ANNUAL REPORT

ANDHRA CHAMBER OF COMMERCE

R.R.NO: 728/55/72
A.S.O(B).

ANNUAL REPORT

1962

125

ANDHRA CHAMBER OF COMMERCE

MADRAS. SECUNDERABAD

Published by Sri M. S. Sambasivam, Secretary, Andhra Chamber of Commerce, 272/73, Angappa Naick Street, Madras-1. and printed by Sri K. S. Kunjithapadam at Solar Works, 12, Thambu Chetty Street, Madras-1.

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ANDHRA CHAMBER OF COMMERCE

NOTE

This publication gives a summary of the proceedings of the Chamber, correspondence and documents relating to important questions dealt with by the Chamber during the year 1962.

The Report of the Executive Committee of the Chamber for the year 1962 together with the Audited Statement of Accounts for the same year is being published as a separate volume.

ANDHRA CHAMBER OF COMMERCE,
"ANDHRA CHAMBER BUILDING"
272/3, ANGAPPA NAICK STREET,
MADRAS-1.
April 10, 1963.

M. S. SAMBASIVAM,
Secretary.

ABSTRACT OF THE PROCEEDINGS OF THE COMMITTEE FOR THE YEAR 1962.

The following is a summary of the important proceedings of the Chamber during the year 1962.

The subjects that came up for the consideration of the Executive Committee of the Chamber related to the following main heads.

1. COMMERCE AND INDUSTRY
2. COMPANY LAW.
3. FINANCE AND TAXATION.
4. EXPORT PROMOTION.
5. IMPORT REGULATION
6. LABOUR.
7. TRANSPORT AND COMMUNICATIONS.
8. POWER AND FUEL.
9. MISCELLANEOUS.

COMMERCE & INDUSTRY

Development of Industries in Andhra Pradesh.

Sri I. J. Naidu, Secretary, Industries Department, Government of Andhra Pradesh addressing the members of the Andhra Chamber of Commerce on January 22, 1962 stated that the report on the Techno Economic Survey of Andhra Pradesh undertaken by the National Council of Applied Economic Research was almost ready and it would he released by the beginning of the next financial year. He also stated that the Handbook of Information for the guidance of investors and industrialists would be released shortly.

The Government of Andhra Pradesh have set up three Industrial Development areas in the three distinct regions of the State, viz., Rayalaseema Circars and Telangana. The Government have set apart Rs. 75 lakhs towards this project and they proposed to provide under this scheme, factory sites to industrialists with water, power and other facilities.

He mentioned that vast scope existed for development of industries like paints electrodes, castings and forgings and tnat the Industries Licensing Committee of the Government of India was in favour of licensing more units in these industries in South.

Sri Naidu said that the Government of Andhra Pradesh have recommended the setting up of 18 new spinning mills and the expansion of some of the existing spinning mills to bring the total spindlage to 2·25 lakhs of spindles. He felt that there was a case for more quota compared to the other States and the requirements of the State.

As regards supply of water, the Government have sanctioned two schemes, one the Gosthani project in Vizag District which would provide 15 million gallons of water, after meeting the requirements of Visakhapatnam District, to meet the needs of the growing industries in the area. He referred to another project in Hyderabad; the Manjira Project which when completed in 1964, would not only meet the water needs of the twin cities but would also provide adequate water to the industries coming up in the area.

Regarding power supply, Sri Naidu said that they would not only ensure the target of 7·3 lakh k.w. but hoped to secure further allotment of resources for development of power. The Government have taken a general policy of giving concessions which varied from industry to industry. "We are examining the Electricity Tariff prevailing in the neighbouring States and we are trying to bring Andhra Pradesh power rates on par with the rates obtaining in other States" Sri Naidu added.

In this connection he referred to the difficulties of the Government in bringing about uniformity in rates and also invited attention to the disparity in irrigation charges obtaining in Andhra and Telangana as also in the newly developed project areas.

Referring to the point raised by the President about the need for the State Government pressing on the Industries Licensing Committee of the Government of India to license the new industries in such a manner as to correct the regional imbalance, Sri Naidu said that the declared policy of the Government of India and the Planning Commission was to correct the regional imbalance. He expressed the hope that Andhra Pradesh would be able to get its share and make up the leeway ere long.

He made a reference to the working of the Andhra Pradesh Industrial Development Corporation which had been started with an initial capital of Rs. 1 crore This Corporation was not only a financing body but it was also expected to act as a catalytic agent to create interest among entrepreneurs and also promote industries by token participation. The Corporation guaranteed deferred payment arrangements and foreign collaboration. The Corporation had agreed to underwrite the shares of a few companies. In this connection he referred to the Barium Chemicals unit which was expected to start near Tirupati, the Panyam Cements in Kurnool District and the Jeypore Sugars who were having an expansion programme at Chagallu. He said that the resources of the Corporation would be augmented by funds, both from the Refinance Corporation and the State Government.

Referring to the role of the Andhra Chamber in the development of the Industries, Sri Naidu said that the Government valued the co-operation and assistance of the Chamber and he expressed the hope that the industries would develop in Andhra Pradesh with the co-operation of the Andhra Chamber. He assured the industrialists of the assistance of the Government.

In the matter of development of minerals Sri Naidu, stated that the total value of minerals exploited in Andhra Pradesh was Rs. 8 crores in 1960 compared to Rs. 6·7 crores in 1959. He said that Andhra Pradesh furnished a virgin field for development of various industries. The Government as a matter of policy assured every industrialist coming forward to start industries in Andhra Pradesh that the Government would extend all possible assistance without any hesitation on their part.

Earlier Sri S. Venkatarangam, President of the Chamber, welcoming Sri Naidu observed.

"I have great pleasure in extending a hearty and warm welcome to Sri. I. J. Naidu on the occasion of his first official visit to our Chamber as the Secretary of the Government of Andhra Pradesh in charge of Industries. Sri I. J. Naidu has distinguished

himself as one of the ablest administrators and officers of the Government of the composite State of Madras and Andhra Pradesh, and won great appreciation both from the public and the Government for his courage, imagination and ability not only in initiating policies, but also in executing the same. One of the greatest needs of the country and particularly of Andhra Pradesh is rapid industrialisation. The Government of Andhra Pradesh has particularly chosen Sri I. J. Naidu to be the Secretary for Industries Department as there is large work to be done in this direction and I feel confident that with his knowlege, initiative and drive he will be able to contribute a good deal for industrialising the State and help towards a proper and well balanced economic development of the State.

The Government of Andhra Pradesh have been striving their best in promoting the development of industries in the State. Towards this end, they are considering to offer incentives by way of reduced taxation, reduced water and power charges and other facilities. This apart, they have constituted the Andhra Pradesh Industrial Development Corporation, the Andhra Pradesh Mineral Development Corporation and another Corporation for the development of Small Industries to actively assist the promotion and growth of industries. They have not only set up Industrial Estates in different centres, but they have also been promoting a number of private assisted Industrial Estates throughout the State. I learn that the Government of Andhra Pradesh have plans to develop three industrial developmental areas in the three regions of the State, namely, Andhra, Telangana and Rayalaseema. I do hope that these industrial development areas, the Government of Andhra Pradesh propose to set up, would help to a considerable degree in spreading the industries in different centres and thus reduce the regional imbalance.

While on the subject of industries, I wish to make a mention about the Economic Survey of Andhra Pradesh undertaken by the National Council of Applied Economic Research. This Council has submitted a preliminary report long ago and it is not known as to when the final report would be submitted and released for the information of industialists. I request Sri Naidu to see that this report is released at the earliest. It is more than a year and a half since the Government announced that they would be bringing out a Handbook of Information giving all information relating to the resources, existing industries, location of industries and scope for development of new industries. This Hand Book, I learn has not been released uptil now. It would be of much use, if it is published and released early.

The State has not been completely mapped geologically and a survey of the entire State and mapping the same is of immediate importance. This is necessary not only for exploiting the available mineral resources but also for developing mineral based industries. I hope and trust that the Mineral Development Corporation and the Government of Andhra Pradesh would do their best in this regard.

Andhra Pradesh has completed her Rs. 183.4 crores Second Five Year Plan and has embarked on a more ambitious Third Five Year Plan with a total outlay of Rs. 305

crores. Even though the investment appears to be on the high side compared to the previous Plan, viewed from the all India context the outlay need not be considered very large. The per capita investment in Andhra Pradesh during the Second Plan was Rs. 53 and it is expected to increase to Rs. 78 during the Third Plan. But the per capita investment for the whole country during the Second Plan was Rs. 54, and it is expected to go up to Rs. 91 during the Third Plan. While it is clear from the above figures that the investment is low on the basis of the population, I find that the position is far from satisfactory even from the point of view of area. The investment per square mile during the Third Plan in Andhra Pradesh is Rs. 27,333 as against the all India average of Rs. 31,272. During the Third Five Year Plan industries in Andhra Pradesh get only about 6% of the total outlay while in the all India set up the share of industries comes to about 25%. The outlay on industries is very negligible when we take into consideration the area and population and the potentialities.

In spite of the availability of all resources and facilities the Government of India have not set-up many major Industrial undertakings in the State with the exception of the shipyard at Vizag and the Praga tools in Hyderabad I learn that the Heavy Electricals and Synthetic Drugs industries are now being set up at Hyderabad. While thanking the Government of Andhra Pradesh for the efforts taken in this regard I request them to take continued interest in the matter and see that the Government of India locate a few more industries in the public sector in Andhra Pradesh where vast scope and potentialities exist.

Apart from the industries coming up in the public sector, I am happy to note that many industries are coming up in the private sector also. Industries like super-phosphate, sulphuric acid, urea, acetic acid, acetic anhydride, caustic soda, chlorine cellulose acetate, pollysterene, G.I. spun pipes, leaf springs, kerosene engines and glass have either been started or are coming up.

If greater assistance is rendered by the State Government in the matter of speedy and expeditious disposal of applications for industrial licensing more industries would come up very soon. When the private industrialists come forward with schemes, the State Government should not only recommend such applications to the Union Government, but should also see that certain amount of priority is given by the Industries Licensing Committee for applications coming from Andhra Pradesh in view of the industrial underdevelopment of the State. Unless the State Government impress upon the Government of India the need to give certain amount of weightage to Andhra Pradesh in the matter of industrial licensing, it would be very difficult to correct the present imbalance.

The industrial development of the State depends to a very great extent on the availability of adequate power. In spite of the existence of many favourable factors for the development of power the progress does not appear to be much significant While the power potential of the State is 3 million KW, the installed capacity by the

end of the Second Five Year Plan is only 2,28,470 KW. Even though an outlay of Rs. 65 crores has been made for the development of power during the Third Five Year Plan the power capacity would be increased only to 6,89,470 KW by the end of the Third Five Year Plan. I realise the problem of augmentation of power resources is not something peculiar to Andhra Pradesh alone. The difficulty is now being experienced by the neighbouring States also. Development of power is essential for development of industries and unless effective steps are taken to increase power generation as early as possible, all the efforts that are now being made to industrialise the State are not likely to bear fruit. It may be necessary for all the States in the Southern Region to join together, create a Common Power Grid and also supplement the same by Thermal Stations and Power houses. In addition efforts shoud be taken for production of nuclear powers as the resources for the production of hydel power may not be commensurate with the rising demand in the context of industrialisation.

There is disparity in electricity rates as between different States, as between different regions within each State and also between power supply by hydro-electric Stations and thermal stations. In the large interest of development of industries it is essential that there should be uniformity in the rate charged for power throughout the State.

The Government of India appear to be in favour of licensing 15 or 20 spinning mills in Andhra Pradesh. I urge Sri Naidu to assist the development of spinning mills in different areas in Andhra Pradesh and thus help the handloom weavers to obtain their requirements of yarn at a reduced cost besides contributing towards utilisation of the cotton grown within the State and provision of employment avenues It is needless for me to point out that the establishment of 15 or 20 spinning mills would contribute to the economic development of the State in a large measure, besides revenue to the State Exchequer by way of Sales Tax and Cess. The development of this industry will pave the way for the growth of other industries.

On this occasion I wish to make a mention of the difficulties encountered by industrialists in getting supply of coal, coke, iron and steel and other raw materials. Even though, it has been stated time and again at official quarters that there is no shortage of coal in the State, our Chamber has come across cases where industries are not able to maintain their production programme for want of fuel. Even in the case of the allotment of iron and steel, the industrialists experienced considerable difficulty. The allotment of iron and steel to Andhra Pradesh, I learn is far short of the actual requirement and because of this, the industrialists are allotted only portion of their actual requirements. While a member firm engaged in the manufacture of fertiliser mixtures and granulated fertilisers remains closed for over two years for want of supply of nitrogrenous fertilisers, the Chamber has been informed by member firms manufacturing essential oils, wire nails and wire products, camphor tablets, scented betelnuts and other items that they were experiencing hardship in getting supply of raw materials. I feel industries of this nature should be given all assistance by the State Government in getting the necessary raw materials in adequate quantities and at regular intervals.

The Government of Andhra Predesh have recently rushed with two sales tax amendment bills without eliciting public opinion. These two bills have been passed without giving any heed to the State-wide protest made by businessmen and commercial organisations. While the Chamber is in agreement with the Government that evaders should be punished and action should be taken against all offenders, I wish to emphasize that the tax officers should be practical and realistic and try to assist the business community in their endeavour to do more business and earn more tax revenue. I feel that the Government of Andhra Pradesh should constitute a Committee consisting of officials and non-officials to go into the question of sales tax and make recommendations. This I believe would give the business community adequate opportunity to represent their difficulties and needs while at the same time it would provide opportunity to the Government to amend the salestax law suitably.

Before I conclude, I assure you and the Government of Andhra Pradesh of the wholehearted co-operation of the Andhra Chamber of Commerce through its offices at Madras and Secundrabad, its constituent members and member-bodies in all your endeavours to develop the State and express the hope that the Chamber would continue to receive the consideration and support of the Government of Andhra Pradeah as hitherto and its counsels would be sought on matters relating to trade and industry and the general well being of the State.

I thank you for making it convenient to visit our Chamber this evening and for giving us an opportunity of meeting you."

Sri J. V. Somayajulu, former President, proposed a vote of thanks.

Discussion with the Joint Chief Controller of Imports and Exports.

The entire pattern of licensing of imports had undergone change in recent years and the emphasis now was to allow the manufacturers and other actual users to import their requirements observed Sri C.R. Krishnaswamy Rao Saheb, Joint Chief Controller of Imports and Exports, Madras, addressing the members of the Andhra Chamber of Commerce at Secunderabad on February 7, 1962. He added that this change was a measure of the increased industrialisation of the country. He stated that it was true that in certain cases, the full quota recommended in the essentiallity certificates was not allowed to be imported but it was due to the fact that in many cases the goods sought to be imported were available from the indigenous sources. In some cases, it was found that due to the severe shorttage of foreign exchange, the rapidly rising foreign exchange components could not be accommodated. Subject to these two conditions during the last two years licences for import of machinery had been given liberally. Another principle guiding the import licensing policy was to see that the end

product of the machinery to be imported was an essential one and would add to the foreign exchange earnings of the country. Referring to the demand of the Chamber voiced earlier, that the activities of the State Trading Corporation should be restricted, he stated that it was a matter of policy concerning the Government. However, it was never the intention of the authorities to dislocate the normal trade channels. Moreover, it had certain purposes to serve in dealing with certain countries. He did not think that the goods imported by the State Trading Corporation were not being distributed through the normal trade channels. With regard to the export licensing policy, Sri Krishnaswami Rao Saheb said that it was fairly liberal. In the issue of the licences too there was no delay. The principle of first-come first-served was being followed in cases where the ceiling was very low. Though port-wise quotas for certain exportable goods were being fixed, it was not possible to fix quota State-wise. The consequent disadvantage to the inland dealers could not be avoided, he added.

Earlier, Sri K. R. Nandagopal who was in the Chair, welcoming the Joint Chief Controller, observed:

"I have great pleasure in extending a hearty welcome to Shri C. R. Krishnaswamy Rao Sahib, Joint Chief Controller of Imports and Exports, Madras, this evening.

Shri Krishnaswamy Rao Sahib needs no introduction to the members of the business community, particularly those belonging to the twin Cities. Sri Krishnaswamy Rao Sahib was a Deputy Secretary to the Government of Andhra Pradesh in the Revenue Department.

I have every hope that Sri Krishnaswamy Rao Sahib with his intimate knowledge of Trade, Commerce and Industry would play an important role in building up the economic independence of Andhra Pradesh.

The Import licensing authorities are not granting licences for the full value and quantity recommended by the Director of Industries in the essentiallity Certificates. The Director of Industries issues Essentiality Certificate only after verifying the books of the actual users and ascertaining the actual consumption of the material to be imported. It is therefore, necessary that actual users should get import licences for the full value/quantity recommended by the Director of Industries in the Essentiality Certificates.

In many of our Industries full capacity is not being utilised and still we find new units being set up and licences being given for import. After the industry is set up we find the industries unable to continue their production for want of supply of raw materials or some items needed in the manufacturing process. The Chamber is of the view that the Raw materials required by the Industry should be allowed unrestricted.

The volume of items coming into the market through Customs auctions is so large that it defeats the very object of Import Control. The Chamber feels that measures should be taken for re-export of such commodities to see that the internal market does not suffer on account of the entry of such goods. The Established Channels of trade should be made use of to the maximum possible extent and intervention of S.T.C. should be reduced to the minimum. Even at present it is entering almost every field, displacing normal trade Channels. In the distribution of products imported by the S.T.C. no regard is given to the Established importers. The Chamber is of the view that the Established importers should be allowed to have a decent share in imports either direct or through the S.T.C.

Permit me, Sir, to mention that the import policy should be framed in such a way as to give the established importer a fair treatment and Import Control should not be used as an instrument for diverting trade from the private Sector to the Public Sector.

Generally, relaxation in Export Trade Control helps to promote trade. In respect of items like Manganese Ore Control and interference by the S.T.C.has damaged Indian exports. Export of items like Managanese ore should be free from interference of agencies like the S.T.C. to enable larger exports.

Many items are being licensed freely. Even for items licensed freely, applications are sent along wtth the licence fee after fulfilling all formalities as in the case of Applications submitted for Licensed items. The Chamber feels that all these can be dispensed with. This would reduce the volume of work in the department and also help the exporter to cut red tape and despatch goods expeditiously. Incidentally the price would also come down in the absence of export licence fee.

On behalf of the members of the Chamber, may I request you Sir, to kindly intimate to us at least ten days in advance whenever you are visiting Hyderabad to enable us to represent our greivances to your goodself.

I thank Sri C. R. Krishnaswamy Rao Sahib, for making it convenient to visit our Chamber this evening."

Sri Dundoo Balakrishnamurthi proposed a vote of thanks.

Reception to A. P. Chief Minister and other Ministers.

Hon'ble Dr. N. Sanjiva Reddy, Chief Minister, Government of Andhra Pradesh and other Ministers were guests of honour at a reception got up by the Chamber at Hyderabad on May 7, 1962. Speaking on the occasion, Hon'ble Dr. N. Sanjiva Reddy, Chief Minister, Government of Andhra Pradesh, pleaded for an even dispersal of Industries all over Andhra Pradesh. He also maintained that a large number of medium and small-scale industries was preferable than complicated heavy industries. He stated that Government would extend all possible assistance to entrepreneurs to start new industries in Andhra Pradesh. But they would not be allowed to take undue advantage of the assistance made available to them by the Government. Dr. Reddy expressed his confidence that Andhra Pradesh would soon be able to tide over the power and coal shortages, especially in the industrial sector Dr. Reddy added. At any rate these shortages will not be allowed to hamper the progress of the State, especially in the industrial sector, Dr. Reddy added. Dr. Sanjiva Reddy also said that while the Government have no objection to a few technical personnel not locally available being imported from other States to man the local industries any attempt to fill the local industry with imported labour would not be tolerated. He pointed out that some of the major industries like the Synthetic drug, Heavy electrical and the Fertilizers plant which they were now planning would go into operation only after 2 or 3 years. By that time Andhra Pradesh would have enough power not only to feed these industries, but also to cater to the needs of new ones. The Chief Minister said that except the Srisailam Project which the Government hoped to take up shortly there were little or no scope for development of Hydro-power in Andhra Pradesh. It looks as if Thermal-power was the only salvation. Steps were being taken to commence work on the Kothagudam Thermal Station to meet the immediate need. The Srisailam Project, which would give a steady 1.25 lakh k.w. of power, would meet the future power requirements of the State. Dr. Reddy assured the Chamber and the industrialists that the State Government was taking all necessary steps to produce enough power to meet the requirements of the industries. Regarding coal shortage, Dr. Sanjiva Reddy said that there was no real coal shortage. The only difficulty was regarding the allotment of required number of wagons for movement of coal. He was confident that this problem would also be solved soon. The Chief Minister said that while a few heavy or basic industries were desirable, he was not in favour of unnecessary over emphasis being laid on this particular type of industries. It was his personal view that, in the long run, only medium and small-scale industries would help the prosperity of a State. He pointed out that Bihar State, which could boast of quite a number of basic and heavy industries, continued to have the lower per capita income in the country while the Punjab, with not a single heavy industry either in the public or the private sector was well off—thanks to the emphasis it had always laid on small and medium industries. Dr. Sanjiva Reddy pointed out that one single heavy industrial unit locked up over Rs. 25 crores and provided employment to only a few hundreds in a particular area. On the other hand the same investment could help in the establishment of a dozen medium or small industries in various parts of the State and thus ensure equitable distribution of industries. He said that it was his ambition to see medium and small industries springing in every nook and corner of the State. Every district or even taluka headquarter should have an industry of its own. The State's potentials were immense for this purpose. He appealed to the industrialists to ponder over the issue and see how best they could help in the industrial development of the State. The Chief Minister said that while he would assure all reasonable assistance to new enterpreneurs to set up industries in Andhra Pradesh he was constrained to sound a note of warning that his Government would not allow the new industrialists to take undue advantage of official concessions in the name of industrialisation of the State. Dr. Sanjiva Reddy observed: "The State

Government will be happy to give all reasonable concessions. But the industrialists should not over-emphasise these concessions. You cannot expect the Government to send the raw material to your door for a song. I am not going to allow that even in the name of industrialisation. After all, those who want to establish new industries here are not doing social service. The profit motive is also there. Unfortunately undue advantages from the Government in the shape of concessions are expected and demanded. This is not fair. I assure all reasonable co-operation and assistance. The Chief Minister also drew the attention of the industrialists to the oft-repeated complaint that whenever new industries are started here, the tendency was to import labour from outside the State. This was not desirable. While the local people would not grudge a few technical personnel, who are not available locally, being brought from outside, there was no justification in 'Importing' persons for jobs which could be filled with local hands. He pointed out that industries were generally established in a place to give employment to the surplus labour and to arrest the unemployment problem. "If an industrialist starts importing labour from other States to man his unit here, it is as good as having that industry in his own State," said the Chief Minister. Earlier, welcoming the Chief Minister, Sri M. Harischandra Prasad, M.L.A., Vice-President of the Chamber, observed:

I am indeed very grateful to you Mr. Chief Minister and to your colleagues for having accepted my invitation for the dinner. I hope you will not consider it formal if I congratulate you and your colleagues again on my own behalf, on behalf of the Andhra Chamber of Commerce and on behalf of the mercantile comunity of Andhra Pradesh on your success in the elections. The line of demarcation between politics and economics is becoming thinner and thinner every day, especially in a socialistic pattern of society. On behalf of the institution and the business community I assure you of our wholehearted co-operation in all your endeavours towards the promotion of the economic well being of the State. On an occasion like this when you and your colleagues are present, I hope you will not consider it impertinent if I make a few observations on some of the problems which are of common interest to the Government and the business community. While doing so, I shall try to be very brief.

Industrial development is very essential for our State to develop a balanced economy and power is the chief factor. The progress in this direction has not been encouraging so far. No only our target for the Second Plan has not been reached, but our efforts to raise the power availability during the current plan also is likely to be retarded unless we take special efforts. The fact that this delay in raising power resources has been more due to our inability in getting the necessary clearance from the Central Water and Power Commission as also the foreign exchange required for the purpose indicates that our efforts have not been effective at the Centre. It is a matter for gratification that the Union Minister for Power, Mr. Hafiz Mohamad Ebrahim has just a few days back stated that necessary foreign exchange would be made available for some of the power projects of our State. I would like to emphasise

that unless some concerted efforts are made immediately, the chances of our industrial development even in the next plan may not be rosy.

I am glad to hear that the Minister for Power and Irrigation is now taking very active steps to get the necessary sanction from the Government of India immediately in respect of the schemes already sanctioned and also for sanctioning new scheme that are proposed under the Third and the Fourth Plans. I hope our State Government would also impress upon the Government of India that the present plight in which our State has now been placed is mostly the result of the procedural and administrative delays in the Central Water and Power Commission and in the hands of those responsible for the allocation of Foreign Exchange. Recent Press reports indicate that a broad outline of the programme for the development of Power in the Fourth Plan is being prepared by a team of officers of the Union Ministry of Irrigation and Power and Planning Commission and the Central Water and Power Commission. This team will assess power requirements of our country during the Fourth Plan so that preliminary steps could be taken well in time. While this Committee appears to be studying the power problem of West Bengal and Bihar, nothing is known as to whether they will also take up for their consideration the requirments of our State also. I hope the Minister for Power is taking necessary steps in this behalf.

In spite of the availability of all resources and facility, Andhra Pradesh has not been fortunate in securing for her share many large scale industrial undertakings with the exception of the shipyard at Visakhapatnam and the Praga Tools in the City. Recently we have been able to secure for us the Heavy Electrical Plant and the Synthetic Drug Factory. While I congratulate you and the Government in this regard, I request you and your colleagues to take continued interest in the matter and see that the Government of India allotted a few more industries in the public sector for Andhra Pradesh where vast scope and potentialities exist.

As a result of the encouragement given by the State Government and as a result of a wide awakening among the businessmen of Andhra Pradesh, many industries, largescale, medium and smallscale are coming up in the State. I am of the view that many more industries can be started in the State with the active support and co-operation of the State Government. In this connection I feel the Industrial Development Corporation of the State Government can prove to be a very effective instrument. The Industrial Development Corporation would not only be encouraging the developmental of industries in the State but would also be having a clear picture of the industrial development of the country because of the association of its representatives with the Companies that avail of its assistance.

Various industries in the State have been experiencing difficulty in obtaining adequate supply of coal. There is already a shortfall in the supply of coal and coke to Andhra Pradesh and I learn that there is a proposal to reduce the number of wagons for coal movement for Andhra Pradesh still further. I am glad that the Government have acted promptly in this behalf, and got an increased alottment immediately. I apprehend that the industrial development of the State would be seriously jeopardised unless effective steps are taken by the State Government to secure adequate coal for the State and also make necessary arrangements for movement of such coal by rail well in time. If the industry were to be compelled to move the coal by road or by rail-cum-sea route it would increase the cost of coal to the industry. With the starting of more new industries in the State and with the expansion of the existing units, the coal quota of the State needs an upward revision. Many of our member industrialists engaged in production of vanaspati, oil and many other products have indicated that they are experiencing considerable hardship in obtaining their requirements of coal. I request you, Sir, on this occasion that the industry in the State should be assured of coal and coke as the success of the industrial development depends on our ability to obtain the necessary power and fuel, well in time and in adequate quantities.

Apart from the difficulties in obtaining supply of coal and coke and power, industrialists experience difficulty in getting supply of iron and steel and raw materials also. We have come across cases where industries are not able to maintain their production programme for want of raw materials. In the case of raw materials which have to be imported from abroad either direct or through the State Trading Corporation, even though the Director of Industries and Commerce of the State Government issues essentiality certificates, import licences are not given for the full value recommended by him. There are cases where the State Trading Corporation has not made any allotment or has made only a partial allottment against the recommendations of the Director of Industries and Commerce. I request you to kindly see that the Union Ministry of Commerce and Industry issues import licences for the full quantity and value recommended by the Director of Industries and Commerce of our State. Even the State Trading Corporation of India should be approached and the quota for our State for the various items handled by the State Trading Corporation should be increased. Unless the State Government take all possible measures to ensure the industries in the State of all their requirements of raw materials it will be very difficult for them to step up production and provide more employment.

I would like to make a reference to Salestax and Octroi also. Certain amendments to the Sales Tax Act have been passed recently even though the business community voiced its protest on some of the provisions. While I agree with you that the Government should do all that lay in their power to plug loopholes and check evasion of tax, I only wish to submit that in their anxiety to plug loopholes and check evasion they should not introduce any measure which would result in harassment to the honest businessmen. The pattern of trade and industry in the State is also changing and there is an urgent need for changing the pattern and structure of salestax in the State. To enable the local industry to compete effectively as against the industries outside there is also need for revising the purchase policy of the State Government and official agencies in the State. With a view to meet the demand made by the business community and with a view to explore the possibility of giving assistance

to the local industry by way of revising the pattern of taxation, I feel that the Government should constitute a Committee to enquire into the working of the Sales tax Act. Non-officials, particularly representatives of Chambers of Commerce should be associated with this Committee. I believe the constitution of such a Committee would go a long way in placing the structure of sales tax in the State on a sound and solid base without affecting the interests of the business community in any manner at the same time.

As regards Octroi, which is in vogue in the Twin-Cities, you will all agree with me that this invidious distinction between the capital of the State and other places in the State is creating much hardship. There are many Municipal Corporations in the country which are able to run their administration on efficient lines without recourse to the levy of Octroi. Efforts should therefore be made to raise the resources of the Municipal administration from other resources and the State Government should prevail upon the Municipal authorities to abolish the levy of Octroi.

Before I conclude, I assure you and the Government of Andhra Pradesh once again of the wholehearted co-operation of the Andhra Chamber of Commerce, through its offices in Secunderabad and Madras, our constituent-members and member bodies in all your endeavours to develop Andhra Pradesh. I express the hope that the Chamber would continue to receive the consideration and support of the Government of Andhra Pradesh and of your goodselves as hitherto and its counsels would be sought on matters relating to trade and industry and the general well being of the State.

I thank you and your colleagues once again for making it convenient to accept my invitation and for gracing this function.

I thank all of you gentlemen for responding to my invitation.

Sri V. G. S. V. Prasad, Vice-President, proposed a vote of thanks. The distinguished gathering present included Messrs. M. R. Appa Rao, B. V. Gurumurthy, A. Balarama Reddy, P. V. Narsimha Rao, Ministers, Sri M. Purushotham Pai, Chief Secretary, Sri I. J. Naidu, Secretary, Industries Department and high officials and prominent businessmen.

A. P. Agricultural Advisory Committee.

The Third Meeting of the Andhra Pradesh State Agricultural Advisory Committee was held at Tirupati on June 11, 1962. The Chamber was reprsesented at the meeting by Sri Y. Venkanna Chowdary. The Committee which met under the Chairmanship of Sri A. Balarama Reddi, Minister for Agriculture, resolved to request the Government of India to exclude the chemical fertilisers and spare parts of tractors and other agricultural machinery from the import cut in view of the shortage of these commodities in the country, and also agreed at the meeting to stress on the Government of India to retain both the metre and broad-gauge railway lines from Masulipatnam to Vijayawada to facilitate direct movement of agricultural produce from delta areas to the ceded districts. The need for establishing a fruit research station at Nuzvid was also stressed at the meeting. Sri Balarama Reddi stated that in addition to normal allotment from the Central pool, a special allotment of 25,000 tonnes of chemical fertilisers was given for Andhra Pradesh. He also stressed the need for popularising calcium ammonium nitrate among farmers.

Permanent National Exhibition at New Delhi.

A meeting of all exporters and officials was held at the Agricultural Information office, 35, Mount Road, Madras-2, on October 10, 1962 to discuss about the various arrangements to be taken up to set up a permanent exhibition at New Delhi for display of exportable commodities on a grand scale and to chalk out plans and programme for the same. The Chamber was represented at the meeting by Sri L. R. Madhusudhan of Messrs. P. Mitulal Lalah & Sons, Madras-1.

The Chamber's representative stressed the following points :

The exhibition should cover all export commodities.

The Export Promotion Councils are participating in the permanent exhibition in New Delhi. Hence in the display for Madras State the respective Export Promotion Councils should also be asked to participate.

Information regarding the display should be circulated to all Chambers and Associations so that they can circulate the information among the members.

Should any enquiry arise from any foreign visitor after visiting the exhibition adequate arrangements should be made to pass on such enquiries to the concerned exporters.

Discussion with Dr. M. N. Lakshminarasiah, Minister for Industries. (Andhra Pradesh)

The Chamber got up a reception in honour of Dr. M. N. Lakshminaraish, Minister for Industries, Government of Andhra Pradesh, on Wednesday, October 17, 1962 at the Chamber premises. Sri Jayantilal P. Sanghrajka, President of the Chamber welcoming Dr. Lakshminarasiah observed :

I have great pleasure in extending to Dr. Lakshminarasiah, a hearty welcome on my own behalf and on behalf of you all on the occasion of his first visit to our Chamber. We have been in touch with him for quite some time and in fact we desired that he should participate in one or two functions of our Chamber. Due to prior engagements and indisposition he could not accept our invitations. I am glad Dr. Lakshminarasiah has now made it convenient to visit our Chamber this evening.

Dr. Lakshminarasiah is not new to Madras. He had his education in Madras. He has been intimately connected with the freedom movement and the Indian National Congress ever since 1946. After assuming office as Minister, Dr. Lakshminarasiah has been making extensive tour of the State to study the conditions on the spot and ensure the speedy industrial development of the State. I am confident that industries in the State would progress at an accelerated pace under the inspiring guidance of Dr. Lakshminarasiah and the able Chief Minister, Dr. Sanjeeva Reddi.

I would like to mention on this occasion a few salient points with reference to the development of industries in Andhra Pradesh, the difficulties encountered by small-scale and other industries, and the measures the State Government should take to ensure the efficient functioning of industries and accelerate the pace of economic development.

We learn that the Government of Andhra Pradesh have recently decided to cut the allocation for industries during 1962–63 by Rs. 1·52 crores. The outlay for industries in Andhra Pradesh was less than Rs. 2 crores in the First Five-Year Plan while the outlay in the Second Five-Year Plan was Rs. 10·98 crores. The outlay during the Third Five-Year Plan is about Rs. 20 crores. Excluding the amount set apart for small-scale industries and cottage industries the outlay on large-scale industries is only Rs. 7 crores. This includes a spill-over of Rs. 4·4 crores. In view of this, the development of new industries or expansion is limited to Rs. 2·2 crores only. I am sure, you will agree with me, that this is very negligible when we take into account the area, population, industrial potential and the backwardness of the State. In this context the proposed cut in the plan expenditure for 1962–63 in the already low provision, I feel, should not be given effect to. I request Dr. Lakshminarasiah to prevail upon his colleagues and see that the original provision at least is allowed, if any increase is not possible.

The cut, I learn, is being effected in order to increase the allocation for power and other purposes. While I agree that power should be developed and outlay for power should be increased in order to generate power needed for industrial and other uses, I wish to emphasize that the axe should not fall on the allocation for industries which is already very low.

Power supply in Andhra Pradesh, as in few other States, has not been adequate and the power projects contemplated in the Second Five-Year Plan have not been completed. In fact, some of the projects included in the Second Five-Year Plan are expected to be completed by the end of the Third Five-Year Plan assuming that the necessary foreign exchange would be sanctioned and imports would be effected according to schedule. There has been inordinate delay in technical clearance and allocate necessary foreign exchange to take on hand the various power projects and complete them all well in time. I feel the problem may also be solved to some extent if the State Government encourage the generation of power by industries in " Captive

Units" and also assist groups of industrialists to set up their own plants to generate power for their use.

The industrialists are facing considerable hardship in obtaining their requirements of iron and steel, stainless steel and other raw materials and also in obtaining regular supply of coal and coke. There have been occasions where industries had to remain closed for want of raw materials or coal or coke. As Minister in charge of Controlled Commodities, I believe, you are already seized of this problem. The State Government should assess the requirements of iron and steel, stainless steel, non-ferrorus metals and other items distributed through or under the direction of the State Government and see that adequate quota is obtained for the State from the all India pool. Even as regards coal and coke, the quota for the State needs revision on the upward side. It is necessary that the State Government should not only press the claim of the industries in Andhra Pradesh for increase in the quota, but should also ensure regular and expeditious distribution or allotment of the quota among the various industries. In the matter of imports through the State Trading Corporation the State Government should ensure a decent quota for distribution among actual users in Andhra Pradesh. As regards imports of raw materials direct by actual users,the Directorate of Industries is issuing essentiality certificates. It happens that these certificates are not issued expeditiously or are issued for quantities lower than applied for. While I urge that the industries should be given essentiality certificates for their actual requirements and productive capacity I request the Minister to find out the value and quantity of goods for which essentiality certificates were issued and licences were given by the Import Licensing authorities. In many cases licences are not given even after issue of essentiality certificates while in a number of other cases, licences have been issued for a very lower value and quantity. In the interest of development of industries in the State, I am of the view, that the State Government should prevail upon the Centre and ensure that licences are given to the industrialists for their actual requirements as recommended by the State Government by way of an Essentiality Certificate.

Consequent on the tight foreign exchange situation the Chamber learns that the Import Licensing Authorities have rejected the application of essentiality certificate stating that these industries are new and are applying for a licence for the first time. The industries in question have been granted licence for the import of machinery against essentiality certificates issued by the Directorate of Industries.

A number of industrial estates are coming up in Andhra Pradesh. The units are allotted by the State Government. The State Government give permission for starting a particular industry in each unit. Accordingly their application is recommended for grant of licence for import of machinery and raw material and also for getting the machinery on hire-purchase through the National Small Industries Corporation or other agencies. It happens in some cases, the import application for machinery is rejected. In a few other cases the import of raw material is rejected.

In yet a few other cases the N.S.I.C. refuses to supply machinery on hire-purchase even though recommended by the State Government. I feel these are all matters, where small industrialists require your help and assistance.

While I am glad that the State Government have been extending their help in the development of industrial estates, industrial co-operatives and small-scale industries I request Dr. Lakshminarasiah to assist the small-scale industries in the State by a re-orientation of the Central Stores Purchase policy of the Government. While it is stated that small industries enjoy price preference the Chamber learns that certain small industries are unable to enter the field, though their goods compare favourably in terms of quality and price. I would therefore request Dr. Lakshminarasiah to advise the department concerned to clarify the purchase policy of the Government and encourage the small-scale manufacturers having due regard to quality, standard and prices.

On this occasion, I wish to make a reference to the levy of gallonage fee and cess on industrial alcohol in Andhra Pradesh which is retarding the development of the industrial alcohol industry and the development of organic chemical industries based on industrial alcohol. Industrial alcohol is free from any impost in U.P., Maharashtra and West Bengal. Industrial alcohol is manufactured by sugar industry as a by-product and I request Dr. Lakshminarasiah to look into this matter and arrange to remove the cess on industrial alcohol and help the industry in A.P. to effectively compete with other States and ensure the rapid development of organic chemical industries in the State.

As Minister in charge of Mines and Minerals I am sure, you have already made a study of the mineral potentialities in the State, the scope for starting mineral based industries and the lines on which development should take place. Till such time we develop industries capable of absorbing the various minerals available in the State we have naturally to think of exporting them. In this regard many mine owners, particularly iron ore mine owners, have expressed the need for developing the ports of Kakinada and Masulipatam. These ports, as you may be aware, are preferred by the mine owners because of their location and nearness to ore mining centres. The strength of the boat fleet in these ports has to be raised and adequate supply of labour has to be ensured. In addition, facilities for stacking of ore in the ports and for loading are needed The canals have to be deepened and made navigable throughout the year. I have thought of bringing this to your notice as it has a bearing particularly on the export of minerals and on the export of various other items in general, which earn foreign exchange for the country.

The Government of Andhra Pradesh have instituted an enquiry into the structure of sales tax in Andhra Pradesh. The business community in Andhra Pradesh have made representations to the Government through this Chamber and other bodies. I express the hope that the Government of Andhra Pradesh would revise the structure of sales tax in the State in a manner conducive to the healthy development of trade and industry.

Before I conclude I assure you and the Government of Andhra Pradesh of the wholehearted co-operation of the Andhra Chamber of Commerce through its offices at Madras and Secunderabad, its 800 and odd constituents and over 35 affiliated Chambers of Commerce and Trade Associations in all your endeavours to develop Andhra Pradesh and I express the hope that the Chamber would continue to receive the consideration and support of the Government as hitherto.

I am grateful to you for making it convenient to visit our Chamber this evening and for giving us an opportunity of meeting you."

Dr. Lakshminarasiah thanking the Chamber for the reception accorded to him stated that the Government of Andhra Pradesh were interested in the movement of industries to villages having a population of 5,000 to 100,000. The Government of Andhra Pradesh would be setting up 18 Rural Industrial Estates during the Third Five-Year Plan period. Apart from this the Government were encouraging the starting of assisted Industrial Estates by giving to the industrialists loans towards the cost of building and installation of machinery. The Government of India have decided to set up two public sector projects in Andhra Pradesh, *viz.*, Synthetic Drug Factory and the Heavy Electrical Plant. These two industries would require a large number of ancillary components and the like. There was need for starting a large number of ancilary units to feed these two major industries. Referring to the question of power supply he said, the small industries in particular, and industries in general, would not in any way be affected and the Government would see that the industrial development was not retarded for want of power. Referring to the reports about the cut in the plan allocation for the current year for industries Dr. Lakshminarasiah said that finally no cut has been envisaged in the allocation for industries and in fact the Government of Andhra Pradesh were fighting for increased Central allocation for power development in Andhra Pradesh. He appealed to all the industrialists to set up industries in Andhra Pradesh. He assured that Governmental assistance would be forthcoming to the industrialists from whatever part of the country they might come for starting their industries in Andhra.

The Minister said that he came to Madras to learn the secret of rapid industrialisation. Paying tributes to the Madras State for its progress in industries, he said that the Government of Andhra Pradesh would extend all possible assistance to industrialists and they would be allowed to generate power required by them. As regards the supply of raw materials, fuel and the like for industries, Dr. Lakshminarasiah said that the Government of Andhra Pradesh were actively in correspondence with the Centre. The quotas were fixed some years ago when there were no industries or quite a few industries in Andhra Pradesh. He hoped that the quotas would be increased soon and the industrialists would not be affected.

As regards the Chamber's suggestion that industrial alcohol should be free from any impost to enable the same to compete effectively with similar products produced outside the State, Dr. Lakshminarasiah said that the matter was being considered by the Government and he gave an indication that a favourable decision was likely to be taken.

The Government of Andhra Pradesh were encouraging the products of small scale industries in their purchase programme and price preference to the extent of 5% to 15% was being shown to goods produced in Andhra Pradesh. The Government were alive to the fact that unless price preference was given industrial products manufactured within the State may not be effectively moved.

Referring to sales tax Dr. Lakshminarasiah assured that any revision of the structure of sales-tax would be made having due regard to the need to provide a healthy climate for development of industry and trade. He assured they would make the sales-tax law work smoothly and efficiently without any harassment and hardship to the business community.

He assured to look into the suggestion given by the Chamber for the development of loading facilities at Kakinada and Masulipatam ports for movement of minerals and other export cargo. Dr. Lakshminarasiah presented a set of the Handbook of Industries in Andhra Pradesh published by the Government to the President of the Chamber for the information and guidance of the members.

Sri V. G. S. V. Prasad, Vice-President of the Chamber, proposed a vote of thanks.

Sri I. J. Naidu, Secretary, Industries Department and Sri B. Narasimha Rao, Joint Director of Industries and Commerce of the Government of Andhra Pradesh, were also present on the occasion.

Regional Seminar on Agricultural Marketing.

A Regional Seminar on Agricultural Marketing was held on Sunday, the October 21, 1962 at Madras. The Chamber was represented at the meeting by Sri P. Srinivasa Rao and Sri V. S. Krishnamurthi. The Seminar was inaugurated by Dr. Ram Subagh Singh, Union Minister for Agriculture.

War Effort—Contribution by Small Industries in South India.

The Chamber addressed the following communication to the Hon'ble Sri Y. B. Chavan, Union Minister for Defence on December 11, 1962:

I am desired by my Chamber to write to you as under with a request to give your immediate consideration to the following points as they have a vital bearing on the contribution of the Small Industries towards war effort:

The unprovoked Chinese aggression still continues in spite of the unilateral cease-fire proposal. It is a matter of pride that every man, woman and child in the country has responded to the clarion call of our Prime Minister to the citizens to do their duty by their country. But in a democratic country it takes some little time for people to act, because they do things only of their own accord. There is a vast difference between the last global war and the present one, in so far as people's outlook is concerned. In the last war, rightly or wrongly many citizens of India felt that it was not their war. But in the present war every citizen is feeling that it is his war and that he should give his best to the country, not only because his patriotism urges him to do so, but also out of sheer sense of self-preservation.

Now, in a national emergency like the present one, the first and foremost duty of every citizen is to feed the defence machinery to enable it to protect the country from the onslaughts of an unscrupulous enemy.

The Chamber desires to make particular mention to the difficulties the small industries in South India are now experiencing in the matter of finance and the steps the Government should take to remedy the defects to enable the small industries to play their part in catering to the defence requirements of the country.

It is a matter for gratification that our country is now not dependent on foreign countries for every thing, big and small, to the extent as it was obliged to depend in the last war. Under the First and Second Plans number of industries, big, medium and small, have sprung up throughout the length and breadth of India. They have had enough time to face and overcome the teething troubles. Now they are ready to produce round the clock hundreds of varieties of goods for the Defence Department.

While their earnestness is thus assured, they are experiencing certain bottlenecks, *viz.*, lack of raw materials, transport facilities, finance, power, etc., which are hampering their war effort. The Defence Ministry would probably see to it that difficulties in regard to procurement of raw materials and transport facilities are minimised.

As regards power, the State Governments are trying their best to discourage domestic consumption, with a view to divert more power to industries.

But as regards finance, this question appears to have escaped the attention of both the Government and the public. Unless there is finance, the small industries, whose own resources are proverbially hand to mouth, cannot possibly manage to work 2 or 3 shifts a day and thereby maximise output.

During normal times, small industrialists obtain finance from the following sources :—

(1) Their own capital, which is of course meagre ;

(2) State Aid loans and/or loans from quasi-Governmental institutions, such as, the National Small Scale Industries Corporation against block account ;

(3) Private borrowings ;

(4) Hundi loans from indigenous bankers; and

(5) Advances from the State Bank of India and other Joint Stock Banks on the security of stock-in-trade and other liquid assets.

During an emergency like the present one, since the industrialists have to increase their output, it follows that their money requirements would also be on a larger scale than in normal times. But as things are happening, the small industries are gradually being deprived of funds for working capital.

As regards sources (1) and (2) mentioned above, they do not call for any comment now. As regards the third source, there is some hesitancy on the part of private lenders to continue lending money to businessmen. Some of them are already tempted to recall their loans and keep cash with them. In any case, they would not like to make fresh advances.

As regards Multani loans, there is a regular panic in the money market. The Multani Bankers are refusing to renew hundies as and when the hundies are falling due. Businessmen are already put to some stress and strain. One need not be surprised if there are a lot of failures in the market during the next one or two months. The Multani Bankers say that they are helpless in the matter, because the Joint Stock Banks are refusing to continue discounting facilities to them. The Joint Stock Banks in turn say that unless the Reserve Bank of India gives its blessings to them, they would not be able to continue giving discounting facilities to the Multani Bankers. In this process of shifting responsibility, the surest victim is the small businessman ! No wonder he is already at his wits' end as to what to do in the circumstances.

As regards direct advances, which the Joint Stock Banks have been making to the small industrialists, here-again the source is gradually drying up. It is rumoured that managements of banks have instructed their branches not to entertain applications for fresh advances or for enhancement of existing limits. Moreover, some of the Banks are even calling up advances, perhaps in view of the closing of their accounts on December 31 next.

In view of the foregoing, I am desired by my Chamber to request you to take up this matter with the Reserve Bank of India and the other financing agencies and encourage the Joint stock Banks and other financing agencies directly or indirectly to come to the assistance of the small industries to the maximum possible extent. The Ministry of Defence should also think in terms of extending assistance to the small industries by arranging supply of raw materials on credit for adjustment against bills to be paid latter on. In the absence of adequate credit facility the Chamber is apprehensive that small industries may not be able to rise up to our expectation in producing goods for defence and essential consumer needs. Our Chamber hopes and trusts that you will give this matter your immediate attention and do the needful at the earliest.

