5,000—17-12-98.

Revenue (1899) Department.

MISCELLANEOUS SERIES.

G.O., No. 963

DATED 8th March 99

[Despatch Abstract.]

Recording letter from the Managing Agents, Cawnpore Sugar Works, forwarding certain papers on the question of counterbalancing duties on bounty-fed sugar imported into India.

BACK PAPERS.

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

FURTHER PAPERS.

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

O/18 4,000—18-10-98.

Revenue (1899) Department.

CURRENT No. 1499

From

Messrs. Begg Sutherland and Co
Managing Agents—
Sugar works—
Cawnpore—

Order Mis. No. 963 dy 8th March '99.

Recorded

No. —

Dated 24th February 1899

Received 1st March

Registered 2nd ..

Enclosures 2

Spare copies. —

If spare copies send to Bd of Rev RS

Note. It was ascertained from the libraries that only one copy has been received in the office.

SUBJECT.

Forwarding copy of certain papers re- Sugar trade.

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

All Communications to be Addressed to the MANAGING AGENTS.

CAWNPORE SUGAR WORKS, LD.,

Cawnpore, 24th February 189

The Chief Secretary to Government, Madras.

PETITION

0138

Madras.

Sir,

REVENUE DEPT.

With reference to copy of a Review of the Sugar Question which we took the liberty of forwarding to you some days ago we now beg to hand you herewith copy of letter from Messrs Dutt & Mitra, a firm of Brokers well known in the trade in Calcutta together with copy of their Market Report dated 8th instant.

We have the honour to be,

Sir,

Your most obedient servant.

Managing Agents.

CHIEF SECRETARY'S OFFICE GOVT. OF MADRAS 28 FEB 1893

Copy of letter dated Calcutta, 20th Feby: 1899 from Messrs Dutt & Mitra to Messrs Begg Sutherland & Co., Cawnpore.

Benares Sugar:- The quotation you often find on this heading in our weekly market report is for retail lots for since the ~~retail~~ heavy import of cheap imitation Benares demand for real has fallen off entirely. For the last seven or eight years demand for real Benares has come down to about a 100 bags per month. Before this period some ten thousand bags found buyers in our market. The present consumption is about 3 or 4 bags daily. Even if we want to sell 50 bags at a time we can not expect to get more than 9/- Rupees nine only per maund including bags.

...99
...E DEPT.
...1499

All Communications to be addressed to the Managing Agents.

CAWNPORE SUGAR WORKS, LD.,

CAWNPORE 189

(Copy)

Calcutta 8th February 1899.

Sugar Report for Messrs Begg Sutherland & Co.

Sugar Market. There is hardly any change inthe market. There is a heavy stock of unsold Beet & Mauritius.

Cossipore Sugar. Retail sales are passing at about the undernoted rates. Sale of sugar of all qualities under this head last week is about 1500 mds. We quote to-day No.1 at 10/- Crystal at 8/8; No.3 at 7/10; Grey No.1 at 7/2 & Grey No.2 at 6/14.

Mauritius Sugar. About 5000 bags have changed hands and the stock of unsold sugar and that in dealers hand amount to 17000 bags. The S.S.Warda will be bringing a consignment of 36000 bags within a week. To-days rate Rs 6/14 c 7/1/3.

Madras & Arcot Sugar. Nothing doing. Stock is almost exhausted. We quote nominally N.CN,MP. GS at 7/3; S.T at 8/8; N.S at 8/7

Beet Sugar. No further forward sale has been reported last week. About 28000. bags are expected to arrive here within three or four days. We qoute to-day for spot at 7/3 & for forward buyers are offering at 7/2 but sellers are firm.

Penang Sugar. 500 bags arrived in our market unsold and found buyersat 6/14.

China&Honkong Sugar. Nothing important to report. Stock is 250 tons. We quote to-day 7/8 c 8/4.

Benares Sugar. Steady at 9/8 c 10/-.

Bengal new crop raw Sugar. We quote to-day Rs 5/12 c 6/4.

...d. Dutt & Mitra.

899
2
No. 1499

Rev/68.
With the compliments of
Coimbatore Sugar Works Ltd.

CHIEF SECRETARY
-1. FEB. 1902
GOVERNMENT OF MADRAS

REVIEW of the question of Countervailing Duties on Bounty-fed Sugar imported into India.

A NOTE (see page 6) on the effect of the unrestricted importation of bounty-fed sugar on the Sugar-cane industry of India, was, in the early part of the year, laid before the Bengal Chamber of Commerce, by the leading European Sugar Manufacturers in India, with the object of enlisting the support of that Association in urging upon the Government, (1) to arrange for the representation of this country at the Sugar Conference at Brussels, and (2) that the representative should be instructed to press for the abolition of the bounty system, and to inform the Conference that, failing such abolition, the Government of India might in self-protection be compelled to institute countervailing duties.

The Committee of the Bengal Chamber accordingly passed on this representation to Government, recommending the first but not the second part of the proposal above referred to.

The Upper India Chamber of Commerce co-operated in the movement, addressing the Government, North-Western Provinces and Oudh, on the subject. The case as set forth in the "Note" seems incontestibly strong: and the salient points are as follows. The unrestricted importation of low-priced bounty-fed sugars means the diminution of sugar production in India, and that means the lessening of the cultivator's ability to pay rent, of the proprietor to pay land revenue, of the canal system to realise its rightful income. Ample evidence is adduced to demonstrate the great importance of cane cultivation in the agricultural scheme of almost every Province in India; that the cultivation of sugar-cane has been at a standstill for several years instead of expanding as the natural sequence of increased irrigation facilities and the opening up of new districts to railway communication; and that the whole sugar-producing and sugar-refining industry is seriously threatened. The vast importance of this industry to India, it is shown, could be gauged pretty near to the mark by the fact that it represents, according to a computation on a fairly reliable basis, an annual turnover of at least 33 crores of rupees, and, with the natural advantages of the country, is still capable of enormous expansion—if not unduly handicapped as at present.

The general tenour of the "NOTE" indicates the necessity of introducing countervailing duties as the only available remedy, beet-growing having become too much of an indispensable factor in agricultural operations on the Continent of Europe—an economic necessity—to permit of hope for a repeal of the bounties. The ruin of the West Indies is pointed to as significant of the fate awaiting the sugar industry in this country if prompt measures be not adopted to avert the danger.

A countervailing duty, it is urged, would not fall as a burden on the great masses of the population, as it is only the comparatively well-to-do classes who can afford to use refined sugar. The non-adoption of this remedy, on the other hand, would probably lead eventually to fresh taxes to make up for the curtailment of land and water revenues due to the contraction of sugar-cane cultivation. There is nothing new, it is argued, in such a proposal. The need of a countervailing duty on bounty-fed sugar has already been accepted by Canada, the Cape and Australian Colonies in their tariffs.

Again—and this is an irrefutable argument—here in India, as recently pointed out by Mr. Geo. Martineau, one of the Expert Advisers to the British Delegates at the Brussels Conference, a similar duty was recently levied on cotton goods manufactured in India, to countervail the duty on imported cotton goods; and, as Mr. Martineau observed, "This is a parallel case with bounties which have the same effect as levying a duty on British (Indian) sugar and admitting foreign sugar free."

In communicating with the North-West Provinces Government on the subject, on 17th March 1898, and expressing the hope that His Honour the Lieutenant-Governor might see his way to address the Government of India in support of the representation made by the Bengal Chamber, some statistics were given by the Cawnpore Chamber, showing the imports of sugar (mostly beet) from Calcutta and Bombay into Cawnpore during the past eight years. (See page 15.) Prior to the recent augmentation of the European sugar bounties, the price of the better class of native refined sugars ranged from Rs.11 to Rs.16 per maund; beet was then (March 17th, 1898,) being offered at Rs.8 per maund of 82lbs. 2oz.

The Madras Chamber of Commerce strongly supported the movement for countervailing duties, as India's only weapon of defence, and the immediate outcome of the combined representations made by the three Chambers, was, that the Secretary of State, on the recommendation of the Government of India, appointed Mr. E. C. Ozanne, late of the Agricultural Department, Bombay, in the interests of India, as one of the British Delegates at the Sugar Conference.

The Chamber of Agriculture, Mauritius, also co-operated in the movement for the imposition of countervailing duties on bounty-fed beet-sugar, and telegraphed its views to the Secretary of State for the Colonies, laying particular stress on the great prejudice caused to the staple industry of that Dependency by the importation into India—its principal market—of bounty-fed sugar on the same terms as its unprotected product.

In their Report on the Conference, the British Delegates recorded their opinion as follows:—

"The market of the United States is already rendered unprofitable by this means (countervailing duties) to all bounty-fed sugars.

"All the Continental sugar-producing States by means of Customs duties and internal legislation reserve the entire supply of the home market to the home producer of sugar; and the English, and to a rapidly increasing extent, the Indian markets thus become essential for the surplus sugar production of the European countries. Any steps by which these markets might be closed to bounty-fed sugar must therefore have a decisive effect in securing the abolition of the bounty system.

"If no solution can be obtained, it is possible that a still worse state of affairs may result by the increase of bounties in various countries."

They further stated that there were but two methods of securing the suppression of the bounties system:—

"(1) By coming to some arrangement for such modification or limitation in the French and Russian systems as may be acceptable to the other sugar-producing States, in return for the suppression of their bounties; and

"(2) By the conclusion of a Convention between a certain number of the sugar-producing States providing for the total suppression of sugar bounties within their dominions, and engaging that they will either impose countervailing duties on, or prohibit the entry of bounty-fed sugar coming from States who cannot be induced to become parties to the Convention."

The Conference having practically failed in its object, and the first proposal having been shown to be unattainable, the Chambers of Madras and Cawnpore urged on Government the advantage of taking steps to act on the second alternative, without delay. The latter Association took the opportunity of pointing out—in further evidence of the threatened ruin of the sugar industry, owing to the overwhelming competition of the beet-root product—that whereas during the last decade the value of sugar imported had steadily increased, from 1¾ crores to 4¾ crores, the value of "All other articles of food and drink" had remained practically stationary. The percentage of value of sugar imports to that of "All other articles of food and drink" increased from 30 per cent. in 1888-89 to 78 per cent. in 1897-98.

In a subsequent representation, dated 16th September last, the same Chamber laid before Government a statement of sugar imported into and exported from Cawnpore by rail since 1894 inclusive, as showing very strikingly the extent to which native sugars are being displaced by foreign—mostly bounty-fed—sugars. Thus, imports from Bombay and Calcutta, consisting practically entirely of foreign sugar, rose from 21,263 maunds in 1894 to 153,340 maunds in 1897, and from 15,070 maunds in the first six months of 1894 to 109,083 maunds in the first half of 1898. Imports, on the other hand, from "All other places"—representing, with the exception of trifling consignments for retail sale amongst the European community, wholly native sugar—fell from 406,656 maunds in 1894 to 215,820 maunds in 1897, and from 312,999 maunds in the first half of 1894 to 157,060 maunds in the first half of 1898. Exports to "All other places" in the 4½ years dealt with, were shown to have remained practically stationary, but this, in view of the great fall in imports of native sugar, constitutes further proof of the extent to which the foreign article is displacing the indigenous product in districts for which Cawnpore is the distributing centre.

On the 2nd November, the Bengal Chamber approached Government again, recommending in effect that unless any satisfactory arrangement were likely to be forthcoming from the diplomatic negotiations suggested by France and Russia at the Conference, Government should consider, without loss of time, the advisability of levying countervailing duties as the only means now available to prevent the gradual but steady extinction of the sugar-refining industry in this country. In this communication—adverting to the extreme importance of the question to India—it was stated to have been estimated that the industry gave employment to about two million persons, and that, as far as could be ascertained, the annual revenue derived by Government from land under sugar-cane is about 35 lakhs.

In a letter to the Chamber, dated 7th April 1898, the North-West Provinces Government stated that "the Lieutenant-Governor had not at present any reason to believe that the area under sugar-cane in these Provinces has been, or is likely to be, contracted by the importation of foreign sugar."

Further, in a letter, dated 31st October 1898, from the Revenue and Agricultural Department of the Government of India to all Local Administrations, it was stated that there was no clear evidence that the increasing importation of refined sugar at very low prices was injuring the sugar industry of India by lessening the internal demand for, and reducing the price of Indian sugar; or that it will result in diminishing the cultivation of sugar-cane and the impoverishment of the agriculturist to such an extent, that the land revenue assessments and canal revenues would be endangered. The Local Administrations were, therefore, called upon to institue inquiries on these points. But, as set forth very clearly in an article in the *Pioneer* of 24th November, a considerable amount of evidence has already been accumulated on the subject. As regards the effects on prices of Indian sugar, it is shown that prices at the ports, which govern the inland markets, have already fallen from an average of Rs.10-4-3 per maund in 1892-93 to Rs.8-2-11 in 1897-98; and in Calcutta the price quoted this month (January 1899) for beet is Rs.7-2-0 per maund for forward delivery; while in the Note it was stated with reference to the North-Western Provinces in last spring: "the native sugar-refining industry has this season, to all intents and purposes, ceased;" and again, "it is an ascertained fact that, at the present moment, the season when native refineries, as a rule, are going full swing, but few are being worked; the invariable explanation of the cause of inaction being that there is no profit margin between the cost of raw material and the price that can be obtained for refined sugar."

And more recently, in its letter to Government of 2nd November last, the Bengal Chamber referring to the important date-sugar district of Jessore, wrote: "A large number of sugar refineries have been closed since the recent heavy imports of beet-sugar at low prices have taken place."

As to the effects on sugar-cane cultivation—to quote again from the article already referred to in the *Pioneer*—the enhancement in quantity of sugar (refined) imported since 1889-90 is

No. 681
15-11-98

shown to be 2,611,773 cwts. This would have required 6,529,423 cwts. of raw sugar to produce it, which again may be taken as the outturn of 329,611 acres of land. Moreover, in the "Agricultural Statistics of British India," an actual contraction of area under sugar-cane is shown to have taken place between 1891-92 and 1896-97. The acreage in 1896-97 was 8½ per cent. less than that of the five preceding years. In Bengal, Bombay, the Central Provinces and Oudh, the area in 1896-97 was less than in any of the five preceding years; in Madras less than the two preceding years. There was a contraction on the average acreage of the five preceding years of 19 per cent. in Bengal, 13½ per cent. in Bombay and in the Central Provinces, 9 per cent. in Oudh, and 6½ per cent. in the North-Western Provinces. The only Province showing an expansion under sugar-cane is the Punjab, and there the increase is entirely attributable to the extension of canals, and it is small as compared with the expansion under other crops.

CAWNPORE:
10th January 1899.

FOR THE CAWNPORE SUGAR WORKS, LD.,
BEGG, SUTHERLAND & CO.,
Managing Agents.

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Copy of letter No. 372, dated Calcutta, 12th March 1898, *from the Secretary, Bengal Chamber of Commerce, to the Secretary, Upper India Chamber of Commerce, Cawnpore.*

I AM directed, by the Committee of the Bengal Chamber of Commerce, to forward you copy of a letter, dated 23rd February, from Messrs. Begg, Dunlop & Co., Messrs. Turner, Morrison & Co. and Messrs. Lyall, Marshall & Co., covering a note on the effect on the sugar-cane industry of India of the unrestricted importation of bounty-fed sugar which is interfering seriously with the interests of native cultivators, zamindars and manufacturers in this country, besides causing a loss of revenue to the Government of India.

The Committee have passed on the representation received from the above three firms to the Government of India, and have supported the suggestion made in the third paragraph of the letter, that Government should be asked to arrange by telegram with the Secretary of State for the representation of India at the Conference on the Sugar Bounty question, which, it is understood, is to be held immediately at Brussels. The Committee, however, while they would be glad to see the bounty system abolished, have not been able to see their way to recommending the imposition of countervailing duties.

The Committee understand that Sir James Westland thinks, the Government of India should be represented at the Conference, and is likely to fall in with the suggestion made.

I am directed to enquire whether the Committee of your Chamber will be good enough to support the representation which has been made to Government, in connection with this matter.

CALCUTTA, *23rd February* 1898.

To

THE SECRETARY,

Bengal Chamber of Commerce.

WE send you the enclosed note on the effects of the unrestricted importation of bounty-fed sugar on the sugar-cane industry of India, and would ask you to kindly lay the same before your Committee.

The accompanying note fully sets out how seriously the interests of the native cultivator and zamindar, as well as those of the manufacturer, are being affected, while the loss of revenue that must follow if the excessive importation of bounty-fed sugars continues, is of vital moment to Government. We trust your Committee will agree with us that the question is of sufficient importance to the country generally to enlist the Chamber's active support.

In the first instance, we would request, if your Committee agrees with our views, that the Chamber should forward the note to the Government of India (Finance Department), urging them to arrange by telegraph with the Secretary of State for the representation of India at the Conference on the Sugar Bounty question, which, we understand, is to be held immediately at Brussels, and that the representative should be instructed to press for the abolition of the bounty system, and to inform the Conference that, failing this, the Government of India might in self-protection be compelled to institute countervailing duties.

As the Conference takes place at once, we trust the Chamber can see their way to approach Government without delay.

We are, DEAR SIR,

Yours faithfully,

(Sd.) BEGG, DUNLOP & Co.
(„) TURNER, MORRISON & Co.
(„) LYALL, MARSHALL & Co.

NOTE on the effects of the unrestricted importation of Bounty-fed Sugar on the Sugar-cane Industry of India.

Preamble.

THE object of this Note is to present to the Government of India, for their consideration, facts and figures relating to the past and presentposit ion of the sugar industry in India, and to the effect upon it of European bounties for the protection of beet-sugar.

