

Home(1917) Department.
Education
Ordinary SERIES.

G.O. No. 1343

DATED 26.10.17

[Despatch Abstract.]

Pencil experiment.

Approving the proposal to continue the experiments in the manufacture of pencils for another six months and to incur a further expenditure of Rs.15,000 on the experiments.

Previous papers
No. 73676.6.17

2-16

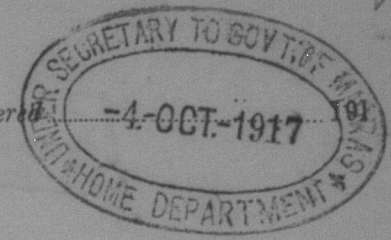
C.F.—29.

DEPARTMENT.

Received



Registered



Subject.

Submitting proposals regarding the Government Experimental Pencil Factory for sanction of additional allotment.

Encl
3022
Regd

ENCLOSURES.

No. Three only

Spare copies

R.O. C. No. 1409.

Station Madras, Dated the 2nd October 1917. 191

From (Name) C.A. Inner Esq., I.C.S.
(Designation) Director of Industries.

To The Secretary to the Government of Madras,
Home (Education) Department.

Sir, Ootacamund.

I have the honour to submit for the information of Government (1) a profit and loss account for the Pencil Factory for the six months ending 31st August last, (2) a statement of output and sales of pencils during the same period and (3) a copy of a note I wrote for the benefit of the Supervisor of the Pencil Factory.

2. The profit and loss account shows a small profit of Rs. 760 which is not really a profit at all for the reasons explained in the note. But this figure does not give a true representation of the prospects of the industry, and I regret that I have not time to wait till the figures of September are ready before addressing Government. A profit and loss

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SK

account worked out for the six months ending the 30th September would be a much more encouraging document for up to date this month I have sold over Rs. 4000 worth of pencils. Moreover I have orders on hand for nearly Rs. 5000 worth. The main reason for this increase in the receipts of the Factory is that Mr. Cogswell the Controller of Printing and Stationery visited the Factory recently and followed up his visit with orders for 1700 gross of pencils. But it is also attributable to the fact that in June and July I appointed agents in different parts of the Presidency and India and that orders are now coming in from them.

3. But the main lesson to be drawn from the documents submitted is that there is not much hope ever of establishing a pencil factory in India depending on Indian woods. After trying nearly 80 different kinds, I have not found one that is really satisfactory, and the woods I am using now Givotia and Gmelina give a pencil which sells slowly and that at a price which barely covers the cost of manufacture and allows little margin for overhead charges. I propose to make Mahogany pencils with a special kind of Mahogany obtained from Nilambur and also to continue my experiments with Indian woods. But I am quite satisfied that we shall never make a pencil industry in India pay unless we rely, as Germany, Austria and England do, mainly on cedar. East African cedar is not quite up to the standard of American cedar, but it is good enough for all practical purposes. In ordinary circumstances we can get it by direct shipment from Mombasa, and probably the price of the wood delivered in Madras will compare favourably with its cost landed at the factory in Austria and Germany.

4. Further in Madras we have this advantage that we have Ceylon graphite practically at our doors. I have given up attempting to make use of Madras graphite mainly because there are no mines being worked and it is not worth my while to open a deposit myself, but also ^{sure} from Ceylon I can get not merely graphite ore

but refined graphite powder with a guaranteed carbon content. The Austrian pencil firm of Hardmuth buys its graphite from Ceylon.

5. The doubtful point of course is the question of the market. The more pencils one turns out the less one's overhead charges, and this is a great point in favour of big firms of German and Austrian pencil makers whose market before the war at any rate, was the whole world. Still as long as the war lasts I see no reason why pencil making in India should not be very profitable, and after the war it will be a long time before German and Austrian firms whose supplies of cedar must be exhausted will be in a position to compete on the same terms as before. I am clearly of opinion therefore that it is worth Government's while to persevere with the attempt to establish this industry.

6. I have already had enquiries about the industry. I know of two European firms who would probably take over the factory at once, and I have just been approached by an Indian gentleman who informs me that an Indian Syndicate is prepared to consider offers. But we ought to be able to get much better terms a few months hence, for I believe that if I concentrate mainly on cedar, my accounts for six months' work ending say with the 31st March next will put a very different complexion on the prospects of the industry.

