



GOVERNMENT OF INDIA
MINISTRY OF
COMMERCE & INDUSTRY

PTB. 215 (N)

715

Report
OF THE
INDIAN TARIFF BOARD
ON THE
**SERICULTURE
INDUSTRY**

(Inquiry under Section 4(1) of the Indian Tariff Act, 1934)

सत्यमेव जयते

BOMBAY

1951

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TARIFF BOARD
NOTIFICATIONS, DELHI

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PERSONNEL OF THE BOARD

Dr. H.L. Dey, D.Sc. (London) (*On leave*). *President.*
Dr. B.V. Narayanaswamy Naidu,
M.A., B.Com., Ph.D., Bar-at-Law. *Member.*
Mr. B.N. Adarkar, M.A. (Cantab.). *Member.*
Mr. M.A. Mulky, M.Sc. (Econ.) (London) *Secretary.*

PERSONNEL OF THE PANEL WHICH HEARD THE CASE

Dr. B.V. Narayanaswamy Naidu. *Member.*
Mr. B.N. Adarkar. *Member.*



GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 29th March, 1952.

RESOLUTION

(Tariffs)

No. 36(10)-T.B./51.- The Tariff Board has submitted its report on the sericulture industry. Its recommendations are as follows:-

- (i) An *ad valorem* duty of 30 per cent. and a specific duty of Rs. 3-14-0 per lb. should be levied on raw silk, tariff item 43.
- (ii) The existing duty of 30 per cent. *ad valorem* on silk waste and noils, tariff item 46(1), should be continued.
- (iii) The same rate of duty should be levied on silk yarn including thrown silk warps but excluding sewing thread, tariff item 47(a), as on raw silk, namely, 30 per cent. *ad valorem* plus a specific duty of Rs. 3-14-0 per lb.
- (iv) An *ad valorem* duty of 30 per cent. and a specific duty of Rs. 5/- per lb. should be levied on yarn spun from silk waste, excluding sewing thread, tariff item 47(b).
- (v) The existing duty of 30 per cent. *ad valorem* should be continued on yarn spun from noils, excluding sewing thread, tariff item 47(c).
- (vi) The existing duty of 30 per cent. *ad valorem* should be continued on silk sewing thread, tariff item 47(1).
- (vii) An *ad valorem* duty of 35 per cent. should be levied on pongee, tariff item 48(a).
- (viii) An *ad valorem* duty of 40 per cent. should be levied on fuji, boseki and corded (excluding white cord), tariff item 48(b).
- (ix) An *ad valorem* duty of 35 per cent. should be levied on other silk fabrics covered by tariff item 48(c).
- (x) The industry should continue to be protected upto the 31st December, 1952 for the present.
- (xi) Imports of silk worm seeds should be allowed free of duty.

- (xii) In view of the fact that the fixation of a monetary ceiling for the imports of raw silk will not ensure the desired volume of imports, inasmuch as the quantity actually imported will depend upon the prices in the exporting countries and also of the fact that the volume of imports has a direct bearing on the market prices of silk in the country, the quantum of imports, if import prices fall, should be so adjusted as to meet the gap between estimated demand and domestic production.
 - (xiii) While the Board's estimate of the fair selling price of raw silk should remain valid during the extended period of protection, the position regarding the c.i.f. prices of imported silk should be reviewed by the end of June, 1952.
 - (xiv) The request of the Government of Mysore for adequate financial assistance from the Central Government for the development of the sericulture industry in that State should be referred to the Central Silk Board for consideration.
 - (xv) The suggestions made to the Government of India to the effect that powers should be taken under the Essential Supplies (Temporary Powers) Act to regulate the prices and distribution of imported silk deserve a thorough examination by Government.
 - (xvi) Since artificial silk has at times been the subject of rampant speculation which had its repercussion on the prices of raw silk and since any measure to check speculation in artificial silk will be beneficial to the raw silk trade also, it is considered that when the proposed legislation for regulation of forward contracts is enacted, the desirability of applying it to artificial silk should receive consideration by Government.
2. Government accept recommendations (i) to (vi) and (x) and steps are being taken to implement them.
3. As regards recommendations (vii) to (ix), Government consider that the existing duties should continue for the present.
4. Government also accept recommendations (xi) to (xiv).
5. Recommendations (xv) and (xvi) will be examined at the appropriate time.

K.N. KAUL,
Joint Secretary to the Government of India.

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 29th March, 1952.

NOTIFICATION
(Tariffs)

No. 36(10)T.B./51.- In exercise of the powers conferred by Sub-section (1) of Section 4 of the Indian Tariff Act, 1934 (XXXII of 1934) and in supersession of the notification of the Government of India in the late Ministry of Commerce No. 33(1)T.B./49, dated the 25th April, 1949, 36(8)T.B./49, dated the 10th January, 1950 and No. 36(4)T.B./50, dated the 22nd January, 1951, the Central Government hereby directs that there shall be levied on each of the articles specified in column 2 of the table annexed hereto when imported into India the duties of customs specified in the corresponding entry in column 3 thereof.

THE TABLE

Item No. of Tariff	Name of article	Rate of duty
1	2	3
46	Silk, raw (excluding silk waste and noils), and silk cocoons.	30 per cent. <i>ad valorem</i> plus Rs. 3-14-0 per lb.
47	Silk yarn including thrown silk warps and yarn spun from silk waste or noils but excluding sewing thread -	
	(a) silk yarn including thrown silk warps but excluding sewing thread.	30 per cent. <i>ad valorem</i> plus Rs. 3-14-0 per lb.
	(b) yarn spun from silk waste excluding sewing thread.	30 per cent. <i>ad valorem</i> plus Rs. 5-0-0 per lb.
	(c) yarn spun from noils excluding sewing thread.	30 per cent. <i>ad valorem</i> .

1	2	3
48	Fabrics, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk -	
	(a) Pongee.	75 per cent. <i>ad valorem</i> plus Rs. 5-8-0 per lb.
	(b) Fuji, Boseki and corded (excluding white cord).	75 per cent. <i>ad valorem</i> plus Rs. 5-8-0 per lb.
	(c) Other sorts.	75 per cent. <i>ad valorem</i> plus Rs. 4-0-0 per lb.

K.N. KAUL,
Joint Secretary to the Government of India.



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REPORT ON THE SERICULTURE INDUSTRY
(Inquiry under Section 4(1) of the Indian
Tariff Act, 1934)

1. The history of the protection granted to the sericulture industry from 1934 to 1948 will be found in paragraphs 1 and 4 of the Tariff Board's Report on this industry submitted in March, 1949. Briefly, the protective duty on raw silk, which was first imposed in 1934 for a period of five years, was continued from time to time up to 31st March, 1949, because of the abnormal conditions of the war and the post-war periods. In April, 1948, however, the Board was requested to review the scheme of protection and to report on the desirability or otherwise of continuing it after 31st March, 1949. The Board submitted its Report on 7th March, 1949, recommending the levy of protective duties at the rates shown below for a period of three years ending 31st March, 1952:-

Item No.	Name of article	Nature of duty	Standard rate of duty.
(1)	(2)	(3)	(4)
46	Silk, raw (excluding silk waste and noils), and silk cocoons	Protective	30 per cent. <i>ad valorem</i> plus Rs. 15-12-0 per lb.
46(1)	Silk, waste and noils	-do-	30 per cent. <i>ad valorem</i>
47	Silk yarn (including thrown silk warps but excluding sewing thread)	-do-	30 per cent. <i>ad valorem</i> plus Rs. 15-12-0 per lb.
47(1)	Yarn spun from silk waste excluding sewing thread	-do-	30 per cent. <i>ad valorem</i> plus Rs. 4-8-0 per lb.
47(2)	Yarn spun from noils excluding sewing thread	-do-	30 per cent. <i>ad valorem</i>
47(3)	Silk sewing thread	-do-	30 per cent. <i>ad valorem</i>

(1)	(2)	(3)	(4)
48	Fabrics, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk-		
	(a) Pongee	Protective	75 per cent. <i>ad valorem</i> plus Rs. 5-8-0 per lb.
	(b) Fujī, Boseki and corded (excluding white cord)	-do-	30 per cent. <i>ad valorem</i> .
	(c) Other sorts	-do-	75 per cent. <i>ad valorem</i> plus Rs. 4-0-0 per lb.

The Board also recommended that, should the c.i.f. price of the imported raw silk fall below Rs. 12-3-5 per lb. so as to render the scheme of protection ineffective, the duty should be suitably enhanced under Section 4(1) of the Indian Tariff Act.

All these recommendations were accepted by Government except in regard to the duty relating to item No. 48(b). Having regard to revenue and other considerations, Government decided that the duty on this item should be the same as that on item No. 48(a).