1. Broadly speaking, the sugar industry has passed through two phases and has entered upon a third. India was a sugar-exporting country at the beginning of the century. It became in the course of years a self-supplying country, more or less stripped of its exports. It is now fast taking the position of an importing country. The causes which led to the restriction of exports are explained in historical accounts already in the possession of the Government of India, and are summed up in State Blue Books and in the Imperial Dictionary of Economic Products. Imports, when this last was written, had already begun to take the place of exports. And "they were drawn," writes the Editor, "from the very countries which were formerly the chief consumers of our exports." But at that period—about 1890—the effect on the price of sugar in India and on home consumption had not become alarming. "So far," Dr. Watt remarks, "it may be safely affirmed that the loss of the markets to which India formerly exported sugar and the creation of a foreign supply have not told injuriously upon the production of sugar in India, notwithstanding that already India imports 3 cwts. for every cwt. exported." But the prospects of the future were regarded with great apprehension. "If," continues the article, "the Colonial sugar manufacturers were to produce an article competing in price with even the more expensive qualities of *gur*, the import trade would at once become of graver moment than it has yet assumed." That this critical period has been reached is the main fact which the present note is intended to illustrate.

2. That the foreign bounty system benefits Great Britain is well understood. It assists materially in the provision of a cheap breakfast table, and the whole population gains. But in India, a sugar-producing country, its effects are more complicated and very different. Consumers (of refined sugar) as in Great Britain, are, of course, *pro tanto* equally benefited; but these do not as in Great Britain—and this is an important point—represent the whole community. On the other hand, the State, which does represent the whole community, must, as well as a very large section of the agricultural population, be very injuriously affected. For the importation of cheap sugar from abroad means the diminution of sugar production in India, and that means, as will be shown, the lessening of the ability of the cultivator to pay rent, of the proprietor to pay land revenue, of the canal system to realise its rightful income, and of the manufacturer to compete against the foreigner. It means, in short, a future necessity to impose fresh taxes as a set-off against the curtailment of land and water revenue, and this seems to be the ultimate calamity which has to be averted.

3. There is no statistical information available to show what percentage of the population is represented by habitual sugar consumers. But it is a well-known fact, which could be easily confirmed by official enquiry, that sugar is not a necessity in the sense that salt is a necessity; that even in the crude form of *gur* or *jaggery*, it is only enjoyed by the poorer classes as a luxury or as an occasional treat, and that it is habitually consumed only by the comparatively well-to-do classes. It is the latter, therefore, who are the chief gainers by the introduction of cheap sugar from abroad, and who, *per contra*, would be the chief losers by a tax upon the imported article. Whether at the expense of the whole community these classes should be benefited seems to be a main issue in this discussion.

4. The importance of cane cultivation in the agricultural scheme of almost every Province in India is perhaps hardly appreciated, except by those officials whose duties have brought them into association with the settlement of land revenue. The remark may be found in

many a Settlement Report, that in such and such tracts the entire rent, and, therefore, the entire revenue is paid from the cane-field. "The peasants say," writes the Settlement Officer of Bareilly, "that sugar-cane is to other tillage as the elephant to other beasts." In almost every Settlement Report and District *Gazetteer* of the Punjab, of the North-Western Provinces and of Oudh, the extremely important position held by sugar-cane in maintaining agricultural prosperity is prominently noticed, as the extracts quoted below sufficiently indicate:—

Punjab.

Delhi—Sugar is the most important and profitable crop of the *kharif* harvest.

Gujranwalla—Is the most valuable crop of all for its acreage.

Ludhiana—The value is almost ten times that of an ordinary dry crop.

North-Western Provinces.

Azimgarh—Takes more of the time and labour of the Azimgarh cultivator than any other crop.

Benares—Is the principal agricultural product of the district.

Jaunpur—To which the enterprising cultivator devotes his greatest time, labour and capital.

Mirzapur—The most prized and profitable of crops.

(This list of quotations could be greatly amplified.)

5. Supposing that the assumption could for an instant be made that in our East Indian possessions sugar cultivation were to become as impossible, owing to foreign bounties, as it has become in our West Indian possessions, it is not too much to say that a large portion of our cultivators would be embarrassed or ruined, that many of the land proprietors would suffer the same fate, and that the State Exchequer would be seriously affected by the diminution of land revenue. It seems equally clear that a gradual restriction of the cane area must lead either to a gradual loss of land revenue, or what is from a financial point of view much the same thing, a hindrance to the normal growth of the State income from its land.

6. Statistical evidence indicates that although in recent years the expansion of the cane area has, though material, not been surprisingly large, yet that in canal-irrigated tracts it has been extremely great. It is not improbable, indeed, that the comparative cheapness of canal water has enabled India, as a whole, to struggle as it has against the attack of cheap foreign sugars. But at what cost to the State? Capital raised from the tax-payers and expended on canals has been and is being deprived of the return due to it. It may be true that the cheapness of canal water compared with that of water lifted from wells, has allowed the cultivators to make such large profits, that both they and their landlords have been greatly enriched, and that it will enable them even probably to continue to hold their own against the sugar importer. But it is none the less true that their profits will decline, as also their ability to pay rent and canal dues on their cane lands, if the price of sugar is permanently lowered.

Dictionary of Economic Products, Vol. VI, Part II, page 118—29 per cent. in the N.-W. P. in 40 years.

7. While the cultivator, the landlord, the land revenue and the canal revenue will thus be affected, the manufacturing interests of the country will also suffer. These, perhaps, are less important than those already dealt with—but they ought not to be ignored. The manufacture of the better classes of sugar is a natural outlet for capital in a sugar-producing country, and is one, among many other investments, which tends to the employment of non-agricultural labour.

8. Nor must the fact be overlooked that the rise in the value of the rupee has been in recent years an important factor in the encouragement of foreign importations. As that rise has been mainly due to State action, so the remedy can only be found in action by the State.

The value of the rupee has, since the closing of the Mints, been enhanced by something like 30 per cent., and the advantage has been to the foreign importer immediate and positive. To the cultivator of cane the advantage has been—if he has gained anything at all—indirect; but, as has often been argued, many years will lapse before the loss involved in a lower rupee price, so far as that lower price is due to an enhanced value of the rupee, will be equalised by lower rupee prices for labour and for household necessities. In the meantime the foreign importer will have had the opportunity to establish a position against him.

Note.

Cane Cultivation—Area.

9. The Agricultural Statistics of British India show the area under cane for the official year 1895-96 as ... ... 2,930,583 acres.

The average of the five preceding years was ... ... 2,863,803 „

Average for six years... ... 2,897,193 „

Outturn of Sugar.

10. Taking the outturn in "coarse sugar" to average 1 ton per acre,* an unduly low estimate according to Dr. Watt, † this represents an annual production of 2,897,193 tons, or roughly ... ... 79,000,000 maunds.

And in addition there is a production from palm-trees, given in the Resolution noted below, as 150,000 tons, or about ... ... 4,100,000 „

Total production of coarse sugar in British India, 3,047,193 tons, or say ... ... 83,100,006 „

Messrs. Thomson and Mylne, ‡ in a Note to Government, dated 19th May 1883, stated that the total production might probably be estimated at 5,000,000 tons.

Moreover, the Government Statistics exclude Central India and other important areas.

Consumption.

11. The consumption of sugar per head of the population,§ for all India, is put at 14 seers per annum by Dr. Watt, a moderate average, taking into consideration the fact that the Government standard per unit in the North-West Provinces and Oudh for octroi purposes, has for years past been 33 seers, and that the actuals as regards some of the Municipalities are in excess of this quantity. The smaller factor of 14 seers per head consumption corresponds approximately with the estimated outturn of 1 ton per acre.

12. On the assumption that not more than two-thirds of the outturn enters into consumption as raw sugar, and valuing it at Rs.3 per maund (the rate current at the moment for standard grades, say, Fyzabad and Azamgarh,) this works out about Rs.20,00,00,000.

13. Taking the remainder to pass through native refiners' hands and to yield 40 per cent. white crystallised sugar, worth, say, Rs.10 per maund, the value of the production of refined sugar may be reckoned as Rs.13,00,00,000.

14. Thus it is reasonable to compute that the cultivation of cane and sugar-yielding palms, and the allied industries of the manufacture and refining of sugar in British India,

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* Government of India Resolution on "The Sugar Cultivation and Production of India," dated 20th March 1889, page 1.

† Dictionary of Economic Products of India, Vol. VI. Part II. pages 116 and 346.

‡ Dictionary of Economic Products of India, Vol. VI, Part II, page 120.

§ Ditto, page 119.

represent an aggregate annual turnover of at least Rs.33,00,00,000. This estimate exceeds the figures given by Dr. Watt * in this connection, as a minimum, *viz.*, £20,000,000.

Exports of Sugar from India.

15. Apart from the demand for internal consumption, India exports considerable quantities of raw sugar. The figures for the past ten years are given below :—

	Cwts.	Value Rs.
1887-88	1,008,565	41,95,899
1888-89	978,955	50,69,771
1889-90	1,309,321	76,80,470
1890-91	795,973	37,91,871
1891-92	940,574	46,13,034
1892-93	798,773	45,42,721
1893-94	1,150,635	69,82,398
1894-95	958,107	47,10,804
1895-96	1,021.832	51,99,939
1896-97	1,097,202	62,22.644
Nine months to 31st December 1897	507,361	21,69,786

16. These shipments are chiefly from Madras, and consist largely of date and other palm sugars. It will be seen that during the above term practically no ground has been gained.

17. Indian refined sugar constituted an export staple of some importance to the country up till 1877-78, the average for the five years ending with that period being 410,367 cwt., valued at Rs.37,61,369. This trade, however, which might have been developed to high proportions, is now gone beyond recall, even if the sugar bounties in Europe were abolished. The average exports for the five years ending 1896-97 amounted to only 69,897 cwt., valued approximately at Rs.8,97,364.

Imports of Foreign Sugar.

18. A certain quantity of refined sugar, chiefly of high grade, has been imported for decades past; but it is only of comparatively recent date, and especially within the last two and the current years that the competition of the bounty-fed beet variety has become a matter calling for serious consideration. The imports for the decennial period ending 1896-97 are as follows :—

	Beet.		Cane.	
	Cwts.	Value Rs.	Cwts.	Value Rs.
† 1887-88	12,606	1,49,577	1,702,396	2,06,53,783
† 1888-89	2,355	40,125	1,448,126	1,73,72,518
† 1889-90	51,297	6,68,927	1,572,324	2,10,22,120
† 1890-91	774,969	92,23,609	1,959,522	2,40,44,887
† 1891-92	280,620	34,03,573	1,788,365	2,17,64,461
† 1892-93	285,910	41,30,445	1,562,006	2,17,87,715
† 1893-94	201,408	29,48,116	1,829,846	2,50,32,514
† 1894 95	282,213	35,54,691	2,013,980	2,48,04,909
† 1895-96	724,649	88,38,442	1,800,325	2,18,10,913
† 1896-97	880,375	1,01,47,134	1,802,088	2,09,72,047
‡ Nine months to 31st December 1897,	1,043,466	1,16,37,053	1,489,702	1,72,36,728

19. The foregoing shows the enormous stride made by the State-protected commodity, and what makes the case still more striking is the fact that the expansion of beet imports has even in the earlier years been in the face of a steady fall in the gold value of the currency. These remarks are not to be taken as referring to the year 1890-91, which, in this connection, must be regarded as an exceptional year. It was then the first great rush of beet-sugar into

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* Dictionary of Economic Products, Vol. VI, Part II, page 332.

† Annual Statements of the Trade and Navigation of British India.

‡ Ditto for nine months ending 31st December 1897.

the Indian markets took place; this, as Mr. O'Conor pointed out, being "the immediate* and direct result of the system of sugar bounties, aided by the development of direct steam communication between India and Germany and by the course of exchange." On the 9th April 1890, exchange at Calcutta stood at 1*s.* $5\frac{3}{32}d.$, it rose rapidly, and by the 20th August had touched 1*s.* $8\frac{3}{16}d.$; at the end of that month the reaction set in, and at the close of the official year it had fallen to 1*s.* $5\frac{1}{8}d.$ The mean for 1890 and 1891 was 1*s.* $5\frac{3}{4}d.$, while for 1896-97 it may be taken at 1*s.* 3*d.*

Thus Imports, 1890-91 .. 774,969 Cwt. = Rs.92,23,609 at 1*s.* $5\frac{3}{4}d.$
= £6,82,162-14-11$\frac{3}{4}$ per cwt. = 17*s.* $7\frac{1}{2}d$

Thus Imports, 1896-97 .. 880,375 Cwt. = Rs.1,01,47,134 at 1*s.* 3*d.*
= £6,34,195-17-6 per cwt. = 14*s.* 5*d.*

facts that amply demonstrate the seriously adverse effect which the bounty system, *plus* any possible further rise in exchange, must have on Indian sugar-cane cultivation.

20. At the present time (January 1898) with exchange at, say, 1*s.* 4*d.*, there are sellers of "Beet," forward delivery, Bombay or Calcutta, at Rs.7-8-0 per maund free of all charges.

21. The following passage which occurs in the 1889 Resolution † is significant of the effect of these increasing imports of cane and beet sugars, and before these had attained anything like their present dimensions—as regards Bengal, and may be taken to apply equally to other parts of India:—

"These decreasing exports and increasing imports do not seem to augur well for the sugar-refining industry in Bengal, and they apparently confirm the statement made about 18 months ago by one of the leading dealers of Bengal in sugar. He asserted that the sugar export trade of Calcutta was declining; that refinery after refinery in Bengal was being closed."

22. Official returns‡ record the average value of imported refined sugar at the seaports for the past five years, as follows:—

	Per cwt.			Per maund.		
	Rs.	a.	p.	Rs.	a.	p.
1892-93	14	0	5	10	4	3
1893-94	13	12	5	10	1	4
1894-95	12	5	8	9	0	9
1895-96	11	9	7	8	7	10
1896-97	11	9	7	8	7	10
For nine months ending 31st December 1897	11	6	4	8	5	6

On 4th January 1898, in Calcutta, beet-sugar was quoted at Rs.8-1-0 per maund.

23. The cost of laying down this sugar from either Bombay or Calcutta at a central point in Upper India, say, 700 miles inland, may be taken at between Re.1 and Re.1-2-0 per maund, including all charges.

24. Native refined sugar, in an ordinary year, varies in price according to quality from Rs.7 to Rs.16 per maund, and Rs.10 per maund is a safe figure at which to assess the present average cost of its production.

25. The foregoing figures and remarks clearly confirm the conclusion as to the fate that must inevitably overtake the cane-growing industry of India, unless steps are promptly taken to avert it. It is an ascertained fact that at the present moment, the season when native refineries, as a rule, are going full swing, but few are being worked, the invariable

* Review of the Trade of India in 1890-91, page 2.
† Government of India Resolution of 20th March 1889.
‡ Annual Statements of the Trade and Navigation of British India.

explanation of the cause of inaction being that there is no profit margin between the cost of raw material and the price that can be obtained for refined sugar.

26. The subsidies granted by the European beet-producing nations to those engaged in the industry, range as high as, in the case of France, 4*s.* 6*d.* per cwt. or taking the sterling value of the rupee at 1*s.* 4*d.* = Rs.3-6-0 per cwt. The result being that the Indian cultivator and refiner are practically handicapped to the extent of the bounties paid.

27. It is understood that a Conference on Sugar Bounties instituted by Belgium is to assemble in February or March at Brussels. It would therefore appear to be desirable to urge upon Government the necessity of endeavouring to secure the appointment of a special representative to the Conference to lay before it the facts of the case as regards India, and as the time is now short, Government might be asked to endeavour to arrange this by telegraph with the Secretary of State for India. Should the Conference of the representatives of the Powers result in the removal of the State subsidies now paid by the Continental Governments, the necessity for any further action on the part of the Government of India would cease.

But it is felt that the most that can be hoped for is some modification of the subsidies now paid, and possibly the adoption of an uniform standard of bounty by Germany, France and the other Powers.

28. It seems futile to look for the total repeal of the bounties. Beet-growing is now recognised on the Continent as an almost indispensable factor in agricultural operations—an economic necessity. It forms a regular rotation of crops and offers great advantages apart from the sugar it yields. It provides cheap fodder, the pulp is largely utilised, and the cultivation and manufacture have been so much extended, that they give employment to a great portion of the population whom it would be difficult to employ otherwise. It has, therefore, become a question of national importance to maintain and foster the beet industry as far as may be feasible. Taken in this light it would appear to be practically as dangerous for any Continental nation to discontinue these subsidies as for those interested in India to ignore the pressing necessity of taking immediate steps to neutralise their calamitous effect on a great agrarian industry.

29. In the event of the subsidies not being abolished, it is but just and reasonable that the Indian Import duty on beet-sugar be raised to a figure that would put an end to such an unnatural state of affairs. Further, that the amount of this duty should be determined on the basis of the higher rate paid in France, thus practically adopting "the most favoured nation" clause to meet the needs of the case.

30. In the speech recently made by Mr. Chamberlain at Liverpool, he is reported to have said that he had no objection to countervailing duties on the score that they infringed on freedom of trade:—

"It would be perfectly justifiable to adopt that weapon in order to secure free-trade in sugar; but this case of sugar was peculiar, because the West Indian trade which we desire to save is a trade of 260,000 tons per annum, while the importation of sugar into this country is 1,500,000 tons per annum, and it does seem rather an awkward and unscientific way of benefiting a trade of 260,000 tons by interfering with a trade of 1,500,000 tons."

This has a distinct bearing on the matter under discussion. In India the position is exactly reversed, and therefore it would be logically both seemly and scientific in the interests of the majority, *i.e.*, the cultivator and the consumer of raw sugar, to tax the comparatively unimportant but well-to-do minority. Mr. Chamberlain proposes to give "a very large grant-in-aid to the West Indies," it is not known whether he has like intentions in the case of the Mauritius, but it is in the power of the Home Government to give much more effective aid to that Dependency, by allowing India to tax alien sugar to the extent of the bounties granted by the European Powers. All the sugar that Mauritius can produce (100,000 tons

per annum) if sent to this country would not do much serious harm, provided that the trade was worked on the basis of the cost of production, and it cannot exist long on any lower or less sound footing.