The Development Commissioner (Smallscale Industries), Government of India, New Delhi acknowledging a copy of the communication cited above addressed to him stated as under:

"I am to state that the Union Finance Minister had, at the last Annual Meeting of the Banks, impressed on them the importance of their role in the field of small industries financing. It is noted that a copy of the communication has already been sent by you to the Secretary, Ministry of Finance.

The Committee on Credit facilities constituted by the Small Scale Industries Board is already pursuing the question of providing speedier credit, on more advantageous terms for the country as a whole. In the meantime, however, you are advised to contact the State Bank of India authorities of your State who would advise you on the liberal credit facilities they are offering for executing, among others, defence contracts."

Manufacture of Stores required for Defence needs.

The Director of Industries and Commerce, Madras, in a communication to the Chamber forwarded the list of items of the various classes of stores immediately required for Defence needs. Member Small Industries who are equipped to manufacture any one or more of these items were requested to register themselves immediately with the Director, Small Industries Service Institute (Ancillaries), Madras, indicating clearly, the item/items they are interested in supplying. They were also advised to watch for the various advertisements issued by the Director-General of Supplies and Disposals and published periodically in the Indian Trade Journal. The list of stores required by the D.G.S. & D. for Defence needs is given hereunder for the information of the members: (1) *Light Engineering*: Hand Tools for Carpenters, Fitters, etc., such as screw drivers of different sizes; square for carpenters; adjustable spanners, chisels, etc.; Bicycle parts; Saddles for bicycles; different sizes of screws in brass and mild steel etc.; The components of Sewing machines heavy duty and light duty type of Singer machines; Hurricane lanterns of different types; Buckets G.I. of different

sizes; Mugs enamelled; Spring balance; Chipper meat; Containers for milk of different capacity; Utensils for cooking; Handcuff; Fire Extinguishers of different types; Bolts, Hexagonal rounded on different sizes and different type of threads such as BSW: BSF galvanised and Black sizes ranging from ¼" ⅞" diameter length varying upto 6"; Rivets (Brass and Copper); Tubular rivets of different sizes; Wire nails from 12 to 14 SWG length varying from ¼" to 2"; Wire nails heavy ¾" diameter length; Brass screws; ⅜ Padlocks Tacks steel cut ⅜, etc.; Bifurcated rivets; Blcksmithy hand tools; Fitters hand tools; Spirit lamps; Blow lamps and Wickless stoves; Electrician hand tools; Iron Dhobies; Whistles; Helmet steel linings; Water Bottle; Tin mess; Chairs invalid wheeling type; Barbed wire. II. *Chemical*: Ink Marking Black; Paint PFU GS Brushing Green B/W Deep; Paint PFU Tinted Flat Drying Hospital EAU-de-NIL; Paint PFU GS White interior; Varnish Gold; Varnish Oil GS; Paint PFU WE Brushing Air Drying OG seamic 314; Varnish Insulating Finishing AD Type 1 Primer; Surfacer; Thinner; Paint PFU Enamel HG Blue Azure; Paint Remover Inflammable; Paint PFU Enamel HG Yellow Golden; Paint PFU Priming GS Brushing Red Oxide for Wood; Paint PFU WE Spraying AD GS; Paint PFU Bituminous Black Anti-corrosive; Paint PFU Nitra Cellulose Brushing Navy Blue; Paint PFU N/C Brushing, Yellow Lemon; Paint PFU Enamel HG Black; Paint PFU Enamel HG Red Signal; Paint PFU HG White; Paint PFU Enamel Hospital White; Paint PFU GS Brushing Black; Paint PFU GS Brushing Aluminium; Paint PFU GS Brushing Blue Azure; Paint PFU GS Brushing Buff Light; Paint PFUn Priming GS Brushing Green Bronze Deep; Paint PFU Gs Brushing Grey Admiralty Dark; Paint PFU GS Brushing Grey Light; Paint PFU GS Brushing White; Paint PFU Priming GS Brushing Red PO; Paint PFU GS Brushing Yellow Lemon; Paint PFU Marking White; Paint PFU Heat Resisting Black; Varnish Fungicide; Blanco Waterproof Khaki; Soap Toiler; Soap Shaving; Blanco White; Acid Hydrochloric Commercial; Acid, Hydrochloric pure; Acid Sulphuric pure; Polish Metal Liquid; Soap Carbolic; Soap Wollen; Soap; Yellow; Zinc Chloride Solution; Oil Coco nut; Solution Rust Preventive Special; Composition Rust Preventive; Dubbin Ordinary ; Mineral Jelly GS; 'Oil Castor Refined; Oil Linseed Boiled Ammunition; Oil Linseed Raw; Paper Packing Waterproof 36" plain; Paper Kraft (Imitation) Waxed Gde I normal 36" × 100 yds.; Polish Wax; Chalk French; Glue Ordinary-Naphthalene; Buttons Plastic OG "; Buttons Plastic OG "; Rubber Vulcanised Insertion Sheet Canvas 1/16", ⅛", ¼"; Rubber Vulcanised Solid Sheet 1/16"; Tubing Rubber " thick' Oil cutting soluble. III. *Leather*: Boots Ankle Black Officers; Boots Ankle complete with laces leather; Boots Jungle No. 2. IV. *Glass, Ceramics and Enamel Ware*: Mugs enamelled. V. *Miscellaneous*: Equipment for Camouflage; Bamboo poles standing and ridges of different sizes; Shovels; Dress materials; Blankets; Socks; Shirtings, Mosquito nets, etc.; materials for supply of Dropping Equipment.

Raw Materials for Pencil Industry.

The Chamber took up the question of supply of raw materials for pencil industry with the Union Ministry of Commerce and Industry.

Sri N. R. Srinivasan, Development Officer, Mineral Industries Directorate, New Delhi in his letter, dated January 20, 1962 addressed to Sri V. Emberumanar Chetty, Chamber's representative on the Import Advisory Council under copy to the Chamber stated as under:

I am addressing this letter to you as desired by Secretary, Ministry of Commerce and Industry with reference to your letter, dated December 4, 1961 addressed to Shri Naidu, Private Secretary to the Minister for Commerce and Industry regarding the foreign exchange allotted to the pencil industry in general and Madras Pencil Factory in particular.

The allocation of foreign exchange to the various factories is based on the previous allocation and adjustments are made from period to period depending upon firstly the overall allocation granted to the Chemicals Wing of Development Wing and secondly to the individual directorate. The foreign exchange allocation to our directorate for the current period is Rs. 280 lakhs which represents a cut of 10% over the proposed allocation and this allocation is made for the various industries looked after by this directorate, *viz.*, cement, asbestos cement, refractories, glass, ceramics, insulators, graphite crucibles, etc. We had no alternative but to apply a 10% cut to all the factories as a matter of principle. In the case of pencil industry we were also obliged to make an additional cut of 10% in accordance with the findings of a Committee appointed by Government of India which has prescribed cuts for various industries suggesting the restoration of the cut to be linked with an export performance of the Industry. I would like to assure you that these cuts are uniformly applied and there is no discrimination between factory to factory.

Actually, the cut in the case of pencil industry works out to 25% in the current period because of above factors as well as the additional factor, *viz.*, availability of indigenous wooden slats from Hindustan Housing Factory of Delhi and Nandan and Nandan, Ramgarh. You may also be aware of availability of indigenous pencil slips. Sometime back all the pencil factories were advised to obtain a part of their requirements from these sources particularly because the General Manager of the Hindusthan Housing Factory has assured us that they would be able to meet the requirements of this industry to the extent of 25% of the total requirements. The Development Officer, Mineral Industries Directorate is associated with the working of the Hindusthan Housing Factory in the Board of Directors and is closely watching the position.

It may not be out of place to mention here that for a production of about 9 lakh gross of pencils per annum valued at Rs. 90 lakhs a foreign exchange of about Rs. 45 lakhs, i.e., 50% of the total output is being spent on imported raw materials. It was in view of such high incidence of imported raw materials on the output that further capacity in the pencil industry is not being encouraged and also substitute materials are developed. In fact the analysis made some time ago reveal that it might be cheaper to import pencils of H.B. grade than to import raw materials for making them. While the intention is not to discourage manufacture of pencils, you will appreciate that where indigenous substitutes have been developed, the industry should willingly make use of those. The allocation of foreign exchange to the pencil industry has been progressively reduced during the past three periods but the production has not so far been affected and we feel that with the 25% cut now enforced the industry might be able to maintain the current level of production. I might add that 10% of the cut is restorable after the industry satisfies the export obligation.

I have written this rather detailed letter so that you may appreciate the difficulties in the correct perspective.

The Chamber addressed the Development Officer again on February 2, 1962 as under:

"I am in receipt of a copy of your letter cited above and noted the contents. Our Chamber has noted that the foreign exchange allocation to the Development Wing in the Mineral Industries Directorate has been fixed at Rs. 280 lakhs representing a cut of 10% over the proposed allocation and that this cut was distributed on cement, asbestos cement, refractories, glass, ceramics, insulators, graphite crucibles and other industries. You have stated that in the case of pencil industry you were obliged to make an additional cut of 10% in accordance with the findings of a Committee appointed by the Government. I do not know as to why the cut should be doubled in the case of the pencil industry which has also an important part to play in the Educational and Literacy Programme of the country. You have referred to a Committee and its findings in this regard. I shall feel glad if you can kindly give us some information about the composition of this Committee, when the Committee was constituted and its actual findings. I would also like to be enlightened as to whether the units in the pencil industry were invited to express their views before this Committee.

You have stated in the second para. of your letter that the cut is 20% but you have mentioned in the third para. that the cut actually worked out to 25% in the current period. I do not know the circumstances which compelled the Directorate to increase this cut by 5% over and above the findings of a Committee constituted by the Government. Our Chamber has been informed by the units engaged in the pencil industry that they have addressed the Hindustan

Housing Factory and other manufacturers mentioned in your letter regarding wooden slats through the Indian Pencil Manufacturers' Association, and that they have not been able to obtain any reply regarding supply of slats. As regards pencil slips the Chamber would like to submit that the units engaged in the manufacture of pencil slips and the units not manufacturing pencil slips should be categorized differently and the units not manufacturing slips should be required to obtain their requirements from the indigenous manufacturers while the other pencil factories who have been manufacturing slips for the past few years should be allowed to import their requirements of raw materials for manufacture of slips. The Chamber feels sure that this cannot be a difficult problem as you have yourself stated in your letter that the Hindustan Housing Factory can supply only 25% of the requirements of the indigenous pencil manufacturers. The number of pencil manufacuturers manufacturing slips is limited and as such the Chamber feels that the pencil manufacturers manufacturing slips should be allowed to obtain their raw materials for manufacture of slips while those pencil manufacturers not manufacturing their own slips may be linked with the other indigenous slip manufacturers.

As regards wooden slats the manufacturers complain that they have not been able to obtain any quality wood and they have not been assured of any regular supply and such being the case the Chamber feels that the manufacturers of pencils should not be put to hardship by referring them to the Hindustan Housing Factory and or other agencies. As you have mentioned in your letter cited that you are also associated with the working of the Hindustan Housing Factory, I shall feel glad if you can kindly ascertain whether the said Factory has serviced all the enquiries from the pencil manufacturers.

Kindly let us know the quantity, value and quality of slats produced by the Hindustan Housing Factory and supplied to different Pencil Manufacturers during the years 1960 and 1961.

This apart, certain pencil manufacturers have entered into collaboration arrangements with the foreign pencil manufacturers for producing quality pencils. These agreements or arrangements have the approval of your Department as also of the other Departments of the Government of India, which means that the Government agree to the proposition. This being the case, we feel that manufacturers who are engaged in the manufacture of quality pencils with foreign collaboration should be ensured of their raw material supplies to produce the material according to the prescribed standard and they should not be compelled to use inferior material or substitutes.

As regards your observations in the penultimate para. of your letter, I am glad to inform you that all the pencil manufacturers I contacted are anxious to make use of materials available indigenously, provided the quality is good. I feel that your Directorate should use its good offices in enabling the Hindustan Housing Factory and other agencies to manufacture quality products so that all the maunfacturers would willingly take their products.

As regards the maintenance of production in the past three or four years in spite of reduction in import quotas, oure Chamber is inclined to feel that the Industry has been able to manage the situation by careful using of the stocks available with them and also due to production of inferior varieties of pencils with available indigenous material. Probably, if an analysis is made of the production of quality pencils it would show that there has been a decline in production.

I have thought of mentioning these points to you with the hope that you will find your way to reconsider the matter and see that the pencil industry is enabled to meet its requirements of raw materials. Unless the industry is able to maintain its production, increase its output and quality there is no chance of the industry being able to promote exports. Probably there will be no meaning in offering incentives for exports while the industry is not facilitated to produce pencils of quality suitable for export.

I request you to kindly enlighten me on some of the points mentioned above at your early convenience and also grant licences to the pencil manufacturers for their full requirements of raw materials for manufacture of pencil slips and wood slats, on the basis of their consumption in the previous years and capacity."

Dr. S. P. Varma again wrote to Sri V. Emberumanar Chetty on March 23, 1962 under copy to the Chamber as under:

"I am to to invite your attention to the correspondence resting with your letter, dated 9th February 1962 to Mr. N. R. Srinivasan, regarding the allocation of foreign exchange to the Madras Pencil Factory for raw materials and spares during the current period. As explained by Mr. Srinivasan, the allocations of quota for impot of raw materials and spares are made on the basis of available foreign exchange with the Development Wing. It is regretted that there is no likelihood of enhancement of such quotas in the near future. However, we would be glad to discuss the matter with you whenever you happen to be in Delhi".

Manufacture of aromatic Chemicals and perfume Compounds

The Chamber addressed the Ministry of Commerce and Industry on September 10, 1962 as under:

Our Chamber had occasion to represent to the Development Wing and your Ministry about the need for safeguarding the interests of the smallscale perfume manufacturers while granting collaboration licences to bigger units. Our Chamber was assured that the interest of the smallscale manufacturers, would be taken care of, and that the small manufacturers will not be affected since the items the new units will be allowed to manufacture would only be those that are not being manufactured at present in the country. It is brought to our notice by many of our members who are connected with the manufacture of perfumes that they are experiencing hardship as a result of the bigger units, which are coming into the field. There are as many as six large scale units which are either branches of foreign firms or are working in collaboration with foreign manufacturers. Some of these industries, though originally started to manufacture aromatic chemicals, it is stated, are manufacturing perfume compounds. Almost all the smallscale manufacturers are engaged in the manufacture of perfume compounds. The indigenous manufacturers were moving very well till the foreign units began to market their perfume compounds. The indigenous small scale perfume industry, the Chamber is informed, is unable to stand the competition from the bigger units. While this is the position, the Chamber learns that another licence has been issued or is in the process of being issued for manufacture of perfume compounds with foreign collaboration.

In the interest of the smallscale perfume industry in the country we feel that this matter requires your immediate consideration. While there is adequate capacity available locally and the indigenous units are able to produce the different varieties of perfume compounds, the Chamber feels that no new units should be allowed to start production of perfume compounds with foreign collaboration. Even the existing units which are working in collaboration should not be allowed to take up the manufacture of perfume compounds and they should be asked to confine to the manufacture of aromatic chemicals only. The production capacity of the smallscale units is unlimited. Every unit is capable of expansion, and the production capacity is dependent on the availability of raw materials. If the smallscale units are given more licences for import of raw materials, they themselves would be in a position to meet the entire demand. While the encouragement for the small units would help not only to keep the large number of units spread all over the country to keep going and provide employment to a large number of people it would also help to prevent a drain of foreign exchange by way of remittance of profits to foreign countries, by companies working with foreign collaboration. The Chamber requests the Government of India to remove the perfume compound manufacturing industry from the list of industries eligible for foreign collaboration and grant of industrial licence since the indigenous capacity is adequate and sufficient know how is available within the country. If any collaboration or licence were to be sanctioned the Chamber requests that it should be confined to manufacture of aromatic chemicals only and not extended to the manufacture of perfume compounds. Again the Chamber requests the Government of India to help the small scale industries by allowing them to get technical know how by lump sum payment once and for all which is not of a recurring nature. This would go a long way in conserving foreign exchange and avoiding the drain by way of remittances of profits, and help the smallscale industry to develop on sound

lines. The Chamber hopes and trusts that this would receive the due consideration of the Government of India, the Industries Licensing Committee and the Development Wing.

Again on October 10, 1962 the Chamber invited attention to the above Communication and clarified that the technical know how facilities our Chamber had requested was in regard only to aromatic chemicals and not for manufacture of perfumed compounds.

Government Stores Purchase Programme

The Deputy Manager, Government Purchase Division, National Small Industries Corporation Ltd., New Delhi, in a communication stated as under:

"The Smallscale Units are requested in their own interest to inform the Purchase and also the Central Liaison Officer, the National Small Industries Corporation, 4/106, N.I. Building, Parliament Street, New Delhi, by letter wherever they participate or not in any D.G.S. & D. tender."

The information was circularised among the members.

Foreign Trade Seminar

Sri Jayantilal P. Sanghrajka, President, Sri Maddi Sudarsanam and Sri R. D. Trivedi were nominated by the Chamber to attend the Foreign Trade Seminar organised by the World Trade Department of Indian Chamber of Commerce Calcutta, as the delegates of the Chamber. The Seminar was held in Calcutta.

Second Southern Regional Productivity Conference

Sri S. C. Shah, attended the Second Southern Regional Productivity Conference held in Madras, on January 1 and 2, 1962 as the delegate of the Andhra Chamber.

Andhra Pradesh (Andhra Area) Board of Industries.

Sri Kalangi Rajagopal Chetty, Sulurpet, Nellore District, was elected as the Representative of the Andhra Chamber of Commerce on the Andhra Pradesh (Andhra Area) Board of Industries in June, 1962.

Industrial Relations Committee for Textile Industry in Andhra Pradesh.

The Government of Andhra Pradesh in the Department of Labour requested the Chamber to furnish a panel of names of persons for appointment as representatives of the employers on the Industrial RelationsCommittee for Textile Industry in Andhra Pradesh. The Executive Committee of the Chamber at their meeting held on July 3, 1962, nominated Sri M. Harischandra Prasad, M.L.A. Vice-President of the Chamber and Sri P. Suryanarayana, former President of the Chamber.

Hearings of Trade marks Applications at Hyderabad

At the request of a large number of Traders belonging to the State of Andhra Pradesh, the hearings were held in respect of applications for registration of Trade Marks from December 24 to 31, 1962 at the Office of the Andhra Chamber of Commerce, Secunderabad.

Businessmen are aware that the Trade and Merchandise Marks Act came into force from November 25, 1959. By this new Act the Zonal system came into force and the office of the Trade Marks Registry at Madras became the appropriate office for the State of Andhra Pradesh, Madras, Kerala, Mysore and Union Territories.

Symposium on Price Problem.

Sri Jayantilal P. Sankhrajka, President in a note to the Committee on October 5, 1962 observed:

" As all of your are aware my predecessor in Office, Sri S. Venkatarangam referred to the price problem in detail in his Presidential address at our annual general meeting held on September 26, 1962. He observed as under:

" The question of holding the price line is engaging the attention of the Government. While a rise in prices cannot be altogether eliminated in an expanding economy, the rise is taking place in such proportions that it bears no relation to the extra money now put into the hands of the individual. The average index of wholesale prices (with 1952-53 as the base, i.e., 100) which was 127.5 in 1960-61 came down to 122.9 in 1961-62. From April, 1962 onwards however there has again been an upward trend in prices and the average for July has exceeded 130. A study of the index of wholesale prices by groups reveals that the increase in noticeable is the case of food articles, industrial raw materials, fuel and power while the increase in the price of manufactured goods is only 2 points. It is therefore seen that the present increase in price is more due to increase in the price of food articles. If the high price level continues in spite of large import of foodgrains it only indicates that we are not making enough efforts to import or produce adequate quantities of rice. The Government at the Centre and the State should see that adequate supply of rice is made available under the various aid programmes. I am sure, if such a step is taken the price of rice would certainly come down. The other day the Minister for Food and Agriculture has stoutly defended the need for giving the producer an economic price and he is not in favour of any elaborate control

machinery. On the other hand, the Minister for Labour and Planning has said in very clear terms that the problem of prices can be tackled effectively only by elaborate control over distribution, licensing of dealers and by the creation of co-operative distributive organisations. Whatever the agencies created and regulatory measures introduced unless adequate rice is made available to meet the demand, the price of food articles cannot be brought down. After all, the principle of supply and demand cannot be negatived by paper controls.

I express the hope that the Government would not ignore the vital role played by the businessmen in the distributive trade. The private trader operates in a free and competitive market and he has built the distributive mechanism over years of experience. It is not wise to disturb the well-established channels of trade and experiment with the creation of new agencies whose utility or success is not quite certain, if not doubtful ".

We find that the business community is being accused of increasing the prices of various articles of daily necessity. Many responsible officials and Ministers of State and Union Governments have been pleading for the creation of co-operative distributive agencies. It is of utmost importance that we do something to bring home to the attention of the Government and the public the part played by the private trader in the distributive trade and the limitations under which he is operating.

A trader today, however small he may be, is governed by the following:

(*a*) Municipal licensing regarding storage and selling.

(*b*) Sales Tax registration, Central Sales Tax Registration, Submission of Returns, Maintenance of Stock and other Registers and sending and collection of declaration forms.

(*c*) Shops and Establishment Registration and Maintenance of Registers as also Records connected with National and Festival holidays.

In getting the imported goods required by him the trader is faced with import restrictions. As far as indigenous goods are concerned he has to depend on transport by rail or road. Transport by rail, though cheaper, is not always possible as bookings for wagons are not available as and when required while lorry transport has become costly because of heavy imposts on Motor Vechicles, Motor Spirit and Diesel Oil. Due to varying tax laws and levies in different States the prices of different articles vary from State to State. Due to short supply of many items the prices of certain articles tend to go up. In the case of articles subject to distribution control like cement, iron and steel, coal and coke the supply is not regular and adequate. As a result of increase in property tax by different Municipalities and the amendments to Rent Control Act the traders are obliged to pay increased rent for the business premises occupied by them. They have to pay more even for the electric power consumed by them because it is used for a commercial purpose.

While moving the goods by road in Cities there are traffic restrictions as to plying of lorries, handcarts and other vehicles during certain hours. Hence they are not in a position to move the goods during normal working hours. While the dealers are having limitations as to the number of working hours the Railway authorities are insisting that wagons should be cleared within six hours of the arrival of the wagon.

In the case of manufacturers, they face, in addition, labour laws and regulations, meet charges towards labour amenities like Provident Fund, Employees Insurance, Bonus, Gratuity, Canteen, Medical facility and the like. They have also to face difficulties in obtaining raw materials, coal and coke and power.

Whether a manufacturer or a dealer, a businessman is today faced with the problem of keeping himself posted with changes in the ever so many rules and regulations governing his activity, maintain innumerable records and registers and submit quite a good number of returns to different authorities. He has to employ a large number of people to attend to these things and to his business. He is subject to harassment in the hands of certain officials while certain others view him with suspicion. With all these limitations, the private trader is even today in a position to deliver the goods in an able and efficient manner than any other agency because of his ability and long and rich experience. We will have to impress all these factors upon the public and the Government and pursuade them to create conditions where prices would come down. Productivity should be stepped up in agriculture and industry, tax burdens should be reduced, procedural formalities and maintenance of records and registers should be reduced to the minimum.

I feel we should arrange a Symposium on the Price Problem to focus public attention on the various aspects.

All Associations and Chambers should be asked to participate in the Symposium irrespective of whether they are members of the Chamber or not. This apart, we should call upon businessmen to exhibit the prices of principal articles sold by them, procure and sell only quality goods and bring to the notice of responsible commercial bodies their difficulties in procuring and selling goods and also in bringing down prices."

The Committee decided to hold a Symposium some time in November 1962. However, in view of the emergency it was decided to drop the proposal for the time being.

COMPANY LAW

Company Law Administration—Discussion on

Sri D. L. Mazumdar, Secretary, Company Law Administration Department, Government of India, addressing the members of the Andhra Chamber of Commerce on January 31, 1962 stated that the Department had no active proposal under consideration for statutorily reducing the under-writing commission and brokerage to 3½% or to a lower level.

Sri Mazumdar in the course of his reply stated that the provision relating to penalties was only a tool to persuade the Companies to submit their returns promptly and quickly it was some sort of a coercive instrument not necessarily used always. The levy of penalties nine times the fee prescribed in the Schedule was not the normal rule and it was the maximum penalty leviable. Referring to prosecutions Sri Mazumdar stated that the Department took action for prosecution only as a lost resort. To avoid prosecution, provision had been made for penalties as the Department was not interested in taking the Companies and Companies' Directors to Court as it involved litigation, delay, expenditure and the like.

Sri Mazumdar stated that the Department would be bringing out a publication within a month's time indicating the various forms prescribed under the act explaining the reasons and objects behind those forms.

Sri Mazumdar said that the Department considered whatever service rendered by the Managing Agents attracted the provision of Section 360. The Department was giving permission for grant of loans by Managing Agents to the Managed Companies in all *bona fide* cases where the rate of interest charged was reasonable. Normally such permission was given within six weeks time and the Department was trying to reduce the same still further.

Pending any further clarification, Sri Mazumdar said that Managed Companies can pass a Special Resolution at a General Body Meeting for borrowing at whatever rate it is considered reasonable and the Government will approve of the same. Such a Special Resolution may cover the loan arrangement for the whole year. Sri Mazumdar stated that the Department had sanctioned in some cases some loan arrangements for three years at a time. The only object of the Department was to see that the Managed Companies were not saddled by unnecessary loans at unreasonable rate.

When extention of time was given for holding Annual Meeting it was not necessary for the Company to submit the accounts to cover the extended period also.

In the matter of declaring interim dividend Sri Mazumdar said that the Department favoured Companies declaring an interim dividend only after estimating the total depreciation for the year and making a *pro rata* provision for the period for which the dividend was declared. This would be good Company practice though the Law as it stood did not give any directive in this regard.

Sri S. Venkatarangam, President of the Chamber, welcoming Sri Mazumdar observed:

It is with very great pleasure that I now rise to welcome Sri Mazumdar this evening to our midst. While welcoming Sri Mazumdar on behalf of you all and on my own behalf I assure him of the wholehearted support, co-operation and assistance of the Andhra Chamber of Commerce in his endeavours to develop company management on sound and efficient lines. Sri Mazumdar who has always been very good to visit us at least once in a year—which visit we not only welcome and await with pleasure but we also want to be more frequent—has laid considerable emphasis on the need for greater understanding and co-operation between trade and commercial organisations and the Company Law Department. This apart, he has been mentioning very often that Company Law is not a punitive piece of legislation, that it is only intended to help the development of trade and industry through joint stock enterprises on sound and healthy lines and that the Department has as its primary object the prevention of abuses and malpractices and assistance to joint stock enterprises through persuasive and coercive methods. I am indeed very glad to say that the Department has been able to achieve these objectives in a large measure. The cooperation of the departmental officials, their desire to assist people connected with the joint stock enterprises and their keenness to give a fair treatment to all have helped in a very large measure. On this occasion I wish to make a particular mention of the co-operation the Chamber has been receiving from the Regional Director and the Registrar of Companies here and the officials attached to their offices and I thank them all.

Even though very many doubts and apprehensions were expressed at the time of the introduction of the original Act as well as the amendment, it is indeed a matter for gratification that such fears and doubts were belied and the joint stock enterprise has been making development on sound lines, under the able stewardship of Sri Mazumdar. I am sure you will all join me when I say that the Administration of Company Law is in the hands of a person who has made a very careful and exhaustive study of the problem of company management in different countries of the world, the peculiar problems of under-developed countries and developing countries like India. Let me hope that Sri Mazumdar would continue to be the guiding star of joint stock enterprise, in India for

many more years and that we would have the benefit of his knowledge and experience for long.

I do not wish to bother you, Sir, on this occasion with any details as we are in a position to obtain necessary information whenever required from your Regional Office and I would confine myself to one or two points.

Instructions are being issued to the Regional Directors and the Registrars from time to time and certain clarificatory circulars also are being issued by the Department for the information and guidance of the officers. I request copies of all such instructions and circulars may be made available to this Chamber as also to other leading Chambers of commerce in the country for the information and guidance of their constituents. Another point I would like to mention is regarding Section 370. While Section 370 of the Companies Act provides for making of a loan by the Managing Agency to any company under its management without the company having to undergo the formalities prescribed under that section, this advantage is being taken away due to an interpretation placed by the Department on Section 360 of the Act to the effect that a loan by the Managing Agency to its managed companies amounted to a supply or rendering of service to the managed company and that it would be necessary for the Managed Company to pass a special resolution and obtain the approval of the Central Government for the purpose of receiving loan from the Managing Agency. The Managing Agents have been extending financial assistance to the managed companies by usage and custom and this has been of considerable benefit in many cases. I feel that the ManagingAgents should be enabled to give loans for their managed Companies without the latter undergoing the formalities of special resolution and government approval. I request Sri Mazumdar to consider the feasibility of certain relaxation in this regard in enabling the joint stock companies in raising short term finance without any procedural delay.

A point of comparatively minor importance to which I wish to invite your attention is the collection of filing fees. This I feel should be revised and reduced having regard to the fact that filing fee is not a tax.

I learn that some of our member companies have experienced difficulty in obtaining extension of time for holding annual general meetings even though they have indicated their difficulties.

In the matter of levy of penalties for delay in filing particulars regarding directors the penalty, it is stated is in most cases nine times the fee leviable. I request that the Registrars may be asked to adopt a liberal attitude in this regard and that they may be given some discretion in such matters.

I am glad to note that the Company Law Administration Department has undertaken surveys in regard to underwriting of capital, incidence of selling and distribution cost, pattern of selling agency arrangements, cost of alternative methods of financing companies, pattern of executive salaries and the cost of management under different forms of management in India. This study, which will cover a period of five years and companies having over Rs. 50 lakhs paid up capital, I believe would provide useful data for formulating suitable policies for a proper development of joint stock enterprises in the country."

The Chamber earlier sought clarification on the following points:

The present ceiling under law allowed 5% underwriting commission and brokerage charges. In actual practice only 2½% underwriting and 1% brokerage is charged. The department seems to favour reduction of limit to the existing practice or even still further according to certain press reports. The department's position may be clarified.

When extension of time is given for holding annual meetings there is a view that accounts submitted to the General body should cover extended period also. The position may be clarified.

In the matter of declaring interim dividends the department it appears, is insisting that interim dividend should not be declared unless clear allocation is made for depreciation while some feel it would be enough if provisional allocation is made. The position may be clarified.

Sri Rasikal M. Mehta proposed a vote of thanks.

The Department of Company Law Administration, New Delhi in their letter No. 2-6-1962 P.R. dated March 31, 1962 gave the following reply to the points raised by the Chamber in its memorandum to Sri D.L. Mazumdar on January 31,1962.

1. COPIES OF INSTRUCTIONS AND CLARIFICATORY CIRCULARS ISSUED TO DEPARTMENTAL OFFICERS SHOULD BE MADE AVAILABLE TO CHAMBERS.

For obvious reasons, administrative instructions issued by the Department to its field officers cannot be made available to the Chamber. However, whenever important decisions are taken, procedures are laid down or clarifications of the provisions of the Companies Act are given, these are given due publicity by the issue of press notes, circular letters, etc.

2. SECION 370—LOANS BY MANAGING AGENTS TO MANAGED COMPANIES.

The supply of finance by managing agents and/or their associates to their managed companies falls within the scope of section 360(1)(*a*) of the Companies Act and, as such, approval of the Central Government is required therefor.

FILING FEES SHOULD BE REDUCED.

An increase in the filing fees became necessary primarily because of the increase in the cost of administering of the various provisions of the Act.

EXTENSION OF TIME FOR HOLDING ANNUAL GENERAL MEETINGS.

Extension of time for holding annual general meetings is granted by the Registrars for special reasons only and if the Registrars are satisfied that a company was not able to hold the annual general meeting in time due to reasons beyond its control. It will therefore be appreciated that it would not be possible for the Registrars of Companies to extend the time for holding annual general meetings in all cases only on the ground of delay in getting the accounts audited.

LEVY OF ADDITIONAL FEES UNDER SECTION 611(2).

Each case where additional fees are liable to be levied is considered on merits before the fees, if any, are assessed. In deserving cases, additional fees or reduced according to the circumstances of the case.

Company Law—Clarification on certain Provisions.

The Joint Secretary, Department of Company Law Administration, New Delhi in a communication addressed to the Chamber in March, 1962 indicated the present views of the Department on the above provisions of Sections 43A, 360 and 372 of the Companies Act, 1956. The Department made known its views on these sections to ensure a proper understanding of these sections and to facilitate compliance therewith. It may be added that the views contained in the note attached should be regarded as the present views of the Department and it should not be construed as authentic interpretation of the relevent sections of the Act which only a Court of Law can give. The Administrative implementation of these sections on the lines indicated in these notes is aimed primarily at achieving the basic objectives underlying these provisions without making it unduly difficult for the Companies concerned to comply with the procedural requirements of Law. The Chamber communicated the information on March 7, 1962 to the members of the Chamber.

The note in question read as under:

Section 43A of the Companies Act, 1956.

1. By virtue of the new section 43*A*, a number of private companies became public companies with effect from the 28th March, 1961. A company which was a private company before the enactment of section 43 A will, however, continue to remain so, if it fulfils immediately before the 28th March, 1961 either of the conditions laid down under sub-section (6) thereof.

2. All the provisions of the Act which are applicable to a public company will after the 28th March, 1961 generally apply to a company, which has become a public company by virtue of section 43*A*. However, the provisions of section 12(1) and 45 of the Act which require a public company to have at least seven members will not apply to a section 43A company. The articles of association of such a company may continue to contain a provision similar to that in section 3(1) (iii) which is applicable to private companies. Section 44 also is not applicable to a private company, when it becomes a public company by virtue of section 43A and consequently such a company will not be required to file with the Registrar a statement in lieu of prospectus under section 44(1) (*b*) of the Act. When it intends to raise subscriptions from the public, the company must comply with the requirements of Section 70.

3. In order to comply with the requirements of sections 174, 252, etc. it is necessary for a private company, which becomes a public company by virtue of Section 43A, to increase the number of its members and also its directors.

4. The provisions of sections 198, 269, 309, 310, 311, 387 and 388 etc. of the Companies Act, 1956, which govern inter alia the appointment and re-appointment and the payment of remuneration to managing and whole-time directors or managers apply to Section 43A Companies. The provisions of section 269(1) of the Act will not however apply to a person holding the office of managing or whole-time director or manager of such a company for a period not exceeding 5 years from the 28th March 1961, provided he was holding the office immediately before it became a public company; but the restrictions contained in sections 198, 309, 310, 311, etc., would automatically be applicable to such companies from the date they became public companies (i.e., 28th March, 1961). Some companies are under the impression that the amended provisions contained in sections 198 and 309 would not apply in cases where the terms of appointment were settled or approved before the Amendment Act was passed. This is not correct. It further appears that on the basis of the provisions contained in sub-section (8) of section 309 of the Act, some companies have taken the view that these sections are applicable to them only from the next financial year. Apparently, the words 'this Act' occuring in the said sub-section have been taken to refer to the Companies (Amendment) Act, 1960 which came into force on the 28th December, 1960. This is not correct and it is pointed out for the information of all concerned that section 309 with all its existing sub-secti ons has been in force since the 1st April, 1956, when the Companies Act, 1956 was promulgated. The Companies (Amendment) Act, 1960 has brought about certain changes in the existing sub-sections. The words 'that Act' occuring in sub-section 8 of section 309 therefore refer to the Companies Act, 1956, which came into force on the 1st April, 1956, and *not* to the Companies (Amendment) Act, 1960. The provisions of sections 309

and 198 of the Act would therefore be applicable to public companies of the type referred to above with effect from the 28th March, 1961. Since the restrictive provisions of the Act relating to payment of remuneration to managerial personnel did not apply to private companies the remuneration had, in most cases, been fixed by the companies without reference to the modes of payment authorised under the Act or the ceilings prescribed thereunder. It would, therefore be necessary for many of these companies to change the mode of payment of managerial remuneration and also seek the Central Government's approval wherever necessary under sections 309, 310 and 198 of the Act as the case may be. Some companies have already sought the Central Government's approval in this behalf. Other companies, which for some reason or other have not sought Government's approval so far should do so immediately in their own interest as otherwise they will be violating the law with its attendant consequences.

5. For purposes of calculating the total number of shareholders in terms of section 43A(6)(*b*)(iii), common shareholders of the private company and of the shareholding company should be countedseparately.

6. The word 'held" used in sub-section (1) and elsewhere in Section 43A does not mean "beneficially held" since companies are not permitted under section 153 of the Act to recognise trust or nominee holdings. Nominee holdings however are permissible to the extent they are provided for in sub-section (2) & (3) of section 49 and companies which seek exemption from the provisions of section 43(A) under sub-section (6) (*a*) thereof would be entitled to such exemption unless holdings by nominees of the parent company are resttricted to what is permitted to under Section 49 (2) & 49 (3). For this limited purpose, the Department has construed the word 'Company' appearing in these two sub-sections to include a 'Body Corporate'.

7. In respect of the various representations made to the Central Government to the effect that a large number of private companies which had technically become public companies on 28-3-1961 under the provisions of section 43A (1) could not, for one reason or the other, reorganise their shareholdings before 28-3-1961 so as to enable them to continue as private companies, Government has taken an administrative decision that no proceedings would be launched against such of those companies as were able to reorganise their shareholdings before 31-12-1961 at the latest. All those companies which were able to avail of this administrative concession would be deemed to have continued as private companies and no insistence will be placed on them by the Department to comply with the requirements of Sub-section (2) and (4) of section 43A. Where however for its own protection any such company applies for the approval of Central Government under section 43(A) (4), it should first fulfil the obligations imposed on it under section 43(A) (2) and then only seek Central Government's approval under sub-section (4).

8. Companies which have failed to reorganise their shareholdings by 31-12-1961 would be deemed to have become and continued as public limited companies on and from 28-3-1961 and would become liable to penal proceeding as prescribed in law for failure to comply with the provisions of sub-section (2) of section 43A as well as other provisions of the Act applicable to public limited companies.

SECTION 360 OF THE COMPANIES ACT, 1956.

Section 360 of the Companies Act, 1956, as amended, lays down *inter alia* that a contract between a company on the one hand and its managing agent or an associate of the managing agent on the other, for the supply or rendering of any service other than that of a managing agent has, in order to be valid against the company, to be approved by the company in general meeting by a special resolution and also by the Central Government either before the date of the contract or at any time within three months next after that date. These two requirements are to be complied with in regard to contracts for the supply or rendering of services both by the managing agent and/or associates to the managed company and also by the latter to the former.

2. Approval of the Central Government is required only in respect of contracts entered into on or after the 28th December 1960 (i.e., the date of commencement of the Companies (Amendment) Act, 1960) and which have been brought into force *on or after that date*. In other words, a contract entered into prior to the 28th December, 1960 in accordance with the provisions of section 360, as obtaining at that time, would continue to be valid against the company for the duration of that contract, but if a company chooses to vary any of the material terms at any time or to renew the said contract for a further period even if it be on the same terms and conditions as heretofore, such variation or renewal as the case may be will require the approval of the Central Government.

3. The expression "supply or rendering of any service other than that of a managing agent" used in sub-clause (*a*) of sub-section (1) of section 360 refers to the supply or rendering of any service which is not required to be rendered by the managing agent as managing agent to the managed company. Provision for a number of such services to be rendered by the managing agents to the managed companies is made in some of the managing agency agreements. Approval of any such managing agency agreement at the time of the appointment or reappointment of the managing agent by the Central Government does not necessarily imply that the Central Government has approved of the supply or rendering of such services under section 360 of the Act. The approval contemplated under section 360 should be obtained separately at the appropriate time. The expression referred to at the beginning of this paragraph should be given a very wide interpretation and in case of doubt as to the applicabiltiy of section 360 to a particular contract, it would be in accord with sound company practice if approval of the Central Government is sought to such a contract. In this connection, this Department would like to clarify that any contract for lease or renting of property, would require Government's approval under section 360, unless it be a case of long-term lease such as lease of land for 99 years. It is also clarified that a contract for the giving of loans by managing agents or their associates to a managed company does like-wise fall within the scope of section 360 of the Act and requires Central Government's approval.

4. It will be noticed that the Central Government's approval under section 360 has to be obtained either before the date of the contract or at any time within three months next after that date. It should be pointed out here that the contracts envisaged in the section can become effective only on or after the date of the respective contracts and not from a date prior to the date of the contract For example, if a contract is executed on 1st January, 1962, it can be brought into force on or after that date. But it would not be in conformity with law if it were to be made effective from a date earlier than 1st January, 1962. In the example cited, the Central Government's approval must be obtained either before the 1st January, 1962, or at any time before the 31st March, 1962. Even if the said contract were to become effective, say, on 1st February, 1962, the approval of the Central Government must be obtained before the 31st March, 1962, if it had been executed on 1st January, 1962. As the Central Government has power to waive the aforesaid requirement of law, it is essential that companies must submit their applications for approval of Government well before the due date, so as to enable Government to accord approval within the period of three months prescribed in section 360, reckoned, in the manner indicated above.

5. Some companies have, however, been submitting their applications to the Central Government towards the end of the period of three months from the date of the respective contracts and sometimes even after the expiry of the said period of three months. Since the requirement of obtaining Central Government's approval was newly introduced in December 1960, this Department has considered those applications on merits and accorded approval to the contracts after the companies agreed to change the dates of such contracts suitably. Since the provisjons of the amended section should have become quite familiar to all companies by now, it has been decided that any application for approval received too late by the Central Government will in future be rejected as timebarred. It would, therefore, be in the interest of the companies concerned to make their applications to this Department either before the date of the contract or immediately after the date on which it is entered into.

6. Every application for approval to the contracts for supply or rendering of services under section 360 must be made in the revised Form No. 34-A, prescribed by the companies (Central Government's) General Rules and Forms (4th amendment) Rules, 1961, as notified in the Gazette of India, Part II, Section 3, Sub-section (i) dated the 25th November, 1961, along with the appropriate treasury chalan in original in token of the payment of the fee prescribed by the Companies (Fees on Applications) Rules, 1961. In addition to the particulars to be given in the prescribed form, every application should be accompanied by a copy of the special resolution by which the contract was approved by company in general meeting and also a copy of the explanatory statement circulated to its members for purposes of the special resolution, together with a copy of the existing contract for similar services, where such a contract exists, and a copy of the proposed or new contract. As some companies seem to be under a misapprehension that notices of their intention to seek Government's approval of such contracts are to be published in newspapers, it is hereby clarified for the information of all concerned that the publication of such notices is not required while making applications for approval under section 360. It is also not necessary to forward more than one copy of the application and of the accompanying documents.

7. It would facilitate expeditious disposal of such applications if the applicant company gives full details of the nature of the services contemplated under the contract including, in particular, the basis on which the charges payable for the services have been fixed, so as to enable a layman to appreciate the full implications of the proposal. Where an application relates to more than one contract, it will help quicker disposal if the details of the nature of services and the charges payable therefor are given separately for each service in the form of annexures to the application. The reason why the managing agent or the associate is considered to be the more suitable person for the supply or rendering of the relevant services must invariably be given. If an attempt was made to secure better terms by public advertisement or otherwise, details of attempts made and the terms secured should be given to justify the proposal made. Any special advantage in having the services from the managing agent or his associate should, where such an advantage exists, be indicated.

8. In the case of a contract for employment of an associate of the managing agent, the age, general and technical qualifications, experience, basis of selection, the basis on which the scale offered to the employee was fixed, exact relationship with the managing agents, etc., nature and estimated value of perquisites, grades offered for other comparable posts and to people with similar qualifications in the company and reasons for departure, if any, in the particular case should invariably be given. It should also be indicated whether any attempt was made to select the best person by a public advertisement or otherwise and the results thereof.

In case the proposals involve a premature or *ad hoc* granting of increments to or the revision of the pay scales of an associate, the basis on which the increment or revision is proposed must be given with the application form. It should also be stated whether similar treatment was given to other employees generally or employees in the same category as the associate.

9. It has been brought to the notice of the Department that some companies are of the view that the approval of Government would not be required for the employment of associates of their managing agents if the remuneration payable to each such associate were Rs. 5,000 per annum or less. In the opinion of the Central Government, this view is not correct as no contract for the rendering of services as an employee by an associate of the managing agent to the managed company qualified for exemption under sub-section (4) of section 360 as the condition specified in that sub-section would not be satisfied. The companies concerned would therefore be well-advised to obtain Government's approval to contracts of the nature mentioned above, irrespective of the quantum of remuneration payable to the associates. With a view however, to simplifying the procedure for obtaining approval in such cases, it has been decided by Government that where the remuneration (including the monetary value of the perquisites, if any) payable by a comapny to its employee, who is an associate of its managing agent, is less than Rs. 6,000 per annum, it would not be necessary for the company while seeking Government's approval to fill in items 7 and 9 to 14 of the application form No. 34A. Information as required by item Nos. 1 to 6 and 8 of the said application form should, however, be furnished along with a copy of the requisite special resolution and the relevant explanatory statement circulated to the members. Additional information whether the proposed employee is or is not drawing any remuneration from the company in any other capacity or from other companies, etc., in any capacity and whether the employee will give whole time to the company should however be furnished in such cases.

10. In the course of examination of the applications under section 360, it has been observed that the material terms of the contracts for which approval was sought have not been set out in the special resolutuions passed by some companies, though clause (*a*) of sub-section (2) of section 360 makes it obligatory on the party concerned to set out such material terms in the special resolution. It is therefore essential that the companies concerned must fully comply with the provisions of section 360 (2) (*a*).

11. The guiding principle for considering these application is that the managing agent or the associate should not get more than what he would get

for the same or similar services in the market if such services are supplied or rendered to any other company or person and that the companies should get the best services either from the employees or from managing agents or their associates for the payment they are required to make.

SECTION 372 OF THE COMPANIES ACT, 1956.

13. Section 372 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960, seeks to regulate investments by a company in other bodies corporate, whether in the same group or outside the same group as the investing company, beyond certain prescribed limits. The provisions of this section are, however, not applicable to a private company which is not a subsidiary of a public company.

14. The amended section 372 provides that the Board of Directors of a company shall be entitled to invest in any shares or debentures of another body corporate upto 10% of the subscribed capital of the latter, provided

(i) The aggregate of such investments made in all other bodies corporate shall not exceed 30% of the subscribed capital of the investing company; and

(ii) the aggregate of such investments made in all other bodies corporate in the same group as the investing company shall not exceed 20% of the subscribed capital of the investing company.

In computing, at any time, the percentages specified above, the aggregate of all the investments made by the investing company in other body or bodies corporate, whether before or after the commencement of the Amendment Act upto that time, is required to be taken into account.

The limit of 30% is not, however, applicable to an investment company i.e., a company whose whole or substantially the whole business is the acquisition of shares, stock, debentures or other securities. The prescribed limit are not also applicable to investments in "rights" shares offered in terms of clause (*a*) of sub-section (1) of section 81 of the Act, provided that when, at any time, the investing company intends to make any investments in share other than 'rights' shares, then in computing, at that time, any of the aforesaid percentage limits, the existing investments, if any, made in 'rights' shares upto that time are required to be included in the aggregate of the investments of the company. The restrictions imposed by the section in investments in companies outside the same group do not, however, apply to investments in debentures of companies outside the same group as the investing company.

15. The following clarifications are given for the information and guidance of all concerned :—

(i) Previous approval of the company in general meeting and of the Central Government is required to be obtained before a company invests in the shares of another body corporate in excess of the limits prescribed in the section. As the Central Government will not accord *ex-post facto* approval to any investment attracting section 372 (4), any such investment made without the prior approval of Government would attract the penal provisions of section 374.

(ii) If a company proposes to make investments in the shares of another company which will have the effect of making the latter company its subsidiary after such investment, the Central Government's prior approval will be required in terms of section 372 (4). Only such investments as are made *by a holding company in its subsidiary* after it became a holding company are saved by the provisions of clause (*d*) of sub-section (14) of section 372.

(iii) In claculating the aggregate of the investments made in all other bodies corporate, for the purpose of computing the percentages specified in sub-section (2) and the provisos thereto, the investments made by a company in its subsidairy or subsidiaries must also be taken into account.

