

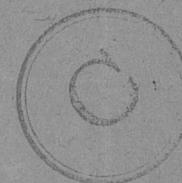
Educational (1901) Department.

ORDINARY PRINTED.

G.O., No. 330.

DATED 17-6-01

INDEXED.



ORIGINAL

[Despatch Abstract.]

Indian Aluminium Co., Madras.

*Forwarding to the D.P.S. for remarks,
letter from the —, and requesting him to
give his opinion on the several points dis-
cussed therein.*

BACK PAPERS.

FURTHER PAPERS.

Government {1901} of Madras.
EDUCATIONAL.

Recd.

Regd.

{ 1901.

Enclosures

Spare copies

ORIGINAL

G.O., No. 330, 17th June 1901.

JUNE.

Indian Aluminium Company, Madras.

Forwarding to the Director of Public Instruction, for remarks, letter from the —, and requesting him to give his opinion on the several points discussed therein.

GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

READ—the following paper:—

From EARDLEY NORTON, Esq., Chairman, Indian Aluminium Company (Limited), to the Secretary to the Government of India, Finance and Commerce Department (through the Chief Secretary to the Government of Madras), dated Madras, 8th May 1901.

The Directors of this Company having been given to understand from a memorandum by Mr. Chatterton published by the local press that the Government of India contemplate holding a Conference and subsequently appointing a Committee with funds and powers to resuscitate and assist the indigenous industries of the country, have resolved to request you to be good enough to consider this communication from the point of view of persons interested in a metal-working industrial concern.

2. The Directors are fully aware of, and deeply appreciate, the fact that but for untiring energy and perseverance on the part of Mr. Chatterton it is more than probable that aluminium would be very little appreciated in India, and it is equally certain that but for the workshops established by that officer at the School of Arts in Madras the demand, such as it might have been, would have been met from Europe and America instead of as at present being practically entirely supplied in this country, also that great assistance in the shape of advice and the supply of metal and goods has been rendered to this Company by the School of Arts; but the Company views with apprehension the extension of similar institutions in its particular line of business as being calculated to defeat the object of such extension and to be exceedingly detrimental to the Company's interests.

3. In order that European and American manufactures should be kept out of the market, it is essential that goods manufactured in this country should be equal to them in point of quality and finish, and to accomplish this it is necessary that the factory where these goods are made should be under skilled supervision and not left to the ordinary metalsmith in the bazaar resulting in less and less finish until finally the demand ceases altogether, being supplanted by importations.

4. This supervision costs money, and while it is quite appreciated that the prices at which the goods can be sold must be controlled by the rates at which European and American goods can be placed on the market, yet the Company considers that it should not be compelled to face State aided or controlled competition in the country itself, especially in lines where there is no question whatever of outside competition.

5. In addition to the above it is also necessary for a commercial undertaking to employ travelling representatives for the purpose of not only extending the business in general and effecting successful competition with other concerns established in the country, but to keep out foreign imports and to ascertain the general style of demand; and this expense adds a material charge to the cost of the goods resulting in some cases, of which specific instances can be given, of an order being obtained and then lost, because a State-aided institution has quoted a fraction lower, thus making a veritable instance of the Company pulling out the chestnuts for the benefit of Government.

6. The result of the past year shows that there is a steadily increasing demand for aluminium goods with a higher finish, thus necessitating the use of machinery and consequently the employment of more capital, and in order to pay a reasonable rate of interest on the capital so sunk it is imperative that the rate of profit on the working capital must either be larger or the turn-over must be greater, and, while the Company feels that it is necessary to sink more capital, the Directors are reluctant to do so until it is clearly understood what lines Government intends to adopt in the matter of continuation or extension of competition.