31. Were Government to propose to increase the tariff rates in respect of cane sugar, this might be considered objectionable, as detrimental to the interests of English manufacturers, the Mauritius, and other Imperial Dependencies. But there is no desire to plead for more than a countervailing duty on beet in order that Indian cane sugar growers and refiners may be placed in a position to compete for the sugar-supply required by the people of this country, on the actual basis of the cost of production. Given that this principle be accepted, there is every reason to believe that the industry would not only revive but expand; and that under favourable circumstances the Native methods of treating the cane would steadily improve, there can be no question. The Behea Mill, now familiar in every sugar-producing tract, has accomplished much in this direction; more care and attention to the boiling, filtration and straining of the juice, has of late become noticeable in many places, a circumstance probably to be accounted for by the felt necessity of economising; while in some districts the use of the hand-centrifugal machine introduced by Messrs. Thomson and Mylne, for separating the syrup from the sugar, has already effected an appreciable improvement in the class of sugar produced. In brief, what with natural advantages of climate the frugal habits of the *ryotwari* classes who subsist by the cultivation and manufacture of sugar, enhanced as these favourable conditions are by increased irrigation facilities and the continuous opening out of fresh tracts of country to railway communication, it is unquestionable that the capabilities of the country in the production of sugar are, if not unduly handicapped as at present, susceptible of immense expansion. And that the introduction of improved methods and appliances in industrial occupations is becoming generally much more popular, is well exemplified in the rapid development of cotton ginning and cotton pressing by steam-power, in the Punjab, the proprietors in the majority of cases being Native produce-dealers.

32. It has been admitted that a countervailing duty on beet-sugar will increase the cost of the commodity to the consumer. But, apart from the fact that the Indian consumers of refined sugar of like class and quality are mainly the well-to-do classes, the imposition of a tax on a staple of consumption, in the manufacture of which is used an article that in theory is held, alike by the Hindu and Mussulman, to defile anything with which it comes into contact, would be welcomed rather than resented. To repeat our opening argument—in Great Britain, on the bounty question, the interest of the consumers as the great electorate overrides every other consideration—and the sugar-refining industry there is practically dead. In India the position is reversed: the interest of the classes and masses with a stake in or dependent on agriculture and its concomitant industries, is paramount; these not only forming the great majority of the population (61 per cent. are dependent on agriculture alone), but contributing more than one-fourth of the Imperial revenue. And some idea may be formed of the relative economic importance of the mere cultivation of sugar from the fact that there is about as much land under it as under the great crops of indigo, tobacco, and tea taken together.

33. "The ruin of the West Indies"—graphically described by Lord Pirbright in an article under this title in the December Number of the *National Review*—has, as demonstrated by the Report of the West India Commission, already been accomplished, and it is impossible to foretell where the mischievous results of the bounty system may end. As already pointed out, the Native refining industry has this season, to all intents and purposes, ceased in the North-Western Provinces and Oudh. This could hardly be otherwise, seeing that refiners would require to get raw sugar at a price that would not pay the cultivator, in order to compete with the bounty-fed article, superior in appearance to their productions, selling at Rs.8 a maund. From a certain point of view the sugar-producing Colonies are in a stronger position; their industry is backed by a very large amount of capital, and large sums have been invested in machinery of the most approved modern type; while in India, the average

Native refiner works on a very small scale, and with plant, if it can be dignified by such a term, and appliances, of the most primitive description.

34. The following is a quotation from the Resolution on "The Sugar Cultivation and Production of India," dated 20th March 1889:—

"The Government considers that it may be said in general terms that the sugar industry of India is at the present day in a thriving condition, and that it has not been affected to any appreciable extent, like other sugar-producing countries, by the system of sugar bounties prevailing in Continental Europe. In the despatch of May 1882, the Government of India made the following remarks, which may be taken to apply equally to the present condition of the sugar industry of India:—

35. "The increasing import and the decreasing export do not, we consider, indicate the decadence of the industry in India. The area under sugar-cane has largely increased in Upper India through the development of canal irrigation, and is reported to be extending from the same causes in Bombay. More sugar is produced in India than formerly; but the demand is much greater. Not only has the increasing prosperity of the people increased the average consumption, but sugar is now borne by rail into tracts where the cane is cultivated to a limited extent, and which were formerly very scantily supplied. The profitableness of the industry is seen in the high price which the Indian cultivator can obtain for his produce, and all the evidence before us leads to the belief that the capital invested in sugar cultivation in India is steadily increasing."

36. The rate of bounty has been largely increased by the Continental Powers of Europe during the last two years, and on this and other grounds which have been indicated in the early paragraphs of this note, it is submitted that the conditions on which the foregoing Resolution were based have entirely changed.

37. It cannot be denied that the sugar industry in India is in a state the reverse of thriving, and this as the direct result of the competition of imported bounty-fed sugar.

Foreign imports, which it was held in 1882 did not indicate any decadence of the industry in India, have, as the following statement shows, more than quadrupled since then. Besides the great extent to which Indian manufactured sugar has been thus displaced, the comparative rates at which the imports have been valued, indicate the enormous fall in prices ($28\frac{1}{2}$ per cent.) brought about by the bounty system, with which the Indian producer has had to contend:—

	Cwts.	Value Rs.		Value Per Cwt. Rs.	Value Per Maund. Rs.
1882-83 ..	669,348	1,08,56,003	=	16 3 6	11 4 0
1896-97 ..	2,682,463	3,11,19,181	=	11 9 7	8 7 10

38. A point is made in the Resolution of the area under sugar-cane having largely increased, but from the following figures it will be seen that the cultivation in recent years cannot be held to have extended on anything approaching the scale that might have been expected, in view of the growth of the general population, its more prosperous condition and purchasing power, the expansion of railway communication, and increased irrigation facilities:—

	Acres.	
1888-89 } 1889-90 }		Figures for Bengal not available.
1890-91	2,758,450	
1891-92	3,100,232	
1892-93	2,798,637	
1893-94	2,897,042	
1894-95	2,764,656	
1895-96	2,930,583	

39. A matter which deserves notice is the income which might be derived from the imposition of a Rs.3 per maund duty on imported beet-sugar. Calculating such duty on the basis of the imports for 1896-97—and allowing the present 5 per cent. import duty to stand as a set-off against the cheaper freight by the subsidised shipping employed to carry sugar to India, and the preferential rates given by Continental railways on goods carried for export—this would represent about 36 lakhs. As a form of indirect taxation it would be little felt, particularly as in its incidence only the well-to-do classes who, as before stated, are the chief consumers of refined sugar, would be touched. On the other hand, if the impost had the desired effect of restricting imports, the direct income thus estimated would be, it is hoped, considerably reduced. The real return to the State would be indirect, in the form of increased agricultural prosperity and enhanced returns from water and land revenues.

40. There is nothing radical or new in the proposals made in this note. The attached extracts from the Customs tariffs now in force in Victoria and the Cape show that the necessity of a countervailing duty on sugar manufactured from beet-root has been accepted by the Cape and Australian Colonies, while the satisfactory position of the home sugar-producing industry in these dependencies, in conjunction with the fact that, practically, the whole outturn of the Mauritius, 100,000 tons per annum, is divided between them and India, demonstrates clearly that the system adopted is a practicable, and in Imperial interests, a beneficial, means of counteracting the evil effects of the competition of bounty-fed sugar.

Extract from New Customs Tariff of Victoria, 1897.

The following is a statement of the duties now leviable on sugar imported into the Colony of Victoria :—

No.	Articles.	Rate of duty.
..	Sugar not being produce of cane ..	.. 12*s.* per cwt.
..	Sugar, produec of sugar-cane ..	.. 6*s.* „

Extract from New Customs Tariff of Cape Colony, 1897.

An Act to amend the Customs Union Tariff Act of 1889, brought into force on the 1st July 1897. The following are the rates of duty to be levied on sugar imported :—

SCHEDULE A.

Class I.—Special Rates.

No.	Articles.	Rate.	£.	s.	d.
30	Sugar—(*a*) The produce of the cane (*not refined*), golden syrup, molasses, saccharum and treacle	Per 100 lbs.	0	3	6
	(*b*) Not cane, and all refined sugars ..	„	0	5	0

41. The Indian Customs duty of ½ anna per gallon on kerosine, imposed in 1888 and in 1894 increased to 1 anna per gallon, has not had the effect of crippling the trade. Imports have more than doubled since the former date, as shown in the following statement :—

	Gallons.	Value Rs.
1887-88	30,200,042	1,21,68,173
1888-89	38,285,559	1,76,79,373
1889-90	51,839,409	2,38,66,839
1890-91	52,561,296	2,26,25,291
1891-92	55 508,063	2,20,09,659
1892-93	64,409,305	2,51,58,735
1893-94	83,611,938	3,09,15,261
1894-95	50,364,624	1,94,19,659
1895-96	63,312,422	2,77,97,430
1896-97	64,471,307	2,85,93,562

42. In 1896-97 these yielded to Government a gross revenue of Rs.40,20,343. In this connection it is not unreasonable to contend, that, mineral oils having almost entirely taken the place of Indian vegetable oils for lighting and lubricating purposes, the trade has had a paralysing influence on oil-seed cultivation. In spite of the development of canal irrigation, the increasing prosperity of the people, improved railway facilities, low freights, &c., the area under oil-seeds has remained practically stationary for the past five years, as borne out by the following figures:—

	Acres.
1891-92	12,854,358
1892-93	13,548,192
1893-94	14,815,951
1894-95	13,929,969
1895-96	12,844,062

while no expansion in the export of oil-seeds (although favoured by a low rate of exchange) has taken place that can be put as a set-off against the loss of the internal demand for vegetable oils for lighting, which, previous to the introduction of kerosine oil, constituted the sole luminant used by the people of the country ; the shipments to foreign countries for the past five years being :—

	Cwt.
1892-93	16,434,948
1893-94	24,153,353
1894-95	20,793,519
1895-96	13,585,071
1896-97	11 322,544

43. In conclusion, in the event of the Continental subsidies not being done away with, the measure proposed would free India from the injurious effects of a pernicious bounty system which has enabled beet-sugar to dominate its markets, and threatens, in the interests of alien agricultural populations, not only to bring disaster and ruin on a large section of our own cultivating and industrial classes, but to add to the existing difficulties of the Government the most dangerous of all problems, an agrarian grievance calculated to give rise to feelings of distrust and discontent, which once aroused might be difficult to allay.

Copy of letter, dated 17th March 1898, from the Secretary, Upper India Chamber of Commerce, Cawnpore, to the Secretary to Government, North-Western Provinces and Oudh, Finance Department, Allahabad.

UNDER instructions from the Committee of this Chamber, I have the honour to submit, for the consideration of His Honour the Lieutenant-Governor of North-Western Provinces and Chief Commissioner of Oudh, a letter received from the Bengal Chamber of Commerce No. 372, dated 12th instant, with enclosures, dealing with the effect of the unrestricted importation of bounty-fed sugar on the sugar-cane industry of India.

2. That bounty-fed sugar has, in many places in these Provinces taken, to a serious extent, the place of native-made refined sugar (*chini*) is undoubted ; to quote alone the case of Cawnpore, which indeed is the only northern inland mart in which separate trade statistics are maintained, the sugar imports from Bombay and Calcutta for the past eight years are as follows :—

From Calcutta—		From Bombay—	
1890 ..	51,400 Maunds.	1890 ..	2,244 Maunds
1891 ..	58,569 „	1891 ..	2,418 „
1892 ..	24,655 „	1892 ..	203 „
1893 ..	16,771 „	1893 ..	6,424 „
1894 ..	11,027 „	1894 ..	18,427 „
1895 ..	1,750 „	1895 ..	9,126 „
1896 ..	14,621 „	1896 ..	16,496 „
1897 ..	21,612 „	1897 ..	131,728 „

Practically all the sugar sent up from the seaports is of foreign production, the bulk being beet-root.

3. The influence of these large imports upon the local industry is evidenced by the fact that the stock of beet-root sugar now in the Cawnpore Bazar (some 50,000 maunds) is being offered at Rs.8 per maund of 82lbs. 2oz., whereas previously to the recent augmentation by the European Continental Powers of the rates of bounty, the price of the better classes of native refined sugar ranged from Rs.11 to Rs.16 per maund.

4. While the Chamber is not prepared to offer an opinion as to the precise effect which the influx of subsidised foreign sugars is likely to have on the agricultural and revenue interests of these Provinces, feeling that this is a question of which the Local Government is more qualified to judge than are members of the commercial community, they nevertheless are convinced that any material diminution of the cane area would be a serious blow to the cultivating population. The issue is of so great importance, that they venture to ask, that His Honour the Lieutenant-Governor would permit an opinion to be given to them, as to whether it is likely that any equally lucrative crop could be found to take the place of cane in Upper India, so far as beet-sugar may supplant cane in the markets for refined sugar.

5. My Committee agree with the Bengal Chamber as to the need for the representation of India at the Conference to be held at Brussels on the Sugar Bounties question, and trust that His Honour the Lieutenant-Governor of the North-Western Provinces and Chief Commissioner of Oudh may see his way to address the Government of India in support of the representations made.

THE CHAMBER OF COMMERCE,

Madras, 19th March 1898.

FROM

THE HON'BLE MR. G. G. ARBUTHNOT,

CHAIRMAN, CHAMBER OF COMMERCE,

Madras,

To

THE SECRETARY, GOVERNMENT OF INDIA,

FINANCE AND COMMERCE DEPARTMENT,

Calcutta.

SIR,

THIS Chamber has had the opportunity of perusing a copy of the letter from Messrs. Begg Dunlop & Co. and other firms in Calcutta on the Sugar Bounties question, which was lately forwarded to the Government of India by the Bengal Chamber of Commerce, and it has the honour to state, in confirmation of its telegram of yesterday's date, that it gives hearty support to the suggestion made in the third paragraph of that letter, namely, that Government should arrange by telegram with the Secretary of State for the representation of India at the Conference on the Sugar Bounty question which, it is understood, is to be held immediately at Brussels.

This Chamber, moreover, considers that the representative of India should, in the words of the petitioning firms, "be instructed to press for the abolition of the bounty system and to inform the Conference that, failing this, the Government of India might in self-defence be compelled to institute countervailing duties."

In the opinion of this Chamber, such a declaration of policy is imperative under the circumstances, countervailing duties are India's only weapon of defence, and if her representative at the Conference is not allowed to use it, he will appear there as a mere suppliant of

favour or pity—a rôle which is, as it seems to this Chamber, neither dignified nor calculated to facilitate an attainment of the object in view.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.) GEORGE G. ARBUTHNOT,

Chairman.

No. $\frac{668}{1-727-B}$ of 1898.

FROM

THE CHIEF SECRETARY TO GOVERNMENT,

NORTH-WESTERN PROVINCES AND OUDH,

To

THE SECRETARY, UPPER INDIA CHAMBER OF COMMERCE,

CAWNPORE.

DATED NAINI TAL, *the 7th April* 1898.

Revenue Department.

SIR,

I AM directed by the Lieutenant-Governor and Chief Commissioner to acknowledge your letter of the 17th March 1898, and to say that the question of the effect of imported sugar upon the sugar-growing and manufacturing industries of these Provinces will receive the attention of Government.

2. The Lieutenant-Governor has not at present any reason to believe that the area under sugar-cane in these Provinces has been, or is likely to be, contracted by the importation of foreign sugar, and he does not feel in a position to offer an opinion as to what equally lucrative crop could replace sugar-cane if the cane area should suffer contraction. The difficulty, should it arise, would be solved by the action of practical agriculturists.

3. The request of your Committee that India may be represented at the Brussels Conference, in the propriety of which His Honour concurs, will be brought to the notice o the Government of India.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.) T. STOKER,

Chief Secy. to Govt., N.-W. P. & Oudh.

Telegram, dated 12th May 1898.

From (London).	To (Simla).
From Secretary of State for India.	To Viceroy.

"Your telegram of 2nd May. Sugar bounties.

Ozanne appointed one of British Delegates."

No. $\frac{S.R.}{2871}$.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

Simla, the 17th May 1898.

ORDERED that copy be forwarded to—

(1) The Government of Madras, with reference to the letter from that Government No. 1490, dated the 28th March 1898, for communication to the Chamber of Commerce, Madras.

(2) The Government of the North-Western Provinces and Oudh, with reference to the letter from that Government No. 669, dated the 7th April 1898, for communication to the Upper India Chamber of Commerce.

(3) The Secretary, Bengal Chamber of Commerce, with reference to his letter No. 593-98, dated the 7th April 1898.

(Sd.) J. A. ROBERTSON,
Offg. Asst. Secretary to the Government of India.

Copy of letter received by Messrs. Blyth Bros. & Co., Mauritius, from the President of the Chamber of Agriculture.

PORT LOUIS, 18*th May* 1898.

SIRS,

I HAVE much pleasure to tender to you the Chamber's sincere thanks for your interesting letter of the 25th April last, forwarding for the consideration of the Chamber very important documents respecting the effects of the unrestricted importation of bounty-fed sugar on the sugar-cane industry of India, received from the Secretary of the Upper India Chamber of Commerce.

Your letter and its enclosures were communicated to the Chamber at its Meeting of the 17th instant, when the following Resolutions were unanimously carried, on the motion of Mr. Fred. Nash, Vice-President, seconded by the Hon'ble Sir V. Naz, *K.C.M.G.*

Resolved :—

"That this Chamber is of opinion that great prejudice is caused to the staple industry of this Colony by the importation into India, our principal market, of bounty-fed beet-root sugar, upon the same terms as our unprotected product;

"That it is of the greatest importance that the admission of bountyfed beet-root sugar into Indian markets should be discouraged;

"That the most effectual means of excluding bounty-fed sugar from Indian markets and putting an end to an unfair competition, would be the imposition of a differential or countervailing duty, equal to the average amount of the bounty, upon all sugars upon which an export bounty has been paid, introduced into India;

"That it is desirable, therefore, to co-operate with the Chambers of Commerce of Bengal and Northern India, in urging upon the Imperial Government the immediate relief to the sugar

industry of India, as well as that of this Colony, by the imposition of a differential duty; and also the great advantage which would be secured by the direct representation of the Indian Government at the Conference of the Powers convened at Brussels, for June next; and that His Excellency the Governor be requested to transmit the substance of these Resolutions to the Secretary of State for the Colonies by cable."

