

INDIAN TARIFF BOARD

Evidence

recorded during enquiry on the

GRANT OF PROTECTION TO THE WIRE AND WIRE NAIL INDUSTRY



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No. 362-T. (11).

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

Simla, the 7th May, 1931.

RESOLUTION.

TARIFFS.

The Government of India have received an application from Messrs. The Indian Steel Wire Products, Tatanagar, asking for the restoration of protection to the Wire and Wire Nail Industry. After careful consideration the Government of India have decided to refer the application to the Tariff Board.

2. In making the enquiry the Tariff Board will be guided by the principles laid down in the Resolution adopted by the Legislative Assembly on February 16th 1923, and in particular will consider how its recommendations, if it makes any, will affect industries using wire and articles manufactured from it.

3. Firms or persons interested in the Wire and Wire Nail Industry and users of wire or wire nails who desire that their views should be considered by the Tariff Board should address their representations to the Secretary to the Board.

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ORDER.—Ordered that a copy of the above Resolution be communicated to all local Governments and Administrations, all Departments of the Government of India, the Central Board of Revenue, the Director General of Commercial Intelligence and Statistics, the Indian Trade Commissioner, London, the Secretary, Tariff Board, His Majesty's Trade Commissioner in India, all Chambers of Commerce and Associations, the Canadian Government Trade Commissioner in India, and Secretary, Imperial Council of Agricultural Research.

Ordered also that it be published in the *Gazette of India*.

J. C. B. DRAKE.

Joint Secretary to the Government of India.

Press Communiqué issued by the Tariff Board on the 14th May, 1931.

Under the terms of Resolution No. 362-T. (11), dated the 7th May, 1931, the Government of India, Commerce Department, have referred to the Tariff Board the question of the restoration of protection to the Wire and Wire Nail Industry. The Board proposes to take up this Enquiry immediately. All firms and persons interested in the industry and all affected by the Enquiry whether as manufacturers, importers, traders or users are requested to send a statement of their views to the Board at the earliest possible date. The statement should be addressed to the Secretary, Indian Tariff Board, "Burnside", Ootacamund.



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Questionnaire issued by the Tariff Board for the Indian Steel Wire Products Companies.

1. Do your works belong to a public or private registered Company or an unregistered firm or an individual proprietor?
2. To what extent is the capital held by Indians? How many Indians are Directors? How many Indians form part of the superior management?
3. Do you manufacture both wire and wire nails? Are there any other products manufactured in your works besides steel wire and wire nails?
4. At what date did you commence manufacture since the works passed under the present proprietorship?
5. What is the full capacity of your works as at present equipped for the manufacture of (a) wire and (b) wire nails?
6. What has been the actual output of the works for each year since manufacture commenced of (a) wire, (b) wire nails and (c) other products?
7. What are the principal sizes of wire and of wire nails manufactured in your works? What is the average percentage of the total output which each size represents?
8. Which of the following classes of wire and wire products have you manufactured and sold and in what quantities:—
 - (a) Hard bright wire.
 - (b) Annealed wire.
 - (c) Galvanized wire.
 - (d) Fencing wire.
 - (e) Stranded wire.
 - (f) Wire rope.
 - (g) Wire netting.
 - (h) Other classes.
9. What size of wire rod do you consider most suitable for the manufacture of wire and wire nails?
10. Are there any other sizes of wire rod which if necessity arises may be used economically for the manufacture of wire and wire nails? If so, please state what they are.
11. Are your works equipped with the machinery required for rolling the size of wire rod most convenient for your purpose from larger sizes? If so, please state from what sizes and in what quantities it may be rolled? Please state also the approximate cost involved.
12. What has been your annual consumption of each size of wire rod since you commenced manufacture?
13. Please state the quantity of imported wire rod used in your works for each year since you commenced manufacture and the principal sizes imported. From what countries have you imported it?
14. Have you received any concessions from Government as regards the duty leviable on the wire rod imported by you? If so, please give full particulars.
15. Please give the prices of the principal classes of imported wire rod under the following heads:—
 - (a) F.o.b. European port.
 - (b) Freight, insurance, etc., to Calcutta.
 - (c) Landing charges, etc.
 - (d) Duty.
 - (e) Freight to Tatanagar.
 - (f) Cost of transport to works.

16. Have you bought wire rod from the Tata Iron and Steel Company for use in your works? If so, please state for each year—

- (a) Quantity bought.
- (b) Size of wire rod.
- (c) Price.

17. If the Tata Iron and Steel Company have not commenced manufacturing wire rod so far, do you consider that there is a reasonable prospect of their manufacturing it in the near future? If so please state—

- (a) the probable quantity of wire rod which may be obtained from the Tata Iron and Steel Company,
- (b) the approximate date when supplies may be obtained,
- (c) the sizes of wire rod which may be available from the Tata Iron and Steel Company,
- (d) the approximate price.

18. How far do you consider it economical for you to manufacture wire and wire nails from Indian made wire rod either now or in the near future? Please give full particulars regarding the relative costs of Indian and imported wire rod delivered at your works.

19. Is there any agreement now in force between you and the Tata Iron and Steel Company as regards the sale of wire rod? If so, please send a copy of the agreement.

20. What according to recent experience in your works is—

- (a) the proportion of wastage of wire rod in the manufacture of wire,
- (b) the proportion of wastage of wire in the manufacture of wire nails?

How do these figures compare with those in European countries?

21. Please state what other materials besides wire rod are required for the manufacture of wire and wire nails. Please give the quantity of each required and the present price. Are any of them imported? If so, which?

22. Please explain the arrangements you have made for the supply of power to your works. From what source is it obtained and what is the cost?

23. Please state the total labour force employed in your works and the rates of wages paid to them and explain the arrangements if any made for their housing.

24. To what extent do you consider your works conveniently situated as compared for example with a factory in Calcutta as regards—

- (a) Supply of materials.
- (b) Market.
- (c) Labour.
- (d) Power.

25. Please give a brief description of your plant and machinery and the process of manufacture.

26. What is your estimate of the total market available for the (a) wire and (b) wire nails manufactured by you?

27. What are the chief centres where your products at present find their markets? Please state (a) the distance and (b) the freight on both wire and wire nails from (i) Calcutta and (ii) Jamshedpur to each of these centres.

28. Please state the quantities of (a) wire and (b) wire nails purchased from you by Government during the past three years and the prices at which they were purchased.

29. Please give the present prices of imported (i) wire and (ii) wire nails under the following heads:—

- (a) F.o.b. European port.
- (b) Freight, insurance, etc., to Calcutta.
- (c) Landing charges, etc.
- (d) Duty.

30. Have you any reason to suppose that the prices at which foreign producers sell for export to India are unremunerative, *i.e.*, below the cost of production or leaving only a small margin of profit to the producer? If so, please state fully your reasons and the evidence on which you rely.

31. Please fill up Forms I, II and III annexed to the questionnaire regarding the works cost of wire and wire nails at your factory. The term "Works cost" as used here includes all expenditure incurred at the works but does not include depreciation, interest on working capital, head office and managing agency charges and profits. The freight on the finished goods is also excluded.

32. What is the block value of your property as it stood in your books at the end of the last complete year for which figures are available under the following heads:—

- (a) Land.
- (b) Buildings.
- (c) Plant and Machinery.
- (d) Other miscellaneous assets.

If there are any items of expenditure under any of these heads which are not connected with the manufacture of wire and wire nails they should be clearly specified.

33. What do you estimate would be the present day cost under the heads (a) buildings, and (b) plant and machinery of erecting a factory having the same output as your works.

34. Please furnish an estimate of (a) the average value of the stocks of materials, coal and finished goods held by you and (b) the average outstandings in respect of goods sold by you.

35. What are the rates of depreciation allowed by the Income Tax Authorities? Do you consider these rates suitable?

36. Have you a head office other than the office of the local management? Is it under the control of a firm of Managing Agents? If the answer is in the affirmative please state (a) the annual amount of the head office expenses and (b) the Agent's Commission.

37. Please explain with reference to the conditions laid down by the Fiscal Commission the main grounds on which you claim protection. In particular—

- A. Do you claim that the industry possesses natural advantages, such as an abundant supply of raw materials, cheap power, a sufficient supply of labour or a large home market?
- B. Do you claim that, without the help of protection, the industry is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interests of the country?
- C. Do you claim that the industry will eventually be able to face world competition without protection?

- 38. (a) In what form,
- (b) at what rate and
- (c) on what classes of products

do you claim protection?

39. If protection is granted by means of an increased duty on wire and wire nails—

(a) what are the chief industries which would be affected by the increased cost of wire and wire nails,

(b) to what extent are they likely to be affected?

FORM I.

Total Expenditure incurred at the Works on Wire and Wire Nails.

	1928-29.	1929-30.	1930-31.
	Rs.	Rs.	Rs.
1. Wire Rod			
2. Other Materials			
3. Power			
4. Labour			
5. Water, Lighting, etc.			
6. Repairs and Maintenance			
7. Supervision, Office Establishment			
8. Packing			
9. Miscellaneous			
Less Credit realised if any			
Total			
Total output for the year			

FORM II.

Works cost (ex-factory) per ton of wire (Hard Bright).

	1928-29.	1929-30.	1930-31.
	Rs.	Rs.	Rs.
1. Wire Rod			
2. Other materials—			
(a) Sulphuric Acid			
(b) Soap and Grease			
(c) Lime, oils, etc.			
3. Power			
4. Labour			
5. Water, Lighting, etc.			
6. Repairs and Maintenance			
7. Supervision and Office Establishment			
8. Packing			
9. Miscellaneous			
Less Credit realised if any			
Total			
Total output for the year			

N.B.—If you manufacture any class of wire other than hard bright wire, e.g., annealed or galvanised, please state the extra expenditure, if any, which would be required under each item.

FORM III.

Works cost (ex-factory) per ton of Wire Nails.

	1928-29.	1929-30.	1930-31.
	Rs.	Rs.	Rs.
1. Wire (taken at works cost as shown in Form I excluding packing).			
2. Other materials, e.g., lubricants, Cotton waste, sawdust, etc.			
3. Power			
4. Labour			
5. Water, lighting, etc.			
6. Repairs and maintenance			
7. Supervision and office establishment			
8. Packing			
9. Miscellaneous			
Less credit realised, if any			
Total			
Total output for the year			

N.B.—If actual figures for the separate costs of wire nails under items 3 to 7 and 9 are not available, please explain clearly how these costs have been allocated as between wire and wire nails in Forms II and III.

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Indian Steel and Wire Products, Tatanagar.

A.—WRITTEN.

- (1) *Letter No. 300, dated the 25th May, 1931, from the Secretary, Tariff Board, to the Indian Steel and Wire Products, Tatanagar.*

I have the honour to say that the Board understands from papers subsequently received from the Government of India that you propose to instal a mill in connection with your works at Jamshedpur on which you can roll rods from billets supplied by the Tata Iron and Steel Company. The Board would therefore be glad if, in addition to the replies to the questionnaire already sent to you, you would furnish full information on the following points:—

- (i) State exactly what progress has been made in the arrangements for the purchase and erection of the proposed rod mill and for the supply of the steel required for rolling the rods.
- (ii) Prepare a detailed statement showing the total capital expenditure required for a rod mill, including freight, landing charges, cost of erection and incidental expenses.
- (iii) Prepare a detailed statement showing under the appropriate heads the estimated cost of rolling rod on the proposed mill from billets supplied by the Tata Iron and Steel Company.
- (iv) State the maximum quantity of steel billets which you will require per annum for use on your rod mill and whether this quantity will be obtainable from manufacturers in India.
- (v) State—
 - (a) the principal classes and sizes of steel sections which may be rolled on the proposed mill,
 - (b) the purposes for which these sections are used,
 - (c) the extent of the market available for them,
 - (d) the present c.i.f. prices of imported sections of corresponding classes.

The Board would be glad to receive your replies to the above (with five spare copies) at the same time as your replies to the original questionnaire.

- (2) *Replies to Questionnaire received from the Indian Steel and Wire Products, Tatanagar.*

1. The works were purchased from the Debenture Holders of the old Company by Mr. Indra Singh of Jamshedpur on 19th November 1927, with the idea of running the concern as a public limited Company. With the withdrawal of duty soon after, the chances for attracting share capital were practically gone. Messrs. Indra Singh and Sons are therefore still running the works as a proprietary concern.

Confidence of the investing public will be created as early as protection to the Industry is restored, when a public limited Company will be formed of purely Indian Shareholders.

2. The capital, labour and management in all branches are purely Indian.

3. We manufacture the following:—

- (i) Hard bright wire and annealed wire from 6 to 20 gauge and galvanized wire from 6 to 12 gauge.
- (ii) Wire nails of all sizes from $\frac{1}{4}$ inch to 6 inches.

The machinery for the manufacture of barbed wire and stranded fencing wire has been ordered and is expected to arrive within four or five weeks. We propose to manufacture fencing wire and barbed wire from next October.

Besides these, we have got a separate department at our works where we manufacture steel shelving, silver wire, etc., etc.

4. The works were started on the 7th March, 1928 and since then they have been continuously kept running.

5. (a) The present equipment which includes 12 nail machines imported last year gives the following maximum output for the day of 8 working hours:—

(i) Hard bright wire, 6 to 12 gauge—12 to 15 tons.

(ii) Hard bright wire, 13 to 20 gauge—6 to 8 tons.

(iii) Annealed wire, all gauges—5 tons.

N.B.—Variations in quantity of wire drawn are due to difference of gauges of wire manufactured.

(iv) Galvanized iron wire, 6 to 12 gauge—6 tons per working day of 24 hours.

N.B.—G. I. wire should be run continuously for 24 hours to obtain results.

(b) Wire nails, $\frac{1}{2}$ inch to 6 inches—7 to 10 tons per day of 8 working hours.

N.B.—Variations in quantity is due to different sizes and gauges manufactured.

(c) The capacity of barbed wire and fencing wire plant ordered is 24 cwts. per day of 8 working hours.