7. But when we hand over the industry we must hand it over as a going concern, and we must make over not only the machinery but also stocks of all essentials. The most important item in this connection is cedar wood. I cabled an enquiry about cedar wood to British East Africa on the 11th May last, but it was not till the 2nd September that the consignment actually reached the factory. It will be seen that from first to last it took me 4 months to get the wood, and the shipping position is not likely to become any easier in the near future. No properly managed firm would, in present circumstances, be content with less than a year's stock of cedar wood, but my tenure, so to speak, of the factory is limited to six months at a time. The restriction necessarily

involve a hand to mouth policy, and with the result that by the end of July last I did not know where to turn for food. I do not ask, of course, for carte blanche to carry on as long as I like and to lay in stocks whenever I like. But I should like some arrangement whereby I can not only see ahead for at least six months, but can also be sure of making over proper stocks to any private company or firm which may desire to take over the factory. The arrangement indicated can easily be effected (a) by giving me formal sanction and funds for another six months work from the 1st October, (b) by allowing me to budget for 1918-19 on the assumption that I shall carry on in that year and (c) by authorizing me if necessary to order supplies of cedar wood and other essentials about January or February next, payments to be made after the 1st April from the budget provision for the ensuing year.

8. Some such arrangement is essential if I am to be given a fair chance of managing the business properly. For will it, as far as I can see, cost Government anything. On the otherhand we ought to make a profit, and I ought to be able in February or March to submit for the approval of Government a reasonable private offer for the factory.

9. On the 1st April last I had a balance from the original allotment for pencil experiments amounting to Rs. 3622 and Government sanctioned in G.O. No. 736 dated 1-6-17 a further allotment of Rs. 12,400. Of the Rs. 16,022 then available for expenditure I have spent Rs. 9039-6-2 and I have bills outstanding amounting to Rs. 998-12-1. The balance available is thus Rs. 5983-13-9. I submit an estimate of the sum necessary to keep the factory going for another six months. Including the money required for copying lead and coloured pencils it amounts to Rs. 16,000. A further allotment of Rs. 10,000 is therefore necessary, and the expenditure can be met from the allotment of Rs. 5,000 for "Miscellaneous Experiments" under "26 Bm Scientific etc. Department" in the current year's budget estimate. It may be mentioned that the sales in the six months just ended amounted in value about Rs. 13,000 against

Rs 10000 (for 9 ante)
+ Rs 5000
Rs 15000

9039-6-2
998-12-1
10038-2-3
16022-0-0
10038-2-3
5983-13-9

10000 + 5000 (for 9 ante)

Page 210 C.A.S.

an expenditure of just over Rs. 10,000.

10. The following points require special mention.

11. Cedar Slats. I have 40 cases of slats in stock from which I can make about 4000 gross of pencils. They should last from 3 to 4 months, and I am cabling at once British East Africa regarding further supplies. Steamers so few and far between that the really wise course would be to order at least 100 cases, but unless Government definitely agree to this course in which case the allotment asked for above should be increased by Rs. 5000, I shall ask for 45 cases.

12. Copying lead pencils. These pencils ought to be a very profitable undertaking. Stocks in India are nearly exhausted, and none are coming in as far as I know except the expensive Venug pencils. The demands from Manipetamia are very great, and Mr. Cogswell after purchasing all he could at prices as high as Rs. 65 per gross, has had to advise the army to use black lead pencils. Our experiments are quite successful, and Mr. Cogswell after subjecting one of our pencils to very severe tests offered to buy all we had in stock. Unfortunately we have only a very small supply of methyl violet obtained for experimental purposes, and the stuff now sold in the bazaar under the name of methyl violet is hopelessly adulterated. I am trying it but do not expect good results and I am also arranging to have ~~some~~ ^{some} purified and concentrated by Dr. Marsden. If these experiments are not successful I shall have to indent on the Director General of Stores.

13. There is one other point I should like to mention. We obtained our present machinery half from the Hon'ble Mr. K. Suriyanarayana Moorthi Nayadu Garu of Coimbatore and half from Brother Emile of St. Aloysius Industrial School. We have had the machinery now for 3 years and Brother Emile is naturally enquiring what I propose to do in the matter. The terms arranged were:-

(1) Hon'ble Mr. K. Suriyanarayana Moorthi's plant:-

The machinery to be placed at the disposal of the

Department for one year on a rent of Rs.250 for the plant and the building.

(2) The machinery apart from the building, engine and boiler to be valued at Rs.4000 cash value and Rs.8000 share value. If the experiments prove a success, and if a company is to be formed, the company to retain the machinery ~~intoto~~ giving the owners the option of asking for Rs.4000 cash or shares to the value of Rs.8000 if the experiments prove a failure ~~the~~ owners to take back the machinery.