The Chamber would be very glad if you would be good enough to communicate at an early date the decision arrived at, to your Correspondents in India, and to inform them at the same time that the cablegram to the Secretary of State for the Colonies, stating that the Mauritius Chamber of Agriculture cordially co-operates with the India Chambers of Commerce in their struggle against bounty-fed sugars, will be forwarded by His Excellency the Governor.

The Chamber of Agriculture will be very glad to be favoured with any further communications respecting the condition of the sugar industry in India, which the Chamber of Commerce of Upper India may deem fit to forward to it.

I have the honour to be,

SIRS,

Your obedient servant,

(Sd.) W. A. EDWARDS, *M.D.*,
President of the Chamber of Agriculture.

THE CHAMBER OF COMMERCE,
Madras, 6th September 1898.

FROM

THE VICE-CHAIRMAN, CHAMBER OF COMMERCE,
Madras,

TO

THE SECRETARY TO GOVERNMENT OF INDIA,
FINANCE AND COMMERCE DEPARTMENT,
Simla.

THE Sugar Bounty Conference held at Brussels in June having failed to attain the object for which it was assembled, this Chamber feels bound to reiterate the opinion that it expressed in the last paragraph of its letter to you, dated the 19th March 1898, namely, that under such circumstances, "countervailing duties are India's only weapon of defence." The imposition of such duties, it may be remarked, would be in accordance with the views of the British Delegates who attended the Conference (*vide* their report to the Marquis of Salisbury, dated Brussels, the 27th June 1898 :—

"It seems clear that in these circumstances there are at present but two methods of securing the suppression of the bounty system :—

1. "By coming to some arrangement for such modifications or limitations in the French and Russian systems as may be acceptable to the other sugar-producing States, in return for the suppression of their bounties; and

2. By the conclusion of a convention between a certain number of the sugar-producing States providing for the total suppression of sugar bounties within their dominions, and engaging that they will either impose countervailing duties on, or prohibit the entry of

bounty-fed sugar coming from States which cannot be induced to become parties to the Convention."

The first alternative having now been shown to be unattainable, it only remains for the second alternative to be acted upon. The Chamber would be glad to learn that the Government of India will take steps in this direction without delay.

Copy of letter, dated 12th September 1898, from the Secretary, Upper India Chamber of Commerce, Cawnpore, to the Secretary to Government, North-Western Provinces and Oudh, Finance Department, Naini Tal.

WITH reference to this Chamber's letter of 17th March last, and in connection with a further representation on the same subject from the Madras Chamber of Commerce to the Government of India, Finance and Commerce Department, dated 6th instant (copy enclosed), I am directed by the Committee of this Chamber to solicit that His Honour the Lieutenant-Governor and Chief Commissioner may be pleased to see fit to urge upon the Government of India the pressing necessity of instituting without delay countervailing duties on all subsidised sugar imported into the country.

As pointed out by the Madras Chamber, the Conference held at Brussels having failed in its object, the levy of countervailing duties now constitutes India's only weapon of defence. This fact is emphasized in the report, submitted to the Secretary of State by the Brussels Delegates present at the Conference, *vide* the following extract therefrom :—

* * * * * * * *

That the Sugar Refining Industry in India must perish at a very early date, unless protected against the unfair competition which it has now to face, is unquestionable, but were further evidence needed as to this fact, the attached statement, extracted from the official "Accounts relating to the Trade and Navigation of British India," should suffice. This shows that in 1888-89 the value of sugar imported amounted approximately to $1\frac{3}{4}$ crores of rupees, and that of "All other articles of food and drink" to about $5\frac{3}{4}$ crores; further, during the 10 years under review, the increase in sugar imported has gone on without interruption till it has reached $4\frac{3}{4}$ crores, while the value annually of "All other articles of food and drink" imported has remained practically stationary, the greatest variation being a minimum of approximately $5\frac{1}{3}$ crores worth in 1890-91 as against 6 crores in 1897-98.

Extract from Accounts relating to the Trade and Navigation of British India.

IMPORTS——FOREIGN TRADE.

	Sugar value in	All other articles of food and drink, value in	Percentage of value of sugar to that of all other articles of food and drink.
	Rs.	Rs.	Per cent.
1888-89	1,74,12,643	5,72,78,219	30
1889-90	2,16,91,047	5,69,67,296	38
1890-91	3,32,68,482	5,30,42,719	63
1891-92	2,51,68,034	5,65,99,933	44
1892-93	2,59,18,160	5,35,90,026	48
1893-94	2,79,80,630	5,85,96,890	48
1894-95	2,83,59,600	5,55,06,200	51
1895-96	3,06,49,366	5,62,27,639	54
1896-97	3,11,19,181	5,73,69,712	54
1897-98	4,70,87,904	6,03,20,221	78

Copy of letter, dated 16th September 1898, from the Secretary, Upper India Chamber of Commerce, Cawnpore, to the Secretary to Government, North-Western Provinces and Oudh, Finance Department, Naini Tal.

In continuation of this Chamber's letter of the 12th instant, I am directed to forward herewith a Statement showing the relative quantities of refined sugar imported into and exported from Cawnpore from 1st January 1894 to 31st August 1898.

From this it will be seen that the annual volume of the export trade has not fallen off, but that this fact is only due to the large and increasing extent to which imports into the town of native refined sugars are being displaced by those of foreign—mostly bounty-fed—sugars. The net average consumption of refined sugar in the Municipality of Cawnpore is estimated at 10 seers per head per annum, but it is unnecessary to take this factor into consideration as it does not represent, roughly speaking, more than the outturn of the local English refineries.

IMPORT of SUGAR into Cawnpore from Calcutta, Bombay and All Other Places *during each month of the year from January* 1894 *as compared with the correspondiny months of the following years*, viz., 1895 *to* 1898 :—

From	During the month of	1894.	1895.	1896.	1897.	1898.	1899.	1900.
		Mds.	Mds.	Mds.	Mds.	Mds.		
CALCUTTA ..	January ..	62	26	16	2,273	1,512		
	February ..	505	54	1	2,059	3,261		
	March ..	287	83	2,291	748	2,151		
	April ..	496	83	1,333	172	3,656		
	May ..	357	87	582	641	1,490		
	June ..	388	90	253	4,744	3,719		
	Half-yearly Total	2,095	423	4,476	10,637	15,789		
	July ..	79	13	63	2,774	1,755		
	August ..	13	2	1,453	854	158		
	September ..	64	188	2,767	3,172	208		
	October ..	270	386	5,220	3,531	87		
	November ..	209	395	211	642	..		
	December ..	106	343	491	2	..		
	Half-yearly Total	741	1,327	10,145	10,975	..		
	YEARLY TOTAL	2,836	1,750	14,621	21,612	..		
BOMBAY ..	January ..	4,429	1,629	1,774	6,110	31,600		
	February ..	4,831	43	1,902	2,067	13,693		
	March ..	1,907	..	710	4,708	10,847		
	April ..	445	492	516	9,642	20,451		
	May ..	1,373	1,258	..	15,613	6,220		
	June ..	..	1,785	52	1,262	10,483		
	Half-yearly Total	12,985	5,207	4,954	39,402	93,294		
	July ..	..	..	143	8,055	4,289		
	August ..	147	66	86	5,408	9,891		
	September ..	139	..	..	18,141	11,107		
	October ..	353	674	870	6,556	14,796		
	November ..	3,890	1,522	2,063	4,203	12,028		
	December ..	913	1,657	8,380	49,963	..		
	Half-yearly Total	5,442	3,919	11,542	92,326	..		
	YEARLY TOTAL	18,427	9,126	16,496	131,728	..		
ALL OTHER PLACES.	January ..	9,167	22,182	7,908	5,239	10,367		
	February ..	18,468	16,377	45,895	18,192	15,800		
	March ..	52,111	33,013	91,804	32,286	32,826		
	April ..	73,847	54,129	128,334	46,384	42,856		
	May ..	85,500	79,468	108,936	29,767	22,428		
	June ..	73,906	50,960	49,570	16,567	32,783		
	Half-yearly Total	312,999	256,129	432,447	148 435	157,060		
	July ..	22,921	15,559	9,304	5,150	8,679		
	August ..	6,023	5,940	4,736	2,624	6,134		
	September ..	8,606	14,857	14,567	12,554	4,612		
	October ..	11,277	20,716	28,595	21,696	10,360		
	November ..	20,315	23,283	9,586	12,796	21,009		
	December ..	24,515	14,774	7,225	12,565	..		
	Half-yearly Total	93,657	95,129	74,013	67,385	..		
	YEARLY TOTAL	406,656	351,258	506,460	215,820	..		

N.B.– The imports from Bombay and Calcutta consist practically entirely of foreign sugar ; those from "All other places" with the exception of petty consignments for retail sale amongst the European community, wholly of native refined sugar.

EXPORT of SUGAR from Cawnpore to Calcutta, Bombay and All Other Places *during the years* 1894 *to* 1898 :—

To	During the month of	1894.	1895.	1896.	1897.	1898.	1899.	1900.
		Mds.	Mds.	Mds.	Mds.	Mds.		
CALCUTTA ..	January ..	..	..	..	..	..		
	February ..	..	..	..	..	..		
	March ..	..	..	..	..	..		
	April ..	..	..	..	..	..		
	May ..	..	..	61	..	..		
	June ..	..	..	32	..	..		
	Half-yearly Total	..	..	93	..	..		
	July ..	..	..	..	..	..		
	August ..	..	..	..	..	..		
	September ..	..	..	..	..	..		
	October ..	..	..	..	..	..		
	November ..	..	12	..	..	..		
	December ..	..	..	..	..	..		
	Half-yearly Total	..	12	..	..	..		
	YEARLY TOTAL	..	12	93	..	..		
BOMBAY ..	January ..	6	15	321	139	259		
	February ..	5	..	121	1,141	437		
	March ..	5	16	174	254	1,090		
	April ..	..	8	..	245	777		
	May ..	..	4	551	929	1,260		
	June ..	8	60	34	2,310	1,853		
	Half-yearly Total	24	103	1,201	5,018	5.676		
	July ..	5	..	767	32	1,043		
	August ..	8	15	3	1,672	454		
	September ..	20	..	..	2,430	65		
	October ..	14	..	12	1,748	1,050		
	November ..	41	6	..	499	140		
	December ..	8	..	285	428	..		
	Half-yearly Total	96	21	1,067	6,809	..		
	YEARLY TOTAL	120	154	2,268	11,827	..		
ALL OTHER PLACES	January ..	44,893	17,216	26,951	27,775	29,415		
	February ..	39,593	21,228	38,319	38,380	26,605		
	March ..	42,501	27,540	36,283	17,704	33,148		
	April ..	34,477	37,146	29,521	21,372	46,245		
	May ..	26,046	22,348	31,044	30,203	24,735		
	June ..	24,626	29,283	25,699	25,423	30,501		
	Half-yearly Total	212,136	154,761	187,817	160,857	190,649		
	July ..	11,128	7,974	10,929	17,003	16,085		
	August ..	10,841	12,462	21,375	15,188	12,083		
	September ..	17,183	17,534	28,275	27 202	19,671		
	October ..	16,251	19,151	27,825	29,156	31,549		
	November ..	14,002	34,860	16,195	27,872	28,615		
	December ..	16,598	21,758	24,706	29,028	..		
	Half-yearly Total	86,003	113,739	129,305	145,449	..		
	YEARLY TOTAL	298,139	268,500	317,122	306 306	..		

CALCUTTA, *the 15th October* 1898.

To

THE SECRETARY,

Bengal Chamber of Commerce.

DEAR SIR,

WITH reference to your letter of the 28th ultimo, we have now to lay before you our views on the importation into India of bounty-fed sugars and the advisability of countervailing duties being imposed on such sugars.

The Indian Sugar Industry is a very important one to this country; the area under cane sugar exceeding 2½ million acres, while the date sugar cultivation of Jessore, Nuddea and the surrounding districts is considerable. The industry gives employment and support, it is estimated, to probably 2 million persons in this country. We append some figures on the subject. The sugar refining industry, Native and European, represents an annual turnover of from 12 to 15 crores of rupees—a trade which is on the point of being killed outright by subsidised sugar imported from Europe, and in our opinion unless the Government of India follows quickly the example set by America and levies countervailing duties on such sugars, it will mean that in future all refined sugars consumed in this country will be of foreign production and thereby a permanent check will be imposed on cane sugar cultivation—a crop hitherto alike exceedingly profitable to the cultivator and to Government.

Already in Jessore, as will be seen from the statement attached (marked No. 3), the greater number of the sugar refineries have been closed since the recent heavy imports of beet-sugar at low prices have taken place. A continuance of the unrestricted importation of bounty-fed sugars will mean the closing of the remaining native factories in that district.

The Brussels Conference having failed in its object, and America having since imposed countervailing duties on beet-sugar, India, as pointed out by the British Delegates at the Conference, is daily becoming more flooded by subsidised sugars to the gradual but steady ruin of her own sugar refining industry.

* * * * * * * *

We would therefore ask the Chamber, bearing in mind the extremely critical position in which this industry is now placed, to urge the Government of India (as the Madras and Upper India Chambers of Commerce have done) to levy, without further loss of time, countervailing duties on all bounty-fed beet-sugars imported into this country, and so put an end to unfair competition.

We are,

DEAR SIR,

Your most obedient Servants,

(Sd.) BEGG, DUNLOP & Co.

(„) GEO. HENDERSON & Co.

(„) TURNER, MORRISON & Co.

(„) LYALL, MARSHALL & Co.

(„) OCTAVIUS, STEEL & Co.

Enclosures—

1. Statement of area under sugar-cane in British India.

2. Some particulars of probable population employed in cane sugar growing and estimated revenue received from land under sugar-cane.

3. Particulars of Jessore sugar refineries.

4. Statement of beet-sugar imports for ten years.

I.

Area under Sugar-cane, British India.

	Acres.
1892-93	2,798,637
1893-94	2,897,042
1894-95	2,764,656
1895-96	2,930,583
1896-97	2,651,721
Average	2,808,528

II.

The total area from which crops were taken in British India last five years was as follows:—

	Acres.
1892-93	195,918,938
1893-94	197,386,536
1894-95	196,000,688
1895-96	188,922,342
1896-97	177,456,930
Average	191,137,087

The average area under sugar-cane in British India for the above five years was 2,808,528 acres. The total population supported by agriculture according to Census of 1891 was 135,504,696, and on the basis of the relative total area from which crops were taken and the area under sugar-cane the population supported by sugar cultivation might be roughly estimated at 1,991,077. On a similar basis perhaps the land revenue might be roughly calculated. The total land revenue in 1896-97 was Rs.23,97,44,890, or roughly 24 crores of rupees; and the revenue from land under sugar-cane would therefore work out Rs.35,26,500.

III.

IN THE DISTRICT OF JESSORE.

	Twelve years ago.	*Present*, 1898.
Kote Chandpore	140 factories	52
Magoora	50 „	15
Khajoora and Phurashpur	50 „	20
Moostabapore Chapral, Ashootia	80 „	20
Joyrampore	10 „	..
Alumdanga	30 „	10
Moonshiganj	20 „	7
Jehala	20 „	10
Chowgaccha	30 „	15
Tarpore	15 „	7
Keshabpore	200 „	25
Trimolini	100 „	15
Kushadanga	50 „	10
Baraudali	40 „	8
Gadhkhali	30 „	10
Modhookhali	20 „	7
Kolera	15 „	5
Moheshpore	5 „	2
	905	238

European Factories—

Chowgaccha	..	..	1 factory	..	.. Not working.
Tarpore	..	..	1 „	..	.. Ditto
Kote Chandpore	..	..	1 „	..	.. Only worked 2,000 bags to keep the machinery in order.

IN THE DISTRICT OF NUDDEA.

	Twelve years ago.		*Present*, 1898.
Santipore, Krishnagar, Haripore, Nobla, Ula, Ranaghat and Chukda	50 factories	.. .. ..	15
In the 24-Parganas—			
Sukchar	35 factories	.. .. ..	16
Jadoorbati and Sadooria ..	80 „	.. .. ..	40
Gobordanga	60 „	.. .. ..	18
Chandooria	5 „	.. .. ..	..
.. ..	180		74
.. TOTAL ..	1,135		327

IV.

Imports into British India of Refined Beet Sugar—Quantities in Cwts.

From	1888-89.	1889-90.	1890-91.	1891-92.	1892-93.	1893-94.	1894-95.	1895-96.	1896 97.	1897-98.
Austria-Hungary.	196	3,087	31,374	22,503	27,698	11,549	7,093	4,934	115,514	945,745
Belgium ..	1,402	3,497	25,044	1	2,107	325	..	1,064	5,940	9,205
France ..	757	3,979	9,356	15,409	317	233	488	433	115	23,825
Germany ..	..	40,734	701,195	242,705	255,788	189,301	274,632	718,218	758,806	1,203,309

Copy of letter, dated October 31st, 1898, from the Secretary to the Government of India, in the Revenue and Agricultural Department, to all Local Administrations.