(iv) For purposes of calculating the prescribed limit of 20% or 30% of the subscribed capital of the investing company, the actual cost of the investments (and not the nominal value of the shares to be purchased or subscribed) is to be taken into account; the limit of 10% of the subscribed capital of the "investee" company is, however, to be computed on the basis of the full nominal value of the shares of that company proposed to be purchased or subscribed.

(v) In view of the specific provisions contained in sub-section (5) of section 372, the power of the Board of directors to invest the funds of a company in the shares of another body corporate in pursuance of sub-section (2) of the said section cannot be delegated to any Committee of Directors, the Managing Director, the Managing Agents, Secretaries and Treasurers, the Manager or any other person specified in the first proviso to section 292 (1).

(vi) As the provisions of the amended section have not retrospective effect, the investments made by a company prior to 28th December, 1960, in accordance with the provisions of the Act obatining at that time, would not require the approval of the Central Government under section 373 of the Act even if the percentage limits prescribed in section 372 (2) had been exceeded. Nor would a company be required to dispose of any of the said investments so as to conform to the said percentage limits. Such investments will, however, have to be taken into account for purposes of computing the aggregate of the investments as provided in sub-section (3) of section 372.

(vii) When a private company is converted into a public company or becomes a public company by virtue of the provisjons of section 43A, the investments made by it prior to the date of its becoming a public company would not be hit by the provision of either section 372 (4) or section 373, and it would not therefore, be necessary for that company to dispose of any of the said investments so as to bring them down to the percentage limits prescribed in section 372 (2). Such investments will, however, have to be taken into account for purposes of computing the aggregate of the investments as provided in section 372 (3).

(viii) As companies dealing, in shares, stocks, debentures and other securities have not been exempted from the operation of section 372, investments which are held by such companies as part of stock-in-trade will be hit by the restrictive provisions of section 372. The limit of 30% applies to all investments by a company in the share of any other body corporate, irrespective of whether such shares are held for short or long periods or as long-term investment or for sale or purchase. Investment companies, however, will not be subject to the 30% limit in view of the provisions of sub-section (13) of the said section.

(ix) A company seeking Government's approval under section 372 (4) must specify in its application the name or names of the company or companies whose shares debentures are proposed to be purchased or subscribed. In other words, this Department would not entertain applications for 'blanket' approval of investments' in such companies as the Board of the investing company may decide from time to time, without specifying either their names or the particulars of the proposed investments.

16. All the applications for Government's approval under section 372 (4) are required to be made in Form 34 B prescribed by the Companies (Central Government's) General Rules & Forms (Amendment) Rules, 1961, accompanied by the treasury challan in token of payment of the appropriate fee prescribed by the Companies (Fees on Applications) Rules, 1961. In considering the

applications received under this section, the following guiding principles have been formulated by the Department :—

(*a*) Although industrial and trading companies are not investment corporations and it is not their primary business to give financial accommodation to, or make investments in the shares and debentures of other companies, they may be allowed to make trade investments in other companies, viz., investments which are likely to create conditions conducive to the interest of the investing company, as well as to the other companies' more economic working and betterment of production. An example in point would be an investment by a sugar company in a company which produces sugar-cane with a view to supplying the sugar-cane to the sugar company ;

(*b*) a company may be allowed to make the investments only if it has adequate liquid resources for making the investments and if the depletion of the working capital which would result from the blocking up of the funds of the company in the form of investments would not adversely affect the company's own working ;

(*c*) a company that has resorted to borrowing for its own requirements or intends to finance its investment by borrowing, should not be permitted to make the investments, except in the case of trade-investments if the terms of borrowing are commensurate with the return expected both directly in terms of dividend and indirectly through creation of conditions conducive to the intererests of the investing company;

(*d*) Inter-company investments should not be permitted where there is a reasonable suspicion that they are prompted by a desire to gain control over the management of companies or are for speculative or for other *mala fide* purposes. Where, however, the proposed investment would make the other company a subsidiary of the investing company, the investment may be permitted provided that there is a reasonable functional relationship between the proposed subsidiary and its holding company or between it and the other subsidiaries of the holding company ; and

(*e*) whether having regard to the considerations set out below, the proposed investment may be regarded as sound :—

(i) the company in which the investment is proposed to be made should be in a sound financial position and, in particular, the depreciation provisions made should be adequate ;

(ii) the financial structure of the company in which the investment is proposed to be made, after taking into account the proposed investment, should be a balanced one as otherwise idle capital or heavy interest charges would act as an economic drag in the working of the company ;

(iii) the company in which investment is proposed should have earned profits and declared dividends in the past or should at least clearly be capable of making profits and declaring dividends within a reasonable period of time ;

(iv) the purchase price should be reasonable and neither too high nor too low, taking into account the net worth, prevailing market prices and future expectations of profitability ;

(v) the proposed investment should provide an expected return on capital at least equal to the return on giltedged securities ; and

(vi) except in the case of trade investments, the shares or debentures proposed to be acquired should preferably be readily marketable.

It should, however, be made clear that the above principles are only illustrative and not exhaustive and that each application is considered and disposed of by Government on its own merits and in the light of the facts and circumstances of each case.

Company Law Advisory Cell.

The Registrar of Companies, Madras in a communication to the Chamber on October 18, 1962 stated as under :

" The Chamber of Commerce or the Trade Association is the organisation through which, its constitutents, particularly companies, get from time to time all possible help, guidance, advice, etc., in matters affecting them. It is only proper that in the matter of understanding and compliance of the provisions of the Companies Act, 1956 and the rules framed thereunder, which by their nature are rather complicated, the Companies get the necessary advioe and guidance from the Chamber or Association to which they are affiliated. The Government of India therefore feel that, for this purpose, active steps should be taken to develop advisory cells under the auspices of Chambers. These cells are to function by advising companies—particularly smaller ones—on matters of intrepretation of the provisions and the application of the Companies Act, 1956. I request you kindly to take necessary steps as early as possible to set up such an advisory cell under your auspices for the purpose mentioned above. I may make it clear in this connection that the advisory cell you may set up would be free to draw on the experience and advise of the Registrar and other officers of the Company Law Administration and that the Registrar would be prepared to give such assistance as you may require from him in this regard.

The Executive Committee of the Chamber agreed in principle that the Chamber should set up an Advisory Cell to tender advice on matters relating to Company Law. The Chamber sought the co-operation and assistance of the Regional Director, Company Law Administration and the Registrar of Companies.

Company Law Study Circle.

The Regional Director, Company Law Administration in a communication addressed to the Chamber on November 21, 1962 stated as under :

" The Department of Company Law Administration has suggested encouraging the information of a ' Study Circle ' at the Head Quarters of the Regional Directorate. The suggestion is made with a view to enabling persons interested to discuss the various problems emanating from Company Law and other Taxation Law. People belonging to the professions of Accountancy, Law and those in trade and industry are faced with several legal problems connected with their professions and having a bearing on these laws. Beissed, periodical discussions by these interested persons will also result in practical and useful suggestions being made which could be got examined and utilised if found feasible. It is to meet the need, viz. in other words to provide a forum for discussions that the formation of a study circle is envisaged. Such a study circle could meet once a month or at a shorter or longer interval as may be decided. At each such meeting a particular subject matter could be taken up for detailed discussion after a member initiates the discussion. Topics may relate to Company Law or other Taxation Laws.

The Study Circle may comprise of representatives of the various institutions concerned directly or indirectly with trade, industry and professions of accountancy and law and also of a few individuals who could be expected to take interest in such matters While thus, it has to be an organisation sponsored by private institutions, the Department will no doubt be willing to assist in the formation of the Study Circle.

If the idea of the Study Circle and the need for forming it are agreed to the other details of membership, how the business should be conducted etc. can be worked out in due course. To begin with I shall be grateful if you could kindly let me know your reactions to this suggestion and whether you will be willing to be represented in the Study Circle "

The Chamber favoured the idea and offered its co-operation towards the early formation and successful working of the Study Circle. The Chamber also decided to nominate a person to represent it on the proposed Study Circle.

FINANCE & TAXATION

Finance for Industries

Sri K. P. Mathrani, Chairman, Industrial Finance Corporation addressed the members of the Andhra Chamber of Commerce on January 30,1962 observed that it was the policy of the Industrial Finance Corporation as also the directive of the Government that the Corporation should as far as possible assist industries in less developed areas and help towards correcting the regional imbalance. Sri Mathrani observed that the Corporation had sanctioned substantial loans for many industries in South India in the past one or two years.

Sri Mathrani said that all the money earned by the Corporation by way of interest went to build up the reserve of the Corporatson and towards the pay-ment of decent dividend to the shareholders. By increasing the reserve of the I.F.C. it would be able to increase its borrowing powers as it was limited to ten times its reserves. He also mentioned that the rate of interest charged by the I.F.C. which was 6½% was lower than the rate of interest for commercial loans extended by banks which is normally 7 to 7½%. He also stated that the rate of interest charged by the I.F.C. was lowest in the world.

As regards the legal fee and application fee Sri Mathrani said recently the Corporation had fixed the minimum of Rs. 2,500 and maximum of Rs. 7,500 towards the legal charges. If the Corporation found adequate surplus in legal expenditure, he said, the Corporation would certainly consider the question of reducing the legal charges even though it would not be possible to do so at this stage.

As règards procedural delays Sri Mathrani said that normally applications were sanctioned within a period of three or four months. There was of course delay in respect of a few applications and this, he stated, was more due to the fact that certain formalities have not been completed by the applicants.

As regards co-ordination between the different agencies Sri Mathrani said that such co-ordination was ensured by the nominees of the I.F.C. on the Board of Directors of the other financing agencies and he also said that a beginning has been made to ensure more co-ordination by convening a meeting of the different financing agencies. He hoped that the I.F.C. would be able to finance some of the bigger projects by underwriting capital issues.

Sri Mathrani referring to the suggestion of the Chamber that the I.F.C. should work as a Refinance Agency stated that the suggestion was a novel one which deserved consideration. Under the present law the S.F.Cs. have their

own powers to borrow and the law was likely to be amended to enable them to borrow from Government also. He expressed the view that the State Corpora-tions might be able to mop up more resources by raising loans independently.

Referring to the loans sanctioned by the Corporation to the Co-operative Sector Sri Mathrani said that the Corporation accorded high priority to that Sector of Economy in view of its "Special Position in Government Policy". He said that the Private Sector need not have any apprehension about the I.F.C. giving any preference to Co-operative Sector. For, the Corporation was an investing agency and was interested in financing any sound proposition coming from any Sector.

Answering a query Sri Mathrani said that the Industrial Finance Corporation of India was advancing loans to industries started in the former French Possessions also and in fact the Corporation had sanctioned a loan recently for an industry at Mahe.

Sri S. Venkatarangam, President of the Chamber welcoming Sri Mathrani and the other Directors of the Corporation observed:

I have very great pleasure in extending a hearty welcome to Mr. Mathrani the Chairman of the Industrial Finance Corporation, his colleagues on the Board of Directors and the Officials of the I.F.C. to our Chamber this evening. Thought Mr. Mathrani is visiting our Chamber for the first time, his predecessor, Mr. Mr. K. R. K. Menon and his colleagues have visited our Chamber on more than one occasion.

Ever since Mr. Mathrani has assumed the office of the Chairman of the I.F.C., he has been visiting different centres having discussion with Chambers of Commerce and Manufacturers Organisations. It is gratifying to note that he has not only dispelled the doubts of the industrialists in certain matters, but has also promised to speed up the prrcessing of D.L.F. loans and expedite the disposal of applications.

The balance sheet as at 31st June, 1961 indicates the soundness of the I.F.C., and the able manner in which its affairs are administered. The Corpora-tion has not availed the borrowing facilities extended by the Reserve Bank and has also not issued any fresh bonds during that year. The Corporation has been able to meet all its commitments from repayments received from borrower concerns and P.L. 480 Funds.

When the Corporation is earning sizeable profits and is able to meet all loans from available resources and repayments without borrowing further, I believe the I.F.C. should be in a position to lend money at a lower rate of interest. Such a procedure would be of help to the borrowers as it would reduce their cost.

The Corporation has advanced over Rs. 105.8 crores ever since its inception towards the development of industries and during 1960-61 alone it has sanctioned loan to the tune of Rs. 21.2 crores. I have every confidence that the Corporation would be able to play an increasingly useful role by lowering the rate of interest charged.

The I.F.C. has advanced loans to about 40 cooperative sector units to the tune of Rs. 23 crores which works to 22.4% of the total loans approved by the Corporation. In as much as the Report suggests that this is indicative of the high priority accorded by the Corporation to this sector of the economy, I would like the Chairman and the Directors to bear in mind the need for assisting the private sector in the process of industrial development at an accelerated pace. Besides the Cooperative Units have other sources to finance their projects.

The I.F.C. has acquired powers by virtue of certain amendments to the I.F.C. Act passed in December 1960 to subscribe to the shares and stocks of industrial concerns and to convert at its option its loans or debentures into stocks and shares of that concern. Even though doubts were expressed at certain quarters and certain industrialists apprehended that I.F.C. would gain control over the management of companies in this process, I am glad the experience in the past one year has belied such doubts and apprehensions. Not only this Mr. Mathrani has recently given a categorical assurance that the I.F.C. was determined to use the powers wisely and sparingly and that it would not exercise control over the management of industrial units.

I learn that the processing of applications takes a long time mainly due to procedural delays. While I admit that delays can in many cases be largely due to the applicats not furnishing all the required information, I request that efforts may be made to reduce the delays. I am glad to say that our members have been receiving the best of co-operation from your Regional Office.

There appears to be an impression that legal and other charges levied by the I.F.C. can be reduced to the advantage of the applicants, even though the charges so collected may not be considered very heavy. Hereagain,I feel the Chairman should find out the feasibility of some reduction to create a psychological satisfaction to the borrowers.

Our Chamber had stressed on the Chairman and Directors of the I.F.C. on the occasion of their earlier visits, the need for the I.F.C. to play a dynamic role in correcting the regional imbalance in industrial development and adopting a positive policy of according priority to less industrially developed areas. I am glad that the I.F.C. has in recent years lent sizeable funds to industries in this part of the country. Now that we have the I.F.C., State Finance Corporations, L.I.C., the I.C.I.C.I. (Industrial Credit and Investment Corporation of India) and other agencies, besides the banks which finance with the assistance of

Re-finance Corporation I feel certain amount of co-ordination should be ensured. If an applicant makes an application to the I.F.C. for a loan indicating the extent of loan he desires from different agencies, the I.F.C. should service the application in co-ordination with other agencies. Such a procedure apart from ensuring perfect co-ordination among different agencies extending financial assistance for industrial development, would save the applicant from approaching different agencies, filling up a variety of forms and corresponding with a number of agencies. The beginning made by the I.F.C. in this direction by convening a conference of representatives of different financial institutions, I hope would be pursued vigorously and co-ordination between the different agencies would be ensured and maintained.

The State Finance Corporations which are closely linked with the I.F.C. have to raise loans whenever their needs increase. I feel the I.F.C. can act as a Refinance Agency, just as the Refinance Corporation and assist the various State Finance Corporations and the Development Corporations. If such facilities are provided by the I.F.C. it would augment the resources of the S.F.Cs and also obviate the necessity of each Corporation going to the market for raising loans.

I thank you Mr. Mathrani and your colleagues for visiting our Chamber this evening and for giving us an opportunity of meeting you.

Sri J. V. Somayajulu, former President of the Chamber, proposed a vote of thanks.

Central Excise—Discussion with Sri B. N. Bannerji on problems connected with :

The Central Board of Revenue and the Officials of the Central Excise Department, as a matter of policy, were interested in safeguarding the interests of the honest manufacturers and all the rules and regulations framed by the Department were intended to serve this purpose, observed Sri B. N. Bannerji, Member, Central Board of Revenue, addressing the Members of the Andhra Chamber of Commerce on February 15, 1962. Sri Bannerji referring to the rapid progress made by the Department in the matter of collectjon of revenues and the revision of rules and regulations to suit the changing economic pattern of the country, said he believed that simplification of procedures and policies was of fundamental importance and with the experience gained and as a result of the recommendations of the Central Excise Reorganisation Committee it should be possible to simplify the entire system.

As regards the merger of sales tax with Excise Duty which was referred to earlier by Sri S. Venkatarangam, the President of the Chamber, Sri Bannerji said that it was essentially a consititutional privilege of the States who had naturally their own views in the matter.

Sri Bannerji said that the Central Excise revenues which were of the order of Rs. 70 to Rs. 80 crores in 1951-52 had risen to Rs. 145 crores in 1955-56. The Budget estimate for this year was Rs. 432 crores whereas the actual collection has been in the region of Rs. 462 crores. As regards the personnel there has not been any appreciable increase, the figure remaining more or less around 30,000 for the past 10 years.

Referring to the suggestion of the Chamber that the information on the changes in rules and regulations should be made available to all the manufacturers and the licensees covered by the Central Excise, Sri Bannerji said that it was not practicable to circulate all the circulars to all the licensees. However, he assured that Chambers of Commerce and Trade Associations would be furnished with copies. He said that arrangements were being made to revise the Central Excise manual and bring it upto date at least once in two years. He said arrangements were also being made to bring out a Hand Book of fundamental procedures regarding manufactured excise products in different regional languages.

In the matter of compounded levy from the vegetable oil industry, Sri Bannerji said that the Department desired tha: the benefit of the compounded levy should go to the real small manufacturer. The production of oil by village ghanies accounted for 25% to 30% of the entire oil production in the country and this was duty free ; then came the smaller units (Rotaries) and then the bigger units. The Department had thought of a via media policy of helping the village industry and the small industry and the major units also to a certain extent. The Department was not in a position to extend this compounded levy scheme any further. But he conceded to go into the question of relief to the marginal unit which were experiencing any hardship.

The Chamber pointed out that toilet manufacturers in Northern India were charging excise duty on toilet powder alone, invoicing the containers and cartons separately while the manufacturers in South India were asked to pay the duty on the toilet, inclusive of the container and the carton. This was resulting in the levy of a higher excise duty on the units in South India. It was also stated that the trade in toilet powders was being diverted to other States as a result of this. Sri Bannerji said that the Central Board of Revenue was examining this question and hoped to evolve a proper formula soon.

Sri S. Venkatarangam, President of the Chamber earlier welcoming Sri Bannerji observed:

"I have very great pleasure in extending a hearty welcome to Sri Bannerji, Member, Central Board of Revenue in charge of Central Excise to our Chamber

this evening. Sri Bannerji is no stranger to the Members of our Chamber. He has visited our Chamber on many occasions and we have found his visit very useful in understanding the viewpoint of the Department and also in getting many of our doubts clarified.

The businessmen have been agitating for the merger of Sales Tax with Excise Duty in respect of as large a number of items as possible with a view to avoid much of the hardship experienced by them in the matter of collection of tax and maintenance of accounts. I know these are all matters of policy involving the State and the Centre. I hope that some workable arrangement would be evolved soon and that Sales Tax would be replaced by excise levy in the case of as many items as possible. The Central Excise Reorganisation Committee set up by the Government of India is going into the question of simplification of rules and procedures and the need for any change in the organisational set up. I hope we can see an alround improvement in the near future in the matter of Central Excise a a result of the recommendations of this Committee.

The Memorandum of Points for discussion is now before you and I do not want to read it over again. I request Sri Bannerji to give us his valued opinion and views on the points raised.

I thank him on your behalf and on my own behalf for visiting our Chamber this evening and for having given us this opportunity of meeting him.

Sri Rasiklal M. Mehta, proposed a vote of thanks.

The following Memorandum of points was placed before Sri B. N. Bannerji for discussion :

1. Information regarding change in Rules etc.

Whenever any change in rules, procedure, levy and the like is introduced, most of the manufacturers covered by Central Excise are unaware of the details at least for a few days. The Chamber feels that every licensee covered by the Central Excise duty should be furnished with a copy of such rules, notifications or changes in the levy immediately after the announcement. The Chambers of Commerce and Trade Associations also should be kept informed of all such changes well in time.

2. Sugar bags—Noting of Serial Numbers.

According to the procedure prescribed by the Department the Serial Number of the bags should be noted on AR 1 application forms at the time of clearance. Since the whole production is accounted for by serially numbering all the bags and the bags are kept in bonded godowns under Central Excise supervision, the Chamber feels that this procedure can be dropped as it results in waste of time and labour.

N WASHING SOAPS.

All varieties of washing soaps, irrespective of shape, size and quality should be considered as washing soap and they should be subjected to uniform rate of duty.

4. TEST REPORTS REGARDING SOAPS CONTAINING SODIUM PALMITATE.

It is stated that a fee of Rs. 40 is charged per test and that there is considerable delay in obtaining test reports. The Chamber suggests that the test fee may be brought down to Rs. 10. The test reports may also be made available within 6 or 7 days.

5. EXCISE DUTY ON TOILET POWDER.

The Chamber learns that in the Madras area manufacturers are asked to pay excise duty on the value of the toilet powder, containers as well as the puff which is sold along with the powder while in the States like Maharashtra, the manufacturers calculate the duty only on the actual weight of the powder, leaving the cost of container and other materials.

The Chamber believes that the practice adopted in States like Maharashtra should be adopted in Madras also. The Chamber requests that instructions may be issued for collection of excise duty on toilet powders in Madras on the actual weight of the powder only.

6. COMPOUNDED LEVY IN VEGETABLE OIL INDUSTRY.

The compounded levy slab which is now in force in the vegetable oil industry needs revision as the present rate has no bearing on the production capacity of the machinery installed in different factories. The present policy has encouraged the growth of small crushing units (Rotaries) while bigger units have been forced to close down. If the scheme is extended and the rate is fixed having regard to the capacity of the crushing machinery it would go a long way towards development of the industry.

Compounded levy should be fixed on the basis of the working capacity of each unit. The per shift rate should be fixed on the basis of what each unit can produce during that particular period of working. For fixing the rates for the various types of expellers the cubical capacity of their Chamber should be ascertained and the rates should be fixed on a pro-rata basis. Expellers having double Chambers (Not more than 45 inches in length and 12 inches in inner diameter should be included in the scheme.

The present rate schedule has not been fixed correctly. A unit containing two rotaries is enjoying the maximum benefit. A unit containing twelve rotaries which are equal to two standard expellers is definitely in an advantageous position than the unit having one expeller. The capacity of a standard expeller of chamber length 33 inches and Chamber diameter 7 inches may be reckoned to be about 5 tons of groundnut kernel per day of 24 hours of working or two tons of groundnut oil production per day. The production capacity of other types of smaller expellers can be ascertained on the basis of the cubical capacity of each type of baby expeller by comparing them with that of the standard expeller. It is common knowledge that expellers having bigger Chambers will produce larger quantities of oil. The production, it can be said, bears relation to the volume of the Chamber in each type of expeller. Therefore, cubical capacity can be taken as the safe method and production of each type of expeller ascertained on the basis of what a standard expeller can produce. The Chamber therefore urges that the rates may be fixed on the basis of the production capacity of the various crushing machinery and on the basis of their working hours. The question of extending the facility upto two expellers as was originally allowed may be considered.

If the above suggestion is not acceptable then, we, the Chamber would request Sri Bannerji and the Ministry to reduce the standard rate of duty to Rs. 70 per ton.

7. USE OF ROLLERS IN OIL MILLS

The Department is prohibiting the use of rollers in oil crushing factories. It is common knowledge that the use of rollers helps to obtain maximum yield of oil from the seed. The prohibition regarding the use of rollers is not helpful to the production of oil as the industry would stand to lose by leaving a large percentage of oil in the cake. The Chamber requests that instructions may be issued to permit the use of rollers by the oil mills.

While the C.B.R. has prohibited only the use of rollers, the Chamber learns that the officers in the districts have prohibited even the use of disintegrators and breaking machines. The disintegrators are being utilised for powdering the cake etc. Since the use of disintegrators etc. is not prohibited, the Chamber requests that instructions should be issued to the officials in the Department not to restrict the use of disintegrators etc. pending relaxation of rules regarding use of rollers.

8. USE OF ROLLERS FOR CRUSHING OILSEEDS NOT COVERED BY EXCISE DUTY.

While the oil mills covered by the compounded levy crush other oil seeds which are not covered by the Excise Duty, even then the officials do not allow the use of rollers. The Chamber feels that the oil mills should be allowed to use the rollers and other equipment when crushing oil seeds not covered by the excise duty. The officials can always supervise and see that the equipment is not utilised for production of dutiable oil.

9. V. N. E. OILS—NEW COMPOUNDED LEVY SCHEME—WORKING OF 1/6 HOURS IN CASE OF 31 DAYS IN A CALENDER MONTH—CLARIFICATION REQUESTED.

The Chamber requests the Member, C. B. R. to clarify the following points for the information and guidance of the trade:

Whether a manufacturer is permitted to work 1/6 of hours each day during the 2 or 3 remaining days as the case may be or a manufacturer is permitted to work 1/6 of hours each day only in case of 30 days in a calendar month, and not in case of 31 days in a calender month.

In this connection, for ready reference the Chamber would like to bring to the notice of the Member, C.B.R., the para relating to working hours during the remaining 2/3 days in a calendar month, in the Trade Notice No. 87/60, dated June 14, 1960 issued by the Collector of Central Excise, Hyderabad: "For each day of the remaining 2/3 days of the calendar month, a manufacturer will be permitted to work for such number of hours as is not in excess of 1/6 of the number of hours worked during the fourth week, i.e., 22nd to 28th of a calendar month. In the case of a manufacturer who works for more than 96 hours during the 4th week, no restriction regarding hours of work shall be imposed during the remaining 2/3 days of the month". The Chamber requests, Sri Bannerji to clarify the point as some officers are interpreting in a different manner and objecting to the working of 1/6th hours each day in case of 31 days in a calendar month.

10. COUNTRY TOBACCO—DIFFICULTIES ENCOUNTERED BY DEALERS DUE TO A NEW PROCEDURE ADOPTED IN ISSUING TRANSPORT PERMITS:

It is brought to the notice of our Chamber by Members in Andhra Pradesh that the Collector of Central Excise, Hyderabad has recently issued a revised instruction regarding the procedure to be adopted in the matter of issuing tobacco transport permits (T.P. 1.—vide Standing Order Technical No. 13/62, dated January 6, 1962). According to the revised procedure T.P. 1 permit is to be issued only for the net weight of the dried tobacco on which the duty has actually been paid. It may be noted that tobacco licensees who process country tobacco by wetting in their L. 2 premises are maintaining a wetting process register taken indicating therein the weight of dry tobacco for wetting, weight of tobacco after wetting, number of strings and average leaves per string. These particulars are being entered in E.B. 3 account also. The Chamber requests that instructions may be issued to the Collectors to issue the T.P. permits in respect of

processed country tobacco on the basis of weight of dry tobacco and also mention therein the weight of tobacco in wet form also as it is consigned under T.P. 1. There should be no difficulty in ascertaining the weight of dried and wet tobacco, since all the particulars would be found in the wetting process register and E.B. 3 Account.

The Chamber is informed that the licensees find it difficult to move the goods by rail or lorry since the weight shown in the permit is lower than the actual weight of the consignment. In addition, the consignees are expected to enter the weight of tobacco in the dry form as well as in wet form in their E.B. 3 Account. The Chamber apprehends that this may lead to difficulties to the ultimate consignees as they would have no proof to show that the tobacco in question in wet form had borne the duty. The Chamber requests that in order to avoid any difficulty in future and facilitate movement of the above type of tobacco, suitable instructions may be issued to mark the weight of tobacco in wet form also in the T.P. 1s.

Investment in India—Discussion with Sri G. L. Mehta, Chairman and other Officials of the Indian Investment Centre.

Sri G. L. Mehta, Chairman, Indian Investment Centre, addressing the members of the Andhra Chamber of Commerce on March 13, 1962, said that investment climate in India was gradually becoming more attractive to the foreign investors, particularly the Americans due to the political stability of the country had come to have and also due to the proper utilisation of the aid given to her. He said that there was a growing reluctance on the part of the American investors to go to the Latin American countries owing to recent political development in such countries, and added that there was less reluctance than before for American capital to come to India. In this improved climate Sri G. L. Mehta said the Investment Centre hoped to play a useful role. The World Bank and United States are anxious to assist India in her economic development because the country had achieved a progressive, efficient and diversified economy by democratic means. Though foreign investors might complain about delays, they knew their investments in India were safe. Sri Mehta said there was however, a feeling among foreign investors that Indian taxation levels were rather high and not sufficiently attractive. In the competitive field of investment the relief that is given by the Indian Government was probably felt inadequate. Dealing with the question of double taxation relief agreements between India and other countries Sri Mehta said that certain counties including U.K. had not yet come to an agreement in this regard. In the last year's budget the Government of India have porvided specific tax concessions to attract foreign capital. The Government of India had concluded double taxation relief agreements with several countries including Sweden, Switzerland and West Germany

So far as U.S.A. was concerned India had ratified the agreement which was awaiting the acceptance by the U.S. Government. The absence of any agreement in the matter of double taxation need not affect investors getting tax relief in their own country. They had to only pay higher of the two rates of taxes, and they were not taxed at both ends.

The Indian Investment Centre had been set up to make known India's plans and industrial policy and procedure abroad. Its purpose is to disseminate as widely as possible information relating to all aspects of investment in India and to indicate specific investment opportunities under the programme of industrial development in the five-year plans. Its aim was to encourage the flow of domestic and foreign private capital into Indian industries in a manner that would benefit the Indian economy as well as the interests of private enterprise.

Till now it had received enquiries of various kinds, more than 1,000 in number. Actually about 8 or 9 projects had materialised and another ten are likely to mature soon which is not a bad record considering the time since its inception last year. Sri Mehta said that the Centre proposed to bring out brochures on basic facts of Indian economy, taxation and exchange control. He stated that the Centre was anxious to assist medium and small-scale industries. Sri Mehta then replied to the points raised by the members of Chamber.

To a suggestion that Indian Investment Centre should advise the Government of India on the measures the Government should adopt to attract foreign capital, Sri Mehta said that if there were any concrete suggestions as a result of the Centre's experience it would certainly put them forward. He pointed out that the Centre operated within the framework of the industrial policy of the Government and the Plan.

The investment climate, however, is an imponderable depending upon many factors. Even events in foreign countries affected investment climate in India. An episode like the redemption of Goa has caused temporary jolt. It should not also be forgotten that India is not the only country in which foreign private capital is invested.

During the past five or six years new entrepreneurs had come in. This was a heartening trend because "we want that economic power should be diffused as much as possible." It was necessary not only for economic development but also for political stability.

In reply to a query it was suggested that capital from East Africa might flow through the interest shown by the Indian Investment Centre.

Sri R. S. Bhatt, Executive Director of the Centre, replied to certain questions raised by the members.

Earlier Sri S. Venkatarangam, President of the Chamber, welcoming Sri G. L. Mehta and other Officials of the Indian Investment Centre observed:

"I have great pleasure in extending to Sri Gaganvihari Lal Mehta a hearty welcome to our Chamber this morning. I also welcome the other Directors and Officers of the Indian Investment Centre. Sri Mehta needs no introduction to the business community. He has been the President of the Indian Chamber of Commerce as also of the Federation of Indian Chambers of Commerce and Industry. He has headed the Tariff Commission and has also been on the Planning Commission. He has represented India at many International Conferences. Above all, as India's Ambassador to the United States he has won friends and influenced opinion in India's favour.

As the Chairman of the Industrial Credit and Investment Corporation of India and the Indian Investment Centre, Sri Mehta has been contributing in a large measure towards the economic prosperity of the country. Sri Mehta has been advocating that both the public and the private sector should be run on sound business principles and every project taken up should be implemented only after studying its economic feasibility and value. Just a few days ago he has urged the need for industries being started with a broad equity base than loan or debt base. In this connection he has enunciated certain principles and policies. I am sure you will all agree with me that what Mr. Mehta has advocated is not only necessary in the interests of financing institutions but also in the interests of the industry itself.

The Indian Investment Centre, of which Sri Mehta is the Chairman has as its objectives the promotion of wider knowledge and understanding in the capital exporting countries of Indian investment conditions, laws and policies, of procedures pertaining to investment of foreign capital and of investment opportunities and assistance to Indian businessmen seeking foreign collaboration. While I agree that interested businessmen either in India or abroad would approach the Centre for contacts I feel that a list of enquiries received by the Centre indicating the nature of investment or collaboration offered, the industry in respect of which such facility is offered and the country from which it is offered may be circulated among leading Chambers of Commerce in the country periodically. The name of the party can, however, be kept confidential. I believe if this procedure is adopted, Indian businessmen would have an idea of the nature of enquiries and offers received and avail themselves of those facilities with the assistance of the Indian Investment Centre.

I request Sri Mehta to tell us about the working of the Centre, the number of Indian and foreign enquiries received by the Centre and the number of Indian businessmen who have been able to secure investment or collaboration facilities with the assistance of the Centre.

Arising out of the role of the Centre in disseminating information on investment opportunities in India among investors abroad, I feel Sri Mehta should also advise the Government of India as to the measures they should adopt with a view to attracting more foreign capital. In the case of some foreign countries double taxation relief agreements have to be entered into, while in the case of some other countries, the investors feel that the present tax on incomes in India does not offer adequate incentive.

Apart from these things, there appears to be a tendency on the part of the Ministry to approve foreign collaboration in respect of certain industries only and the terms of collaboration also is varied from industry to industry. Even in this regard, I feel it may be worthwhile if the Government or the Investment Centre give an indication about the industries which would be considered for collaboration and the general conditions under which such collaboration would be permitted.

The Indian Investment Centre also seems to be concerned with giving information to foreign collaborators about the competence and financial standing of prospective collaborators in India. I am sure that the Centre has at its call a reporting agency to assess the competence and financial standing of entrepreneurs in India.

I am anxious that the Indian Investment Centre should not bar or hinder new and smaller entrepreneurs from seeking foreign collaboration in their desire to introduce only established and experienced businessmen to foreign collaborators.

I take this opportunity of assuring you of our support and co-operation in your programme. I look forward also to your assistance to our Chamber in disseminating information to our members on investment offers, opportunities and enquiries from abroad.

I thank Sri Mehta and other Directors and Officers of the Indian Investment Centre for visiting our Chamber."

Sri R. S. Bhatt, Executive Director and Sri T. A. S. Balakrishnan, Secretary of the Centre, were also present on the occasion.

Sri Jayantilal P. Sanghrajka, Vice-President of the Chamber, proposed a vote of thanks.

Customs Administration—Discussion with Sri D. P. Anand on

Sri D. P. Anand, Member, Central Board of Revenue in charge of Customs, addressing the Members of the Andhra Chamber of Commerce on March 27,

1962 stated that arrangements were being made to bring out a revised up-to-date edition of the Indian Sea Customs Manual.

Sri D. P. Anand stated that the Central Board of Revenue had taken up the question of delay in the publication of the Indian Customs Tariff with the Department of Commercial Intelligence and the Ministry of Commerce and Industry and urged upon them the need for bringing out the Indian Customs Tariff well in time. He assured the Chamber that he would take up the matter of publishing a correction slip once in three months with the Departemnt of Commercial Intelligence. As regards the Indian Customs Tariff Guide, Sri Anand said that the publication was kept in abeyance, pending the publication of the revised edition of the Sea Customs Manual.

With regard to the suggestion of the Chamber that the Port Advisory Committees should be constituted on the lines of the Port Import Advisory Committees, Sri Anand felt that the Committees might become unwieldy if the suggestion was accepted. He was, however, willing to consider the co-option of a representative of any Chamber which forwarded points for discussion at any specific meeting. Referring to the question of Customs examination of Madras bound passengers at Airport and Harbour, Sri Anand said that the Department was examining the matter and assured that every possible step would be taken to minimise the time taken for Customs Examination. He said that passengers arriving in Madras by Steamer were cleared before 8-00 p.m. on the day of arrival. However, when passengers who have to disembark at Madras and Negapatam have to be cleared through the Madras Harbour delays occurred. Regarding the suggestion of the Chamber that clearance for home consumption of damaged material obtained while manufacturing goods under Bond for export, Sri Anand said he would have no objection to the suggestion if it were approved by the Export Promotion Directorate. He also stated that even in regard to the Extension of Validity of the Guarantee Bond or Cancellation of the Guarantee Bond due to reasons beyond the control of the exporters, Sri Anand said the Customs authorities would have no objection if the licences, were endorsed to the effect. To a suggestion made by the Chamber that duty on component parts imported for use in industrial plants should be subjected to duty at 15%, Sri Anand said that the Central Board of Revenue were agreeable to allow the component parts to be cleared at 15% duty proivded they were imported along with the machinery as component parts of an industrial plant. He said that this concession would not be extended to import of component parts for replacing or repairing purposes. If such concession were to be granted Sri Anand stated that there is likely to be some discrimination in favour of actual users as against other importers.

Sri S. Venkatarangam, President of the Chamber, earlier welcomed Sri Anand and presented a detailed memorandum of points for discussion. Sri Venkatarangam observed :

"I have great pleasure in extending to you, Sri Anand a hearty welcome to our Chamber this evening. I am glad you are here amidst us this evening. You are no stranger to Madras and to the business community. You are very well known to the businessmen, particularly in this part of the country, through your work as the Collector of Customs and the Collector of Central Excise and now as the Member in charge of Customs in the Central Board of Revenue.

The very fact that there are no complaints or grievances in the memorandum of points and we have only made certain suggestions for the benefit of businessmen is indicative of the manner in which the Customs Administration is functioning. I wish on this occasion to thank Mr. C. T. A. Pillai, the Collector of Customs and his able team of officers for all the help they have been extending to our Chamber and to the business community.

I know there would be some cases of delay in disposal of appeals here or in Delhi as also delay in the clearance of goods or in giving reply to letters from the businessmen. There may be a few instances where varying interpretations have been given in different ports. I have every confidence that all these difficulties can be resolved by mutual consultations and co-operation. Much of the difficulties, I am sure, can be avoided and overcome if businessmen made increasing use of the services of their representatives on the Customs Advisory Committees at the ports and at the Centre.

I request you to consider the suggestions offered by us in the memorandum of points and I thank you for giving us this opportunity of meeting you."

Sri C. T. A. Pillai, Collector of Customs, was also present on the occasion.

Sri Rasiklal M. Mehta proposed a vote of thanks.

The following Memorandum of points was presented to Sri D. P. Anand on the occasion:

PORT CUSTOMS ADVISORY COMMITTEES:

Now that the Government of India have constituted a Central Commitee for Customs and Central Excise with representatives of the Federation of Indian Chambers of Commerce and Industry and other bodies, the Chamber suggests that local Chambers of Commerce may be represented on the Port Customs Advisory Committee. The Chamber suggests that the Committee may be constituted on the lines of the Port Import Advisory Committee.

JOINT MEETINGS OF CUSTOMS AND IMPORT CONTROL AUTHORITIES:

Joint meetings of the Customs and Import Control Authorities are being held periodically to resolve difficulties in the matter of interpretation, classification

and the like. The Chamber feels it would be of advantage if representatives of the trade are associated with this meeting. If this is not acceptable the Chamber requests that at least the proceedings of these Joint Meetings may be communicated to leading Commercial Organisations for the information and guidance of their constituents.

CUSTOMS EXAMINATION OF MADRAS BOUND PASSENGERS AT AIRPORT AND HARBOUR:

The Chamber has come across reports that there is delay in the examination of passengers arriving in Madras by air from Ceylon and Singapore and also in the examination of passengers arriving at Madras harbour from Singapore. The Chamber believes that the department is seized of this and would take all possible steps to minimise the time taken for Customs examination.

MANUFACTURE OF ALUMINIUM UTENSILS UNDER BOND FOR EXPORTS—CLEARANCE FOR HOME CONSUMPTION OF DAMAGED MATERIAL:

Under the Export Promotion Scheme, exporters are granted import licences for aluminium raw materials on condition that they should enter into Bond and manufacture in Bond goods from out of such raw material which should be utilised exclusively for exports. The wastage in the form of Scrap obtained during the operations is allowed for home consumption on payment of duty at the prescribed rate. During the course of such transactions, it happens that certain quantities of raw metal which become either deteriorated on account of having been kept unused for a long time or otherwise damaged on account of dampness unnoticed at the time same was originally imported; such quantities which form a small percentage not more than 1% of the total imports, when examined by competent authorities and found to be unfit for being utilised for manufacture of utensils, should be allowed to be cleared out for home consumption on payment of normal duties. There can be no question of the importers infringing the conditions of the import licence when such quantities have perforce to be issued out for home consumption.

The Chamber requests that Member in charge of Customs to issue necessary instructions in the matter.

NEED FOR THE EXTENSION OF THE VALIDITY OF THE BOND IN CASE OF IMPORT RESTRICTIONS ABROAD:

Due to loss of contiguous export markets such as Ceylon, where severe import restrictions are enforced and in consequence the aluminium ingots and sheets imported could not be utilised in time for exports, adequate extension of concerned Bonds should be granted until such time as favourable conditions prevail in the exporting markets. Should the Customs authorities feel that an indefinite period of extension is involved and therefore same should not be, permitted, the alternate course will be to allow the goods coming under such overdue bonds to be cleared out for home consumption on payment of normal duties.

The Chamber requests the Customs authorities to issue necessary instructions in this regard to see that the manufacturer of ingots should not be put to any hardship.

Indian Customs Tariff :

The Department of Commercial Intelligence and Statistics publishes the Indian Customs Tariff periodically. The latest edition which is the 49th edition, corrected upto December 31, 1960 has been released in November, 1961. The Chamber suggests that an edition should be brought once in June and December every year incorporating all amendments. A correction slip should also be issued once in three months. The Chamber requests that necessary arrangements may be made in this direction.

Indian Sea Customs Manual :

The latest edition available is the sixth edition corrected upto March 31, 1955, published in 1956 and printed in 1957. This has been made available to the public through the Port Offices of the Customs Department by the end of 1960.

The Chamber suggests that a revised edition incorporating all amendments may be brought out early. Arrangements may also be made for publication of correction slips periodically to keep the publication upto-date.

Indian Customs Tariff Guide :

The latest edition of this guide, the Chamber learns is the seventh edition corrected upto March 31, 1959, and made available to the public through Customs Houses in November 1960. The Chamber requests that this publication also may please be brought upto-date.

Quarterly Bulletin of Local Customs House Orders :

The Chamber suggests that changes in the Customs Tariff, Customs Manual and Tariff Guide may be published in the form of correction slips along with this publication as it would be of immense benefit to the trade.

Duty on Spare Parts Imported for use in Industrial Plants :

A member cement factory which has installed electrical and mechanical handling equipment and also an aerial ropeway has been importing spare parts periodically against licences granted by the Development Wing. It is stated that these spares which should be normally covered under item No. 7-and 72 (3) of the Customs Tariff and subjected to duty at 15% are being subjected to duty ranging from 35% to 50%. The traction rope they have imported was assessed to duty at 50% under item 63 (24) treating it as ordinary steel rope. Chain ends and chain brackets of special chain iron imported for use in cement plant elevator have been assessed to duty at 35% and 50% respectively.

In so far as the components in question are being used in the cement industry, they are essential for the working of the plant and they have been given a special shape and quality for that purpose the Chamber is of the view that these components should be charged only at 15%. The Chamber requests the Central Board of Revenue to issue suitable instructions to all the Collectors of Customs in this regard and see that the duty is charged at 15% only.

Central Budget

Sri S. Venkatarangam, President of the Chamber in a statement to the press issued on April 23, 1962 observed :

"The biggest surprise of the budget is the sharp increase in Corporation Tax by 5% to 50%. There was a lot of protest even when it was fixed at 45%. Apart from crippling the dividend paying capacity of the Companies to a considerable extent this increase will also deplete the resources available to them to some extent. At a time when there is great need for the Companies to plough back their resources, this extra burden is likely to have an adverse influence over the activities of the Companies. The merging of capital gains realised on investments sold within one year into trading profits for income-tax is likely to discourage investment in shares. There are of course some minor benefits such as reduction in export duty on tea and others, but the over all effect of the budget proposals are not likely to be conducive for capital formation which is very essential for economic growth.

The increase of tax on incomes coupled with the rise in excise duties would go to push the cost and accentuate the inflationary spiral."

Madras General Sales Tax Act—Maintenance of Accounts.

The Board of Revenue, Madras in [illegible] notification No. A-3721/62-1, dated July 7, 1962 state as under :

According to Section 40 of the Madras General Sales Tax Act, 1959, every person registered under the Act and every person liable to get himself registered under the Act should keep and maintain a true and correct account and such other record as may be prescribed in any one of the languages specified in the Eighth Schedule to the Constitution of India or in English. The following fourteen languages have been specified in the Eighth Schedule to the Constitution of India—

(1) Assamese.	(2) Bengali.	(3) Gujarathi.
(4) Hindi.	(5) Kannada.	(6) Kashmiri.
(7) Malayalam.	(8) Marathi.	(9) Oriya.
(10) Punjabi.	(11) Sanskrit.	(12) Tamil.
(13) Telugu.	(14) Urdu.	

(2) The Government have examined the question regarding the numerals to be adopted by dealers in keeping accounts for purposes of Commercial Taxes assessment. "Language" according to the accepted meaning of the expression cannot be said to mean or include numerals. Maintenance of accounts as required under Section 40 of the Madras General Sales Tax Act 1959 will not accordingly include the use of numerals in that language. Therefore, dealers who maintain accounts in any of the languages specified in the Eighth Schedule to the Constitution or in any other language not enumerated in the Eighth Schedule should adopt only international numerals. Accordingly all the assessing officers are requested to instruct the dealers who are not adopting international numerals to adopt them by the end of October 1962. This date-line is not applicable to cases coming under para 3 below.

(3) Dealers who maintain their accounts for Deepavali year and who use numerals other than the international numerals should switch over to international numerals from the next accounting year i.e, on the Deepavali day falling on 27-10-1962.

(4) All the Deputy Commissioners and Commercial Tax Officers are requested to give wide publicity to this circular so that the assessees may become aware of the correct position."

The Chamber addressed the Hon'ble Sri R. Venkataraman, Minister for Commercial Taxes, Government of Madras, Madras on October 6, 1962 as under:

"I am desired by the Executive Committee of the Andhra Chamber of Commerce to write to you as under regarding the instructions given by the Board of Revenue that all dealers keeping accounts in any one of the languages specified in the VIIIth Schedule to the Constitution, i.e, Assamese, Bengali, Gujarathi, Hindi, Kannada, Kashmiri, Malayalam, Marathi, Oriya,

Punjabi, Sanskrit, Tamil, Telugu and Urdu should use only international numerals in their accounts maintained under the Madras General Sales Tax Act.

The circular of the Board of Revenue cited above requires that all dealers who maintain their accounts in the above languages should use international numerals from the end of October, 1962, and those dealers who are having Deepavali Day for accounting purposes should switch over to international numerals from October 27, 1962. A large number of members of our Chamber who are maintaining their accounts in the languages mentioned in the Schedule cited above have represented to us that it would cause great inconvenience and hardship, if Government were to enforce the above provision. There are thousands of Marwari, Sindhi and Gujarathi businessmen in Madras State who would be particularly affected if the international numerals were to be introduced. By custom, convention and tradition these dealers are using particular forms of numerals and it will be very difficult for them to use the international numerals along with their respective languages.

The Income Tax Department which permits dealers to maintain their accounts in their own language has not thought of enforcing any change over to international numerals. When one department can think of continuing the existing system of maintaining accounts, it is not known as to why the Commercial Tax Department alone should come forward with the above change.

Under the Madras General Sales Tax provision has been made for the maintenance of accounts in the different languages cited above and many businessmen are maintaining accounts in different languages for a fairly long time. The Chamber has not come across any information that the Government in the Commercial Tax Department are experiencing inconvenience as a result of the different dealers using the numerals in their respective languages. Once a Commercial Tax Official is able to scrutinise the accounts of an assessee in a particular language it should not be difficult for him to scrutinise the numerals or figures written in that particular language. The Chamber feels that there is no extra advantage derived either to the Department or to the assessing officials by those merchants switching over to the use of international numerals. On the other hand, it will create confusion and would often result in the dealer committing mistake due to their clubbing international numerals and descriptions in their respective languages.

There are a large number of smaller dealers who have very small turnover and who will not be able to switch over to the proposed change as they do not know any language other than their respective mother tongue and do not know how to maintain the accounts in any numerals other than the numerals in vogue in their own language.