(3) The owners to be given the preferential treatment of buying shares up to Rs.15,000 in any Pencil Factory that may be started which receives help from Government."

Brother Emile's plant.

"At the conclusion of the experiments, Brother Emile to be at liberty to withdraw the plant, but prior to doing so, Government to have the option of purchasing the plant outright for Rs.3500 or Rs.7000 worth of shares in any private company which may be floated to carry on the manufacture."

It seems to me hardly fair to go on keeping the machinery indefinitely and I should prefer to buy it at once provided that the owners agree. At any rate I think we ought to give them the option of being paid at once for the plant subject, I presume, in Mr.

Surendranamoozhi's case to condition 3 above. If this proposal is accepted it will mean an outlay of Rs.7500 and this too can be met from the allotment of Rs.55,000 for "Miscellaneous Experiments".

14. I may have to propose to move the Factory to the Glass Factory but if necessary I will make a reference on this question.

I have the honour to be,
Sir,
Your most obedient servant,

Chames

Director of Industries.

PENCIL FACTORY.

Profit and Loss account for six months from 1st March to 31st August 1917

To	Stocks:-	
	Stores on 1-3-17.	5523 9 3
	Pencils "	4981 15 5
	Unfinished goods	828 7 3
	Purchases	11333 15 11
"	Wages & Salaries	5672 9 2
"	Engine Maintenance	3570 10 6
"	General charges	683 8 6
"	Repairs	47 3 0
"	Depreciation on	2 0 0
	Buildings @ 3 1/4%	
	on Rs.8409-12-8	315 12 8
	Engine @ 3 1/4% on	
	Rs.4250/-	159 0 0
	Pencil machinery	
	@ 5% on Rs.7500/	375 0 0
	Sundry Plant @	
	5% on Rs.1423-9-3	71 9 3
"	Profit	921 5 11
		760 0 11
	Total	22991 5 11

By	Sales of	
	pencils	9492 4 5
	Stores	31 1 1
	<u>Stocks</u>	
	Stores on	
	31-8-17	5550- 2-5
	Pencils "7238-	2-9
	Unfinished	
	goods	669-11-3
		13468 05
	Total	22991 5 11

② In a note sent by the Government last year the amounts were Rs.2000 + 4000 = Rs.6000. Please see below marked '2' on p. 3 of No. 10916/12/10-11. This discrepancy has been explained on 14.6.17 1917.

* Cash value
Rs.4000 + 2500

Page 210 CBSE

Price Quantity Price Quantity Price Quantity Price Quantity Price Quantity
 at the factory (prices being based on production value).

12-0-0 27-0-0

237-7-0

6-1-1/2

44-6-6

112-10-10 28-0-0 74-14-3 33-0-0 106-3-10

3-0-0 3-14-3

400-9-5 40-0-0 101-14-3 33-0-0 106-3-10 36-0-0 79-14-10 21-0-0 22-2-6 3-0-0 3-14-3

from March to August 1917 (prices being fixed on actual receipts by Cash)

12-0-0 25-8-0

4-15-5

3-8-6

48-6-8

264-2-8

13-1-0 34-6-0 20-0-0 26-4-0 1-2-0 5-13-0

3-8-6 321-1-3 12-0-0 25-8-0

13-1-0 34-6-0 20-0-0 26-4-0 1-2-0 5-13-0

fixed according to production value)

3-6 206-11-3 28-0-0 74-14-3 33-0-0 106-3-10 22-11-0 51-0-4 1-0-0 1-1-9 1-10-0 2-6-0

3-1-0

2-4-0

2-10-0

2-10-0

1-5-0

5-0-0

Price Quantity Price Quantity Price
 I Statement of receipts in

17 1009-0-0 1135-2-0 506-0-0 569-4-0 173-2-6 194-13-9 1154-3-6 2885-11-8 85-0-0 170-0-0

15-0-0 13-13-0 22-0-0 20-4-0 300-9-6 462-14-5 851-8-6 1453-5-0

357-0-0 449-9-9 745-0-0 1382-13-4 1/2

5-0-0 5-3-9 408-0-0 427-7-8 171-0-0 242-14-8 489-0-0 887-11-11

89-0-0 101-11-1 1/2 329-0-0 376-11-2 101-0-0 113-12-0 648-0-0 1311-12-2 1/2

284-0-0 340-7-9 167-0-0 246-14-10 622-0-0 1380-14-6

280-0-0 363-1-3 36-0-0 51-10-1 125-0-0 334-5-1

1255-14-8 1/2 1829-0-0 2097-3-10 1306-0-0 1762-9-6 1/2 4635-0-0 9636-9-9 85-0-0 170-0-0

