAYS FOR 1957

Under the "Explanation" to Section 25 of the Negotiable Instruments Act, 1881 (XXVI of 1881), read with the Notification of the Government of India, Home Department (Public) No. 22/37, dated the 1st April 1938, the Governor of Andhra Pradesh hereby declares that, in addition to "Sundays" expressly defined as public holidays in the said "Explanation", the following shall be public holidays in the year 1957:—

Tuesday, the 1st January	...	New Year's Day	
Saturday, the 12th January	...	Vaikunta Ekadasi	
Sunday, the 13th Jan.	}	...	Makara Sankranti
Monday, the 14th Jan.			
Saturday, the 26th January	...	Republic Day	
Wednesday, the 27th Feb.		Maha Sivarathri	
Friday, the 15th March.	}	...	Holi
Saturday, the 16th Mar.			
Monday, the 18th March	...	Shab-e-Barath	
Monday, the 1st April	...	Telugu New Year's Day	
Monday, the 8th April	...	Sri Rama Navami	
Thursday, the 2nd May	...	Ramzan (Idul-Fitr)	
Saturday, the 29th June	...	Half-yearly Closing of Bank Accounts	
		(Not a holiday for other Government offices including non-bank treasuries.)	
Tuesday, the 9th July	...	Bakrid (Idul Zoha)	
Wednesday, the 7th Aug.	...	Muharram (Yaum-e-Shahadat)	
Saturday, the 10th Aug.	...	Sravana Purnima (Rakhi Poonam)	
Thursday, the 15th Aug.	...	Independence Day	
Tuesday, the 20th Aug.	...	Sri Jayanthi	
Wednesday, the 28th Aug.	...	Vinayaka Chathurthi	
Monday, the 23rd Sep.	...	Mahalaya Amavasya	
Tuesday, the 1st Octocer	...	Durgashtami	} Ayudha Puja Holidays.
		Maharnavami &	
Wednesday, the 2nd Oct.	...	Mahatma Gandhi's Birthday.	
Thursday, the 3rd Oct.	...	Vijayadasami	
Monday, the 7th October	...	Meeladi Nabi (Id-i-Milad or Dwazdahum Shareef)	
Tuesday, the 22nd Oct.	}	...	Deepavali
Wednesday, the 23rd Oct.			
Wednesday, the 25th Dec.	...	Christmas	
Tuesday, the 31st Dec.	...	Annual closing of Bank Accounts	
		(Not a holiday for other Government offices including non-bank treasuries)	

KERALA

HOLIDAY IN 1957

Holidays	Day	Month	Date
New Years Day	Tue	Jan.	1
Christmas of the Eastern Church (Special Holidays for the Members of the Chaldean Syrian Church)	Mon	"	7
Thai Pongal	Mon	"	14
Indian Republic Day	Sat	"	26
Makara Vavu	Wed	"	30
Sivarathri Vritham	Wed	Feb.	27
Vishu	}	Sun	April 14
Arat at Trivandrum (Local holiday for Trivandrum)			
1st day of Passover (Special holiday for Jews)	Tue	"	16
Maundy Thursday	Thu	"	18
Good Friday	Fri	"	19
Holy Saturday	Sat	"	20
7th Day of Pass over (Special holiday for Jews)	Mon	"	22
Ramzan	Thu	May	2
Puram at Trichur (Local holiday for Trichur)	Wed	"	8
Ascension Day	Thu	"	30
Pentecost (Special holiday for Jews)	Wed	June	5
St. Thomas Day	Wed	July	3
Bakrid	Tue	"	9
Karkatakavavu	Fri	"	26
Muharam	Wed	Aug.	7
Indian Independence Day	Thu	"	15
Astamirohini Vritham	Sun	"	18
Vinayaka Chathurthi	Thu	"	29
First Onam	Thu	Sept.	5
Thiru Onam	Fri	"	6
Third Onam	Sat	"	7
Fourth Onam	Sun	"	8
Samadhi Day of Sri Narayana Guru	Sat	"	21
1st Day of New Year (Special holiday for Jews)	Thu	"	26
2nd Day of New Year (Special holiday for Jews)	Fri	"	27
Durga Astami	Tue	Oct.	1
Maha Navami	}	Wed	" 2
Birthday of Mahatma Gandhi			
Vijaya Dasami	Thu	"	3
Day of Atonement*	Sat	"	5
Miladi Sherrif	Mon	"	7
First day of Tabernacles (Special holiday for Jews)	Thu	"	10
7th Day of Tabernacles (Special holiday for Jews)	Wed	"	16
Dipavali	Tue	"	22
Arat at Trivandrum (Local holiday for Trivandrum)	Thu	"	31
Astami at Vaikom (Local holiday for Vaikom Taluk)	Sat	Dec.	14
Christmas Eve	Tue	"	24
Christmas Day	Wed	"	25