The Chamber is of the view that before actually launching upon the scheme the Government should be satisfied that this change over would not cause any hardship to the businessmen who are maintaining accounts in different languages. The Chamber desires that a facility the businessmen are enjoying for a very long time and which is guaranteed by the constitution should not be vitiated by notifications or restrictions of the above nature. I am therefore desired by my Chamber to request you to reconsider the decision and issue instructions to the Revenue Department and the Board of Revenue not to introduce the change and be pleased to continue the status quo.

As the notification in question contemplates the change over by the end of this month, I am desired to request you to kindly give this matter your early consideration and be pleased to give necessary instructions at the earliest and see that such instructions are made known to the business community well in time by means of a Press Communique."

The Government of Madras in the Revenue Department in their communication, dated October 25, 1962, addressed to the Chamber have informed that "the Government have re-examined their decision regarding the use of International numerals by dealers in the maintenance of accounts for purpose of assessment under the Madras General Sales Tax Act, 1959. They see no reason to drop their decision. However, in order to allow the dealers sufficient time to switch over to the change the Government have ordered that the change over to international numerals should be given effect to from the 'Deepavali' of 1963 in the case of dealers who commence their accounts from 'Deepavali' every year and from April 1, 1964 in the case of other dealers.

The Chamber addressed the following communication on October 30, 1962 to the Additional Secretary, Revenue Department, Government of Madras:

"I am desired by my Chamber to acknowledge the receipt of your Memorandum cited above, according to which the Government of Madras have decided to give effect to the change over to International Numerals with effect from the "Deepavali" of 1963 or April 1, 1964. While our Chamber is thankful to the Government of Madras for their ready response and for having postponed the introduction of the use of Internatinal Numerals, I am desired to request the Government of Madras to allow this relief as a permanent measure. When the Government of Madras have come forward to allow the dealers to use the various languages mentioned in the Eighth Schedule to the Constitution for the maintenance of accounts under the Madras General Sales Tax Act, it is only fair and proper for the Government to allow the dealers to also use the numerals in vogue in the respective languages. The Chamber is unable to agree with the view of the Government that the use of the numerals in the different languages is not covered by the exemption given by the Government in their earlier orders. Since the dealers have been maintaining their accounts all along in a particular manner and neither the Government nor the dealers have experienced any difficulty in the continued maintenance of accounts in the different languages using the numerals in vogue in the respective languages the Chamber requests the Government of Madras to be pleased to grant the present relief on a permanent basis.

The Government of Madras in their letter dated November 7, 1962 stated as under:

"The Andhra Chamber of Commerce is informed that the Government have already carefully considered the matter. Their request for use, for ever of numerals in several languages specified in the Eighth Schedule to the Constitution of India in the maintenance of accounts by dealers for purposes of assessment under the Madras General Sales Tax Act, 1959 cannot be accepted. The Chamber is also informed that no further extension of time to switch over to the use of international numerals will be granted."

Finance and Taxation in Andhra Pradesh—Discussion with A. P. Minister for Finance.

Hon'ble Sri K. Brahmananda Reddi, Andhra Pradesh Minister for Finance, speaking at a reception got up by the Andhra Chamber of Commerce on August 25, 1962 urged the need for maintaining a balance between the States in the location of the Central Sector Projects according to the availability of raw materials and other potentialities. He pointed out that large river projects like Nagarjunasagar which is being executed for nearly a decade should be completed soon if they were not to become a drain on the national funds. The Government of Andhra Pradesh were therefore anxious to invest more money on the projects than the actual outlay sanctioned in the plan. They spent Rs. 4 crores during the Second Five-Year Plan as against the original allotment of Rs. 5 crores. They would be spending another Rs. 50 crores during the Third Five-Year Plan. During the first Two Five-Year Plans Andhra Pradesh has not received its due share from the Centre. He urged that the Centre should maintain a balance between the States in the location of Central Sector Projects. He did not want any favour to be shown to Andhra Pradesh. If the State did not deserve any industry due to lack of raw materials he did not want that industry. On the other hand if the State had the necessary raw materials and other facilities then Andhra Pradesh should not be neglected. The Government of Andhra Pradesh have made representations to the Union Government to assist the State in the matter of Nagarjunasagar Project and to see that the project does not become a white elephant to the State Government.

Replying to the Chamber's representations to make certain changes in the sales tax regulations, Sri Brahmananda Reddi said that the Government have appointed Dr. P.S. Lokanathan to go into the structure of sales tax in the State. He requested the Chamber to study the tax problem in detail and present its recommendations to the Government.

Referring to the problems of power transmission in Andhra Pradesh, the Minister said the location of the Tungabadhra and Machkund projects at two extremes resulted in considerable losses due to transmission over long distances and from this point of view, the Srisailam Project was of great importance.

Sri Brahmananda Reddi appealed to the members of the Chamber to extend support to the Andhra Pradesh State Loan. He said the financial position of the State was very sound. The State had no political problems and was well poised for development.

Sri S. Venkatarangam, President of the Chamber, earlier welcoming the Finance Minister observed :

"I deem it a great privilege and pleasure to extend a hearty welcome to Hon'ble Sri Brahmananda Reddi Garu to our Chamber this evening on my own behalf and on behalf of the Andhra Chamber of Commerce. Sri Brahmananda Reddi Garu has always been kind to us and has given us opportunities of meeting him and discussing matters of interest to the business community many a time. I am particularly thankful to him for making it convenient to visit our Chamber this evening during his short stay here.

Sri Brahmananda Reddi has visited our Chamber on more than one occasion and he also knows many of us intimately. Hence, I am sure, you do not expect me to make a formal introduction. I only wish to state that the business community are very happy that the finances of the Andhra Pradesh are in the hands of an able and experienced person who has been straining every one of his nerves for accelerating the pace of economic development of the State in all possible directions.

We are very happy to note that the Government of Andhra Pradesh have taken every conceivable step for improving the standard of living of the people of Andhra Pradesh. We know there are some difficulties in the matter of bringing about the rapid economic development in a State like Andhra which is predominently agricultural in character. We are also aware that in spite of having a large potential for development of power resources, it will take a pretty long time to develop Hydro-Electric Schemes when compared with Thermal or other Power Projects. It is extremely gratifying to note that you have exceeded the target fixed for the Second Five Year Plan and also the targets fixed for the First Year of tne Third Five Year Plan. The Nagarjunasagar

which is taking the bulk of the expenditure of the Plan programme is expected to yield returns over a long period. But, we are quite confident, when once this project is completed and other power resources are developed Andhra Pradesh will be one of the foremost States in India in the matter of Economic Development. Andhra Pradesh has a good base for industrial development in the sense that she has got the essential agricultural and other raw materials and mineral resources needed for many industries like Cotton Textiles, Sugar and Cement. We also note that you are trying to give incentives to industrialists for establishing industries by way of financial assistance and concession in electricity, water and other charges. What we would like to urge on an occasion like this, is tnat the entrepreneurs are coming across inordinate delay in the matter of finalising their schemes and also in executing their programmes due to aministrative and other delays. It is hardly necessary for us to mention at this stage that States like Madras are pursuing industrialisation Schemes in all earnestness and are also offering all reasonable facilities with a view to expedite the implementation of the various industrial projects licensed in their State. We would particularly request you to see that all the industrialists who were granted licences recently for establishing spinning mills in Andhra Pradesh take immediate step and install their plants at an early date. We are sure the development of the industry would serve as a base for the development of many other industries. We are inclined to feel that the development of cotton textile industry in Andhra Pradesh would help the agriculturists who are growing cotton and also the handloom weavers who are at present getting their yarn from far off places. The State Exchequer also would get a sizeable revenue by way of Sales Tax. This has also the advantage of consuming lesser electrical energy than any other industry and providing maximum employment. In fact, in many parts of this country, the development of textile industry has provided the base for the development of other industries.

The Government of Andhra Pradesh have floated a new loan for Rs. 10 crores and I know that is uppermost in your mind. I have no doubt the business community in Andhra Pradesh and elsewhere would co-operate to fulfil your expectations in raising necessary funds. The finances of the State are in very able hands and the people in and out of the State have been very much impressed with the way in which the Government have been usefully utilising their resources. The Andhra loan was over subscribed last year even on the first day and I am quite confident this time also the loan will be fully covered well before the closing time.

The State is lagging behind in the matter of power development and even the target fixed under the Second Five Year Plan could not be reached, because the necessary clearance and the foreign exchange required was not obtained in time. I request you Sir, to impress upon the Government of

India not only to give Andhra Pradesh necessary foreign exchange and clearance for completion of the Second Plan power projects but also extend facility for implementation of the projects covered by the Third Five Year Plan also. Unless steps are taken in this regard immediately, I am afraid, the industrial development of the State would be retarded. In this connection I request the Hon'ble Minister for Finance to enlighten us whether the Government of Andhra Pradesh would be prepared to encourage private enterprise in setting up power stations. If such apermission is given, I am sure, private enterprise would come forward to set up their own power stations and augment the power supply available in the State.

Next in importance to power is transport facility particularly railwey transport. Certain improvements are now under way on the North-Eastern line. A second bridge is being constructed across Krishna. The doubling of track and other connected improvements would certainly help the free flow of traffic between Waltair and Madras, but it would not be of much assistance to the industry and trade in the Circars as the traffic on the line would be mostly of a long distant nature. We had occasion recently to represent to the Chief Minister of Andhra Pradesh, Dr. N. Sanjeeva Reddi to urge upon the Centre to form a railway line from Singareni and Bhadracnalam Road upto Visakhapatnam, form a broad gauge line from Nellore to Muddanur covering Buchireddipalem, Atmakuru, Badvel, Maidukur, Proddatur and Jammalamadugu and a rail link from Hyderabad to Nellore via Vemalgonda, Nalgonda, Nandigonda, Macherla, Kurichedu, Podili, Udayagiri, Atmakuru and Padugupadu. We have also suggested that the Guntur—Macherla line now serving the Nagurjunasagar project area should be converted into broad gauge. If our suggestions are accepted part of Nellore and Cuddapah Districts would be opened and the interior areas of Telengana now cut off from railway facilities would have rail as well as port facilities. Incidentally this would enable the produce, minerals and ores of Telengana area to move via. Visakhapatnam. In addition, this will provide a direct rail link from Hyderabad to Visakhapatnam. I request you to be good enough to consider these suggestions of our Chamber and also impress upon the authorities concerned about the need for taking up these schemes. All these schemes would provide transport facilities within the State and help to develop the area through which the new lines pass and at the same time relieve the congestion on the North-Eastern line to a very great extent.

When you visited our Chamber sometime last year, we have had occasion to refer to the amendments regarding Sales Tax. Though the amendments have been passed, I am glad, the Government of Andhra Pradesh have accepted another suggestion of the Chamber, that is, enquiry into the structure and pattern of sales tax in the State. The Government of Andhra Pradesh have asked Dr. P. S. Lokanathan to enquire into all aspects of Sales Tax administration

In this connection I find an elaborate questionnaire has been issued calling for replies before the end of August. The announcement in the newspaper has appeared just two days before, and the Commercial Organisations in the State do not have sufficient time to call for the views of their members before formulating their views. Hence, I am of the view, that the time for submission of replies should be extended at least till the end of September and the grant of such extension of time should be made known to the business community immediately.

On this occasion, I wish to make a mention that Sales Tax regulations of Andhra Pradesh require certain changes with a view to help the business community. First of all, Sales Tax is being collected on Sales Tax in Andhra Pradesh whereas it is not the case elsewhere. Even though the Government may have certain Court decisions in their favour, the Government may consider falling in line with the neighbouring States and discontinue the collection of Sales Tax on Sales Tax as the loss on this account may not be considrable. After all, the Sales Tax collected cannot be deemed as turnover and it cannot also be considered as proceeds of a sale. Another point which I would invite your attention is the collection of Sales Tax on excise duty content in the article sold. In Madras State and elsewhere the excise duty content of the cost is exempt while computing the turnover for the purpose of Sales Tax if the dealer concerned has paid the excise duty direct. In few other States excise duty paid at all stages is stated to be exempt from Sales Tax. In respect of many items which still attract excise duty and which are subject to Sales Tax, we find the excise duty content is quite sizeable. Particularly on items like motor tyres and tubes and motor vehiclse not only the rate of excise duty but also the incidence of Sales Tax is very high. In such cases the collection of Sales Tax on excise duty works as a serious hardship. The position becomes all the more difficult when the neighbouring States give certain exemption and the dealers in those areas are able to compete with dealers in Andhra Pradesh. While this is the position with regard to certain items, there appears to be a case for revising the stage at which Sales Tax should be collected, especially in the case of items like ghee having regard to the peculiar nature of the trade and the price ptevailing in North Indian Centres. Andhra Pradeh exports Rs. 4 crores worth of ghee to Centres in North India and this ghee industry provides the livelihood for a large number of people in the villages in Guntur, Cuddapah, Nellore, Godavari and Krishna Districts. The change of levy from the sales to the purchase point and its increase from 2 to 4 per cent and the levy of tax on butter also at the same per cent namely 4% has affected the ghee industry to a great extent. Andhra ghee is facing hardship in North Indian Centres as a result of competition from other States. I request the Hon'ble Minister to consider the question of revising tax on ghee having regard to the employment potential in villages and for preserving the market built at great cost and also with a view to earn necessary tax on the sales of ghee from internal sales. It is also necessary that some provision should be made to see that Agmark Ghee which is exported from the State is exempt from the general purchase tax.

The Chamber is often receiving complaints from businessmen that the Commercial Tax authorities are harassing them. Seizing of books of accounts search of the premises and seizure of stocks at the check post, it is stated, are being done in a manner calculated to damage the prestige and dignity of the individual businessman. I only request you, Sir, to impress on the Commercial Tax authorities the need for extending their co-operation and assistance to the business community and give them the respect and dignity due to them, not only as citizens but as people responsible for collection of considerble revenue to the State Exchequer.

While you were here last time we had occasion to refer to you about the need for abolition of Octroi in the Twin Cities. We request you to kindly see that this form of taxation is abolished and businessmen throughout Andhra Pradesh are placed on an equal footing.

I thank you once again for making it convenient to visit our Chamber this evening. I take this opportunity of assuring you and the Government of Andhra Pradesh of our utmost co-operation and assistance at all times in you endeavour towards the economic development of Andhra Pradesh."

Sri J. V. Somayajulu proposed a vote of thanks.

FINANCE FOR SMALL INDUSTRIES.

The Chamber addressed the Reserve Bank of India as under on December 11, 1963 on the question of finance for Small industries:

I am desired by my Chamber to write to you as under regarding finances for small industries particularly in the present set up when the small industries are expected to cater to the defence needs. Many small industries in this part of the country have received orders from the various big industries and public sector concerns producing essential goods for defence and other purposes. While the Chamber is aware of the encouragement that is being given by the Government of India for the development of small industries and the encouragement the Reserve Bank of India are giving by way of various Schemes, I am desired to state that the facilities now available for small industries are not adequate to cope with the situation that has arisen as a result of the emergency.

During normal times, small industrialists obtain finance from the following sources:

(1) Their own capital, which is of course meagre;

(2) State Aid loans and/or loans from quasi-Governmental institutions, such as, the National Small Scale Industries Corporation, against block account;

(3) Private borrowings;

(4) Hundi loans from indigenous bankers, and

(5) Advances from the State Bank of India and other Joint Stock Banks on the security of stock-in-trade and other liquid assets.

Joint stock banks are refusing to continue discounting facilities to them. The Joint Stock Banks are governed by the stipulations made by you from time to time. In this process of restriction of credit facilities the small industry has become a victim.

As regards direct advances, which the Joint Stock Banks have been making to the small industrialists, hereagain the source is gradually drying up. It is rumoured that managements of banks have instructed their branches not to entertain applications for fresh advances or for enhancement of existing limits. Moreover, some of the Banks are even calling up advances, perhaps in view of the closing of their accounts on December 31 next.

Without financial resources, it would be utterly impossible for the small manufacturers to increase the tempo of their production. Almost every day they are getting enquiries from the public sector companies as to whether they can undertake urgently production of various items that are required in connection with the war effort. These enquiries are apart from the orders that the Defence Department is and will be placing with the small industrialists.

If the present trends continue, the time is not far off when the small industrialists will have to throw up their hands in despair and plead their inability to work two or three shifts a day in their workshops. Moreover, it is well known that it takes a few months for suppliers to realise their bills from Government.

In view of the foregoing, I am desired by my Chamber to request you to consider the position and give instructions to the Joint Stock Banks and other financing agencies to extend financial assistance to the small industries to the maximum possible extent against orders received by them to cater to the defence needs or to cater to orders from the major industries in the private or public sector for the same purpose. Unless the Reserve Bank of India acts immediately in this regard the Chamber apprehends that the small industries would not be able to rise up to the expectations of the Government in catering to the defence needs. I am desired to request you once again to give this matter your serious and immediate consideration and attention and be pleased to take immediate steps to provide necessary financial assistance to the small industries.

The Reserve Bank of India in their reply stated as under:—

"Regarding your complaint that the management of commercial banks have instructed their branches not to entertain applications for fresh advance or for enhancement of existing limits from small industrialists, we have to advise that in the absence of a specific complaint it is not possible for us to investigate this further. You may be aware that the Credit Guarantee Scheme of the Government of India for guaranteeing loans and advances to small-scale industries granted by the banks and other credit institutions has now been extended to the entire country. The refinancing facilities in respect of term loans to small-scale industries brought under the guarantee cover. With a view to providing an incentive to scheduled banks to increase their lending to small-scale industries, the Reserve Bank has also extended special borrowing facilities to these banks at the Bank Rate. The State Bank of Hyderabad has also adopted the liberalised scheme for provision of credit to small-scale industries evolved by the State Bank of India.

As regards your suggestion to give instructions to the banks and other financing agencies to extend financial assistance to the small industries to the maximum possible extent against orders received by them to cater to the defence needs, we have to advise that it is not the practice of the Reserve Bank to issue instructions to banks to grant loans and advances to any particular industry. This is largely determined by the financing banks on the strength of their resources position and their asssessment of the creditworthiness of the applicant concerns. However, the National Small Industries Corporation has entered into an agreement with the State Bank of India under which small industrial units securing orders from Government Departments, and other agencies through the auspices of the Corporation, would be able to avail themselves of advance from the bank at all its branches against pledge of raw materials up to their full value. The Corporation under the agreement has undertaken to guarantee the bank's usual margin in respect of such advances."

EXPORT PROMOTION.

India's Trade with German Democratic Republic.

Mr. E. Renniesen, the outgoing Trade Representative in India of the German Democratic Republic addressing the Members of the Andhra Chamber of Commerce

on February 12, 1962 expressed the hope that the recent agreement between the German Democratic Republic and India would provide the ground for expansion of trade between the two countries. He said that the trade between India and East Germany was growing ever since 1954. German Democratic Republic was prepared to give Indian industrialists documentation and technical know how for big, medium and small-scale industries. They were also willing to send their men for erection of machinery and starting production. They were also prepared to invite engineers and technicians from India for undergoing training in the German Democratic Republic. He said German Democratic Republic had already extended co-operation in supplying equipment for manufacture of items like sanitary fittings, the setting up of mirror, electrode factories and in the growth of Hindustan Machine Tools at Bangalore. They were also collaborating with Godrej in Bombay for producing Hindi typewriters. Referring to the foreign trade statistics published by the Government of India, Mr. Renniesen said that the Indian statistics with regard to the trade between India and East Germany did not often give a clear picture owing to the fact that imports into and exports from that country were routed through West German and Polish ports. As a result of this, inaccuracies crept while compiling the trade figures. Mr. Renniesen said that exports from German Democratic Republic to India rose from Rs. 30 million in 1957 to 91 million in 1961. Earlier Mr. S. Venkatarangam, President of the Chamber welcoming Mr. Renniesen said:

"I have great pleasure in extending a hearty welcome to Mr. Renneisen, the Trade Representative of the German Democratic Republic in India on the occasion of his visit to our Chamber this evening. As most of you are aware Mr. Renneisen has, as the Leader of the G.D.R. Trade Delegation. recently exchanged letters with the Government of India expanding the list of items covered by the Trade Agreement between our two countries. This recent amendment envisages an increase in the vloume and value of trade between the two countries.

India has entered into a trade agreement with the German Democratic Republic as early as 1954 and later has entered into a rupee payment agreement. As a result of these agreements there has been a steady rise in the trade between the two countries. Our exports which were only of the order of Rs. 2 lakhs in 1954 have gone up to Rs. 397 lakhs in 1960. Similarly our imports which were well within Rs. 20 lakhs have gone up to nearly Rs. 321 lakhs in 1959. The G.D.R. has been assisting India not only by supplying plant, machinery and equipment required by India but also by extending technical co-operation training facilities and the like. India has received technical assistance from G.D.R. in many a project and among these manufacture of typewriters, machine tools, high tension cables, textile mahinery, auto-cycles and mirrors deserve particular mention. As the world's most top ranking manufacturer of lignite G.D.R. has been extending her helping hand to us in regard to Neyveli project. In addition, G.D.R. has been assisting India in her drive towards increasing productivity in agriculture by supplying ammonium sulphate, muriate of potash and other Chemical fertilisers.

G.D.R. has supplied a good number of roller flour mills, printing machines and rice bran oil plants to India. Besides, she has been assisting our country in the development of small-scale industries by offering complete plants for small Industries. I request Mr. Renneisen to indicate to us the range, variety and type of smallscale industries plants, G.D.R is in a position to supply.

I also request Mr. Renneisen to give us an idea as to the lines in which G.D.R. would be able to offer technical collaboration. Many members of our Chamber are having plans to develop medium and small-scale industries and any information you furnish would therefore be of advantage to them.

I am glad that G.D.R. has been importing quite a wide range of items from India, both traditional and non-traditional. Apart from items like tea, coffee, tobacco, cigar, fibre for brushes and brooms, horn, raw wool, cashew shell oil, mica, chrome ore, iron ore, kyanite ore, manganese, magnesite and vegetable oils, G.D.R. is now buying leather goods, shoes, cotton piecegoods, jute manufactures, sports goods, light engineering goods, diesel engines, batteries refrigerators and the like.

I express the hope that the bonds of goodwill and friendship between our two countries would be further strengthened in the coming years, and the trade between our two countries would increase in a large measure and thus contribute to mutual prosperity.

I thank you Mr. Renneisen for making it convenient to visit our Chamber this evening."

Mr. Rasiklal M. Mehta proposed a vote of thanks.

Mr. Hoericke, Regional Trade Representative of the German Democratic Republic in Madras was also present on the occasion.

India's Trade with U.S.S.R.

Sri D. Hejmadi, First Secretary-designate (Commercial) to the Embassy of India at Moscow met the members of the Andhra Chamber of Commerce on April 23, 1962 and discussed with them problems relating to India's trade with U.S.S.R.

Sri Hejmadi referred to Russia's growing interest in manufactured items like sewing machines and other consumer goods and hoped that Indian exporters would take full advantage of this to step up their trade with Russia.

He suggested to Indian exporters to bring out attractive illustrated pamphlets and other advertisement material to "sell" their goods to other countries.

Sri Hejmadi said that Indian importers of Russian machinery and equipment should join with the Russians in ensuring that some kind of after-sales service was made available for its proper and efficient maintenance.

Earlier welcoming Sri Hejmadi, Sri V. G. S. V. Prasad, Vice-President of the Chamber, observed:

"I have great pleasure in extending a hearty welcome to Sri Hejmadi to our Chamber this evening. Sri Hejmadi needs no introduction to the members of our Chamber. He has visited our Chamber previously on the eve of his departure for Tokyo to assume office as our Commercial Secretary there. After completing a very successful term of office in Japan he has come over to India. Now he is on his way to Moscow to assume office as our Commercial Secretary in the Indian Embassy. With his rich and ripe exprience, I am sure Sri Hejmadi would contribute to a very great extent in furthering the trade between our two countries.

India and the U.S.S.R. have entered into a trade agreement as far back as 1953 and the agreement is being renewed from time to time. As can be seen from the trade statistics the trade between India and the U.S.S.R. has been considerably stepped up.

Among the list of items included in the schedule to the agreement for exports from India are tea, coffee, spices, cashewnuts, vegetable oils including castor oil, raw, tanned and semi-tanned hides and skins, raw wool, tobacco shellac, mica, raw materials for medicines, chemicals, sandalwood oil, lemongrass oil, palmrosa oil and other essenrtial oils, woollen cloth, jute manufactures leather and leather manufactures, coir and coir goods and handicrafts.

Among the items that could be imported from the U.S.S.R. we find industrial plants, machinery, equipment, electrical and scientific instruments and apparatus, ferrous, and non-ferrous metals and alloys, fertilisers, chemicals, dye-stuffs, drugs and medicines, paper of different varieties including newsprint and petroleum products.

The foreign trade of U.S.S.R. is being carried on by monopoly organisations and I believe it would therefore be easy for Indian exporters to offer their goods to these Corporations and secure business. It should also be easy for our Commercial Secretary to disseminate the information as to the items that India could offer. I learn that the U.S.S.R. is importing a number of consumer goods from the different Socialist countries on reciprocal basis. I request Sri Hejmadi to explore the possibility of developing trade in consumer goods with the U.S.S.R.

I also request Mr. Hejmadi to give Indian exporters a periodical report on the technical conditions imposed by the U.S.S.R. in the import of various commodities, their inspection system as also the quality and packing conditions so that the Indian exporters can conform to those standards and try to develop trade with the U.S.S.R.

In the matter of tobacco, the U.S.S.R. is buying considerable quantity from India and I am glad to note that an agreement has been concluded for purchase of Indian tobacco during the current year also. U.S.S.R. is importing tobacco from China and Bulgaria also. The Commercial Secretary may explore the possibility of stepping up India's exports of tobacco to the U.S.S.R.

Information about the business and economic conditions in the U.S.S.R. is not available to the Indian exporters. Even the usual reports submitted by the various Trade Representatives of the Government of India abroad about the economic and commercial conditions of he foreign countries and published the Indian Trade Journal are not received from our Trade Representative in the U.S.S.R. I request Mr. Hejmad to see that such report are published and made available to the Indian exporters.

I once again thank you Sri Hejmadi for making it convenient to visit our Chamber and for giving us an opportunity of meeting you. I wish you on my own behalf and on behalf of the Andhra Chamber of Commerce every success in your new assignment."

Sri Rasiklal M. Mehta proposed a vote thanks.

India's Trade with Hungary

Sri S. Venkataraman, Commercial Secretary Designate for India in Hungary, addressing the members of the Andhra Chamber of Commerce on July 11, 1962, said that it would be his endeavour to study the pattern of the import trade of Hungary and find out the various items which are being imported by Hungary from other countries and which India can offer. He promised to make available to the Indian exporters detailed data in this regard at the earliest. Sri Parsram Jethanand, Chairman of the Import Sub-Committee of the Chamber, welcoming Sri Venkataraman referred to the large gap in India's trade with Hungary and urged upon the Commercial Secretary to assist the Indian exporters in stepping up India's exports to that country. He made a particular mention of the

declining trend in India's exports of mica to Hungary. Items like tobacco, herbs and drugs, fibre and essential oils found a place in the trade agreement; but the export of these items was practically nil or negligible. It was also mentioned at the meeting that importers in India are experiencing hardship in the clearance of goods imported from Hungary since the cross border certificates issued by the Hungarian Forwarding Organisation are not being countersigned either by the Hungarian Chamber of Commerce or the Commercial Secretary for India in Hungary. Sri Venkataraman promised to look into this matter and see that either the Chamber of Commerce or the office of the Commercial Secretary took up this work.

Sri Parsram Jethanand proposed a vote of thanks.

The following note was circulated at the meeting:

Volume of Trade:

The volume of trade between India and Hungary has been as under from 1952 onwards:

Year		*Imports from Hungary*	*Exports to Hungary*	*Balance of Trade + or —*
		(*Rupees in Lakhs*)		
1952	...	27	3	— 24
1953	...	10	3	— 7
1954	...	9	20	+ 11
1955	...	26	5	— 21
1956	...	78	51	— 27
1957	...	77	30	— 47
1958	...	62	61	— 1
1959	...	242	74	— 168
1960	...	200	112	— 88
1961	...	474	344	— 130

It can be seen from the above table that the trade between the two countries is on the increase from 1958 onwards. However, the volume of trade is well within Rs. 10 crores and it should be stepped up.

Exports from India

The following table gives an idea of the volume of exports of different commodities from India to Hungary:

	1960-61	1961-62
	(Rs. '000)	
Black Pepper	12,58	19,48
Coconut Cakes	84	3,17
Cardamams	...	6
Goatskin, Dry salted	8,26	4,79
Fur skin, undressed others	...	4,62
Groundnuts, Peanuts, unshelled green ...	5,53	12,49
Do. Shelled green	...	11,25
Bengal Deshi Cotton	86	31,91
Cotton Waste	3,00	22,20
Goat-hair other than Angora	...	1,84
Wool or finehair, graded others	...	14
Other Indian Cotton	...	27
Palm Fibre	...	36
Iron Ore concentrates ex-Pyrite unroasted ...	27,04	43,74
Bihar Mica Block Good Stained	21	...
Bihar Mica Block Stained	12,50	11,70
Do. Splitings Book Form	1,36	2,34
Do. do. Dusted Loose	1,46	...
Do. do. Loose	3,70	1,74
Do. Groundscrap and Waste	19	66
Andhra Mica Splittings Book Form	54	...
Do. do. Dusted Loose	12	...
Do. do. Loose	56	1,59
Coconut Fibre Yarn	1,47	9,01
Jute Hessain Cloth	42,50	74,31
Jute Corn Sacks	37	2,34
Jute Hessain New Bags	3,07	20,02
Jute Sacking Bags New	6,73	26,28
Jute Rope and Twine	...	78

There is a decline in the export of Indian Mica and dried salted goatskins, while there has been an increase in our exports of jute goods, iron ore, spices, cotton waste and groundnuts. Among the goods available for exports from India to Hungary there are a number of items of interest to South India. Mention can be made of tobacco, cashew kernels, castor oil, vanaspati, sandal-wood oil, fiber for brushes, leather manufactures, crude drugs like nuxvomica, senna, chirata, handicrafts and novelties. Attempts should be made to develop market for these items in Hungary. The Commercial Secretary should extend all possible assistance to the trade in rhis regard.

Trade Agreement

There is a trade agreement between India and Hungary in operation for a fairly long time and the present agreement is in force till the end of 1963. It will be necessary for the Commercial Secretary to see that the various items mentioned in the schedule to the agreement enter the trade between the two countries. While increase is noticeable on our imports from Hungary, our exports are not adequately expanding. The gap in the trade is gradually widening and from a deficit of a lakh of rupees in 1958, we find a deficit of Rs. 130 lakhs in 1961. This calls for greater effort on the part of the exporters, the Commercial Secretary and all concerned.

Imports from Hungary

Hungary is in a position to offer to India a number of items among whicn mention may be made of hydro-turbines, electric motors, factory plants for a number of industries and machine tools among others. India needs more plants, machinery and equipment and equipment for generation of electricity. The Commercial Secretary should impress upon the Government of Hungary the need for importing more goods from India so as to encourage India to import more plant and equipment from Hungary.

India's Trade with Bahrein

Sri M. H. Siddiqi, Indian Trade Agent Designate at Bahrein, visited the Chamber on August 8, 1962 to have a discussion with the members on matters relating to India's Trade with Bahrein Islands. Sri S. Venkatarangam, President of the Chamber welcoming Sri Siddiqi, observed.

"I have great pleasure in welcoming Mr. Siddiqi to our Chamber this evening. I am very glad that Mr. Siddiqi has found it convenient to have discussion with the members of our Chamber before proceeding to Bahrein to assume Office as India's Trade Agent there. Mr· Siddiqi has already visited a number of places and has had detailed discussions with the exporters. I am sure his discussions with the trade in India would help him to a very great extent in the promotion of trade between India and Bahrein.

From 1955 onwards, our exports to Bahrein Islands is around Rs. 2.2 crores to Rs. 2.3 crores. But our imports from Bahrein which were of the order of Rs. 8 crores in 1955-56 have declined to Rs. 4.3 crores in 1961-62. If there is any decline in our adverse balance of trade in the past five or six years, it is more due to the decline in our imports rather than to any increase in our exports. Bahrein is of course a small area with a population of less than 2 lakhs. But Bahrein is noted for its transit trade. Nearly 40 per cent of the value of the goods imported into Bahrein are being re-exported to other countries around the Persian Gulf. Saudi Arabia accounts fo more than 50 per cent of the re-export, trade of Bahrein. Though the traditional items of exports to Bahrein from India are spices, tea, cotton textiles, fruits and vegetables, coffee vegetable oils and the like, in view of the expanding economy of Bahrein there is need for a large number of other items, both manufactures and semi-manufactures. I am sure Mr. Siddiqi would ensure India's share in the increasing imports of Bahrein. In regard to the import trade of Bahrein India stands next only to the United Kingdom followed by the United States of America, Japan, Germany and the Netherlands. Because of the proximity and the increasing goodwill, friendship and understanding between the peoples of India and Bahrein, I believe it should be possible for us to step up the trade between the two countries. Though not much in volume there are a large number of items which enter the trade between India and Bahrein. Steps should betaken to pormote the exports of these items. However small, the quantum of exports of an individual item may be, it should be noted the cumulative effect of increase in exports would be a considerable extent. While comparing our exports during the year 1961-62 to our exports in the previous year I find there has been a delcine in our exports of Bananas, cashew kernels, potatoes, agarwood, sugar, tea, cardamam, wheat bran, groundnut, vanaspati, groundnut oil, jewellery, electric fans, iron and steel trunks, rubber footwear and carpets. Though there has been an increase in our exports of meat, mangoes, hookah tobacco, iron safes, diesel engines, cine films and cotton textiles of certain varieties, the total volume of exports during 1961-62 has declined to Rs. 2.08 crores as against Rs. 2.35 crores in the previous year. I request Mr. Siddiqi to assist the exporters in India in stepping up our trade with the area under his jurisdiction. The Indian Display Centre at Bahrein, I believe would be of considerable help to the Indian exporters in exhibiting their manufactures and merchandise. I request Mr. Siddiqi to find out ways and means of attracting local businessmen to the Display Centre and creating interest in Indian goods. Bahrein is importing nearly Rs. 25 crores worth of goods from all countries and the share of India is about 10 per cent of the total imports. I request Mr. Siddiqi to study the pattern of the import trade of Bahrein, find

out the various articles Bahrein is getting from different countries and see whether India can offer with advantage any of those items imported from other sources. If the result of such a study is made known to the Indian exporters, it would be of an immense help to them in promoting our trade with Bahrein.

I thank Mr. Siddiqi for making it convenient to visit our Chamber this evening and for giving us an opportunity of meeting him. I wish him every success in his new assignment."

Sri Siddiqi replying said that Bahrein was looked after till recently by Indian Trade Representative at Baghdad. The Government of India nave now decided to appoint an independent Trade Representative at Bahrein and that he (Sri Siddiqi) was going as India's first Trade Representative. "Bahrein was a good market for India by virtue of its proximity and a large number of Indian businessmen residing there. This is not the time for us to look to the items of export from a traditional or non-traditional angle. We should try to maintain our traditional lines of export and at the same time try to find out markets for our non-traditional items also," Sri Siddiqi added. He hoped that it would be possible for India to develop trade with Bahrein in an effective manner than before because of the new office that is being set up.

Sri C. Govindarajulu proposed a vote of thanks.

The following note was circulated at the meeting for the information and guidance of the members.

India's Trade with Bahrein Islands:

Bahrein Islands which form an archipelago in the Persian Gulf between the Quatar Peninsula and the mainland of Saudi Arabia have a population of 142,213, the area being 598 sq. km. Manama is the Capital of Bahrein.

Balance of Trade:

Year		*Exports to Bahrein*	*Imports from Bahrein*	*Balance of Trade + or —*
			(Rupees in Lakhs)	
1955-56	...	2,28	8,16	—5,88
1956-57	...	2,38	6,87	—4,49
1957-58	...	2,32	5,31	—2,99
1958-59	...	2,93	3,15	— 22
1959-60	...	2,19	4,00	—1,81
1960-61	...	2,35	5,03	—2,68
1961-62	...	2,08	4,35	—2,27

Principal items of Export to Bahrein from India:

(Rs. in '000)

	1960-61	1961-62
		8, 81
Meat Bovine Cattle	1,02	34
Meat Sheep or Lamb	44	5
Meat of Swine	...	9
Poultry killed or dressed	52	25
Oranges	79	
Lemons	1	...
Grape Fruits	1	6
Limes	1	...
Bananas and Plantains, Fresh	3,60	1,51
Mangoes	1,51	2, 39
Tamarind, Fresh	3	2
Betelnuts ungound whole	4	4
Cashew Kernel	2,03	1,87
Coconuts, Fresh	16	14
Walnuts	23	...
Tamarind	3	3
Seed Potatoes	4	...
Other Potatoes	47	1
Lentils Masur	7	6
Moong	1	2
Garlic	2	5
Onions	3,14	4,62
Mango Pickles	3	11
Pickles, Chutneys, Condiments, etc.	4	29
Sugar, other sorts	9,02	88
Coffee — Arabica Cherry	4,13	8,93
Do. — Robusta	25	48
Do. — Others	8,43	9,42
Black Tea	27,19	22,12
Chillies	12	34
Black Pepper	72	39
Cardamom	30,11	22,44
Cassia	4	...
Coriander Seed	9	12
Cummin Seed	1	12
Curry Paste and powder	4	42
Fennel Seed	1	1
Ginger	46	34
Other spices	73	82

Principal items of Export to Bahrein from India: (Contd.)

(Rs. in. '000)

	1960-61	1961-62
Wheat Bran	3,45	89
Cotton Seed Cakes	9	13
Cigarettes	5	2
Hookah or Gooduku Tobacco	65	1,99
Groundnuts, Shelled Green	55	16
Do. Unshelled Green	9	...
Do. Others	13	41
Sesamum or Til	7	8
Mustard Seed	...	1
Other Pine Wood	2	...
Agarwood	33	3
Paliwood	64	79
Teak wood	15	55
Poles, posts, etc.	19	...
Teak Lumber	9	4
Benteak	...	2
Cotton Waste	5	3
Cotton Yarn Waste	14	12
Others—Cotton Waste	2	...
Henna Leaves and Powder	4	5
Canes	1	11
Turmeric Bark and Roots	...	5
Others Oil from Fish and Marine Animals ...	6	1
Groundnut Edible, Hydrogenated oils	2,53	99
Hydrogenated oils, others	3	...
Groundnut oil crude, refined, purified	97	60
Mustard Oil	...	2
Otto Rose	1	4
Hair Oil	26	25
Cosmestics and Toilet Requisites N.E.S.	4	5
Perfumes, not containing spirit	6	14
Toilet Soaps	1	1
Other Soaps	2	...
Talcum Powder	...	1
Other Rubber Hoses	4	36
Rubber Conveyor Belting	7	...
Rubber Endless 'V' Belt	3	36

Principal items of Export to Bahrein from India : (Contd.)

(*Rs. in* '000)

	1960-61	1961-62
Manufactures of Soft and Hard Rubber N.E.S. ...	2	...
Rubber Ply Belting	8	...
Pneumatic Covers, Giant Size N.E.S.	...	5
Builder's Woodwork	11	...
Other Manufactures off Wood N.E.S.	28	28
Gold Jewellery	65	75
Silver Jewellery	2	...
Fancy Materials of Silver	3	...
Manufactures of Silverware N.E.S.	11	...
Jewellery Set with pearls	71	15
Do. other precious stones	6	...
Finished Structural Parts made of Iron or Steel—Others	6	...
Wire Mesh of Iron or Steel	1	...
Wire netting	8	8
Bolts and nuts of Iron or Steel...	4	1
Other Nails of Metal excluding Brass N.E.S. ...	2	5
Safes Strong Room Fittings and Boxes	32	1,10
Other Metal Working Hand Tools	3	3
Other Tools for Machines	2	2
Buckets of Tinned or Galvanised Iron	13	16
Household Utensils of Iron or Steel others ...	11	8
Household Utensils of Base Metal except Iron and Steel and Aluminium others	23	5
Door and Window Hinges	17	1
Fittings for Doors and Windows N.E.S.	16	30
Locks, all kinds	1	1
Other hand tools	...	5
Empty Cases and Drums N.E.S.	1	2
Tin plate Container	1	...
Anchors	1	...
Crown Corks	5	96
Manufactures of Stainless Steel N.E.S. ...	19	27
Household Utensils of Aluminium	...	2
Parts of Diesel Engines for Motors	78	...
Parts of Diesel Engine Staty, excluding for motor vehicles	9	26
Centrifugal Pumps N.E.S. Electric Motor operated...	5	...

rincipal items of Export to Bahrein from India : Contd.)

(*Rs. in* '000)

	1960—61	1961—62
Centrifugal Pumps N.E.S. Engine operated ...	29	67
Hand Pumps	2	1
Household Sewing Machine	4	...
Valves for regulating Liquid flow	1	...
Valves for Tubes	3	...
Posts for Flourescent Tube Lamp M.E.S. ...	8	3
Audio Amplifying sets	2	...
Loudspeakers other than for Radio	6	8
Other parts of wireless trans. app.	2	2
Ceiling Fans	52	22
Table Fans	2	...
Other Electric Insulators Resistence Wires ...	2	...
Other copper winding wires	2	...
Diesel Engine, N.E.S. Staty· Vert. upto 10 B.H.P. ...	...	1,93
Diesel Engine, N.E.L. Staty. Hori. above 20 B.H.P.	...	28
Spare parts for centri pumps N.E.S.	...	4
Sugarcane Crushers	...	8
Weighing Machines excluding Laboratory ...	...	2
Weights for Balance Scales	...	3
Flat Iron Domestic	...	2
Cabinetware	1	...
Other wood furnitures and fixtures	19	5
Steel furniture household	17	27
Do. office	2	10
Do. others	2	2
Furniture of Wicker work Bamboo	6	...
Bedsteads	...	3
Travel goods of Leather	4	17
Iron Steel Trunks	1,44	1,35
Other Travel Goods	5	9
Stockings and Hose of Cotton	5	...
Do. Woollen	1	...
Underwear and Nightwear Knit of Cotton ...	28	10
Outwear knit of Cotton	16	15
Do. of Wollen	26	46
Uniforms and Accoutrements	11	14
Others Outwear other than Knitted	45	59
Handkerchiefs	14	8
Scarves of other materials	49	98

Principal items of Export to Bahrein from India : (Contd.)

	(Rs. in '000)	
	1960-61	1961-62
Slippers and House Footwear of all materials of Leather except Rubber	48	46
Slippers and House Footwear of all materials of Part Leather	3	7
Footwear wholly or mainly of Leather not including slippers and House Footwear	2,02	1, 72
Footwear Rubber soled Leather Uppers ...	2,55	1, 13
Footwear Rubber soled Leather others	11	24
Footwear Rubber sole with canvas Uppers ...	65	27
Rubber Footwear	27	29
Standard 35 M.M. Cinematographic Film Exposed whether developed or not	4, 65	8.09
Cotton Twist yarn single coarse Nos. 1 to 16 ...	3	28
Twist yarn single, medjum Nos. 17 to 34 ...	14	3
Twist yarn double coarse, Nos. 1 to 16	6	...
Twist yarn double Medium Nos. 17 to 34 ...	5	3
Yarn unspecified coarse Nos. 1 to 16	69	47
Cotton Thread Sewing or Darning	10	9
Cotton Thread excl. sewing or darning	2	3
Imitation Gold, Silver Thread and Wire	23	70
Coconut Fibre Yarn	1,16	1,23
Millmade Chadars	3	3
Millmade Drills and Jeans	3	10
Millmade Sheetings	1, 18	1, 20
Millmade unspecified description	80	1,68
Millmade white Dhoties superfine	4	3
Millmade white drills abd jeans	36	48
Millmade white Long Cloth	41	40
Mill White Mulls	58	40
Mill White voils	1, 01	1, 83
Millmade white unspecified description	80	73
Millmade Printed Chadars	5	...
Millmade Printed Checks spot stripe	14	5
Millmade, Ptinted crepes	2	...
Millmade Printed Mulls	...	11

Principal items of Export to Bahrein from India : (Contd.)

	(Rs in '000)	
	1960—61	1961—62
Millmade Printed Drills and jeans	3	11
Millmade Prints abd Chintz	65	56
Millmade Printed Sarees superfine	5	...
Do. Voils	13,95	17,4
Do. Shirting	...	198
Do. Unspecified Description ...	2	46
Do. Long cloth	...	8
Millmade Dyed Coatings	81	7
Do. Long Cloth	18	65
Do. Mull	3,04	2,05
Do. Sarees Superfine	3	...
Do. Twills	33	...
Do. Voil	1,32	3,08
Do. Unspecified Description	4,22	3,85
Handloom woven coloured Lungies	11	3
Do. coloured unspecified	8	9
Mill woven coloured loatings	5	...
Do. unspecified Description ...	13	6
Cotton canvas	9	10
Silk Sarees	6	...
Sarees entirely of Art Silk	15	7
Piecegoods entirely of Art Silk N.E.S.	2,54	2,61
Fabrics containing over 50 Pc Art Silk N.E.S. ...	68	1;12
Mixed Art Silk Piece-goods N.E.S.	33	29
Fabrics of other synthetic Fibres, N.E.S.	66	6
Leather Cloth	8	20
Coir cordage and Ropes	1,30	1,50
Cotton rope and twin	8	26
Jute Hessain New bags	2	4
Jute sacking bag new	6	...
Tarpaulins of other materials	25	74
Tarpaulins Tents, etc., All other	1,54	30
Bed Covers	42	44
Counterpanes	92	21
Bed sheets	33	33
Bed spreads ;	9	...
Pillow cases	9	14
Pillow slips	6	6
Towel in the piece	1,15	1,61

Principal items of Export to Bahrein from India: (Contd.)

	(Rs. in '000) 1960-61	1961-62
Carpets, of wool and fine hair including Artware others)	14	...
Carpets, etc., of Textile Fibres other than wool and fine hair—others	1, 19	73
Mats and Mattings of jute	9	...
Mats and Mattings of coir	8	14
Yarn, white, single coarse Nos. 1 to 16	...	31
Mill White Chadars	...	24
Nylon Fabrics	...	25
Jute Rope and Twine	...	36
Mill woven, coloured Bed tickings	74	5?

India's Trade with West Germany

Sri P. A. Menon, Ambassador for India in West Germany, had a discussion with the representatives of the Chambers of Commerce at the Secretariat on Monday, December 17, 1962. Sri R. Venkataraman, Minister for Industries, who presided over the function welcomed Sri Menon and requested him to explore the possibility of developing market for handloom textiles, Indian films and ore concentrates in Germany.

The Andhra Chamber of Commerce was represented at the meeting by Sri Jayantilal P. Sanghrajka, President, Sri Parsram Jethanand, Chairman, Import Regulation Sub-Committee, Sri Rasiklal M. Mehta and Sri M. S. Sambasivam, Secretary.

Sri Jayantilal P. Sanghrajka, President, Andhra Chamber of Commerce drew Sri Menon's attention to the decline in the export of tobacco, coffee, pepper, cardamom, tapioca, oilcake, hides and skins and leather.

The representatives of the Southern India Chamber of Commerce sought Sri Menon's assistance for Indian businessmen to conclude collaboration agreements with West German parties.

Sri Menon assured the Embassy's help for all major collaboration ventures of vital importance to the country.

The representative of the Madras Chamber of Commerce suggested that the Indian Investment Centre might be induced to open an office in West Germany.

The film industry's representatives pointed out that while India imported cinema carbons worth Rs. 60 lakhs annually, a request for a collaboration project with a West German firm involving a foreign exchange component of about Rs. 15 lakhs only had not been sanctioned. Sri Menon commended a suggestion that the industry should approach the Industrial Finance Corporation which had block grants of foreign exchange for individual countries.

It was pointed out on behalf of the leather industry that the restrictive duties imposed by West Germany on Indian hides and skins and the difficulties experienced in the classification of finished and semi-finished leather were discriminating factors. Sri Menon indicated that the restrictive duties were not likely to be removed till West Germany's relations with the U. K. and the E.C.M. countries were finalised.

Sri Menon told the meeting that the recent visit of the West German President to India had improved the climate for closer economic collaboration, between the two countries. West Germany was among the first to come to the aid of India in the wake of Chinese aggression. West Germany offered an expanding market for Indian merchandise. Indian exporters could think of introducing new items like bananas into the German market.

