

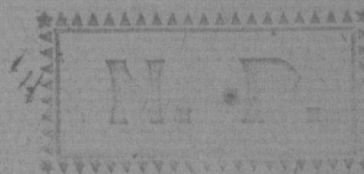
Educational (190 /) Department.

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ORIGINAL

[Despatch Abstract.]

Aluminium Industry

Stating that the ~~manufacture~~^{of aluminium} may proceed as hitherto for one year from 1st April 1952; & requesting the A.G. to furnish govt with a clear statement of the actual financial position of the - as it stands on the last day of the calendar year.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

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Government {1901} of Madras. EDUCATIONAL.

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ORIGINAL

G.O., No. 741, 13th December 1901.

N. P.

DECEMBER.

Aluminium Industry.

Stating that the manufacture of aluminium may proceed as hitherto for one year from 1st April 1902; and requesting the Accountant-General to furnish Government with a clear statement of the actual financial position of the — as it stands on the last day of this calendar year.

GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

ORDER—No. 741, Educational, dated 13th December 1901.

The Governor in Council abstained from passing orders in regard to certain pending questions connected with the aluminium industry as at present carried on by Mr. Chatterton at the School of Arts until the deliberations of the educational conference lately held at Simla were received from the Government of India. As it now appears that the extension of industries was not one of the subjects discussed at the conference, and as the Government of India state that they are not in full understanding of the case as regards the aluminium business but are disposed to think that the work at the School of Arts should be restricted to the needs of the Indian army, the Governor in Council has arrived at the following conclusions:—

(a) Subject to further orders from the Government of India, the manufacture of aluminium may proceed as hitherto for the period of one year from the 1st April next.

(b) The sum of 2½ lacs will accordingly be provided in the budget estimates for 1902-3.

(c) The Director-General of Stores will be requested to complete the supply of the machinery for which an indent was made in February last, and the demand for housing this will be obviated by the closure of the pottery department of the School of Arts—a measure strongly recommended by the Director of Public Instruction.

(d) As regards the financial side of the question, the Governor in Council is not satisfied that this has been properly investigated, or that Mr. Chatterton's statements of profit and loss, which leave entirely out of account such items as his own salary and a proportionate share of the Director's, may be regarded as an entirely adequate presentment of the position. The Accountant-General will therefore be requested to furnish Government with a clear statement of the actual financial condition of the undertaking as it stands on the last day of this calendar year.

2. The taking and valuation of the stock of metal and finished and unfinished work will be an important part of this examination, and as technical knowledge is requisite, arrangements will be made for deputing some competent person to assist the Accountant-General's subordinate. The stock should be taken during the Christmas holidays so that the work of manufacture may be interfered with as little as possible.

3. The necessity for exercising the most complete control over the operations and accounts of Mr. Chatterton will be impressed on the Director of Public Instruction, who, as the head of the department in which that officer is at present serving, should regard himself as personally responsible to Government for ensuring that sanctioned expenditure is not exceeded.

(True Extract.)

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

To the Director of Public Instruction.

„ Accountant-General.

„ Financial Department.

Exd. C. M. Thumbuswamy.

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O., No. 741, EDUCATIONAL, DATED
13TH DECEMBER 1901.

[SUBJECT.—Aluminium industry as now carried on in the School of Arts.]

I am compelled to take the orders of my honourable colleagues regarding the Aluminium department of the School of Arts. The subject is Educational, Financial and Public; but it is Public in more senses than one, and I don't know what to do with it. That is my apology for causing trouble.

2. Mr. Chatterton submitted a memorandum on the aluminium industry upon which Government addressed the Government of India in No. 505, dated 5th August 1899. It was described as an industry deserving “to be fostered, extended and encouraged by Government, but some considerable time must elapse before the business can be left to private enterprise which is the object to be ultimately attained.” Government also thought that after 3 years' nursing it would probably have developed sufficiently to be safely left to private enterprise.

3. In recommending Mr. Chatterton's appointment to the Secretary of State the Government of India in paragraph 3 of their letter in G.O., No. 174, Educational, dated 10th April 1900, expressed their opinion that he should have confined himself to introducing the “craft of working in aluminium” and to extending the knowledge of it and “should not have been employed to foster the commercial development of the aluminium industry which is a matter that should be left to private enterprise.” The Secretary of State said “I observe that its commercial development will be left to private enterprise so soon as the success of the industry is assured.”

I take this to be a general adoption of the Government of India's view, though the point may be arguable; for the success of the industry would be unknown, much less assured, unless proper trial were made on the usual commercial methods.