"The Government of India are anxious to obtain information as to the effect which the increasing imports of refined sugar from Europe and from Mauritius into India have so far exercised, or are tending to exercise, on the market for and the price of Indian sugars, and thereby on the profits of sugar-cane cultivation in India. Statements have been made in newspapers and periodicals that this increasing import of sugar at very low prices under the stimulus of the competition between the produce of Mauritius and the bounty-aided sugars of Europe is injuring the sugar industry of India by lessening the internal demand for and reducing the price of Indian sugars; that it will result in sugar-cane being less and less grown in India, and in the impoverishment of the agriculturist in many places to the extent that the land revenue assessments and the canal revenues will be endangered.

"The Government of India have no clear evidence before them that the increasing sugar imports have had, or are tending to, such serious consequences. The area under sugar-cane in the different Provinces has not declined of late years, nor in recent revenue or settlement reports have any observations regarding the unprofitableness of the industry been noticed. The extent to which the refined sugars from abroad compete in the Indian markets with the coarse sugars ordinarily manufactured by native processes, and tend to supplant the latter, is uncertain. There is probably an increasing demand for sugar in India for domestic consumption and for spirit distilling and sweetmeat making, and as the sugar-cane area has not expanded of late years, it may be that the increasing imports have not been in excess of the necessary

demand, and that the price of Indian sugars has, notwithstanding these imports, been maintained. Lastly, the question whether sugar prices in India have fallen in recent years is one on which it is difficult on existing materials to pronounce, owing to the many varieties of sugars sold in Indian markets, and the failure of the published price returns to clearly distinguish between them.

"The subject, connected as it is with the sugars bounty question, appears to the Government of India to be of sufficient importance to be specially investigated, and I am to ask that with the permission of His Honour the Lieutenant-Governor, inquiries may be made as to the effect of the competition of imported sugars on the cultivation of sugar-cane, on the profits of such cultivation, and on those of the sugar industry; also as to the possibility of any falling off in the land or canal revenues in consequence of the abandonment of sugar-cane cultivation. I am to ask that the results of the inquiry may be communicated to the Government of India.

"Statement showing the imports of sugar into India during the last three years, as given in the Trade and Navigation Returns, is appended. According to the article on Sugar in the Dictionary of Economic Products (Volume VI, Part II, page 346) the area under sugar-cane in India is about 2,500,000 acres and the outturn, in coarse unrefined sugar, about 2,500,000 tons. The value of this crop at Rs.100 a ton may approximately be put at Rs.25,00,00,000. The value of the imports of sugar in 1897-98 is returned at Rs.4,70,87,904. The imports of sugar thus bear a considerable proportion, as regards value, to the sugar production of the country."

The appendix above-mentioned contains some interesting figures. Thus it is shown that whereas the imports of refined or crystallised sugar from Austria-Hungary in 1895-96 were only 246 tons, valued at Rs.63,582, and in 1896-97, only 5,775 tons, in 1897-98 they went up into a bound to 47,287 tons, valued at nearly 104½ lakhs of rupees. The German imports rose in the same period from a value of 87½ lakhs to nearly 128 lakhs and therefrom "other countries" from 1½ lakhs to over 22¾ lakhs. Mauritius imports fell from 164½ lakhs in value to about 156½ lakhs. Taking refined and unrefined sugars together the imports increased from 136,543 tons in 1895-96 to 230,417 tons in 1897-98, the increase in value being 167 lakhs.

BENGAL CHAMBER OF COMMERCE.

ROYAL EXCHANGE BUILDING:

CALCUTTA, *2nd November* 1898.

No. 1449–'98.

FROM

THE SECRETARY,

Bengal Chamber of Commerce,

TO

THE SECRETARY TO THE GOVERNMENT OF BENGAL,

Financial Department.

SIR,

I AM directed by the Committee of the Bengal Chamber of Commerce to draw the attention of His Honour the Lieutenant-Governor to the critical position of the Indian sugar industry, in consequence of the excessive and increasing importations of foreign bounty-fed beet-sugar into India, in the hope that His Honour may see his way to urge the Government of India to take some steps for the protection of this important industry.

2. It will be within the recollection of Government that in May last the Government of India, on the suggestion of the Committee of this Chamber, recommended to the Secretary of State for India that Mr. E. C. Ozanne, of the Bombay Civil Service (retired), should be appointed, in the interests of India, one of the British Delegates at the Conference which was then shortly to be held at Brussels. The Committee were hopeful at the time that some

definite result would follow the meetings of the Conference in the direction of the removal of the bounties granted by the different Continental Powers, but the Conference separated without any understanding being arrived at, in consequence of the attitude of the representatives of France and Russia. To quote from the Report of the British Delegates, to the Marquis of Salisbury, "these two Powers presented an insurmountable obstacle to any agreement unless some satisfactory compromise could be arrived at," which apparently was found impossible.

3. The Committee note with satisfaction from the letter of 31st May, addressed to the British Delegates by the Marquis of Salisbury, conveying His Lordship's general instructions for their guidance at the Conference, that it is the earnest desire of Her Majesty's Government to secure the suppression of all bounties on sugar, which they consider to be prejudicial to the general interests of the British Empire. In the same letter the hope was expressed, on the part of Her Majesty's Government, that the result of the deliberations at Brussels might relieve them from the necessity of prosecuting any ulterior measures which might be rendered necessary, especially in regard to the British Colonies, if the system of bounties should still be retained, although, on this point, the Delegates were instructed to maintain an attitude of reserve.

* * * * * * *

The Committee are not aware whether any further negotiations, by means of diplomatic correspondence, such as were suggested by the Delegates of the French and Russian Governments at the Conference, are in progress with the view of coming to some arrangement with these Powers. If this is not the case the second suggestion made by the British Delegates, in their Report to the Marquis of Salisbury, would appear to be the only alternative to be acted upon in view of the determination of Her Majesty's Government to protect the sugar industries of the British Empire.

4. The Committee of the Chamber have now been approached by the representatives of the Indian Sugar Industry, both European and Native, with a request that the Government of India should be urged to consider, without loss of time, the advisability of levying countervailing duties on all bounty-fed sugars imported into India, as the only means now available of preventing the gradual but steady ruin of the sugar-refining industry of this country. The Committee need hardly point out that the Indian sugar industry is an extremely important one, the area under cane sugar exceeding 2½ million acres, while the date sugar cultivation of Jessore, Nuddea, and the surrounding districts is very considerable. It is estimated that the industry gives employment to about two million persons, and represents an annual turnover of from 12 to 15 crores of rupees. As far as can be ascertained, the revenue derived by Government from land under sugar-cane is about 35 lakhs of rupees. The Committee understand that in the district of Jessore, a large number of sugar refineries have been closed since the recent heavy imports of beet-sugar at low prices have taken place. A continuance of the unrestricted importation of bounty-fed sugars will result, without doubt, in the closing of the remaining factories in that district. The Brussels Conference having failed in its object, and America having since imposed countervailing duties on beet-sugar, India, as pointed out by the British Delegates at the Conference, is daily becoming more flooded by subsidised sugars to the gradual but steady extinction of her own industry.

5. It may possibly be urged that a countervailing duty on imported beet-sugar will result in increasing the cost of the commodity to the consumer, whose interests as representing the masses of the people, are generally supposed to be of greater importance than those of the producer. This argument applied to England would, without doubt, be a sound one, but although it is difficult to show with any definiteness what percentage of the population habitually use sugar as an item of their daily food, so far as the Committee can ascertain, Indian consumers of refined sugar are mainly to be found among the well-to-do classes. Refine sugar can hardly be said to be a necessity in the same sense that salt is a necessity, and, therefore, the imposition of a tax upon foreign sugar would probably not be felt as a burden by the masses of the people.

6. The Committee, in conclusion, commend the whole matter to the careful consideration of His Honour the Lieutenant-Governor, merely stating that similar representations have been made to Government by the Chambers of Commerce of Madras and Upper India.

I have the honour to be,

SIR,

Your most obedient servant,

W. PARSONS,

Secretary.

Extract from the "Sugar-cane," dated London, 1st November 1898.

BOUNTIES, COUNTERVAILING DUTIES, &c.

CORRESPONDENCE IN THE "TIMES."

Extract from letter written by Mr. George Martineau, one of the Expert Advisers to the British Representatives on the late Brussels Conference.

3. "I do not know who has condemned duties for revenue purposes as being contrary to free-trade; but I do know that a recent duty levied in India on imported cotton goods was condemned on that score because it was not accompanied by an equivalent duty on similar goods manufactured in India. It was eventually countervailed by an equivalent duty on Indian cotton goods. This is a parallel case with bounties, which have the same effect as levying a duty on British sugar and admitting foreign sugar free."

CAWNPORE SUGAR WORKS, LD.

CAWNPORE, 17*th November* 1898.

To

THE SECRETARY TO GOVERNMENT OF INDIA,

Revenue and Agricultural Department, Calcutta.

The effect of Foreign Competition on the Sugar Industry of India.

WITH reference to your letter, dated 31st ultimo, addressed to all Local Administrations a copy of which was published in the *Pioneer* of 16th instant, we beg to hand you figures regarding the area under sugar-cane in British India, 1891-92, to 1896-1897, compiled from the Government Agricultural Statistics.

These figures, if correct, make it clear that the area under sugar-cane has declined of late years in British India.

We have the honour to be,

SIR,

Your most obedient servants,

(Sd.) BEGG, SUTHERLAND & Co.,

Managing Agents.

Compiled from Government Agricultural Statistics of British India.

Area under Sugar-cane in British India (in Acres), 1891-92 to 1896-97.

		Average of 5 years, 1891-92 to 1895-96.	Remarks.
Bengal—			
1891-92 ..	1,159,900		
1892-93 ..	1,071,200		
1893-94 ..	1,030,600	1,034,720 ..	Steady contraction during six years ending 1896-97. In the latter year the average was about 19 per cent. less than the average of the five preceding years.
1894-95 ..	967,300		
1895-96 ..	944,600		
1896-97 ..	839,800		
N.-W. Provinces—			
1891-92 ..	1,067,297		
1892-93 ..	961,999		
1893-94 ..	1,061,495	1,033,657 ..	Area in 1896-97 less than that of four out of the five preceding years, and about 6½ per cent. below the average of these five years.
1894-95 ..	978,276		
1895-96 ..	1,099,218		
1896-97 ..	967,699		
Oudh—			
1891-92 ..	295,497		
1892-93 ..	247,271		
1893-94 ..	260,873	269,836 ..	Area in 1896-97 less than that of any of the five preceding years, and nearly 9 per cent. below the average of these.
1894-95 ..	255,739		
1895-96 ..	289,801		
1896-97 ..	246,460		
Punjab—			
1891-92 ..	363,976		
1892-93 ..	314,249		
1893-94 ..	327,604	346,333 ..	Area shows some increase, which, however, is entirely attributable to extension of canals, and the expansion is small in comparison with that of other crops.
1894-95 ..	339,930		
1895-96 ..	385,908		
1896-97 ..	398,202		
Madras—			
1891-92 ..	58,373		
1892-93 ..	51,174		
1893-94 ..	57,669	57,600 ..	Area in 1896-97 less than that of two preceding years and shows but an infinitesimal fraction of increase on the average of the five preceding years. In Madras there is a larger area under other sugar-yielding plants than under cane.
1894-95 ..	62,193		
1895-96 ..	58,591		
1896-97 ..	57,916		
Central Provinces—			
1891-92 ..	44,570		
1892-93 ..	42,358		
1893-94 ..	35,988	40,228 ..	Area in 1896-97 less than in any of the five preceding years, and about 13·6 per cent. below the average of these.
1894-95 ..	37,457		
1895-96 ..	40,766		
1896-97 ..	34,760		
Bombay—			
1891-92 ..	75,122		
1892-93 ..	68,043		
1893-94 ..	83,457	76,475 ..	Area in 1896-97 smaller than in any of the five preceding years, and about 13·5 per cent. below the average of these.
1894-95 ..	84,600		
1895-96 ..	71,155		
1896-97 ..	66,178		
All British Provinces—			
1891-92 ..	3,100,232		
1892-93 ..	2,798,637		
1893-94 ..	2,897,042	2,898,230 ..	Area in 1896-97 contracted down to a lower point than it has touched in any of five preceding years, and is 8½ per cent. below the average of these.
1894-95 ..	2,764,656		
1895-96 ..	2,930,583		
1896-97 ..	2,651,721		

BENGAL CHAMBER OF COMMERCE,
ROYAL EXCHANGE BUILDING:
Calcutta, 12th December 1898.

Circular No. 451-'98.

SUGAR BOUNTIES QUESTION.

MEMO:—The following letter from the Government of Bengal is circulated for the information of members of the Chamber.

W. PARSONS,
Secretary.

No. 3625.

GOVERNMENT OF BENGAL—REVENUE DEPARTMENT.

AGRI. BRANCH.

FROM

F. A. SLACK, ESQ., *C.S.*,
OFFG. SECRETARY TO THE GOVERNMENT OF BENGAL,

TO

THE SECRETARY,
BENGAL CHAMBER OF COMMERCE,

Dated Calcutta, the 3rd December 1898.

SIR,

WITH reference to your letter No. 1449-'98, dated the 2nd November 1898,* addressed to the Financial Department of this Government, drawing the attention of this Government to the evil effects caused to the local sugar industry by the excessive and increasing importations of foreign bounty-fed sugars, and suggesting that a countervailing duty should be placed on the bounty-fed beet-sugar imported, I am directed to request you to inform the Chamber that their letter has been submitted to the Government of India with the intimation that His Honour will state his views on the subject when in possession of the results of the enquiries which have, in accordance with the wishes of the Government of India, been instituted by this Government, in order to ascertain the extent and magnitude of the evil complained of.

I have the honour to be,

SIR,

Your most obedient servant,

FRANK LYALL,

For *Offg. Secretary to the Government of Bengal.*

INDIA AND THE SUGAR BOUNTIES.

Capital, 11th August 1898.

DURING the statistical year which closed on the 31st March last the imports into India of foreign sugar increased in value from Rs.3,15,18,291 to Rs.4,78,44,768, an increase in the twelve months of no less than 32·67 per cent. Compared with the year 1894-95, the imports have more than doubled. For reasons that will be presently explained, it is apprehended that during the current year the imports of foreign sugar will even be greater. This

* NOTE.—Already circulated to members of the Chamber.

brings us to a stage in the history of sugar bounties that is extremely critical and fraught with the gravest dangers to the interests of all who are in any way connected with the sugar industry in India. A very serious position has to be faced, and it is time that the "amazing supineness" we have alluded to in former articles should be for once discarded, and vigorous measures taken to restore our Indian sugar industry to its legitimate place; failing this we shall see Indian-grown sugar rapidly elbowed out of the Indian market.

The causes of this deplorable state of affairs are not far to seek. During the past year the artificially-contracted currency, establishing a high rate of exchange, undoubtedly attracted beet-sugar to India, accentuated by the rise in the rate of the German bounty from 1*s.* 3*d.* to 2*s.* 6*d.*, while in the current year we may expect to see even more extensive imports of beet-sugar flooding our markets by reason of the action that America has just taken in imposing a countervailing differential import duty on sugar—that is, a graduated duty on imports from each country equivalent to the bounty obtaining in that country, the effect of which is to open the American market to the cane sugar produced by our colonies; while at the same time to close it to a considerable quantity of beet-sugar formerly absorbed by America, and now in consequence obliged to seek a fresh outlet for its disposal. Much of this, we fear, will be shipped to India; so that the outlook, though materially improved for British colonies, has become visibly more obscured for India.

The spirited action taken by America in this matter is the first real nail that has been driven into the coffin of the bounties system. We English are always loud in our denunciations of the iniquity of that system, but it has been the British Government alone that has stood in the way of the abolition of bounties: this is a fact that should not be lost sight of. Almost all the states where bounties prevail (with the exception, perhaps, of France) are most anxious to see them abolished; they constitute an intolerable burden on the national resources; and they restrict the consumption of sugar in the territories of the states granting them (by the excessive internal tax that is levied as part of the system on sugar issued from their refineries for home consumption), whereby sugar becomes three times as costly to the consumer in the country of its production as in the country to which it is exported. It is solely for this reason, too, that the consumption of sugar *per capita* on the Continent is only one-third of what it is in the United Kingdom. The history of the bounties makes it clear that, when at the International Convention of 1887-88, all the states concerned agreed to abolish bounties in the terms of Article 7 of the Convention, which enacted that all states were to "exclude bounty-fed sugar from their territories, either by prohibiting such sugar altogether, or by levying thereon a duty which must exceed the amount of bounty," it was England alone who, by declining to agree to this, rendered herself unquestionably responsible for the deadlock which thereupon ensued, and which has continued to this day.

It is for this country to take action in the matter, and we have arrived at a period in the economic history of India when that action will have far-reaching consequences, for it is not too much to assume that if the Government of India adopt the remedy which is as simple as it is obvious, and following in the footsteps of America increase the import duty at present levied on foreign sugar from 5 to say 20 per cent. *ad valorem*, the acceleration of the abolition of the bounties will ensue, and their repeal will come within the range of practical politics.

Were the various interests concerned in the Indian sugar industry focussed together, as is the case with other important products, such as tea, jute, or indigo, we should, no doubt, long ere this have seen the Chambers of Commerce moving in the matter. It is in our opinion a legitimate question for these institutions to take up, as the interests involved are not only those of the few who represent sugar-refining concerns, but are the interests of the many millions of agriculturists engaged in the sugar industry scattered over the length and breadth of the land.

Sugar-cane cultivation is one of the most profitable branches of agriculture in India and is capable of immense development. The attitude of Government in connection with the same is

one of distinct discouragement. Acting on the theory that sugar is a luxury and not a necessary of life, as it undoubtedly is for the natives of India existing for the most part on a grain diet, they do not even go the length of publishing a sugar-cane crop report or of compiling a cane crop forecast. It is, however, satisfactory to learn that the Chambers of Commerce have memorialized the Government, and suggested the imposition of countervailing duties. But even these will not exclude Mauritius, who can now find a market in America. The only means of saving the Indian sugar industry is an increased import duty on all foreign sugar.