6. The following tables show the annual output up to date:—

	Wire.			Wire Nails.		
	T.	C.	Q. lb.	T.	C.	Q. lb.
7th March, 1928 to 30th June, 1928	798	12	0 14	393	15	1 24
1st July, 1928 to 31st December, 1928	676	14	0 18	467	16	2 26
Total (1928)	1,475	6	1 4	861	12	0 22
1st January, 1929 to 31st March, 1929	467	6	1 9	276	14	3 17
1st April, 1929 to 30th June, 1929	322	5	0 21	313	3	1 10
1st July, 1929 to 30th September, 1929	20	9	3 27	232	6	2 24
1st October, 1929 to 31st December, 1929	201	6	2 15	290	0	0 27
Total (1929)	1,011	8	0 16	1,112	5	0 22

	Wire.			Wire Nails.		
	T.	C.	Q. lb.	T.	C.	Q. lb.
1st January, 1930 to 31st March, 1930	339	9	3 14	253	0	2 10
1st April, 1930 to 30th June, 1930	486	4	0 15	351	19	1 24
1st July, 1930 to 30th September, 1930	441	15	2 19	408	14	2 9
1st October, 1930 to 31st December, 1930	472	16	1 21	326	5	2 21
Total (1930)	1,740	6	0 13	1,335	0	1 8
1st January, 1931 to 31st March, 1931	490	19	2 8	471	12	3 6

7. *Wire Hard Bright*.—Principal sizes of wires, 6 to 16, all gauges. Consumption of 12 gauge and 13 gauge is the largest.

Lesser important sizes, 14 to 18 gauge.

Rare 10 and 20 gauge.

Wire Nails.—Principal sizes, $1\frac{1}{2}$ " to 3".

Consumption of 2" is the largest.

Lesser important sizes are 1", $3\frac{1}{4}$ " and 4".

Consumption of 5" and 6" is very small though not rare.

We have not commenced manufacture of $\frac{1}{2}$ " size nails as we had no demand for the same up to this time.

Average Percentages—

Wires:—

6" to 8"	9" to 11"	12"	13" to 16"	other gauges.
16%	25%	30%	20%	4%

Nails:—

1"	$1\frac{1}{4}$ "	$1\frac{1}{2}$ "	$1\frac{3}{4}$ "	2"	$2\frac{1}{4}$ "	3"	4"	5"	6"
5%	5%	20%	5%	20%	15%	15%	10%	3%	2%

8. (a) Hard Bright Wire, (b) Annealed Wire, (c) Galvanized Wire, (d) Fencing Wire, (e) Stranded Wire, (f) Wire Rope, (g) Wire Netting, (h) Other Classes.

The following table shows the total quantities of products manufactured and sold:—

Reference No.	Description.	Quantity Manufactured.			Quantity Sold.		
		T.	C.	Q. lb.	T.	C.	Q. lb.
(a) *Hard Bright Wire		4,718	0	0 13	118	8	3 8
(b) Annealed Wire		440	0	0 0	422	17	3 19
(c) Galvanized Wire		20	0	0 0	...		
(d) Fencing Wire		
(e) Stranded Wire		
(f) Wire Rope		
(g) Wire Netting		
(h) Other Classes		
Wire Nails		3,572	3	0 24	3,167	18	1 20

* (a) The balance of H. B. Wire has been converted into nails.

9. The most suitable size of wire rod for manufacture of wires and wire-products is No. 5 B. S. W. G.

10. Quarter inch ($\frac{1}{4}$ ") rod may be used instead of No. 5 and may be equally economical. We used it once as one of the consignments by a mistake of suppliers was $\frac{1}{4}$ ".

11. Our works are not at present equipped with the rod mill for rolling rod for our use, but we are negotiating purchase of a suitable rod mill. It is proposed to place the order immediately our difficulties are solved by grant of protection. Under the present circumstances it is not possible for us to risk any more capital.

The rod mill selected and to be ordered is capable of converting 150 tons of billets of $1\frac{1}{2}$ " to 3" section into wire rod and other sizes (bars, flats, strips, angles, etc.) of steel below $\frac{1}{2}$ " every day of 24 hours.

We expect that this rod mill will be able to meet the full demands of our wire plant and will also enable us to manufacture and market other sections for which there is substantial demand.

We beg to point out that our application for protection is to cover protection for all these sections. This protection was originally granted but was subsequently withdrawn as a result of the last enquiry when it was found that the Steel Company was not equipped and therefore was not able to manufacture these small sections.

The approximate cost involved is discussed in replies to supplementary questionnaire later.

12. Our consumption of wire rod is mainly No. 5 in size since 7th March 1928 and is as follows:—

	T.	C.	Q.	lb.
17th March, 1928 to 3rd March, 1929 (1928-29)	1,898	12	2	6
1st April, 1929 to 31st March, 1930 (1929-30)	865	13	2	3
With 1930 (1930-31)	1,818	18	1	27
	4,583	4	2	8

13. We have imported only one size, i.e., No. 5 gauge rod.

Up to date imports and receipts of wire rods at the works are as follows:—

- (1) 1,000 tons in the 1st half year of 1928.
- (2) 1,154 tons in the 2nd half year of 1928.
- (3) 250 tons in the 1st half year of 1929.
- (4) 139 tons in the 2nd half year of 1929.
- (5) 911-0-2-17 tons in the 1st half year of 1930.
- (6) 1,000 tons in the 2nd half year of 1930.
- (7) 750 tons in the 1st half year of 1931.

5,204-0-2-17 tons total up to date.

We have 500 tons of wire rods on order and this quantity is due to arrive within two or three months.

On the grant of protection this quantity would increase 4 to 6 times during the next two years or until such time as we are unable to make our own rods.

Statement marked "A" and attached herewith shows quantities of rod imported in detail with other particulars.

STATEMENT "A".

Purchase of rods from 7th March 1928 up to date (31st May 1931) reference questions 13 and 15.

Dts.	Supplier and Country of origin.	Quantity.	Sterling Rate c.i.f.		Sterling Total prices.		Total price paid in Rupees including Bank charges.		Duty paid.		Other charges paid.		Freight to India at nagar.		Hand-ling charges at works.		Total cost of con-signment.		Cost per ton of con-signment.		Remarks.
			£	s. d.	£	s. d.	Rs.	A. P.	Rs.	A.	Rs.	A. P.	Rs.	A.	Rs.	A.	Rs.	A. P.	Rs.	A. P.	
1931.																					
Apl. 22	Longovica, Ltd., Calcutta.	250 0 0 0	6 11	9	1,653	7 3	...	...	...	...	797 10 6	...	1,223 6	...	125 0	...	...	...	...	...	S. S. Canton.
Feb. 18	Cutinho Caro & Co., Hamburg.	250 0 0 0	5 11	0	1,638	4 2	22,443	5 0	...	...	771 6 0	...	1,231 13	...	225 0	...	24,571	8 0	98 4 7	...	Tugela.
Jan. 10	Do.	250 0 0 0	6 11	0	1,637	10 0	22,401	10 0	...	...	770 14 0	...	1,602 6	...	125 0	...	24,839	14 0	99 9 7	...	Trenfels.
1930.																					
Dec. 28	Cutinho Caro & Co., Hamburg.	250 0 0 0	6 11	0	1,637	10 0	23,140	14 0	...	...	770 14 0	...	1,602 6	...	125 0	...	24,639	2 0	98 9 0	...	Sindia.
Nov. 19	Do.	250 0 0 0	6 11	0	1,637	10 0	23,140	14 0	...	...	770 14 0	...	1,599 12	...	125 0	...	24,636	8 0	98 8 10	...	Marientfels.
Oct. 13	Do.	250 0 0 0	6 17	6	1,718	13 0	23,280	7 0	...	...	770 14 0	...	1,647 10	...	125 0	...	25,723	15 0	102 14 4	...	Hoogkerk.
Aug. 22	Do.	250 0 0 0	6 17	6	1,718	15 0	23,307	1 3	...	...	770 14 0	...	1,716 9	...	125 0	...	25,919	8 3	103 10 11	...	Salawati.
June 6	Krupp Indian Trading Co.	250 0 0 0	7 0	0	1,794	15 10	24,056	3 9	2,371	8	770 2 0	...	1,691 15	...	125 0	...	29,041	12 9	116 1 0	...	Wantenfel.
May 14	Do.	250 0 0 0	7 0	0	1,800	6 11	24,126	11 3	2,379	0	770 14 0	...	1,605 1	...	125 0	...	28,907	10 3	115 10 1	...	Lichtentfel.

Feb. 4	Trivedi & Co.	124	12	0	0	7	0	0	872	8	3	11,805	15	9	1,169	4	388	10	0	410	1	77	8	14,261	9	9	114	1	6	Holywell.	
Mar. 11	Do.	62	9	1	7	7	0	0	441	13	9	5,931	5	6	588	8	393	0	0	410	3	77	8	14,261	9	9	114	9	6	Vankin.	
Feb. 19	Do.	62	9	1	7	7	0	0	440	5	6	5,921	11	9	586	2	...	...	...	825	10	77	8	14,323	13	3	...	...	...	...
Jan. 22	Do.	161	10	0	3	7	0	0	1,130	15	3	15,263	12	3	1,500	0	505	6	0	962	1	81	0	18,322	3	3	113	2	0	Mercara.	
1929.																															
Dec. 30	Trivedi & Co.	139	0	0	0	7	0	0	969	6	2	13,107	5	3	1,299	1	432	0	0	932	0	70	0	15,810	6	3	113	11	11	Media.	
Jan. 11	Martin	250	0	0	0	7	0	0	1,721	7	7	22,993	1	0	2,304	11	807	8	0	1,652	1	125	0	27,882	5	0	111	8	6	Ranenfels	
1928.																															
Oct. 17	Martin	154	0	0	0	7	0	0	1,074	0	1	14,373	11	6	1,439	3	502	9	6	1,898	11	77	0	18,231	9	0	111	14	3	Braneufel.	
Sept.	Trivedi & Co.	250	0	0	0	6	18	0	1,733	3	9	23,286	5	9	2,322	8	728	8	0	1,735	14	125	0	28,398	3	9	113	9	6	Dandola.	
Aug. 20	Martin	250	0	0	0	6	18	0	...	...	...	23,071	8	3	2,289	5	836	13	3	1,628	15	125	0	27,951	9	6	111	12	11	Watenfels.
July 26	Trivedi & Co.	250	0	0	0	6	18	6	1,772	5	0	23,920	6	3	2,372	0	835	8	0	1,676	9	125	0	28,929	7	3	115	11	6	Lorando.	
July 12	Do.	250	0	0	0	6	14	0	1,698	16	7	22,651	1	0	2,276	8	873	12	0	1,703	4	125	0	27,654	5	0	110	9	11	Schonfels.	
June 29	Martin	255	0	0	0	6	19	0	1,774	17	9	23,887	0	6	2,378	6	835	5	0	2,431	10	125	0	28,796	4	6	116	13	7	Sonenfels.	
April 14	Trivedi & Co.	250	0	0	0	6	18	0	1,700	17	3	22,884	6	3	2,279	3	805	0	0	1,716	9	125	0	27,810	2	3	111	3	10	Goldenfel.	
April 14	Martin	248	0	0	0	6	15	0	1,674	0	0	22,481	6	6	2,243	3	807	10	0	1,636	0	124	0	27,192	3	6	108	12	4	Do.	
Mar. 14	Trivedi & Co.	247	0	0	0	6	18	0	1,705	7	5	22,950	6	0	2,285	5	808	12	0	1,638	13	124	0	27,805	4	0	112	9	2	Sonenfels.	
	Tons	5,204	0	2	17																										
		All imports are only from Belgium, Germany, Saar Territory, France and Czechoslovakia.																													

All imports are only from Belgium, Germany, Saar Territory, France and Czechoslovakia.

14. The Government granted exemption of duty of imports of rods from the 1st June 1930 without any retrospective effect.

The effect of this on our works cost of rod appears in our statement marked "A" referred in question 13.

The duty last year on rods was 10 per cent. and this year 12½ per cent.

NOTE.—The free import and the increase in revenue duty has not benefited us to any extent for both these seeming advantages have been neutralized by the foreign manufacturers by reducing the price of their goods for export each case.

15. Price of wire rod No. 5 on various dates as imported by us appears in statement marked "A" and attached with question 13. The landing, charges, duty, freight to Tatanagar and handling charges at the works are also shown in the same statement.

The f.o.b. price however is not mentioned.

Freight has been uniform at 22 shillings per ton and f.o.b. price should be this much with another 2½ per cent. added for insurance, etc., less than the c.i.f. price.

16. Messrs. Tata Iron and Steel Co., Ltd., have so far made no attempt to manufacture wire rod and therefore none has been bought from them.

17. We have arranged to import our own rod mill (*vide* answer to 11) and we will be manufacturing wire rod and other sections within 18 months of the grant of protection on wire and wire products. We request that the recommendation for protection on rods and sections below ½" is absolutely essential for the future existence of the industry.

We propose to manufacture 6,000 tons of wire rods in the first year and increase this quantity to 12,000 to 15,000 tons according to the increase in demand. We will be manufacturing in addition 30,000 tons of other sections.

18. The price of imported wire rod landed at our works is Rs. 98-4-7 per ton without duty (*vide* statement marked "A", answer 13). The cost of production of wire nails and wire from Indian Steel will be about the same taking the Indian Steel price at Rs. 60 to Rs. 65 per ton. The price of Indian Billets should fall to Rs. 40 to Rs. 45 in course of time.

The removal of protection on steel along with the reduction in manufacturing cost will make it possible not only to bring the price of manufacture to the same level as that from imported steel but will materially reduce the entire cost of production of wire and wire nails to a competing figure, in due course even when protection ceases on wire and wire products.

The relative cost of Indian and Imported rod appears in statements giving cost of production of rods.

19. As already explained, there is no agreement with the Tata Iron and Steel Co., Ltd. They do not manufacture rod at present. We are negotiating purchase of billets from them for our rod mill.

20. Our wastage on average between "Rod" and H. B. wire is 3 per cent. and between H. B. wire and wire nails complete polished is 4 per cent.