4. Mr. Chatterton's programme and profession of faith will be found in his memorandum in G.O., No. 40, dated 24th January 1901. The craftsman is to remain a handworker but a thoroughly trained one, and properly equipped with the tools he requires, and “the highest technical skill and the keenest commercial intelligence are to be devoted to his service in the hope that a new condition of affairs will be brought about and a flourishing artisan community established.”

The old condition of affairs was “to studiously avoid any course of action that could be regarded as inimical to the perfectly free development of private trade, and the result has in certain directions been far from satisfactory, for the capitalist has sought labour saving operations and the craftsman has gone to the wall. A comparatively large amount of work must be done and a market found for the goods manufactured. To work on a small scale would be of little practical use, and would prove exceedingly expensive.” “Above all things, it must be demonstrated that under the new conditions the industries can be made to pay, and will yield the artisans a better wage than they have ever before received.”

“The commercial difficulties are the crux of the whole matter.”

“Attention is beginning to be paid to the improvement of the skill of the artisans. This necessitates working on a much larger scale and with an outturn of finished goods which requires that special arrangements should be made for their disposal in suitable markets.”

Then—page 5, paragraph 11—he goes on to detail his taking up and the development of the aluminium industry, and gives his reasons for large working and for full training of the artisans and why the School of Arts cannot be regarded as a rival to private trade. In paragraph 14 he deals with the question now troubling us and that paragraph should be read. He contemplates finality in an industrial school of high practical efficiency doing only wholesale work and Military and Government work.

5. Government read this memorandum “with much interest”; but I feel bound to say that if it disapproved it ought to have said so in plain words. For, next and naturally, financial difficulties began to arise—G.O., No. 241, Financial, dated 19th March 1901—and the Director was reprimanded. Rs. 40,000 had been provided in the budget of 1901–02 for tools and plant and an indent for Rs. 16,000 odd worth sent in. (This is still in suspense for execution pending our deliberations.) And, to house the machinery, an application for Rs. 50,000 for workshops* was made—G.O., No. 172, dated 23rd March 1901—for which there had been no budget allotment. The Secretariat and Honourable Members began to be disquieted.

6. Intermediately—G.O., No. 323, dated 10th June 1901—Mr. Chatterton's own official position and work and the financing of the aluminium industry began to trouble him and he demanded 5 lakhs “to be expended in industrial improvement.” This fluttered Government still more, the Honourable Member noting “He (Mr. Chatterton) is evidently bent on a large commercial development of the “aluminium business which is not which Government wants him to do.

7. In May 1901 the Director submitted his proposals for reorganising the School of Arts—G.O., No. 468, dated 22nd August 1901—which are founded on two letters from Mr. Chatterton. One of these proposals is to abolish the pottery department and thus set free its buildings for aluminium work. Incidentally, Mr. Chatterton declares the main object of the metal-work department to be “to establish the manufacture in the country of articles now imported from abroad.” Orders were delayed pending the Simla Conference.

8. Then came the Trades' objection to Government's aluminium trade operations—G.O., No. 522, dated 16th September 1901. The Director adopts Mr. Chatterton's positions—that the aluminium industry is a new industry, that it is for manufacture in and for this country, that it ought not to be quieted by Government till it is firmly established, and that it is not yet established. Mr. Chatterton for himself says, “I consider the development of the sale of aluminium in India to be the main object of my work at the School of Arts, and I would advise Government to adopt that line of policy which is best calculated to achieve the object I started with. If the closing of the aluminium department would lead to a rapid extension of private enterprise, I should strongly advocate that measure, but at present I am bound to state that such a course would be suicidal. The Government, the Military, and the European demand for aluminium goods by themselves will not be anything like large enough and the main work before us is the opening up of the native market.”

He enforces this by saying that we are keeping German and American manufactures out of India and that the School of Arts is keeping up a high grade of quality of the metal deterioration of which is a present danger. “The aluminium department costs Government nothing and returns a fair rate of interest on the capital invested—a result never achieved in any industrial school before—indicating how much it is possible may be accomplished to better the position of indigenous native industries if Government will provide the conditions with suitable scientific and commercial assistance.”

Again I did nothing pending the Simla Conference. And I did not send copies of the Director's and of Mr. Chatterton's letters because these officers were themselves going to Simla and could expound their own views and because I imagined the connection of the State with trade had better be debated without an example incomplete in point of its history, which there was no time to write up. In India's reply to our letter, recently received, they inform us the subject was not discussed at the conference; and, with regard to the aluminium business, say they are not in full understanding of the case, but incline to think the work at the School of Arts should be restricted to military needs.

9. I cannot help thinking or saying that the Government of India omitted a very important part of their conference business, for an economic regeneration of India seems to me of far more importance than developing brain power to an extent for which there is no adequate field of operations and that ends in adding the unhappy product to the class of non-producers with political discontent and an empty stomach to boot.