As the extended period for which the protective duties were to be in force at the old rates was to expire on 31st March, 1949, and since Government could not come to a decision before that date on the Board's report submitted on 7th March, 1949, Government, by their Resolution No.36(1)-TB/49, dated 25th April, 1949, announced that, pending issue of the notification under Section 4(1) of the Indian Tariff Act giving effect to the recommendations of the Board, the period of protection to the sericulture industry was extended at the rates then in force up to 31st March, 1951, by the Protective Duties (Miscellaneous Provisions) Act, 1949.

The following table shows the rates of duties as modified by the Ministry of Commerce Notification No. 36(1)TB/49, dated 25th April, 1949, giving effect to the Board's recommendations:-

Item No.	Name of article	Rate of protective duty	Duration of protective duty
1	2	3	4
46	Silk, raw (excluding silk waste and noils) and silk cocoons	30 per cent. <i>ad valorem</i> plus Rs. 15-12-0 per lb.	31st March, 1951
46(1)	Silk, waste and noils	30 per cent. <i>ad valorem</i>	31st March, 1951
47	Silk yarn including thrown silk warps and yarn spun from silk waste or noils but excluding sewing thread-		
	(a) Silk yarn including thrown silk warps but excluding sewing thread	30 per cent. <i>ad valorem</i> plus Rs. 15-12-0 per lb.	31st March, 1951
	(b) Yarn spun from silk waste excluding sewing thread	30 per cent. <i>ad valorem</i> plus Rs. 4-8-0 per lb. lb.	31st March, 1951
	(c) Yarn spun from noils excluding sewing thread	30 per cent. <i>ad valorem</i>	31st March, 1951
47(1)	Silk sewing thread	30 per cent. <i>ad valorem</i>	31st March, 1951
48	Fabrics, not otherwise specified, containing more than 50 per cent. of silk, including such fabrics embroidered with artificial silk-		
	(a) Pongee	75 per cent. <i>ad valorem</i> plus Rs. 5-6-0 per lb.	31st March, 1951
	(b) Fuji, Boseki and corded (excluding white cord)	-do-	31st March, 1951
	(c) Other sorts	75 per cent. <i>ad valorem</i> plus Rs. 4 per lb.	31st March, 1951

Note:- The rates of duties were inclusive of the additional duties payable at the rate of one-half of the total amount of duty in respect of item 48 and at the rate of one-fifth of the total amount of duty in respect of the remaining items under the provisions of sub-sections (b) and (d) of the Indian Finance Act, 1949, which also repealed the Indian Tariff (Amendment) Ordinance No. XXXIII of 1949, which came into force from 5th November, 1949.

The rates of protective duties mentioned in the above table were to remain in force upto 31st March, 1951, but it was intended that the period should in due course be extended by one year, that is, upto 31st March, 1952. This was done under the Indian Tariff (Amendment) Act, 1951 (No. XIII of 1951), the rates of duties continued by that Act were those in force at the time of the passing of the Act, i.e., as modified in consultation with the Board since the submission of its Report in March, 1949. The modifications suggested by the Board since 1949 and the circumstances relating thereto are described below:

<p>Previous revisions of protective duties under Section 4(1) of the Indian Tariff Act.</p>	<p>2. (a) Following the devaluation of the rupee in September, 1949, the c.i.f. price of raw silk from Italy (which was then the principal source of supply) rose to Rs. 19-12-5 per lb. against Rs. 12-3-5 assumed by the Board in 1949, thus indicating a downward revision of the existing protective duties. Having regard to the fact that imports were needed to satisfy about 65 per cent. of the domestic demand for raw silk, and with a view to assisting the silk weavers to obtain their requirements of raw silk at reasonable prices, Government, in the Ministry of Commerce letter No. 35(1) TB/49/2242, dated 29th November, 1949, suggested that the duty on raw silk which had come into force on 25th April, 1949 should be reduced so as to equate the cost of imports to the fair selling price of indigenous silk as determined by the Board, namely, Rs. 31-12-0 per lb. They accordingly requested the Board to review the rate of duty on raw silk and also to suggest any adjustments necessary in the rates of duty on other articles manufactured from silk, including yarn and fabrics.</p>
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Accordingly, after a summary inquiry, the Board, in its letter No. TB/E/59-P, dated 13th December, 1949, recommended a revision of the duties. The following table shows the rates recommended by the Board and those accepted by Government:-

(ii) *Yarn spun from silk waste excluding sewing thread:-*
On the basis of a c.i.f. price of imports from Japan at Rs. 17-9-3 per lb., the duty on this item should be raised to 30 per cent. *ad valorem* plus Rs. 1-12-0 per lb.

(iii) *Yarn spun from silk noils excluding sewing thread:-*
The duty should remain at the previous level, namely, 30 per cent. *ad valorem*, since imports of this type of yarn were expected to be small.

These recommendations were given effect to by the Ministry of Commerce Notification No. 36(4)-TB/50, dated 16th June, 1950.

(c) Although the policy of liberalisation of imports of raw silk, which was adopted from the second half of 1949, had brought in substantial imports into the country, the position in regard to the c.i.f. prices of imports again changed after the outbreak of the Korean war. Information received by the Government of India from their representatives abroad showed an increase in the price of Japanese raw silk (for imports of which a large monetary ceiling had been fixed) from Rs. 14/Rs. 16 per lb. in April, 1950, to Rs. 19-2-0 per lb. in the latter half of that year. At the instance of the Central Silk Board, the Government of India in the Ministry of Industry and Supply, proposed to the Ministry of Commerce a revision of the protective duty on raw silk so as to maintain the price of indigenous raw silk at the level of the fair selling price determined by the Tariff Board in its Report of 1949, namely, Rs. 31-12-0 per lb. The matter was accordingly referred to the Board which forwarded its recommendations to Government on 10th January, 1951. These recommendations were given effect to by the Ministry of Commerce Notification No. 36(4)-T.B./50, dated 22nd January, 1951, as shown below:-

Tariff Item No.	Name of article	Previous rate of duty	Modified duty as recommended and accepted by Government
46	Silk, raw (excluding silk waste and noils), and silk cocoons	30 per cent. <i>ad valorem</i> plus Rs. 12 per lb.	30% <i>ad valorem</i> plus Rs. 6-8-0 per lb.
47(a)	Silk yarn including thrown silk warps but excluding sewing thread	30% <i>ad valorem</i> plus Rs. 12 per lb.	30% <i>ad valorem</i> plus Rs. 6-8-0 per lb.
(b)	Yarn spun from silk waste excluding sewing thread	30% <i>ad valorem</i> plus Rs. 1-12-0 per lb.	30% <i>ad valorem</i> .
(c)	Yarn spun from noils excluding sewing thread	30% <i>ad valorem</i>	30% <i>ad valorem</i>

3. As will be seen from the foot-note to the table at the end of paragraph 1 above, the rates of protective duties leviable on items relating to the sericulture industry were inclusive of the additional duties levied on such items from time to time. Thus, the additional duties levied under the Indian Finance Act, 1948, as well as under Section 3 of the Indian Tariff (Amendment) Ordinance, 1948, and continued under the Indian Finance Acts of 1949 and 1950, have been merged in the protective duties. For convenience, the rates of duties on items 46, 46(1), 47, 47(1), and 48 of the First Schedule to the Indian Tariff Act, 1934, which have been in force from 22nd January, 1951, with the additional duties introduced from 1st April, 1951, by the Indian Finance Act, 1951, are shown in the following table:-

Present position
in regard to pro-
tective duties.

Tariff Item NO.	Name of article	Rate of protective duty in operation from 22nd January 1951 to 31st March 1951	Rate of protective duty in operation from 1st April 1951
46	Silk, raw (excluding silk waste and nolls) and silk cocoons	30% ad valorem plus Rs. 6-8-0 per lb.	30% ad valorem plus Rs. 6-8-0 per lb., plus 5% of the total duty
46(1)	Silk, waste and nolls ...	30% ad valorem	31½% ad valorem
47	Silk yarn including thrown silk warps and yarn spun from silk waste or nolls but excluding sewing thread--		
	(a) Silk yarn including thrown silk warps but excluding sewing thread ...	30% ad valorem plus Rs. 6-8-0 per lb.	30% ad valorem plus Rs. 6-8-0 per lb., plus 5% of the total duty
	(b) Yarn spun from silk waste excluding sewing thread	30% ad valorem	30% ad valorem plus 5% of the total duty
	(c) Yarn spun from nolls excluding sewing thread	30% ad valorem	30% ad valorem plus 5% of the total duty
47(1)	Silk sewing thread ...	30% ad valorem	31½% ad valorem
48	Fabrics, not otherwise specified, containing more than 90% of silk, including such fabrics embroidered with artificial silk--		
	(a) Pongee	75% ad valorem plus Rs. 5-8-0 per lb.	75% ad valorem plus Rs. 5-8-0 per lb., plus 5% of the total duty
	(b) Fujii, Boseki and corded (excluding white cord)	Ditto	Ditto
	(c) Other sorts ...	75% ad valorem plus Rs. 4-0-0 per lb.	75% ad valorem plus Rs. 4 per lb., plus 5% of the total duty

Note: The rates of duties indicated in the last column include the additional (surcharge) duties leviable under Section 5 of the Finance Act, 1951.