This compares very favourably with wastages in European countries (*vide* p. 128—Encl. II, 2nd enquiry, 1926).

21. In addition to wire rod the details of materials required for manufacture of wire and wire nails appears in costs sheets (statements marked "B", "C" and "D" and attached herewith).

The following materials are important and have a direct effect on the cost of manufacture.

21-A. Statement showing materials other than steel rod required in the processes of manufacture of H. B. wire from wire rods.

No.	Description of material.	Quantity per 100 tons of wire.	Value of Unit.	Price Average consumption.	Source of supply and remarks.
			Rs. A. P.	Rs. A. P.	
1	Sulphuric Acid	..	85 0 0 per ton .	170 5 0	Previously imported now from Indian manufacture.
2	Soap Flake .	..	55 0 0 „	108 5 4	
3	Fat Powder .	..	8 0 0 per cwt.	4 0 0	Imported.
4	Lubricants .	..	1 9 3 „ gallon.	11 7 4	„
5	Material in Power Department.	..	According to the material.	16 2 4	Mostly imported.
6	Tools and Implements.	..	Ditto .	22 14 8	„ „
7	Tool Steel .	..	2 3 0 per lb. .	5 0 0	British.
8	Engineering Stores.	..	Varies according to material.	14 1 0	Mostly Indian.
9	Material in repairs and Maintenance.	..	Ditto .	20 0 0	Imported and country both.
10	Steam Coal .	20	6 0 0	43 12 0	Per 100 tons of wire.
11	Lime and Rodine.	Lime Rodine.	16 8 0 a ton and 9 0 0 per gallon	38 0 0	
			Total .	449 15 8	

Some of the details of item (4)—

- (i) Removable Links.
- (ii) Machine Screws.
- (iii) Copper plates.
- (iv) Cables and Wires.
- (v) Electric Lamps.
- (vi) Electric Brushes.

Some of the details of item (5)—

- (i) Wire Drawing Plates.
- (ii) Hack Saw Blades.
- (iii) Grinding Wheels.
- (iv) Spring Steel Wire.
- (v) Hammers.

Some of the details of item (7)—

- (i) Cotton Waste.
- (ii) Grease.
- (iii) Chalk.
- (iv) Hammer Handles.
- (v) Old Gunny Bags.
- (vi) Emmerly Paper.
- (vii) Gunny Cloth.
- (viii) Rosin.
- (ix) Red Lead Powder.
- (x) White Lead Powder.
- (xi) Asbestos Packing.

Some of the details of item (8)—

- (i) Tin Sheets.
- (ii) Water Valves.
- (iii) Wooden Pieces. ...
- (iv) Fire Clay.

Items of stores for maintenance and works are too numerous. Major items are mentioned here for giving a general idea.

Some things are not necessarily used every month. They vary as required. The requirement varies in value quite a lot, e.g., tools and implements in one month were Rs. 23-12 and in another month, the amount under same heading was Rs. 147-0-3.

21-B. Statement showing materials other than steel wire required in the process of manufacture of wire nails from H. B. wire.

No.	Description of materials.	Quantity per 100 tons of nails.	Unit	Average price.	Source of supply.
				Rs. A. P.	
1	Lubricants	1 9 3	per gallon	44 10 0	Imported.
2	Tool Steel	2 3 0	per lb.	26 9 0	„ (British).
3	Tools and Imple- ments.	..	..	250 0 0	Mostly imported.
4	Engineering Stores	..	..	46 5 8	Imported and partly Indian.
5	Materials in re- pairs and main- tenance.	..	..	112 8 0	Imported and Indian.
6	Craft and Brown Paper.	3 8 0 0 2 6	per ream in kegs. per lb. in packets.	31 4 0 112 8 0	Imported } Out of 100 } tons 80 } tons in Indian } kegs, 20 } in cases.
7	Empty kegs (80 tons).	1,600 kegs at	0 14 0	1,400 0 0	Indian.
8	Empty cases (20 tons).	400 cases at	0 14 0	350 0 0	„
9	Labels (20 tons)	6,400 labels at per 1,000.	2 4 0	14 2 0	
Total				2,387 14 8	per 100 tons.

22. The electric power is supplied to the works by Messrs. The Tata Iron and Steel Co., Ltd., under an agreement with us at 9 pies per unit, in addition to rental charges.

The agreement is renewable every 5 years.

The price of current is to vary according to price of coal. The following table shows the power consumed and amount paid on that account and apportioned to wire products:—

Record.	Total units.	Units apportioned to wire products.	Rate per unit.	Total amount including rental charges.
				Rs. A.
1st March 1928 to 30th June 1928.	79,280	79,280	·75	3,716 5
1st July to 31st December 1928.	93,540	93,540	·75	4,424 12
1st January 1929 to 30th June 1929.	111,246	111,246	·75	5,216 12
1st July 1929 to 31st December 1929.	93,535	93,535	·75	4,386 3
1st January 1930 to 30th June 1930.	140,756	140,756	·75	6,600 2
1st July 1930 to 31st December 1930.	146,110	105,310	·75	4,748 15
1st January 1931 to 31st March 1931.	85,580	65,180	·75	3,961 10
April 1931	26,600	19,800	·75	896 14

23. A. Stores Department—

Per month.

	Rs. A.	Rs. A.
1 Chief Store-Keeper	90 0	90 0
1 Stores Issuing Clerk	40 0	40 0
1 Time-Keeper	60 0	60 0
2 Stores Peons	20 0	40 0
5		230 0

B. Wire Cleaning—

Per day.

	Rs. A.	Rs. A.
2 Firemen	1 4	2 8
1 Pump Driver	1 8	1 8
5 Rod Cleaners	0 12	3 12
8		7 12

O. Wire Drawing Department—

	Per day.	
	Rs. A.	Rs. A.
6 Plate Setters	1 10	9 12
12 Block Strippers	1 6	16 8
6 Helpers	1 0	6 0
<u>24</u>		<u>32 4</u>

D. Wire Annealing Department—

	Per day.	
	Rs. A.	Rs. A.
1 Fireman	1 4	1 4
7 Coolies	0 10	4 6
<u>8</u>		<u>5 10</u>

E. Wire Nails Machines Department—

	Per day.	
	Rs. A.	Rs. A.
1 Cutter Maker	2 8	2 8
1 Die Maker	2 0	2 0
6 Setters	1 10	9 12
8 Operators	1 4	10 0
1 Fitter	2 0	2 0
10 Helpers	1 0	10 0
<u>27</u>		<u>36 4</u>

F. Wire and Nail Cleaning Department—

	Per day.	
	Rs. A.	Rs. A.
1 In-charge	1 2	1 2
1 Assistant	0 12	0 12
25 Coolies	0 10	15 10
<u>27</u>		<u>17 8</u>

G. Wire Nails Packing Department—

	Per day.	
	Rs. A.	Rs. A.
10 Rejas	0 7	4 6
1 Mistry	1 8	1 8
1 Helper	0 12	0 12
1 Assistant Helper	0 10	0 10
2 Coolies	0 10	1 4
<u>15</u>		<u>8 8</u>

H. Kegs Manufacturing Department—

	Rs. A.
20 Workmen—	
Kegs made in machine	0 1 each.
Kegs made by hand	0 3 ..

I. Wire Galvanizing Department—

	Per day.	
	Rs. A.	Rs. A.
1 In-charge	3 0	3 0
2 Fitters	2 8	5 0
7 Khalasies	1 4	8 12
10		16 12

J. General Labour—

	Per day.	
	Rs. A.	Rs. A.
40 Coolies and Rejas	0 8	20 0
10 Coolies	0 6	3 12
50		23 12

K. Supervision and Direction—

	Per day.	
	Rs. A.	Rs. A.
1 Foreman	250 0	250 0
1 W. D. Foreman	150 0	150 0
2 Clerks	40 0	80 0
4		480 0

L. Office Establishment—

	Per month.	
	Rs. A.	
1 Head Clerk	100 0	
2 Typists	100 0	
1 Accounts Clerk	60 0	
1 Delivery Clerk	40 0	
1 Draftsman	50 0	
1 Chaprasi	20 0	
7	370 0	

There are two bungalows to accommodate four supervising and direction staff. Four units for upper class works establishment and 115 units for mechanics and other labour. We contemplate putting up 80 units more if it is made possible to run the concern.

24. (a) When rod is manufactured from Indian Billets, Jamshedpur should be a decidedly better location for the Industry. At present we are at a disadvantage on account of the freight from Calcutta to Jamshedpur.

(b) We have a distinct advantage in up-country markets in freight over Calcutta and it is owing to this that we have been able to sell our products in United Provinces and Central Indian Market with less loss than it would have been possible if our works were situated in Calcutta.

(c) Our labour here is cheaper as we provide accommodation at low cost. The climate is healthier and cost of living decidedly cheaper than Calcutta. Besides welfare arrangements are possible of better control.

(d) There is an advantage in the matter of supply of power in Jamshedpur which is 9 pies per unit.

(e) The lease value of land is cheaper here than in Calcutta.

25. Plant and machinery and general equipment is fully detailed in the statement attached herewith.

(i) Wire rod is weighed and handed over for pickling.

(ii) Wire rod is pickled and baked and weighed, before passing it on for drawing.

(iii) Wire is drawn on continuous benches and on big and small bull blocks drawn to any gauge required in wire drawing section and manufactured quantity weighed.

(a) In wire drawing section a separate sub-section is maintained for repairing and reaming "Draw Plates".

(iv) Drawn wire if required for annealing is sent to the annealing ovens and annealed there.

(a) Annealed wire if required to be drawn is set on the drawn benches to be redrawn.

(v) H. B. wire from processes (iii) goes to either galvanizing or for nail making.

(vi) On nail making machines it is mounted on reels and passed through nail making machines which are set for a particular size and gauge to be manufactured.

(vii) Manufactured wire nails are weighed and passed on to packing department.

(viii) Wire nails are polished in accordance with the demand, weighed, packed and despatched.

(ix) Wire for galvanizing is mounted on racks and passed through annealing bath (hot lead) on to pickling bath, water and zinc bath and moves on to reels, which are removed as they get full.

(x) For making barbed and stranded wire, the galvanized wire will be passed through the respective machines and reeled off.

(xi) For making various products such as cow chains, links and other wire products which we propose to manufacture, the process consists in putting on the reels on to the respective machines and passing it through them, set to give out the necessary product and size.

Brief description of our Plant and Machinery.

1. One wire drawing bench containing 12 blocks of 24".
2. Three wire drawing bench containing 8 blocks of 16".
3. One wire drawing bench containing 8 blocks of 12".
4. Two continuous big blocks.
5. Galvanizing take up frame with motor, etc.
6. Wire winding reels.
7. Acid valves hard head 1½".
8. Spelter pan.
9. Sulphuric acid tank.
10. Blower.
11. Lead annealing pan.
12. 27 nail machines.
13. 12 nail cleaning Rattlers.
14. Barrel (keg) making machinery.
15. Nail blueing machines.
16. Saw dust separating machines.
17. Nail packing machines.
18. Scrap bundling machine.
19. Two circular saw benches.

26. We anticipate to be able to dispose off the maximum output from our plant in the course of about four years from date or lesser period of protection which will be about—

	Tons.
H. B. wire	300
Annealed wire	1,000
G. I. wire	1,800
Wire nails	7,000
Barbed wire	1,000
Stranded fencing wire	600
Miscellaneous products	300

Grand Total 12,000

In the meantime we propose to continue to add machinery for manufacture of wire nails and other wire products in order firstly to meet the increased demand and secondly to use up our waste.

The demand in India for wire products is bound to increase quickly and shortly in the near future.

The total demand or imports into India are given in a statement marked "A" and attached herewith.

STATEMENT "A".

Imports into British India by Sea from Abroad.

Description.	1927-28.		1928-29.		1929-30.	
	Tons.	Value.	Tons.	Value.	Tons.	Value.
		Rs.		Rs.		Rs.
Iron or Steel Wire Nails.	13,433	24,22,947	17,911	30,02,389	12,505	21,90,950
Wire Rope	4,240	25,67,687	4,270	23,38,300	3,335	19,58,624
Fencing materials including fencing wire.	9,378	24,35,468	9,825	25,90,830	10,048	26,76,172
Barbed wire (a) . . . . .	..	..	..	..	..	..
Telegraph wire (a) . . . . .	..	..	..	..	..	..
Telegraph and Telephone Wires and cables.	..	72,185	..	1,75,731	..	85,089
Umbrella ribs (b), Cycle spokes, (a) parts of cycles and accessories.	..	55,05,935	..	60,76,328	..	59,87,128

(a) Figures not available. (b) Complete figures are not available, but the estimated imports of some descriptions for 1929-30 are however noted below :—

Solid Flexus all sizes from Japan	153,907	dozen	sets of 8.
„ other countries	237,113	„	„ 8
Solids 23, 25 and 27 inches	26,587	„	„ 12
„ 16, 19 and 21 „	82,080	„	„ 8

Statements showing the imports into British India of wire nails, wire ropes and wires other than fencing wire.