7. The subjoined statement of output shows the steadily increasing demand for finished and machined goods.

Except for the Military and Government, there is very little demand for plain goods, but it is in this line that profits can be made, by a steady consumption of metal, no plant being required, and the labour can be obtained on contract, yet this is the work that has been principally done by the School of Arts, and the Company has been left to undertake the really difficult task of successful competition with foreign imports, when, if the principles outlined in Mr. Chatterton's memorandum are to be followed, it is Government that should undertake the work that is being done by the Company, and the statement made by Mr. Chatterton that a private business can be run more cheaply than a Government factory does not hold good in this instance. The Directors therefore emphasize that while the business on which the Company was formed owed its existence to the advice and assistance rendered by Mr. Chatterton, yet it is the Company that has done far more than the School of Arts to keep out foreign competition and that, while the School of Arts has had the cream of the business, the Company has done the really difficult work.

8. There is a very misleading statement in Mr. Chatterton's memorandum in which mention is made of "infant undertakings" and that no rivalry of any kind has yet sprung up.

The Directors believe that there is a considerable output of aluminium from the Victoria Technical Institute in Bombay, and several firms in Madras advertise goods of their own manufacture, while a factory has recently been started in Multan. The Directors can leave these undertakings to show whether they are infantile or not; but with regard to this Company the attached balance sheet for the 31st March 1901 will show that the Company has a large interest at stake and although a young and growing concern can hardly, as matters go in this country, be classed as infantile.

9. During the period the Company has been in existence, the sales amount to Rs. 84,274-7-1 as detailed in the accompanying statement, being more than one-half of the total sales of the School of Arts during the same period, and, if the rate of increase in business is maintained, the School of Arts business becomes only mischievous competition.

10. The *raison d'être* of the School of Arts, as outlined in the memorandum under reference, has been to resuscitate one of the indigenous industries of the country, viz., metal-work, and whether this object has been or is being accomplished or not the Directors are not called upon to state, but they would respectfully point out that this Company has done far more in carrying out the policy therein defined. The metal-working industry in the country has fallen into disrepute and has been replaced by foreign importations on account of the native inability to put on that appearance of finish and to comply promptly with the demand that can only be obtained at a reasonable cost by the use of machinery and properly organized workshops. These conditions can only be met by the provision of capital and properly paid and qualified labour.

11. The School of Arts, as pointed out above, has undoubtedly saved the aluminium industry from following the other metal-working industries, but it is the Indian Aluminium Company that has completed the work and assisted in keeping the door shut to foreign imports.

There is at this moment hardly a hardware shop in any of the large towns in India, where aluminium cannot be found, of which less than one-tenth is imported, while in Northern India and Calcutta, where country-made goods have been largely rejected on account of their inability to compete with importations, the goods of this

Company will be found and this has been accomplished in the face of as much competition as assistance and with a very small proportion of the simplest and best paying part of the business.

12. The Directors would therefore venture to point out, speaking for this Company alone, that the Company is in a position to carry out the objects of Government in this particular line just as well as State-aided institutions, and far greater advantage would be obtained by subsidizing this Company and others than by providing capital for actual competition by Government with private enterprise.

13. The Company, however, does not solicit a subsidy, being quite prepared to find its own capital, provided that a fair field and no favour is granted, and while admitting that Government has a full right to make its own goods itself, if so desired, yet, as this Company is benefiting the country, the Directors would suggest that it should receive encouragement from the hands of Government by a fair share of orders being placed in its hands.

14. The capital of the Company is 5 lakhs, of which $1\frac{1}{4}$ lakhs has now been subscribed, and there will be no hesitation about taking up the balance once the views of Government are known. With this capital, the Company proposes opening branches in every province and to develop its export trade.

15. The Company has branches in Bombay, Karachi and Delhi with agencies in the Punjab, North-Western Provinces and Calcutta. Branches are also to be opened in Rangoon and Straits Settlements, and steps are being taken to appoint agents in England and Australia.

ENCLOSURES.

Output of goods.