II Statement of issues for sale from

100-0-0 125-0-0 1-0-0 1-6-4 175-0-0 503-2-0

66-1-0 84-1-6 58-2-0 90-6-10 100-2-0 263-6-0

10-1-0 7-15-5 7-1-0 8-9-6 85-0-0 120-6-9 2442-1-0 6123-4-0

105-4-0 80-4-4 116-10-0 135-5-4 106-10-0 148-3-10 46-10-0 121-13-0

37-1-0 35-13-0 8-3-0 11-0-0 26-1-0 43-0-0 23-9-0 69-0-0

299-8-0 226-2-0 129-5-0 171-4-6 52-2-0 67-8-8 215-3-6 57-11-5

452-2-0 350-2-9 427-8-0 535-4-10 329-3-0 471-0-5 3003-1-6 7652-4-5

III Statement of stock in hand on 1-9-1

Yet Stock in hand 665-10-0 747-15-7 1401-4-0 1617-9-1 976-9-0 1318-2-3 1631-10-6 3508-3-10 85-0-0 170-0-0

0-12-0 1-5-0 1-5-0 2-10-0 2-10-0

9
The profit and loss account and the receipts and issues are illuminating.

The first shows a small profit of Rs. 7. I was inclined to discount this as I was not sure should not write down largely the value of pencil. But valuing No. 71's at Rs. 2-8-0 and the remaining the value in Supervisor Pencil Factory's statement No. 1's at Rs. 8 per gross, No. 11's at Rs. 1 and No. 3's the stock value works out to just about Rs. 7300, so that as far as it goes the profit and loss statement is a true presentation of the 6 months' work. But we make provision for rent, taxes, insurance and so on and we worked at a loss not a profit.

The reason obviously is that what we make we lose on Indian woods. We lose on every No. 1 pencil. But we avoid this now by rejecting waste and discolouring in the plant. We made 1323 gross of No. 11 (Givotia) at manufacturing cost of Rs. 1-2-6 per gross. We sold only 2 gross at Rs. 1-4-0 per gross and have now a large balance gross. It is no good pricing these pencils higher for I sell them freely even at Rs. 1/4. Similarly with No. 31 (Gmelina). We made 1133 gross at Rs. 1/6 per gross. We sold 329 gross at Rs. 1/7 and we have a big stock of 976 gross.

On the other hand we made 3481 gross of cedar (unpolished) at Rs. 1/15 per gross, and we sold 3003 gross at Rs. 2/8/8 per gross. Further I have just sold one gross to-day at Rs. 2/10 and we are now

The latter is too knotty. The former too is not a very slow grower, small and inclined to be gnarled. Mahogany from Nilambur is fair, and as we have an 50 gross a month, we may go on with it. I am also several samples of coloured woods from Travancore which may be used with. But if I am ever to demonstrate that pencil is a commercial proposition in Madras, I must concentrate on cedars from South Africa. Germany, Austria, and the Kingdom all import cedar for pencils. We must do the same in

This is the first essential. The next is that we must get the cutturn. The Supervisor in the last 6 months has made:-

No. 1	109 gross
No. 11	1323 "
No. 31	1133 "
No. 71	3481 "
No. 72	189 "
No. 75	40 "
No. 76	33 "
Misc.	57 "
	<u>6365</u>

is, his monthly average is 1061 gross per month. This cutturn is not ~~very~~ ^{high} enough. With our machines and with Ceylon graphite at 100000 we should aim at an cutturn of not less than 1500 or 1600 gross a month. Of this quantity 1200 gross should be cedar, 250 from Mahogany and the rest experimental woods. If copying leads are made out of the cedars.

lacquers, and crayons will of course of course not be

I should also like to buy outright our machinery.

If I can get work in full blast on these lines I think I shall be able to show a good profit and don't anticipate any difficulty in getting private enterprise to over.

Supervisor, Pencil Factory, will also send in an for the Methyl Violet he requires for copying leads and I see if I can get it through the India Office and Government.

Chambers

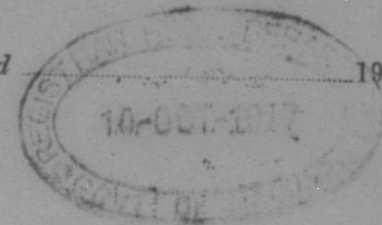
Director of Industries.