4. (a) In a representation dated 27th March, 1951, addressed to the Hon'ble Minister for Commerce and Industry, the Raw Silk Merchants' Association, Bombay, requested that since the c.i.f. price of Japanese raw silk had increased to Rs.29-15-0 per lb., the existing specific duty of Rs. 6-8-0 per lb. be abolished. Government accordingly referred the case to the Tariff Board for its views, in their letter No. 36(4)-T.B./50/742, dated 5th April, 1951. While the Board was examining the case, prices of Japanese raw silk began to show a downward trend. The c.i.f. price of Japanese raw silk, according to the evidence received by the Board, was Rs. 21-14-0 per lb. The Board was also given to understand that, owing to the fixation of a ceiling price for imports of Japanese raw silk by the U.S.A., which was one of the largest buyers of raw silk from Japan, it was unlikely that the price of Japanese raw silk would go beyond Rs. 23-14-0 per lb. f.o.b. Japan for some time. Taking these and other relevant factors into account, the Board came to the conclusion that no case was made out for a revision of the existing rate of duty on raw silk and informed the Ministry accordingly in its letter No. TB/E/59 dated 11th May, 1951.

(b) On 10th June, 1951, the Hindupur Taluk Silk Reelers' Association, Hindupur, represented to the Hon'ble Minister for Commerce and Industry, alleging that, owing to the rise in the price of cocoons, which was stated to be ruling at Rs. 1-14-0 per lb., the cost of production of raw silk had increased to Rs. 41-12-0 per lb. The Association, therefore, contended that the protection granted to the industry was inadequate and requested a suitable enhancement of duty. This representation was referred to the Board by Government in their letter No. 36(4)-TB/50, dated 21st June, 1951. The Board, in its letter No. TB/E/59, dated 5th July, 1951, invited the attention of Government to its letter No. TB/E/59 dated 11th May, 1951 embodying its views on the representation of the Raw Silk Merchants' Association, Bombay,

and observed that it was not advisable to make any alteration in the then existing rate of duty without a proper cost investigation. The Board also pointed out that, as the period of protection to the industry would expire on 31st March, 1952, the Board would conduct an inquiry into the industry towards the end of 1951, and would consider the need for any revision of duties at that time.

(c) In their letter dated 27th July, 1951 addressed to the Government of India in the Ministry of Commerce and Industry, the Government of Mysore complained that imports of foreign silk had had a depressing effect on the prices of indigenous raw silk with the result that they were experiencing difficulties in disposing of their stocks of filature silk. Further, according to the Government of Mysore, the cost of production of cocoon had risen to about Rs. 1-10-0/Rs. 1-12-0 per lb., against Rs. 1-3-7 per lb. estimated by the Tariff Board in its report of 1949. They, therefore, requested the Government of India to effect a suitable upward revision in the protective duty on raw silk. A similar representation dated 4th July, 1951, had also been addressed to the Government of India by the President of the Silk Association, Hindupur. These representations were referred to the Tariff Board in the Ministry of Commerce and Industry letter No.36(4)-TB/50, dated 6th September, 1951 (Appendix I).

5. (a) The Board requested the Director of Sericulture, Method of Government of Mysore and the Sericultural Expert, inquiry. Kollegal (Madras State) to furnish information regarding the yield of mulberry leaves, the production of cocoons, the average yield of cocoons and the present price of cocoons in the major sericulture farms in their States. The data received from them are shown in Appendix II. The Director of Industries, Government of West Bengal and the Director of Sericulture, Government of Jammu and Kashmir, were also addressed for information regarding the current cost of production of cocoons, selling prices of cocoons, the cost of production of raw silk, etc. The Directors of

Sericulture, Mysore and Kashmir, and the Directors of Industries, Madras and West Bengal were requested to furnish particulars regarding the steps taken by their respective Governments since the last tariff inquiry held in 1948 towards reducing the cost of production of raw silk, ensuring the supply of disease-free mulberry silk worms to the rearers and other related matters. The Collectors of Customs at Bombay, Calcutta, Madras and Cochin, the principal importers and the Central Silk Board, were requested to furnish the c.i.f. prices of raw silk, silk yarn and silk fabrics. The Indian Liaison Mission, Tokyo was approached regarding the present prices of Japanese raw silk and silk yarn as well as their future trend. A press communique was issued on 3rd October, 1951 inviting persons interested in this industry to express their views on the question of the revision of the protective duties on raw silk, silk yarn and silk fabrics.

(b) Dr. B.V. Narayanaswamy Naidu, Member of the Board visited the sericultural units located in Srinagar (Kashmir State) from 6th to 8th July, 1951, and discussed with the officers of the Sericulture Department, Government of Jammu and Kashmir, the progress made by the industry in that State since the last inquiry. Shri S.V. Rajan, Assistant Cost Accounts Officer attached to the Board, visited the sericultural farms and the Government Silk Factory at Kollegal from 30th September to 10th October, 1951, for examining the costs of production of cocoons, raw silk, silk yarn, etc. Shri N. Krishnan, the Cost Accounts Officer attached to the Board, visited the sericultural farms and factories in Mysore State from 2nd to 18th October, 1951, for the same purpose and was assisted in his investigation by Shri S.V. Rajan, from 11th to 18th October, 1951. A list of the farms and factories costed by them in the Mysore and Kollegal areas is given in Appendix III.

(c) A public inquiry was held on 23rd and 24th November, 1951, at the Board's Office in Bombay. A list of those who attended the inquiry and gave evidence is given in Appendix IV.

6. The import control policy in respect of raw silk, silk cocoons, silk waste and noils, silk yarn, silk, sewing thread and silk fabrics during 1951 is briefly described below:-

(a) January-June, 1951.

Under the Import Trade Control Public Notice No. 183-ITC(PN)/50 dated 29th December 1950, licences were to be issued for imports of raw silk and yarn spun from silk waste from soft currency areas and Japan on the following basis:

	Licences for raw silk	Licences for yarn spun from silk waste
(a) State Governments (to meet requirements of handloom industries).	As per quota	to be fixed by C.C.I.
(b) Silk weaving mills and factories employing power-looms.	Rs. 350/- for every loom.	Rs. 26/- per loom.
(c) Factories employing spindles worked by power but not containing looms.	Rs. 35/- for every spindle.	Rs. 3/- per spindle.
(d) Actual users of raw silk who use it for the manufacture of goods other than silk fabrics.	1½ months; require- ments.	One month's requirement.
(e) Established importers:	(1) 40% of one-half of the best year's im- ports for Japan. (2) 10% quota of one-half of the best year's imports for soft cur- rency countries.	40% of one- half of the best year's imports.
(f) Zari industry.	Separate quota to be fixed on receipt of applications.	

Licences were to be issued in respect of silk fabrics also to established importers to import from soft currency countries to the extent of 20 per cent. of one half of their best year's imports.

Under the Import Trade Control Public Notice No. 99-ITC(PN)/51 dated 30th May, 1951, soft currency licences in respect of raw silk alone were made convertible into licences for Japan, either in whole or in part.

(b) *July-December, 1951.*

(i) *Raw silk and silk cocoons:* The value of the licences issued during the preceding half year has been doubled. Established importers are to be granted supplementary quotas of 40 per cent. in respect of Japan and 10 per cent. in respect of soft currency countries.

(ii) *Yarn spun from silk waste:* January-June, 1951 licences have been doubled. A supplementary quota of 40 per cent. in respect of soft currency countries is to be issued only to established importers.

(iii) *Silk fabrics:* January-June, 1951 licences have been doubled. A supplementary quota of 20 per cent. in respect of soft currency countries is to be issued only to established importers.

(iv) As regards other items, viz., silk waste and noils, thrown silk yarn and silk sewing thread, their imports have been banned.

Under the Import Trade Control Public Notice No. 148-ITC(PN)/51 dated 24-9-1951 read with Public Notice No. 162-ITC(PN)/51 dated 6-10-1951, applications have been invited from established importers to import silk sewing thread, fabrics containing more than 10 per cent. and not more than 90 per cent. silk and such other mixed fabrics from Switzerland upto 100 per cent. of one half of their best year's imports.

According to the Import Trade Control Notification No. 31-ITC/51 dated 24-10-1951, declaring Japan a soft currency country, the import licensing policy applicable to soft currency countries has been extended to Japan with effect from that date.