In conclusion, the results of the abolition of bounties will be—(1) an enormous increase in the consumption of sugar, which will benefit all producing countries; (2) stability of price which will *not* be permanently enhanced, as is erroneously supposed; (3) the free production of sugar in those countries where the cost of production is least, which will secure a natural distribution of profit and a natural stimulus to production in place of an artificial one.

R.

SUGAR BOUNTIES.

Capital, 25th August 1898.

I.

As has oft been said, much has occurred during the past decade to shake the faith of the most ardent supporters of a rigid free-trade policy; in particular, attempts to blink the fact that it has practically ruined British agriculture have been given up years ago. Nor can it be denied that an uncompromising adherence to the doctrine, under conditions utterly changed since Cobden's time, has crushed the once flourishing sugar-refining industry in Great Britain, is at the moment seriously imperilling the manufacture of sugar in India, and has already brought the trade of the Western India and of the Mauritius to the verge of extinction. More consideration, therefore, is being shown to the views of those who hold that what our fiscal policy requires is the embodiment of some such element of trade reciprocity as that which exists, for example, in the Canadian preferential tariff; and this is the principle on which—failing the abrogation of the sugar bounties—the imposition of a countervailing duty on beet-sugar, equivalent to these bounties, is now being agitated for in England and all her sugar-planting dependencies. In India we have had a number of years' experience of what is now described in connection with the China trade as the "open door policy" of Great Britain. The Secretary of State has on more than one occasion felt it incumbent on him to explain, even in somewhat apologetic terms, that such and such railway material, or other Government stores, bought on the Continent for India, had been so purchased owing to uncontrollable circumstances, such as supplies not being available through complications in consequence of strikes, &c., &c. Admittedly there is something to be said in defence of the action of Government, when, in the interest of the tax-payer, it goes to the cheapest market for railway requirements or other public works material. The position is very different, however, in regard to army supplies; and in this country particularly, the military authorities would stand aghast at any proposal to procure arms, uniforms, and other articles of equipment from any foreign nation on the score that some pecuniary advantage might be gained thereby. Yet we have lying before us a "form of tender," issued by the Commissariat Departmen, "for the supply of sugar imported or of foreign manufacture." We cannot well imagine such a document being issued by the Commissariat authorities, say, in Germany, or in fact in any continental country; with all their autocratic power they would scarcely venture to incur the odium and meet the storm which the policy indicated as underlying such action would assuredly give rise to. Moreover, there is a special feature in the case of sugar, which may be taken as rendering doubly unsatisfactory any departure from the oft-repeated assurances of the Government of India to do all that lies in its power to support and encourage indigenous

industries. As regards the bulk of other Government stores, which are produced in India, the local manufacturer, as a rule, competes on fairly level terms with his rival in the West. It is far otherwise with the Indian sugar-refiner, who has not to cope with the foreign product on the basis of the actual cost of production, but with an article enjoying a bounty which in some instances ranges as high as Rs.60 per ton, transported at specially reduced rates of railway freight to the seaboard, and carried to this country by subsidised steamers. It seems, therefore, incomprehensible that Government, in the full knowledge of this circumstance, should, notwithstanding, aid and abet the importation of bounty-fed sugar, at the cost of a large section of the agricultural population depending for subsistence on the cultivation of sugar-cane, and to the detriment of a refining industry struggling for bare existence.

Again, it is the case as regards all Commissariat stores—and certainly dietary articles form no exception to the rule—that occasion may arrive at any moment when prompt supply is a desideratum. Under such circumstances, the refineries in Bengal and the North-Western Provinces offer the advantage of being in a position to transport sugar to almost any given point, say, on the North-West Frontier, within a considerably shorter time than importers of beet-sugar at Bombay. And this, in itself, seems to constitute a valid argument against Government following a course calculated to destroy an old-established industry, and with it a ready and reliable course of supply.

II.

The sugar bounties question and India's stake therein is a somewhat threadbare topic; still a brief review of what steps have been taken by the representatives of the sugar trade in this country to direct the attention of the home authorities and the Government of India to the extreme gravity of the position, may be of general interest. In February last, certain of the leading firms presented to the Bengal Chamber of Commerce a "Note" on the subject, with the request that if the views expressed therein coincided with those of the Committee, the document might be forwarded to the Government of India, urging the necessity of India being represented at the Brussels Conference. Further, that the delegate be instructed to inform the Conference that, failing the abolition of the bounty system, the Government of India might, in self-defence, be compelled to institute countervailing duties. The effects of the bounties, it was pointed out, were not confined to a serious interference with the interests of the cultivator, the zemindar, and the manufacturer, but were calculated to involve a considerable loss to the State Exchequer, through a diminution in land revenue and irrigation-canal dues. As demonstrating the magnitude of the interests affected, it was computed in the "Note," from Government records, that "the cultivation of cane and sugar-yielding palms and the allied industries of the manufacture and refining of sugar in British India, represent an aggregate annual turnover of at least 33 crores!"

A strong point was made of the fact that the principle of a differential duty between cane and beet-sugars had already been accepted by Cape Colony and Victoria, and considerable emphasis was laid on the benefit that would accrue to Mauritius by the adoption of a similar line of policy in India. So far from regarding the competition of Mauritius with apprehension, it was maintained that all the sugar the island can produce (100,000 tons per annum) if sent to this country would not hurt much, provided that the trade was worked on the basis of cost of production. The Bengal Chamber forwarded the "Note" to the Government of India, but in according its approval of the suggestion that India should be represented at the Conference, it did not endorse the recommendation in favour of countervailing duties. The Madras Chamber, on the other hand, strongly supported, *in toto*, the views expressed in the "Note." "Counter-vailing duties," said the Chairman in his letter to Government, "are India's only weapon of defence, and if her representative at the Conference is not allowed to use it, she will appear there as a mere suppliant for favour or pity—a rôle which is, as it seems to this Chamber, neither dignified nor calculated to facilitate an attainment of the object in view." The Chamber of Upper India agreed with that of Bengal as to the need for the representation of

India at the Conference, but left alone the question of countervailing duties in its communication to Government. At the instigation of one of the firms connected with the sugar trade here, the Mauritius Chamber of Agriculture also decided to co-operate in the movement, and resolutions were passed to the following effect:—

* * * * * * * *

It is apparent from certain passages in the "Note," to which we have referred, that its authors, by endeavouring to enlist the sympathies of Government on behalf of Mauritius, made a strong bid to get that Colony on their side, and that in so doing they hoped also to secure the advocacy of the Secretary of State for the Colonies. It is also clear from the summarised resolutions above, that this policy was judicious—if the support of the Mauritius has not been secured at too great a cost. Possibly there are those who would scarcely agree that 100,000 tons of refined sugar per annum from that island, and a like quantity from Java, Penang and other Asiatic sugar-producing countries, would not seriously affect the trade in Indian manufactured sugar. Still, the statement, made presumably on the authority of those intimately acquainted with the subject, that India can hold its own in any competition, provided it be conducted on the basis of the cost of production, must be reassuring to all connected with the sugar industry in this country.

M.

THE SWAMPING OF INDIAN SUGAR.

Pioneer, 24th November 1898.

In the letter, dated 31st October 1898, from the Revenue and Agricultural Department to all Local Administrations, it is stated that there is no clear evidence that the increasing importation of refined sugar at very low prices (which has been the direct result of the bounty system on the Continent) is injuring the sugar industry of India by lessening the internal demand for, and reducing the prices of, Indian sugars; or that it will result in diminishing the cultivation of sugar-cane and in the impoverishment of the agriculturist to such an extent that the land revenue assessments and canal revenues will be endangered. The Local Administrations have therefore been called upon to institute inquiries on these points. A considerable amount of evidence seems, however, to have been already accumulated on the subject. It is within the last three years that the competition of foreign sugar has been most severely felt, and the following table shows the enormous expansion in imports since beet-sugar first became much of a factor in the trade:—

		Cwts.	Rs.
Beet—			
1887-88	...	12,606	1,49,577
1888-89	...	2,355	40,125
1889-90	...	51,297	6,68,927
1895-96	...	724,649	88,38,442
1896-97	...	880,375	1,01,47,134
1897-98	...	2,182,863	2,36,18,338
Cane—			
1887-88	...	1,702,396	2,06,53,783
1888-89	...	1,448,126	1,73,72,518
1889-90	...	1,572,324	2,10,22,120
1895-96	...	1,800,325	2,18,10,913
1896-97	...	1,802,088	2,09,72,047
1897-98	...	2,052,531	2,34,69,592

The effect of these increased imports on the Indian markets for Indian refined sugar may again be gauged by the relative prices ruling at the ports, as these govern the inland prices :—

	Per Cwt.			Per Maund.		
	Rs.	a.	p.	Rs.	a.	p.
1892-93	14	0	5	10	4	3
1893-94	13	12	5	10	1	4
1894-95	12	5	8	9	0	9
1895-96	11	9	7	8	7	10
1896-97	11	9	7	8	7	10
1897-98	11	1	10	8	2	11

This statement conveys a tolerably accurate idea of the effect of competition as regards prices. The effect as regards the demand for Indian refined sugars can be demonstrated with perhaps equal certainty and clearness, although actual figures are not available. Thus we read in a Government of India Resolution, dated as far back as the 20th March 1889—before imports of foreign sugar had reached anything approaching their present dimensions—"these declining exports and increasing imports do not seem to augur well for the sugar-refining industry in Bengal, and they apparently confirm the statement made about eighteen months ago by one of the leading dealers of Bengal in sugar. He asserted that the sugar export trade of Calcutta was declining; that refinery after refinery in Bengal was being closed."

* * * * * * * *

Next as regards the effects of the increased importation of foreign refined sugar in restricting the cultivation of sugar in India. The enhanced quantity of these imports referred to, namely, 2,611,773 cwts., would have required 6,529,432 cwts. of raw sugar to produce it, which again may be taken as the outturn of 329,611 acres of land. And it is somewhat significant that this acreage hypothetically lost to the cultivation of sugar-cane, corresponds pretty closely to the actual diminution in area under the crop between 1891-92 and 1896-97. Owing, however, to the fact that about two-thirds of the whole sugar crop finds its way into consumption as raw sugar, and to the increasing demand due to growth of population, and the opening up of new markets by railway extensions, two things are evident: (1) that the process of contraction in area owing to the curtailed demand for refined sugar must necessarily take a long time to become apparent; (2) that under the circumstances, as stated, the absence of any expansion would be practically equivalent to a contraction. But it will be found from the following figures that not only was the cultivation of sugar-cane up to 1895-96 practically stationary, but that in 1896-97 the total area for all the British provinces of India had fallen below that of any of the five preceding years, and was 8½ per cent. less in extent than the average of these :—

	Acres.	
1891-92	3,100,232	
1892-93	2,798,637	
1893-94	2.897,0 2	average 2,898,230.
1894-95	2.764,656	
1895-96	2.930,583	
1896-97	2,651,721	

In Bengal, Bombay, the Central Provinces and Oudh, the area in 1896-97 was less than in any of the five preceding years; in the North-Western Provinces less than four out of the five preceding years; in Madras less than the two preceding years. There was a reduction on the average acreage of the five preceding years of 19 per cent. in Bengal, 13½ per cent. in Bombay and the Central Provinces respectively, 9 per cent. in Oudh, and 6½ per cent. in the North-Western Provinces. In Madras also the area in 1896-97 was less than in the previous year. But in the Southern Presidency there is a larger area under other sugar-yielding plants than under cane. The only province that shows an expansion is the Punjab, and there the increase is entirely attributable to the extensions of canals, and it is small as compared with the expansion under other crops. From the foregoing it would appear that there is not only

a tendency to but an actual diminution of area under sugar-cane instead of the robust development which would be expected, but for the increased imports of foreign sugar, as the natural outcome of improved demand owing to growth of population, and extension of irrigation and railway facilities.

* * * * * * * * *

In connection with the competition of beet-sugar, it is a somewhat remarkable instance of continental enterprise in the trade that a firm in Antwerp has recently asked one of the leading Sugar-refining Companies in India for quotations for large quantities of semi-refined sugar. This would release further quantities of beet-sugar to inundate the Indian markets; and it savours very much of a conviction in the mind of the Belgian trader, that beet-sugar has practically doomed the refining industry in India.

* * * * * * * * *

Altogether the case for countervailing duties seems so strong, that it almost appears a matter for regret that Government has delayed action, pending further inquiries—unless it be that there is some good ground for anticipating that something tangible may result from the negotiations by diplomatic correspondence, which was the final upshot of the Brussels Conference.

INDIA AND THE SUGAR BOUNTIES.

Bombay Gazette, 2nd December 1898.

THE Bengal Chamber of Commerce, whose representation on the subject we commented upon a few days ago, were not the first to call the attention of Government to the need for taking measures for counteracting the effect upon the Indian sugar industry of foreign bounties upon sugar. As far back as last April, Sir Muncherjee Bhownuggree—some of the more ill-conditioned of whose countrymen would be better employed in noting his public work than in misrepresenting him—joined in an influential deputation to the Foreign Office with reference to the International Conference upon this question that was then about to meet. The member for North Bethnal Green spoke briefly, but he was the one member of a very numerous deputation who thought it necessary to recognize that India had an interest in this question. He asked Mr. Balfour, who was then acting for Lord Salisbury, to bear in mind that India had claims to consideration in regard to it which could not be overlooked. He pointed out, in the first place, that a large number of Indians are at work in the sugar plantations of Mauritius and of other sugar-growing British Colonies. Clearly from the point of view of their interests any measures which might tend to increase the production of British sugar would be an advantage. This is an aspect of the question to which the Bengal Chamber of Commerce made no reference, but it is not without importance seeing that the lucrative employment of Indian agriculturists in the sugar-growing colonies, is, so far as it goes, a means of relieving the pressure upon the cultivable area in India. The throttling of the British sugar industry would, at no distant date, throw these people back upon the soil, and would close a profitable career to many thousands of the natives of this country. This, however, is less important than the direct injury that the bounty system is doing to an important and lucrative branch of Indian agriculture. India is now feeling the force of competition from the bounty-supported sugar manufacturers of the European Continent. The value of refined sugar imported into this country, notwithstanding that over two and a-half million acres are under cane cultivation, has risen from two crores to considerably over three crores in ten years. Concurrently with this there has been a sensible diminution in the area under sugar-cane in India. We shall the more easily realise the significance of this if it be borne in mind that in three years after the bounty system in France was re-adjusted and made more stimulating to exportation than ever, the area under beet-root in that country increased from 120,000 hectäres to 200,000 hectäres. If the Indian sugar industry has lost ground there is no doubt who has profited at our expense, and it

is not pleasant, in contemplating the statistics of sugar cultivation in India, to find that in ten years the sugar production has more than doubled. Our case is not as urgent as that of the West Indian islands, with whom this question of the sugar bounties and their bearing upon the sugar industry is a question of life and death. But there is no branch of Indian agriculture or industry which is too insignificant to be a matter of indifference. We are threatened with the virtual extinction of the indigo trade in India by a German artificial substitute for it, which has already brought prices below a paying rate. The destruction of another industry, which represents the cultivation of two and a-half million acres, and gives employment to two million persons, is not to be contemplated without serious misgiving. So far as the competition comes from Mauritius we must accept it as natural and inevitable, and the inconvenience of it is somewhat allayed by the fact that the Mauritius sugar plantations afford employment to many thousands of Indians, who at the end of their engagements return to their country in no small degree enriched by their labours. But we should pay much too dearly for the advantage of having cheap sugar in the Indian bazaars, if the result of flooding our markets with bounty-fed sugar were to make it no longer profitable to grow the cane in this country. Appeals to the fundamental doctrines of free-trade when made in this connection are, as a rule, either irrelevant or delusive. There is no general principle which binds one country to free-trade when other countries invade its ports with the products of a subsidised industry carried in subsidised steamers. Mr. Balfour told this deputation that no doubt the fundamental doctrine lying at the base of the free-trade policy was that what was of importance to a country was cheapness of products to a consumer, and that if the effect of bounties was to permanently lower the price of sugar, there was no reason why the foreigner should not in this way "kindly contribute to our luxuries." But such benefit as the Indian consumer would derive from the flooding of our bazaars with Continental bounty-fed beet-sugar would probably be temporary. The foreign manufacturer might bring prices to a level at which it would no longer pay the cultivator to send his sugar to market. The cultivator would cease to grow sugar, and with the discontinuance of the country-grown supply prices would revert to their own level. The difference would go into the pockets of the French or German manufacturer, battening on his bounty, so that the consumer, to whose interests the superstitious free-trader is not half as alive as he pretends to be, would in the end be no better off than he was before. Sir Muncherjee Bhownuggree was correctly alive to the possibilities involved, when he observed :—"If sugar which I am told is allowed to go almost freight free to India, should be placed before the Indian consumer at a price where it might even nearly compete with the industry of his own country, then there is great danger of the cultivation of the cane and rough manufacture of sugar in India being discouraged, and possibly disappearing in course of time." The Government of India are said to be quite alive to this aspect of the question, for they have asked the local administration to enquire into it and to report upon the effect that the abandonment of sugar cultivation in India would have upon the land revenue and irrigation dues. But the duty of the Government of India is not limited to enquiry in this country. As soon as the facts are fully ascertained they must, so to speak, join hands with the Colonial Office in inviting that the Imperial Government shall do justice to the Empire at large in this matter. When Mr. Chamberlain urged the Foreign Office to intimate to the foreign powers concerned that Her Majesty's Government have no intention of allowing the West Indian sugar industry to be ruined by the operation of hostile bounties, he laid down a line which the India Office should do its best to follow.

MAURITIUS AND BOUNTY-FED SUGAR.

Times of India, 6th December 1898.