Sri Menon expressed the view that market research and study of consumer preference by individuals specially deputed for this purpose would be more rewarding to Indian exporters than the cursory impressions of unwieldy trade delegations.

The following Memorandum of Points were submitted for discussion with Sri P. A. Menon :

The recent visit of Dr. Luebke, President of the Federal Republic of Germany has further strengthened the bonds of friendship between India and West Germany. West Germany has been extending all assistance to India in the development of the steel plant at Rourkela, in the starting of the Indian Institute of Engineering Technology and in several other directions. West Germany has been supplying plant, machinery and equipment needed by our industry. This necessitates larger imports from West Germany and offers scope for stepping up our exports to that country. The Chamber hopes that it will be possible for us to develop a two-way trade between India and West Germany in view of the existing goodwill and understanding.

The trade between India and West Germany has been as under.

Year		*Exports to West Germany*	*Imports from West Germany*	*Balance of Trade + or —*
		Rs.	Rs.	Rs.
1955–56	...	14.9	60.3	— 45.4
1956–57	...	15.9	90.0	— 75.0
1957–58	...	15.5	124.1	— 108.6
1958–59	...	15.2	104.5	— 89.3
1959–60	...	21.1	114.9	— 93.8
1960–61	...	19.9	124.1	— 104.2
1961–62	...	20.7	118.2	— 97.5

There is a large gap between our exports to and imports from West Germany. Efforts should be made to step up our exports and narrow down the gap.

The Government of India have recognised the need for promoting exports to West Germany. They have their Embassy at Bonn and Trade Representatives at Bonn and Hamburg. They have opened a Trade Promotion Office at Frankfurt. The Chamber hopes these Trade Representatives would extend all possible assistance to Indian exporters in developing their trade with West Germany.

The creation of the European Common Market and the European Free-Trade Association and the agreements between the countries in the area are likely to have their own repercussion on India's trade with West Germany in particular and Western Europe in general. Our Ambassador and his Trade Representatives with the co-operation of the Commissioner General for E.C.M. Affairs, Sri K. B. Lall should do their best to ensure India's share in the overall

trade of West Germany. Any shift in taste, consumer preference, price range and the like should be studied carefully and systematically and the result of such studies should be made available to Indian exporters. It is needless for the Chamber to point out that this work has become all the more necessary in view of the emergency, our urgent need to step up export promotion and our inability to release foreign exchange to all exporters for on the spot study and business tours.

An Indian Trade Centre is functioning at Frankfurt Am Main and the Cotton Textiles Export Promotion Council also has an office there. The possibility of organising some show rooms for Indian produce, manufactures and merchandise in other business centres in West Germany may be thought of.

The Federal Government have announced at the G.A.T.T. Conference in June, 1960 their programme of progressive liberalisation of imports of a number of items. By January, 1963 and January 1965 the import of a number of items are to be liberalised. Till January, 1965 or such date full liberalisation takes effect the items covered by liberalisation programme would be subject to global quota. According to the Trade Agreement between India and West Germany, many items are entering West Germany under quota. Among these mention may be made of cotton textiles, coir manufactures, jute manufactures, cotton furnishing, finished and unfinished silk, art silk and staple fibre fabrics, woollen fabrics, cotton blankets, handmade lace, hides and skins, finished and unfinished sheep and goat skins and pine apple juice. The possibility of including other items, the imports of which are restricted and increasing the quota for the items now covered by the Agreement may be considered.

West Germany is importing the following items in large quantities: Pepper, cardamom, coffee, goat and sheepskin, woven fabrics of cotton, tobacco, tapioca, groundnut and other oilcake, iron ore and woollen carpets. But the share of India in the overall imports of Germany of these items is not appreciable. The Chamber requests Sri Menon to advise his Trade Representatives to study the situation and find out ways and means of stepping up India's share.

Andhra Pradesh Export Promotion Committee

The Government of Andhra Pradesh in their G.O. Ms. No. 1642, dated October 17, 1962 reconstituted the Export Promotion Committee. The tenure of office of Sri J. V. Somayajulu, as the representative of the Chamber was also extended.

Bleeding Madras—Export of

A meeting of the representatives of trade interest in the export of handloom fabrics including Bleeding Madras was held on September 11, 1962 at the office of the Joint Chief Controller of Exports, Madras. Srimathi Pipul Jayakar, Designs Expert of the Office of the Textile Commissioner and Sri Ramanathan explained to the trade about the proposed classification for Bleeding Madras under the Indian Standard Specification. They said that Bleeding Madras would be classified into three grades and they would be passed for export to whichever group the goods may belong. The representatives of the trade expressed the view that inspection and control should be confined to bleeding Madras in pieces of 17 yards and above and which were over 36" in width. The meeting also expressed the view that a quota of 6 lakh yards per month should be fixed for export and that every established exporter should be given a quota. Over and above this, each exporter may be allowed to export to the extent of orders received by him subject to the over all ceiling. The Chamber was represented at the meeting by Sri M. S. Sambasivam, Secretary.

Directory of Exporters of Indian Produce and Manufactures

The Department of Commercial Intelligence and Statistics, 1, Council Street, Calcutta-1 advised the Chamber that a revised edition of the Directory of Exporters of Indian Produce and Manufactures was being brought out. This Directory is being distributed free of charge to the leading Chambers of Commerce and Trade Associations abroad, through India's Trade Representatives stationed in different countries of the world so as to enable interested foreign importers to contact Indian exporters for their requirements. In the previous edition over 3,500 exporters have been listed and the Department has taken on hand the work relating to the next edition. Members were advised to complete the prescribed Questionnaire and forward the same to the Director General of Commercial Intelligence and Statistics, 1, Council House Street, Calcutta-1 under advice to the Office of the Chamber.

While furnishing the information, members were also requested to mention in the covering letter to the Questionnarire the principal commodities they actually handle and the capacity in which they handle, viz. (1) As merchant-exporter or (2) as manufacturer-exporter or (3) as manufacturer and potential exporter. All Member exporters were requested to avail of this opportunity and get their name listed in the above Directory by furnishing the information to the Director General well in time.

IMPORT REGULATION.

Import Advisory Council

A meeting of the Import Advisory Council was held on March 5, 1962 The Chamber was represented at the meeting of the Council by Sri V. Emberumanar Chetty.

The Chamber forwarded the following points for consideration at the above meeting of the Council.

Export of Surgical Cotton.

Surgical cotton should be included among the list of items eligible to get export incentives. There is a good market for Surgical Cotton in Far East and unless an incentive is given it would be difficult to expand the market for this item. Import of raw cotton, chemicals etc., should be allowed against export of Surgical Cotton.

Issue of Import quotas for Copra to Actual Users.

While the Established Importers and Crushers who are on the Register of the Development Wing are being given import quotas for Copra on the basis of their past performance, there seems to be no definite principle in the matter of allocating quotas to Actual Users not on their Register. Each of the Applicants under the latter category (Actual Users not in the Ministry's Register) has been called upon to furnish his copra crushings during the past 3 calendar yars duly supported by a Certificate for the Excise Duty paid. But the allotments have not been, it is stated, made on a uniform basis.

It is necessary to adopt a definite policy or basis with regard to the allotment of import quota for copra to these Actual Users who are not borne on the books of the Development Wing.

Basic Period.

It is suggested that the basic period may be extended in the case of the following items :

(a) *Industrial Diamonds*: *S. No.* 104/IV: The basic period for this item is 1952-53 to 1955-56. The basic period may befixed from April, 1951 onwards as in the case of other items.

(b) *Betelnuts*: *S. No.* 30/*IV*: The basic period may be extended to cover 1957-58 to enable a large number of importers who imported in 1957-58 to participate in the imports.

(c) *Menthol*: This item comes under Drugs and Medicines. The basic period may be extended till 1959-60.

Suggestions for changes in the Import Policy for April—September, 1962 licensing period.

S. No.	*Part and Serial No. of I.T.C. Schedule.*	*Brief Description.*	*Present Policy (may be indicated if possible).*	*Quota Percentage Suggested.*	*Any other change Suggested*	*Reasons for the change in Policy*
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Part–I–30 Steel Strips (Hoops).	Raw materials for manufacturing Umbrella Ribs Solid and Fluted Type.	Actual Users' Licences are issued under U.S.A. D.L.F. Loan Scheme compelling to import from U.S.A.	N/A	To be made for General Area.	The items are manufactured in U.S.A. on Rupee Payment countries in all sizes. Hence it is necessary to issue licences to actual users without linking the imports with D. L. F. or Rupee Payment Agreements.
2	I.T.C. 5(1) V III.	Ring Travellers used by Textile Spinning Mills on their Ring Frames.	15%	50%	...	There are various sizes which are not manufactured in India for which there is a demand from the Textile Mills. The various sizes and ranges of Ring Travellers which are not manufactured in India may be allowed to be imported liberally.
3	IV Serial No. 30.	Betelnut.	Basic period upto 31st March 1957.	...	Request extention of basic period upto 31st March 1958 (Extension of one year only)	To enable those who have imported betelnut just after March 1957 to participate in imports.
4	S. No. 79(V) Part IV.	Chicory Powder.	Canalised through Coffee Board.	Suggest reversion to the old policy of issuing individual import licences based on best of half yearly imports made in 1958, 1959 and 1960.	...	The present canalisation policy (*a*) Does not meet individual quality requirements of different actual users who required different qualities while Coffee Board supplies only one quality (*b*) stuff becomes costlier as Coffee Board levies handling charges and sales tax. It is stated that the actual users are able to get low quotation lower than the price offered by the Coffee Board.

S. No.	Part and Serial No. of I.T.C. Schedule.	Brief Description.	Present Policy (may be indicated if possible).	Quota Percentage Suggested.	Any other change Suggested	Reasons for the change in Policy
5	S. No. 160, Part IV.	Glazed Bleached Transparent Grease Proof paper.	...			Manufacturers of Scented betelnuts may be given licence for import of transparent paper for packing purposes.
6	S. No. 22/31, Part V.	Aromatic Chemicals—Yara Yara, Hydroxy-citronellol, Linalool.	Yara Yara is in the banned list.	Usual Quota.	Part of Quota licences to be allowed for import of the above items.	It is stated that indigenous supply of these items is not adequate to meet the demand.
		Synthetic Musks (Musk Xylol, Musk Ambrette etc.)				The above holds good for these items also. They are going to be manufactured and therefore in the interest of actual users as well as established importers, it is requested that the Development Wing should wait for at least three or four periods taking into account actual production figures and the demand for the items before removing these items from the list of licensable items of aromatic chemicals. As otherwise removal from the list when the production is rather seanty or inadequate or not upto the mark it will seriously hamper the progress of various small industries that use those chemicals. It is therefore, requested that these items may be retained in the list of permissible items.
7	Part V 42(a) (I)	Wood and Timber.	Complete ban on import of teak from Burma since 1957.	50%	...	(1) Indigenous teak is not available in adequate quantity and great hardship is being experienced.

S. No.	Part and Serial No. of I.T.C. Schedule.	Brief Description.	Present Policy (may be indicated if possible).	Quota Percentage Suggested.	Any other change Suggested	Reasons for the change in Policy
						(2) Indigenous teak insufficient to meet growing demands.
						(4) Indigenous teak in the form of cut sizes of good quality not available in required sizes and
						(4) Trade Agreement between India and Burma provides for import of Sawn Sizes in the private sector—benefit not availed of during last five years—can be favourably considered at least now.
8	67(1) (1)/Part V of the I.T.C.	Printing and Lithographic Materials etc.	October/March 1962 at 12%.	40%	It is suggested that the Ministry of Commerce should delete the remarks 'New Machines to be imported against the Licence issued for this item. Rebuilt machines should be allowed to be imported against Licence issued for this S. No. as before.	According to the present Policy, more than 75% of the Established Importers are getting Licences between Rs. 500 and Rs. 2,000 and they are unable to import new printing Machines on the basis of the conditions imposed in the Policy. Hence they utilised the liecences for import of sundry items. Hence the relaxation may be made.

S. No.	Part and Serial No. of I.T.C. Schedule.	Brief Description.	Present Policy (may be indicated if possible).	Quota Percentage Suggested	Any other change Suggested	Reasons for the change in Policy
9	I/44.	Zinc Sheet.	Face value restriction not more than 7½% of the value of the licence can be utilised for import of zinc sheet.	30% (No change.)	It is suggested that face value restrictions may be removed in respect of small value licences i.e. licences below Rs. 1,000 in value.	It is found too difficult by small value licence holders to import zinc sheets for 7½% of small value licences since the permissible value comes to less than Rs. 1,000. Hence it is suggested that the restriction may be withdrawn in respect of licences for value below Rs.1,000
10	IV/244.	Sheet and Plate Glass.	2½%	10%	...	The present quota is too inadequate to meet the essential demand for the permissible varieties.
11	80(a)	Powdered Milk etc. in bulk packing.	Nil	20%	Make licences issued under this S. No. and S. Nos. 9 and 10 interchangeable.	Since no imports have been made by the S.T.C. for a long time it is necessary to allow imports to meet the shortage.

S. No.	Part and Serial No. of I.T.C. Schedule.	Brief Description.	Present Policy (may be indicated if possible).	Quota Percentage Suggested	Any other change Suggested	Reasons for the change in Policy
12	**46(b)/II.**	**Carbon blocks.**	**50%**	**75%**	**...**	**During October 1961 to March 1962 the quota for this item has been reduced from 75% to 50%. Due to increased indigenous production of electric motors, generators and diesel engines there is heavy demand for certain blocks. There are about 110 types of carbon grades and equipment from rupee a/c. countries do not have common grades of carbon. Hence the need to import a wide range.**
13	**3 No. 293, 296 and 297, Part IV.**	**Cylinder Liners.**	**Restricted to 33-1/3%.**			Entire quota value for liners should be allowed for import of dry liners since there is shortage of indigenous supply particularly for Perkins P6, P3, P4 and other automotive engines and there are a large number of disposal tractors and stationary engines where dry liners are used and for which no indigenous manufacturer produces dry liners.
14	S. No. 30(b) (iii)	Diesel Engine Spares.				It is suggested that at least 25% of the quota licences should be made available for the import of radiators for industrial equipment. Those manufacturers now producing radiators are confining themselves only to original equipment demands together with demands only from the automotive and tractor manufacturers. There is a vast amount of existing civil engineering, industrial and other equipment comprising of pump sets, core drills earth moving equipment, concrete mixers etc., where radiators are fitted on the prime movers and it is becoming increasingly difficult to obtain the requirement of industrial radiators from the small quotas available against motor vehicle licencess Part IV Serial No. 293, 295, 297 (Appendix 26 List III item 10).
15	S. No. 293, 295 and 297, Part IV.	Fuel Injection Equipment.	...			The present policy in dicates restriction of 25% for the import of elements and delivery valves. Since there is a shortage of these items it is suggested that quota percentage may be liberalised to at least 50% to cover import of elements and valves.

Import of Raw Materials for the Pencil Industry.

The foreign exchange allocation for import of raw materials and spare part for the Pencil industry has been gradually cut in the past two or three licensings periods. It is stated that during the period April 1960 to March 1961 a ceiling was fixed for each individual unit within which the units should plan their imports of raw materials and spare parts. This ceiling was by far inadequate to meet the actual needs of the manufacturers of pencils and they also represented to the Development Wing and the Ministry for raising this limit; But the o iginal ceiling fixed was maintained. While the manufacturers were pleading for an increase in the foreign exchange allocation, the allocation for the subsequent period viz., April to September, 1961 was further cut by about 12% over the allocation of the previous year. Then again representations were made by the manufacturers. The manufacturers were asked at this stage to submit one application for import on the basis of the ceiling alloted and also submit a separate application in respect of their additional requirements. Even though the applications which were within the ceiling were considered and licences were given, the applications for grant of additional licences are still pending at the appeal stage.

This being the case units engaged in the pencil industry have been advised of a further cut working out to as much as 33-1/3% of the original ceiling fixed in October 1960 to March 1961 period.

While one is aware of the need forconserving foreign exchange and finding out ways and means of making the industry selfreliant and self-sufficient, the production in the pencil industry during 1960 has gone down considerably compared to the previous year even though the installed capacity has been stepped up during the period. This has been due to the inadequae supply of raw materials consequent on the cut in the foreign exchange allocation. The position during the year 1961 has all the more been difficult since the cut has been very drastic. The pencil industry, is in need of a large number of raw materials and spare parts which can not be procured indigenously. The needs of the country of pencils of various categories have to be met with and this necessitates import of raw materials of the right type and in adequate quantities. The present allocation of foreign exchange for import of raw materials and spares is not adequate even to meet the existing needs of pencils in the country not to speak of catering to export demand and the increasing demands consequent on great educational activities.

It is requested that the Development Wing should study the needs of the pencil industry of raw materials and spare parts afresh and fix the foreign exchange ceiling and enable them to obtain their requirements in adequate quantities. The Development Wing should onsider the feasibility of maintaining atleast the ceiling of 1960-61 if a further increase is not possible.

The Chief Controller of Imports in his letter dated September 29, 1962 addressed to Sri V. Emberumanar Chetty, Chamber's representative on the Import Advisory Council stated as under :

"With reference to your suggestion regarding "Grant of export incentives against export of surgical cotton" received for consideration at the Import Advisory Council meeting held in March, 1962, I write to say that it has since been decided to include "absorbant Cotton Wool and Surgical dressings" under the special Export Promotion Scheme for Chemicals and Allied Products"

Sri V. Emberumanar Chetty during the course of his speech at the Council observed :

I am indeed very glad that there has been a striking departure in the holding of the meetings of the Import and Export Advisory Councils this year by convening a joint meeting of both the Councils. I believe this reflects the real need and our desire for a co-ordination between our export and import policies with a view to build our economy, conserve foreign exchange and promote exports.

I would like to confine myself on this occasion to only one or two points of importance. Firstly, I request that arrangements should be made to see that the Actual Users get their requirements of raw materials, components and machinery expeditiously and without any difficulty. In case the Actual Users are asked to contact the State Trading Corporation or other indigenous sources of supply, the authorities should ensure that the Actual Users get their supply well in time and in adequate quantity.

In the case of the pencil industry, it is found that the indigenous manufacturers of lead slips are not given licences for import of raw materials for manufacture of lead slips. But the pencil manufacturers are given licences to mport lead slip itself. The policy of the Government should be to encourage the manufacturers of lead slips by giving them raw materials rather than permitting the pencil industry to import lead slip itself.

Again impediments are placed in the way of importing wooden slats and the pencil manufacturers are asked to contact the indigenous sources of supply while in fact no supply worth mentioning is forthcoming from such quarters. This apart, the pencil industry which is placed under the Mineral Industries Directorate of the Development Wing has been subjected to a cut of nearly 33-1/3% over the licences, the industry was obtaining in October 1960 to March 1961 period, while the other industries in the same Directorate have been subjected only to a cut of 10%. The present allocation of foreign exchange for import of raw materials and spares is not adequate even to meet the existing needs of pencils in the country, not to speak of catering to export demand and the increasing demands consequent on the greater educational activity in the country. I request you, Sir, and the Development Wing to consider these aspects and fix a liberal ceiling for the pencil industry in the ensuing licensing period.

In the matter of exports of pencils, I feel that the incentives now given for import of raw materials should be revised in the upward direction, if exports of pencils are to be encouraged.

Many other industries which depend on imported raw materials have to face a similar situation and I have every confidence that these industries also would be enabled to obtain their import requirements without much difficulty.

Madras Port Import Advisory Committee.

The Madras Port Import Advisory Committee met twice during the year. At the meeting held on March 2, 1962 the Chamber was represented by Sri S. Venkatarangam, President.

At the outset, the Chairman welcoming the members indicated in brief the constitution of the new Port Import Advisory Committee. Members of the Import Advisory Council from the Southern Region were ex-officio members of this Committee in addition to the representatives of the various Chambers of Commerce and two representatives of Small scale industries. A representative of the State Trading Corporation was also a member of the Committee as also the Director of Handlooms, Madras and a representative of the Madras State Cooperative Supply and Marketing Society. The Collector of Customs, Madras was also, it was added, a member of this Committee.

The Chairman informed the members that information regarding the constitution of the Committee was received only a few days earlier and therefore the Committee had to meet at short notice. He however, hoped that on the informed advice of the members, suitable steps in the formulation of the Import Policy could be taken for the next period subject, of course, to the overriding considerations of foreign exchange."

The following were some of the subjects discussed at the meeting:

"Import of raw materials under EP Scheme for manufacturers of paper bags:

Issue of licence for the import of raw materials for manufacturers of paper bags should be encouraged under EP Scheme.

Automotive repair shops may be included in the definition of actual users and licences for raw materials such as welding rods and accessories such as tools etc. may be licensed to them.

Small end bushes for automobile purposes are being classified by the Customs as thin wall bearings and licences under list III are being demanded. Since these bushes are similar to King Pin Bushes and spring Bushes these small end bushes may be allowed clearance under Motor Vehicle Parts Licences.

Spacers in transmission and axle assembles are thrust plates—some toothed and some plain-used in between transmission gears to regulate the literal movement of the gears and the non-alignment of needle rollers in transmission gears. They may be allowed clearance without being restricted under the face value restrictions applicable to washers.

Past imports of garage tools under Motor Vehicle Parts licences also may be made eligible for establishment of quota.

Carburetter Repairing Tool Kit may be included in the appendix relating to Garage Tools.

Since there is no indigenous angle for body components of passenger cars and vehicle manufacturers in the country are themselves supplying imported components for replacement purposes, motor vehicle parts licences may be made valid for importation of these components.

To request Government to increase the import quota for Artificial teeth from 2½% to at least 50%.

To request Government to remove the ban on import of Dental Chairs.

To request Government to include (*a*) Acrylizers, (*b*) Model Trimmers and (*c*) Gysi's Precision Articulators, Rubber Disc, in Appendix 54 of the Red Book.

To request Government to remove the ban on the import of Printing Machinery—S. No. 67(1) (i)/V of the ITC Schedule.

The quota percentage for M. V. parts has gradually been reduced from 100% in 1956 to 25% (20% plus 5% adhoc licence for imports from U.S.A.) in O.M. 62 period. There is a good case for increasing the quota percentage for this item in view of the expansion of road transport and consequent increase in the number of vehicles on the road and since the prices of components of diesel trucks are much higher than the price of petrol trucks. The ancillary industries manufacture parts only for vehicles under current production and they are keen on satisfying the requirements of original equipment manufacturers than the replacement market. In view of the tight foreign exchange position there should be no further reduction in the policy percentage on the import of this item from sterling area. An increase in the quota of adhoc licence from 5% to 15% for imports of this item from U.S.A. sources may be considered.

It was suggested that out of the 3% of the face value of licences for M. V. Parts which can be used for import of ball bearing used in motor, vehicles, 1% should be allowed for import of ball bearings specified in Appendix 14 with a proviso that all the restrictions imposed on the import of ball bearing value-wise and quantity-wise will be applicable to this 1%.

Import of bolts, nuts etc. against the licence issued for M. V. Parts (Appendix 26—para 8). The present provision that upto 1% of the face value of M.V. parts licence could be utilised for the import of bolts, nuts etc. is inadequate and should be increased to at least 2%. 1% should be allowed for bolts, nuts, screws, spacers, washer, etc. excluding the hub, bolts, nuts and sleeves. 1% should be allowed for import of hub bolts, nuts and sleeves.

Import of laminated curved safty glass cut to size and shape :—Item 33 of list 1 in Appendix 26 excluding laminated, curved follows "Wind screen glass excluding laminated, curved safety glass cut to size and shape" since glass of this type is permitted to be imported in terms of item 2, list II, Appendix 26.

Windshield wiper arms and blades and commercial vehicle wheel can be included in List 2 as item 10 and 11.

One member suggested the following reduction in the issue of licence for list III items of M. V. Parts (Appendix 26). Cylinder liners: from 50% to 25%. In the remarks column we can mention not more than 50% in the place of not more than 22-1/3%.

Fuel Injection Equipment: If the Development Wing and the Government are satisfied that the indigenous manufacturers can cater to the needs of the country, then the quota can be reduced from 50% to 40%.

Pistons Assemblies: The quota can be reduced from 75% to 50% and out of this 50% not more than 50% can be utilised for import of Aluminium piston assemblies of 6" diameter and less. Within this face value restriction of 25 %+ Aluminium piston assemblies for models detailed in Annexure A can be imported not more than 25%. This in effect means that instead of 30% face value for aluminium piston assemblies of 6" diameter and less only 25% will be allowed.

In case of Perkins and other pistons as against 7½% import of only 6½% may be permitted.

Revision of Indian Trade Classification.

On November 2, 1962, the Director-General of Commercial Intelligence and Statistics wrote to the Chamber that in view of the various suggestions made from different quarters, the Department proposed to take up the question

of revision of Indian trade classification in the near future. The Chamber's suggestions regarding additions or deletions of items were requested for.

The Chamber addressed the members of the Import Regulation, Export Promotion and Customs Sub-Committees as under on November 29, 1962:

"You are aware that the present Indian Trade Classification has been revised on the basis of Standard International Trade Classification and implemented with effect from January 1, 1957. The Directorate-General of Commercial Intelligence and Statistics, Calcutta, states that this Office has been receiving requests from different quarters regarding amendment to the above Classification. and that he is now taking up the question of Revision of the Classification. He has invited the suggestions of our Chamber also in this regard. May I, therefore request you to kindly offer your suggestions for inclusion or deletion of items, if any, in the Indian Trade Classification at your early convenience, and preferably before the 15th December 1962. I shall call for a meeting of the Sub-Committee after that date."

The Chamber informed the Director General of Commercial Intelligence and Statistics that it will be submitting its views after ascertaining the views of the members.

LABOUR

Bonus Commission—Replies to the Questionnaire

The Government of India set up a Commission to study the question of bonus to workers in industrial establishments and to make suitable recommendation. The composition of the Committee which was set upon December 6, 1961 was as under:

Chairman:	Sri M. R. Meher.
Independent Members:	Sri M. Govinda Reddy, M.P. Dr. B. N. Ganguli, Director, Delhi School of Economics.
Members Representing Workers:	Sri S. R. Vasavada. Sri S. A. Dange, M.P.
Members Representing Employers:	Sri N. Dandekar. Sri D. Sandilya.

The terms of reference of the Commission were as under:

(1) To define the concept of bonus and to consider, in relation to industrial employments, the question of payment of bonus based on profits and recommend principles for computation of such bonus and methods of payment.

NOTE: The term "industrial employments" will include employment in the private sector and in establishments in the public sector not departmentally run and which compete with establishments in the private sector.

(2) To determine the extent to which the quantum of bonus should be influenced by the prevailing level of remuneration.

(3) (*a*) To determine what the prior charges should be in different circumstances and how they should be calculated.

(*b*) To determine conditions under which bonus payments should be made unitwise, industrywise and industry-cum-regionwise.

(4) To consider whether the bonus due to workers, beyond a specified amount, should be paid in the form of National Saving Certificates or in any other form.

(5) To consider whether there should be lower limits irrespective of losses in particular establishments, and upper limits for distribution in one year and, if so, the manner of carrying forward profits and losses over a prescribed period.

(6) To suggest an appropriate machinery and method for the settlement of bonus disputes.

(7) To make such other recommendations regarding matters concerning Bonus that might be placed before the Commission on an agreed basis by the employers' (including the public sector) and workers' representatives.

The Chamber forwarded the following replies in October, 1962 to the questionnaire issued by the Commission.

GENERAL

(1) *Please give your—(a) Name, (b) Address, (c) Designation:*

Andhra Chamber of Commerce,
"Andhra Chamber Building",
272/3, Angappa Naick Street,
Post Box No. 1511,
MADRAS-1.

(2) *Please state to which industry and industries or concern or concerns your answers have reference and state the nature of the industry or business.*

Andhra Chamber of Commerce is an Organisation of Commerce and Industry established as early as 1928 with members drawn particularly from the States of Madras and Andhra Pradesh and from other areas in general. The Chamber has about 800 members and more than 30 Chambers of Commerce and Trade Associations affiliated to it.

The replies relate to the members of the Chamber in general.

SECTION I

Concept of Bonus

Q (3) (*a*) *How would you define the concept of bonus?*

According to Chamber's 20th Century Dictionary "Bonus" means an extra gratuity (present) paid to workmen. It is an *ex-gratia* payment made by the employer to his employees and as such there can be no element of compulsion in this regard. Any payment made to an employee in addition to his normal wage or salary for the service rendered by him should be considered as bonus. The present system of paying bonus related to profits is not conducive to good employer-employee relations. In most cases this system has failed to improve industrial relations. On the other hand it has contibuted to industrial unrest and disputes. Our Chamber is of the view that the system of payment of bonus related to profits should be replaced by a system of bonus related to productivity.

Bonus is understood to be a payment made by the industry to the employees to supplement the earnings of workmen whose wages have not reached the standard of living wage and this payment is made out of the profits. This presupposes that bonus should be eliminated completely once a living wage is reached.

Bonus should not be treated as a deferred wage, as it has no direct relation to work performed or services rendered. Bonus should not be introduced on a uniform basis as conditions from industry to industry and as between units within the same industry differ. Bonus should not be introduced in industries where it does not exist at present due to the special nature of the industry. Industries or units which are paying bonus on any formula by mutual agreement may be allowed to continue. In industries where Bonus is in vogue and any interim festival bonus is paid for Pooja or Diwali, such bonus should be adjusted against the total bonus payable.

Pending introduction of production bonus in different units/industreis, the Chamber feels that a ceiling of 25% of the basic annual wages on the total bonus payable should be fixed.

Any formula introduced for payment of bonus for the units in the private sector should be made applicable to the units in public sector also.

Q. (3) (*b*) *In what circumstances should bonus become payable ?*

Subject to the limitations mentioned supra the Chamber is of the view that bonus should become payable only where there is an ascertainable surplus after providing for an adequate return for the ordinary shareholders, preference capital, reserves employed, servicing of loans and provision for such items as tax, depreciation and replacements. There should at least be a return of 10% on the capital employed, viz. net assets comprising fixed and current assets used in business less current liabilities and provisions.

Q. (3) (*c*) *Should bonus be determined unit-wise, industry-wise or industry-cum-region-wise in the industry to which your answers have reference ?*

The problems of each industry are different. Their relations with labour are governed by past practices. Units in any industry do not make uniform profits or losses. A uniform formula relating to bonus payment applicable to all industries/units cannot therefore be evolved. If any attempt is made to introduce bonus industry-wise or region-wise it would only result in workers in profitable units subsidising bonus payments to workers in unprofitable units.

If payment of bonus is intended to confer on workers a sense of participation in the industry, then the workers should undertake responsibility and burdens along with the benefits. Though the workers may not be called upon to share the losses they should be prepared to forego bonus if the results of the working of the industry/unit do not show a distributable surplus.

Q. (4) *Have you any comments to offer on the following ideas which are said to form part of the basic concept of bonus—*

(*a*) *That bonus represents additional remuneration payable to workmen out of the available surplus so as to bridge the gap between the workmen's actual earnings and the living wage :*

Please see answer to Q. (3) (*a*).

Q. (*b*) *That bonus in the case of workmen drawing a living wage acts as an incentive to further efficiency.*

Our Chamber does not agree that annual bonus acts as an incentive to further efficiency, because any financial incentive given should have direct

relation to the efficiency of the individual. Availability of surplus in any industrial unit cannot be considered to have arisen only by efficiency of labour. Such surplus is possible of achievement as a result of various other factors also such as fluctuations in prices of raw materials, stores, etc. Bonus to be a real incentive to the labour for further efficiency should be related to productivity of the individual employee.

Q. (*c*) *That bonus gives labour a sense of partnership in the industry ?*

While labour does not shoulder any responsibility of a partner in the matter of financing, loss in business and the like, it cannot be stated that payment of bonus gives labour a sense of partnership in industry. The tendency of labour is to protest even against any legitimate investments and improvements in industry with a view to curtail expenditure and ensure surplus for distribution. Please also see replies to Q. (3) (*c*).

Basis of Computation

Q. (5) *What principles would you recommend for computation and payment of bonus to workmen based on profits and what should be the method of payment ?*

The Chamber is of the view that production bonus should replace payment of bonus based on profits. Till such time the present system of payment of bonus based on profits continues the various industries and units to pay bonus as hitherto.

Profits cannot be said to accrue only as a result of the efforts of the workers. The efforts of managerial staff and the financial contribution of shareholders play no mean part in earning profits. This means the managerial staff and the shareholders should get a decent share in the profits earned. Please also see answer to Q. (3) (*a*), (*b*).

Q. (6) *Do you suggest that in the industrial employments to which your answers relate there should be any departure from the general principles that may be enunciated by you ? If so, what are they ? Please give reasons for such departures.*

No.

Q. (7) *Are there any special features such as the character of the industry, its past history, customs, traditions, etc., in regard to bonus, to be taken into account ? If so, please state what are these special features and why they need special consideration.*

Industries which are giving wages and amenities over and above those prescribed under the Labour Laws should not be compelled to pay bonus. Industries which are paying bonus on a formula mutually agreed should be allowed to continue such formula. The Chamber feels that this question can be effectively answered by individual industrial units.

Q. (8) *Please state whether the principles proposed by you need any modification in their application to proprietory and partnership concerns:*

In the case of Proprietory/Partnership concerns a portion of the profits should be allowed to be retained by them as remuneration before determining the available surplus for granting of bonus to workers.

Q. (9) *Please state the extent to which the quantum of bonus should be influenced by the prevailing level of the workmen's remuneration including production bonus, customary bonus (such as Pooja bonus and the like), bonus as a condition of service, etc.*

As stated in answer to Q. (3) (*a*) bonus should not exceed 25% of the basic annual wages of a worker. When Pooja, Diwali and other bonus are paid they should be deemed as *interim* bonus payment and adjusted against the total bonus payable.

Q. (10) *Please state whether in your opinion bonus should be linked with production and if so how practical effect can be given to the views that you may have on the subject in determining and allocating the quantum of bonus.*

As stated earlier our Chamber opines that bonus should necessarily be linked with production. It should be left to each unit/industry to evolve its own production bonus scheme. Norms for each worker of group of workers should be fixed in each unit/industry and the workers/groups of workers who contribute to production over and above the norms should be given production bonus relatively based on basic wages.

Q. (11) *What should be the prior charges and how should they be calculated in different circumstances?*

Prior charges as envisaged by the L.A.T. formula and as interpreted by the Supreme Court are sound. They may be amended by our replies to Q. (12) (*c*).

Q. (12) (*a*) *From the gross profits before tax after allowing managing agency commission, deduct depreciation allowed under the Income-tax Act (without taking into account development rebate), and from the balance a certain percentage to be allocated, as bonus (subject to a maximum), the percentage to be determined for each industry after taking into consideration whether the industry is capital-intensive or labour-intensive, the proportion of the bonus amount to the total profits in the past, and other relevant factors. Also please state what should be the percentage to be allocated as bonus in the industry in regard to which your reply relates, and when and under what circumstances should the percentage once fixed be altered.*

This question does not arise if production bonus is introduced. In the case of payment of bonus based on profits all ajdustments should be made before arriving at distributable surplus. The share holders should be assured of a reasonable return for the money invested. Please also see answer to Q. (3) (*b*). Any bonus paid should not exceed 25% of the basic annual wages of a worker.

Q. (12) (*b*) (i) *Instead of the amount of rehabilitation being determined as at present, a certain proportion of the surplus after meeting the prior charges should be allowed for rehabilitation, replacement and modernisation or expansion, or ploughback into the business, and out of the balance a certain proportion to be allocated as bonus, subject to a maximum in terms of monthly basic or consolidated wages.*

It would be realistic to determine the annual amount for rehabilitation from year to year on the basis of increase or decrease in prices of machinery and building material over the corresponding prices in the previous year. The present method of determining rehabilitation amount under the L.A.T. formula does not take into account the rehabilitation required by individual units and the assessment is arbitrary having no regard to actual needs and special nature of different industries.

As an alternative, in order to simplify the calculation and also to avoid litigation in arriving at the amount to be allowed annually as a prior charge for rehabilitation, we consider that it should be possible for the Bonus Commission to divide the Fixed Block into groups such as Pre-1939, 1939-46, 1947-54, and 1955-61 and then fix an acceptable percentage of the original block value in each group as the amount to be allowed annually as a prior charge for rehabilitation in addition to statutory depreciation. The percentage suggested above should be fixed for each industry because in fixing the percentage the normal working life of the kinds of machinery used in different industries will have to be taken into account.

Q. (12) (*b*) (ii) *Allowing a return on reserves used as working capital has in practice led to much controversy and litigation, since no single item on the assets side of a balance sheet is matched by an equal item on the liabilities side, though the two sides must balance in total. In the circumstances, please csnsider whether return should be allowed on reserves without going into the question whether they are used as working capital or not. If so, which reserves should be included for the purposes of the return?*

A return on reserves should be allowed without going into the question whether or not the reserves are used as working capital. Reserves should get the same return as ordinary paid-up capital and receive a minimum of 10% which in effect would mean 7% after payment of 30% dividend taxation.

Q. (12) (*c*) *Would you suggest any other modifications to the existing Labour Appellate Tribunal formula as interpreted by the Supreme Court, in regard to*—(i) *the determination of rehabilitation charges ?*

There should be clarity in the form and content of computation. Please see answer to Q. 12 (*b*) (i).

(ii) *The allowance for return on paid-up capital (including premium) and on reserves used as fixed capital and/or as working capital, having due regard to the varying circumstances of different industries ?*

Please see answer to Q. (12) (*b*) (ii).

(iii) *The inclusion or exclusion of extraneous profits unrelated to the efforts of employees ? If extraneous profits are excluded, should extraneous losses such as loss on sale of fixed assets, be added to the profits ?*

Extraneous profits unrelated to the efforts of the employees such as profits on sale of fixed assets, investments, raw materials and stores and similar other transactions should be excluded while computing the profits. Extraneous losses which should be added while computing profits should similarly be confined to loss on sale of fixed assets, investments, raw materials and stores where workers do not take any active part.

(iv) *Return on paid-up capital, premium and reserves in the light of the changed system of corporate taxation ?*

Please see answer to Q. (12) (*b*) (ii)

(v) *Any other matters ?*

What is needed is a clear basis for computation. Once this is there, there is no difficulty in ascertaining the profit available for distribution.

Q. (12) (*d*) *Have you any comments to offer on a suggestion that bonus should be computed as a percentage of the income assessed to income-tax or gross profits, such percentage being separately fixed for each industry ?*

The method suggested in the question is most dangerous as it envisages the arbitrary fixation of a percentage having no regard to the rights of the

magneament and shareholders. No sharing in profits can be contemplated without accepting the statutory obligation and other necessary charges as explained hereinbefore.

Q. (12) (*e*) *Should provision made from profits to gratuity reserve fund or to debenture redemption fund be treated as prior charges ?*

Gratuity provision being a contractual obligation, it should be allowed as a prior charge.

Debenture Redemption Reserve Fund should be treated as Equity shareholders' reserve and a return of 10% should be payable. Provision made to this Fund should be treated as a prior charge.

Q. (13) *In computing the profits, in what circumstances should workmen or unions be allowed to challenge audited accounts in the case of* (*a*) *public limited companies,* (*b*) *private limited companies,* (*c*) *proprietory and partnership concerns ? Even where no prima facie case is made out to show incorrectness of the balance sheet, please state whether in a bonus dispute a concern should be required to give particulars regarding a particular item, or give the major break-up figures of miscellaneous expenses, etc., in order to add to the profits items which should not be considered as expenditure for the year in the computation of profits for the purposes of bonus calculations, such as bonus paid in respect of previous years, capital expenditure, etc.*

Workmen or their Unions should have no right to challenge the audited accounts under any circumatances.

Q. (14) *Should there be a minimum bonus, irrespective of losses, and maximum bonus irrespective of level of profits ? If so, what should be the minimum and maximum in the industry or concern to which your reply relates ? Please state the manner in which profits or losses or surplus or deficit should be carried forward and for what period. In making your suggestions you are requested to bear in mind that in some industries there is a separate basic wage and dearness allowance and in some others wages are consolidated.*

Bonus being an amount paid by the employer to the employee outside his contractual obligation for the service rendered by the employee the question of fixing any minimum does not arise, particularly as it would make bonus payment compulsory. It would not be conducive to the development of the Unit/ Industry to think of payment of bonus irrespective of profit or loss. In-so-far-as profits in industry do not arise only as a result of the efficiency of workmen and there are several other factors, it is necessary that a ceiling should be fixed on the total bonus payable and this should be 25% of the total annual basic wages of a worker.

Q. (15) (*a*) *Where there is a separate basic wage and dearness allowance would you suggest, for the purpose of bonus, calculation of basic earnings as inclusive of allowances such as house rent allowance, duty allowance, night shift allowance, overtime pay, etc.?*

Since the various allowances have no relation to efficiency or performance, they should be excluded for purposes of payment of bonus where separate basic wages and allowances exist. Where only consolidated wages exist bonus may be paid determining the basic wage is 40% of the consolidated wage.

Q. (15) (*b*) *Would you suggest for the purposes of bonus, that the total earnings of the workmen including dearness allowance as also Pooja bonus and the like (but excluding production and incentive bonus) should be taken into account?*

No. As indicated in answer to Q. (3) (*b*) and 9 Pooja and festival bonus should be treated as interim bonus and adjusted to the total bonus payable. As regards dearness allowance see answeer to Q. (15) (*a*) supra.

Q. (16) *Should there be different rates of bonus for different categories of workmen depending upon their emoluments? If so, in what manner?*

Any bonus paid should be expressed as a percentage of the basic earnings of the workers. In-so-far-as emoluments vary depending upon the nature of the work, the bonus expressed in terms of percentage of their basic earnings would ensure equitable share in the bonus.

Q. (17) *Please state how the formula recommended by the Central Wage Board for the Sugar Industry for the North and Central Region in paragraph 356 of its Report has been working? Do you suggest any modifications, or would you suggest any other formula? In suggesting any other formula, please bear in mind what the Wage Board has stated in paragraphs 344 and 457 of its Report.*

We leave this question to be answered by Organisations in North and Central Region.

Miscellaneous

Q. (18) *Should bonus beyond a certain amount be paid to the workmen in the form of National Savings Certificates or credited to provident Fund or in any other forms? Please give reasons.*

It should be left to the workers to decide in what shape or form they should get the bonus. However, the workers may be induced to invest a part of the bonus money in National Savings Certificates or in any other form as it would encourage investment,

Q. (19) *Should casual labour be also considered eligible for bonus? Would you suggest a certain period of minimum days of attendance during the year, to qualify for bonus? Please give reasons.*

Casual labourers should not be eligible for bonus. It would cause a good deal of administrative problems. Casual labourers are not on a regular muster roll and as such they are not employees.

Q. (20) *Are you satisfied with the existing machinery and method for the settlement of bonus disputes? If not, please make your suggestions as to the appropriate machinery and method.*

The existing machinery provides for conciliation, compulsory adjudication and arbitration. The Chamber feels that no change is required in this regard as at present.

Q. (21) *In case there is a subsisting industry-wise bonus agreement or award applicable to the industry to which your reply relates, please send two copies of such agreement or award.*

Does not arise.

Q. (22) *Have you any other suggestion to make concerning bonus?*

The Chamber has already expressed itself in favour of a bonus related to production and it is against any bonus related to profits. While it leaves the question of adjusting the quantum or percentage of profits towards bonus where it is prevalent presently to individual units/industries, it is definitely against the extension of the system of bonus payment related to profits to any new industry or units.

The Government should clearly state what a living wage is to a worker and create conditions wherein every worker would get that living wage in the whole country. The Government should not come forward with any proposal or measure to put additional money in the hands of the industrial workers in certain sectors alone who constitute a very small proportion of the labour force in the country.

The Government should create conditions whereby the burdens on industry by way of taxes, duties and labour amenities are reduced to the minimum and the industry earns a sizeable profit and is in a position to pay increased wages to its workers expand and increase its employment potential. Payment of bonus unrelated to efficiency and productivity is an outmoded concept not conducive to healthy industrial development and labour-management relations. It pays dividends to efficient and inefficient workers uniformly and hence it needs to be discouraged.

TRANSPORT AND COMMUNICATIONS

Discussion with Southern Railway Officials

Sri P. V. Rajagopal, Divisional Superintendent, Southern Railway, addressing the members of the Andhra Chamber of Commerce on January 2, 1962, mentioned that Railways have assumed the liability of common carrier for the goods entrusted to them for movement and that special packing conditions were being introduced simultaneously.

Sri S. Venkatarangam, President of the Chamber, welcoming Sri Rajagopal expressed the hope that the business community would not have much to complain in the matter of claims in view of the new responsibility the Railways, have assumed. He mentioned about the difficulties the businessmen are likely to experience as a result of the new packing conditions and suggested that the Railway authorities should accept goods in packings not conforming to the new packing conditions also and also revise the packing conditions in the light of representations received.

A memorandum of points for discussion was presented on the occasion which covered a number of items among which mention may be made of delay in settlement of claims, delay in acknowledgement and replies to communications relating to claims, difficulties in handling consignments of sheet and plate glass after dusk, delay in delivery of parcels from Salt Cotaurs, shortage in iron and steel materials arriving at Madras from Bhadravati and Bhilai, delaying settlement of Q.T.S. refund claims, provision of high capacity crane at Salt Cotaurs and supply of special type of wagons for movement of over-sized consignments.

Sri Rajagopal in the course of his reply stated, that as far as possible he would arrange to place wagons containing goods of fragile nature before dusk for unloading. Referring to the question of delay in delivery of parcels at Salt Cotaurs he said the delay was due to the remodelling work going on at Central Station and he expressed the hope that there would not be much of delay in future. In the matter of shortage of iron and steel materials from Royapuram he stated that in view of the Railways assuming the responsibility of common carriers difficulties might not arise in future. He also assured to provide adequate lighting in Royapuram goods shed where iron and steel materials were being unloaded. As regards supply of high capacity crane at Stations in Madras Division he said that arrangements have been made for the use of the steam crane available at Basin Bridge and he hoped that it would ease the situation. In the matter of refund of Q.T.S. charges when the goods did not reach the destination in time he said the procedure should be evolved for the entire Railway as was the case with infringement charges. He assured to take up these

two subjects with the headquarters and seek redress. Sri M. Kassim, Divisional Commercial Superintendent, Southern Railway, Royapuram, was also present on the occasion.

Sri P. A. Padmanabha Guptha proposed a vote of thanks.

The following Memorandum of points was submitted on the occasion:

CLAIMS :

There is considerable delay in the settlement of claims. The Chamber requests that the claims applications should be disposed off as expeditiously as possible. Even replies or acknowledgements to communications in the matter of claims are not received for months.

In one case a claim application made as early as September 16, 1961 remains without a reply or even an acknowledgement till this day.

A claim in respect of refund of undercharges wrongly collected in October 1960 and about which a reference was made during the visit of the Divisional Superintendent to the Chamber on June 9, 1961 is yet to be settled.

HANDLING OF CONSIGNMENTS OF SHEET AND PLATE GLASS WAGONS :

It is brought to our notice by the members in the plate and sheet glass trade that they are experiencing difficulty in handling sheet and plate glass wagons within 5 hours from the time they enter the platform especially when the wagons are placed for unloading after 8-00 p.m. Considering the fragile nature of the goods the Chamber requests the Divisional Superintendent to see that the wagons are placed for unloading before dusk or at least advise the staff concerned to calculate the free hours from the next morning in the case of wagons placed for unloading after dusk.

DELIVERY OF PARCELS AT SALT COTAURS :

It is brought to our notice that there has been much delay in the delivery of parcels, even those consignments sent for home delivery, ever since the opening of the New Parcel Office at Salt Cotaurs. Previously parcels were delivered at the Central Station in two or three days of their receipt. But it is stated that it is now taking nearly a fortnight to effect delivery, although the parcels arrive in Madras Central the day after they are despatched.

One parcel containing goat skins under parcel way bill dated 13th November 1961 booked from Powerpet to Madras was delivered to the party only on 30th November 1961. The Chamber requests that delays of this nature may be avoided and the delivery of parcels may be expedited.