7. A statement showing the landed costs of recent imports of raw silk, silk yarn and silk fabrics as furnished by the Collectors of Customs, importers and other parties, is given in Appendix V. The most popular and representative type of raw silk used in this country has been taken as 20/22 denier, as in the case of the last inquiry. It was stated by the producers that the main competition for the indigenous filature silk is from Japan and hence, for the purpose of determining the quantum of protection required by the industry, the c.i.f. price of Japanese silk of 20/22 denier should be adopted as the basis. The Indian Liaison Mission (Trade Section) at Tokyo has intimated the f.o.b. price of raw silk at 4.7 dollars per lb. for 20/22 denier quality 'A', which works out to Rs. 22-6-1. Adding 3 per cent. for insurance and freight, the c.i.f. price at Indian ports may be taken at 4.841 dollars, or Rs. 23-0-10. The landed cost on the above basis will work out to:

(a) F.o.b. price	Rs. 22- 6-1
(b) Insurance and freight "	<u>0-10-9</u>
(c) C.i.f. price	Rs. 23- 0-10
(d) Customs duty @ 30%	
<i>ad valorem</i>	" 6-14- 8
Add specific duty	" 6- 8- 0
Add surcharge @ 1/20th of total duty	" 0-10- 9
(e) Clearing charges	" 0- 6- 0
(f) Total landed cost	<u>Rs. 37- 8- 3</u>

8. (a) *Scope of costing:* At the Board's previous inquiry into this industry held in 1948, the cost of production in Mysore, the largest silk producing area in the country, was taken as representative of the industry as a whole. In order to have a wider scope, the Board selected this time Kollegal area in addition to Mysore State. The Board's Cost Accounts Officers have investigated the cost of production of mulberry leaf, cocoons, raw silk, thrown silk and plain silk fabrics in both these areas and that of spun silk in Mysore State only.

(b) *Method of collecting cost data:* The Board's Cost Accounts Officers were confronted in their investigation with the same difficulties as those encountered in 1948 and these difficulties have been explained in the Board's previous Report. In the case of filatures and powerloom factories, books of accounts have been maintained more or less in a satisfactory manner and it was, therefore, possible for the Cost Accounts Officers to work out the costs of production with reasonable accuracy.

(c) *Cost of cultivation of mulberry leaf:* In Mysore and Kollegal only one type of mulberry, namely, the bush type, is cultivated. The costs of cultivation per lb. of mulberry leaf during 1951 in these areas were as follows:

	<u>Area under cultivation</u>	<u>Cost of leaf per lb.</u>
	Acres	Pies
<i>Rainfed:</i>		
(1) Mysore	90,020	8.91
(11) Kollegal	21,200	7.87
<i>Irrigated:</i>		
Mysore only	20,210	9.87

The average cost of leaf works out to 9.15 pies per lb. as against 8.16 pies per lb. estimated at the last inquiry.

(d) *Cost of production per lb. of cocoons:* The representatives of the Sericulture Department in Mysore and Madras stated that in estimating the cost of production of silk, a remunerative price should be fixed for cocoons and that it should not be less than Rs. 1-10-0 per lb. On the basis of the costs of production of cocoons worked out by the Cost Accounts Officers for 1951 at the different rearing centres, the average cost of cocoons came to Rs. 1-5-9 per lb. This cost, however, included only compensatory labour for the services rendered by the family personnel of the rearer and was exclusive of the extra remuneration for the rearer by way of compensation on the fixed assets, namely, lands, etc. Providing a reasonable return of Re. 0-2-3 per lb. to the rearer, the cost of production of cocoons is fixed at Rs. 1-8-0 per lb.

(e) *Cost of reeling:* The Cost Accounts Officers investigated the cost of reeling of filature silk (20/22 denier) at three factories, one in Kollegal and two in Mysore. The average reeling cost of the three units worked out to Rs. 6-4-6 per lb. of silk as against Rs. 8-2-5 estimated at the last inquiry. The average rendita obtained in these cases was 17.2 and we consider that a rendita of 17 is reasonable for the filature industry as against 18 adopted in the 1948 inquiry.

(f) *Fair selling price per lb. of filature silk produced in Mysore and Kollegal:* On the basis of the cost of cocoons at Rs. 1-8-0 per lb. and reeling charges at Rs. 6-4-6 per lb., the cost of production per lb. of filature silk 20/22 denier is as follows:

Cost of 17 lbs. of cocoons		
at Rs. 1-8-0 per lb.	...	Rs. 25- 8- 0
Reeling charges	...	" 6- 4- 6
		<hr/>
Total		Rs. 31-12- 6

At the previous inquiry, interest on working capital was provided at 4 per cent. on an amount equivalent to three

months' cost of production. Since the bank rate has now been increased from 3 to $3\frac{1}{2}$ per cent. we have provided for interest on working capital at $4\frac{1}{2}$ per cent. on 3 months' cost of production. Return on fixed capital has been allowed at 10 per cent. on the gross block. The fair selling price of filature silk, 20/22 denier, thus works out to Rs. 33-13-0 per lb. as detailed below:

(i) Cost of production	Rs. 31 12 6
(ii) Interest on working capital	" 0 5 9
(iii) Return on block	" 1 10 9
	<hr/>
Fair selling price	Rs. 33 13 0

9. (a) (1) *Filature raw silk*:- During the public inquiry the consensus of opinion was that since the indigenous filature silk corresponds to the international 'D' grade, the quantum of protection required by the industry should be based on the c.i.f. price for that grade. The representatives of the industry present at the inquiry pleaded that in ascertaining the quantum of protection required for raw silk, some allowance should be made for the difference in the market prices of indigenous and imported raw silk. We have examined this issue very carefully and are of the opinion that the difference between the prices of Indian and imported silk is mainly determined by their relative availabilities and cannot be attributed wholly to consumers' prejudice. The supply position of silk in the near future is also not likely to be such as to leave much scope for the prejudice to operate. We agree, however, that the quantum of protection should be based on a comparison of the prices of indigenous and imported silk of like grades. The c.i.f. price of imported 'D' grade quality of silk was not available to the Board. During the inquiry, we were informed by the representatives of the Raw Silk Merchants' Association, Bombay, that the price differential for each grade inferior to international 'A' grade was two cents. On this basis, the f.o.b. price of international 'D' grade raw silk will be six cents lower than that of 'A' grade, i.e.,

(\$ 4.70 - \$ 0.06) \$ 4.64 per lb. Adding 3 per cent. to cover freight and insurance, the c.i.f. price of 'D' grade is estimated at \$ 4.779, or Rs. 22-12-1 per lb. The following table gives the comparison between the fair selling price of the indigenous filature raw silk and the estimated landed cost of imported Japanese silk 20/22 denier 'D' grade.

	Rs.as.ps.					
(a) C.i.f. price	22 12 1					
(b) Customs duty -						
<i>ad valorem</i> 30%	Rs. 6	13	3			
Add specific duty	" 6	8	0			
Add surcharge at 1/20th of total duty.	<u>Rs. 0</u>	<u>10</u>	<u>8</u>	<u>13</u>	<u>15</u>	<u>11</u>
(c) Clearing charges	0 8 0					
(d) Landed cost	37 2 0					
(e) Landed cost without duty	23 2 1					
(f) Fair selling price of indigenous silk.	33 13 0					
(g) Difference between fair selling price and landed cost without duty.	10 10 11					
(h) Difference between fair selling price and landed cost without duty as percentage of c.i.f.	46.94					

(ii) Measure of protection - Item 46 - Silk raw (excluding silk waste and noils) and silk cocoons:

From the foregoing comparison, the duty required to bridge the gap between the fair selling price and the landed cost ex-duty comes to Rs. 10-10-11. We recommend that this difference should be covered by a combination of *ad valorem* and specific duties as under:-

30% <i>ad valorem</i> on c.i.f. price	
(Rs. 22-12-1)	Rs. 6 13 3
Specific duty	" 3 13 8
Total	<u>Rs. 10 10 11</u>

or say 30% *ad valorem* plus a specific duty of Rs. 3-14-0 per lb.

(b) Item 46(1)-Silk waste and nails:

As there have been no imports of silk waste recently, we could not assess the extent of protection required for this item. The existing duty, however, is only 30 per cent. *ad valorem* (excluding surcharge) and we recommend that this duty may be continued.

(c) Item 47(a) - Silk yarn including thrown silk warps but excluding sewing thread:

The cost of production of the two types of thrown silk, viz., organzine and tram, were examined by the Cost Accounts Officers at three factories each in Kollegal and Mysore. As the units in Kollegal were considered to be uneconomic in view of their smallness in size and production, we have decided to take into account the three costed units in Mysore to represent a fair cross-section of the silk throwing industry. The average throwing cost examined at the three factories works out to Rs. 2-11-1 per lb. of organzine and Rs. 1-6-7 per lb. of tram. The average wastage ascertained in these factories was 4 per cent. as against 5 per cent. allowed by the Board last time. On the same lines as those adopted by the Board in 1948, a return of 6 pies in the rupee has been allowed. On this basis, the fair selling price per lb. of these two types of thrown silk will work out as follows:-

	<u>Organzine</u>	<u>Tram</u>
	<u>Rs.as.ps.</u>	<u>Rs.as.ps.</u>
(i) Fair selling price of filature raw silk	33 13 0	33 13 0
(ii) Wastage at 4%	1 5 8	1 5 8
(iii) Manufacturing cost	<u>2 11 1</u>	<u>1 6 7</u>
Total	37 13 9	36 9 3
(iv) Return @ 6 pies in the rupee	<u>1 2 11</u>	<u>1 2 3</u>
Fair selling price	<u>39 0 8</u>	<u>37 11 6</u>
or say Rs.	<u>39 1 0</u>	<u>37 12 0</u>

Since there have been no imports of silk yarn, we could not ascertain the quantum of protection required for this item. However, as the compensatory duty required for this item will be only 4 per cent. more than the duty on raw silk, we recommend that the same rate of duty viz., 30 per cent. *ad valorem* plus a specific duty of Rs. 3/14 per lb. be levied on this item also.