We have twice referred lately to the effect on the Indian sugar industry of the competition of the bounty-aided sugar industries of the Continent. The people of Mauritius are anxious that the world should know that they have a keen interest in this question, as well

as the producers of sugar in East and West Indies. The Mauritius Chamber of Agriculture last month made two very strong pronouncements upon this subject in separate memorials to the Home Government and to the Government of India. As spokesmen of the interests of the sugar-producers of the island, they strongly urge that the Indian market shall not be closed to them through the artificial advantage given to the beet-sugar of the Continent. What the dimensions of the market are, and what part Mauritius has taken in supplying it, may be easily gathered from Mr. O'Conor's annual trade reviews. Two years ago Mr. O'Conor reported that the only serious competitor of Mauritius sugar was the bounty-fed sugar from the Continent of Europe. This sugar, it was added, which is mainly of German origin, is also a competitor of Indian sugar, for it is imported into Bengal in considerable quantity, displacing Indian sugar there. A confirmation of this latter statement is to be found in the closing of the Jessore sugar factories lately mentioned by the Bengal Chamber of Commerce in their memorial to the Government of India. At that time Mauritius sugar represented 58 per cent. of the whole sugar imports into India. Last year, however, it receded to 38 per cent., for although the imports from Mauritius in 1897-98 were larger than they had been for five years German and Austrian sugar had come in in vastly increased bulk. Germany, which five years ago sent us only 189,000 cwt. and Austria only 11,000 cwt., last year sent, respectively, 1,203,000 and 945,000 cwt. The reason for this remarkable and to a great extent sudden increase was not only the assistance which the German and Austrian producers had derived from bounties, but the exclusion of their sugar from the United States market through the imposition of a duty equivalent to the bounty. It is known that it was not all profit to the people who shot this mass of sugar upon the Indian market, but we fear that the chief sufferers have been the Indian producers, who have certainly been more hardly hit than their brethren in Mauritius. Nevertheless, the case is one in which the interests of the two countries are sufficiently identical to warrant common action, and certainly to justify the appeal of the Mauritius Chamber to the Viceroy of India. The Indian producer scarcely looks upon the producer in Mauritius as a competitor. If he is, he at all events competes on fair terms. We know too that the sugar-producing resources of the island are limited, and that the possible extent of its competition can, therefore, be calculated. There will always be room in India for as much sugar as Mauritius is ever likely to send us, and the Indian consumer could have no reason to be thankful if, through the capture of the Indian market by the exporters of the bounty-fed article, the industry in Mauritius were ruined. This would put out of the field the most formidable competitor whom the continental sugar manufacturers have to face here, and would place the Indian consumer at their mercy, and the delusive advantage of cheap sugar which accompanies the system of bounties would then disappear. One special claim which the Mauritius planters make upon the consideration of the Government of India is certain to receive attention. The Mauritius sugar industry is to a very large extent an industry which affords employment and relative wealth to Indian workers. It is said that out of a population of 380,000, directly or indirectly dependent upon the sugar industry in Mauritius, more than 260,000 are either Indian immigrants or the descendants of natives of India. These have gone to Mauritius under the protection and with the encouragement of the Government of India, who are interested in their well-being and are not free from responsibility in regard to them. We in India could not contemplate without misgiving a change in the fortunes of the Mauritius sugar industry which would spell ruin to these people. The question will have to be dealt with as a whole. We have to think first of the mischief that is threatened to the Indian sugar industry by the large and sudden increase in the imports of sugar that is forced upon us under unnatural and unfair conditions. But room must be left for a sympathetic consideration of the claims of kinsmen and dependers in Mauritius. Two measures have been suggested for preventing the strangling of the Mauritius trade which many people interested in the island seem to apprehend. The levying of a countervailing duty upon bounty-assisted sugar readily suggests itself, after the strong support which has been given to that expedient in the highest quarters at home. If we are driven to have recourse to this measure, there would probably be little need to consider the supplementary proposal which the Mauritius Chamber have made to the Government of India, to relieve

Mauritius sugar from the 5 per cent. customs duty. The value of the sugar imports from Mauritius last year may be taken roughly at a little over a crore and a half, so that the Government of India are here asked to sacrifice about seven and a half lakhs a year. We should prefer some other method of keeping the Indian market open to Mauritius sugar, but the whole question is one of importance to India as well as to our neighbours, and we believe that careful inquiries are being made with regard to the effect of the bounties not only upon our sugar imports but upon indigenous production.

THE SUGAR TRADE OF MAURITIUS.

Times of India, 19*th December* 1898.

In his report on the Mauritius Blue-Book for last year, Governor Sir Charles Bruce writes that since the close of the financial year ending December 31st, 1897, the causes which led to a serious reduction of the revenue for the year, dealt with in the Blue-Book, have told with disastrous consequences on the revenue of the current year. These causes may be briefly stated as a short crop of sugar, low prices and the abnormally high price of Indian food-stuffs. The first and last of these causes may be considered as temporary; there is every promise that the crop of the season 1898-99 will be abundant, and there is an appreciable reduction in the price of food-stuffs; but the low price of sugar has been the result of causes which threaten the sugar industry of Mauritius with the loss of its hitherto profitable markets—India and Australia. The Indian market has been largely affected by the operation of the artificial bounty system of foreign Governments in aid of beet-root sugar. In 1887 the total quantity of beet-root sugar imported into India amounted to only 630 tons, valued at Rs.1,50,000 as compared with an importation of 85,000 tons, valued at Rs.2,06,50,000. During the first nine months of 1897 no less than 52,000 tons of beet-root sugar, valued at Rs.1,16,37,000 were imported into India, against 74,000 tons of cane sugar, valued at Rs.1,70,00,000. As regards the Australian market, it is enough to record the fact that, whereas Australia fifteen or twenty years ago took one-half of the produce of Mauritius, the extension of sugar cultivation in the Australian colonies threatens permanently to close to Mauritius that hitherto lucrative market.

THE INDIAN SUGAR TRADE.

[TO THE EDITOR.]

Pioneer, 28*th December* 1898.

Sir,—All the articles and correspondence I have recently seen in newspapers on this subject have been in much the same strain, and the case of the writers seems to be, that imported sugars, particularly beet, are injuring the Indian sugar industry, and curtailing revenue by reducing the acreage under sugar, therefore it is desirable to put prohibitive or at any rate large duties on imported sugars, particularly beet, and the sugar industry will thrive. One or two writers have suggested the possible hardship of compelling the people to buy home produce at a high price when imported sugar could be obtained at a low price, but this they seem prepared to inflict in the protection of the home industry. Government do not appear to be satisfied that either the Indian sugar industry has been injured or the revenue curtailed by the recent increased imports of foreign sugar, and it is to be regretted that more evidence was not brought forward by the writers, and that none of them tackled what appear to be the most important points of the question, *viz*:—Can India produce sufficient *refined* sugar for its own requirements, and if so why, with all its geographical and other advantages, has it not been able to compete with and cut out Mauritius sugar, which has been imported for a number of years, in many of which prices have been much higher than they are to-day? Were there any special conditions obtaining during the last two years which necessitated the marked increase in the imports of sugar, particularly of beet sugar? That there have been large

and regular imports of refined sugar from Mauritius for many years is ample evidence that India has not been in a position to produce enough refined sugar for its own requirements either at all or at a price which could compete with imported Mauritius sugar, even though the latter is loaded with a steamer freight and customs duty of about 14 annas per cwt., and as far as up-country districts are concerned with an additional charge for railway freight, and it therefore seems to me that before asking Government to cut off our cheap supplies of foreign produce we should urge them to make a full inquiry into the question of Indian sugar cultivation and refining. This would at no time be an unreasonable request, as of all the important crops in the country none seems to have been so much neglected by the Government Statistical Bureau: for the wheat, cotton and most of the food and oilseed crops, estimates and often revised estimates of the acreage, prospects, condition, and outturn, are issued with commendable promptitude, but not a single statement is apparently issued regarding the sugar crop, excepting a belated estimate of the acreage under sugar-cane which appears many months after the crop is in the ground. The acreage returns for 1897-98, which are of considerable importance in inquiring into the recent development of the sugar import trade, and which might presumably have been fairly accurately estimated in the spring of 1897, do not appear to be yet available, but the returns for the preceding six years are as follows:—

1891-92	.. .. ..	3,100,232 acres.
1892-93	.. .. ..	2,798,637 „
1893-94	.. .. ..	2,897,042 „
1894-95	.. .. ..	2,764,656 „
1895-96	.. .. ..	2,930,583 „
1896-97	.. .. ..	2,651,721 „

From these figures it will be seen that the extent of the land under sugar in 1896-97 was about 280,000 acres less than in the previous year, and 250,000 acres below the average of the six years. Whatever the cause of this reduction may have been, the result naturally to be expected from it would be an increased demand for imported sugar, and when it is remembered that the rains of 1896 were very short and in consequence canes were checked in their development, the reduction in the outturn of juice was probably very much larger than the reduction in acreage indicates. By the beginning of 1897, when the crop was put on the market, the deficiency could not fail to be felt. Without the acreage figures one cannot speak with any certainty as to the crop of 1897-98, but it seems quite likely that the land under sugar in that year was also under the average, as the cultivators whose land was limited would, when possible, after the famine of 1896, give the preference to food crops, of which they were in such sore need. Though not having official figures before them, those interested in the sugar trade had information during 1896 regarding the probable outturn of the crop, and it cannot be a matter of surprise that when they foresaw that a shortness was certain, the native dealers began to make provision for supplies to make up for the deficit, and bought an increased quantity of the available foreign crops—Mauritius and Continental—and when it became evident that the Indian crops of 1897-98 would also probably turn out below the average, the purchases of imported sugar increased still further, making the imports of 1897-98 much in excess of all previous years.

It has been said that the trade in imported sugar was overdone, and it is true that in the early months of 1898 larger quantities came forward than could be readily moved off in the disorganisation of trade and curtailment of financial facilities consequent on the prevalence of the plague; but the demand from up-country continued strong throughout the whole of the season, and in spite of the fact that the Mauritius crop of 1897-98 eventually proved about 20,000 tons larger than the estimate, there was a great want of supplies in August and September, and in October before the new Mauritius crop had come forward, there were only a few hundred bags of sugar left in Bombay, and fancy prices were being paid by needy buyers, which proves that the trade had not been overdone, and that the enormous increase in imports was due to the requirements of the country. I append here a statement of the imports of sugar into India during the last four years, and I have taken the 30th of September as being

the most convenient time at which to divide the periods of twelve months, as at that time old crop imports are practically finished and new crops have not begun to come in. To divide the year at the end of March, when imports and exports are at their height, must often make returns unreliable for comparison, as the late or early movement of any crop may put the largest shipments or arrivals into quite the wrong period, and it would be an advantage if Government statistics, which apparently must be made up to 31st March, could be blocked into two periods of six months, ending 31st March and 30th September.

Tons of Sugar imported into India, October 1st to September 30th.

	1894-95.	1895-96.	1896-97.	1897-98.
Bombay	87,154	69,009	80,360	100,047
Sind	24,382	16,443	33,920	38,580
	111,536	85,452	114,280	138,627
Bengal	37,821	32,649	48,002	66,842
Madras and Burma	4,015	3,752	6,412	9,579
Total all India ..	153,372	121,853	168,694	215,048
Of which Continental	46,026 *	14,400 †	60,536	107,383
Of which Mauritius	72,127	76,340	72.235	61,510
Mauritius to Bombay	60,200	58,354	57,550	50,131

What I have to say regarding the trade in beet-sugar is based on experience in Western India, but the conditions were probably not materially different elsewhere, and in any case 60 per cent. to 70 per cent. of the total imports come to Bombay and Sind.

In view of the information which they had regarding the shortness of the Indian crop those concerned in the trade had to look for outside supplies in addition to the usual imports from Mauritius—which in 1897-98 produced a small crop—to make up the deficit. These they found ready to their hand in Austro-Hungary and Germany, which had produced large beet crops, selling in 1897 at the lowest price on record. With the assistance of a high exchange they were able to lay beet-sugar down in India at a low cost, and consumers were able to get full supplies at moderate rates, instead of having to go without them or get only limited quantities at very high prices. I have already shown that all the sugar imported was required by consumers. As far as the past is concerned, I do not see how we can consider India otherwise than much indebted to the beet-growing countries for supplying it with all extra sugar it required at a moderate price, and I do not think we can complain because Continental Governments paid considerable sums in the form of bounty and cheap freight into the pockets of the sugar consumers of India.

Whether imported refined sugar has displaced Indian sugar it seems impossible to ascertain; but it is evident that a larger field is now opened out for good refined sugar which will be supplied from foreign countries until it can be produced in sufficient quantities in India; it should be borne in mind, however, that the European sugar markets (which are hardly influenced at all by the comparatively trifling Indian demand) may at times be, and have often been, so high that imports on any scale are out of the question, and it is to be hoped that if we have any more years of short Indian crops, the price of beet will be sufficiently low to enable us to draw from the Continent at moderate prices whatever sugar we may require.

It may be of interest to mention that the purchases of beet-sugar "to arrive" during the coming three months are only moderate, and at present it looks as if there would be a large falling off in the quantity of Continental sugar imported as compared with the year ending 30th September 1898.

In conclusion, I contend—

(1) That foreign sugar has only been imported to make up the deficiency which has existed in the supply of good refined home-grown sugar.

(2) That as long as India cannot produce sufficient sugar—refined and unrefined—to meet its requirements it must import.

* Germany only, as Austro-Hungary is included in "other countries" but the quantity was small.
† Approximate.

(3) That it ought to go for its supplies to the cheapest market.

(4) That there is no definite proof that the prices of Indian refined and unrefined sugar have been reduced, or the acreage under sugar-cane diminished, because of the imports of foreign sugar; on the contrary the increased imports of sugar appear to be the *result* and not the *cause* of the reduced acreage. And I suggest that the question of Indian sugar cultivation and refining should receive the earnest consideration of Government with a view to discovering why India does not produce all the sugar required for its own consumption.

MERCATOR.

THE SUGAR QUESTION.

Pioneer, 9th January 1899.

A correspondent, "Mercator," in a letter published in these columns a few days ago, complained that all he had seen in newspapers on the subject had been in much the same strain, and that the case of the writers seems to be, that imported sugars, particularly beet, are injuring the Indian sugar industry and curtailing revenue by reducing the area under sugar, therefore it is desirable to put prohibitory or at least large duties on imported sugars, particularly beet, and the sugar industry will thrive.

In thus stating the case, "Mercator," who deals with the subject from the importer's point of view, seems to have misapprehended the real nature of the proposals put forward in behalf of the Indian sugar industry in its present parlous state. In the original representations made to Government through the Bengal Chamber of Commerce, it was clearly laid down that there was no desire to impose a special tax on imported sugars in general, nor even a "prohibitive tax" on beet-sugar in particular. On the contrary,—with regard to what had hitherto been the chief source of our imported supplies of cane sugar—it was pointed out that even if the whole quantity that the Mauritius can produce (about 100,000 tons per annum) were sent to this country it would not do much serious injury, provided that the business were worked on the basis of the cost of production. Further, that the trade could not long exist on any less sound footing; and that if it were under consideration to include the Mauritius in the contemplated grant-in-aid to the West Indian Colonies, the Home Government had it in their power to render much more effective assistance to the struggling industry in the former dependency, by allowing India to tax alien bounty-fed sugars to the extent of the bounties granted on them by the European Powers. That the unrestricted importation of low-priced beet-sugar into this country is regarded on the best possible authority as constituting a grave menace to the industry on which the prosperity of the Mauritius chiefly depends, is made perfectly clear by the following resolution passed at a meeting of the Chamber of Agriculture, Port Louis, on the 17th May last:—

"Resolved: That this Chamber is of opinion that great prejudice is caused to the staple industry of this Colony by the importation into India, our principal market, of bounty-fed beet-root sugar upon the same terms as our unprotected product. That it is of the greatest, importance that the admission of bounty-fed beet-sugar into Indian markets should be discouraged. That the most effectual means of excluding bounty-fed sugar from Indian markets and putting an end to an unfair competition would be the imposition of a differential or countervailing duty, equal to the average amount of the bounty upon all sugars upon which bounty has been paid, introduced into India. That it is desirable therefore to co-operate with the Chambers of Commerce of Bengal and Northern India in urging upon the Imperial Government the immediate relief to the sugar industry of India, as well as that of this Colony, by the imposition of a differential duty, and also the great advantage which would be secured by the direct representation of the Indian Government at the Conference of the Powers convened at Brussels for June next."

Coming down to a more recent date, it is stated in the *Times of India* of 19th December last, that the Governor, Sir Charles Bruce, in his report on the Mauritius Blue-Book for 1897, points out that the causes which led to a serious reduction of the revenue for that year, had told with disastrous consequences on the revenue of the current year (1898), and that these

causes were, a short crop of sugar, its low price, and the abnormal high prices of Indian food-stuffs imported into the Colony. Great stress is laid on the low price of sugar, which, it is maintained, has been the result of causes which threaten the sugar industry of the Mauritius with the loss of its hitherto profitable markets —India and Australia. The former market, it is stated, has been largely affected by the operation of the artificial bounty system of foreign Governments in aid of beet-root sugars. As regards the Australian market, it is the extension of sugar cultivation in Australia itself which threatens permanently to close the door to Mauritius. There seems every reason to believe, therefore, that, contrary to "Mercator's" opinion, the sugar-growers of the Mauritius are not competing with indigenous refined sugar in India on a paying basis. The Mauritius product has been driven out of the European and other markets into this country by beet, and as well as Indian refined sugar is compelled to compete with the latter, heavily handicapped by the large bounties paid on beet.