MYSORE

COMMERCIAL HOLIDAYS FOR 1957

Under the explanation to Section 25 of the Negotiable Instruments Act, 1881 (Central Act XXVI of 1881) read with Notification No. 2025/56 Pub. 1 dated 18th December 1956 of the Government of India, Ministry of Home Affairs, it is hereby declared that in addition to the holidays expressly defined as such in the said explanation viz., *Sundays*, the following days shall be Public Holidays throughout the State of Mysore in the year 1957 :—

Month	Date	Day	Holiday
January	1	Tuesday	New Year's Day
"	14	Monday	Uttarayana Punyakala
"	26	Saturday	Republic Day
February	27	Wednesday	Mahasivaratri
March	15	Friday	Holi
April	1	Monday	Lunar New Year's Day (Ugadi)
May	13	Monday	Buddha Purnima
June	29	Saturday	Half Yearly Closing of Bank Accounts.
August	7	Wednesday	Last Day of Moharram
"	10	Saturday	Aswalayana Upakarma
"	15	Thursday	Independence Day
"	28	Wednesday	Ganesha Chathurthi
September	23	Monday	Mahalaya Amavasya
"	24	Tuesday	Commencement of Dasara
October	1	Tuesday	Durgastami (Ayudha Puja)
"	2	Wednesday	Birth Day of Mahatma Gandhi and Mahanavami
"	3	Thursday	Vijaya Dasami
"	22	Tuesday	Naraka Chaturdasi
"	24	Thursday	Balipadyami
December	25	Wednesday	Christmas
"	31	Tuesday	Annual Closing of Bank Accounts

BIHAR

List of Holidays for 1957.

1.	New Years Day	...	1st January
2.	Birth day of Guru Govind Sing	...	8th January & 28th December
3.	Indian Republic Day	...	26th January
4.	Basant Banchami	...	5th February
5.	Falgun Shivratri	...	27th February
6.	Holi	...	16th March
7.	Sarhul	...	3rd April
8.	Ram Navami	...	8th April
9.	Birth day of Lord Mahavir	...	12th April
10.	Good Friday	...	19th April
11.	Babu Kuer Sing Day	...	23rd April
12.	Id-ul-Fitr	...	2nd May
13.	Birth day of Lord Buddha	...	13th May
14.	Id-uz-zoha	...	9th July
15.	Muharrum	...	7th August
16.	Independence Day	...	15th August
17.	Janmasthmi	...	19th August
18.	Chehlum	...	16th September
19.	Dashara (Durga Puja & Lakshmi Puja)	...	30th September to 3rd October, & 8th October.
20.	Fateha-dwaz-dahum	...	7th October
21.	Diwali	...	22nd October
22.	Chhat	...	28th October
23.	Christmas Eve	...	24th December
24.	Christmas Day	...	25th December
25.	Yearly closing of Bank Accounts	...	31st December

BOMBAY

List of Holidays for 1957.