(d) Item 47(b) - Yarn spun from silk waste excluding sewing thread:

The fair selling price of spun silk yarn 2/120s. as estimated for the Mysore Spun Silk Mills Ltd., Channapatna, amounts to Rs. 30-12-0 per lb. The Indian Liaison Mission (Trade Section), Tokyo has informed us that the present f.o.b. price of spun silk yarn for 2/140s is \$ 4.20 per lb. (Vide Appendix V). Since the most representative type of spun silk yarn is 2/120s we have deduced the f.o.b. price of this type from that of 2/140s Japanese silk yarn by making a reduction of 5 per cent. from the latter and the f.o.b. price so calculated comes to \$ 3.99 per lb. Adding 3 per cent. for freight and marine insurance, the c.i.f. price will work out to \$ 4.11 or Rs. 19/9/2 per lb. The following table gives the comparison of the fair selling price per lb. of indigenous spun silk yarn 2/120s with the estimated landed cost of the imported yarn.

		Rs.	As.	Ps.
(i) C.i.f. price		19	9	2
(ii) Customs duty @ 30%	Rs. 5 13 11			
Add surcharge at 1/20th of duty	" <u>0 4 8</u>	6	2	7
(iii) Clearing charges		0	4	0
(iv) Landed cost		25	15	9
(v) Landed cost without duty		19	13	2
(vi) Fair selling price		30	12	0
(vii) Difference between fair selling price and landed cost ex-duty		10	14	10

The comparison of the landed cost ex-duty with the fair selling price indicates a protective duty of Rs. 10/14/10 per lb. The fair selling price of spun silk yarn works out 9 per cent. lower than that of raw silk. This difference being small, there would be no great possibility of raw silk being displaced by spun silk. Hence, no compensatory duty on spun silk is necessary. We recommend that the protective duty of Rs. 10/14/10 indicated above, should be levied as follows:-

	Rs. as. ps.
30 per cent. <i>ad valorem</i>	5 13 11
Specific duty per lb.	5 0 11
Total (per lb.)	<u>10 14 10</u>
or say 30 per cent. <i>ad valorem</i> plus a specific duty of Rs. 5/- per lb.	

(e) Item 47(c) - Yarn spun from noils excluding sewing thread:

As imports under this item have been negligible, the exact quantum of protection cannot be determined. As in the case of silk waste, however, we recommend that the existing duty of 30 per cent. *ad valorem* (excluding surcharge) should be continued.

(f) Item 47(1) - Silk sewing thread: The above remarks in respect of Item 47(c) apply to this item also.

(g) Item 48 - Fabrics not otherwise specified, containing more than 90% of silk, including such fabrics embroidered with artificial silk:

(1) The c.i.f. prices of exactly comparable varieties are not available. However, as the protection of fabrics is only compensatory in nature, the c.i.f. prices of different fabrics are deduced from that of raw silk taking into account the quantities of raw silk required for the manufacture of each type of fabric. It is understood that

item 48(a), viz., Pongee and item 48(c), namely, other fabrics like georgette, crepe, etc., are mostly manufactured from 'A' grade filature silk. Hence, the compensatory duty required in these cases has been assessed on the basis of the international 'A' grade silk.

(ii) 48(a)-Pongee - The duty recommended by us for raw silk is 30% *ad valorem* plus a specific duty of Rs. 3.14.0 per lb. A reference to paragraph 7 above will show that the c.i.f. price of 'A' grade silk of Japanese origin is Rs. 23.0.10. The total duty leviable on this item at the rates proposed by us would work out to Rs. 10.12.8. Since 1.1/3 lbs. of raw silk is required to produce one lb. of this cloth, the corresponding compensatory duty will be Rs. 14.6.3 (i.e., 1.1/3 lbs. x Rs. 10.12.8). The value of silk content in this fabric is stated to be about 70% of the total cost of fabric. On this basis, the c.i.f. price per lb. of the fabric and the duty required will be as follows:-

- | | |
|---|-------------|
| (a) C.i.f. price of raw silk ('A' grade) | Rs. 23 0 10 |
| (b) C.i.f. price of silk content in one lb. of fabric (1.1/3 lbs. of raw silk) | " 30 11 9 |
| (c) As the value of silk in Pongee forms 70% of the total cost, the c.i.f. price of Pongee is estimated at (Rs. 30.11.9 x 10/7) | " 43 14 6 |
| (d) Compensatory duty of Rs. 14.6.3 as a percentage on c.i.f. | 33 |

We, therefore, recommend that a compensatory duty of 35 per cent. *ad valorem* should be levied on this item.

(iii) 48(b)-Fuji, Boseki and corded (excluding white cord) This type of cloth is made of spun silk yarn. The value of silk in this fabric is stated to be 70 per cent. of the total cost of the fabric. The quantity of spun silk yarn required to manufacture one lb. of this fabric is 1.1/10 lbs. The duty recommended by us per lb. of spun silk yarn is 30 per cent. *ad valorem* plus a specific duty of Rs. 5, i.e., Rs. 10.13.11. The compensatory duty required

for this type of fabric will be $(11/10 \times \text{Rs. } 10.13.11)$ Rs. 11.15.4. The c.i.f. price of the fabric is calculated as under:-

- | | |
|--|------------|
| (a) Estimated c.i.f. price of spun silk | Rs. 12 9 2 |
| (b) C.i.f. price of spun silk yarn contained in one lb. of fabric
($1.1/10 \text{ lbs.} \times \text{Rs. } 19.9.2$) | " 21 8 6 |
| (c) As the value of silk content in this fabric is 70% of the total cost, the c.i.f. price is estimated at
($10/7 \times \text{Rs. } 21.8.6$) | " 30 12 2 |
| (d) Compensatory duty of Rs. 11.15.4 as a percentage on the estimated c.i.f. price of Rs. 30.12.2. | 39 |

We recommend that an *ad valorem* duty of 40 per cent. should be levied on this item.

(iv) 48(c)-Other sorts - These comprise of finer varieties such as georgettes, crepes, etc. - The value of raw silk content in this class of fabrics is estimated to be 70 per cent. of the total cost. The quantity of raw silk required to manufacture one lb. of fabric is $1.1/3 \text{ lbs.}$ On the same lines as those adopted for item 48(a) namely, Pongee, the compensatory duty for this class of fabrics works out to Rs. 14.6.3 per lb. (i.e., $1.1/3 \text{ lbs.} \times \text{Rs. } 10.12.8$). The c.i.f. price of the corresponding imported type on the same basis will work out to Rs. 43.14.6. The compensatory duty amounts to 33 per cent. of the calculated c.i.f. price. We, therefore, recommend that an *ad valorem* duty of 35 per cent. should be levied on this item.

(h) The duties recommended above are exclusive of the surcharge leviable under the Finance Act, 1951. The Silk Merchants' Association, Bombay, have represented that the existing surcharge of 55 per cent. of the total duty leviable on silk fabrics is excessive. Since the surcharge is levied on revenue considerations, we do not wish to comment on it, beyond stating that the rates of duties recommended above for silk fabrics are adequate to protect the domestic industry.

10. The present inquiry has been undertaken by the Board under Section 4(1) of the Indian Tariff Act to investigate the adequacy or otherwise of the existing scheme of protection which is due to expire on 31st March, 1952. On the basis of the data collected by us, we are of the opinion that the industry will continue to need protection beyond 31st March, 1952. We recommend that the period of protection should for the present be extended up to 31st December, 1952. During the course of the public inquiry the representatives of the industry pleaded that at the International Silk Congress held in London in September, 1951, a reasonable price of 1,80,000 yen (£180) per silk bale of 132 lbs. of Japanese raw silk with a price fluctuation limited to 10 per cent. on either side was agreed upon and hence the quantum of protection required by the industry should be based on this price. No evidence was, however, produced to show either that the price has already become effective or that it is likely to become effective in the near future. We have, therefore, based our calculations on the prices reported by the Indian Liaison Mission, Tokyo.

11. If our recommendations are accepted, relevant items in the First Schedule to the Indian Customs Tariff Schedule. Tariff Act, 1934, should be amended to read as given on page 26.