	1928-29.		1929-30.		1930-31.	
	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.
<i>Wire Nails.</i>						
Share of Bengal .	5,950	9,97,139	2,845	5,35,408	3,845	6,71,343
„ Bombay .	2,352	3,82,294	1,798	2,95,438	1,381	2,03,776
„ Sind .	3,264	5,26,696	1,311	2,09,433	2,356	3,46,751
„ Madras .	2,765	5,07,784	2,332	4,34,155	2,123	3,57,677
„ Burma .	3,580	5,88,476	4,219	7,16,516	2,704	3,96,654
Total	17,911	30,02,389	12,505	21,09,950	12,409	19,76,203
<i>Wire Rope (Black.)</i>						
Share of Bengal .	1,197	6,21,400	1,381	7,53,254	1,355	7,08,388
„ Bombay .	30	21,794	23	17,137	7	6,968
„ Sind .	138	1,17,436	108	77,575	40	36,411
„ Madras .	117	87,585	61	33,257	108	68,170
„ Burma .	834	4,62,722	306	2,01,564	422	2,74,958
Total	2,316	13,10,937	1,879	10,82,787	1,932	10,94,895
<i>Wire Rope (Galvanized.)</i>						
Share of Bengal .	764	4,22,423	779	4,39,328	756	3,77,227
„ Bombay .	282	1,46,612	190	1,02,982	148	83,161
„ Sind .	123	76,974	100	55,800	62	43,435
„ Madras .	278	1,51,640	188	1,48,692	203	1,16,566
„ Burma .	507	2,29,714	199	1,29,035	186	1,11,819
Total	1,954	10,27,363	1,456	8,75,887	1,355	7,32,208
<i>Wires other than Fencing Wires.*</i>						
Share of Bengal .	4,290	8,92,910	3,519	7,75,699	5,622	9,84,291
„ Bombay .	3,327	5,66,381	2,288	4,37,773	2,963	4,80,389
„ Sind .	1,106	1,94,986	1,579	2,60,806	2,675	3,67,491
„ Madras .	776	1,37,605	761	1,61,823	490	1,04,303
„ Burma .	453	1,17,910	585	1,33,493	595	1,13,636
Total	9,952	19,09,792	8,732	17,69,600	12,345	20,50,110

*Fencing wires are recorded undistinguished under "Fencing Materials."

27.	Destination.	Freight on wire and nails from Tatanagar per maund.				From Calcutta.		
		Big lots.		Small lots.		Big lots.		
		Rs.	A.	P.	Rs.	A.	P.	Rs. A. P.
	Calcutta	.	.	0 2 7		0 6 9		
	Cawnpore	.	.	0 10 1		0 14 5		1 6 9
	Delhi	.	.	0 10 7		0 14 5		1 12 4
	Ranchi	.	.	0 4 11				
	Lahore	.	.	1 3 11		1 7 4		
	Agra	.	.	0 10 7		0 14 5		1 11 9
	Madras	.	.	0 14 6		2 5 10		
	Purulia	.	.	0 3 3				
		.	.	0 8 6		0 11 11		0 15 6
	Patna	.	.	0 4 2		0 7 7		
	Gorakhpore	.	.	0 9 4		0 12 0		
	Basti	.	.	0 10 1		0 12 5		
	Shahganj	.	.	0 10 1		0 13 8		
	Tahsildeoria	.	.	0 8 9		0 11 4		
	Muzaffarpur	.	.	0 7 6		0 9 10		
	Rampur	.	.	0 10 7		0 14 5		
	Katni	.	.	0 8 0		0 15 6		
	Nagpur	.	.	0 7 7		1 4 6		
	Jubbulpore	.	.	0 12 3		0 15 3		
	Sirhind	.	.	1 1 11		1 4 2		
	Amballa	.	.	0 13 7		1 3 2		
	Lucknow	.	.	0 10 7		0 13 8		
	Shajehanpur	.	.	0 10 7		0 14 1		
	Bareilly	.	.	0 10 3		0 14 5		
	Dehra-Dun	.	.	0 14 0		1 1 11		
	Haldwani	.	.	0 13 8		1 1 6		
	Gaya	.	.	0 6 1		0 9 2		

The railway freight from Calcutta to the above stations are not available with us. We have asked the Railway authorities to give a list of railway freight from Calcutta to the above stations and as soon as they are received we will send them on to you.

28. The following purchases were made by the Government from us during the last three years by dates and at prices mentioned against each item.

Date.	Tender No.	Quantity.	Description.	Rate quoted per cwt	To whom quoted
<i>Tenders Accepted.</i>					
25th 1928.	H. 3731	56 tons	12G. Baling Wire	Rs. A. P. 10 8 0	Indian Stores Department.
4th May 1928.	Sup. 2A.	10 "	Do. do.	8 4 0	Do.
5th Aug 1929.	513B/91	71 "	Do. do.	8 0 0	Director of Contracts.
13th Aug. 1929.	513B/96	16 "	16d. do.	8 12 0	Do.
24th July 1930.	644D. C/2	14 cwts.	10G. do.	8 2 0	Do.
Do.	Do.	10 tons	Do. do.	8 2 0	Do.
Do.	Do.	3 cwts.	Do. do.	8 2 0	Do.
18th Mar. 1931.	PN 5693/U/1	3 cwts. 1q.	Wire Nails	8 0 0	Controller of Purchase, Calcutta.
8th 1930.	53/341/SD/GBI	60 cwts.	Do.	8 0 0	N. W. Railway, Lahore.
16th Apl. 1931.	53/2014/SD/GBI	20 "	Do.	7 12 0	Do.
<i>Tenders not Accepted.</i>					
28th May 1928.	H. 3818	239 tons	Baling Wire	11 0 0	Indian Stores Department.
...	D. O. C.'s order	36 "	Do.	8 4 0	Director of Contracts.
13th Aug. 1929.	Do.	135 "	Do.	8 0 0	Do.
9th July 1930.	2047/6 (DC2)	7,036 cwts.	Do.	{ 7 12 0 7 14 0 8 8 0 }	Indian Stores Department. N. W. Railway.
12th 1930.	P. 205	50 tons	Annealed Wire	7 2 0	
April 1931	Hardware Annual Tender for nails.				

In this connection we should like to bring to the notice of the Board that notwithstanding with the Government of India New Purchase Rules, we have received no preference as regards Government Purchases. We may mention particularly North Western Railway's annual tender last year when we quoted a fairly low rate.

29. The current f.o.b. prices of wire and wire products as within our knowledge are as follows:—

Description of goods.	Unit rate. Per ton.
H. B. wire, 4 to 10 gauge	6 10
H. B. wire, 8 to 14 gauge	7 0
Annealed wire, 6 to 10 gauge	7 0
G. I. plain wire, 4 to 14 gauge	6 15
Wire nails, $\frac{1}{2}$ " to 6"	8 0
Barbed wire	9 0
Fencing wire	9 5

To arrive at c.i.f. prices please add to the above price 25 shillings in addition as per details given below:—

	Sh.
Freight to Calcutta	22
Insurance, Customs and Handling charges	3
	<hr/>
	25
	<hr/>

We attach herewith a copy of c.i.f. prices from a Calcutta merchant of wire nails over a range of period December, 1929, to April, 1931.

(True Copy.)

The Local Prices for Imported Wire Nails in 1929 to 1931.

	Per cwt.	
	Rs. A.	Rs. A.
October-December, 1929	9 4	to 9 6
January, 1930	9 0	„ 9 2
February, 1930	8 8	„ 8 10
March, 1930	8 12	„ 8 14
April, 1930	8 12	„ 9 0
May, 1930	9 0	„ 9 2
June, 1930	8 8	„ 8 10
July, 1930	8 4	„ 8 6
August, 1930	8 2	„ 8 4
19th September, 1930	8 0	„ 8 0
30th September, 1930	7 12	„ 7 14
4th October, 1930	7 8	„ 7 10
20th October, 1930	7 6	„ 7 8
14th November, 1930	7 10	„ 7 12
24th November, 1930	7 12	„ 7 14
8th December, 1930	7 10	„ 7 12
30th December, 1930	7 8	„ 7 10
14th January, 1931	7 10	„ 7 12
9th March, 1931	7 6	„ 7 8
30th March, 1931	7 6	
2nd April, 1931	7 4	to 7 6
16th April, 1931	7 4	„ 7 6
30th April, 1931	7 6	„ 7 8

All the above prices are for lots and *ex-Jetty*.

30. We are collecting complete information regarding this question and we hope to submit the same before our public enquiry.

31. The present works cost of our manufactured goods at works godown without taking into account depreciation, interests, on working capital and other overhead charges are as follows:—

	Per ton.
	Rs. A. P.
H. B. wire, 6 to 12 gauge	135 5 0
Annealed wire (<i>add</i> As. 8 per cwt. in addition to the rate of wire)	145 5 0
G. I. wire	175 5 0
Wire nails, $\frac{1}{2}$ " to 6"	176 10 9

STATEMENT "O".

FORM II.

Works cost ex-Factory per ton of Wire (Hard Bright).

	1928-29.				1929-30.				1930-31.					
	T.	C.	Q.	L.	Rs.	A.	P.	T.	C.	Q.	L.	Rs.	A.	P.
1. Wire Rods.	1,898	12	2	6	2,13,483	14	9	865	13	2	3	1,00,751	1	0
2. Other mate- rials. { (a) Sulph. Acid (b) Soap and Grease (c) Lime, Oil, etc. }	..	..	..	..	16,619	0	2	..	..	..	..	7,240	3	6
3. Power	..	..	..	..	13,412	8	7	..	..	..	..	7,984	9	2
4. Water, lighting, etc.	..	..	..	..	..	..	..	..	..	..	..	..	..	..
5. Labour	..	..	..	..	15,098	5	9	..	..	..	..	4,339	4	9
6. Repairs and maintenance	..	..	..	..	3,214	10	10	..	..	..	..	3,689	0	9
7. Supervision and Office Staff.	..	..	..	..	9,843	4	0	..	..	..	..	4,248	1	4
8. Packing	..	..	..	..	..	..	..	..	..	..	..	..	..	..
9. Miscellaneous	..	..	..	..	9,965	8	2	..	..	..	..	1,802	2	5
Total output during the year	1,898	12	2	6	2,31,637	4	3	865	13	2	3	1,30,654	6	11
Less credit realized if any	..	..	..	..	Nil	..	..	..	..	..	..	Nil	..	..
Average cost during the year	Rs. 148/5/6 2 ton or Rs. 7/6/8 per cwt.				Rs. 150/15/0 a ton or Rs. 7/8/9 a cwt.				Rs. 135/5/0 a ton or Rs. 6/12/3 per cwt.					

STATEMENT "D".

Form III.

Works cost (ex-Factory per ton of Wire Nails).

	1928-29.			1929-30.			1930-31.		
	T. C. Q. L.	Rs.	£. P.	T. C. Q. L.	Rs.	£. P.	T. C. Q. L.	Rs.	£. P.
1. Wire issued to nails . . .	1,038 7 0 1 @ Rs. 148/5/6	1,53,988 3 8		1,090 10 3 15 @ Rs. 150/15/0	1,64,603 15 0		1,553 12 2 4 @ Rs. 135/5/0	2,10,225 2 0	
2. Other materials . . .	..	3,726 0 4		..	6,213 7 9		..	8,711 11 1	
3. Power . . .	..	5,669 13 5		..	5,799 0 2		..	5,388 11 6	
4. Labour . . .	..	10,977 8 11		..	12,125 6 4		..	15,279 8 10	
5. Repairs and Maintenance . . .	..	1,968 7 9		..	4,802 6 3		..	7,144 2 0	
6. Office staff and Supervision . . .	..	9,843 4 0		..	6,373 10 5		..	..
7. Packing . . .	..	20,984 3 11		..	22,108 0 0		..	27,761 0 0	
8. Miscellaneous . . .	..	6,576 4 10		..	6,030 13 6		..	3,730 14 2	
Total during the year . . .	1,038 7 0 1	2,13,733 14 10		1,090 10 3 15	2,28,056 11 5		1,553 12 2 4	2,78,241 1 7	
Less credit realized if any . . .	..	Nil		..	Nil		..	Nil	
Average cost of wire nails . . .	Rs. 10/4/8 a cwt. or Rs. 205/13/6 a ton.			Rs. 10/15/5 a cwt. or Rs. 219/4/4 a ton.			Rs. 8/13/4 per cwt. or Rs. 176/10/9 a ton.		

32. *(a) Land on lease for 99 years.

	Rs.	A.	P.
(b) Buildings	1,05,299	13	1
(c) Plant and Machinery	2,72,985	8	7
(d) Furniture	973	5	0

Prices as per valuation made lately are shown† separately. They have been arrived at after taking depreciation up to date into account and are based on replacement value. The price of plant which is not connected with wire products is left out altogether and is not included in these figures.

33. The figures given below are based on the present day cost of machinery and plant.

A new factory if erected with the same capacity and output would cost over Rs. 6 lakhs and the figures may be as follows:—

	Rs.
Factory house	2,00,000
Cleaning and annealing equipment including Boiler	40,000
Wire drawing machines and equipments	70,000
Wire nail making machines with motors, etc.	1,00,000
Erection and construction costs (labour and materials)	30,000
Transport wagons (light Railway Materials)	5,000
Electric installation, switch board, transformers switch board, lighting, etc.	15,000
Return passage and pay to two German mechanics for one year	12,000
Water Reservoir	5,000
Commission and brokerage	25,000
Furniture and miscellaneous	5,000
Nail polishing machine	10,000
Nail packing department	3,000
Keg plant	15,000
Galvanizing plant	40,000
Housing and welfare	20,000
Spares and miscellaneous	15,000
Tools and plants	5,000
	<hr/>
	6,15,000
	<hr/>
Working capital	3,00,000

34. The average value of stocks held by us and our bills under collection during the past few months are as follows:—

* The prices hereabove are based on purchase price of the proprietors less depreciation.

† These will be submitted later as soon as they are complete.

Average Stock held by us on different dates.

	31st March 1929.	31st March 1930.
	Rs. A. P.	Rs. A. P.
H. B. wire	88,539 2 4	41,491 2 3
Annealed wire	917 14 10	28,757 10 9
Wire nails	37,452 3 3	220 8 0
Wire shorts and scrap . .	76 8 11	589 1 9
	<hr/> 1,26,985 13 4 <hr/>	<hr/> 71,058 6 9 <hr/>

Stores, viz., wire rod, sulphuric acid, cotton waste, bearing oil, soap flake, engineer- ing stores, process materials	76,521 9 1	30,820 7 10
Dies and tools	4,197 15 10	3,862 12 10
	<hr/> 80,719 8 11 <hr/>	<hr/> 34,683 4 8 <hr/>

Average of Bills under Collection.

	In one month.
	Rs. A.
31st December, 1928	7,325 4
31st December, 1929	4,329 15
31st December, 1930	5,884 0
31st March, 1931	7,830 7

We have so far never sold on credit or on deferred payment or D/A system but terms have been D/P in matter of sales.