The question is asked: "Can India produce sufficient refined sugar for its own requirements?" The answer is "Yes." The average annual production of coarse sugar in British India for the six years ending 1895-96 was estimated at over 3 million tons, which would yield 1,200,000 tons refined as against a total consumption which certainly does not exceed 600,000 tons. "Mercator" need hardly have propounded the query as to whether there were "any special conditions obtaining during the last two years which necessitated the marked increase in the imports of sugar, particularly beet-sugar." The increased scale of imports of beet-sugar referred to (which, however, may be regarded as anything but a necessity to India) has been undoubtedly due: (1) to the stimulus given to growers of beet on the Continent by the enhancement of the bounties, and (2) to the measures wisely taken by America, Canada, Australia and the Cape, to protect their home industries from the pernicious effect of the system, by levying special duties on all bounty-fed sugars entering their ports. These measures resulted in a diversion of the swollen stream of beet-root sugar into India. Nevertheless, it seems to "Mercator" that "before asking Government to cut off our cheap supplies of foreign produce we should urge them to make a full inquiry into the subject of Indian cultivation and refining." Whenever in a public question we have got to the stage where everything is known about the facts of the case and the difficulty has to be met by action—some wise person is sure to get up and call for more inquiry. Is not "Mercator" aware that one very full inquiry into the circumstances and conditions of the sugar industry in India was made more than ten years ago, the results of which were embodied in a report published in 1889? That after further inquiry the Government Reporter on Economic Products pointed out in his review of the sugar industry that it had reached a very critical position? And that at the present time a fresh inquiry is being made in all Provinces on some of the more important issues concerned? Still, we agree with "Mercator" in considering that any more complete investigation which may be supposed to be required would be better made now, while the sugar industry is still in existence, than after it has become extinct. Possibly it may be argued in explanation of recent increased imports that that was a result naturally to be expected from the reduced area under sugar-cane in 1896-97, that the short crop of that year was due to the failure of the rains, and that after the famine in 1896 cultivators "gave the preference to food crops of which they were in such sore need." It seems hardly justifiable, however, to maintain that a short cane crop would give rise to an abnormal demand for imported refined sugar, a luxury in which, even in the most prosperous times, only a small section of the population can afford to indulge. It is much more natural to suppose that the expansion of imports was due to the enhancement of the bounties granted to the Continental sugar-growers, which brought down the price to its present ruinous level. At the moment the fractional minority, who are consumers of beet-sugar, are doubtless indebted to the Continental Governments for the cheapness of the luxury. But the serious factor in the question is, that the cultivation of cane has contracted and is likely to contract still further, perhaps to an extent which would mean that eventually India would probably have to go abroad, not alone for its refined sugar, but also for the cheap raw article consumed by the masses. This altogether, apart from the calamity that would follow the extinction of the sugar

industry, both from an economic and revenue point of view. As has been stated in the correspondence already referred to on the subject: "the importance of cane cultivation in the agricultural scheme of almost every Province in India is, perhaps, hardly appreciated except by those officials whose duties have brought them into association with the settlement of land revenue. The remark may be found in many a settlement report that in such and such tracts the entire rent, and, therefore, the entire revenue, is paid from the cane-field. 'The peasants say,' writes the Settlement Officer of Bareilly, 'that sugar-cane is to other tillage as the elephant is to other beasts. In almost every settlement report and district gazetteer of the Punjab, of the North-Western Provinces and of Oudh, the extremely important position held by sugar-cane in maintaining agricultural prosperity is prominently noticed."

European refineries in India can hardly be considered to constitute a factor in the question; their total production is so small. The real point is that the population has been gradually rising in its status of comfort, and with an increased purchasing power there has grown up a demand for better clothing and better articles of diet. Therefore it is fair to anticipate that the annual consumption of refined sugar throughout the country should increase. This demand, the native refiners—who are to be found practically in every centre where cane of good quality is produced in quantity—can meet, given that the price at which the cultivator can afford to sell them the raw sugar, leaves a profit margin on the rate at which they can sell the refined article. It is this margin that has been gradually wiped out, as we gather from the fact that few, if any, *kharkanas* have been able to work successfully in 1898, or have any prospect of being in a position to do so this year (even with a bumper crop), owing to the price at which refined sugar is now being sold at the ports. The figure now stands at from Rs.7 to Rs.7-4 per maund or something like 30 to 40 per cent. less than the ruling prices of a few years ago. Add to this price the subsidies paid by the Continental Governments (bounties and special concessions in rates for transport of export beet-sugar) and it would be brought up to a figure that would restore the margin of profit that has been lost. It is very evident that with exchange at 1s. 4*d*. a profitable trade in beet-root sugar between Europe and India at the rate above quoted cannot be maintained, unless the European methods of cultivation are further improved and the cost of manufacture further reduced, or—as a possible contingency contemplated by the British delegates at the Brussels Conference—the bounties are largely increased.

To recapitulate, it will be seen: (1) that the explanation of the large importation of beet-sugar is, that it has been sent to the Indian market because it was driven out of other more important marts by special legislation against unfair competition; (2) that the ruinous effects of this unfair competition in India will continue to gather force as long as Government refuses to give that protection which the industry has the right to demand, *i.e.*, to be placed in a position to meet foreign competition on the basis of the cost of production; (3) that given this altered position, India could produce sufficient refined sugar to meet its requirements, but that in any case the competition of the Mauritius cannot do much serious harm.

"Mercator" employs a very common controversial weapon in the argument that the increased imports of sugar are the *result* and not the *cause* of the reduced acreage under sugar-cane, but in this instance the process of inductive reasoning scarcely seems consistent with the logic of facts. The truth is that imports of beet-sugar have only been of sufficient magnitude in very recent years to have already had an appreciable effect in reducing the area under cane, the returns for 1896-97 furnishing the first clear indication in this direction. The native refining industry, however, has unquestionably suffered; irrefutable evidence as to this has already been adduced in respect of Bengal as well as the North-Western Provinces and Oudh, and this must have a very direct effect on the cultivator in the reduced demand from a customer who has hitherto taken practically one-third of his whole production. In the interests then of the cultivator and of the refiner, from an economic and from a revenue point of view, we are at one with "Mercator" at least in considering that the whole question demands the earnest and prompt attention of the Government.

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Supplement to the Review of Sugar question
of which was posted to your address in January/99

Sugar Bounties file
17/2/99

Extract from speech delivered by Sir Antony MacDonnell, Lieutenant-Governor, N.-W. P. and Oudh, at the Annual Dinner of the Upper India Chamber of Commerce, held at Cawnpore on Thursday, 19th January, 1899.

(*From "Pioneer" of 21st January* 1899.)

"Gentlemen, your Chamber has made representations to Government on a question which seems to be attracting attention both in India and in England, namely, the question of competition of bounty-fed beet-sugar with cane-sugar grown in this country; and I think that perhaps you may not think it out of place if I make a few remarks upon this subject.

"My tour has led me through a great sugar-cane growing region, and undoubtedly I discovered in certain localities that anxiety existed as to the effect of importation of bounty-fed sugar on the stability of the indigenous industry. I have made it my business to inquire into the matter; and, although my inquiries are not yet complete, I think there may be some advantage in stating to you a few facts which seem to be established.

"The imports of bounty-fed sugar into these Provinces do not seem to have reached any disquieting magnitude until 1897-98, when 235,000 maunds, or nearly 10,000 tons of beet-sugar was imported. My information is not yet accurate as to the present year's imports, but it seems not unlikely that they will be greater and not less than the imports of the preceding year. The question is, gentlemen, what effect these imports, which are only a very small fraction of the indigenous commodity have had, or are likely to have, upon the sugar industry of these Provinces. Looking at our sugar-cane cultivation in its broadest aspect, I may say that the acreage now under sugar is above the average for the last twelve years. It is above the figures for every year except three of the twelve; amounting, according to our figures, to 1,225,674 acres. The average for the past twelve years is 1,212,314 acres. So far, taking the Provinces as a whole, no decrease in area can be said for certain to have occurred. Looking, however, at the figures in greater detail, they may, I think, be divided into two classes, namely, the area irrigated from wells and the area irrigated from canals. The cost of production in the first of these two classes, namely, in the area irrigated from wells, is considered to be greater than the cost of production in the canal-irrigated area; and we should expect that if any influences hurtful to the sugar industry had come in operation, they would make themselves first felt in the area where the cost of production is greatest and the margin of profits least.

"Now, gentlemen, so far as I have ascertained, the districts in which well irrigation prevails may be said to consist of the whole of Oudh, and the Allahabad, Benares and Gorakhpur Divisions. Taking Oudh first, I find that in the Lucknow Division there has been a decrease, and in the Fyzabad Division an increase over the average cultivation for the last twelve years. For Oudh, as a whole, there has been a decrease. In the Allahabad and Benares Divisions there has been a decrease, while in the Gorakhpur Division there has been a small increase. On the whole, it seems probable that where the cost of sugar cultivation is greatest and the margin of profits least, there land has gone under other crops from sugar-cane. But in the canal irrigated tracts the reverse has been the case, and in the Meerut and Rohilkhand Divisions the increase in cane cultivation has been considerable. On the whole I do not think we are yet in a position to say that the cultivation of cane in these Provinces has been restricted by this foreign competition. But there is reason for watchfulness, and probably we shall be able this time twelve months to see our way clearer on this point.

"Turning to prices, so far as I can ascertain, the price of the raw material seems to have fallen about 12 per cent. within the last five years. In the earlier portion of the period the fall may not have been unconnected with the growing inability of the people to spend money on luxuries, and in the later portion the price of sugar may have to some extent moved downwards

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in sympathy with the prices of all agricultural produce. It is too early for me to say—my information is not sufficient at present to justify me in saying—that the fall in prices of sugar is certainly and entirely due to outside competition, though the probability is that outside competition and the fear of increased outside competition have been a factor in producing the result. I myself have seen in the district bazaars confectionery made of imported sugar selling in the same shops with confectionery made with the indigenous article; and in one important town Khaja I was told that the people were beginning to prefer the foreign article as being the cleaner of the two.

"In order to stimulate the action of Government in dealing with this question of the importation of beet-sugar, it has been stated in certain quarters that the Government revenue will materially suffer if harm befalls the indigenous industry. Now, gentlemen, I am not prepared to admit that the importation of refined beet-sugar even on a very extensive scale can destroy sugar production in India as it seems to have done in the West Indies. It is indeed possible that by the competition of bounty-fed sugar, sugar refiners in India may be driven to contract or to abandon their business; but foreign sugar, I understand, does not compete with *gur* or unrefined sugar for consumption, and the consumption of *gur* is greater by far than the consumption of refined sugar. It is possible that by the destruction of Indian refining industries some 250,000 or even 300,000 acres of land might cease to grow cane, but I think that that would be the limit. Unquestionably that would be a most serious business, indirectly for the Government, and directly for the cultivators in the cane districts and for the labouring population, who find that work connected with sugar-cane fits in admirably with their periods of disengagement on field employment generally: but it is, I believe, a mistake to think that it would destroy their ability to pay the Government revenue. It would weaken it, but it would not destroy it. The Government revenue is not assessed on 'crop rates,' but on 'soil rates' that is, on rates fixed with reference to the general productiveness of the soil, and not with reference to any particular crop sown on it; and inasmuch as those 'soil rates' should not be oppressive but readily payable whether the crop sown be cane or wheat or cereals, it would continue to be paid. There might doubtless be a period of transition when the people would suffer; doubtless the revenue-paying capacity of the people would be weakened by the substitution of a less valuable for a more valuable crop: doubtless there would be a lower water-rate charged by the Irrigation Department for canal water; there would be loss to Mauritius which now sends us a good deal of refined sugar: and our income-tax revenue would decrease in proportion to the closure of refineries. But still there would be no such catastrophe as has overtaken the West India Colonies. I do not speak in this way with any intention of minimising the importance of this question which I agree with you in thinking of great importance: my only wish is that the case for action may not be weakened by exaggeration of the danger, and that improvements in the cultivation and manufacture of the sugar may not be lost sight of.

"I think, gentlemen, I have said enough on this subject to make you believe that the matter is engaging the careful attention of the Government and of its officers, and, speaking for my own Government, I wish to say that I shall gladly receive any information which this Chamber can furnish with a view to the adoption of sound and practical remedies."

Extract from Editorial in "Pioneer" of 22nd January, 1899.

"Sir Antony MacDonnell went on to discuss the question of competition of bounty-fed beet-sugar with cane-sugar grown in India, and here also the information he had to place before the Chamber was of great interest. In the course of his tour he has visited one of the great cane-growing districts in these Provinces, and in some localities he found that anxiety existed as to the effect of the importation of bounty-fed sugar on the stability of the indigenous industry. On the other hand, the Lieutenant-Governor's own inquiries into the matter have shown that the acreage now under sugar in the Provinces is above the average of the past twelve years, and that in some parts, notably the Meerut and Rohilkhand Divisions, where the irrigation is from canals and consequently less costly than in districts where well irrigation alone is available, the area has considerably increased. There has been a fall of prices in the last twelve years of about 12 per cent., but the Lieutenant-Governor is not yet

prepared to say that this fall is entirely due to outside competition, though this is probably at least a contributory cause. It is interesting to note that in one place Sir Antony MacDonnell was told that the native confectioners were coming to prefer the imported sugar because it was cleaner. As to the argument that Government revenue would suffer materially if harm befell the indigenous industry, the Lieutenant-Governor is 'not prepared to admit that the importation of refined beet-sugar, even on a very extensive scale, can destroy sugar production in India, as it seems to have done in the West Indies:' but he does admit that some 250,000 or 300,000 acres might cease to grow cane; that the sugar refiners might be driven to abandon their business; that the revenue-paying capacity of the people would be weakened, though not destroyed; that the Irrigation Department would receive a lower water-rate where an inferior crop was substituted for cane; that there would be a loss to Mauritius, which sends India a good deal of refined sugar; and that income-tax revenue would diminish with the closure of refineries. It seems to us that this is quite a sufficient catalogue of probable ills, without imagining 'such a catastrophe as has overtaken the West Indies,' to justify the Government in taking action. If 10,000 tons of beet-sugar were imported into these Provinces last year—the imports in the current trade year are probably much larger—then a market for 10,000 tons of home-grown sugar has been lost because the growers were subjected to unfair competition: the industry, though the acreage does not show an actual decline, is at all events unprogressive, though the consumption must be increasing enormously every year: and the Lieutenant-Governor apparently agrees that the gradual extinction of sugar-refining in India is at least on the cards. If the indigenous industry was being beaten on its merits, interference would be neither wise nor just; but this bounty business is not fair fighting, and Government ought to come to the rescue with a countervailing duty. There appears to us to be no great wisdom in waiting till some considerable damage is done, before deciding that it might have been worth while to prevent such an untoward result."

Extracts from "Pioneer" of 26th January 1899.

"An 'Old Settlement Officer' writes to us that although the remarks made by Sir Antony MacDonnell to the Cawnpore Chamber of Commerce on the subject of the injury caused to agricultural interests by the competition of cheap beet-root sugar appear to be, on the whole, extremely sound, yet that it may be doubtful whether His Honour has fully appreciated the sense in which the assessing officers of a past generation used the term 'soil rate' in these Provinces. Sir Antony drew the inference that because 'soil rates' were based on the general productiveness of the soil which would allow other profitable crops than cane to be grown, the ability of the cultivator to pay his rent would not be materially affected by anything that happened to sugar. But Settlement Officers of thirty years ago played with words as a juggler does with balls. Sir Charles Elliott, the founder of a far too meticulous system, entangled in terms for which a special glossary was needed, went indeed so far as to announce, in the celebrated reports on Farukhabad parganas, which became the basis of the new methods of the seventy to eighty decade, that soil classes and soil rates had little or nothing to do with natural soils. He was, rightly or wrongly, imitated by his contemporaries, and by his successors, until subsequently his system was replaced by the present plan of assessing on the actual rents recorded in the village rent-rolls. There is no doubt that Sir Charles Elliott, though driving his hobbies too hard, was not without reason in drawing attention to the fact that the differences of natural soils were much obscured by the preparation of certain fields for the growth of special crops, and by the application to them of abnormal quantities of manure and of exceptional irrigation. But the result was that the so-called 'soil rates' of his school, depending greatly as they did on the facilities in each case for obtaining manure and for applying water, were based to a very much larger extent on the crops ascertained to have been grown—the nature of which indicated the extent to which manure and water had been customarily applied—than on the natural soil of the land."

"In view then of the fact that no crop gives such a large return to water and manure as sugar-cane, the 'soil rate' attached to cane-growing lands was, under the methods adopted 30 years ago, designedly higher than it would have been if no sugar-cane had been

raised. It is true that there were, as there still are, in some districts tracts of low-lying alluvial lands with rich clay soil on which fine sugar can be raised with little manure and even with no irrigation. But these were and are exceptional. It may be safely asserted, however, that such lands, where it may be admitted that rates were mainly based on conditions of soil, would lose more than half their value if cane could not be grown upon them as they are for the most part unfitted for high class cereals, owing to excess of moisture or to heaviness of soil. The fact may also be noticed that in many of the Northern districts where at the last Settlements crop and not cash rents were the rule, an exception had always been made in the case of sugar-cane, and of one or two other high class crops such as tobacco and vegetables, which whenever grown were accompanied by a special cash payment to the landlord—called *zabti*. The Settlement Officer always informed on what lands *zabti* crops, of which cane was the most important, were raised, naturally imposed a higher rent on such lands, the receipts from which usually supplied the landlord with the cash required for the State revenue. It may easily be imagined that the material diminution of profits on the *zabti* area would greatly embarrass both tenant and landlord. It is, however, premature to discuss the extent to which agricultural and State interests will be affected by the reduction in the profits on sugar cultivation and manufacture. The inquiry which the Provincial Government has wisely directed to be made should bring all material facts to light and its results must be awaited. Doubtless, as Sir Antony MacDonnell anticipates, it will be found that the sugar industry is in danger of being weakened rather than destroyed, but it is hardly necessary to observe that any influences, which tend to undermine the mainstay of our Indian administration, the land revenue of the State, must be, as far as possible, counteracted. For any serious check to the rent-paying power of the cultivator means not only the embarrassment of the agricultural classes, but also such hindrance to the natural growth of the national income derived from the national estate, as may require it to be supplemented by fresh and vaxatious taxation."

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