12. (a) *Removal of duty on silk-worm seed.* - During the public inquiry the representative of the Government of Jammu and Kashmir represented that since the sericultural industry in his State had no silk-worm races of its own and was consequently dependent on imports, it should be allowed to import silk-worm seeds free of duty. The question was discussed at the public inquiry. We were informed that imports of silk-worm seeds into Mysore, Madras and West Bengal were very small; and it was the consensus of opinion at the inquiry that the removal

of duty on the seeds will not lead to large scale imports to the detriment of the indigenous rearing industry. In view of this, and also of the fact that the silk-worm seeds are the principal raw material of the sericulture industry, we recommend that imports of these seeds should be allowed free of duty.

(b) *Quantitative regulation of imports.* - The Government of Mysore have suggested that the imports of raw silk should be subjected to quantitative restrictions and not to a monetary ceiling. At the last inquiry, the domestic demand for raw silk was estimated at 4 million lbs. per annum. The indigenous production during the last 3 years has been of the order of 2.1 million lbs. Imports of foreign silk are, therefore, needed to the extent of the gap between the estimated domestic demand and the actual indigenous production. The fixation of a monetary ceiling for the imports of raw silk will not ensure the desired volume of imports, inasmuch as the quantity actually imported will depend upon the prices in the exporting countries which have shown wide fluctuations during the last two years. The volume of imports has a direct bearing on the market prices of silk in the country. We, therefore, recommend that if import prices fall the quantum of imports should be so adjusted as to meet the gap between the estimated demand and domestic production.

(c) *Six-monthly review of protective duties.* - The prices of foreign silk have recently shown wide fluctuations, with the result that the quantum of protection received by the industry has varied considerably. The representatives of the industry have, therefore, suggested that the protective duty on silk should be reviewed by the Board every six months so as to take account of the changes in import prices. We were informed that this question was also brought to the notice of the Central Silk Board. In paragraph 10 above, we have recommended that the industry should continue to receive protection upto 31st December, 1952. We recommend that while

the estimate of the fair selling price of raw silk given in paragraph 8(f) should remain valid during the extended period of protection, the position regarding the c.i.f. prices of imported silk should be reviewed by the end of June, 1952.

(d) *Financial assistance for research and improvement.* - The representative of the Government of Mysore requested that the Central Government should extend adequate financial assistance to the sericulture industry in his State. Since the Central Silk Board is entrusted with the responsibility of developing the indigenous industry and also with regulating the distribution of Central grants, we suggest that the request be referred to that Board for consideration.

(e) *Stability of raw silk prices.* - The recent fluctuations in the prices of raw silk have had a seriously adverse effect on the development of the sericulture industry. These fluctuations were partly due to variations in the international price of silk, but were also considerably accentuated by the changes in the volume of imports and speculation. The prices of cocoons move with those of silk and whenever supplies of imported silk fall short of demand and prices rise as a consequence, the charka reelers are able to offer high prices for cocoons regardless of quality. When the reaction sets in, prices of cocoons slump and both the cultivation of mulberry and the rearing of cocoons receive a set-back. The concensus of opinion at the public inquiry was that such instability will seriously militate against the success of any efforts at improving the quality of cocoons and raw silk. We agree with this view and consider that apart from long term measures such as those designed to reduce the cost of mulberry, to improve the quality of silk-worm seed and cocoons, to secure a more orderly marketing of cocoons and to improve the efficiency of reeling, it is urgently necessary to devise measures to promote greater stability of raw silk prices. We understand that suggestions have already been made to Government that powers should be taken under the Essential Supplies (Temporary

Powers) Act to regulate the prices and distribution of imported silk. We recognise that the question bristles with difficulties. Nevertheless, we feel that these suggestions deserve a thorough examination by Government. We are advised that since both imported silk and artificial silk are generally handled by the same class of traders, the prices of both the commodities tend to move in sympathy. Artificial silk has at times been the subject of rampant speculation and this has had its repercussions on the prices of raw silk. Any measures to check speculation in artificial silk will, therefore, be beneficial to the raw silk trade also and we accordingly recommend that when the proposed legislation for regulation of forward contracts is enacted, the desirability of applying it to artificial silk should receive consideration by Government.

13. Our conclusions and recommendations are summarised

Summary of conclusions and recommendations. as under:-

(i) The present c.i.f. prices per lb. of Japanese raw silk, 20/22 deniers, are estimated at Rs. 23-0-10 for 'A' grade and Rs. 22-12-1 for 'D' grade respectively. [Paragraphs 7 & 9(a)]

(ii) The fair selling price of indigenous filature raw silk has been estimated at Rs. 33-13-0 per lb. [Paragraph 5(f)]

(iii) An *ad valorem* duty of 30 per cent. and a specific duty of Rs. 3-14-0 per lb. should be levied on raw silk, tariff item 43. [Paragraph 9(a)(ii)]

(iv) The existing duty of 30 per cent. *ad valorem* on silk waste and noils, tariff item 43(1) should be continued. [Paragraph 9(b)]

(v) The same rate of duty should be levied on silk yarn including thrown silk warps, but excluding sewing thread, tariff item 47(a), as on raw silk, namely, 30 per cent. *ad valorem* plus a specific duty of Rs. 3-14-0 per lb. [Paragraph 9(c)]

(vi) An *ad valorem* duty of 30 per cent. and a specific duty of Rs. 5 per lb. should be levied on yarn spun from silk waste, excluding sewing thread, tariff item 47 (b). [Paragraph 9(d)]

(vii) The existing duty of 30 per cent. *ad valorem* should be continued on yarn spun from noils, excluding sewing thread, tariff item 47 (c). [Paragraph 9(e)]

(viii) The existing duty of 30 per cent. *ad valorem* should be continued on silk sewing thread, tariff item 47 (1). [Paragraph 9(f)]

(ix) An *ad valorem* duty of 35 per cent. should be levied on Pongee, tariff item 48(a). [Paragraph 9(g) (ii)]

(x) An *ad valorem* duty of 40 per cent. should be levied on fuji, boseki and corded (excluding white cord), tariff item 48(b). [Paragraph 9(g) (iii)]

(xi) An *ad valorem* duty of 35 per cent. should be levied on other silk fabrics covered by tariff item 48(c). [Paragraph 9(g) (iv)]

(xii) On the basis of the data collected by us we are of the opinion that the industry will continue to need protection beyond 31st March, 1952. We recommend that the period of protection should, for the present, be extended upto 31st December, 1952. [Paragraph 10]

(xiii) If our recommendations are accepted the relevant items in the Customs Tariff Schedule should be amended as indicated in paragraph 11.

(xiv) Imports of silk-worm seeds should be allowed free of duty. [Paragraph 12(a)]

(xv) In view of the fact that the fixation of a monetary ceiling for the imports of raw silk will not ensure the desired volume of imports, inasmuch as the quantity actually imported will depend upon the prices in the exporting

countries and also of the fact that the volume of imports has a direct bearing on the market prices of silk in the country, we recommend that if import prices fall, the quantum of imports should be so adjusted as to meet the gap between estimated demand and domestic production. [Paragraph 12(b)]

(xvi) While the estimate of the fair selling price of raw silk given in paragraph 8(f) should remain valid during the extended period of protection, the position regarding the c.i.f. prices of imported silk should be reviewed by the end of June, 1952. [Paragraph 12(c)]

(xvii) The request of the Government of Mysore for adequate financial assistance from the Central Government for the development of the sericulture industry in that State should be referred to the Central Silk Board for consideration. [Paragraph 12(d)]

(xviii) The suggestions made to the Government of India to the effect that powers should be taken under the Essential Supplies (Temporary Powers) Act to regulate the prices and distribution of imported silk deserve a thorough examination by Government. [Paragraph 12(e)]

(xix) Since artificial silk has at times been the subject of rampant speculation which had its repercussion on the prices of raw silk and since any measure to check speculation in artificial silk will be beneficial to the raw silk trade also, we consider that when the proposed legislation for regulation of forward contracts is enacted, the desirability of applying it to artificial silk should receive consideration by Government. [Paragraph 12(e)]

14. We wish to acknowledge the help we have received from the representatives of the various State Governments, associations, producers, importers and consumers who furnished us with information and gave evidence before us. We also thank Shri S.K. Chaudhuri, Secretary, Central Silk Board, Shri N. Krishnan,

Acknowledgments.

Board's Cost Accounts Officer, and Shri S.V. Rajan, Board's Assistant Cost Accounts Officer, for their valuable assistance in connection with this inquiry.

B.V. NARAYANASWAMY,
Member.

B. N. ADARKAR,
Member.

M.A. Mulky,
Secretary.

Bombay,
5th December, 1951.



APPENDIX I

[Vide paragraph 4(c)]

NO. 36(4)T.B./50
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY

New Delhi, the 6th September, 1951.