WEST BENGAL

Public Holidays, 1957.

A list of Public holidays for the year 1957 as declared by the Government of West Bengal (under Finance Department's Notification No. 3851 F.F/IH-18/56 dated the 19th September, 1956) pursuant to the Negotiable Instruments Act is given below.

Netaji's Birthday	...	Wednesday	...	23rd Jan.	1957
Republic Day	...	Saturday	...	26th Jan.	1957
Sree Panchmi	...	Tuesday	...	5th Feb.	1957
Dol Jatra	...	Saturday	...	16th March	1957
Good Friday	...	Friday	...	19th April	1957
Easter Saturday	...	Saturday	...	20th April	1957
Id-ul-Fitr	...	Thursday	...	2nd May	1957
Half-Yearly closing of Banks' Accounts	...	Saturday	...	29th June	1957
Id-uz-Zuha	...	Tuesday	...	9th July	1957
Muharram	...	Wednesday	...	7th Aug.	1957
Independence Day	...	Thursday	...	15th Aug.	1957
Mahalaya	...	Monday	...	23rd Sep.	1957
Durga Puja	...	Monday	...	30th Sep.	1957
"	...	Tuesday	...	1st Oct.	1957
"	...	Wednesday	...	2nd Oct.	1957
"	...	Thursday	...	3rd Oct.	1957
Lakshmi Puja	...	Tuesday	...	8th Oct.	1957
"	...	Wednesday	...	9th Oct.	1957
Kali Puja	...	Tuesday	...	22nd Oct.	1957
Christmas Day	...	Wednesday	...	25th Dec.	1957
Yearly closing of Banks' Accounts	...	Tuesday	...	31st Dec.	1957

New Years Day	...	1st Jan.	...	Tuesday
Indian Republic Day	...	26th Jan.	...	Saturday
Maha Shivratri	...	27th Feb.	...	Wednesday
Holi (2nd day)	...	16th Mar.	...	Saturday
Jamshedi Naoroz	...	21st Mar.	...	Thursday
Gudi Padva	...	1st Apr.	...	Monday
Ram Navami	...	8th Apr.	...	Monday
Mahavir Jayanti	...	12th Apr.	...	Friday
Good Friday	...	19th Apr.	...	Friday
Ramzan Id (Id-ul-Fitr)	...	2nd May	...	Thursday
Bakri Id (Id-ul-Azha)	...	9th July	...	Tuesday
Muharrum	...	7th Aug.	...	Wednesday
Narali Purnima	...	10th Aug.	...	Saturday
Independence Day	...	15th Aug.	...	Thursday
Gokul Ashtami	...	19th Aug.	...	Monday
Ganesh Chaturthi	...	28th Aug.	...	Wednesday
Samvatsari	...	29th Aug.	...	Thursday
Khordad Sal	...	6th Sep.	...	Friday
Mahatma Gandhi's Birthday	...	2nd Oct.	...	Wednesday
Dassera	...	3rd Oct.	...	Thursday
Id-e-Milad	...	7th Oct.	...	Monday
Diwali (2days, i.e. Diwali & New year Day)	...	22nd Oct. & 23rd Oct.	...	Tuesday Wednesday
Christmas	...	25th Dec.	...	Wednesday

(Note :—No day has been notified as Holiday on account of Parsi New Year (1st September), as it falls on ~~Monday~~ ~~Wednesday~~.)

** Saturday, 29th June 1957 and Tuesday, 31st December 1957 have been declared Public Holidays in the State of Bombay to enable Banks to close their half-yearly and yearly accounts).

21420

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8/7/94

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Sir M. Ct. Muthiah Chettiar, (1922-28)

Nawab C. Abdul Hakim Sahib, (1928-29 & 1935-37)

Diwan Bahadur Govindoss Chathurbhujadoss, (1934-35 & 1937-38)

Diwan Bahadur Sir M. Balasundaram Naidu, (1938-39)

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