G.H.

Enc. 2.

12
9
DEPARTMENT.

Received



191

Registered



Subject:

Pencil Factory.

Submitting an Estimate of the amount
required to keep the ----- running for the
next six months.

ENCLOSURES.

No. 1

Spare copies

No. Roe 1409.Station Madras, Dated the 8th October 1917 191From (Name) C.A. Innes Esq., I.C.S.(Designation) Director of Industries.

To The Secretary to the Government of Madras,
Home (Educational) Department.
Ootacamund.

Sir,

In continuation of this office R.O.C. No. 1409
of the 2nd Instant, I have the honour to forward an
Estimate of the amount required to keep the Pencil Factory
running for the next six months. This enclosure was by
an oversight omitted from previous letter.

I have the honour to be,

Sir,

Your most obedient servant,

For Director of Industries.

The copy of this letter
will be signed by me
WMP
10/20
No. 9 for
Mr. Innes has been placed
WMP
WMP

Estimate

Additional allotment for the Pencil Factory up to

31-3-18.

10

Items	Price Rs
1) Cedar slate	4,000
2) Indian soft wood	500
3) Graphite	500
4) Clay	50
5) Borax	60
6) Glue	650
7) Wax	5
8) Renewal of cutters springs etc	400
9) Labels, twine, stamps felt etc	300
10) Card board boxes	350
11) Fuel, oil and coal	650
12) Varnish	100
13) Flint and emery paper	-
14) Crucibles	-
15) Labour charges	2,500
16) Miscellaneous stores	500
17) General repairs etc	500
18) Contingencies and unforeseen	815
19) Advertisements	100
20) Cart, sales charges packing etc	500
21) Filter cloth	200
22) Rent for machinery	250
23) Taxes etc	-

13,000

Copying ink pencils 2,000

Coloured pencils 1,000

Total Rs. 16,000

(True Copy)

8/10/1917

For Director
J. D. Grew

14 / Home (London)
3081A
Kw n m

POSTS TELEGRAPHS
OFFICE
This form must be filled in and submitted to the Post Office for the transmission of telegrams.

11-OCT-1917
11 OCT 17

Madras 11/1245 8/14
TO Madras Home

Words 38
Read here at 15 H. 55 M.

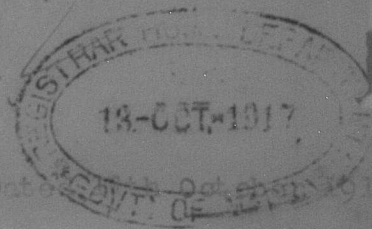
Stone House Hill
Please refer my letter 14-09
second regarding pencils east
Africa saw mills Cable they
can supply fifty cases slates
unimmediate, same price as
last consignment may I place
order = Chromium =

The following telegram is submitted for approval:-

your telegram [dated] 11/10 [regarding]
cedar slates a
slates. ~~Place order~~ Proposal approved
11/10/17

1) Cement 1000
2) Indian and 1000
3) 1000
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152 CB 1300M 12
Post copy of Telegram.



No. *Roe 1601.*

From

The Director of Industries,

Madras.

To:

The Secretary to Government,

Home (Education) Department,

Ootacamund.

"Please refer my letter 1409 second regarding pencils. East Africa Saw Mills cable they can supply fifty cases plate immediately same price as last consignment. May I place order."

"Chromium"

H. P. Rao

For Director of Industries.

To:

The Secretary,

Home (Education) Department,

Ootacamund.

G.H.

Home

CM-3022 A. From the Office.

The Dept of Industries.

Subject. Requesting for the continuance of pencil-making experim

For a brief account of early ~~history~~ stages of the experiment in pencil-making undertaken by the Dept of Industries attention is directed to the ^(Enclosed Herewith) Honchman's note on 1

to 6 of Gov. No 1091 Home (Edn), 17th October 1916. In that Govt approved the Honchman's proposal to continue the experiment till the 31st March 1917 & gave an allotment of Rs 17,000 for

Subsequently, in Gov. No (Edn), dated the 6th June 1917 Govt approved the same to continue the experiment a further period of six months & sanctioned an additional allotment of Rs 12,400. The

*This was not specifically stated in the order, but please see para 3 of this letter on p. 8 of the Govt.

under Govt management. has clearly explained the need for so doing. In view of the success so far achieved the fact that the experim. with Indian wood has still be carried on, the Govt may be submitted, & accept the proposal to continue for some time more the working of the experimental factory.