85. The rates of depreciation are mentioned in "Red" ink in the statement of Block Account, under preparation. There are actual depreciation charges as included in annual revenue accounts prepared by us for purposes of Income-tax authorities.

Following depreciation are suitable as observed by experience of last three years working:—

	Per cent.
Buildings	5
Wire cleaning and pickling plant	10
Wire drawing plant	5
Wire annealing plant	15
Galvanising plant	15
Wire nail machines	15
Wire polishing plant	5
Wire packing equipment	5
Keg making plant	10
Other equipment of tools and plants	10
Furniture and fittings	10

The depreciation allowed at present by the Income-tax authorities is 5 per cent.

36. Our Head Office and Works Office are situated at the works and are directly under the control of the proprietor and all expenses are included in statements of accounts submitted. There are no managing agency allowances and commissions chargeable to the works.

37. (A) Wire nails and wire products are articles of common utility and may be found in use and sought for in the smallest inhabitation. The Industrial Commission pointed out India's lack of Industrial enterprise even in the matter of the smallest and most common articles as these and deplored it and in fairly strong terms. The raw material used for manufacture of these wire products is steel and it is available in sufficient quantities for the purpose of manufacturing wire products. In fact, taking into account, the present capacity of steel plants in India, the quantity required for manufacture of steel wire products is hardly 2 per cent. of the total capacity.

The raw material supply is abundant, there is no doubt, and the fact that the first plant of its kind is being worked in closest proximity to the largest of the steel works in India is a guarantee that the attempt is to use Indian steel. The provision for manufacture of rods from Indian steel is definitely guaranteed, as it has been pointed out elsewhere. If protection is granted, it would be economically possible to invest capital for more machinery. Machinery for one of the intermediary processes which should enable manufacture of wire from indigenous steel is to be installed and non-existence of that particular machinery for a short time will we hope be no bar to the consideration of the claim for protection.

Even if the raw material did not exist in the country or even if for economical reasons it was not possible to establish its use for a brief period of this Industry, the field for the industry itself is so large and it is a part of the key industry (steel) for many small and various items of utility and its existence should be therefore safeguarded by protection. There is certainly a very large home market and a market in each and every nook and corner of the country without doubt. The manufacture of wire in the country should enable the development of many small industries which depend upon wire. A list of some of the important wire products has been attached with the statement submitted to show the enormous scope for wire industry in the country.

Indian labour is fairly cheap and available in sufficient numbers. Particularly in this industry, except for the Direction and control labour required is of a very elementary character and can be trained in a short time. The development of industrial mentality is very largely in evidence in Tatanagar and every industrial town of importance in India.

Although this wire drawing plant is established in a town and encourages town population, the other wire product industries are of smaller magnitude and would grow in due course in towns of moderate size all over the country.

Not only raw material therefore is available in abundance and there is a large home market and sufficient supply of labour but Tatas are supplying power at a cheap price to subsidiary industries established in Jamshedpur. Therefore the main grounds for protection are fully satisfied in the case of this industry. In addition to this the capital already involved and cost in this industry is so large (about half a crore) that a set back to it is to discourage capital which is already shy in this country.

(B) Import prices and the present inexperience make it impossible for this industry to exist without protection. Experience gained in manufacture should enable the industry to stand on its own legs in due course without protection under ordinary circumstances, i.e., if there was no dumping or bountified import of the commodities. The figures and statements supplied show the progress made in this industry since the work was commenced by the present proprietors. The chief factor affecting the process is the supply of raw material by the steel company, and since the steel is protected the price of raw material to this industry is naturally

somewhat higher than it would be the case when the steel industry itself can do without protection.

It is evident from the figures given in the statements that the advantages of large scale production can be achieved, *i.e.*, increase in output would mean increasing economy in production. There is every probability that in the course of time, the whole need of the country would be supplied by the home production. The present capacity of the plant is almost 2/5 of the total requirements of the country. With economical possibilities assured there is every chance of development of this and allied industry and the present proprietors do not lack capital to put in a plant to meet the increased and full demand of the country. (Paragraph 98.)

There is no likelihood of conflict of interests with other industries by protection to this industry. On the other hand it is expected that the development of this industry will give birth to many small cottage industries throughout the country.

The present plant has been already worked for three years and its weaknesses and progress are clear from the statement and tables submitted. It is capable of meeting a fairly large demand of the country and it is a fit case of protection under the circumstances. (Paragraphs 100-102.)

The industry is located in the right place, with reference to the supply of raw material, *i.e.*, steel, and better selection at present in India is not possible. (Paragraph 105.)

The Military authorities have already drawn the attention of Commerce Department towards the protection of this industry as essential for national defence and of special Military value. The only objection against its utility in the case of war has been the use of imported material which is now being remedied.

(C) This industry should be able eventually to face world competition without protection under ordinary circumstances. Other circumstances remaining the same the prices of our manufactured article would in natural course fall to a competing level with the prices of imported goods.

Our cost of labour and other factors in the production compare very favourably with foreign manufactures. Our Manager secured a statement for the cost of manufacture of various processes from America, and Germany and even to-day comparison with these figures shows that our figures compare favourably with these notwithstanding the immensely large production of American factories. Therefore our working should be considered quite efficient. The reductions are anticipated in (a) over-head charges, (b) reduction in cost of raw material, *i.e.*, Steel and also to some extent in process material and efficiency in labour.

Articles Manufactured out of Wire.

1. Wire nails, annealed wire and galvanized wire.
2. Hexagonal wire netting are built in all widths and for any size of mesh and all wire gauges.
3. Crimped and stamped wire screens.
4. Wire netting in all meshes.
5. Barbed wire.
6. Giraffes for flat and round wire mesh.
7. Wire mattresses, door mats, pat mats.
8. All kinds of wire springs.
9. Forsion springs, clothes peg strings, etc.
10. Wire mattress parts.
11. Mattress chains.
12. Pin wedges, paperhanger's pins, wire and tin tacks, copper roofing nails, drawing pins.

13. Plain link chains, ladder chains, mattress, double link chains, wasp French blind and clock chains, rings for electric chandliers, crane, hand and fraction chains for electric welding.
14. Carbine hooks, snap hooks, etc.
 Buckles, hooks and eyes.
 Split cotter pins, slipper buckles, cork screws, screw hooks, key rings.
 Tin openers casement stags, roofing nails, parcel carriers, folding hangers for pictures, etc.
 Bottle caps, handles and loops for box, coffin, tub, bucket and lanterns.
 Paper clips, box and bale ties.
 Washers, moulder's chaplets, staples with split and nail points.
15. Carding pins straight and waved hairpins, hair curlers, curling pins, knitting needles, etc.
 Safety pins, shafts caps, etc.

38. We solicit protection for 10 years in the form of a duty of Rs. 80 per ton for the first five years in addition to bounty of Rs. 40 per ton for the first two years and duty of Rs. 60 per ton for the next 3 years and Rs. 40 per ton for the last two years on all sections of wires, wire nails, barbed wire, fencing and stranded wire, G. I. wire and twisted chains.

If suitable protection on all wire products is given, it will be encouragement to wire products industries and to us indirectly by creating demand for our manufactures. In addition to the wires and wire products, we solicit protection of Rs. 45 on wire rods and bars below $\frac{1}{2}$ " in section and strips up to $\frac{3}{4}$ " wide. This protection is solicited in consequence of the protection on wire and wire products being granted and thereby our importing a rod mill for manufacture of these articles. The protection on the rod mills products may be from a later date so that the burden on the country may not be imposed for the period for which the rod mill does not come into operation.

The bounty of Rs. 40 per ton for first two years is solicited with the object of meeting the losses incurred during the last four years, whereas the duty has been solicited to meet competition from foreign importers.

In this connection we have collected particulars to establish that there is a certain amount of dumping from foreign countries either due to bounties or other concessions from the manufacturing countries. We should suggest that some measures should be adopted to check dumping. In case prohibitive duty is levied we are prepared to guarantee maintenance of a fixed fair selling price which may be stipulated by Legislature.

39. There is no industry which has come to our notice which is likely to be affected by protection to us. In our request for protection of wire products industry in general it will enable manufacturers to buy their raw material from us and thus they will not be affected by protection granted to us. The protection granted to wire products as well will encourage the wire products industry all over the country from indigenous supply of steel and wire.

(i) Quotations have been invited and studied. The plant to be brought has been selected and orders will be cabled immediately the economic possibilities of the industry are assured.

The delivery of the plant is promised within eight months from the date of order. Plans for erection will be supplied within three months of the date of order, and erection completed within two months of the arrival of the machinery.

Under normal circumstances the rod mill should be working within 12 months of the date of order but we have allowed 18 months for this in our statement to be on the safe side.

It is uneconomical and impossible to undertake investment of another six lakhs or perhaps more without the feeling of certainty of a reasonable return or a return at all.

Negotiations are being made with Messrs. The Tata Iron and Steel Co., Ltd., for supply of billets. There is no doubt about the capacity of steel company being able to supply us billets always.

We hope to arrive at some definite agreement with them before our public enquiry.

(ii) Anticipation Block Investment for this rod mill is as follows:—

	Rs.
1. Buildings (including subsidiary buildings)	1,20,000
2. Re-heating ovens	5,000
3. Power equipment	40,000
4. Gas plant	50,000
5. Rod mill proper	2,50,000
6. Subsidiary plant and machinery	30,000
7. Cranes and handling equipment	25,000
8. Tools and plant	15,000
9. Spares, repairs and maintenance	20,000
10. Extension of siding	10,000
11. Welfare arrangements	10,000
	<hr/> 5,75,000

The prices mentioned hereabove include freight, landing charges, cost of erection, incidental expenses and trial working costs and also wages of erecting experts for six months. All expenses likely to be incurred and as far as they can be anticipated have been included. The working capital for this plant will be Rs. 4,50,000.

(iii) Cost above material for daily output will be as follows:—

Manufacturing Materials—

	Per day.
	Rs. A.
Coal, 50 tons per day at Rs. 5-12 per ton	287 12
Grease and Lubricants	55 0
Fluxes	100 0
Bricks and masonry materials	25 0
Spare parts	100 0
Miscellaneous stores	50 0
For rounding up	2 4
	<hr/> 620 0

Labour—monthly, Rs. 4,140 for 60 tons.

First year, daily, Rs. 229-12 for 60 tons.

Power cost at Rs. 7 per ton for 60 tons output	420 0
Water cost	15 0
Track line cost	10 0
Conveyance cost	15 0
Miscellaneous and accidental	50 0
Welfare	10 0
	<hr/> 520 0

Overhead Charges (Annual)—

Direction and management ($\frac{1}{3}$ share)	13,000 0
Depreciation at 10 per cent. on Rs. 5,75,000	57,500 0
Interest on working capital at $7\frac{1}{2}$ per cent.	33,750 0
	<hr/> 1,04,250 0

Cost above price of Billers.

Description.	1st year anticipated production 60 tons per day.	At the end of 4 years anti- cipated pro- duction 100 tons per day.	At the end of 6 years anti- cipated produc- tion 150 tons per day.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
Stores (other than raw material, i.e., coal, grease, lubricants, fluxes, bricks and masonry materials, spare parts, etc., etc.) .	10 5 4	0 15 4	8 11 0
Labour monthly . . .	2 12 9	1 11 3	1 2 2
Daily labour . . .	3 13 3	2 4 9	1 8 6
Depreciation, management and interest on working capital . . .	5 0 0	3 0 0	2 0 0
Electric power . . .	6 6 0	6 6 0	6 6 0
Water . . .	0 4 0	0 4 0	0 4 0
Wastage at 5 per cent. . .	3 4 0	3 4 0	3 4 0
Track line cost . . .	0 2 8	0 2 8	0 2 8
Conveyance . . .	0 4 0	0 4 0	0 4 0
Miscellaneous and accidental . . .	0 13 4	0 13 4	0 13 4
Welfare . . .	0 2 8	0 2 8	0 2 8
Cost per ton of production . . .	33 4 0	28 4 0	24 10 4

(iv) The maximum capacity of the rod mill under reference is 50 tons per shift of 8 hours. This rod mill for economical reasons must work day and night continuously. The total maximum capacity allowing for forced shut downs and changes of rolls in 45,000 tons of manufactured sections per year.

This quantity is much less than a month's turnout of Tata Iron and Steel Co., Ltd.'s output of billets and is less than 6 per cent. of the Steel Company's production when we are working at our maximum capacity.

(v) (a) We propose to roll 15,000 tons or more of No. 5 rod for our wire and wire nail products factory, and 30,000 tons more or less of sections below $\frac{1}{2}$ " including rounds, squares, flats, angles, baling strips and hoop iron, 1" to $\frac{3}{4}$ " circles of different thickness, ultimately when our mill is working at its full capacity.

(b) Sections referred hereabove are used for buildings and structures, in re-inforced concrete work and by other Industries in this country.

(c) The following table shows c.i.f. imported prices of different sections.

Description of section.	Present imported price.
	£ s. d.
Bars of various section	5 0 0
Strips and hoop iron	5 11 6

(3) *Letter No. 2880/31, dated the 13th July, 1931, from the Indian Steel and Wire Products, Tatanagar.*

We have the honour to acknowledge receipt of your letter No. 353 of the 18th June, 1931, and in reply beg to say that we solicit protection only on mild steel wire, wire nails and wire products and not on special class of steel wires.

We, therefore, have no objection in exempting from the Tariff Duty the special steel wire used for reeds which is used by Messrs. McGregor and Balfour as we do not manufacture the same at our works.

(4) *Letter No. 2881/31, dated the 13th July, 1931, from the Indian Steel and Wire Products, Tatanagar.*

With further reference to our reply to question No. 27 of your questionnaire, we beg to enclose herewith a list of railway freight on wire and wire nails from Calcutta (Howrah) to the stations mentioned therein.

Enclosure.

Freight and Mileage List from Howrah to the undernoted stations.