		Plain.		Machined.		Total.	
		RS.	A. P.	RS.	A. P.	RS.	A. P.
March	..	2,282	5 11	2,445	15 10	4,925	5 9
April	..	1,000	3 1	3,122	15 11	4,123	3 0
May	..	1,447	3 0	3,761	4 4	5,208	7 4
June	..	1,067	0 0	3,257	11 0	4,324	11 0
July	..	3,065	5 8	3,679	14 3	6,745	3 11
August	..	3,356	8 11	4,051	5 1	7,407	14 0
September	..	6,576	0 9	2,640	4 1	9,216	4 10
October	..	1,161	6 3	4,170	10 9	5,332	1 0
November	..	4,714	7 9	2,606	5 1	7,320	12 10
December	..	2,082	2 4	4,929	0 6	7,011	2 10
January	..	2,165	11 6	3,854	1 2	6,019	12 8
February	..	2,329	5 4	5,367	6 7	7,696	11 11
March	..	2,073	6 3	5,531	6 7	7,604	12 10
Total	..	33,321	2 9	49,418	5 2	82,739	7 11

Sales.

Months.		Capital paid up to end of month including vendor's shares.	Goods manufactured.	Sales.		
				Madras.	Bombay.	Total.
March	1900	RS.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
April	..	24,700	4,728 5 9	1,211 9 10	1,417 2 0	2,728 11 10
May	..	26,000	4,123 3 0	3,020 14 7	1,912 10 0	4,933 8 7
June	..	28,075	5,208 7 4	3,688 1 7	991 10 0	4,679 11 7
July	..	30,400	4,324 11 0	3,367 11 6	1,521 12 0	4,889 7 6
August	..	32,550	6,745 3 11	4,384 3 6	1,373 12 0	5,757 15 6
September	..	33,450	7,407 14 0	2,713 13 8	2,955 8 0	5,669 5 8
October	..	36,500	9,216 4 10	8,743 1 7	2,156 9 0	10,899 10 7
November	..	39,250	5,332 1 0	3,167 5 6	1,905 4 0	5,072 9 6
December	..	41,900	7,320 12 10	2,164 0 7	4,489 13 0	6,653 14 1
January	1901	47,400	7,011 2 10	6,639 15 1	3,357 5 0	8,997 4 1
February	..	50,900	6,019 12 8	2,787 2 6	3,336 0 0	6,123 2 6
March	..	50,000	7,696 11 11	5,306 11 0	2,562 7 0	7,869 2 0
March	..	50,000	7,604 12 10	6,578 6 0	3,581 9 8	10,099 15 8
Total	..	..	82,739 7 11	52,713 0 11	31,561 6 2	84,274 7 1

Balance sheet (31st March 1901).

Property and assets.		RS.	A. P.	RS.	A. P.	RS.	A. P.
Property—							
Machinery, plant and tools	..	..	..	..	..	..	..
Furniture	..	..	..	..	..	..	..
Advertising blocks and electros	..	..	..	..	..	..	..
Stock in trade—							
In Madras—							
Metal and unfinished goods	..	8,449	7 6	..	..	..	..
Finished goods	..	6,870	7 7	..	..	..	..
Workshop stores	..	483	8 0	..	..	..	..
In Bombay—							
Finished goods	..	15,803	7 1	..	..	..	..
Outstandings—							
Due for goods sold in { Madras	..	23,372	1 7	..	..	..	..
Bombay	..	2,970	0 0	..	..	..	..
Other debtors and prepayments	..	..	..	..	..	..	..
Cash—							
With Banks—Madras, Bombay and Bangalore	..	..	..	..	..	..	..
In hand—							
Madras	..	103	9 9	..	..	..	..
Bombay	..	150	0 0	..	..	..	..
Goodwill—							
Amount paid vendor	..	..	..	..	..	..	..
Preliminary expenses—							
Amount paid in connection with the formation of the Company, not written down	..	..	..	..	..	..	..
Expenditure in connection with the opening of an agency in Northern India	..	..	..	..	..	..	..
Total	..	76,764	12 7	..	..	..	..