From

S. Bhoothalingam Esquire,
Joint Secretary to the Government of India.

To

The Secretary,
Indian Tariff Board,
Bombay.

Sub.: - Enhancement of import duty on raw silk.

Sir,

I am directed to invite a reference to your letter No. TB/E/59, dated the 5th July, 1951 on the above subject.

2. Further representations have since been received from the Government of Mysore and from the Silk Association, Hindpur. The Government of Mysore complain that imports have had a depressing effect on the prices of the indigenous raw silk and that they are experiencing difficulty in disposing of the accumulations of filature silk. They point out that the Tariff Board's recommendation for protection was based on a Cocoon price of Rs. 1/3/5 per lb. Since then the cost of production of Cocoon is stated to have gone up to about Rs. 1/10/- to Rs. 1/12/- per lb. The Government of Mysore consider that it would be necessary to have the level of silk price round about Rs. 38/- per lb. to ensure a little margin to the Cocoon Rearers and to filature silk. They also state that the present price of Japanese silk in Bangalore is Rs. 32/- and in Bombay Rs. 30/8/- per lb. The price of local silk filature is stated to be about Rs. 31/- while the price of Charkha silk is only about Rs. 22/- per lb. The indigenous industry is thus stated to be faced with loss.

3. A copy of a representation dated 4th July, 1951 from the Silk Association, Hindpur, is enclosed.

4. In view of the representations referred above, the Hon'ble the Minister of Commerce & Industry desires that the case of the Sericulture Industry should be reviewed by the Board expeditiously and recommendations made to Government before the end of October, 1951.

Yours faithfully,

Sd/- W.A. Rose,

for S. BHOOHALINGAM,

Joint Secretary to the Government of India.



APPENDIX II

[Vide paragraph 5(a)]
STATEMENT SHOWING THE YIELD OF MULBERRY LEAVES, OUTPUT OF COCOONS, AVERAGE YIELD OF COCOONS AND THE PRESENT PRICES OF COCOONS IN THE MAJOR SERICULTURE FRAMES IN HYDRE AND KOLLECAL TALUKAS STATE

Name of Area	Location	Area	Type of Irrigation	Average yield of cocoons per acre	Total output of cocoons in 1950	Average yield of cocoons per acre	Average price of cocoons at present	REMARKS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A. HYDRE								
Hydre District Taluquas	Channarayana Taluquas	79,000	rainfed	4,000 lbs.	176 lakh lbs.	225 lbs.	Rs. 1-10 to Rs. 1-40 per lb. of cross bred cocoons, average production of leaves was affected.	
Hydre District Taluquas	Channarayana Taluquas	7,500	About 2/3 irrigated & rest rainfed.	400 lbs.	19 lakh lbs.	225 lbs.		
Hydre District Taluquas	Channarayana Taluquas	13,000	About 3/4 irrigated & rest rainfed.	500 lbs.	46 lakh lbs.	250 lbs.		
Hydre District Taluquas	Channarayana Taluquas	8,280	Nearly 75% irrigated & rest rainfed.	800 lbs.	40 lakh lbs.	250 lbs.		
Hydre District Taluquas	Channarayana Taluquas	1,450	1/3 area irrigated & rest rainfed.	..	About 4 lakh lbs.	..		
B. KOLLECAL AREA (Madras State)								
About 235 lakh lbs.								
Kollegal Taluquas	Kollegal Taluquas	4,000	rainfed.	3,000 lbs. of leaf.	13,50 lakh lbs.	225 lbs. per acre per year.	Rs. 1-10 (Average) for Aug.-Sep. 1951.	(*)
Kollegal Taluquas	Kollegal Taluquas	4,200	"	"	8,45 "	"	"	
Kollegal Taluquas	Kollegal Taluquas	7,300	"	"	16,42 "	"	"	
Kollegal Taluquas	Kollegal Taluquas	5,700	"	"	9,53 "	"	"	
		21,200			47.70 or			
					48.00 "			

(*) N.B.: 1. Area in other taluquas has not been taken into account.

2. Out of the total area under mulberry cultivation, about 10% of the area may be deemed as new plantations from which full productive yield cannot be expected.

3. The low yield of leaf and cocoons per acre in 1949-50 and also in 1950-51 is due primarily to low rainfall.

APPENDIX III

[Vide paragraph 5(b)]

LIST OF FARMS VISITED AND THE FACTORIES COSTED BY THE BOARD'S
COST ACCOUNTS OFFICERS IN MYSORE AND KOLLEGAL AREAS

	(A) Mysore	(B) Kollegal (Madras State)
(i) <i>Mulberry Gardens</i>	1. Ramanagaram (Closepet). 2. Chikamaduvasi 3. Chennapatna. 4. Kurubur. 5. T. Narsipur. 6. Sidlaghatta.	1. Kunthur. 2. Kollegal. 3. Kamagerai.
(ii) <i>Filature mills</i>	1. The Government Silk Filatures, Kankanhalli. 2. The Mysore Silk Filatures Ltd., T. Narsipur.	1. Government Silk Filatures, Kollegal.
(iii) <i>Silk throwing factories.</i>	1. Sri Rama Silk Mills, Bangalore. 2. Khoday Eshwarsa & Sons, Bangalore. 3. M.S. Muddiah & Sons, Bangalore.	1. Government Silk Filatures, Kollegal. 2. Gopalakrishna Silk Twisting Factory, Kollegal. 3. M/s. M.V. Rangaswamy, Kollegal.
(iv) <i>Power Loom factories.</i>	1. The Government Silk Weaving Factory, Mysore. 2. Sri Rama Silk Mills Ltd., Bangalore.	
(v) <i>Spun Silk Mills</i>	1. The Mysore Spun Silk Mills Ltd., Chennapatna.	

APPENDIX IV
[Vide paragraph 5(c)]

LIST OF PERSONS WHO ATTENDED THE BOARD'S PUBLIC INQUIRY

NAME	REPRESENTING
(a) Producers:	
Janab K. Shamsuddin Khan } Shri A. Samba Moorthy }	The Mysore Silk Filatures Ltd., T. Narsipur (Mysore).
Shri K.S. Eshwarsa } Shri T.R.S. Sastry }	The Mysore Silk Throwing Factories' Association, S.S.K. Sangha Building, K.V. Temple Street, Bangalore.
Shri R. Suryanarayana Rao	The Mysore Spun Silk Mills Ltd., Hardinge Road, Chamaraipet, Bangalore 2.
Shri N.G. Naik	M/s. Shri Rama Silk Mills Ltd., Shri Ram Bagh, Bangalore 4.
Shri T.K. Krishnamurthy	The Mysore Silk Association, Chamaraipet, Bangalore City.
Shri K.R. Rajagopalachar	The Mysore Silk Hand-loom Weavers' Association, 382, Chickpet, Bangalore City.
Shri M.J. Vaidya } Shri J.G. Parekh }	The Silk & Art Silk Mills' Association Ltd., Podar Chambers, Parsi Bazar St., Bombay 1.
Shri K.C. Biswas } Shri K.G. Kalwani }	The Bengal Silk & Art Silk Millowners' Association, 4, Ganesh Chandra Avenue, Calcutta 13.
Shri Dara Kooka	Choi Silk Mills, Suparibaug, Parel, Bombay.
(b) Importers:	
Shri Kotumal Chainray } " Panalal M. Chinai } " Nanubhai D. Karanjia } " Parmanand K. Harjani }	The Silk Merchants' Association, Kalbadevi Road, Dahanuker Building, Bombay.
Shri M.R. Bharucha } " Panjalal N. Shah }	The Yarn Merchants' Association Ltd., 111, Chawala Building, Tambakanta, Bombay 3.
Shri Jiwanlal C. Chinai } " Panalal M. Chinai } " Buddhisagar M. Chinai }	M/s. Nagindas Foolchand Chinai, 79, Masjid Bunder Road, Bombay.

NAME	REPRESENTING
(b) Importers: (Contd.)	
Shri S.M. Parekh	M/s. Gandhi Parekh Investment Corporation Ltd., Alice Building, Hornby Road, Bombay 1.
Shri S.L. Hemmady	The Raw Silk Merchants' Association, 79, Masjid Bunder Road, Bombay.
" Ratilal Kuberdas	
" M.N. Mehta	
" B.N.M. Ravishi	
" S.M. Patel	
(c) Officials:	
Janab K. Shamsuddin Khan, Director of Sericulture	The Government of Mysore, Bangalore.
Shri T.K. Krishnamurthy, Asst. Director of Sericulture.	
Shri A.T. Janakiraman, Sericultural Expert, Kollegal.	The Government of Madras, Madras.
Shri D.N. Ghose, Director of Industries.	The Government of West Bengal, Calcutta.
Dr. D.P. Roy Chowdhury, Dy. Director of Industries (Sericulture).	
Shri S.K. Chaudhuri, Secretary.	Central Silk Board, India, Room No. 25, Block No. 1, Shahjahan Road, New Delhi.
Shri T.C. Wazir, Director of Industries and Secretary to Government, Sericulture Department.	The Government of Jammu & Kashmir, Srinagar.
Shri S.S. Bhan, Dy. Director of Sericulture.	
Shri D.N. Savkur, Textile Expert.	The Directorate of Industries, Government of Bombay, Bombay.