Movement of Iron and Steel Materials from Hindustan Steel Limited, Bhilai:

It is brought to our notice by some members that the special packing condition is disturbed at destination and there is shortage in the number of pieces. Recently in one case there has been a shortage of 35 pieces of rounds,but the weighment at Royapuram, it is stated, showed strongly an increase in weight,—more than the original weight at the time of reweighment after 35 pieces, were lost enroute. The Chamber would like to be enlightened as to from, whom the consignees can claim the compensation for the shortage.

Iron and Steel Materials from Mysore Iron & Steel Works:

In respect of Iron and Steel materials arriving from Mysore Iron & Steel Works, Bhadravathi at Madras the special packing condition, *viz*. P-31 is fulfilled in most cases. These consignments are transhiped at Bangalore and the materials come here in different wagons without special packing condition. It is stated that there is invariably a shortage in the consignments which undergo transhipment. Reweighment also, it is stated, is refused in most cases on the plea that the wagon arrived without special packing condition. The ultimate consignee is put to loss even though neither himself nor the consignors are responsible for the shortage.

The Chamber would like to be enlightened as to how this difficulty can be solved and whether in view of the change in the Railway's position in the matter of carriage responsibility whether the Chamber can expect any improvement in this regard.

Q.T.S. Services:

When the goods booked on Q.T.S. do not reach the destination in time the difference in freight should be refunded to the parties. The present procedure of refunding a small fraction of the freight after application and in some cases after prolonged correspondence may be replaced by a system of settlement on the spot by issue of refund voucher at the time of clearing the consignment.

Requirement of High Capacity Crane at Salt Cotaurs:

The maximum capacity of the existing fixed crane at Salt Cotaurs and other Madras Terminal Stations, the Chamber learns, is only 5 tons. Some of our members frequently require cranes of 10 or 20 tons capacity and some times even cranes of still higher capacity for the loading of power transformers are required. The Chamber learns that there are two cranes one of 10 ton and another of 20 tons capacity, both hand operated, are available in the Madras

Division. The businessmen have to wait for a few days for these cranes to be moved from other stations to Salt Cotaurs as they are being sent out of Madras also for handling heavy loads at out-stations. Even though there is a 20 ton steam crane at Basin Bridge, the Chamber learns that it is not being made available for public use as it is kept for breakdown purposes. The Chamber requests that arrangements may be made for erecting a high capacity gantry crane at Salt Cotaurs for the use of the business public. In the meantime instructions may be issued for the release of the crane at Basin Bridge for use at Salt Cotaurs and other Madras Stations as and when needed.

Special Type Wagons:

One of our members have informed the Chamber that Special Type Wagons—especially of the well type (BFU) are not available since they are all being used for high priority traffic. As a result of this, our members who are manufacturing Transformers used by State undertakings and others are finding it difficult to move the Transformers. While appreciating the difficulty of the Railway in regard to Special Type Wagons the Chamber requests that arrangements may be made for working such wagons in Madras area also. The Chamber requests the Divisional Superintendent to allot at least one BFU wagon per week for movement of over-sized consignments like Transformers.

Levy of Infringement Charges:

There are no fixed rules for the levy of infringement charges on the Railway. Different principles are being followed on different Railways as outlined under Rule 19 (2), Chapter I of Goods Tariff Part I (1959). The levy of infringement charges is left to the discretion of the individual Railways. In the case of certain consignments the consignees have had to pay at the destination infringement charges about which the consignor had no knowledge at the time of booking. The Chamber requests that uniform procedure should be followed in the matter of collection of infringement charges. This apart, the booking staff in this Railway also should be informed of the conditions obtaining elsewhere in this regard and they must be given clear instructions as to what charges should be collected and see that no infringement charge is collected at the destination.

Railway Problems—Discussion with Sri H. D. Singh, General Manager, Southern Railway.

Right from Samalkot to Erode the track will be doubled by the end of the Third Plan and the electrification of the track from Tambaram to Villupuram, beside the Salem—Bangalore link and the work taken up on the Manamadurai line will be completed before the same period observed Sri H. D. Singh, General Manager, Southern Railway, addressing the Members of the Andhra Chamber of Commerce on February 19, 1962. The Southern Railway was doing its best to cope up with the industrial development which has been taking place tremendously in the area. Sri Singh said the Southern Railway will be spending two and half times more on railway amenities than it has spent during the previous plan. Apart from providing waiting-rooms for all passengers, arrangements are being made for providing waiting-rooms at the goodsheds. In Salt Cotaurs a goodshed was being constructed at a cost of Rs. 10 lakhs and the same was expected to be commissioned very soon. The Southern Railway authorities are having plans to serve the industries which are coming up on the North of the City by providing them loading facilities nearby rather than making them to go over to Rayapuram or Salt Cotaurs for booking of goods. As in all Cities the goodsheds and goods loading should be outside the City in Madras too. While the Railway would use the Salt Cotaurs and Rayapuram for catering to the needs of the industries within the City and nearer to these Stations the Railway will be carrying its service to the industries where they are located and handle the traffic there itself.

Referring to the movement of minerals and ores Sri Singh stated that they were having box type wagons to carry more ore. The carrying capacity of one train was around 2,000 tons while in other countries it was around 7,000 tons. On the South-Eastern Railway the carrying capacity was about 3,000 tons. The Southern Railway authorities were also making arrangements for acquiring diesel engines and increase the carrying capacity of the Railway. Each train was now taking 80 wagons and with these new engines the trains will take 120 wagons and this meant that there should be a tele-communication connection between the Driver and the Guard.

Referring to the role of the Railways in carrying coal Sri Singh appealed to the business community to co-operate with the Railway administration and get their requirements of coal from the coal dumps in the respective area and by planning their movement well in advance. It was not possible for the Railways to give supply to individual consumers, but only to the coal dumps in different places.

Referring to the ticketless travel Sri Singh said that during the first nine months of the year about 10 lakhs of persons were apprehended on the Railway.

In reply to the points raised in the memorandum Sri Singh who was assisted by Sri V. K. Sthanunathan, Deputy Chief Commercial Superintendent and Sri R. Jagannathan, Deputy Chief Operating Superintendent, said that the Railways have a Wagon Chasing Organisation to make maximum use of the available wagons and the Railways were strengthening this organisation to see that

maximum use of all the available wagons were made. Now that the Railways have assumed carriers responsibility, they were responsible for safe custody, movement and delivery of the goods, and the Railway Protection Force has now been taking extra care.

For movement of Barytes, Sri Singh said that it would be possible for the Railways to provide a complete rake during a given period instead of few wagons now and then.

Referring to the delay in delivery of parcels from Salt Cotaurs Sri Singh said that they were investigating the specific complaint made by the Chamber and he would see that the delay is cut down. In the matter of according facilities for goods booked at the Outagency at Markapur, Sri Singh said that whatever goods were booked at the outagency they were getting the same treatment as the goods booked at Markapur station. The Railways were investigating whether it was a fact that the goods booked from Outagency were being delayed.

As a regards provision of Q.T.S. facilities at Ongole Sri Singh said that he was in a happy position regarding the movement from Ongole towards Delhi and Calcutta and he was willing to allot even two wagons per day at Ongole instead of twice a week.

Referring to the delay in the settlement of claims, Sri Singh said that the Southern Railway was receiving 4,000 to 5,000 claims per month and they were also clearing a like number every month. The average time taken by the Railway for the disposal of a claim application was about 45 days. He said that there were only 13 claims pending on the Southern Railway for over twelve months.

As regards the undercharges collected by the Stations on the Southern Railway, Sri Singh said that the station masters had specific instructions not to collect undercharges where the parties were unable to load beyond a particular quantity for causes beyond their control. Where undercharges were collected, the refund of the charges collected will be considered if the parties preferred an application. In this connection he referred to the appeal made by the Railway authorities to the trade to load one ton more in every wagon. This was being done to see that more goods were carried with the existing wagons. If all the businessmen and all the railway users co-operated with the Railway administration, Sri Singh said that the railways would be able to carry 5% of additional traffic.

Referring to the delay in the refund of Q.T.S. when the goods do not reach the destination in time, Sri Singh said arrangements have been made to issue a pay order at the destination station immediately in the case of consignments where the freight was prepaid and in the case of "To pay consignments" no Q.T.S. charge was collected.

Sri Singh said that the request of the Chamber to provide special siding for Salt at Salt Cotaurs by the side of the Buckingham Canal to receive the Salt coming through boats was being examined by the Railway. As regards the Chamber's plea for the resumption of loading and unloading of iron and steel materials at Salt Cotaurs now that remodelling work was over, Sri Singh said that arrangements have been made to commence loading and unloading of iron and steel at Salt Cotaurs. Referring to the difficulties experienced by the businessmen in obtaining booking facilities at Palakole, Sri Singh said that the railway experienced certain difficulties during the months of December and January. He said that at present there was no difficulty in catering to the needs of this area.

Referring to the supply of tank wagons for movement of vegetable oils at Yerraguntla on the basis of the priority and registration and not on the Cycle System of supply which was in force in Adoni area, Sri Singh said that the Railways will have no objection to supply wagons in the order of priority if the millers in the Yerraguntla area preferred such an arrangement. Even as at present he said Yerraguntla was getting 27 wagons out of 120 wagons allotted to that area based on the past traffic.

As regards the provision of 40 ton fixed gantry crane at Salt Cotaurs for lifting heavy consignments, Sri Singh stated that the Railway authorities are having Mobile cranes and these can be made use of for the handling heavy consignments. He also stated that the request of industrialists to instal their own cranes on the railway sidings would be considerd favourable. He cited instances of some industralists who were erecting such cranes and were making them available to other businessmen also at a nominal fee.

As regards the disparity in rules relating to levy of infringement charges Sri Singh said that the matter was being taken up by the Southern Railway at the meeting of the Commercial Committee of the Indian Railway Conference Association and a decision would be arrived soon.

Earlier welcoming Sri Singh, Sri S. Venkatarangam, President of the Chamber, said :

"I have great pleasure in extending a hearty welcome to Sri H. D. Singh, General Manager of the Southern Railway on the occasion of his first visit to our Chamber this evening. I am very glad Sri Singh and other officials have found it convenient to visit our Chamber this evening.

Businessmen have generally been complaining about the delay in the allot ment, movement and in the placement of wagons for loading and unloading. They have also been complaining about the delay in settlement of claims and the like. May be in a few cases businessmen require little amenities in some

stations like waiting rooms, facilities for loading and unloading, covered sheds for goods, water and lighting and public conveniences. I am of the view that much of the difficulty experienced by the businessmen can be minimised or avoided with a little more effort on the part of the Railway authorities. I am sure such a step would not only be of help to the businessmen but also would augment the revenues of the Railway.

You have mentioned elsewhere that the traffic was being diverted to the road and this was resulting in loss of revenue to the Southern Railway more, rather than the road, if only, they are assured of prompt and quick movement and timely supply of wagons. Even in the matter of movement of "Smalls", businessmen in different areas have expressed difficulty in booking "Smalls" to different destinations. If facilities are given for free booking of "Smalls", I am sure it would go a long way in helping the small businessmen.

I once again thank you for making it convenient to visit our Chamber this evening. The memorandum of points is now before you and I request you to kindly give your valued views on the various points raised. I have every hope that you will give your best consideration to the points raised and try to assist the business community wherever possible.

The Andhra Chamber of Commerce with 34 years of standing has over 800 members and over 35 affiliated Chambers of Commerce and Trade Associations. By virtue of its representative character it has been enjoying representation on a number of public and quasi-public bodies. The Chamber was enjoying representation on the Southern Railway Zonal Users Consultative Committee till the last term. During the last term the Andhra Chamber has not been given representation. I request Mr. Singh to see that the nominee of the Andhra Chamber is included in the list of members of the Zonal Committee at least for the ensuing term.

Sri C. Audiseshu proposed a vote of thanks.

Sri K. Srinivasan, Public Relations Officer, Southern Railway and Sri P. V. Rajagopal, Divisional Superintendent, Southern Railway, Rayapuram, were also present on the occasion.

The following memorandum was presented to Sri H. D. Singh on the occasion:

1. Movement of Goods:

The Chamber often receives complaints from its members that there is considerable delay in movement of goods and that much of the delay occurs as a result of the wagons being detained at intermediate stations or even at the destination station due to delay in placement. Proper care is not taken to give the right wagon for the right goods. In spite of the watch and ward facilities, goods are being tampered in transit, while lying in station yards and in goods trains. Even though the Railways have to look after the proper, safe and quick movement of goods in view of their added responsibility, the Chamber would like to mention that the Railways as carriers have to see that the interests of the business community are looked after and they are enabled to carry on their business efficiently and successfully. The Chamber would like to give a few instances of the nature of the delay/loss or pilferage:

(1) Invoice No. 1 R.R. No. G.A. 473887 Wagon No. 39401 dated November 30, 1961 Ex. Dholpur to Palakol. The wagon was received on January 18, 1962. The wagon allotted was, it is stated, a cattlewagon. The wagon was found tampered and 4 bags were torn and the contents of 3 bags were missing.

(2) Invoice No. 9 R.R. No. G. 028343 dated November 1, 1961 Ex. Managalore to Palakol. the wagon was received at Palakol on January 8, 1962.

(3) R.R. No. 839408 dated January 12, 1962 Wagon No. 8118, 8224, 8133. 270 bags of gram dhall and toor dhall Ex. Bomosgao to Palakol—Received on February 9, 1962. The wagon was completely tampered with crow bars on either side and the contents of as much as three bags were found to have been removed.

2. Allotment of Wagons for movement of Barytes from Kodur to Madras:

Market has been built abroad for barytes with great difficulty and exports are finding it difficult to complete shipments for want of requisite number of wagons to move the cargo. The Chamber learns that the exporters are unable to get all their reqnirements in time. The Chamber requests that arrangements may be made to cater to export demand adequately and in time.

3. Small Bookings from Bangalore to Stations on North Eastern Railway:

Our member Agarbathi manufacturers in Bangalore area have represented to us that they have not been able to book consignments of Agarbathis by goods train to Darbanga, Katihar, Siliguri, Darjeeling and other stations even in normal days. They are being forced to despatch the goods by passenger trains involving higher cost of transport. The Chamber requests that facilities may be extended for smalls booking from Bangalore area to the stations referred to above.

4. Priority for movement of raw bones to bone mills for crushing and export:

Priority in supply of wagons should be given for movement of raw bones to stations were bone mills are situated and crushed bones are manufactured. At present there is considerable delay in movement and consequently the export trade is suffering. If priority for movement of raw bones is given, the Chamber is informed that it would be possible to set up exports to a considereble extent. The Chamber therefore requests the General Manager to consider this suggestion favourably.

5. Delay in delivery of parcels from Salt Cotaurs:

It is brought to our notice by our members that delivery of parcels which used to take two or three days now takes 10 to 15 days. Since the opening of new parcel office at Salt Cotaurs, it is stated, that the above delay is found. It is mentioned that the delay was occuring even though the parcels arrived at Madras Central the day next to the date of despatch.

One parcel containing goat skins under parcel way bill dated 13-11-61 booked from Powerpet to Madras was delivered to the party only on 30-11-1961. Another parcel covered by parcel way bill No. H. 729676 dated 22-12-1961 was delivered to the party only on Janury 6, 1962.

6. Out Agency at Markapur:

Even though this out agency was started as early as April 1, 1961 the Chamber is informed that facilities have not been extended to the out agency to function efficiently. Priority is being given to packages that are taken to the station direct and hence the packages that are entrusted to Markapur out agency office are held up for months. There is no separate pucca shed for stocking the out agency packages and the temporary shed provided is nor sufficient. The Chamber feels that a separate quota should be given for out agency goods and the merchants enabled to make use of the out agency facilities. As at present merchants are being forced to carry goods to nearby railway stations and book the goods there or move the goods by lorries.

7. Q.T.S. facilities at Ongole:

Ongole is an important centre for export of ghee to places like Bombay, Delhi and Calcutta. The Chamber requests that Q.T.S. facilities may be provided at Ongole for movement of ghee to Delhi and Calcutta and at least one wagon may be allotted twice a week for the purpose.

8. CLAIMS :

The Chamber requests that applications for claim should be considered carefully and wherever it is found that the Railways should accept the claim, they should see that the claim is accepted and settled early. But there appears to be a tendency to reject all applications for claims. For, the Chamber has come across cases where claims have been accepted later even though they have been originally rejected. Claim applications are not being acknowledged and replied promptly.

A claim in respect of refund of undercharges wrongly collected in October 1960 and about which a reference was made during the visit of the Divisional Superintendent to the Chamber on June 9, 1961 and again on January 1, 1962 is yet to be finalised.

In another case a claim application made as early as September 16, 1961 remained without a reply or even an acknowledgement till about a few days ago.

When open delivery is given, officer who gives open delivery settles the claim at some percentage. At the time of ordering payment of claim the Chief Commercial Superintendent reduces it again and the Financial Adviser or the Accounts Officer who has to pay the claim amount takes his own time. For instance in respect of Invoice No. 6 dated 1-7-1951 Ex. Belanganj to Palakol open delivery was given and claim was settled on July 27, 1961 by the Claims Inspector for about Rs. 1,921. The party has been informed now that he will be paid only Rs. 1,496. This amount also has not been sent. In the case of another invoice No. 6 dated July 15, 1961 Ex. Paravathipuram to Palakol in respect of a consignment of Horsegram of 240 bags open delivery was given and the claim was settled on 18-8-1961 at Rs. 816-63 nP. This has again been reduced to Rs. 622-88 nP. without assigning any reason.

The Chamber feels that the claim should be honoured once it is accepted by an officer of the Railway and there should be no further reduction in the amount. The Claim amount also should be paid immediately once the claim s settled.

Consignments of garlic booked from Jamnagar to Madras and which arrived at the distination after lapse of normal transit time were found to have been badly damaged. The parties have taken delivery after assessment of damage by officers of the Railway. But the claims for such damages have been repudiated on the ground that the goods have been booked under O.R. or that the damage was due to the inherent vice of the commodity. Though the position of the parties would be better after the assumption of carriers responsibility by the Railways, the Chamber requests that pending cases may be looked into and claims accepted especially in view of the fact that the damage had occured as

a result of the delay in transit which was not a fault of the consignor or the consignee.

9. UNDERCHARGES COLLECTED BY SOUTHERN RAILWAY :

Shakarnagar is a special siding of the Nizam Sugar Factory in the meter gauge section of the Central Railway. According to the rules in force from October 1961, the Station Master, Shakaranagar wanted the meter gauge wagons to be loaded with 145 bags (quintals) of sugar. Since there was no space in the wagon for more than 130 bags in them the Station Master, Shakarnagar made an endorsement on the relative Railway Receipt to say that the wagon was fully loaded and there was no space left for further loading. On the strength of this endorsement some stations waived the collection of undercharges as per the standing rule for 145 bags. It is therefore necessary to give instructions to all Station Masters to refrain from collecting undercharges and the Chief Commercial Superintendent should also be requested to arrange refund of the undercharges against pending applications. Even in the case of rejected applications, the Chief Commercial Superintendent may be requested to arrange refund of the undercharges against the renewed applications of the parties concerned.

In some Railway Receipts the Station Master, Shakarnagar has endorsed that the wagons in question were loaded fully to carrying capacity. In this case most of the stations in the Southern Railway have collected undercharges on the plea that there are standing instructions to load one ton more than the carrying capacity of the wagons. In any case the consignor was not responsible, since the wagon was loaded according to the directions of the Station Master, Shakarngar. It is not fair to penalise the consignor for the faults of the Station Master, Shakarnagar. The refund applications were also negatived by the Chief Commercial Superintendent. It is therefore requested that clear instructions may be given to the Station Masters concerned and the Chief Commercial Superintendent may also be advised to consult the Station Master, Shakarnagar before disposal of the applications for refund of undercharges. The rejected applications may also be reviewed afresh.

The Station Master, Shakarnagar in some cases is obliged to load less due to axle load restrictions en route or due to inherent defect in the relative wagon and makes an endorsement to that effect. Even in this case undercharges are collected at some stations.

The stations that collected undercharges are mostly Royapuram, Katpadi, Chittoor, Palghat, Coimbatore and Madurai.

It is essential that the position of the consignor must be made clear and he should under no circumstances be penalised for the acts of omissions and commissions of the Station Masters concerned.

10. Q.T.S. Services :

When the goods booked on Q.T.S. do not reach the destination in time the difference in freight should be refunded to the parties. The present procedure of refunding a small fraction of the freight after application and in some cases after prolonged correspondence may be replaced by a system of settlement on the spot by issue of refund voucher at the time of clearance of the consignment.

11. Siding Facilities for Salt at Salt Cotaurs :

Salt manufacturers nearabout Madras have represented that it would be of great advantage to them and the Railway administration, if a siding is provided for loading salt at Salt Cotaurs from the Buckingham canal side. This would enable the salt manufacturers to move the salt from production area to Salt Cotaurs by boats and load them in wagons at Salt Cotaurs. The Chamber learns that the Salt manufacturers would be able to save 24 nP. per bag which costs Rs. 3, if this facility is given to them.

The Chamber also learns that the Southern Railway authorities are considering the question of opening Athipattu near Ennore as a booking station for salt. But the manufacturers of salt have expressed the view that this would not be of much use to them as salt will have to be transported to the station from the factories. The provision of siding facility which would not cost much to the railway would not only be of considerable benefit to the Salt manufacturers at Athiput, South and North, Tillai, Vallur and Voyalur and other areas but would also go a long way in augmenting Railway earnings.

Salt from this area is brought to Madras by boats through Buckingham Canal to the Boat wharf on Wall Tax Road, just opposite to Salt Cotaurs goods shed (Shunting etc). Since all the Salt bags are stored on the other side opposite to Salt Cotaurs Railway lines on the Buckingham Canal, it will be very economical and convenient for loading salt, if a small siding line in Salt Cotaurs on the side of the Buckingham Canal is given, between Elephant gate bridge and Moolagothram bridge.

This siding, if put into commission, the Chamber may add would be useful for loading of rice also which comes by boats.

12. Loading and Unloading of Iron and Steel materials at Salt Cotaurs :

Iron and Steel materials were handled at Salt Cotaurs till recently. It wes stopped as the work relating to re-modelling of the goods shed was going on. Now the remodelling work is completed, but still the wagon unloading is not

resumed at Salt Cotaurs. Loading and Unloading of Iron and Steel are done at Royapuram now. There is much congestion at Royapuram in view of the fact that wagons previously handled at Salt Cotaurs are also diverted and unloaded at Royapuram. Even though it was felt originally that the diversion would be only temporary now it seems as though it was going to be permanent. Due to the congestion at Royapuram, it is stated, many businessmen are not able to unload the goods and take delivery of the material in time. It is stated that this has resulted in their paying demurrage and wharfage. Moreover the godowns of the Iron and Steel merchants are situated nearabout Salt Cotaurs as loading and unloading of iron and steel were being done there previously. In view of the above the Chamber requests that unloading of iron and steel wagons may be resumed at Salt Cotaurs.

13. Loading and Unloading of wagons at Palakol :

Previously goods were being received daily at Palakol but now it is stated that goods are being received only once in 4 or 5 days. It is mentioned that the goods are being held up at Nidadavolu or at Bhimavaram for days together. The T.Ps. were being delivered immediately on receipt. Now it is stated T.Ps. are being broken only after 4 or 5 days after reaching Palakol and after receipt of orders from D.T.S.T. This, the Chamber is informed, results in considerable delay at the delivering station. The Chamber requests the G.M. and the Heads of Departments to look into this question remedy the defects and ensure speedy movement, loading and unloading of wagons, etc.

14. Allotment of open plot at Karur for stacking Feldspar and Quartzite for onward movement to Madras harbour for shipment abroad :

It is brought to our notice by our member-exporters of Feldspar and Quartzite that they are experiencing difficulty in obtaining open plot for stacking the above minerals at Karur. It is stated that the available plot has been allotted to some local party by the Divisional Superintendent, Olavakot even though that party is not making use of the plot. In spite of repeated representations and the recommendations of the Ministry of Commerce and Industry, Export Promotion Wing our member-exporters have not been permitted to make use of the plot for loading purposes. The Chamber requests the General Manager to assist exporters in matters of the above nature not only in the larger interests of export promotion but also in the interests of increased traffic for the Railways themselves.

15. Allotment of plots for dumping iron ore at Gooty Railway yard :

Many mine owners were being using rented plots at the railway siding a Gooty to dump iron ore brought from mines to facilitate their immediate despatch to the ports. Since some remodelling of Gooty sation was going on the authorities took over the plots assuring that alternate plots would be given to the minerals and ore exporters. Plots were allotted at different places in patches. This too was done five months after the issue of notice to vacate the plots occupied by them. During this interim period wagon supply also was not sufficient to clear the entire stocks available in the railway siding and consequent on the non-availability of wagons the ores coming from the minehead in anticipation of wagon supply also accumulated. It is stated that the Railway authorities are demanding rent at high rates for the alternate plots offered even though by agreement they have to provide equal area on the same rental as agreed to before. This matter is pending for a long time and the merchants are anxious that they should not be saddled with unnecessary charges are extra rentals. The Chamber requests the General Manager and the Chief Commercial Superintendent to go into this question and see that the legitimate interests of the mine owners are safeguarded and the matter is settled at an early date.

16. Supply of Tank Wagons in the Guntakal Division :

The supply position of tank wagons in Yerraguntla Pool i.e. from Kondapuram to Rajampet in Cuddapah District is not satisfactory and does not meet the needs of the oil Millers. The past exports of oil by tank wagons during the last three years which has been taken into consideration by the Divisional Superintendent, Guntakal is not suitable, according to the millers, in the condition now obtaining. In the last three years much of the oil was despatched in closed wagons while the same is now being moved in tank wagons. Hence there is huge demand for tank wagons. The Chamber requests the General Manager to consider the present increased production of oil and the changed condition in the mode of despatch of oil, i.e. in tank wagons instead of in closed wagons, and allot to the above area at least one tank wagon per miller at least once in a month. As there are forty mill owners in the Yerraguntla Pool, the Chamber requests that forty tank wagons may be allotted for this Pool per month so that every mill owner will have the chance of getting at least one tank wagon per month. The tank wagons may be distributed to each miller according to the order of priority of registrations made in stations in the Pool from time to time.

The empty tank wagons may be returned to Yerraguntla Pool direct by adding them to Q.T.S. Trains so that undue delay, which is existing at present, may be avoided in returning tanks.

The Cycle System of tank supply wh:ch is now in force in Adoni Pool, it is learnt, was suggested by the Divisional Superintendent for adoption in the Yerranguntla Pool. This system is not suitable for Yerraguntla area as the Millers are running their mill with one expeller only. There is no question of equitable distribution and all are to be treated alike and every miller should get a chance of equal supply of one tank wagon at least per month.

If the present stock position of tank wagons in Guntakal Division is not sufficient to clear the demand, the Chamber suggests that alternate arrangements may be made by borrowing tank wagons from other divisions in this Zone or from other Railways where there are surplus tank wagons so that the congestion in oil traffic in this area in the peak season is avoided.

17. Supply of Closed Wagons for Oilcake and Oilseeds :

The Chamber requests that closed wagons may be supplied at Cuddapah and Yerraguntla for movement of oilcake and oilseeds and arrangements may be made to meet the demands without any delay. It is also suggested to make best use of closed wagons for clearing groundnut oilcake and seeds instead of alloting them for iron ore, Cuddapah slabs and firewood as they could be moved in open wagons.

18. Provision of a fixed gantry crane at Salt Cotaurs for lifting heavy consignments :

One of our members who are manufacturers of power transformers have informed the Chamber that they are experienced difficulty on account of limited crane facility available at Salt Cotaurs. There is no permanent crane at Salt Cotaurs, except one of 5 ton capacity. The 10 and 20 ton cranes available on the Railway are moving all over the district with the result they are not available for use when needed. Very frequently consignors have to wait with heavy packages for a few days. Even so the limit is only 20 tons and anything higher than that has to be lifted by the breakdown crane which is to be moved from Arkonam. Its movement also is uncertain, as it can be commandeered for any section where there is derailment or breakdown. The Chamber, therefore, suggests that permanent hand operated gantry crane may be fixed at Salt Cotaurs at the crane siding with a capacity of about 40 tons. This will facilitate loading and unloading of heavy consignments that are moved from Madras and which arrive at Madras. In the context of rapid industrialisation of the State, the Chamber feels sure that the cost of erecting the crane will be realised in a reasonable time from the various railway users.

19. Levy of Infringement Charges :

There are no fixed rules for the levy of infringement charges for over-dimensional consignments on the railways and different principles are being followed on the different railways as enunciated in rule 119 Page 3 of the Goods

Tariff, Part I in force from January 1, 1962. The Southern Railway, for example, levies only a small infringement charge for over-dimensional consignments with a clearance of six inches from the fixed structures. The Central Railway on the other hand does not levy any infringement charge for the movement of over-dimensional consignments wh ch can be moved without the need for clearing the platform to an extent of three feet. A few Railways, however, levy the maximum infringement charge of Re. 1 per Kilometre for consignments which do not fall in the above category. One of our members who are manufacturers of transformers have to get over Rs. 10,000 by way of refund of infringement charges wrongly collected from them by various Railways. The Chamber feels that either the rules are vague that they could be interpreted in different ways on different railways or that different practices are adopted on different railways. The Chamber requests that this matter may be taken up with the Railway Board and other Railways and a decision taken that no infringement charge is collected except when special precautions involving additional expenses are necessary on the part of the Railways in carrying over dimensional consignments. In cases where such additional precautions are necessary the Tariff may be fixed depending on the expenses incurred. It is needless for the Chamber to add that in view of the growth of new industries larger consignments are now moving across the country in greater frequency and any unnecessary levy of infringment charge would result in hardship to the industry.

20. MOVEMENT OF RICE AND PADDY FROM BEZWADA DIVISION—NEED FOR ALLOTMENT OF MORE WAGONS:

The Bezwada Division comprises of four revenue districts of East Godavari, West Godavari, Krishna and Guntur districts which are having a heavy surplus in rice production. During the procurement period the total surplus of rice in this area was estimated by the State Government at more than five lakh tons. The production in the area has increased due to extensive and intensive cultivation and the surplus is now estimated at about eight lakh tons. A quota of 60 or 65 wagons was fixed for rice exports based on the surplus of 5 lakh tons. This quota, the Chamber is informed, is inadequate and insufficient to move the surplus quantity to Madras, Kerala and Mysore, States. The merchants are now forced to move rice to stations on Central Railway and to Madras City by lorries. Some times they move rice to Kakinada and Visakapatnam and from there they move the stock to Cochin by sea. The Chamber requests that arrangements may be made for supply of 100 wagons per day for movement of rice from the Bezwada Division.

21. MOVEMENT OF JAGGERY FROM ANAKAPALLE:

It is brought to our notice by the Anakapalle Merchants that the system of marking of jaggery bags introduced with effect from January 1, 1962 is causing hardship to the trade and they request that jaggery bags should be exempt from markings as hitherto. In the matter of allotment of wagons the Chamber requests that the requirements of Anakapalle for jaggery movement may be estimated not only from past performance but also from present production and all facilities may be given for expeditious and timely movement of jaggery to different consuming and marketing centres.

22. RAICHUR-RENIGUNTA PASSENGER MIXED TRAIN—REVISION OF TIMINGS:

The Raichur-Renigunta passenger No. 94 starts from Raichur at 8-15 A.M. at present and reaches Renigunta at 1-15 A.M. the next day. The present timing. is inconvenient for the passengers as the trains running from Madras to Waltair run earlier and the passengers are unable to catch those trains at Gudur for want of proper connections. The passengers miss the trains both at Renigunta and at Gudur. If the Raichur passenger leaves Raichur at about 6-00 A.M. all this incovenience can be avoided. The passengers will have facilities for taking food at Guntakal and Cuddapah during day and night respectively and the train would reach Renigunta at 23 hours.

The Chamber also suggests that this train may also be extended upto Madras. This would not only be of help to the passengers, but it would also relieve the congestion on the Mail and Express trains to a certain extent. The Chamber requests that this suggestion may be considered favourably at the time of revision of the time table.

Railway Budget.

Sri S. Venkatarangam, President, Andhra Chamber of Commerce, in a statement to the Press said:

With the announcement made by Sri Jagjivan Ram at the time of presenting the interim Railway Budget a rise in fares and freight rates was expected. But the present increase of 50 nP. to Re. 1 per tonne on almost all commodities, with the exception of manganese ore, cannot be considered a wise step especially at the present moment, when we are concerned with arresting the rise in prices and with the promotion of our exports. It is really surpring that the Railway Minister has not chosen to implement the recommendations of the Export and Import Policy Committee that a 25% freight rebate should be given for all export cargo while he has raised the passenger fares and freight rates by relying on the recommendations of another Committee, *viz.*, the Railway Freight Structure Enquiry Committee.

I believe the extra revenues the Minister proposes to raise by the new proposals, *viz.*, Rs. 21.26 crores could have been easily realised by increasing operational efficiency, increased wagon turn round and other measures and by reducing working expenses. Viewed from past earnings and traffic, there appears to be an under-estimate of receipts as a result of the new proposals.

The Railway Minister has promised liberal allotment of wagons for coal and other movement, with increased availability of rolling stock and wagons. It is well-known that the delay in movement of coal had not only created bottlenecks but also disturbed the entire economy due to loss in industrial production, high prices and the like. I express the hope that the Railway Minister would succeed in his endeavour and contribute towards the efficiency of the Railways and thus towards the all round economic development of the country.

Transport Problems of Industry and Trade in Andhra Pradesh.

The Andhra Chamber in a communication addressed to the Union Minister for Railways on May 30, 1962 stated as under:

"I am desired by my Chamber to address to you as under on the problems the businessmen and industrialists in Andhra Pradesh are facing with regard to rail traffic with a request to give your consideration and attention to the following points:

The industrial and mercantile community of Andhra Pradesh, while feeling deeply grateful to the Railway Ministry for taking up the work of construction of a second Bridge across the River Krishna at Vijayawada for which the foundation stone is being laid today, in order to remove one of the major bottlenecks in railway transport, desire to point out that unless some or all of the points mentioned hereunder are taken up for immediate consideration and implementation, the benefits that are expected to accrue to Andhra Pradesh for the promotion of trade and industry as a result of constructing this bridge will be negligible.

Andhra Pradesh is primarily an agricultural State having a surplus in foodgrains, agricultural raw materials and commercial crops in addition to large mineral wealth which are being sold in neighbouring States or exported to some foreign countries. Even Sugar, the major industry of this State, will have to find an outlet in other States or in overseas markets. The economic development of this State depends to a large extent on the market commanded by those produced in the State and the ability to obtain fair and reasonable prices for all these products is in turn dependent upon the availability of suitable transport facilities. It is therefore of utmost importance for Andhra Pradesh to have good communication and transport facilities to develop its economy. The State has also good potentialities for development of good export trade by virtue of its having large exportable commodities and proximity of sea coast. Though Andhra Pradesh can claim to have a long coastline, a good canal system and some of

the main arteries of rail as well as road transport systems, the benefits they confer to the development of local trade and commerce are not adequate when compared with the needs of this region. The Railway transport facilities of this State should be considered as very inadequate, when one takes into account the large area, population and the necessity to send out a good portion of its production—both agricultural and industrial—to other States and foreign countries. There are still some large tracts in the State where the railway facilities do not exist at all. The long main lines that run through this State are serving more as links to connect the north to south than to transport the local produce to different parts of the country. The fact that the businessmen often complain about inadequate supply of wagons for the transport of rice, jaggery, sugar, fruits, tobacco, minerals, etc. will show that the existing facilities are not sufficient and that the railway should also take into account the need to move the local traffic along with the through traffic.

The wagon supply and booking position in Andhra Pradesh is causing an ever increasing worry to the businessmen as well the Railway authorities. Manufacturers find it difficult to get wagons for bringing raw material and fuel to the factory as also for despatching the finished goods to consuming centres or port towns, as the track capacity is utilised more for through traffic than the local traffic. Even essential articles like foodgrains and pulses encounter difficulties for months together. Minerals like mica, barytes, steatite which are to be transported to port towns for export do not get adequate and timely facilities. Minerals and ores which would have normally moved to the ports in Andhra are now being diverted to other ports, even at a slightly higher cost owing to inadequate transport facilities.

Even movement of goods over small distances as also movement of various commodities from intermediate stations to different destinations take an unduly long time when booked and bookings are often found to be very difficult to obtain. This has been resulting in diversion of trade and loss of trade to businessmen in Andhra Pradesh.

The Chamber is therefore of the opinion that in view of the rapidly changing face of this region and the necessity of a good portion of the local produce to be transported to places outside the State, the Railway authorities while according at least equal priority to local traffic along with that of through traffic, on the existing track capacity should also take up for immediate consideration the improvement of the existing facilities and to open new lines, in order to help the economic growth of Andhra Pradesh on a proper and sound basis.

WALTAIR-MADRAS ROUTE:

The Waltair-Madras route, which is a part of Calcutta-Madras route covers one of the most thickly populated areas in the whole of India and the transport facilities on this section, therefore, should be such as will cater for not only the All-India traffic from Calcutta-Madras, but also cater for the sub-regional demand between Waltair-Madras. Such a need exists not only in relation to Goods trains but also Passenger trains.

There are two important bottlenecks at Krishna and Godavari on this route. Although the bridge across Krishna is now taken up, it is necessary that the bridge across Godavari also should be taken up immediately. The Railway Board may also take up forthwith the question of doubling the entire Railway track between Madras and Waltair.

As a good portion of the existing capacity is taken up for the movement of goods trains from Calcutta carrying mostly to points south of Madras, there is just no capacity available to put in additional Express or Passenger trains on this sections so as to bring up the passenger facilities at least on a par with what now exists on the routes Madras-Trichinopoly-Madras or Madras to the West Coast or Madras-Bangalore.

DIESEL CAR SERVICE :

A study of the passenger density in and around Vijayawada from say Ongole-Tuni will surely reveal that much of the traffic round Vijayawada and much of the traffic round Rajahmundry -Nidadavolu is really of a sub-urban character. The All-India trains will not fully serve these limitd local needs. It would be in the interest of economy and additional revenue to the Railways as well as service to the public if more Diesel Cars are put to carry the short distance passenger traffic, which in this case, is forthcoming in plenty in view of the fact that the area is thickly populated.

LINKING OF HYDERADAD WITH NELLORE :

A preliminary Engineering Survey of a B.G. line from Padugupadu on the north bank of Pennar, i.e., practically Nellore to Kazipet is understood to have been made long ago.

The situation in this part of the State has now considerably changed with the Tungabadhra low level canal coming right upto Kurnool on the one hand and the development of the ayacut area of the Nagarjunasagar. Considerable development of the coal fields is also expected in the Kothagudem area. This line which is proposed from Bibinagar-Vemalkonda-Nalgonda-Nandikonda-Macherla-Kurichedu-Pondili-Uthayakiri-Atmakuru-Padukupadu-Nellore covers a distance of 281 miles and will connect at Macherla with the Macherla-Guntur line and Kurichedu with the Guntur-Dronachalam-Guntakal line. This project will provide a long term solution to lessen the ever increasing pressure on the Vijayawada-Madras section by providing an additional route from Hyderabad

to these areas and facilitating the traffic flowing from Central India and Hyderabad area to the South. It would also serve as a great artery for the movement of foodgrains to these chronic famine-ridden areas.

NELLORE-MUDDANURU BROAD GAUGE :

The Nellore-Muddanuru Broad Gauge section is another which requires examination, since it opens up a part of the fertile Nellore District and also a part of Cuddapah District with potentialities for industrial development. The present alignment of the line of the Southern Railway from Arakonam to Raichur runs away from prosperous centres of trade such as Proddatur which is 7 miles from Yerraguntla Station and Jammalamadugu which is about 12 miles from Muddanuru Station and so on. The proposed line may pass through. Buchireddipalem, Atmakur, Badvel, Maidukur, Proddatur and Jammalamadugu. The distance from Nellore to Muddanuru is about 150 miles and in view of the terrain being plain country for a greater portion, the cost of construction may not be very high. A traffic survey of this line by the Union Ministry of Railways should be taken on hand immediately.

HYDERABAD-VISAKHAPATNAM LINK ;

To open up the interior areas of Telangana and enable the produce, minerals, ores and manufactures from Telangana Districts and from Hyderabad area to move expeditiously, the Chamber is of the view that a railway link between Hyderabad and Dornakal should be provided. The line may be connected direct from Dornakal upto Visakhapatnam Port via Singareni and Bhadrachalam Road. This link which will be less than 150 miles would go a long way in providing a large hinterland for the Visakahpatnam Port and facilitate the easy movement of produce and merchandise of Telangana area.

CONVERSION OF METRE GAUGE TO BROAD GAUGE :

The Masulipatam-Gudivada-Vijayawada metre gauge section has now been converted into a full Broad Gauge, the Broad Gauge route running also from Vijayawada to Guntur. The result of this has been that the Metre Gauge link of Rayalaseema area has been disrupted at Guntur-Tadepalli. It is necessary to ensure adequate transhipment facilities at Tadepalli so that the movement of ore from Bellary-Hospet area may go into the East Coast Ports also and there is free movement of industrial produce and foodgrains.

The Guntur-Macherla Metre Gauge line now serves Nagarjunasagar Project area. With the development of the Project for which the canals on the south bank have already been laid, there is no doubt that there will be vast increase in production of foodgrains. The Hydro-Electric power will also enable the coming into existence a number of industries in this area. It is therefore essential that the Guntur-Macherla line should be immediately converted into a Broad Gauge line.

MEETINGS OF THE ZONAL COMMITTEES :

It is customary for the Zonal Committee of the Railways to meet at least twice a year. The number of meetings may be increased to at least four times a year. The Zonal Committee of the Southern Railway usually meets at Madras, Bangalore and Trivanduram which is the Headquarters of Madras, Mysore and Kerala or any other stations which are served by the Southern Railway. The Zonal Committee of the Southern Railway should also meet at Hyderabad, in addition to other places although Hyderabad is not on the Southern Railway. In view of the fact that nearly 2/3rd of Andhra Pradesh is served by Vijayawada and Guntakal Divisions and there are bound to be many matters of concern to the Government of Andhra Pradesh. Such meetings held in the Headquarters of the State would enable closer contact being established between the Railway Administration and the Government of Andhra Pradesh.

The Andhra Chamber of Commerce which has over 800 members and over 35 Affiliated Chambers of Commerce and Trade Associations is the Apex body of trade and commerce in Andhra Pradesh. The Chamber has been accorded representations on the Zonal Committee of the Central Railway. Even though the Chamber was enjoying their representation on the Zonal Committee of the area now served by the South Eastern Railway as also on the Southern Railway, the Chamber is not enjoying the representation now on these two railways at the Zonal level. In the Southern Railway, the Chamber has been accorded representation on the Divisional Committee. Since the Andhra Chamber has members spread all over the Andhra Pradesh and Madras and it has over 35 affiliated organisations representing different facets of trade and industry, the Chamber requests that representatives of the Andhra Chamber should be included on the Zonal Committees of the Southern Railway, Southern Easten Railway and the Central Railway.

The State Government should also be requested to depute an Officer of the rank of a Deputy Secretary to represent the Government on these Zonal Advisory Commitees. It should be seen that a single Officer attends the meetings of the Zonal Commitetes of all the three railways so that he will be able to present the case of Andhra in regard to railway matters in a co-ordinated manner.

TRAINING FACILITIES :

It is also essential that in each Division there should be training centres for the different categories of staff so that the problems can be explained to them in English and in the regional languages with a view to improve the efficiency gradually. The Administration should pay attention to this matter of setting up training institutions in each Division.

The Committee of the Chamber hope and trust that the above points would receive your favourable consideration and immediate action."

The Secretary, Railway Board in his reply stated as under:

"With reference to your letter, dated May 30, 1962 addressed to the Minister for Railways on the subject noted above, I am directed to state as under :—

MOVEMENT OF RICE, SUGAR AND FRUITS :

When the movement of these commodities is sponsored by the Minister of Food and Agriculture, these are moved preferentially in a very high Rail priority. Fruits being a perishable traffic for their movement there are standing instructions to the Railways to move them by passenger and parcel trains. For tobacco and minerals commodity quotas have been fixed and instructions have been issued to the Railways to move them as expeditiously as possible.

The Railways are fully conscious of the necessity of providing more and more wagons in view of the increasing production and they are taking all possible steps to meet the situation. There has been progressive increase on the supply of wagons during the last 2 or 3 years but still much progress remains to be achieved in the supply of wagons of which there is, no doubt, a shortage in the country. However, Railways are making all efforts to supply wagons in adequate numbers as far as possible.

MOVEMENT OF IRON AND MANGANESE ORE FOR EXPORT :

The State of Andhra Pradesh is being served by three Ports, viz. Vizagapatam, Kakinada and Masulipatam. These ports are being utilised for ore traffic export to the maximum possible extent and no discrimination is being done by way of any sort of diversion, etc.

DIESEL CAR SERVICE :

The existing fleet of diesel-rail cars available on the Southern Railway is already utilised on the Nidadavolu-Rajahmundry-Samalkot-Tuni, Nidadavolu-Bhimavaram-Narasapur and Samalkot-Kakinada Port sections and no spare diesel cars are available for being run on any other section.

DOUBLING OF TRACK BETWEEN MADRAS AND WALTAIR :

The question of providing a second Railway bridge over Godavari River is under active consideration and a decision is likely to be taken soon.

With regard to the doubling of the entire Section of 483 miles between Madras and Waltair, it may be stated that doubling to the extent of about 160 miles has already been completed and by the end of the Third Plan, there will be double line throughout the section between Madras and Waltair except on the following sections which are served by alternative routes thus serving the purpose of double line.

(a) Gudur to Gummidipundi	...	55.75 miles.
(b) Vijayawada to Taundura	...	27.50 ,,
(c) Vijayawada to Nidadavelu	...	79.00 ,,

CONSTRUCTION OF NEW LINES :

None of the new lines, construction of which has been proposed by the Chamber are included in the Railway's programme of construction for the Third Five Year Plan. Due to limited funds, there is no prospect of any of them being considered for construction during the Third Plan period. The question of conversion of Guntur-Macherla sections is under examination. Necessary provision has also been made for increasing the capacity at Tadepalli.

CONSULTATIVE COMMITTEE :

Regarding frequency of meetings of the Zonal Railway Users' Consultative Committees, these meetings are to be held at least twice a year and whenever found necessary meetings can be arranged more frequently.

Regarding the venue of meetings of these Committees they may be held at any points within the jurisdiction of the Zonal Committee, should the General Manager of the Railway consider it desirable or expeditent.

Your observations in these regards about the Zonal Committee of the Southern Railway, have, in these circumstances, been forwarded to the General Manager, Southern Railway, for his consideration.

Regarding representation on the Zonal Committees of the S.E. and Southern Railways, these committees have already been re-constituted for the term 1-4-1962 to 31-3-1964 and it has not been possible to consider any further additions to the present Committees.

The Andhra State Government are already given representation on the Zonal Committees of the Central, Southern and S.E. Railways. It is for the State Government to decide who should be their representative. It is, therefore, suggested that the Chamber may address the State Government in the matter.

Suitable arrangements already exist for training facilities for all categories of staff on Railway. Class IV staff are given training either on a divisional basis or at important centres in regional languages also."

Rail Transport—Discussion with Sri Kripal Singh.

Representatives of the Chamber had a discusston with Sri Kripal Singh, Member, Railway Board (Transportation), on August 31, 1962 at the Office of the General Manager, Southern Railway, Madras. Sri Kripal Singh stated that the question of reweighing of wagons at the request of the consignee involved additional detention of not less than 24 hours and this was not desirable in view of the heavy figure of shortage at present. Referring to the question of non-issue of clear receipts for wagons loaded at private sides Sri Kripal Singh said so far as goods sheds were concerned loading was witnessed by the staff specially appointed for the purpose. In the case of private sides it was for the consignors have themselves to engage the services of a railway servant for witnessing the actual loading in which case a clear receipt would be issued by the Railway. Regarding the non-availability of B.F.R. wagons for loading Iron and Steel materials from Madras area to Bangalore he suggested that if the consignments could be despatched from the original booking station through to Bangalore area instead of the consignment being unloaded first at Madras and then rebooked to Bangalore it would avoid detention to B.F.R. wagons and would improve the availability of the special type of wagons for movement of Iron and Steel materials from the Steel factories. Sri Kripal Singh promised to consider the request from the trade for provision of through bogies from Madras to Ahmedabad. As regards the suggestion that non-official bodies might be associated with the administration in the matter of allotment of wagons Sri Kripal Singh stated that the Station, Divisional and Zonal Railway Users' Committees which meet periodically discuss the question of sufficiency of transport also among others. He claimed that there was a general downward trend in the incidence of railway accidents though in some recent cases there were heavy casualites. There were 950 accidents during the first six months of the year as compared to 1,128 during the corresponding period last year. The railway administration was fully aware of its responsibility in the matter and was taking all possible safety measures. With a view to reducing the number of accidents due to human failure, the Board was introducing as a trial measure on one of the railways a psychological test for railway employees. If this experiment was found successful, it might be tried in other railways. The Chamber was represented at the meeting by Sri S. Venkatarangam, President, Sri J. V. Somayajulu, former President and Sri M. S. Sambasivam, Secretary.