Articles	Station to	Mileage.	Rate per maund.		
			Rs.	A.	P.
Nails and Wire, Iron or Steel, P/6.	Cawnpore Central Goods Shed	681	1	6	9
Ditto	Agra City	788	1	11	9
Ditto	Patna Junction	338	0	12	6
Ditto	Shahganj	485	1	1	8
Ditto	Rampur	801	1	12	8
Ditto	Lucknow	616	1	6	3
Ditto	Delhi	902	1	12	4
Ditto	Bareilly	762	1	11	4
Ditto	Kashi	425	0	15	7
Ditto	Shahjahanpur	718	1	9	10
Ditto	Dehra Dun	970	2	0	0
Ditto	Gaya	292	0	10	11
Ditto	Jubbulpore	733	1	9	11
Ditto	Katni	676	1	7	10
Ditto	Gorakhpur	511	1	3	2
Ditto	Tahsildoria	480	1	2	1
Ditto	Muzaffarpur	372	0	14	3
Ditto	Basti	550	1	4	6
Ditto	Simla	1,267	2	8	8
Ditto	Sirhind	1,022	2	0	1
Ditto	Lahore	1,176	2	5	6
Ditto	Ambala City	993	1	15	4
Ditto	Naldwani	824	1	14	8
Ditto	Nagpur	764	1	11	9
Ditto	Madras	1,222	2	11	10

(5) Letter No. 2996/31, dated the 17th July, 1931, from the Indian Steel and Wire Products, Tatanagar.

We have the honour to enclose herewith the under-noted statements as desired by you:—

- (1) Statement showing average price realised for each month for the last three years *ex-works* at Tatanagar per cwt. of (a) Wire and (b) Wire Nails.
- (2) Statement showing the various quantities of wire nails sold at the various centres. These figures do not show either the total output or the actual sales effected by us during the year 1930-1931 and shows only the tonnage of wire and wire nails sold at the principal centres mentioned in reply to question No. 27 of your questionnaire.

We hope you will find the same in order and in the event of any further information being required on the above we shall be glad to submit the necessary information required by you.

Enclosure No. 1.

Statement showing the quantity of Wire and Wire Nails sold in the year 1930-31 at the various centres.

From April, 1931, to June, 1931—263=15 tons.

	T.	C.
Calcutta	24	5
Cawnpore	51	7
Ranchi	39	5
Lahore	4	4
Agra	2	0
Purulia	28	15
Kashi	49	4
Patna	111	15
Gorakhpur	37	6
Basti	76	13
Shahganj	12	10
Tahsil Deoria	30	12
Muzaffarpur	10	0
Rampur	2	16
Nagpur	22	0
Jubbulpore	0	13
Ambala	13	10
Lucknow	7	9
Shahjehanpur	1	5
Bareilly	57	1
Dehra Dun	13	10
Haldwani	7	8
Gaya	10	0
Savan	47	13
Barhaj Bazar	36	16
Bairagnia	27	11
Chupra	29	7
Maharajgunj	55	12
Ballia	12	13

Enclosure No. 2.

Statement showing the average selling price of Wire and Wire Nails from 1928-29.

	1928-29.			
	Nails.	H. B. wire.	Annealed wire.	Wire shorts.
	Rate per cwt.	Rate per cwt.	Rate per cwt.	Rate per cwt.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
March	10 12 6	10 5 6	10 5 6	..
April	10 12 9	..	..	..
May	9 15 2	10 10 0	10 8 0	..
June	9 5 9	9 6 6	9 4 2	3 0 0
July	9 7 2	..	..	3 0 0
August	9 1 0	..	10 0 0	..
September	8 9 0	7 9 4	..	..
October	8 5 3	8 5 9	..	4 0 0
November	8 9 8	9 8 0	..	..
December	8 3 9	8 5 4	..	..
January	8 11 7	8 0 0	7 0 0	4 0 0
February	8 6 0	7 5 0	..	..
March	8 7 9	10 4 0	9 2 0	4 0 0

Statement showing the average selling price of Wire and Wire Nails from 1929-30.

	1929-30.			
	Nails.	H. B. wire.	Annealed wire.	Wire shorts.
	Rate per cwt.	Rate per cwt.	Rate per cwt.	Rate per cwt.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
April	8 11 1	8 5 0	8 0 0	4 2 0
May	8 4 4	..	8 5 0	..
June	8 7 6	7 6 0	..	..
July	8 2 9	7 9 9	..	5 0 0
August	9 3 0	9 4 0	8 1 6	..
September	9 1 8	..	8 2 4	..
October	8 9 6	..	7 13 0	..
November	8 10 6	..	8 0 0	..
December	8 10 0	..	..	..
January	8 11 0	..	7 15 1	..
February	8 10 0	..	7 7 3	..
March	8 8 0	..	7 7 6	..

Statement showing the average selling price of Wire and Wire Nails from 1930-31.

	1930-31.			
	Nails.	H. B. wire.	Annealed wire.	Wire shorts.
	Rate per cwt.	Rate per cwt.	Rate per cwt.	Rate per cwt.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
April	8 8 7	7 8 0	7 8 0	..
May	8 8 9	..	8 4 0	..
June	8 8 8	..	7 13 4	..
July	8 9 4	..	8 4 0	..
August	9 4 4	..	8 2 0	..
September	8 9 0	..	8 4 3	5 0 0
October	8 14 7	7 6 11	7 13 5	..
November	8 1 6	6 0 0	..	..
December	8 2 11	..	6 13 6	..
1931.				
January	8 3 0	..	6 14 4	..
February	8 2 11	7 3 8	..	..
March	8 1 6	..	6 9 9	..
April	7 15 0	..	..	..
May	7 7 1	..	6 4 6	..

In some months the average rate sold will be higher due to more sales of wire nails in cases.

In some months the average rate will be very low as we have supplied nails to Calcutta market in those months.

(6) Letter No. 3221/31, dated the 11th August, 1931, from the Indian Steel and Wire Products, Tatanagar.

In continuation of our letter Reference No. 2607/31 of the 22nd June, 1931, we have the honour to advise having sent under separate post replies to question No. 30 of your Questionnaire regarding Dumping by Foreign Producers with five spare copies.

Enclosure.

PART I.

Few notes on German iron and steel kartells and their export policy.

The following are the varieties of organizations for limiting competition that are usually found in highly Industrialised Countries in Europe and America :—

- (1) *Informal understanding or gentleman's agreement.*—These are usually entered into to regulate prices in certain defined areas.
- (2) *Associations for regulating prices.*—These are more formal than the first and established for the purpose of fixing minimum prices.
- (3) *Associations for regulating output.*—The underlying principle is the same as in the first two, i.e., the regulation of prices but it

is achieved by controlling the output, *e.g.*, during periods of depression it is agreed among the members to work a certain portion of the plant. When the output is so controlled, the prices may be maintained or increased. In certain cases each producer's output is fixed and in the event of exceeding his quota, he may be liable to fine according to a fixed scale.

- (4) *Pooling Associations*.—A common type of pooling association is that in which each member pays a small fixed sum per unit of output into a pool which at regular intervals is divided up equally among the contributors after the formation of a reserve fund. The elaborate type of such pooling association is the following:—Each producer is allotted a certain percentage of aggregate output of all the producers in the association, the percentage being fixed on past experience. If the producer exceeds his output, he pays a sum proportionate to the excess and if a producer falls short, he receives from the pool a sum proportionate to the deficiency. In some cases pooling associations fix prices.

- (5) *Associations for allocating contracts*.—These are found in certain industries where work is allotted by tender. The association decides which firm is to receive the contract.

Selling Agency.—Firms making the same thing agree to give it to a common selling agency.

- (6) *The Participating Kartell with Selling Syndicate*.—This is the most popular form of combination in Germany. Competing producers agree to establish for a definite period a joint selling agency for the sale of their product and each producer is allotted "a participation" in the total output. Those who exceed the participation pay a fine and those who fall short receive indemnity. The selling agency is a registered company with votes proportionate to the output. The members fix a base price covering their cost and sell to the Syndicate on an accounting price which is usually higher. The agency gets the highest price it can get though as a rule it does not sell below the accounting price. The Kartells also subsidise the export trade.

- (8) *Variations of the participating Kartells with Selling Syndicate*.—In some cases there is a variation of structure in the direction of the trust. The Syndicate may acquire independence or it may fall under a particular concern or group.

- (9) *Financial community of interest—Interessengemeinschaft*.—This occurs when two or more Companies agree—sometimes for fifty years to pool their profit and divide them between Companies in pre-arranged proportion. Their tendency is to form closer union.

- (10) *Voting Trust*.—At one time these were very popular in United States but were declared illegal by the Courts. In these the Companies agree to assign all their stock to a number of trustees and receive in return trust certificates representing the valuation of their property. The trustees control the business completely.

- (11) *Exchange of Shares*.—Two or more companies may link their fortunes by means of exchange of shares.

- (12) *Holding Companies*.—A group of companies sells its shares to another Company established for the purpose or already existing, the shareholders of the individual companies receiving in exchange shares in the holding company.

- (13) *Consolidations or mergers*.—The consolidation or the merging of two or more businesses into a single undertaking. The businesses taken over lose their separate existence.

The last four types may be called "Trusts" and the rest with the exception of (9) which is in certain respects "Intermediate" are terminable associations.

1. *Combination in Industry and Trade in Germany.*—During the latter part of the 19th century the tendency to combination and monopoly became apparent due to rapid industrial development. There was here no common law doctrine as in England and the Courts held the validity of such agreements. But there were sections in the Penal Code prohibiting extortion or obtaining pecuniary advantages disproportionate to services rendered. After 1909 the Civil Code provided for punishment for those who in business committed acts repugnant to good morals (*Guten Sitten*) such punishment being damages and the party convicted of this offence was compelled by law to desist from such action. This law though it helped to suppress some abuses was no restraint on combination or for the regulation of prices. The attitude of the Government was, on the whole, very favourable to the formation of such combination and in fact was one of the most important factors in the rapid growth of combinations in Germany.

Again the position of Germany regarding coal and iron was most favourable as compared with England. While in England coal and iron deposits were scattered and so prevented the establishment of unified control, in Germany coal centres were chiefly in Ruhr and Silesia and could therefore be easily and efficiently controlled. Regarding ore, though it was imported from Spain and Sweden, German Iron and Steel depended largely on the minette ore from Lorraine.

Tariff also helped combinations though it should be conceded that this was moderate as compared with that of the United States. Transport facilities were another factor in the formation of combinations. Prussian State Railways gave preferential rates with a view to encourage home industries and export trade. Also in cases where transport companies were charging exorbitant rates, the State encouraged the manufacturers to combine, so that they may be able to negotiate better terms. Lastly, the State and the banks both helped in this process specially in the matter of export trade.

2. "The term 'Kartell' designates an association based upon a contractual agreement between enterprises in the same field of business which, while retaining legal independence, associate themselves with a view to exerting a monopolistic influence on the market. Many prefer to describe the activity of the 'Kartell' as a regulation of the market, rather than an exertion of monopolistic influence. But this is surely a vague rendering of the same idea Kartells are collective monopolies of entrepreneurs in their capacity as sellers" [R. Liefman (*Encyclopædia of Social Sciences*)]. "Monopolistic Organizations such as organization for collective buying should not be designated as Kartells because their effects are quite different from those of associations of sellers. For the same reasons employers' associations in which members combine against a similar association of employees should be distinguished from Kartells. Again Kartells should not be confused with the corner or the ring. A corner involves the buying up of a commodity in the market with a view to forcing up the price. It is monopolistic in operation and may be launched by a single individual. A ring is the association of several individuals for the purpose of carrying out a corner. The difference between the ring and the Kartell consists in the fact that the former is not an organization made up of the majority of those engaged in a certain industry or trade but an association of persons frequently standing outside the industry or trade who through speculative buying may create an artificial shortage and thus profit from selling at the resulting higher prices. A ring is a speculative association—not a union of independent enterprises" Grunzel (*Ueb. Kartell*) defines Kartells as a voluntary association of independent enterprises with common interests and aims for the joint regulation, production and distribution. Kartells are generally (a) for regulating prices, (b) for regulating production, (c) for delimitation of markets. These three types are to be found in a higher stage of development in the so-called *Kontingantierung*, quota Kartells. In these the total supply of commodity may be fixed and each member allotted a definite production quota. More frequently all orders are referred to one Selling Agency called a *Syndicate* which distributes them among members of the Kartells by percentages

fixed in advance or finally the profits may be pooled and divided among the membership in definite proportions. In this case a common understanding regarding prices is not necessary because it is not to the interest of any member to extend its sales at the expense of other members, since he receives only a predetermined share of the aggregate profits. The last two types are sometimes merged. The Selling Syndicate takes the product of the members, sells it and distributes the profits as agreed on in advance. It may be said that these profit sharing Kartells are a later development and do not appear in all industries. They do, however, play an important rôle in the Iron Industry (Liefman).

3. *Types evolved.*—The predominant type of German combination is the participating Kartell with attached selling Syndicate. These existed as far back as 1870. In 1905, according to the enquiry held by the Ministry of Interior there were about 400 of these, but were not highly organized (Balfour's Report). Kartells covered by the investigation comprised about 12,000 establishments. About 200 of these Kartells had joint selling agency (Curtiss). They were more or less terminable associations aiming at some degree of market control. The most organised types of such Kartells were in the Coal and Iron trade and before the war were very widespread and powerful. The usefulness of Kartells as a national organisation has been universally acknowledged since the war and other countries notably England have adopted this organisation (Committee of Trust and Balfour's Report). In 1923, when the mark was stabilised, Kartells declined in number but in 1924 they were revived. In 1925 and 1926 this revival was proceeded with on account of trade depression and acute competition. To-day almost all the industries and trade in the country are Kartellised. Many variations of this predominant types are also found. Other kinds of organisations for limiting competition which are prevalent elsewhere are also found here, e.g., Patent Kartells, Contracting Kartells, etc. Kartells with selling syndicate if possible to organise are difficult to administer in industries which have a large variety of finished goods and where quality is the main consideration instead of mass production. These are found in almost exclusively in coal and iron and steel industries. They are organised usually as a double company (Doppelgesellschaft) resting on two documents: (1) agreement between the members and the Kartells and (2) articles of associations of the Syndicate Company. The syndicate may either be private limited company (Gesellschaft mit beschränkter Haftung—or simply G. M. B. H.) or a corporation (Aktiengesellschaft or A. G.). It follows that the only stockholders would be the members of the Kartell and their shares would be in proportion to their productive capacity.