2. Mr. James finds difficulty in arranging for supplies of cedar wood & for stock of materials if the tenure of the factory is limited to six months at a time. He therefore requests that, though funds may be sanctioned for six months he should be permitted to budget for 1918-19 on the assumption that the work will be carried on in the year and that he should be and if necessary, to order supplies of wood & the essentials in January or February next, payments for them being made after the 1st April 1918. There does not appear to be a

objec

para 3, p. 2 & cf.

para 7, p. 3 & cf.

p. 4 & cf.

objection to this course. as
is working successfully
~~and~~ as such, at any
can be made over to p
enterprise with the m
in stock. In the circum
explained by Mr. Innes the
ment proposed ~~by the~~
be approved.

B. The additional allot
asked for for the next
months is Rs 15,000 (of
Rs 5,000 is for the purcha
100 cases of cedar slats).
amount can be met f
the provision in the cur
year's budget. It may b
funded.

C. Finally Mr. Innes propos
that at this stage the ^(plant) mach
in the factory which belo
to two private persons b
be bought by the Govt, pr
the owners agree to it. At a
rate he wishes to give them
option of being paid at o
for the plant. It is for o
whether his proposals in the
re

para 9 & 11,
page 4 & 5 of cf.

para 3, 4 & 5 of cf.

regard in para 13 of his letter
page 6 of the current file was
accepted.

5. The file may be sent to
Inl. Dept for remarks.

8K
9.10.17.

Para 7 on p. 4 C7

On the whole it is certainly worth while continuing the industry. It will be useful & profitable so long as war lasts — though it is not clear what natural advantages for pencil making in Madras. Mr. James may therefore be allowed to assume that he will continue during 1918-19.

2 Rs 10,000 we wanted for our expenses & an additional Rs 5,000 if agree to the purchase of 100 cases cedar staki from E. Africa. We must sanction Rs 15,000. It will be easier to sell the factory if there is a good stock in hand.

3 I notice the Mr. Jones has
written further about the possibility of
refining hard wood or staining
of either of these results could be
secured. And can woods used of

I expect that he

De Co. 1871

Para 13 on 1/5-62

11/10/17

4. It would seem advisable to the machinery outright now. In intending four chases would probably prefer to free from obligations to 3rd for the terms originally engaged were very favorable to Mr. Sanyanayan and his brother Emile, considering the machinery was useless to them. Mr. Jones may be asked to supply the discrepancy in the terms agreed by Brother Emile.

1020.4

S.

As early orders are desirable & orders be passed on some points, fresh to financial. The further references to Mr. Jones my own labor.

11/10/17

Final (11)

Financial

Paras: 1 + 2 of Home US's note on p ante (Paras 7, 9, and 11 of Mr. Jones's letter 4. + 5 CF)
Subd. that this dept may a
(1) the addl all



Home (11)
no. 3022 A
11 11

CLIENT NO.

7502

met from the current year's budget provision of Rs. 55,000 for Miscellaneous experiments under '26 Bm. Scientific and Miscellaneous Dept'), and (2) to Mr. Innes being permitted to budget for 1918-19 on the assumption that the experiments will be continued in 1918-19.

2. Para: 4 of Home U.S.'s note on page 5a (para 13 of Mr. Innes' letter on pp 5-bct Home (Educ.) propose to call for further particulars before sanctioning the proposed purchase of the machine for Rs. 7500. The further report may, it is subd, be awaited.

File no 25027
12-10-17

U.S.K.
12-10-17.

Home no. 12.10.17

Home (Educ.) Dept.

A draft order is submitted for approval.

8K.
12/10/17.

H.M. (Industries)

H.M. (Finance)

H.S. the Governor

P.
25.10.17



C. 1074
R.

Cred in
Rs. 25
10/17

7/22
19
MADRAS, POST BOX No. 112. 454.

TELEGRAPHIC ADDRESS, "CHROMIUM,"

(camp) Cochin, 22nd September 1917.

D. O.



Dear Mr. Ramachandra Rao,

The enclosed note on the Pencil

Factory may be of interest.

Yours sincerely,



Chinn

To,

The Hon'ble M.R. Ry

Dewan Bahadur R. Ramachandra Rao Avergal,

Secretary to Government,

Home (Education) Department,

Stone House Hill,

Ootacamund.

SK

8/7/23
2
The profit and loss account and the statement of receipt and issues are illuminating.