The following Memorandum of Points was presented to Sri Kripal Singh on the occasion :

1. Railway Accidents :

As many as 1,100 accidents are stated to have taken place from January to July, 1962 alone. Greater vigilance and care should be exercised to avoid accidents and damage to person and property.

2. Pilferage and Running Train Thefts :

Running Train Thefts and attack on passengers with a view to rob them of their belongings appear to be on the increase. In sections where such thefts are prevalent, arrangements may be made to provide protection to passengers.

3. Punctuality and Frequency in Train Service :

Most of the trains do not appear to maintain the schedule. Even on suburban train services the trains do not maintain time. Breakdown of service for a few hours and bunching of trains with no service for some time are stated to be the common features. The reason is stated to be bad quality of coal obtained by the Railway or repair or construction work on the track or lack of sufficient number of locomotives and coaches. Whatever may be the reason, the Chamber desires that Railway Board should remove the cause for such delays and ensure punctuality and efficiency.

4. Movement of Goods and Coal :

In general, much difficulty is experienced in the movement of goods and coal by rail due to non-supply of wagons for long period. In Andhra Pradesh in the case of movement of rice, jaggery and other items delays occur in allotment of wagons and adequate number of wagons are not supplied. It happens on occasions that a large number of wagons is supplied having no regard to the loading capacity of the party or the station and the loading facility available in the station concerned. The Chamber requests that when number of wagons is supplied advance intimation should be given to the parties to get ready with necessary labour to handle the work and also vehicles to move the goods to the station.

There appears to be difficulty in obtaining supply of tank wagons and the number of wagons available on the Southern Railway is stated to be inadequate.

It is suggested that arrangements should be made to augment the tank wagon availability having regard to the growing needs of this Zone.

5. Operational Efficiency :

In spite of the limitations to develop the line capacity and availability of loco motives, wagons and coaches the Chamber feels that operational efficiency can ensure increased utilisation of line capacity and increased intake of goods and passengers for movement.

The Railways have stipulated that every wagon should be loaded one ton over and above the usual capacity. This suggestion is really a welcome one as it helps to raise the overall capacity of the Railways to handle goods traffic. By increasing the turn round of wagons, avoiding detention in yards, increasing the speed of goods trains and also by reducing the loading and unloading time by provision of adequate facilities at stations and yards the Chamber feels that operational efficiency can be ensured. The trade on its part would certainly cooperate with the Railway in this national endeavour.

6. Development of line Capacity :

It is accepted by one and all that the North-Eastern Section of the Southern Railway, i.e. the Waltair-Vijayawada Section is congested. The steps taken at present like doubling of the track, and provision of other facilities in the section would help the free flow of through traffic in the section. But the Chamber feels that the traffic on this route, should be diverted to other routes by opening new lines. The Chamber recently suggested to the Railway Board the opening of the following lines :

1. *Broad Gauge Link from Hyderabad-to-Nellore* from Bibinagar—Vemalkonda — Nalgonda — Nandikonda — Macherla — Kurichedu — Podili—Uthayagiri—Atmakuru—Padugupadu— Nellore a distance of 281 miles. This will connect at Macherla with Macherla—Guntur line and Kurichedu with Guntur—Dronachalam—Guntakal line.

2. *Nellore—Muddanuru—Broad Gauge Link* passing through Buchireddipalem, Atmakur, Badvel, Maidukur, Proddatur and Jammalamadugu a distance of 150 miles.

3. *Hyderabad—Visakhapatnam Link* by connecting Singareni and Bhadrachalam Road to Visakhapatnam port a distance of 150 miles.

These lines would open up a large area, provide a good traffic for the Visakhapatnam port and help to divert the traffic on the North Eastern line through these new routes.

Conversion of meter gauge to broad gauge of the Guntur—Macherla Section is needed to connect the Nagarjunasagar project area with the broad gauge net work.

7. Over-crowding in Trains :

This has become a common phenomenon in the country. The problem should be studied and steps taken to avoid over-crowding. Arrangements should be made to provide shuttle service or diesel car service in sections where there is a large local traffic. This would relieve congestion in long distance trains. The introduction of diesel trains and local shuttles is all the more necessary as the present tendency is to reduce the number of halts for long distance trains, avoid short distance traffic by these trains and reduce their running time.

8. Reorganisation of the Railway Zones :

The Chamber learns that the Railway Board are considering the question of reorganising the Railway Zones with a view to ensure efficient functioning and operational conveience. While requesting the Member (Transportation) to give information in this regard the Chamber expresses the hope that the business community would be given an opportunity to offer its views and comments before a decision is taken.

9. Level-Crossings in Cities like madras :

There are a number of level-crossings in the Madras—Tambaram Sub-Urban Section. The frequent clousure of these level-crossings results in traffic Congestion on either side of the level-crossings and it takes quite a long time to clear the congestion. It is not uncommon to find certain level-crossings closed continuously for a long time in the mornings and evenings. Similar is the case with level-crossings in north Madras also. The Chamber feels that the Railway Board should in consultation with the State Government and the local authorities convert all the level-crossings into subways and or over-bridges to facilitate uninterrupted flow of rail as well as road traffic.

10. Zonal Committee of the Railways :

It is necessary that all leading organisations connected with trade and commerce in the area served by the Railway concerned should be associated with the Zonal Committee. The Chamber suggests that the number of seats for the purpose may be increased if the existing number is not found adequate.

Boosting of Loading on Sundays.

The Divisional Superintendent, Southern Railway, Royapuram, in a communication addressed to the Chamber requested the Chamber to extend its

cooperation in boosting the loading of wagons on Sundays. The Chamber addressed the members as under : "The Railways run round the clock. Due to the present exigencies and emergencies it is essential to boost up the loading to keep on par with the demands obtaining. It is stated that the loading on Sundays and Holidays has not increased and the difference in the daily average loading on Sundays and on week days, it is stated, is of late very high. The Railway authorities are endeavouring their best to step up loading on Sundays. Members may note that on Sundays preference may be given to item 'E' Traffic which does not normally move on week days to improve the loading on Sundays. Members are requested to extend their co-operation in boosting the loading of wagons on Sundays and extend their co-operation to the Railways particularly in the present national emergency."

Shipment of Edible Oils.

The Traffic Manager, Madras Port Trust, in a communication to the Chamber stated that exporters who require any arrangements for posting of staff for shipment of oil in bulk through the Trust's Oil Farm should apply to the Traffic Manager, for the same giving a minimum of 24 hours notice. On receipt of such applications the Traffic Manager will arrange with the Trust's Mechanical Engineer for the posting of the necessary staff required. Members were advised to take note of this while using the oil farm of the Port Trust for bulk shipment of edible oils.

Clearance of Cargo From Madras Harbour

The Traffic Manager, Madras Port Trust in a communication to the Chamber on November 30, 1962 stated that it has been decided to convene with effect from December 3, 1962 meetings of Customs Licensed Clearing, Forwarding and Shipping Agents and certain other regular Importers of Cargo daily at 11 A.M at the office of the Traffic Manager to discuss ways and means of quicker clearance of cargo from the Port so that the transit area can be kept clear for receipt of fresh arrivals. The Chamber was requested to depute its representative to attend these meetings regularly.

The Chamber nominated Sri M. Narayan Rao, Chamber's representative on the Madras Port Traffic and Anti-pilferage Committee to attend these meetings

Central Railway Zonal Users Consultative Committee

Sri M. Harischandra Prasad, M.L.A., Hyderabad (A.P.), was noninated as the representative of the Chamber on the Central Railway Zonal Users' Consultative Committee.

Central Railway Divisional Users Consultative Committee.

Sri K. R. Nandagopal, Secunderabad, was nominated as the representative of the Andhra Chamber on the Central Railway Divisional Users' Consultative Committee, Secunderabad.

Central Railway Hyderabad—Secunderabad Station Consultative Committee

Sri K. Mohan Reddi, Secunderabad, was nominated as the representative of the Andhra Chamber on the Central Railway Hyderabad—Secunderabad Station Consultative Committee.

Madras Port Trust Board

Sri V. G. S. V. Prasad and Sri J. K. Bhuwalka represented the Chamber on the Madras Port Trust Board till March 31, 1962. Sri V. Emberumanar Chetty and Sri Rasiklal M. Mehta were elected as Chamber's representatives with effect from April 1, 1962. Sri V. Emberumanar Chetty represents oilseeds and agricultural produce interests while Sri Rasiklal M. Mehta represents general import trade interests.

The Madras Port Anti—Pilferage and Traffic Committee

The Chamber was represented on this Committee by Sri M. Narayan Rao during the year. The Committee met on February 14, 1962, April 11, 1962, June 13, 1962, August 8, 1962, October 10, 1962 and December 13, 1962. The representative of the Chamber attended five out of six meetings held during the year.

The Committee discussed ways and means of preventing pilferage and theft in the harbour at its meetings and took suitable steps to reduce the incidence of thefts and pilferage.

Southern Railway Madras Divisional Users Consultative Committee

Sri P. Srinivasa Rao was nominated on February 2, 1962 as the Chamber representative on the Southern Railway Madras Divisional Users Consultative Committee for a period of two years effective from April 1, 1962.

The first meeting was held at Madras Egmore on *February* 5, 1962.

The Chamber forwarded the following subjects for discussion at the meeting held on June 4 and 5, 1962 at Villupuram:

"PROVISION OF A FIXED GANTRY CRANE AT SALT COTAURS FOR LIFTING HEAVY CONSIGNMENTS:

It is suggested that a 40 ton permanent hand-operated gantry crane may be fixed at Salt Cotaurs at the crane siding. This will facilitate loading and unloading of heavy consignments that are moved from Madras and which arrive at Madras. There is no permanent crane at Salt Cotaurs except one of 5 ton capacity. The 10 and 20 tons cranes available with the Railway are moving all over the district, with the result they are not available for the use when needed. Even so the limit is only 20 tons and any thing higher than that, has to be lifted by the breakdown crane which is to be removed from Arkonam. This movement is also uncertain as it can be requisitioned for any section where there is derailment or breakdown. Hence this request.

STOPPING OF PASSENGER TRAINS AT MAMBALAM:

Mambalam has recently been opened for steam trains; and express and mail trains are stopping here to facilitate the travelling public. It is suggested that passenger trains also may be stopped.

TELEPHONE AT MADRAS CENTRAL:

The present telephone facilities at Madras Central is not adequate. It is suggested that one more telephone booth may be provided inside the platform which will be accessible only to passengers holding ticket or persons holding platform tickets. The experience of many passengers has been that the public telephones outside the platform and at the entance of the Central Station are always engaged and many passengers find it difficult to make use of these telephone booths.

MOVEMENT OF FLOWER-BASKETS FROM MADRAS EGMORE TO MADRAS FORT:

It is the experience by many third class passengers in sub-urban train services to find a large number of flower vendors getting into the trains with many bamboo baskets containing flowers. These vendors press the baskets into the crowded trains resulting often in injury and annoyance to the passengers. It is suggested that arrangements may be made for delivery of all flower baskets at Madras Fort instead of Madras Egmore. Otherwise all these flower baskets may be allowed to be carried from Madras Egmore to Madras Fort in the Guard's Van.

WASHERMANPET LEVEL CROSSING :

The gates at the Washermanpet Level Crossing invariably remain closed for a long time. This is causing hardship to the road traffic. Arrangements should be made to see that the gates are closed only for the minimum time required as obtaining at all other places.

OVER-BRIDGE AT WASHERMANPET LEVEL CROSSING :

Considering the heavy traffic at this gate, it is suggested that an over- bridge for vehicular traffic may be constructed. It is learnt that there are some proposals to this effect. The Committee may be enlightened in this regard.

STUDY OF CONDITIONS OBTAINING IN THE DIVISION :

It is suggested that the Divisional Superintendent along with the Members of the Committee arrange a tour of all stations in the Division for an on the spot study of the conditions obtaining and the improvements desired and to suggest ways and means of improvement. The entire Division may be covered in two or three trips sections by section."

On point No. 2 action was taken even before the meeting and all Mail trains were stopped at Mambalam. On the other points the following decisions were taken at the meeting :

" PROVISION OF A " PUBLIC CALL OFFICE : INSIDE THE PLATFORM AT MADRAS CENTRAL ACCESSIBLE ONLY FOR BONA FIDE PASSENGERS.

This matter is under correspondence with the Telephone authorities.

PROHIBITION OF FLOWER VENDORS WITH THEIR BAMBOO BASKETS GETTING INTO COMPARTMENTS OF ELECTRIC TRAINS EX. MADRAS EGMORE TO MADRAS FORT :

Action will be taken to prevent vendors carrying on suburban trains huge flower baskets.

ELIMINATION OF AVOIDABLE DELAY TO ROAD TRAFFIC AT THE WASHERMANPET LEVEL CROSSING GATE :

All avoidable delays to road traffic at this level crossing gate will be eliminated.

CONSTRUCTION OF A ROAD OVERBRIDGE AT THE WASHERMANPET LEVEL CROSSING :

This is one of the works included in the Works Programme.

Further meetings of the Committee have been suspended for six months in view of the Emergency.

Regional Railway Equipment Advisory Committee—Southern Railway :

The Chamber is represented on this Committee by Sri Jayantilal P. Sanghrajka, President. One of the members of the Chamber, pointed out that the Controller of Stores, Southern Railway was insisting that all contractors should subscribe for the weekly Bulletin of Stores requirements published by him and that contractors were advised that their name would be struck off from the approved list of contractors if they do not become subscribers.

The Chamber took up the matter with the Railway authorities through the Chamber's representative on the above Committee.

The Chamber's representative wrote to the Controller of Stores, Southern Railway on March 16, 1962 as under :

" Some of my Chamber members feel that the wording of your circular letters calling for renewal of subscription is not very happy and is rather unnecessarily harsh. I copy below, for ready reference, the portion of the letter referred to :—" It is compulsory that you should become a subscriber to this Bulletin without fail, by paying the subscription, as otherwise your name is liable to be struck off from our approved list of contractors".

It is felt that failure to subscribe to the Bulletin should not entail removal of one's name on the Approved List of Railway Contractors.

There may be several reasons why firms already on the approved lists of contractors do not subscribe to Railway Stores Bulletin. It may be that several firms who are associated with one another orworking in close co-operation may share a common copy or may be that the contractors refer to such Bulletins available with Chambers of Commerce or other similar institutions.

In view of the above, I request that appropriate instructions should be passed on to the concerned Department to delete such stipulations intended to be enforced for the purpose ".

The Controller in his letter dated April 6, 1962 replied as under :

" I agree that the circular is rather unhappily worded. Non-payment of subscription results in discontinuance of issue of Bulletin and does not entail removal from the approved list of contractors.

The purpose of the circular was to ensure that there was no undue delay in payment of subscription, but the manner it has been done is unfortunately rather crude.

I assure you that no contractor will be struck off from the approved list, just because of his failure to subscribe to the Bulletin".

Transport and Power Conference.

The Federation of Indian Chambers of Commerce and Industry organised a Conference on Transport and Power during the year. The Conference which was held on September 20-22, 1962 at New Delhi was inaugurated by the Hon'ble Sri Gulzarilal Nanda, Dupty Chairman of the Planning Commission. The Conference adopted the following statement of conclusion:

"This Conference on Transport and Power, convened by the Federation of Indian Chambers of Commerce and Industry, congratulates the organisers for the initiative taken by them. The Conference is also appreciative of the interest evinced by the Planning Commission and the concerned Ministries of the Government of India in the deliberations. It welcomes the assurance given by Sri G. L. Nanda, Deputy Chairman of the Planning Commission in his inaugural address that the various suggestions emerging from the deliberations will be considered more fully later in the Planning Commission.

The current problems relating to transport and power have been viewed in a balanced manner both against the background of past developments and in relation to the perspective for the future. Transport and Power constitute strategic sectors of the economy and as such are of primary impotance in the framework of the Third and following Plans. Steadily expanding essentail public utility services are an essentail pre-requisite of economic growth in a developing country like ours. For various reasons the actual implementation of the programmes relating to transport and power has not measured up to our growing requirements. Therefore, it is important to recognise and underline the need as much for improving the working of the transport system and the generation of power as augmenting them. It is in this spirit that the discussions at the general and sub-Committee's sessions were carried. Although the problems of transport and power divide themselves into various sub-problems, all of them are inter-related and have to be considered together. If some of the conclusions overlap, they only go to emphasise the unity of the subject and the integrated nature of the various issues. The recommendations of the Conference are given in the attached Reports (Not reproduced)."

The Sub-Commitees submitted reports on (*a*) Railway Transport; (*b*) Inland waterways and Coastal Shipping; (*c*) Water Transport & (*d*) Power.

The Chamber was represented at the Conference by Sri P.V.S. Mani.

Sri P. V. S. Mani as a member of the Sub-Committee on Road, Inland Waterways and Coastal Shipping participated in the discussion on Road Transport.

POWER AND FUEL

Electricity—Installation of Neon Sign—Adoption of Certain procedures.

The Chamber addressed the following Communication to the Chief Inspector for Electricity on November 5, 1962:

The attention of our Chamber has been brought to certain circulars issued by you to the neon sign manufacturers and electrical contractors in the State regarding the adoption of certain procedures regarding the installation of neon signs. It appears that the circular in question envisages that all manufacturers and contractors should obtain prior approval from your Office before erecting any new neon signs at consumer's premises. It is also stated that the installation of neon signs or dismantling or re-erecting after repair for alteration of the neon signs is irregular. Even addition, alteration or repair, the Chamber learns has to be made only after obtaining the specific approval from your Office. The Chamber would like to have the details of the procedures to be adopted by the sign manufacturers and electrical contractors as regards the installation of neon signs. The Chamber would also like to know whether permission is necessary from your Office for erection or for energising the installation. We are of the view that a permission is necessary from your Office only for energising the neon signs whether they are new or erected after repair or alteration. We also feel that a permission from your Office is not necessary for cleaning the installations and for setting right minor defects. Hereagain, the Chamber is informed that the electrical contractors experience difficulty in finding as to which are minor repairs and which are major repairs. To enable the electrical contractors and the manufactuers to carry on their work without any difficulty the Chamber suggests that a detailed circular may be issued clarifying the position and also listing the nature of defects which are considered as major repairs and which are considered as minor repairs.

It is also stated that you will not permit the installation of neon signs in public places or which obstruct public traffic as it would involve danger to public safety. Hereagain the Chamber would like to have a clarification from you as to what constitutes a public place and what constitutes an obstruction to public traffic. It is not known, whether any particular area is restricted for purposes of erection of neon signs or whether any stipulated size or pattern of signs are prescribed for the purpose. As the Chamber is not in a position to have an exact idea of the whole position, I am desired to request you to kindly give us as much details as possible in the matter at your earlier convenience so as to enable us to circulate the same among our member neon sign manufacturers and electrical contractors.

Power—Restriction and check on consumption

Sri Jayantilal P. Sanghrajka, President of the Chamber, in an appeal to the members issued on December 11, 1962 stated as under:

"The Power and Fuel Sub-Committee of the Chamber at their meeting held recently (Sri V.Subramani, Chairman) have decided that the President should issue an appeal to the members, to economise the use of power for domestic and non-industrial purposes to make more power available for industry.

Some of the State Governments have introduced the following restrictions in addition to peak load and staggering restrictions:

(*a*) Discontinuance of supply to all display lights and neon signs and other luminous discharges, tube signs and also festive illuminations.

(*b*) Non-supply of power to new installations of such lights mentioned above.

(*c*) Non-supply of power to new air-conditioning units.

(*d*) Non-supply of power for new load or for additions aggregating to 50 kw. and above without specific sanction of the Government.

(*e*) Reduction of power supply to private persons and licensees owning generating sets to the extent of the capacity of the generating sets owned by them.

Apart from complying with restrictions of the above nature, members, are requested to voluntarily reduce the consumption of power in their homes and offices for elevators, air-conditioning, for light, water supply, fan, heating cooking, washing, ironing and other purposes to the maximum extent possible.

In the present National Emergency all our efforts have to be directed towards maximising industrial and agricultural production as also production of stores and materials needed for defence. Adequate power should be made available to meet this end in view. I take this opportunity to appeal to all the members and member-bodies to extend their support and co-operation in conserving power and making it available for essential purposes."

Revised Pattern of Coal Distribution

The Coal Controller forwarded to the Chamber details regarding the revised pattern of coal distribution. The Chamber addressed the members as under on December 27, 1962:

"The Coal Controller, Calcutta in a communication to the Chamber states that the Government of India have decided to revise the pattern of

distribution of coal with a view to easing the burden on railway transport and to ensure effective distribution of coal. In the new Scheme the authorities for sponsoring requirements of coal and for the issue of sanctions and bulk allotments will remain unchanged. The existing system of priorities and allocation of wagons between the various categories of consumers will also continue. The essential changes are as under. The entitlement for coal will be under the following two categories:

(*a*) those with more than 1,500 tons of coal or more per month and

(*b*) those with less than 1,500 tons per month.

The second category of consumers may ask for their entitlement individually or may pool their requirements so as to form block rakes. These rakes will move to a single destination point and must be in the name of only one consignee. All other consumers in this category will have to obtain their requirements of coal from a dump through the agency of stockists. The stockists will group all such requirements and submit programmes for their movement in block rakes to their respective dumping points at which supplies will be received.

Individual consumers have monthly quota of 1,500 tons and above should submit their block rake programme before the middle of December for the month of January, 1963. For subsequent periods the programme should reach the Coal Controller 35 days before the month to which it relates. These consumers should also make arrangements to provide siding facilities in consultation with Railways at unloading.

All other consumers are advised that movement of coal will be made only to restricted places and unless the dump scheme is introduced the small consumers cannot be sure of coal supplies.

The power and Fuel Sub-Committee of the Chamber which met recently have decided to invite your suggestion regarding the revised scheme and also ascertain your difficulties in getting allotment/supply of coal and your suggestions in this regard early. I shall feel glad if you can write to us in this regard early. Your reply before January 10, 1963 would be greatly appreciated."

Estimates Committee of Lok Sabha

The Study Group II of the Lok Sabha Estimates Committee of the Southern Zone visited Madras on September 22, 1962. The Chamber's representatives led by Sri Jayantilal P. Sanghrajka, tendered evidence before the Committee. The Estimates Committee was concerned with a study of matters relating to Irrigation and Power, Working of the Ministry of Mines and Fuel and the Industrial Finance Corporation.

MISCELLANEOUS

34th Annual General Meeting of the Chamber

The 34th Annual General Meeting of the Andhra Chamber of Commerce was held at 5-30 p.m. on Wednesday, September 26, 1962, at St. Mary's Hall, Armenian Street, Madras-1. Hon'ble Srimathi Jothi Venkatachalam, Minister for Health and Accommodation Control, Government of Madras, inaugurated and representatives of Sister Chambers of Commerce and Associations attended the meeting. After Tea, Sri S. Venkatarangam, the out-going President, delivered the Presidential Address. In the course of his address Sri S. Venkatarangam observed as under :

HON'BLE SRIMATHI JOTHI VENKATACHALAM, DISTINGUISHED GUESTS AND MEMBERS OF THE ANDHRA CHAMBER OF COMMERCE

I have great pleasure in extending to you all a hearty welcome to the 34th Annual General Meeting of the Andhra Chamber of Commerce this evening.

I am thankful to Srimathi Jothi Venkatachalam for having consented to participate in this evening's deliberations and inaugurate our Annual General Meeting. Srimathi Jothi Venkatachalam needs no introduction to you all as she has earned a name for herself by her selfless service in the cause of Women's and Chidlren's Welfare. As a Minister, as a Member of the Legislative Council and also as a Member of many Public Bodies, Srimathi Jothi Venkatachalam has rendered signal service to the State. She is continuing her service even today as Minister in charge of Public Health, Medicine, Women's and Children's Welfare and Accommodation Control. Ever since her taking up these portfolios she has been giving a new orientation to the policies and programmes of the Government and I have every confidence that a greater progress would be seen in the State under her able direction.

It is customary on an occasion like this for the retiring President to make a few observations on the economic trends in the country, and the progress of the Chamber during the previous year. Therefore, I would like to use this occasion to say a few words about the present economic situation in the country and the progress of the Chamber during the past one year.

In the international arena we find many a change. The success of the U.S.S.R. and later of U.S.A. in the field of space conquest as also the developments in the field of nuclear-energy has pinpointed the urgent need for use of nuclear power for peaceful ends more than ever before. The efforts of all peace loving countries and of our Prime Minister too should yield favourable results at the earliest as I hope. I am glad our brethren in Goa have gained freedom and they have become full-fledged citizens of India. The Indian National

Congress has come out successful with a large majority in the general elections. But I am concerned over the developments on the northern borders. I am also unhappy that certain parties preaching separatism are gaining ground and are causing serious damage to the cause of national solidarity. But I confidently believe the efforts of our Government to promote national integration and international peace and amity would bear fruit.

Though the tempo of general economic activity during the past one year has been maintained at a somewhat satisfactory level, in certain sectors of economic activity some disquieting features are noticed. In the agricultural sector the production is not increasing as it should, while agricultural prices remain at high levels. In the industrial sector there has been a decline in production in many industries with the problem of unemployment remaining as acute as ever. Even in the case of small-scale industries progress is not up to expectations owing to inadequate supply of raw materials among others. The tempo of economic activity appears to have received a setback during the past one year or so. The difficulties that are now being experienced in the matter of obtaining adequate quantities of raw materials, power, fuel, transport, etc., are likely to result in a decline in industrial production this year. This inability to utilise the installed capacity to the full, together with the mounting labour costs, is expected to make serious inroads into the earnings of various enterprises this year. In addition to these problems, the deepening foreign exchange crisis is causing great anxiety to the Government and to the public. While our export trade is not showing any signs of rapid improvement, in spite of all possible efforts by Government and the people, the proposed entry of the U.K. into the E.C.M. is expected to affect our export trade very adversely. Further, the problems relating to the anticipated flow of a regular foreign aid during the next few years, are also getting more and more complicated every day. It is imperative that the Government of India and the Planning Commission should review the present situation and revise the Plan Programmes so as to maintain the present tempo of economic development.

There is considerable delay in getting industrial licences, loans and advances as also in getting essentiality certificates and or allotments of raw materials. There should be greater awareness and a sense of urgency in the disposal of applications—whether it is for licensing, financial assistance or allotment of raw materials. The grant of a licence or the registration of a small unit, by itself is a recognition of the need for the promotion of that industry and it therefore becomes the responsibility of the Government to ensure these industrial units with a regular flow of raw materials and other requirements.

It is a matter of common knowledge that in South India many industries are suffering through inadequate supply of coal, coke, iron and steel, stainless-steel and other raw materials. I can declare that the decline in the industrial production is to a large extent due to the short supply or delay in supply of these raw materials and fuel. In addition, inadequate transport and power have also played a part in aggravating the situation.

Power supply continues to be a serious problem. Absence of adequate power has brought industrial development almost to a standstill in a particular period. If industries were to develop and greater employment opportunities were to be created it is obviously necessary to augment our power resources. While I am glad that the Government of India are aware that the requirements of power in the country have been underestimated and there have been delays in the implementation of projects (as evidenced in the report of the Sachdev Committee) I wish to point out that many of the power projects in the South, particularly in Andhra Pradesh could not be taken up or completed before the end of the Second Five-Year Plan period due to delay in technical clearance and allotment of foreign dxchange. I wish to emphasize the urgent need for, not only clearing the backlog but also for making provision for future demands as well. There are proposals in this part of the country to generate power in the private sector to meet the requirements of industries in the area. Without entering into the reasons for the controversy raised on this proposal I only wish to state that development of power is of utmost importance to the country at this stage, and it should not matter whether it is developed in one sector or the other. The Government should come forward to assist all major industries in setting up their own power stations. If this were to be done, I am sure all the industries would be assured of regular power supply and at the same time the State grid will have more power available for other uses.

As I said earlier transport shortage is another important handicap which threatens the tempo of development. Businessmen find it difficult to get timely allotment of wagons for movement of raw materials and manufactured goods. They are often forced to move the goods by lorry by paying higher freight charges. Hereagain the development of road transport industry is stifled by heavy imposts thereon. While the railways are not in a position to cope with all the traffic requirements of the private sector, it is only fair to allow the road transport industry to function properly. In this context I feel it is pertinent to point out that taxation on road transport industry requires drastic revision in the downward direction.

One of the major problems facing our country today is the problem of balancing the foreign exchange budget and finding additional resources for the plan. Our Finance Minister during his previous and present trips has succesfully presented India's case for economic assistance. I am quite confident that foreign assistance would be forthcoming in the required measure very soon. Apart from our trying to meet the situation by obtaining financial assistance from

friendly nations we must analyse the basic causes that have led to the presnt situation and prevent recurrance.

Whatever the outcome of the talks of our Prime Minister and Union Finance Minister in the recent parleys, it is almost certain that Britain's entry into the European Common Market would seriously affect the pattern of trade not only between India and the U.K. but also between India and the countries in the European Economic Community. In this altered situation it has become necessary for us to exercise greater vigilance so that the foreign trade of our country is not seriously hampered. It is essential that no serious jolt to our economy is caused.

I am glad there is now increasing awareness on the part of the Government of India in the matter of export promotion. A separate Ministry of International Trade has been formed with a dynamic personality like Sri Manubhai M. Shah as Minister in charge. Dr. Ramaswamy Mudaliar's Committee on import and export policy has submitted a very detailed and valuable report focussing attention on various problems connected with the foreign trade. I am glad a large number of suggestions have already been implemented by the Government of India. There are yet a few other suggestions which require immediate consideration. I hope and trust that the Government would come forward to implement them and provide the necessary basis and incentive for further promotion of our exports.

The question of holding the price line is engaging the attention of the Government. While rise in prices cannot be altogether eliminated in an expanding economy, the rise is taking place in such proportions that it bears no relation to the extra money now put into the hands of the individual. The average index of wholesale prices (with 1952–53 as the base, *i.e.*, 100) which was 127·5 in 1960–61 came down to 122.9 in 1961–62. From April 1962 onwards however there has again been an upward trend in prices and the average for July has exceeded 130. A study of the index of wholesale prices by groups reveals that the increase is noticeable in the case of food articles, industrial raw materials, fuel and power while the increase in the price of manufactured goods is only 2 points. It is therefore seen that the present increase in prices is more due to increase in the price of food articles. If the high price level continues in spite of large import of foodgrains it only indicates that we are not making enough efforts to import or produce adequate quantities of rice. The present food problem is more a problem of availability and supply of rice. The Government at the Centre and the State should see that adequate supply of rice is made available under the various aid programmes. I am sure, if such a step is taken the price of rice would certainly come down. The other day the Minister for Food and Agriculture has stoutly defended the need for giving the producer an economic price and he is not in favour of any elaborate control machinery.

On the other hand, tne Minister for Labour and Planning has said in very clear terms that the problem of prices can be tackled effectively only by elaborate control over distribution, licensing of dealers and by the creation of co-operative distributive organisations. Whatever the agencies created and regulatory measures introduced unless adequate rice is made available to meet the demand, the price of food articles cannot be brought down. After all the principle of supply and demand cannot be negatived by paper controls.

I express the hope that the Government would not ignore the vital role played by the businessmen in the distributive trade. The private trader operates in a free and competitive market and he has built the distributive mechanism over years of experience. It is not wise to disturb the well-established channels of trade and experiment with the creation of new agencies whose utility or success is not quite certain, if not doubtful.

Another problem of vital importance affecting the businessman in his day-to-day activity, is that of sales tax. The businessman is willing to pay the tax and he is glad to assist the Government in their efforts to augment their revenues. But he only desires that the process of collection should be smooth and simple and the officials in charge of sales tax administration should exhibit a spirit of co-operation and help. They should not be mere official agencies to take punitive action for technical offences, but on the other hand assist the honest traders in clearing up their doubts when there is room for doubt.

While on the point of the difficulties experienced by busi[illegible] the ambiguity in regulations or notifications I wish to make a reference to the procedure laid down in Madras State for fixation of rent. Without entering into any argument for or against I wish to state that the conditions in the Madras Rent Control Act and Rules for fixation of fair rent are impractical and unworkable. I take this opportunity of requesting the Hon'ble Minister to evolve a simple procedure satisfactory to all condemned.

Before I conclude I would like to say a few words about the working of the Chamber and the expansion of its activities during the past year. The Chamber is trying to make itself more useful to its members as also to the Union and State Governments by extending its assistance in all possible ways. The Chamber's Office is functioning in Secunderabad from 1957 onwards with a view to maintaining effective liaison between the Government of Andhra Pradesh and the commercial community. The Chamber has recently brought out a Classified Directory of Members and it has also set up an Employment Assistance Bureau. It has been formulating plans to set up a Private Industrial Estate nearabout Madras. With a view to providing increased accommodation to house the Office of the Chamber and Library and for holding meetings we have added two more floors to our building. We have constructed an Auditorium

in the fourth floor, and a fifth floor for Office purposes. I believe this would be appreciated by the members of the Chamber.

The Chamber has today nearly 800 members drawn mainly from the States of Madras, Andhra Pradesh, Mysore and Kerala. The Chamber has about 40 affiliated Chambers of Commerce and Trade Associations. I appeal to every individual businessman in Madras and Andhra Pradesh to help the Chamber by strengthening it and giving it more opportunities to serve the commercial community.

Gentlemen, I do not want to take up more time. In my speech I have attempted to cover some of the outstanding problems with which the trade and industry in India in general and South India in particular are faced today. During my term of office I have striven to put forward the views of the Chamber before the Government at the Centre and States and seek redress.

Friends, Sri Jayantilal P. Sanghrajka. whose contribution to the progress of the Chamber needs no introduction to you all, will now be heading the Executive Committee as its President. Sri Sanghrajka is a person with wide experience. I have every confidence that the Chamber will grow from strength to strength under his able guidance. Some of the plans of the Chamber such as the opening of an Industrial Estate, opening of an Industrial Museum and launching of scientific studies into some of the major problems of trade and industry [illegible] I had not the good fortune to complete during my term of Office will [illegible]ed during his term of Office. I assure him of my fullest co-operation [illegible] furtherance of the objects of the Chamber.

It is my duty to thank you all once again for honouring this Chamber with your presence this evening. I thank the Executive Committee and all the members for the wholehearted co-operation extended to me in carrying out my duties. It is also a pleasant task to call attention to the diligence and devotion of our Chamber's Secretary, Sri M. S. Sambasivam and members of the Chamber Secretariat.

My sincere thanks are due to the Press at Madras and elsewhere for the opportunities made available to us for presenting our views to the public.

I now request the Hon'ble Minister to inaguarate our Annual General Meeting.

Srimathi Jothi Venkatachalam, Health Minister, in the course of her inaugural address assured the business community that the State Government would back up their representation to the Railways and the Union Government regarding wagon supply and provision of other transport facilities. The Minister said she had herself experienced similar difficulties as one who was " part and parcel of the business community ".

She agreed that the members of the community were harassed and improperly treated by some Sales-tax Officers and said the Government had issued strict instructions to its officers not to harass traders but to be considerate and courteous to them.

She assured the members of the Chamber that the Government would take every step to avoid harassment of businessmen by Sales-tax officials. The Government had issued a general order that no Sales-tax Officer should create "any trouble and unpleasantness" to the businessmen. She had received several complaints in this regard. Businessmen had been taken to task for no fault of theirs and for minor shortcomings. The Inspectors were particularly guilty of this, she said and added it should be taken as their individual behaviour and had nothing to do with the Government.

Referring to the rise in prices of essential commodities, she said the State as well as the Central Government were taking steps to solve the problem.

The Union and State Government were anxious to do something to check the spiralling commodity prices as it caused hardship to the middle and poor classes, and also gave a handle to opposition parties to exploit the situation.

The Minister, said the Union Minister, Mr. T. T. Krishnamachari, proposed to consult representatives of women's organisations in the city on the problem of soaring prices of essential articles. As women knew the problem better than men, she was sure they would help the Government by their [illegible] the [illegible] to meet the situation. The Government were determined to tackle the question with the co-operation of one and all.

The Minister said that she was taking efforts to find more spacious premises for the Rent Control Office in the city with facilities for lawyers. Referring to the fixation of fair rent she invited specific instances of hardship to be brought to her notice.

Srimathi Venkatachalam hoped that within a few months a clearer picture of the implications of Britain's proposed entry into the European community would emerge.

Sri Jayantilal P. Sanghrajka, President-elect, proposing a vote of thanks observed: It gives me great pleasure in proposing a vote of thanks on behalf of the Andhra Chamber of Commerce. We are indeed grateful to you, the Hon'ble Srimathi Jothi Venkatachalam for having been present here this evening and inaugurated this 34th Annual General Meeting of the Chamber despite your multifarious duties and pressing engagements which you as Minister have to perform. Our thanks are due to the special invitees who have responded to our invitation and graced the occasion with their presence. We also thank

the members of the Chamber who are present here in such large number. I also extend my thanks to the Press who will be serving as the most reliable media for our friends and well-wishers outside this hall to follow the proceedings.

I take this opportunity of expressing my grateful thanks to the members of the Andhra Chamber of Commerce for having honoured me by electing me to the Office of the Presidentship of the Chamber for the ensuing year. I realise the responsibility falling upon one who has to follow distinguished Presidents who have held this high office with great talents, sacrifices and devotion to duty. Sri Venkatarangam's term of office was full of activities and I realise the amount of hard labour he has put in achieving the various objectives of the Chamber. I am only sorry that he could not continue for the second term because his expanding business activities would not permit him to do it. However, I assure you that I will do my best to carry on the traditions of the organization which has been doing laudable service to the Mercantile Community for thirty-five long years of its most useful existence. I have full confidence in the loyalty of the members of the Chamber and I know that I shall always have their wholehearted and willing co-operation. On my part, while I assert my loyalty to the organization, I repeat that I will do everything in my power to make the coming year also a successful one and live upto the hopes, expectations and confidence that my associates have reposed in me.

Annual Session of the Federation—Delegates

The Executive Committee of the Chamber nominated the following gentlemen to attend the Annual Session of the Federation of Indian Chamber of Commerce and Industry held on March 24, 25 & 26, 1962 at New Delhi, as delegates of the Chamber: Sri S. Venkatarangam, President; Sri V. G. S. V. Prasad, Vice-President; Sri G. Cunniah Chetty, Treasurer; Sri P. Srinivasa Rao, Sri J. K. Bhuwalka, Sri S. C. Shah, Sri V. Venugopal and Sri J. V. Somayajulu.

Annual Session of the Federation—Resolutions for

The Andhra Chamber submitted resolutions on the following subjects for consideration by the Executive Committee of the Federation of Indian Chambers of Commerce and Industry while finalising the resolutions for adoption at the Annual Session of the Federation held in March, 1962:

Export Promotion:

While the Federation of Indian Chambers of Commerce and Industry is glad that the Government of India have taken a number of measures to promote exports it notes that the actual performance in the past years is not enthusing and exports of many an item have not fared well as they ought to have. The

Federation urges upon the Government of India to find out ways and means of ensuring the competitive capacity of Indian produce and manufactures in international markets on a permanent basis instead of offering temporary palliatives and towards this end the Federation suggests that:

(*a*) Internal price level should be brought down to make the exporter more export conscious,

(*b*) The cost of export goods should be brought down,

(*c*) The wage policy in industries should be so devised as to bring down the cost of production, and to lower the cost of export goods,

(*d*) The Government should activise the Commercial Wings of our Embassies and High Commissions abroad,

(*e*) Our export publicity should be stepped up,

(*f*) Incentives by way of currency retention, income tax relief, refund of excise duty and import duty, refund of sales/purchase tax should be given,

(*g*) Effective co-ordination between commercial organisations and export licensing authorities should be ensured,

(*h*) The officers of the Export Department should change [illegible] outlook and made to feel that their work is to assist expor[illegible] the [illegible]tion of exports and not placing procedural impediments [illegible] in the way.

To achieve the above end the Federation of Indian Chambers of Commerce and Industry urges upon the Government of India to constitute a separate Ministry for Export Promotion.

Import Policy:

While the Federation of Indian Chambers of Commerce and Industry believes that the objectives of import policy is to plan our imports in such a way as to ensure the development of industries in the country and make available to the consumer and industry, essential items which are not being manufactured locally it finds that industries licensed and registered are not able to obtain their raw material requirements, licences are not issued even though essentiality certificates are issued, neither an indigenous substitute is available nor an indigenous manufacturer comes forward to supply the material within a reasonable time in cases where a licence is refused on the ground that an indigenous angle is involved, import policy is being changed too often in the case of certain items while in the case of a few others the normal trade channels have been disrupted

as a result of the interference of State Trading Corporation. This apart, the shortages in supply and heavy rise in prices of several imported articles leads to the inevitable conclusion that either the import policy is badly operated or the basis on which the policy rests is ill-conceived. The Federation of Indian Chambers of Commerce and Industry therefore urges upon the Government of India to adopt a positive policy in the matter of imports which would ensure (*a*) continuous and adequate supply of raw materials, machinery and components to industries, major, medium and small by way of licences to actual users and established importers and (*b*) ban imports of items manufactured within the country.

State Trading:

Whereas a concentration and monopolistic tendency is seen in the State Trading Corporation, which though started with limited objectives in view, today threatens to engross trade in almost all branches and whereas the State Trading Corporation seeks to enter different spheres of economic activity including banking, the Federation of Indian Chambers of Commerce and Industry draws attention to the possible repercussions on trade, industry, banking and the employment position as a result of the State Trading Corporation supplanting private trade instead of supplementing it. Having regard to the promotion of our internal as well as external trade on sound and efficient lines the Federation of Ind[illegible]mbers of Commerce and Industry urges upon the Government [illegible] out in clear and unambiguous terms the future role of the State Trading Corporation and put an end to unnecessary duplication and unequal competition.

Distributive Trade:

The Federation of Indian Chambers of Commerce and Industry views with concern the inroads made by the State Trading Corporation, Co-operative Societies and Indian Manufacturers in the spheres of activity of the established traders, wholesale and retail, in the internal as well as external trade. The volume of business, sphere of activity as well as range of items handled by the distributive trade have been gradually shrinking consequent on the expanded scope of activity of the State Trading Corporation, preference shown by State Governments to Co-operative Societies in the matter of distribution and restrictions on imports and above all the policy of Indian manufacturers of setting up their own marketing organisations, the Federation of Indian Chambers of Commerce and Industry therefore calls attention to the vast experience, contacts and organisational ability of the distributive trade, the part played by it in the economic development of the country and urges upon all concerned to avail of the talent and services of the distributive trade and enable them to continue to play their role in the economic development of the country.

Levy of Excise Duty in Lieu of Sales Tax:

In view of the hardship experienced by the trade due to heavy incidence of sales tax on many a manufactured article subject to excise duty and in view of the fact that the levy of excise duty in lieu of sales tax on textiles, tobacco and sugar has not only been a success but also of advantage to the Government and the trade, the Federation of Indian Chambers of Commerce and Industry urges upon the Government of India to replace sales tax by additional excise levies on all articles subject to excise duty and particularly on oils, paper, iron and steel, coffee, tea, matches, cement, vanaspati, soap, kerosene, motor tyres and tubes.

Annual Session of the I.N.C.

Sri Jayantilal P. Sanghrajka, Vice-President of the Chamber, was nominated as the Chamber's Delegate to the Annual Session of the Indian National Committee of the International Chamber of Commerce held in March 1962 at New Delhi.

I.N.C.'s Representatives on I.C.C. Commissions and Committees

The Indian National Committee of the International Chamber of Commerce forwarded the names of the following nominees of the Andhra Chamber of Commerce among others for representing the Indian National Committee on the various Commissions and Committees of the International Chamb[illegible] Commission on Monetary Policy and Commission on Comme[illegible] Sri J. V. Somayajulu; Commission on Distribution: Sri V. G. S. V. Prasad; Committee on Distribution and Statistics and Committee on Marketing Research: Sri Rasiklal M. Mehta; Commission on Air Transport and Committee on Air Law: Sri C. Seshachalam; and Commission on Postal and Tele-communication Services: Sri S. C. Shah.

Regional Conference of Chambers of Commerce

The Regional Conference of Member-bodies of the Federation of Indian Chambers of Commerce and Industry was held on October 23, 1962 at "Rajaji Hall", Mount Road, Madras-2. Sri Shriyans Prasad Jain, President of the Federation, inaugurated the Session. Sri Jayantilal P. Sanghrajka, President of the Chamber, initiated the discussion. During the course of his speech, Sri Jayantilal P. Sanghrajka observed:

"At the outset I wish to thank on behalf of the Andhra Chamber of Commerce and its constituents the President and Members of the Standing Advisory Committee of the Federation of Indian Chambers of Commerce and Industry for having thought of organising Conferences in different regions in the country. The idea is indeed appreciable as it gives opportunities to the business

men in the region to get together and discuss problems of common interest with a view to seek solutions and redress.

The Andhra Chamber has suggested a few points for consideration at this Conference. They relate to Transport, both Rail and Road, power, sales-tax, price problem, coal, coke, iron and steel quotas, tax laws and need for co-operation between large scale, medium and smallscale industries. Most of these problems are not only common to the different States in the region but they are also common to the country as a whole. As all of you are aware these problems are inhibiting the development of trade and industry and they are a drag in our endeavour to bring down prices. I do not think I should take much of your time in explaining the various points at length. However, I would like to make a few general observations covering all the points raised.

The question of holding the price line is engaging the attention of the Government. While a rise in prices cannot be altogether eliminated in an expanding economy, the rise in taking place is such proportions that it bears no relation to the extra money now put into the hands of an individual. The other day the Union Minister for Food and Agriculture has stoutly defended the need for giving the producer an economic price and he is not in favour of any elaborate control machinery. On the other hand, the Minister for Labour and Planning has said in very clear terms that the problem of price can be tackled [illegible]y by elaborate control over distribution, licensing of dealers and by the creation of co-operative distributive agencies. Whatever the agencies created and regulatory measures introduced unless adequate supply is made available to meet the demand, the price of any commodity cannot be brought down. After all, the principle of supply and demand cannot be negatived by paper controls.

We find today that the business community is being accused of increasing prices of various articles of daily necessity. There are proposals for the creation of co-operative distribution agencies. It is of utmost importance that the business community and the Federation of Indian Chambers of Commerce do something to impress on all concerned the vital role played by a businessman inspite of many a limitation under which he is operating today. He operates a free and competitive market and he has built the distributive mechanism years of experience. It is not wise to disturb the well established channels of trade and experiment with the creation of new agencies whose utility or success is not quite certain if not doubtful. The incursion of the State Trading Corporation into the internal as well as the external trade of the country replacing the normal trade channels needs the intervention of the Federation now more than ever before.

A trader today, however small he may be, is governed by the following :—

(*a*) Municipal licensing regarding storage and selling.

(*b*) Sales Tax registration, Central Sales Tax Registration, Submission of Returns, Maintenance of Stock and other Registers and Submission and collection of declaration forms.

(*c*) Shops and Establishment Registration and Maintenance of Registers as also Records connected with National and Festival Holidays.

In getting the imported goods required by him the trader is faced with import restrictions and he does not know where he stands and what his future is. As far as indigenous goods are concerned he has to depend on transport by rail or road. Transport by rail, though cheaper, is not always possible as both sundry and wagon bookings are not available as and when required while lorry transport has become costly because of heavy imposts on Motor Vehicles, Motor Spirit and Diesel Oil. Due to varying tax laws and levies in different States the prices of different articles vary from State to State. Due to short supply of many items the prices of certain articles tend to go up. In the case of articles subject to distribution control like cement, iron and steel coal and coke the supply is not regular and adequate. As a result of increase in licensing fee and taxes by different Municipalities having no relation to services rendered the traders are obliged to pay increased licence fee and taxes besides increased rents for the business premises occupied by them [illegible]

While moving the goods by road in Cities there are traffic restrictions as to plying of lorries, handcarts and other vehicles during certain hours. Hence they are not in a position to move the goods during normal working hours. While the dealers are having limitations as to the number of working hours, the Railway authorities are insisting that wagons should be cleared within six hours of the arrival thereof.