Besides these associations or Kartells, the process of concentration in few hands was greatly developed before the war. This has resulted in "Konzerns" or "Fusionen" the big groups of business interests—which is noticeable both in business producing the same commodities or in successive stages of industry. During the inflationary period they grew rapidly in prominence. The existence of turnover tax also favoured indirectly the growth of vertical combinations for the latter obviated the necessity of selling goods at each successive stages of production. Though many "Konzerns" of the inflationary period collapsed, concentration has continued up to-day with this difference that while previously it was vertical, now it is mainly on horizontal lines. Gigantic Trusts have been formed in Iron and Steel Industry and in Chemical Industry and this process is also noticeable in other industries of the country. These Trusts are mostly formed on American models.

Konzorne and Fusion.—The former is used to designate a combination in which the constituent companies retain their legal entities but are subject to centralised control as regards production, management and commercial and financial policies; the latter applies to combinations in which the constituent units are completely merged into a single organization either through the creation of an entirely new corporation or through the assumption of control by the strongest unit. According to Liefman, a Konzern arrangement may operate (1) through ownership of shares which does not necessarily involve

a majority but generally implies a controlling interest, (2) division of profits if it is accompanied by such characteristic features of a *Konzerne* as direct participation in management through representation on the Board of Directors, (3) reciprocal representation on the Board of Directors not frequently based on ownership of shares, this does not apply to the representation of a bank which does not necessarily involve active participation in management, (4) complete management of one concern by another on the basis of a lease or some other arrangement which in some cases gives the subordinate concern practically the status of a branch without depriving it of its separate legal entity. The actual management of the *Konzerne* is generally in the hands of a Board representing the various member companies; in some cases a separate corporation is organised for the special purpose of management which should not be confused with the holding company (Trust and Economic Control by Curtis, page 406). The formation of trust was also facilitated by a temporary reduction of stamp duties which were prohibitive.

The motive for such reorganization is Rationalisation, i.e., standardisation, mass production in the efficient works and scrapping of inefficient works, elimination of redundant organisation in production and distribution, economy in transport through delivery from nearest works, economy in the use of working capital.

Coal.—As far back as 1878 combinations existed of important groups of mines for combating over-production and controlling prices. The Westphalian Coke Syndicate was formed in 1890 following earlier associations and in 1893 the Rhenish Westphalian Coal Syndicate was formed which eventually absorbed the coke syndicate Briquette Selling Association. By 1914 the Rhenish Westphalian Coal Syndicate had become one of the most powerful monopolies of the world. It was the *Kartell* of the most organised type—prices fixing, pooling arrangements, joint selling agency with “Participation” for members. At the end of the War it declined in influence and prestige mainly on account of the invasion of Ruhr and fall of the mark but also due to the divergence of interests with purely coal business and mixed business, i.e., coal business integrated with iron and steel works. The differences between the purely coal business and mixed business were about to bring disruption in 1915 but for the intervention of the Government. In 1924 the Government again intervened and reconstituted the *Kartell* by compulsory decree. Last May/June when the renewal of agreement of the Westphalian Coal Syndicate was under discussion, the matters came to such a pitch that there was every likelihood of the dissolution of the Syndicate. The differences centred around the old question of ‘mixed’ and ‘pure mines’. It concerned the amount of levy paid by the Iron Works owning pits and the collieries not connected with Iron Works, the former now having raised the point that the coal used for providing exported iron and steel should be exempt from the levy. As nearly four or five per cent. of the members were keeping out on account of these differences, the Minister of Economic Affairs issued an ordinance by which the Syndicate was prolonged for another two months from the 1st of July, during which time the members were expected to arrive at some voluntary agreement about the levy; otherwise the Minister threatened that he would himself regulate the levy (5th or 12th June, 1931, C. I. R.). This threat had the desired effect. At a meeting at Essen all the members of the old Syndicate came in for a unanimous voluntary agreement which would now last till 1942. By this agreement larger exemption from levy of the ‘mixed’ mines is granted in principle (page 23, 3rd July, 1931).

The most recent information about the coal rebates to ‘mixed’ mines is the following:—

For May, 1931.—Marks 2—57 for sales allotment and Marks 1—50 for consumption quota.

For April, 1931.—Marks 2—69 for sales allotment and 1—50 for consumption quota.

(C. I. R., 19th June, page 1000.)

Iron and Steel.—Before 1904 when Stahlwerksverband was formed, many sectional associations existed. Stahlwerksverband was as powerful as the coal syndicate but confined its attention to 'A' products—Rails and Sections. On account of steel scarcity in 1919 it was not renewed but Stahlbund was organised for certain products but this was merely an association for exchange of views and experiences. But when coal syndicate was reorganised, the need for organising a similar Kartell for the Iron and Steel Trade was keenly felt due to the then prevailing cut-throat competition and so the Rohstahlgemeinschaft was formed in the autumn of 1924. This covered only the Ingot Steel and controlled 95 per cent. of the entire steel output. It allowed within itself many associations for semi-manufactured products and principal products. The most important of these associations is Stahlwerksverband founded in 1904 as a selling organisation for certain rolled products ('A' products), was dissolved in 1919 but was reconstituted in July 1925 which comprises in its new form, in addition to selling associations for 'A' products, other Syndicates for merchant steel (Stabeisenverband), heavy sheet (Grobblechverband) and hoops (Bendeisenverband). There is a separate organisation for the pig iron called the Roheisenverband which includes almost all Blast Furnaces and sells all the pig iron output of its members except what is used in their own undertaking (page 36, Memorandum on Iron and Steel Industry—International Economic Conference, Geneva, 1927). Some of these new Kartells only fix quotas for various producers, regulate output, and allocate orders. They have nothing to do with selling arrangements which are arranged by 'Konzerne' or other members who sell their goods through merchants called 'Verbandhandlers'. Their position is very much altered by formation in 1926 of the Vereinigte Stahlwerk Aktien Gesellschaft (United Steel Works) which is a fusion of six largest producers—Gelsenkirchen, Deutch Luxemburg, Boschum Steel, Rhenish Steel, Phoenix and Thyssen Companies. Due to family traditions and with a desire to preserve their own identity Krupps did not join this combine. Since then, there is a sort of keen rivalry between these large business enterprises for the control of Rohstahlgemeinschaft and other associations. Both groups are buying more concerns to increase its participation in the Kartells. In July, 1926, Krupps 'Participation' in Pig Iron Syndicate 48.9 per cent. in the Rohstahlgemeinschaft 46.8 per cent. and in 'A' products Syndicate 49 per cent. For effective control of Rohstahlgemeinschaft the predominant concern should have 75 per cent. of the votes (Balfour's Report). The share of United Steel Works in different Federations amounts only to 22—53 per cent. (Encyclopædia Britannica—Under Germany—Iron and Steel).

Syndicates and Kartells exist now practically in all important Steel and Iron Products. Dealing with our own industry negotiations for forming the wire rod association began as far back as 1925 but it was actually formed in 1926 (O. R., 1926). Contingents were fixed for the total rods production, separate quotas, however, being allotted for raw wire rods and for wire for refining. This lasted till 1929 when it was reformed. The wire association which came into being at the beginning of August, 1926, embraces some 250 members and controls both Home and Export Sales, and hence is a participating Kartell with attached selling Syndicate (O. R. 2, July, 1927). And within the wire association itself no fewer than 17 Syndicate or price Kartells were formed (O. R. 2, June, 1928). All these Syndicates and Kartells in the Iron and Steel Industry expired between December, 1929 and 30th July, 1930, but were reformed for another 10 years until 1st February, 1940 (O. R. 2, July, 1930). Besides the usual conditions a new condition was added in the agreement which declared that no member should take up the manufacture of articles made by other member-concerns without the permission of the special committee appointed for the purpose (Gruppenschutz).

3. *Official action regarding trust and combines.*—We have already referred to German Government's attitude towards the Kartells before the War. It encouraged the Kartells in every possible way and regarded them as part and parcel of the economic organisation of the country. In extreme cases as for example when the Potash Syndicate was about to dissolve, it went to the

length of enforcing its renewal by legislations, but immediately after the war there was a considerable change in public opinion. People regarded these Kartells as instruments for extorting high prices. The Ministry of Economic Affairs appointed an advisory Committee on Kartells in 1922 and in 1923 the Government issued "a decree against the abuse of economic power". This Kartell Law was an emergency measure. It was passed at the time when the patience of the consumers was badly strained by the abuse of power on the part of organised producers due to the period of general scarcity of goods (Waarenhungar). A court was established of five Judges, one appointed by the President and four others by the Industrial Court. The decree laid down that all agreements controlling prices and outputs should be in writing and if these agreements were found to be against the public interest, the Minister may apply to the Court to have the agreement declared void or may issue an order to have the agreement terminated by any party. He may order all copies of agreement to be sent to him and if declared void all future agreements should be sent to him. If the Kartell Court declared any agreement against the public interest he (Minister for Economic Affairs) may order a general withdrawal from the contracts included under the condition in question. The Court was empowered to hear the members of the Kartells who wished to resign without notice. Since the passing of the decree the Court has considered application for resignation of members from Kartells, and has defined certain conditions. Some of these are as follows:—Withdrawal is permitted if the Kartell is dominated by a 'Konzerne' or if the Kartell refused to consider the interest of the small members in view of change in business situation and to alter contracts accordingly. But a mere change in business situation does not entitle resignation. "From its organization until June 30th, 1929, the Kartell Court received for consideration 1,150 cases under section 8 and 1,073 under section 9. Out of 1,150 cases under section 8 the demand for withdrawal was reconsidered in 680 cases, and a compromise was reached in 83 cases. In 100 cases the right to withdraw was refused by the Court, it was granted in 63 cases, 73 cases were dismissed on formal grounds; 148 remained on the calendar. Under section 9 the presiding Justice of the Kartell Court found that in 913 out of 1,073 cases no action against the Kartells or other combinations was warranted. In 99 cases the Kartells were enjoined from certain practices, in 37 cases the complaint was withdrawn, 13 were settled by compromise, 11 remained on the calendar" (Page 45, Rationalisation of German Industry—American publication).

Section 8.—"For reasons of weight to be determined by the Kartell Court such agreements may be cancelled by any contracting party without prior notice."

Section 9.—"The approval of the Kartell Court must be obtained before pledged securities can be sold and before drastic preventive measures can be undertaken against any one of the contracting parties or against outsiders or third parties to force them to abide by the agreement."

(Page 41, Rationalisation of German Industry—American publication.)

This decree is regarded by some as a great achievement, for in their opinion the Kartells can be effectively controlled by the procedure laid down in the decree, while others regard it as simply a device by which disloyal members reap the benefit without sharing the burden.

The Government proceeded with great caution in utilizing the Court. It confined itself to unofficial intervention also provided for in the decree. The Minister tried to settle cases amicably through the Arbitration Courts which are established in all Associations of Industry.

In 1925 the Government however took very drastic action. "The Government stated that it would regard various conditions imposed by the Kartells—including clauses permitting of an upward revision of prices, deferred rebates, clauses relating to prices to be charged in the following stages of production and clauses relating to reciprocal or exclusive dealing—as being detrimental to public interest within the meaning of the decree." If the Kartell Court

would not support Government policy, the Government announced its intention of proposing an amendment to the decree. In pursuance of this policy the Government wanted practically all Kartells to furnish particulars about the constitution, membership and prices. In one case the Minister permitted members to withdraw and those who remained would only be governed by the agreement if the necessary information was supplied to the Ministry. In many other cases the Minister had the prices reduced or the Kartells dissolved.

Again in January, 1928, when the Syndicate increased the prices due to the wage-award the Ministry of Economics objected on the ground that those increases were endangering common interests and ordained under the Kartell Law that price increases should not operate until copy of the same is deposited with the Ministry. The Syndicate supported their case by showing that the prices since 1925 had been stationary in spite of wages increase and shortening of the working time. The Ministry sanctioned some increases after considering each case on its merits in May, 1928. Immediately after this sanction the Syndicates represented to the Ministry that "the low scale of export prices and in consequence the height of the bounty to exporting finishers" necessitated a further increase. (O. R. 2, June, 1928.) The Ministry did not take any action until July, 1930, when an emergency decree was passed which empowered the Government to deal with the artificial raising of prices—Decree against uneconomic prices (O. R. 2, July, 1930). According to the decree the Government should consult the Federal Economic Council (Reichwirtschaftsrat) but need not follow its advice. Failure to comply with the orders of the Government is punishable by fine for which there is no limit. The presiding Judge of the Kartell Court shall determine the fine. There is no appeal against his decision. By middle of December, 1930, only one Kartell—Wall paper trade Kartell—was dissolved.

The practical application of the decree will however be difficult. What would be uneconomic price agreement? The German Government has no legal precedents in legal history to guide them. They may turn to United States in search of such legal principles where they have developed an imposing set of anti-trust laws which they would most probably do.

Again it cannot be shown with any degree of certainty that legal prohibition of price agreements would improve the general economic situation. As pointed out by the Federal Economic Council, price agreements are only one element in the current depression and in the problem of prices, other factors being (1) rise of Reich, State and Municipal Taxation, (2) high custom duties on foodstuffs, (3) creation of monopolies of agricultural produce, (4) raising of rents twice during 1930, (5) increase in freight rate on railways, (6) subsidies to individual firms or trade at the expense of tax-payer and high rate of interest for general population (O. R., 1930).

But the decree applies to Kartells only. The trusts are left untouched. "Germany has definitely discarded the principle of free competition through the recognition of the legality of Kar agreements for there is no middle ground between free competition and Kartell control. German lawyers are therefore faced with a preplexing problem in attempting to devise a method of Kartell regulation that will enable the Kartell effectively to fulfil their economic mission and yet will prevent them from abusing their monopolistic power."