We have examined the above accounts and balance sheet, and in our opinion the balance sheet is a full and fair balance sheet and properly drawn up so as to exhibit a true and correct view of the Company's affairs as shown by the books of the Company and as required by the Indian Companies Act, 1882.

(Signed) RONALDSON & RONALDSON,
Auditors.

Endt. No. 791, Public.

Transferred to the Educational Department.

18th May 1901.

(Signed) A. R. KNAPP,
Under Secretary.

ORDER—No. 330, Educational, dated 17th June 1901.

The letter from the Indian Aluminium Company will be forwarded to the Director of Public Instruction for detailed remarks in consultation with Mr. Chatterton. The Director should also give his own opinions on the several points discussed.

(True Extract.)

C. J. WEIR,
Ag. Secretary to Government.

To the Director of Public Instruction.

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O., No. 330, EDUCATIONAL, DATED
17TH JUNE 1901.[SUBJECT—*Indian Aluminium Company.*]*Letter from the Chairman, Indian Aluminium Company, dated 8th May 1901.*

This letter from the Indian Aluminium Company is almost a reproduction of a part of the Honourable Mr. Norton's speech at the last meeting of the Legislative Council. The Company's prayer in short is that Government should not enter into competition with it in the aluminium manufacture and trade, but should extend to it all the patronage they can.

2. The Honourable Mr. Arundel has already assured Mr. Norton that the moment the industry was sufficiently developed Government would gradually withdraw from it and allow it to go on by itself. This assurance may perhaps be now repeated. Mr. Arundel also mentioned in Council that it would be dangerous for Government to withdraw at present.

P. T. THARYAN.
1-6-01.*Secretary—*

For orders. I venture to think that the existence of the "Indian Aluminium Company" is an argument against the existence of the Government department—that there is already competition with private interests to an undesirable extent—and that the sooner Government withdraw themselves from this trade the better.

A. T. PRINGLE.
1-6-01.*Assistant Secretary—*

Yes: But Government started and fostered this industry as an "infant industry", whether it has now passed that stage or not. In doing so it has spent money and provided for future expenditure of money. It cannot withdraw immediately, I should say, without considerable loss. Please look into the matter from this point of view and let me have a note and statement, if possible, as to the period for which we have financially committed ourselves to the aluminium business. I think even the Indian Aluminium Company would hardly contend that, under all the circumstances, Government should withdraw from the manufacture at a loss.

No: but I submit that the time for naming a date by which they will withdraw may have come.

A. T. PRINGLE.
3-6-01.C. J. WEIR.
1-6-01.*Second Assistant—*

Let a note on the lines mentioned this morning be prepared.

A. T. PRINGLE.
3-6-01.

The aluminium industry was started in connection with the School of Arts at the close of 1897-98. The receipts and charges in 1898-99 were Rs. 44,622 and Rupees 45,014: in 1899-1900 they rose to Rs. 91,432 and Rs. 93,000 respectively and in 1900-1901 to Rs. 1,40,203 and Rupees 1,98,106 according to the Accountant-General's preliminary accounts; the estimates for the current year are Rupees 2,50,000 and Rs. 2,35,600 respectively.

If these are to be relied on, Government lost 58 lakh on the year's transaction!

A.T.P.
10-6-01.

2. As already observed, the intention of Government is to withdraw from the industry as soon as it is sufficiently developed. From the Aluminium Company's letter it is clear that developments are rapidly taking place on all sides.

3. There is no information in the office as to what purchases of the metal Mr. Chatterton has made or arranged for in the current year or as to what stock of the metal is remaining over. Nor is there any information as to what orders he has on hand for execution. If, however, instructions are now given to withdraw from the manufacture with effect, say, from the end of the current year, no further purchase of the metal can be made or arranged for. All the metal received under orders already given can then be manufactured into articles and sold in the usual course. In this way the business can be closed within a year or two without any loss to Government.