In the case of manufacturers they face, in addition, labour laws and regulations which have given a long rope to the labour, meet charges towards labour amenities like Provident Fund, Employees Insurance, Bonus, Gratuity, Canteen, Medical facility and the like. In the present context of labour laws, it is almost impossible to get rid of an unwanted employee whereas it may be much easier to get divorce from a wife or a husband. The manufacturers have also to face difficulties in obtaining raw materials, coal and coke and power. It is no more a secret that most of the industries are not working to their capacities for want of raw materials. Productivity has remained static whereas wage bill has been going higher and higher on account of wage rise granted by Tribunals and Wage Boards without any relation to productivity. The fault for price rise does not lie with the trader or manufacturer but it lies elsewhere.

Whether a manufacturer or a dealer, a businessman is today faced with the problem of keeping himself posted with changes in the ever so many rules and regulations governing his activity, has to maintain innumerable records and registers and submit quite a good number of returns to different authorities. He has to employ a good number of employees to attend to these things and to his business. He is subjected to harrassment at the hands of certain officials while certain others view him with suspicion. With all these limitations, the private trader is even today in a position to deliver the goods in a more efficient and able manner than any other agency because of his long and rich experience. We will have to impress all these factors upon the public and the Government and pursuade them to create conditions whereby prices would come down. In this task, I am sure the co-operation of the mercantile community will be amply available. Productivity should be stepped up in agriculture and industry, tax burdens should be reduced, procedural formalities and maintenance of records and registers should be reduced to the minimum.

Let us take the question of transport. The industrialists and traders and the public continue to face hardship due to non-availability of wagons. Manufacturers find it difficult to get wagons for bringing raw materials, stores and fuel to their factories and despatch expeditiously goods to the Port Towns and consuming centres. There have also been cases where industries were closed down for want of fuel and raw materials. The expanding industrial capacity cale [illegible]lly put to use in many cases due to non-availability of certain essential items because of transport bottleneck. Even essential articles like pulses, gram and rice could not be moved for a long period with the result there has been a spurt in prices in the consuming markets. Adequate supply of wagons for movement of rice from producing centres would contribute a good deal towards stabilisation of price level in different parts of the region. South India depends on other parts of the country for supply of many items such as metals, coke, timber, paper, board and stationery and people here are experiencing great hardship due to non-allotment of wagons, for movement of these commodities. It is necessary that the various bodies participating in this Conference and the Federation should give greater attention to this problem and move the railway authorities to plan movement in a more rationalised way and ensure a balanced movement. Rationalisation of transport services is an essential requisite not only for achieving the target of production but also for stabilising the prices of essential raw materials and consumer goods.

In the matter of road transport, the industry is facing a heavy taxation and duty on motor spirit, diesel oil and the like. Again, there is disparity in the rates of taxation among different States. If road transport industry should play its proper part and relieve the congestion in the railway and serve the cause of trade and industry, it is necessary the burden on the road transport industry should be reduced to a considerable extent. Road transport should not be reckoned as competitor to Rail Transport but it should be regarded as complimentary. I must admit that Road Transport has done great service to the business community despite heavy odds faced by it and deserved to be congratulated.

I do not desire to dwell at length on the problem of salestax. There is today an urgent need to bring certain amount of uniformity in the rates of sales-tax among the different States at least on principal items, as also in the list of exemptions. The system of Central and State Sales Tax should be simplified as the harrassment of assessees is too well known to all. The heavy burden of single and multipoint tax on commodities should be reduced. In the matter of exemptions we find a tendency to exempt co-operative agencies and selling organisations of Government units or undertakings. It is necessary that Salestax should apply to all undertakings and there should be no discrimination in exemption.

In the distribution of coal and coke, as I indicated earlier, there is need for speedy movement and efficient distribution at Government level. To reduce greater dependency on coal and coke wherever possible encouragement is being given by the industries for the use of furnace oil even though this changeover is costlier. Hereagain I desire that the Federation should urge for the abolition of excise duty on furnace oil for its economic use. [illegible] for iron and steel and stainless steel for this region from the All [illegible] pool is very limited. Most of the actual users are not able to get even 25% of their actual needs. In the matter of stainless steel this region which is the pioneer and major producer as also consumer of stainless steel utensils is not getting a fair share of the All India quota for stainless steel. Consequently many under-takings engaged in the manufacture of stainless steel articles here are facing hard times. The Government of India allowed the STC to import 4,000 tonnes of stainless steel during April 1962 to March 1963 period against exports of manganese ore. But I learn that this proposal has been withdrawn and the Ministry of Steel has been asked to meet the requirements of the stainless steel utensils manufacturers from the foreign exchange allotted to that Ministry for import of special steel. There is now a proposal for the exporters of ferrous scrap to be allowed to import stainless steel to the extent of 35 per cent of foriegn exchange earned on their ferrous scrap exports, in the place of import of mild steel items. Even if all the ferrous scrap exporters opt for import of stainless steel I apprehend the quantity so imported would fall far short of the estimated minimum requirements of 4,000 tonnes of stainless steel manufactures. I request the Federation to take up this matter with the concerned Ministry and see that the needful is done.

On the subject of import of raw materials for industries, the Federation makes representations to the Government from time to time without sending its draft proposals to its member bodies and sometimes it so happens that re-presentations are not made on the right line. For instance the import policy at present for aluminium and semis is that actual users application will be con-sidered in consultation with the Development Wing. I am of the view that this policy should continue so long as the indigenous capacity becomes adequate to meet the requirements. In this regard representatives of the Federation at the Import Advisory Council have made recomendations for banning the import. Having been connected actively with the Aluminium Industry and trade for thirtyfour years, I can confidently say that such a ban is not only pre-mature but it would result in great hardship to the aluminium industry. I feel in matters of this nature it would be in the interest of all concerned if the Federation circulated draft proposals to the various member bodies and obtained their views before they placed them for the consideration of the Government.

The large, medium and small scale industries should develop side by side and the former should encourage the latter to develop as ancillary or feeder industries. Unless large scale industries and medium industries come forward to utilise the services of small units for supply of component parts and semi finished or finished materials, it will be very difficult for the small industries to develop.

[illegible] cale [illegible] dustries were to be developed and greater employment oppotrunities were to be created, it is necessary for us to augment power resources. The Federation should impress upon the Government of India the urgent need to develop the power resources in the country so that industrial development will not be retarded for want of power supply. There are proposals in this part of the country to generate power in private sector to meet the requirements of industries. There appears to be some difficulty in this regard and it is desired that this Conference should express its views in no uncertain terms on this subject. We should also see that the power project in the private sector here becomes a fait accompli. In this connection, I am happy that the President of the Federation has assured us of his support.

A large gap exists between actual production and installed capacity in as many as 85% of the industries. This is due to the cumulative effect of transport, power, raw material, fuel and other shortages or slackness in their supply. The industrial licensing policy of the Government also has resulted in under-utilisa-tion of industrial capacity. There is an urgent need today to increase produc-tion and utilise the existing capacity to the maximum possible extent. Unless we take steps in this regard it would not be possible to develop industries and bring down the level of prices which is of utmost importance today.

I wish to conclude with a reference to the tax problem. Taxation on personal income needs revision in the downward direction with a view to provide the necessary incentive for investment. The Federation should effectively voice forth the views of the business community and see that the tax on personal income is reduced.

The Tax Laws, Company Law and other Regulations are becoming complicated day by day and the business community needs the assistance of experts in the field. I am particularly of the view that the Federation of Indian Chambers of Commerce and Industry should bring out periodical pamphlets and brochure on the tax laws, company law and other regulations on different aspects for the information and guidance of the business community. These publications would serve as reference material for a large number of members and member-bodies of the Federation and its constituents.

The Border problem has now taken a serious turn and I appeal to all of you to assure on this occasion and through this Conference the whole-hearted co-operation and support of the business community to the Government of India in all their endeavours to preserve the territorial integrity of our mother-land.

With these words I have pleasure in commending the subjects presented by my Chamber for your approval and initating the discussion.

The Conference passed a special resolution wholeheartedly endorsing the call of the Prime Minister to the Nation to contribute its utmost to the efforts of our army and the Government to repel the Chinese from the Indian soil. The following is the statement of suggestions/conclusions arrived at the Regional Conference: "The Conference appreciated the decision taken by the Federation to organise Conferences in different regional centres to better understand and appreciate problems of industry and trade arising out of regional variations or specific policies pursued by State Governments. No doubt, in crucial sectors relating to programmes of production, export promotion, price level, power, transport, coal, industrial raw materials, etc., the problems were more or less identical all over the country. So also the impact of multiple tax imposts on costs and prices. However, the variations of these problems at the regional level called for special attention.

The Conference fully appreciated the need and urgency of augmenting exports of both our traditional items and newer manufactures. In this connection, the Conference took the view that compulsory exports as suggested off and on in some quarters might well reduce the bargaining capacity of Indian exporters. Therefore, a satisfactory solution lay in keeping down our costs by all concerned including the fiscal authorities; improving the procedures

connected with the incentive and drawback schemes; industry concerning itself more and more with quality; and both industry and business utilising new techniques of marketing in the old and new markets abroad.

The plantation industry in the south deserved special attention because most of its products yield valuable foreign exchange. And, since plantations are labour intensive, any increase in the cost of labour substantially affected the cost of production. Unless the yields of coffee and tea improve substantially it may be difficult for the plantation industry to operate on a competitive basis in the international markets. This aspect should be borne in mind by the Wage Board for the Plantation Industry. In the case of tea and coffee also sales tax, should be amalgamated with excise duty. There was no reason for this differentiation. Further, to make the tea industry more competitive in the international markets, it was necessary to reduce excise duty on several articles like plywood, aluminium linings, etc., used by the industry. The sales tax on tea auctions at Cochin imposed by the Kerala Government should be removed. The rubber plantation industry should be given every encouragement so that the drain on foreign exchange resources on account of current imports was progressively reduced.

Keeping in view the importance of tobacco in our export trade, no assistance should be lacking from the Government side for obtaining redrying machines, etc., which will augment the value of our tobacco exports.

The Conference appreciated the need for encouraging the growth of small scale and ancillary industries. In view of their size, the difficulties faced by these industries, relatively speaking were more on account of shortage of power, raw materials, etc. Efforts should be made to remove them. It was also necessary to plan the growth of small industries as ancillaries to large-scale units.

The policies and procedures followed by State Governments in respect of sales tax and licence fees were divergent resulting in considerable hardship to industry and trade. There was, therefore, a need to introduce certain measure of uniformity, if not on the national at least on a regional basis. In no case should there be a surcharge on sales tax as is being currently imposed in some States. This kind of surcharge which cannot be passed on to the consumer offends the general principles of a good sales tax system. Similarly licence fee should not be imposed on a turnover basis. Also, the principles of amalgamating sales tax with excise duty should be extended to all commodities which attract both excise duty and sales tax.

The general consensus of opinion was that the restrictions on intra-State and inter-State movement of road vehicles were seriously hampering the growth of road transport. These restrictions should be speedily done away with.

In regard to the supply of hydel power, the Conference felt that active and immediate consideration required to be given to the speedy formation of a Southern Grid which can ultimately be linked up with the National Grid. The concerned State Governments should also take speedy measures to fully tap the potential of inter-State river waters and generate more hydel power.

One of the major disadvantages of the Southern Region was that it was far moved from coalfields, and consequently, there was greater need to switch over to alternative fuels such as furnance oil to supplement hydro-electric power. This could however be done only when the excise duty on furnace oil is adequately reduced. Meanwhile concerted action should be taken to improve the transport position for the quicker movement of coal.

The Conference took the view that the solution to the problem of rising prices lay primarily in identifying clearly the reasons for the same. In this respect it has to be remembered that the rise in prices of manufactured goods is the resultant of increased costs including additional taxation at various levels growing wagebill without corresponding increase in productivity-etc. The prices of manufactured goods have not however gone up to the extent of additional costs as will be seen from the profits of industry. The channels of distribution which constitute an essentail link between the producer and the consumer are also functioning in difficult circumstances. All this has to be appreciated by Government and the people.

The Conference noted with satisfaction that the Federation was expanding its Secretariat so as to be in a position to be of greater service to the business community in general and to the constituents in particular.

It also noted with approval the programme of the Federation Secretariat to be in closer touch with the Secretaries of the constituent bodies and of the meeting of the Secretaries of the Member-bodies in the Southern Region which took place on October 22, 1962 at which some concrete decisions were taken in this behalf including the setting up of a working group to study specific problems of regional importance.

Reception to Sri Shriyans Prasad Jain.

Sri Jayantilal P. Sanghrajka, President and Members of the Executive Committee of the Chamber got up a reception in honour of Sri Shriyans Prasad Jain, President of the Federation of Indian Chamber of Commerce and Industry at St. Mary's Hall on October 24, 1962. Sri Jayantilal P. Sanghrajka welcoming Sri Jain observed :

I have great pleasure in extending a hearty welcome to Sri Shriyans-Prasad Jain, President and Members of the Standing Advisory Committee of the Federation and Delegates to the Regional Conference on my own behalf and on behalf of the Members of the Andhra Chamber of Commerce. In spite of busy and crowded programmes during your short stay in the City you have all made it convenient to participate in this reception and given us the pleasure of the occasion. I am grateful to you all. The President and Members of the Standing Advisory Committee of the Federation are too well known to all of you and they need no introduction.

I am really glad that the Federation has thought of organising Regional Conferences of Commercial-bodies with a view to understand the problems facing the trade and industry in different regions.

Sir, you have conducted the deliberations of the Conference held yesterday in an able and excellent manner and you have shown throughout utmost patience and understanding. You have very clearly expressed your views and the views of the Federation on some of the problems. We have in you Sir a person of dynamic personality and outstanding ability who can lead the business and industrial community in an able and efficient manner. You have with determination to foster greater understanding between the regional bodies and the Federation made an extensive tour of the country and visited Hyderabad Bangalore, Madurai and Coimbatore, besides Madras. I have no doubt your tenure of office will be a successful and important one and the beginning you have now made would be followed by your successors in office. I wish you a long life and a very successful term of office as the President of the Federation.

The Federation has set up a Regional Office in Bombay and is thinking of setting up regional offices in other parts of the country also. I hope such regional offices would supplement the efforts of the Regional Chambers of Commerce in tackling problems of interest to commerce and industry.

The Federation has launched upon a programme of providing an information service to smaller organisations in different parts of the country by enrolling them as subscribing members of the Federation. While I congratulate the Federation for the step taken towards dissemination of commercial information to a large number of bodies throughout the country I wish to suggest that such service may be rendered through the Regional Chambers of Commerce with which the Associations are affiliated so that an effective liaison would be established between the smaller organisations, regional organisations and the Federation.

I know the Federation has been actively pursuing various matters pertaining to trade and industry. I am really happy that Sri Shriyans Prasad Jain, one of the leading industrialists in the country is now in the helm of affairs of the Federation. I am sure the Federation would contribute a great deal towards the promotion of commerce and industry under his able stewardship. On this occasion I should congratulate Mr. G. L. Bansal, Secretary General, Mr. P. Chentsal Rao, Secretary and the team of able assistants for the excellent service they have been rendering.

At the Regionl Conference held yesterday we have discussed quite a good deal of subjects and I do not therefore desire to dwell at length on any problem of trade or industry except for making a reference to the role of the private trader and the problem of prices. The problem of prices has assumed such proportions that unless effective steps are taken, it would affect the entire economy and it would upset all our programmes of planned development and prosperity. The problem has been created due to many causes over which the private trader has no control. However, he is made the scapegoat. He is accused day in and day out of contributing to the rise in prices by manipulating the market, hoarding stocks or by other means. It is the responsibility of all the commercial orgnaisations and particularly of the Federation of Indian Chambers of Commerce and Industry to place before the Government and the public the difficulties of the trade and suggest suitable measures for bringing down prices. On idealogical, political and other considerations many decisions are taken by the Government from time to time which are in effect calculated to disrupt the normal trade channels. The Federation will have to strongly express itself against all such moves. You have rightly made a reference to this in one of your speeches yesterday and I hope you would do the needful in this regard at the earliest.

Leaving apart the relation between the Government and the business community, the Federation should foster good relations and understanding as between industry and trade. The industries in the country should device their distribution programmes in such a way as to ensure the utilisation of a large number of small traders in different parts of the country, providing maximum opportunities and employment avenues. All our endeavours to impress on the Government about the need to recognise the intermediary and small traders would be futile, if larger industries in the country do not avail of the services of small traders.

The Board of Trade of the Government of India has appointed a Committee on Fair Trading Practices with Sri Shriyans Prasadji, Chairman of the Federation, as its Chairman. While I hope the Committee would make suitable recommendations to the Board of Trade I urge upon the Federation to evolve a code of Fair Trading Practices for different industries and trade in the country and call upon the member-bodies and their constituents to follow such a code

or codes. The time has now come that unless the business community comes forward to accept certain amount of voluntary control and follow a set code of practice, it would not be possible to make its voice effectively felt. The business community should raise in its stature and strength by following high standards and codes of practice and command the esteem of the public and the Government. I request the President of the Federation and all of you assembled here to give your thought to this problem and ensure for the individual businessman his legitimate place and say on matters which are his domain.

Sri Shriyans Prasad Jain in his reply called upon the Indian exporter to scrupulously adhere to the terms of contract entered into with foreign buyers and should always supply standard goods as agreed upon in the interests of export promotion. This is one of the recommendations of the Committee on Fair Trading Practices, appointed by the Government of India with Sri Shriyans Prasad Jain, President of the Federation of Indian Chambers of Commerce and Industry, as Chairman. Sri Jain said that the report of the Committee would be submitted to the Union Government in a fortnight. Sri Jain said that the Government had received many complaints from foreign buyers that Indian exporters were supplying sub-standard goods and were not adhering to the term of contract already entered into. He emphasised the need to protect traditional trade channels and added that it was imperative that Indian exporters must look to the future and do everything that would help promote greater export of Indian made goods. Sri Jain called upon the members of the Chambers of Commerce to be in continuous contact with the members of the State Assemblies. Even if 50 per cent of their views were represented in the floor of the Assembly, it would be a good thing, he said. Sri Jain assured the members that whatever assistance they sought from the Federation would be willingly given.

The interests of the consumer should always be borne in mind. He deprecated the tendency to put up prices even before the announcement of an anticipated imposition of excise duties. For the benefit of the consumer, it would be a good thing to have price tags for commodities.

Sri Jain assured the Chamber that the Federation would disseminate all information only through the Regional Chambers which were member-bodies of the Federation.

Sri V. G. S. V. Prasad, Vice-President of the Chamber, proposed a vote of thanks.

Meeting of Secretaries

A meeting of the Secretaries of the Member-bodies of the Federation of Indian Chambers of Commerce and Industry situated in Andhra Pradesh, Kerala, Madras and Mysore was held under the Chairmanship of Sri P. Chentsal Rao, Secretary of the Federation, at the Indian Chamber Building on October 22, 1962. At their meeting the main discussion centred round the problems of co-ordination and collaboration at the Secretariat, both at the Regional and Central levels, and the ways and means to make the work of the Federation and its constituents more effective in the cause of trade, commerce and industry. The discussion took note of the issues emerging from the growth of legislation, rules and regulations at the Central and State levels and how they could be satisfactorily studied through periodical exchange of ideas and experience at the Secretariat level. It was decided that a Working Group of Secretaries, represening the Federation's Member-bodies in the Southern Region be constituted so that the Group could meet frequently and evolve arrangements for speedy communication of relevant information and data pertaining to the industry and trade in the region and elsewhere. It was decided that the first meeting of the Regional Working Group consisting of the following members, with powers to co-opt should be convened by Sri K. A. Menon, Secretary of the Southern India Chamber of Commerce, Madras; Sri M. S. Sambasivam, Secretary, Andhra Chamber of Commerce, Madras; Sri G. R. Rao, Secretary, Hindustan Chamber of Commerce, Madras; Sri G. N. Krishnamurthi, Secretary, Mysore Chamber of Commerce, Bangalore; Sri C. A. Rabello, Secretary, Federation of Andhra Pradesh Chambers of Commerce and Industry, Hyderabad; Sri B. M. Burli, Secretary, Karnatak Chamber of Commerce and Industry, Hubli; Secretary, Indian Chamber of Commerce, Cochin.

Issue of Membership Certificates—Inaugural Function

At a meeting of the members of the Andhra Chamber of Commerce held on January 17, 1962, the issue of Membership Certificates to the members was inaugurated by Sri S. Venkatarangam, President of the Chamber. Sri D. Kanniah Naidu, B.A., J. P. Proprietor, Landon Press, Madras and the Jupiter General Insurance Company Limited represented by Sri R. Ranganathan who are members of the Chamber from inception in 1928 were given the Certificates at the function.

Sri Venkatarangam welcoming the members on the occasion observed:

Sri D. Kanniah Naidu and Sri R. Ranganathan of the Jupiter General Insurance Company Limited referred to the useful role played by the Andhra Chamber in rendering assistance to businessmen and industrialists.

The President presented Certificates of Membership to Sri C. Seschachalam, Sri P. Suryanarayana, Sri V. Venugopal and Sri V. Emberumanar Chetty former Presidents on tne occasion. Certificates were given to Life Members and Members of the Committee present on the occasion.

Sri P. Suryanarayana, former President and Sheriff of Madras proposing a vote of thanks suggested that the Chamber should think of honouring from time to time members who have completed twenty-five years of continued membership in the Chamber.

"It is indeed a great privilege and pleasure for me to invite you all on this happy occasion. As many of you are aware membership certificates are being issued by Chambers of Commerce in different parts of the world. These certificates which are displayed in the business premises of the members lend prestige to the Institution as well as the individual. In India the practice of issuing Membership Certificates is not much in vogue and we have no knowledge of any organisation issuing such Certificates with the exception of the Chamber at Bangalore. The idea of issuing Certificates of Membership has been engaging the attention of the Committee for the past few years. But the decision to issue the same was taken up only a few months ago.

While issuing the Certificate we thought of having an inaugural function and issuing the Certificates at such a function to such of those members who continue as members of the Chamber right from the inception.

I am happy we are having in our midst this evening Mr. D. Kanniah Naidu and Mr. R. Ranganathan of the Jupiter General Insurance Company Limited, both of whom are members of the Chamber from the inception, *i.e.*, from 1928.

Mr. D. Kanniah Naidu who is a Graduate of the Madras University, joined the Chmaber in 1923 when he was 27 years old. Sri Naidu is specialised in arts, drawing and painting having passed the advanced examinations on these subjects. He is the Senior Partner of the Landon Press which he founded in 1924. Mr. Kanniah Naidu is a Justice of Peace and Honorary Magistrate. He is connected with a number of educational, charitable and social welfare organisations. Apart from his connections with the South Indian Society of Painters and the Indian Fine Arts Society, Mr. Naidu is a Trustee of Sir Theogaraya College, Director, the Monegar and Rajah of Venkatagiri Choultries, Honorary Secretary, the Madras Society for the Protection of Children, Dr. Varadappa Naidu's Orphanage and Junior Approved School, Member of the Committee of the Guild of Service and President of the North Madras Civic Association. By continuing as a member of the Andhra Chamber of Commerce for 34 years he has seen the progress of the Chamber ever since its inception, and he has extended his assistance to the office bearers whenever approached. On behalf of you all, and on my own behalf, I felicitate Mr. Naidu for his sustained interest in and support to the Chammer right from the inception. It is my hope that his concerns also would join the Chamber and continue as members for ever.

I wish Mr. Naidu a long life and continued prosperity.

The Jupiter General Insurance Company Limited which is today represented here by Mr. R. Ranganathan, the Regional Manager is a member of the Chamber right from the inception. Late Sri Narayandas, one of the founders of the Chamber was connected with the Jupiter. Jupiter can therefore claim to have been a member of the Chamber for long and to have played an important part in the progress of the Chamber.

Mr. Ranganathan, the Regional Manager of Jupiter is the brother of late Mr. R. K. Murthi, a personal friend of mine and a member of the Chamber. Mr. Ranganathan has always been of assistance to the Chamber whenever we have approached him. On this occasion on behalf of you all and on my own I wish the Jupiter General Insurance Company Limited and Mr. Ranganathan a long life of continued prosperity and contiued membership in the Chamber

The Chamber has today over 800 members and 40 affiliated Chambers of Commerce and Trade Associations. It is our desire to raise the membership to 1,000 with the support and co-operation of you all. I have every confidence that this target would be achieved within a very short time if all of you present here make it a point to carry to your brother businessmen the message of the Chamber and impress upon them the utility of and the need for supporting the Chamber.

As you all know, the Chamber is publishing a Classified Directory of Members. The printing work is in progress and the publication is expected to be released before the end of March this year. This publication which would classify all the members of the Chamber under 2,000 and odd trades and industries, would be a permanent book of reference. We are making arrangements to have this Directory placed in the Libraries and Reading Rooms of leading Chambers of Commerce, Trade Organisations, Diplomatic Offices all over the world to enhance the utility of the publication. Over 100 members have sent their support to this publication. I would appeal to those of you who have not taken advertisement space in the publication to send your advertisements before the end of this week and contribute towards its success.

I am glad to inform you that the building improvement work is progressing and the auditorium in the fourth floor would be ready before the end of April this year and the electric lift would be put into commission from early July. When the auditorium is ready and the elevator also is installed, I believe it would be possible for us to meet more often and more members would attend the meetings.

The Executive Committee of the Chamber have constituted last year a number of Sub-Committees with a view to associate a large number of members

with the shaping of the policies and views of the Chamber and also with a view to give the general body of members the experience and knowledge of individual members specialised in particular fields. We have constituted Sub-Committees for Export Promotion, Import Regulation, Customs, Central Excise, Sales Tax, Direct Taxes (I mean income tax, wealth tax and the like), Small Industries Promotion, Small Industries (Technical), Labour and Management and Library. These Sub-Committees meet at least once in two months and I request you all to make effective use of these Sub-Committees by forwarding your suggestions and views to the Chamber from time to time.

This apart, the Chamber has its representatives on many public bodies, and I request you to avail of the services of the Chambers' representatives by sending them your suggestions and views on matters concerning them from time to time.

The Chamber has a good collection of journals periodicals, and books. The Chamber is today receiving over 300 journals and periodicals. I request you all to make increasing use of Chamber's Library and Reading Room.

We have been thinking of opening an Industrial and Commercial Museum which would focuss attention on the potentialities and development of industries in the country, particularly in the Southern Region. We propose to arrange a Symposium on Small Industries shortly and also to take the lead in setting up a private Industrial Estate near about Madras. When the Committee finalise the details of these projects you will be apprised of the same and I hope I will have your support and co-operation.

The Chamber during its 34 years of existence has consistently striven its best to promote the trade, commerce and industry of Andhra Pradesh and Madras in particular and of the country in general and I may assure you that it would continue to serve in the future as in the past.

I thank Mr. Kanniah Naidu and Mr. Ranganathan for making it convenient to participate in this evening's function and for giving me the honour of presenting them with the Certificates of Membership at this inaugural function."

Inter-Member Purchase Programme

The Executive Committee of the Chamber at their meeting held on November 2, 1962 decided to launch upon a programme to encourage inter-member purchase and sales. The President in his note on the subject observed as under :—

One of the objectives of the Classified Directory of Members of our Chamber is the promotion of trade among the members of the Chamber, create better understanding and closer co-operation and facilitate wiser and wider use of their own resources.

I am of the view that we should call upon our members to extend their co-operation in the following manner :

(*a*) Members who subscribe to this view should give their name to the Office of the Chamber. These names will be published in the 'Information Bulletin' periodically and a register maintained.

(*b*) Members who subscribe to this view and who desire to show certain concessions to purchases by members may indicate the concessions offered by them. This information also would be published in the 'Information Bulleting' and necessary records would be maintained.

(*c*) Members who require the services of buying and or selling agents or distributors for their products may be requested to avail of the services of the members of the Chamber. Information regarding Agents and Distributors wanted may be published in the 'Bulletin' giving a Box No. All letters received would be sent to the Member-firm concerned.

(*d*) Non-Members who subscribe to these views may be requested to become members.

(*e*) Trade Enquiries, Offers, Agencies wanted and Agents wanted requests from members may be collected and circulated once in a fortnight among the members of the Chamber.

These suggestions would enhance the prestige of the Chamber and contribute to greater understanding and co-operation between the members.

A Circular on the subject was issued to all members and a large number of members gave their support to the Scheme.

Classified Directory of Members—Release of

The Classified Directory of Members of the Andhra Chamber of Commerce was released on September 25, 1962 by Dr. Thomas Simons, American Consul General in Madras, at a specially got up function. Sri S. Venkatarangam, President of the Chamber, welcoming Dr. Thomas Simons observed :

"DR. THOMAS W. SIMONS AND FRIENDS :

I have great pleasure in extending to you all a hearty welcome to our Chamber this evening. To Dr. Thomas Simons I must express my thanks at the outset for readily consenting to participate in this evening's function in spite of short notice. Dr. Simons has been serving in Madras as Consul-General for the United States of America for a fairly long time. By his energy, initiative, enthusiasm and interest in the different aspects of the economic and social well-being of the people of this part of the country, he has endeared himself to one and all. Only a few days ago he toured Rayalaseema to make an on the spot study of the economic conditions there. It is gratifying to note that he has promised the co-operation and support of his country in the economic development of the area. I take this opportunity of thanking him on behalf of the business community in this part of the country for the dynamic role he has undertaken for the promotion of greater understanding, co-operation and goodwill between India and the U.S.A. as also for the continued and sustained interest he is evincing in the economic welfare of the people.

We are gathered here this evening in connection with the formal release of the Classified Directory of Members of our Chamber. As you all know a decision was taken to bring out a Directory of this nature during the tenure of my predecessor in office, Sri V. Emberumanar Chetty. The Secretariat of the Chamber has collected all information from the members. Thanks to their co-operation in furnishing the information required and in taking advertisement space, we have now before us a comprehensive Classified Directory.

The Chamber has been receiving enquiries often from manufacturers, importers and exporters in India and abroad asking for information about the names of suppliers and or buyers of some commodity or other. Apart from this, enquiries are received also from sister Chambers of Commerce, official, semi-official and non-official agencies for similar information. In all these matters it has been found difficult to furnish detailed information in an expeditious manner owing to the non-availability of full particulars about the business interests of the members. The information available in the list of members is not sufficient. As between the members of the Chamber there is no means of knowing each other's trade or interests. The Directory which has now been brought out to meet the aforesaid need, I believe, should go a long way towards promoting the trade among the members of the Chamber, create better understanding and ensure further co-operation thus facilitating wiser and wider use of their own resources. I also cherish the hope that this Directory would be a permanent book of reference to those interested in developing their trade with businessmen and industrialists in Madras and Andhra Pradesh in particular and South India in general.

On this occasion I would like to place on record our appreciation of the excellent work done by our printers, Hoe & Co.

A word about the Directory. The Classified Directory of members of the Andhra Chamber of Commerce which runs to 486 pages has been divided into Six Sections :

Section I gives the business particulars of the members of the Chamber in alphabetical order. The list covers the postal and telegraphic address, date of establishment, names of partners/directors, bankers, associate companies and location of branches as also the broad lines of business or industrial activity.

Section II contains particulars regarding the affiliated Chambers of Commerce and Trade Associations.

Section III contains the history of the Chamber, its services to the members, journals and periodicals received by the Chamber, list of representatives of the Chamber on public bodies, Presidents, past and present, Executive Committee, Chairman and Members of the Sub-Committees of the Chamber among others.

Section IV contains a Classified Trade Directory of the Members. The members of the Chamber have been listed under 2,000 trades nearly.

Section V gives particulars about some of the members and advertisers.

Section VI contains an index to the Classified Trade list and an index to the advertisements.

The Directory does not claim to be a complete compendium of trade and industry even of the members of the Andhra Chamber. It has been compiled on the basis of information gathered from the members and available in the files of the Chamber. Should members or readers find any discrepancy or change in particulars given due to the time-lag between the collection of information and the publication of the Directory, they are requested to bring the same to the notice of the Chamber so that the details in the publication can be brought up-to-date and kept ready for answering the enquiries received by the Chamber. If any information desired is not found in the Directory, both members and readers are advised to let the office of the Chamber know.

The Directory is now being formally released by our distinguished guest this evening. Arrangements are being made to deliver copies of the Directory to all the members in the City in the first week of October. Simultaneously arrangements will be made to despatch the copies of the Directory to all members outside the City of Madras, to all leading Chambers of Commerce, Trade Associations and Libraries in India and abroad. Arrangements will also be made to provide the Directory for the reference libraries of all Foreign Government Trade Missions and Diplomatic Offices in India as also in the Library of the Indian Government Trade Representatives abroad. I fervently hope that this Directory would be of real value to businessmen not only in India but all over the world in locating buyers and sellers from among the members of the Chamber. If businessmen find the Directory useful in this regard, the publication would fulfil its purpose and inspire satisfaction in its sponsors.

I now request Dr. Simons to accept a copy of his own use and release the Classified Directory of Members of the Chamber.

Dr. Thomas Simons complimented the Chamber for having brought out a comprehensive Directory of Members. He said the Directory would be of use not only to the members of the Chamber but also to the business community as a whole and particularly to the businessmen abroad who are looking forward to collaboration with industrialists in India. He pointed out that Commerce Chambers in the U.S.A. functioned in a way somewhat different from the Chambers in India. They did everything possible to help and encourage the starting of industries, in various parts of the country, even by entrepreneurs from other places. Through such an effort he felt, they would be able to have a more rapid expansion of industries. He referred to his recent tour of Rayalaseema and said he got the impression that the people were not making as much out of the resources available in the area as they could. There were abundant mineral resources which had not yet been fully tapped. The area had also great potentialities as far as development of cash crops was concerned. Though some cash crops were grown, the yield per acre was very low and could be stepped up. There was also scope for development of industries making use of cash crops. One of the common traits of Americans and Indians was that both of them were "constant complainants", Dr. Simons said. Americans are great complainants. They complained about everything; he said, he found a lot of complainants in Rayalaseema. He, however, welcomed this as a healthy sign because it meant that the people were not satisfied with just what they had, but wanted something better. "I think Americans have brothers in India who are complainants always looking for better ways of doing things."

Sri C. Seshachalam stressed the need to step up exports and suggested that the Chamber should bring out another book dealing in detail with this aspect.

Sri N. Rama Rao thanked Dr. Simons for the interest he evinced in the economic development of India.

Sri J. V. Somayajulu said failure of monsoon rains and shortage of power were mainly responsible for the recurring famine in Rayalaseema area.

Sri Jayanthilal P. Sanghrajka proposed a vote of thanks.

Welcome to Sri V. E. Chetty

Sri V. Emberumanar Chetty, former President of the Chamber was accorded a welcome by the members of the Executive Committee at their meeting held on July 3, 1962. Sri S. Venkatarangam, President of the Chamber who presided over the meeting felicitated Sri V. E. Chetty on his successful completion of his International tour. Sri V. E. Chetty spoke on his impressions about the countries visited by him.

Reception to President of India

Dr. S. Radhakrishnan, President, Republic of India, was given a Civic Reception in Secunderabad on July 12, 1962. Sri K. R. Nandagopal participated in the Reception on behalf of the Chamber and garlanded the President.

Republic Day Celebrations

The Chief Secretary to the Government of Madras in a communication to the Chamber stated that it has been decided to celebrate the Republic Day on January 26, 1962 on the same pattern as was done in January 1961. All members were requested to illuminate their buildings colourfully on the night of the Republic Day, *i.e.*, January 26, 1962.

Territorial Army and Lok Sahayak Sena

It was reported that there were still deficiencies in the strength of the units of the Territorial Army and that the response from employees in private sector in joining Territorial Army has not been adequate. Member industrialists and businessmen were requested to encourage their employees to join Territorial Army and Lok Sahayak Sena so that the required number of trainees may be recruited. It will no doubt be appreciated that Lok Sahayak Camps are being held in the National interest to inculcate discipline and self-reliance in the minds of the people through military training. Members were requested to extend their maximum co-operation and assistance in securing the required number of trainees for the Territorial Army and Lok Sahayak Sena by encouraging their employees to join these units and camps.

Chinese Aggression

At a meeting of the Executive Committee of the Andhra Chamber of Commerce held on November 2, 1962 with Sri Jayantilal P. Sanghrajka, President in the Chair, the following resolutions were passed unanimously :

"This meeting of the Executive Committee of the Andhra Chamber of Commerce strongly condemns the unprovoked aggression committed by the Chinese and their designs to seize territories in the border which have all along been undisputedly vested in the Government of India. At this grave juncture when the territorial integrity of the country is being challenged by the Chinese, the Committee of the Andhra Chamber of Commerce along with their constituent members extend their full support and co-operation and assistance to the Government of India in throwing the Chinese out of the Indian soil and in preserving the sovereign right and territorial integrity of our motherland. The Committee pledge their full support and co-operation to the Prime Minister of India and the Government at the Centre and the States in all their endeavours to step up production, and mobilise men, material and money needed in tackling the situation.

This meeting of the Executive Committee of the Andhra Chamber of Commerce appeals to all its members to contribute liberally to the Defence Fund and also invest in Defence Bonds and Defence Certificates.

The Committee further calls upon its members to contribute their utmost to step up production and keep the rise in price level under check."

The resolutions were communicated to the President of India, Prime Minister of India, Home Minister and the Chief Minister of Madras and Andhra Pradesh.

An appeal was issued by the President to all the Members.

He appealed to all the members to extend their co-operation and contribute generously to the National Defence Fund. All contributions may be sent to the Chief Ministers of the respective States or to the Prime Minister direct. Members were also requested to inform the Office of the Chamber the details of the contributions made by them so that the Chamber can maintain a record of the contributions made by the members.

Steering Committee of Chambers of Commerce and Trade Associations

A Steering Committee of Chambers of Commerce and Trade Associations was constituted with Sri M. Ct. Muthiah as Chairman. The Andhra Chamber of Commerce was represented on the Steering Committee by Sri Jayantilal P. Sanghrajka, President of the Chamber. The Steering Committee decided to discuss matters arising out of the present emergency and ways and means of tackling them, maximising production, keeping prices under check and extend ing all possible assistance to the Government towards war effort.

A.P. State People's Defence Committee

The Government of Andhra Pradesh in their G.O. Ms. No. 1772, dated December 7, 1962 constituted the A.P. State People's Defence Committee under the Chairmanship of Dr. N. Sanjeeva Reddy, Chief Minister with a view to take concerted steps towards defence effort in the State and also to enlist the corporation of all sections of the people in their efforts to meet the national emergency following the aggression on the northern border of India by China. The President of the Chamber was appointed as a member of the Committee. The President nominated Sri M. Harischandra Prasad, M.L.A., Vice-President and Chairman of the Secunderabad Local Advisory Committee to represent the Chamber on the above Committee.

(1) Stepping up of the war effort.

(2) Collection of funds for the National Defence Fund.

(3) Securing Normal Economic Life for the people of the State by taking action to prevent hoarding, profiteering, increase of prices, etc.

(4) Increase of production—industrial and agricultural.

(5) Provision of amenities for the fighting forces and extension of help to the families.

The first meeting was held on November 8, 1962 at Hyderabad and Sri M. Harischandra Prasad attended the meeting.

Sub-Committees of the Chamber

The Inaugural Meetings of the Sub-Committees of the Chamber were held on November 20 to 23, 1962. The following were elected as Chairmen of the respective Sub-Committees: Export Promotion: Sri M. M. Gurunath; (2) Import Regulation: Sri Parsram Jetharand; (3) Sales Tax: Sri C. Audiseshu; (4) Direct Taxes: Sri V. Jagannatham Chetty; (5) Small Industries Promotion: Sri R. Sambasiva Rao; (6) Small Industries (Technical): Sri C. Govindarajulu; (7) Customs: Sri D. V. D'Monte; (8) Labour and Management: Sri C. A. Chettiar; (9) Library: Sri N. Radhakrishnan; (10) Narayandas Andhra Chamber Library: Sri G. Sriramulu; (11) Port Affairs: Sri Rasiklal M. Mehta; (12) Rail Transport: Sri P. Srinivasa Rao; (13) Road Transport: Sri P. V. S. Mani; (14) Power and Fuel: Sri V. Subramani; and (15) Banking and Finance: Sri K. L. Narasimha Rao. At a meeting of the Central Excise Sub-Committee of the Chamber held on December 26, 1962, Sri Y. S. Sastri was unanimously re-elected as Chairman.

Andhra Chamber Luncheon Group

At a meeting of the Executive Committee of the Chamber held on September 22, 1962 it was decided to inaugurate a luncheon/dinner group in the Chamber with a view to create opportunities for a large number of officials and others connected with trade and industry to meet the members. It was decided to restrict the group to 50 members for the present. These 50 members should

subscribe Rs. 50 in advance to cover the cost of 12 luncheons or dinners for one year. In addition to these 50 members about 10 to 15 officials connected with the trade and industry will be invited. For each luncheon or dinner a guest speaker who will be the Chief Guest will be invited. It was tentatively proposed to invite the following among others on different occasions: The Joint Chief Controller of Imports and Exports; The Collector of Customs; The Chairman, Madras Port Trust; The General Manager; Southern Railway; The Secretary, Industries Department; Director of Industries; Director, Small Industries Service Institute; The Commissioner, Corporation of Madras; The Commissioner of Police; The Commissioner of Income Tax; The Collector of Central Excise; The Commissioner of Commercial Taxes; The Postmaster-General; The General Manager, Madras Telephones; The Manager, Reserve Bank of India; The Regional Passport Officer; The Commissioner of Labour; The Chief Engineer, Madras Electricity Board.

These luncheons or dinners would provide forum for discussion of matters of importance to the members. The subject discussed there can also be followed up. It was the view of the Committee that this would facilitate a greater contact with the various officials connected with the trade and commerce and promote greater understanding between the administrators and the business community.

The working of the Scheme as well as the selection of the Chief Guest and other invitees, menu and the like was to be left to a Committee constituted from among the participants who join the Scheme.

In foreign countries many of the Chambers have separate Luncheon Group, Dinner Group and Coffee Group among others. The purpose of all these meetings is only the creation of greater understanding among members of the Chamber and discuss matters of importance to the business community as a whole.

The President, Sri S. Venkatarangam wrote to the members in this regard on September 22, 1962. As many as 80 members forwarded their subscription towards the Luncheon meetings.

A meeting of the participants of the Andhra Chamber Luncheon Group was held on November 10, 1962 at the Chamber premises. About 26 participants attended the meeting. Sri Jayantilal P. Sanghrajka, President of the Chamber welcoming the participants observed: "I have pleasure in inviting you all to this meeting. As you all know a circular was issued on September 22, 1962 by Sri S. Venkatarangam, my predecessor in Office informing the members about the inauguration of a Luncheon Group. As many as 82 members have responded to this circular and the Committee decided to raise the total number, even though originally they thought of restricting the number of participants to 50 only. This was done with a view to accommodate all members who have shown interest in the Scheme. As already indicated by Sri Venkatarangam we have thought of convening this meeting to discuss ways and means of arranging the luncheon meeting.

Before proceeding with the work of the meeting, I have thought of mentioning a few points. Firstly, some friends have asked me "Should we drop these luncheon group meetings in view of the Chinese Agression ? Can we not defer having these luncheon meetings till the emergency is over ?" Yet a few others have mentioned that "the luncheon meetings should be held since they are just business meetings to develop more contacts among the members and the officials, that there was a need for such a contact now more than ever before, that while arranging the luncheon or dinner we can observe certain amount of austerity and that we can go ahead with the programme and convene meetings periodically". This is another view. I would request you to address yourselves to these points and decide.

Once you decide that you should have the meetings of the luncheon group we should take up the subjects on the agenda. There are now 82 members in the list. If we add 10 invitees and about 10 paying guests who will be the members of the Chamber, the total would come to nearly 102. Of this about one fourth may not be present at all meetings. In all about 70 to 75 persons may attend the luncheon. If all of you think that this number is within limit we can have a single group. Otherwise we should divide the members into two groups of 41 members each. In that case the total number of invitees would be about 61 including 10 invitees and 10 paying guests.

The Draft of the Rules for the conduct of business of the Sub-Committee and the Luncheon Group is now before you. I request you to go through the same and let me have your views. I thank you for responding to our invitation. I am sure we can work towards the success of the Scheme undertaken by the Chamber with the cooperation of you all".

After discussion it was decided that there should be only a single luncheon group in the beginning and that the question of having two groups may be considered at a later date, if need be. The meeting adopted the bylaws, for the conduct of the meetings of luncheon group and of the Sub-Committee. A Sub-Committee consisting of the following was constituted :Sri Jayantilal P. Sanghrajka, (Ex-Offcio) ; Sri V. Emberumanar Chetty ; Sri S. Venkatarangam ; Sri Rasiklal M. Mehta ; Sri M. M. Gurunath and Sri S. C. Shah. It was decided that the Sub-Committee should meet soon, elect its own Chairman and proceed

with the necessary arrangements for holding the meetings of the luncheon group at the earliest.

At a meeting of the Sub-Committee held on November 10, 1962 Sri V. Emberumanar Chetty was elected as Chairman of the Sub-Committee. It was decided that the Luncheon meetings should commence after the auditorium was ready.

ANDHRA CHAMBER INDUSTRIAL ESTATE

The Executive Committee of the Chamber at their meeting held on March 28, 1962 decided to sponsor a Private Industrial Estate in the neighbourhood of Madras for the convenience of the members. The suggestion was well received by a large number of members and as many as 100 members have joined the Scheme. A special Sub-Committee constituted for the purpose has been entrusted with the task of selecting suitable land for the Estate and finalising the programme. It is hoped that necessary arrangements to commence the work on the project would be made before the end of 1963.

Death of Dr. M. Visveswaraya

It is a matter of deep regret that Dr. Mokshangundam Visveswaraya, the Engineer—Statesman and who was one of the Honorary Members of the Chamber for a very long time passed away on April 15, 1962. The Office of the Chamber remained closed on Monday, April 16, 1962 as a mark of respect to the memory of Dr. M. Visveswaraya.

Sri S. Venkatarangam, President of the Chamber in a statement to the press observed : "Dr. Visveswaraya was a great man inspired with an imagination, force and brilliance and dedicated to selfless service. His greatness as an Engineer Statesman and Industrialist has found visible expression in the numerous schemes and projects initiated and completed under his able guidance. The Krishnaraja Sagar Dam, the Sukkur Barrrage in Sind, the Bhadravathi Iron and Steel Works and the Hindustan Aircraft Factory are all standing monuments to his foresight and enterprise. Dr. Visveswaraya emphasized as early as 1934 the need for planned development of industries in India. It is this man who gave us the slogans, "Industrialise or Perish" and "Export or Perish." The wisdom of this great man can well be appreciated when we see that the need of the hour is only increased productivity and export promotion.

Dr. Visveswaraya enunciated a code of ten rules to be followed by one and all. They are : Practice Help ; Knowledge is Power ; Cultivate Team Work ; Practice Thrift ; Increase Production and Service ; Support Indian Industries ; Restrict Imports ; Maintain Efficient Standards ; Think and Act

Institutionally and Think in Terms of the Nation. Let us all pay a fitting tribute to Dr. Visveswaraya by following the code enunciated by him."

We offer our homage to the great soul.

Death of Dr. P. Subbaroyan

The Chamber in a communication addressed to Sri Y. B. Chavan, Chief Minister of Maharashtra and to Sri S. Mohan Kumaramangalam conveyed the profound sense of sorrow of the members at the demise of Dr. P. Subbaroyan. The Chamber in its message said that the death of Dr. Subbaroyan was a national loss.

Death of Sri M. Pallam Raju.

The Executive Committee of the Chamber at their meeting held on October 5, 1962 have placed on record their profound sense of sorrow at the demise of Sri M. Pallam Raju, Minister for Forests and Animal Husbandry, Government of Andhra Pradesh.

Death of Lala Karamchand Thapar

The Executive Committee of the Andhra Chamber of Commerce at their meeting held on March 30, 1962 passed a resolution condoling the death of Lala Karamchand Thapar, formerly President of the Federation of Indian Chambers of Commerce and Industry.