10. The Director, Mr. Weir, and myself went over the School of Arts some days ago. At the present time its work is mostly in aluminium; there are several large drawing classes: some weaving, some woodwork, some modelling and lacquering and painting are done; but aluminium—castings, plates, kettles and all sorts of vessels—is the life of the place; and the Philistine would probably see as much fine art in a well-shaped and burnished aluminium tumbler as in the paintings of croton leaves, indifferent lacquering of trays, or the “Madras handkerchief”, which are co-products of the institution.

11. Our present business, however, is to settle what is to be done with aluminium. I confess that Mr. Chatterton's vision of a new industry which will keep money in India and improve the status of the Indian artizan, without resort to a protective tariff, has considerable fascination for me. At first, it occurred to me that there would be small social or political gain in displacing work and workers in brass, bell-metal, iron, etc., by workers in aluminium, but I gather that these workmen are those employed for aluminium, and that it is the imported articles that suffer most by the new departure.

12. At the same time it is impossible that Government should contemplate the setting up of a trade which is to endure for all time; and it seems to me that the objective point will be reached when the industry is established on such a basis and so widely as to effectively meet foreign competition. It has not yet approached that stage, though it is fairly* manifest

* One cannot feel very satisfied with Mr. Chatterton's statements of profit and loss. He told us he had been able to reduce prices some time ago. A commission of 25 per cent., which he grants, is considerable. that, given the necessary capital and direction, it could maintain itself. I think there is no room for doubt that if Government were to withdraw at the present time the whole would collapse in favour of the foreign importer and all the good, so far done to the State as a whole and to the workmen in particular, would disappear.

13. Another point that troubles me is whether, when the time comes for Government to withdraw, it would be able to do so without loss under plant and stock. I should hope that, when the time comes, the business would be taken over *en bloc* by a person or company, as a going concern; if so the fear is groundless. If it is shown incontestibly to be a good business, there ought to be no difficulty, and Government ought to be able to make fair terms among competitors for it. In parting with it it might also be possible to make satisfactory terms for Government future supplies.

14. It does not seem necessary or possible to hold on to it till a time when Government itself might think of the utilization of the Periyar or other natural power for the manufacture of the raw material, though that seems to have been Mr. Chatterton's original motive.

15. In my opinion, the ground is cut away from trade objectors—on the stock basis of interference with private trade—by our being able to argue, truly, that this is a new trade, to which valid objection could be raised only by the workmen concerned with prior similar industries; and that the importers of wares for the same uses from outside the country should either meet the competition or adapt themselves to the altered circumstances. As their function is simply that of distributors, they should set themselves to distribute the country wares. That on the record can evidently be done to profit. But I confess this whole line of argument will not much avail if addressed to such a Home Government as the cotton duties fell to be dealt with, when the import duties were removed at the bidding of Manchester.

16. However, I think we should go on with the business now fulfilling the indent for tools and obviating the demand for housing by stopping the pottery department of the institution in accordance with Mr. Chatterton's and the Director's suggestions in G.O., No. 468, Educational, dated 22nd August 1901.

17. The financial—budget—difficulty is not small when we have a man of Mr. Chatterton's sort to deal with, but the Director must be held responsible for keeping him absolutely within the money limits. It is for him to exercise that constant inspection of accounts and operations which is absolutely necessary. Government cannot deal direct with Mr. Chatterton.

18. With reference to Current No. 1400, the apparent deficit is clearly traceable to Rs. 57,510, "supplies and services," in April. Mr. Chatterton has about one lakh's worth of metal in stock. All along the work has been run professedly on the principle of making it pay its way, but it is not clear that Mr. Chatterton has been taking all the elements of cost into consideration, and an investigation and report on the point by a capable accountant acquainted with commercial methods seem advisable.

The budgets are now up for settlement. I think his working should be restricted to Rs. 2,50,000 and that, with the precautions and arrangements suggested, we shall probably, before the end of the year, be in a better position to judge how to act thereafter.

If, however, my honourable colleagues have a greater distrust of the business than I have, or think that further continuance of expenditure on it requires the sanction of the Government of India, we shall have to address that Government at length.

J. T[THOMSON].
10-11-01.

*The Hon'ble Mr. Winterbotham, C.S.I.
H.E. the Governor.*

I find myself in agreement with the Hon'ble Mr. Thomson and have nothing useful to add.

H. W[INTERBOTHAM].
13-11-01.

I confess that I do not feel very sanguine about this aluminium business or about the work of the School of Arts generally.

As the Hon'ble Mr. Thomson says the School of Arts is at present practically a factory of aluminium wares and nothing else, for the weaving, wood-carving and fan-painting seem to me contemptible both in quality and quantity. It is very clear that we cannot contemplate the indefinite continuance of this aluminium business or even its continuance for much longer, but it is equally clear that we cannot withdraw from it at present.