[vide paragraph 7]

[vide paragraph 7]

STATEMENT SHOWING LANDED COST, WITH ITS BREAK-DOWN INTO C.I.F. PRICE, CUSTOMS DUTY AND CLEARING CHARGES, OF IMPORTED RAW SILK, SILK YARN AND SILK FABRICS.

Source of information	Country of origin	Date of import	Type and specification	C.I.F. price	Customs duty	Clearing charges	Landed cost	Selling price
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				R.R.S.D. (per lb.)	R.R.S.D. (per lb.)		R.R.S.D. (per lb.)	R.R.S.D. (per lb.)
	H/s. Nagindas F. Chinal,Romay. , Japan	July, 1961	I. RAW SILK 20/22 Denier 'A' Grade.	22-11-2 (highest) 20-9-6 (lowest)			36-14-0 (highest) 34-2-9 (lowest)	30-0-0
	DO.	21-8-1961	Raw Silk White 20/22 Denier 'A' Grade.	21-6-10 21-9-2 20-3-10 (lowest)			35-8-0 35-8-0 33-12-0	30-0-0
		23-8-1961	DO.	21-6-10 21-8-2 22-0-9			35-8-0 35-8-0 33-12-0	30-0-0
		31-8-1961	DO.	22-1-6 20-3-10 21-9-2			36-3-0 33-12-0 35-8-0	30-0-0
		4-9-1961	DO.	21-6-10			35-8-0	30-0-0
		14-9-1961	DO.	20-3-10			33-12-0	30-0-0
		20-9-1961	DO.	20-6-2			33-12-0	30-0-0
		28-9-1961	DO.	21-6-2 21-9-2			32-13-0 35-8-0	30-0-0
	M/s. Gandhi Parikh Investment Corporation, Bombay.	July, 1961	20/22 Denier 'A' Grade.	22-11-3 (highest) 20-3-10 (lowest)			36-14-9 (highest) 34-2-0 (lowest)	30-0-0
	Japan		DO.	21-9-9			35-3-0	30-0-0
	Secretary, Central Silk Board, New Delhi.	August, 1961	20/22 Denier 'A' Grade.	23-8-0 21-9-2 19-15-0 (app.)			36-14-9 (highest) 34-2-0 (lowest)	30-0-0
		4-6-1961	DO.	21-9-2			35-8-0	30-0-0
		20-6-1961	DO.	19-15-0 (app.)			33-12-0	30-0-0
		26-6-1961	DO.	22-2-0 (app.)			33-12-0	30-0-0
		27-7-1961	DO.	22-2-0 (app.)			33-12-0	30-0-0
		3-8-1961	DO.	21-9-2			33-12-0	30-0-0
		10-8-1961	DO.	21-9-2			33-12-0	30-0-0
		15-8-1961	DO.	20-6-2			33-12-0	30-0-0

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Secretary, Central Silk Board, New Delhi.	Japan	25-9-1951	20/22 Denier 'A' Grade.	20-2-0 (BDD.)				
		7-9-1951	Do.	21-1-0 (app.)				
		14-9-1951	Do.	22-10-0 (app.)				
		21-9-1951	Do.	23-10-0 (app.)				
		26-9-1951	Do.	22-9-0 (app.)				
Collector of Customs, Calcutta.	Japan	20-7-1951	20/22 Denier 'A' Grade.	23-0-0 31½ plus Rs. 6.655 per lb.			39-0-0	
Collector of Customs, Madras.	China	25-6-1951	20/22 Denier 'A' Grade.	20-11-0 15-13-9			44-10-0	
	Japan	30-7-1951	White Grade 'A' Raw silk.	25-1-7 14-11-9			39-15-0	
	Japan	17-6-1951	Raw silk.	28-13-0 15-14-5			44-13-0	
Indian Liaison Mission, Tokyo.	Japan	15-10-1951	20/22 A	*22-6-1 (\$ 4.70)				*F.O.B. price. Add 3% for freight and insurance to get c.i.f.
II. SILK WARNS								
Collector of Customs, Calcutta.	Italy	8-3-1951	Silk warp yarn 5/1 leads 13/15 cheeses (47-5)	30-0-0 31½ plus Rs. 6.825 per lb.			48-0-0	
	Japan	10-7-1951	Spun silk yarn 6/2 cheese parrot label (47-5).	19-0-0 31½ %			28-0-0	
Collector of Customs, Madras.	Japan	11-5-1951	Silk spun yarn 47/8.	24-4-7 14-7-7			38-13-0	
Indian Liaison Mission, Tokyo.	Japan	15-10-1951	Spun silk yarn 150/2.	*20-0-0 (\$ 4.20)				*F.O.B. price. Add 3% for freight and insurance to get c.i.f.
			72/2.	*17-0-9 (\$ 3.56)				
III. SILK FABRICS								
Collector of Customs, Calcutta.	France	13-7-1951	Real silk muslin with faint in assorted colour.	Rs. 5/- per 11½ plus yard. Rs. 9-4/5 per lb.			14-0-0	

31. Fire		120
32. Steel	PTB	119
33. Ferro-silicon (1947)	PTB	116
34. Stearic acid and Oleic acid (1947).	PTB	117
35. Machine tools (1947)	PTB	114
36. Wire healds (1946)	PTB	123
37. Pickers (1948)	PTB	125
38. Motor vehicle batteries (1948)	PTB	122
39. Hydraulic brake fluid (1948)	PTB	129
40. Bobbins (1948)	PTB	128
41. Slate and slate pencils (1949)	PTB	138
42. Expanded metals (1949)	PTB	150
43. Cotton textile machinery (ring frames, spindles, spinning rings and plain looms) (1949)	PTB	187
44. Small tools (1949)	PTB	149
45. Plastics (1949)	PTB	160
46. Soda ash (1949).	PTB	165
47. Glass and glassware (1950)	PTB	174
48. Sterilised surgical catgut (1950)	PTB	184
49. Liver extract (1950)	PTB	185
50. Fountain Pen Ink (1950)	PTB	183
51. Pencils (1950)	PTB	187
52. Fine Chemicals (1950)	PTB	182
53. Sago (1950)	PTB	186
54. Belt Fasteners (1950)	PTB	189

(B) Review Cases

1. Iron and steel manufactures (1947)	PTB	106
2. Paper and paper pulp (1947)	PTB	108
3. Cotton textile manufactures (1947)	PTB	96
4. Sugar (1947)	PTB	107
5. Magnesium chloride (1948)	PTB	124
6. Silver thread and wire (1948)	PTB	125
7. Bicycles (1949)	PTB	131
8. Artificial silk (1949)	PTB	132
9. Sericulture (1949)	PTB	133
10. Alloy tool and special steel (1949)	PTB	136
11. Sodium thiosulphate, sodium sulphite and sodium bisulphite (under section 4(1) of the Tariff Act) (1949)	PTB	140
12. Calcium chloride (1948)	PTB	148

20. Starch (1949).	PTB 163
21. Bichromates (1949).	PTB 168
22. Ferro-silicon (1949).	PTB 169
23. Sewing machines (1949).	PTB 170
24. Cocoa powder and chocolate (1949).	PTB 172
25. Electric motors (1949).	PTB 166
26. Steel belt lacing (1949).	PTB 171
27. Cotton and hair belting (1949).	PTB 173
28. Calcium chloride (1950).	PTB 175
29. Sugar (1950).	PTB 179
30. Potassium permanganate (1950).	PTB 176
31. Wood screws (1950).	PTB 177
32. Dry battery (1950).	PTB 180
33. Oleic acid and stearic acid (1950).	PTB 178
34. Plywood and teacheasts (1950).	PTB 181

II. PRICE REPORTS

1. Cotton yarn and cloth prices (1948).	PTB 127
2. Paper prices (1948).	PTB 130
3. Fair ex-works prices of superphosphate (1949).	PTB 139
4. Fair retention prices of steel produced by the Tata Iron & Steel Company and the Steel Corporation of Bengal (1949).	PTB 135
5. Ex-works costs of hot metal (Iron for steel making) and fair ex-works prices of pig iron (Basic and foundry grade) (1949).	PTB 137
6. Fair retention prices of steel produced by Mysore Iron & Steel Works, Bhadravati (1949).	PTB 151
7. Fair retention prices of steel produced by the Tata Iron & Steel Company and the Steel Corporation of Bengal (1951).	PTB 205

All the above reports are available with the Manager of Publications, Civil Lines, Delhi, and the Secretary, Indian Tariff Board, Contractor Building, Nicol Road, Ballard Estate, Bombay I.