The first shows a small profit of Rs. 760. At first I was inclined to discount this as I was not sure whether we should not write down largely the value of pencils in stock. But valuing No. 71's at Rs. 2-8-0 and the remaining cedars at the value in Supervisor Pencil Factory's statement, and valuing No. 1's at Rs. 8 per gross, No. 11's at Rs. 1 and No. 31's at Rs. 1 the stock value works out to just about Rs. 7,300, so I think that as far as it goes the profit and loss statement is a true presentation of the 6 months' work. But we make no provision for rent, taxes, insurance and so on and really we worked at a loss not a profit.

The reason obviously is that what we make on cedars, we lose on Indian woods. We lose on every No. 1 pencil we make. But we avoid this now by rejecting waste and discoloured wood in the slab. We made 1,323 gross of No. 11 (Givotia) at a manufacturing cost of Rs. 1-2-6 per gross. We sold only 427 gross at Rs. 1-4- per gross and have now a large balance of 1400 gross. It is no good pricing these pencils higher for what I can't sell them freely even at Rs. 1-4-0. Similarly with No. 31 pencils (Gmelina). We made 1133 gross at Rs. 1-6-0 per gross. We sold 329 gross at Rs. 1-7-0 and we have a big stock of 976 gross.

On the other hand we made 3481 gross of cedar No. 71 (unpolished) at Rs. 1-15-0 per gross and we sold 3003 gross at Rs. 2-8-8 per gross. Further I have just sold another 1000 gross today at Rs. 2-10-0 and we are practically sold out of cedar now.

The inference is plain. So long as we stick to cedar and the better class pencils, we can work at a good profit- at any rate as long as the war lasts. But the public won't buy and there is no market for inferior Indian wood pencils. I have tried to find a new wood and have not found one that even approaches cedar. Rhododendron/Arbutum was going to

24/11/21
 inclined to be gnarled and twisted. Mahogany from Nilambur is
 and as we have an order for 250 gross a month, we may go on with it.
 I am also getting several samples of coloured woods from
 which may be experimented with. But if I am ever to demonstrate
 that pencil making is a commercial proposition in Malaya
 concentrate mainly on cedars from South Africa. Germany
 and the United Kingdom all import cedar for pencils. We
 have some in India.

This is the first essential. The next is that
 increase the output. The Supervisor in the last 6 months

No.	gross
11.	1323
31.	1133
71.	3481
72.	189
75.	40
76.	33
Misc.	57
	<u>6365</u>

That is his monthly average is 1061 gross per month. This
 is not really enough. With our machines and with Ceylon
 at our doors we should aim at an output of not less than
 or 1,600 gross a month. Of this quantity 1,200 gross should
 cedar, 250 from Mahogany and the rest experimental woods.
 Copying leads are made they may come out of the cedars.

Experiments with lacquers, and crayons will of
 continue.

The 3rd essential is that I should not be expected to
 work at 6 month's notice to quit. I must be allowed to budget
 a year ahead and to lay in stocks of whatever
 graphite, and glue in particular.

The 4th essential

for 1918-19 and will send up a 6 months' estimate for the
 the year. I should also like to buy outright our machinery.

If I can get work in full blast on these lines I think
 I shall be able to show a good profit and don't anticipate any
 difficulty in getting private enterprise to take over.

Supervisor, Pencil Factory, will also send in an
 for the Methyl Violet he requires for copying leads and I will
 see if I can get it through the India Office and Government.

Colman

DIRECTOR OF INDUSTRIES.

Encls:- 2.

Mr. B. (Ceylon) Wilson tells me that there
 are large quantities of valuable & useful woods
 which he thinks for pencils in the Ceylon
 does Mr. Wilson know?

C. A. H.
 25.9.17

Home file

92

Extract from the Godavari
Agency Admin report for 1916-

Mines and minerals

Samples of Graphite discovered in
Chodavaram Division have been
sent to the Director of Industries
for analysis. His report thereon has
not yet been received.

An extract of about the graphite
should go to Home (Ed.) District
R. R. R.
24-9-

Home (Ed.) A
2959
Recd 25.9.17

SK

27 23

Home (Edw) Sept

The note on page 2 to 4 supra is submitted by Mr. James apparently only for information. In G.O. No. 736 Home (Edw), dated the 6th June 1917, the Govt sanctioned the continuance of the penail experiment for six months. Presumably Mr. James will in due course address the Govt in regard to the further continuance of the experiment and the provision to be entered in the next year's budget.