We must therefore allow Mr. Chatterton to go on but under the strictest control and with a full investigation of the financial position of the concern by a commercial expert. Another year's experience may place us in a better position to decide what is to be done in the future. I therefore entirely agree to my honourable colleague's proposals.

A[MPHILL].
16-11-01.

We may ask Mr. Dobbie to be so good as to favour Government with advice in regard to the point raised at A in the Hon'ble Mr. Thomson's note of the 10th instant and just above by His Excellency.

2. As regards the recent letter from India, that has been sent on to the Director of Public Instruction for remarks.

3. And the draft on the budget estimate of the aluminium department assigns Mr. Chatterton a grant of 2.50 lacs.

A. T. PRINGLE.
20-11-01.

C. J. WEIR.
20-11-01.

To the Accountant-General u.o. [No. 213, dated 20th November 1901.]

I understand that what is required is not a detailed or test audit of the accounts of the aluminium manufacture, but a clear statement of the actual financial condition of the undertaking. This I think my office could undertake to present by a reference to the accounts and records of the school of arts. The officer whom I should depute for this purpose would be the chief superintendent of my office who is responsible for the "outside audits" in Madras, which my office is required to undertake. He would, of course, work under my direction.

I gather from the papers that Government would wish the work to be put in hand as soon as possible, and I should propose the 31st December 1901 as the date to which the report of the financial condition of the industry should refer. A very important part of the examination would be the taking and the valuing of the stock of metal and finished and unfinished work on the 31st December. This may require some expert knowledge, and to assist in this work it may be necessary to ask for the assistance of a competent Public Works employé.

I would propose that stock be taken during the Christmas holidays. I make this proposal in order to interfere as little as possible with the work of manufacture.

I also submit, for consideration, the proposal that an annual audit and presentation of the accounts of the industry should be carried out by my office, and that this be extended to the work in connection with the weaving industry if that is likely to assume any considerable proportions.

W. DOBBIE.
23-11-01.

Secretary—

The draft which has been set up in type may, with the approval of the Hon'ble Member, issue.

A. T. PRINGLE.
28-11-01.

To Public Works Department u.o. for acceptance of paragraph 2 of the draft.

C. J. WEIR.
29-11-01.

PUBLIC WORKS DEPARTMENT.

No. 5298 C., dated 5th December 1901.

There being no aluminium expert in the Public Works department, it is suggested that Mr. B. O. Reynolds, instructor in the college of engineering, who is well up in the subject, may be deputed for the work.

S. B. MURRAY.
5-12-01.

W. B. DEWINTON.
5-12-01.

To the Educational Department u.o.

Secretary—

I have altered paragraph 2 of the draft as suggested by the Public Works department.

A. T. PRINGLE.
6-12-01.

Assistant Secretary—

A If Mr. Reynolds is well up in aluminium, then I suppose he would have been Mr. Chatterton's subordinate or worked under him. If so, he is hardly the kind of person indicated for the job, and I think it would be better to get an outsider.

C. J. WEIR.
7-12-01.

Second Assistant—

Please report precisely as to A.

A. T. PRINGLE.
9-12-01.

Mr. Reynolds was a military student of the college of engineering. He severed his connection with the Military and Public Works departments on entering the Provincial educational service. He is now in the seventh class (pay Rs. 350) of that service and is instructor in engineering in the college of engineering. Before Sergeant Brand was appointed Mr. Chatterton's assistant in the aluminium branch of the school of arts Mr. Chatterton employed Mr. Reynolds on his own authority from 1st August to 14th November 1900 (G.O., No. 120, Educational, dated 5th March 1901). An honorarium of Rs. 350 was paid to him for this purpose. Mr. Chatterton does not seem to have found him up to the mark.

P. T. THARYAN.
9-12-01.

We don't want an "aluminium expert." Perhaps the Public Works department can give us a man who is capable of taking and valuing any kind of stock.

A. T. PRINGLE.
10-12-01.

Order in Council.

To consult Arbuthnot & Co. as to a suitable man.

C. J. WEIR.
10-12-01.

The draft letter to Messrs. Arbuthnot & Co., placed below, may issue.

The draft order may then go to Hon'ble Member: the necessary correction has been made in paragraph 2 of it.

P. T. THARYAN.
10-12-01.

A. T. PRINGLE.
10-12-01.

C. J. WEIR.
10-12-01.

CONFIDENTIAL.

GOVERNMENT OF MADRAS.

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Exd. C. M. Thumbuswamy,

(True Extract.)

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

29.11.01

Government {1901} of Madras.
EDUCATIONAL.

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