* Or be followed by an equally large deficit: it is speculation to a large extent.

A. T. PRINGLE.
10-6-01.

The deficit of 1900-1901 will be made good by larger sales in the current year. The only difficulty is that some very expensive machinery has just been ordered from England and some heavy expenditure will be incurred in putting them up in the premises of the School of Arts. It is not likely that the profits from the concern will cover the expenditure involved if the business is to be closed so soon. The machinery and the buildings will, however,

This may be so.

A.T.P.
10-6-01.

be the property of Government and will be useful in the development of some other industries.

P. T. THARYAN.
7-6-01.

Secretary—

If Government are to lose heavily, as they seem to have done last year, there is an additional argument for withdrawal as soon as practicable. The Financial department might see these notes u.o.

A. T. PRINGLE.
10-6-01.

Honourable Member—

But the short receipts do not necessarily mean absolute loss. No doubt a large stock of aluminium goods has been accumulated which has not found sale. At page 6 of his memorandum, Mr. Chatterton said that on 30th September 1900 after valuing stock there had been a surplus profit of Rs. 25,000 since the beginning of the operation.

2. It is of course very inconvenient for Government to have to deal, in its estimates, with an undertaking the receipts and charges of which vary so much. The original budget estimate of receipt for 1900-1901 was lakhs 2.75; revised estimate 1.95; and actuals 1.40.

3. Mr. Chatterton's proposals for the future connection of Government with aluminium will be found at page 7 of his memorandum; he seems there to contemplate, if not a permanent continuance of that connection, one at least lasting for some years, limiting the output and withdrawing from certain fields of competition. He considers it necessary that the School of Arts should turn out enough aluminium to keep up a high standard of efficiency as an industrial school. It is submitted however that if the Indian Aluminium Company was prosperous it would also serve as an industrial school.

4. I think it will be best to send Mr. Norton's memorial to the Director of Public Instruction for report. He would of course consult Mr. Chatterton who would probably be able to give us useful information regarding the Indian Aluminium Company.

C. J. WEIR.
11-6-01.

There is no question but that Government work in aluminium must be restricted when private enterprise is able to carry on the industry. I am only afraid that Mr. Chatterton has already made a trade of the business at the School of Arts. Let the Director answer the memorial fully and give his own opinions after consulting Mr. Chatterton.

J. T. [HOMSON].
11-6-01.

Draft please.

C. J. WEIR.
14-6-01.

A draft is placed below.

P. T. THARYAN.
14-6-01.

May issue.

A. T. PRINGLE.
15-6-01.

Yes.

C. J. WEIR.

[Pub. 29-A.] 1,000-10-1-01.

Public (190 /) Department.

(MILITARY BRANCH.)

CURRENT No.

1569 736

From

[Name]

Hardley Foster Esq.

[Designation]

Chairman, Indian Aluminium Co. Ltd

[Station]

Madras

No.

Dated

8. 5.

190 /

Received

15. 5.

190 /

Enclosures

Registered

17. 5.

190 /

SUBJECT.

Requesting that the interests of the Indian Aluminium Co. may receive consideration in the proposed appointment by the Govt of India of a Committee with funds to assist the indigenous industries of the Country.

BACK PAPERS.

*174 copy X 16 mins ✓
200 mins abt ✓*

*See 242 for abt ✓
40. 24-1-01 copy X*

FURTHER PAPERS.

Department of Public (1901)

To

The Chief Secretary to Government,
Public Department.

Respectfully,
Chairman, Madras Educational
Academy

100 12.2
100 17.2

Respecting that the interests of the Government
Commissioner to send revenue communication with the
Government of the Madras Educational Academy

EDU

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Words. 25/18 Day. 8 Hour. 12 Minute. 40 Official Instructions. {

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and 198106 total 338.369

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