2. With reference to the U.S. (Mr. Harvee's) note on page 4 supra it is submitted that there is no information ^{any the off} ~~there~~ as to whether Mr. James ^{is aware} ~~knows~~ ^{that experiment is going} ~~that experiment is going~~ on the Anamals. The following d.o. may perhaps be sent to him:—

Dear

I have ^{permanet} ~~received~~ with ^{great} ~~interest~~ interest the note on the pen factory forwarded with d.o. letter of the 22nd ^{Sept} ~~instant~~ agree with you that the ex

(G.O. removed
put up with
the grain file
re pencil experiment)

p. 1 ante.

work should be continued till
 the manufacture of pencils
 is proved to be a commercial
 success. ^{as pointed out in the note} The principal diffi-
 culty is the lack of suitable
 Indian wood for pencils and
 the consequent necessity
 of importing cedar wood from
 East Africa. ^{as said} It is understood
 from Mr. A. Wilson of the bui-
 chona Dept. that there are
 large quantities of valuable
~~useful~~ cedar wood growing
 on the Anathalai ^{which is} suitable
 for pencils. I am to ask
 you to find out whether
 this is true, and, if so, to
 arrange for trial experimen-
 with samples of ^{the} wood
 which ~~may~~ be obtained
 with the help of the officer
 of the Forest Dept.

Yours

8/5

28/9/17.

11/

29/9/17

11/

11/10/17

S

I have heard through

might

stet

d. The advantage of Ceylon graphite is that I can buy it with a guaranteed carbon content. Madras graphite contains from 60 to 80 sand. Further (1) it occurs only in pockets & (2) no mines are being worked. I don't put ^(feel) up to opening works here over ^(mine) mine. I have tried

30 78
26
numerous samples - some
of ^(Horn) vicin fairly good, others
hopeless.

3. I never heard of the
Anamalai cedars & will
enquire about them. The
only pencil cedar flower in
India (as far as I know)
occurs in Baluchistan.
I have enquired about it
but this is difficult &
cost of extraction make it
a hopeless proposition.

4. We are making quick
food copying seeds out of
bag and methyl violet, &
I have told the supervisor
quickly to buy all the methyl
violet available in the Madras.

5. My Bombay agent has come
to Madras & we are arranging
to send quick a good exhibit
at the Bombay exhibition.

Chamney

Home Dec 12/17 18/10.

NOTES.

31 Page 10

Home (Edw) Sept

Submitted.

The main file relating to the further continuance of the pencil experiment has gone in circulation. No action is necessary on this case. After the issue of orders on the

main file, these papers may be sketched with it.

25.10.17

25.10.17

READ AGAIN G.O. No., dated 191 ..

" " " " 191 ..

READ ALSO:-

C. No. 3022 A, From the Officer in charge of, No. 1409, dated 2nd Octr. 191 ..
the Dept. of Industries.

" " " " 191 ..

" " " " 191 ..

ORDER.
MIS.

No. 1343, dated 26. 7. 1917.

The Government approve the proposal to continue the experiments in the manufacture of pencils for another six months and to incur a further expenditure of Rs.15,000 on the experiments and on the purchase ~~of~~ of cedar slats.

2. The Officer in charge of the Department of Industries is permitted to enter provision in the budget estimates for 1918-19 on the assumption that the experiments will be continued in that year and also to place orders, if necessary, for supplies of cedar wood and other materials required for the experimental factory in January or February next, payments therefor being made on or after the 1st April 1918.

3. The Government agree that it is advisable to buy the pencil machinery now in use outright ~~with~~ the owner's consent to sell the plant. As regards the price to be paid for the plant obtained on loan ~~from~~ Brother Emile, the attention of the Officer in charge of the Department of Industries ~~is invited~~ to the terms set out in the enclosed extract from a note submitted to Government by the Honourable Mr. Couchman ~~with his~~ letter dated the 26th June 1916. He is requested to explain why it is proposed to pay Rs.3,500 for the plant when, according to the note referred to above, the price agreed upon is only Rs.2,000. The wishes of the owners in regard to the sale of plant should be ascertained and reported to Government.

Page 3 of 10 1091
17-11-16

To the Officer in charge of the
Department of Industries
(with original)
,, Accountant General,
Copy to the Financial Department.
(ato) 17-11-16

When given for copying
When copied
When examined
When signed

191

READ AGAIN G.O. No.
191

DATED

CURRENT No.

ENCLOSURE TO C. No.

ORDER OF GOVERNMENT

STATE OF GOVERNMENT.

STATEMENT WITH DITTO.

PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH
IN ORIGINAL.

N.B.—

A = Copy in full.
B = Not to be copied.
P = Copy abstract only.
Q = Copy heading only.

A A A A A A A