4. *Kartells as "Children of Necessity"*.—The Kartell movement after a temporary set-back has taken an extraordinary upward swing. According to Professor Robert Leifmen, the greatest living authority on Kartells, disregarding the numerous local associations in small business and trade, there were in large scale business and trade about 3,100 Kartells in 1924.

(According to Maz Metzner in *Kartell and Kartell politik* the estimated number was 1,150 in 1925 and according to the investigation by the Federal Government they were 2,500 in German Industry. It appears that this great disparity between different estimates is due to the difference in definition.)

However in spite of the emergency decrees of 1923 and 1930 and violent public agitation against them, the Kartells have gone on increasing in number and influence, and the public opinion notwithstanding the hostility against

their policy and methods realises that the existence of Kartells is essential for the economic life of the country. Even the greatest firebrand would not advocate their suppression under the present circumstances of the country. They would agree with the findings of the first Government commission, the Kartellenquette, that they would have proved advantageous to the best interest of the fatherland. "In the present situation" says a great authority Professor Robert Leifman, in such times they justify themselves as "children of necessity" and are irreplaceable. This does not mean that the unification of enterprises in the interest of Industrial Rationalisation, best of all in the form of fusions, should cease. The two principles of organisation—monopolistic combination and tendency of bigger business to financial, capitalistic combination of enterprises—do not exclude one another but are rather complementary (R. Leifman, "German Industrial Organisation" in the Quarterly Journal of Economics—November, 1925, page 100).

The Kartells have certain undoubted advantages which account for their popularity. They aim—at least ostensibly—at the preservation of small establishments. A Kartell embracing the whole industry always implies monopolistic control over prices and production, but while its primary purpose is the control of the market it also enables its members to obtain certain advantages of a great trust or merger without forcing them to sacrifice their identity. A Kartell as for example is able to secure orders which may be too large for any one enterprise to handle singly, but which can be distributed among the members. Similarly in the matter of purchase, it can jointly obtain more advantageous terms because of the large size of its purchases. Again the Kartell organisation can bring pressure to bear upon the transport companies and thus extort better concessions and terms which would otherwise be impossible. It can economise on freight charges by delivering goods from the nearest works, and can obtain better advertising facilities through a central advertising agency. Finally it can represent the entire industry before the legislature and the Administration and can present a united front in their negotiations with the representatives of organised groups.

Possibility of taking advantage of combination is limited by the nature of the Industry and the Fiscal or the Tariff policy of the country. Industries located in small areas, producing raw materials or semi-finished products and operating on a large and protected domestic market can more easily combine with regard to central policy than industries that are scattered over a wide territory, produce finished goods of great variety and face keen foreign competition. This accounts for the well knit organisation of the Iron and Steel Industry.

All Kartells are subject to two main criticisms. The first is directed against the form of organisation. It is stated that they are very loose terminable organisations lacking in genuine authoritative leadership. The second criticism is directed against the economic effect of the Kartells. It is said that the Kartell protects the inefficient producer and determines prices to be charged on the basis of the cost of production of the least efficient member of the Kartell, thus preventing the elimination of the weak and thereby increasing the cost to society. "However although the ostensible aim of the Kartells is to prevent the elimination of the weak producers by bankruptcy, as a matter of fact, Kartells tend to create permanent consolidations by encouraging the stronger members to buy up the weaker and to secure their quotas of production. In this manner Kartells tend to concentrate production in the most efficient plants" (Rationalisation of German Industry—Publication of National Industrial Conference Board—Inc., New York).

5. *International Combination.*—Kartells and trusts have sought to strengthen their position by agreement or combinations with competitors in Foreign countries. International combinations are naturally a later development for they presuppose the formation of national organisation.

When one Industry acquires monopolistic power other dependent industries also tend to come under one single control for effective bargaining. This also applies to competing industries in other countries, e.g., one combination in one country helps the formation of similar combination in the competing country.

for effective competition or for international agreement regarding delimitation of markets. Thus the effects of monopolistic combinations are cumulative. "The chief danger of the International Kartells lies perhaps in the security it gives to the National Kartell when the latter seeks to exploit its monopoly position. The only possibility of controlling the action of International Kartells lies in the national legislation. To work out an International law regulating Kartells is a problem for a distant future" (Robert Leifman in *Ecy. of Social Science*).

Before the war there were 114 such Kartells distributed among different industries. The war broke up most of these organisations but after the war many were reformed. In addition to these Kartells there were many International Trusts like the Petroleum, Tobacco, Sewing cotton and non-ferrous metal industries. Since the end of the war these trusts have acquired considerable power. The most important new trust is International Match Corporation.

International Rail Makers' Association.—This is one of the earliest International Kartells dating back to 1884. The object was to divide export orders and to secure immunity in the home market. Originally it consisted of British, German and Belgian manufacturers, but in 1904 all the important countries were represented. It was re-constituted in 1926 with the name of European Rail Makers' Association (Erma). Its members are British, German, Belgian and French Rail makers.

European Steel Kartell or Continental Ingot Steel Kartell.—This was formed in the autumn of 1926. Its members are French, German, Belgian, and Luxemburg Steel Makers. Later it was joined by Czechoslovakia, Austria and Hungary. But these countries retired from the Kartell after 18 months participation (O. R., 1928-29), though they still adhere to the old agreement about export quotas. It appears these countries wanted to have full freedom regarding the exploitation of the home market. This has been done with disastrous results to all concerned. Since Czechoslovakia seceded from the larger group she has extorted exorbitant prices from the home consumers by limiting production for the home trade to extreme limits until the Government had to intervene by reducing import duties to the extent of 75 per cent. in an effort to force the domestic steel industry to quote lower domestic prices. The Government's move was successful and there was an immediate average reduction of 7 shillings a ton (*Iron Age*, 25th December, 1930).

The Agreement provides for the allocation between the four countries of assumed output of 25,287,000 in the following agreed proportions:—France 31.69 per cent.; Germany 40.45 per cent.; Luxemburg 8.55 per cent.; Saare 6.54 per cent.; and Belgium 12.57 per cent. These proportions are subject to modifications in certain contingencies but the aggregate is to be fixed quarterly. Contributions to the common fund are 1 dollar per ton of ingot steel and 4 dollars per ton on amounts in excess of the quota. Should production fall two dollars per ton would be paid for the deficiency. There is no joint selling agency nor any direct price regulation.

At the same time agreement was made with France, Luxemburg and Saare on the amounts these countries could export their surplus production. France and Luxemburg were not allowed to export into the German market more than 6½ per cent. of the German inland sales and Saare was given a separate contingent which was brought under the control of the German Kartell (O. R. St., July, 1927). Germany is highly dissatisfied with her quota under this agreement and desires it to be increased (O. R., 1928 and 1929).

Reviewing the work of this Kartell German writers seem to be very pessimistic. They complain that the expectations of its founders that it would stop private competition and limit output and stabilise prices have not been realised. The Germans from the very beginning insisted on a close-knit organisation with an attached selling agency, but their advice was summarily rejected. Now the members are finding that agreements are being broken. According to German opinion Belgians are the greatest culprits. To avoid detection by the Committee they first sent the goods to Holland and then re-despatched them to Germany (page 809, November 28th, 1930, C. I. R.).

Kartell.

Continental Steel Kartell.—This Kartell expired last year but was re-formed for another five years. It is now agreed that an International Sales Syndicate for semi-finished should be formed within one year and one for joists within two years. This time the penalty for exceeding quotas has also been fixed at a very high figure—10—15 dollars per ton. This has been done to effectively stop exceeding quotas which has been a common complaint in all countries (C. I. R., 3rd July, 1931).

Other Iron and Steel Kartells.—Many such Kartells existed before the war, e.g., galvanised steel, tubes, pipes, rods, wire nails, etc., etc. The parties in most of these were France, Germany, Belgium and Austria.

International Wire Rod Association.—This was formed between Germany, Belgium, France and Luxembourg for the output, control and regulation of wire rod production on October 1st, 1927. It may be prolonged up to 31st December, 1931 (O. R. to June, 1928). As Belgium did not give notice the Association will last till December, 1931.

International Wire Association.—The German, Belgian, Dutch and Czechoslovakian producers of wire between whom an agreement existed initiated at the end of 1926 negotiations for International combine. In March 1927 agreements were signed and quotas fixed. Minimum and export basic prices were also laid down for the various finished wire products including bright, drawn, annealed, galvanised drawn, galvanised barbed, varnished wire and wire nails. The agreement provided penalties for sale in excess of quotas (O. R. to July, 1927). This Kartell was dissolved owing to the disruption of local French and Belgian Kartells. Germany is trying her best to renew the Kartell for she is suffering tremendous losses owing to keen competition with Belgians and French. Recently German producers of wire goods have entered into price convention with the Belgian works with one exception in regard to the export of such goods. This step is considered likely to lead to revival of former international Syndicate for wire manufacturers (Page 770, C. I. R., May 8th, 1931).

6. *Few facts about rationalisation.*—"The word 'Rationalisation' in industry originated from Germany. It is used broadly to include all problems in production, administration and distribution." "Rationalisation means to as", states a German Expert, "the organised effort to increase the total efficiency of human economic work and its factors, labour and capital, energy and material..... The term.....implies an intelligent co-operation on a national scale of every partner in the economic enterprise (Otto Bradle, "Germany rolls up its sleeves" in *Factory and Industrial Management*, New York, November, 1929, page 1071). The National Economy Board (The Reichskuratorium fur Wirtschaftlichkeit) charged with the task of studying all aspects of rationalisation says "Rationalisation consists in understanding and applying every means of technique and planned (Planmassige) organisation for the purpose of improving the general economic situation. Its object is to increase the welfare of the people through the provision of better and cheaper goods in large quantities."

In general, the Germans make a distinction between technical rationalisation and rationalisation of Industrial organisation. The first includes such activities as standardisation, simplification of waste reduction, introduction of labour saving devices and other activities which are associated in America with scientific management and the second refers to all types of industrial combinations. The two which are complementary and supplementary to each other are essential for the economic salvation of the country. If technical rationalisation is attainable within the individual establishment there is no need to combine with other enterprises. Rationalisation of the organisation takes place only when two or more businesses realise that to take fullest benefit of the technical rationalisation and develop their business fully, it is necessary for them to co-operate, to pool their resources, to adopt joint policies in regard to production and sale of their products.

Through rationalisation of Industrial organisation, the German Industrialists claim to eliminate the evils of competition which are shown in price fluctuations, business instability, crisis and unemployment. According to them the aim of the rationalised Industry should be to control the output of the entire industry with a view to secure a certain price instead of allowing each individual producer to regulate his production by his insufficient knowledge. The latter method is bound to lead to waste of effort and loss to the producer, hence to the Industry and to the community. "The aim of rationalisation is to eliminate that competition which results from faulty judgment of individual producers, from their miscalculation of the market and to co-ordinate the efforts, first, of individual enterprises within an industry, second, of the different industries within a country, and third, of the competing industries into two or more countries". "Rationalisation represents the idea of enlightened leadership embracing an entire industry in its relation to other industries and to the national economy."

7. *Results of rationalisation.*—Taking the year 1925 which was of great economic gravity to Germany, rationalisation in Iron and Steel Industry showed substantial results. This was due mainly to the organising capacity and business foresight of her Industrialists. Germany produced during this year 12,000,000 tons of steel and in the principal centre of production, i.e., Rhineland-Westphalia the 1913 output was attained. It is true the capacity of the German plant was increased by a re-organisation, but it is creditable that the trade successfully overcame many insuperable obstacles (Financial crisis, bankruptcies, influx of foreign capital, contraction of credit facilities and high rate of interest). In spite of all these and severe competition from her rivals Czechoslovakia, France and Belgium, she exported 3,000,000 tons (O. R., 1926). Again in 1925 Ruhr produced 95 per cent. of its pre-war pig iron.

The following will give an idea of rationalisation in the matter of Blast Furnace in Germany:—

Blast Furnace in Germany.

Year.	Total.	In commis- sion.	Dumped down.	Under Repairs.	Ready for blowing.	Daily capacity.
1913	330	313	Nil	Nil	Nil	Nil
1920	237	127	16	66	28	35,997
1926, March.	208	79	42	61	26	50,870

(O. R., 1926.)

Trade in Wire Products.

	1913, including Saare, and Lorraine.	1925, excluding Saare, Lorraine and Luxemburg.
Wire and Wire Products . . .	582,500 M. tons.	493,300 tons.

(O. R., 1926.)

"In spite of the losses which German Metallurgy sustained in Lorraine, Luxemburg and Saare, her present steel capacity is now estimated at over 17,000,000 tons and it is interesting to note that towards the end of 1926 under the influence of coal stoppage a rate of production of 15,000,000 tons was actually achieved while in March 1927 this record was overtaken by one of a rate of 16½ million tons. In other words Germany has practically made good the losses in steel occasioned by the severance of her former properties in the ceded territories—a truly remarkable performance and one which speaks well of the tenacity and resourcefulness of her industrial leaders" (O. R. to July, 1927).

"Her Iron and Steel production within her frontiers is now greater than 1913 by over 20 per cent. in pig iron, by 31·5 per cent. in Ingot Steel, by nearly 15 per cent. in rolled material" (Page 48, O. R. to June, 1928).

The standardisation also has achieved remarkable results and extends to a wide range of articles, *e.g.*, 80 per cent. of the total turn-over in therecision Machine tool industry consists of standard parts, in the mines the number of railway gauges has been reduced from 100 to 3 (O. R. to July, 1927).

Rationalisation of the Industrial organisation which was taken up in hand along with the technical rationalisation has resulted in concentration in Industry specially in steel, Matches, Linoleum, Ship-buildings and cement (O. R. to July, 1927).

Rationalisation of technical installation is now complete. Now Germans are taking up rationalisation of administration, *e.g.*, Union of Deutsche and Disconto Banks which is now third of German private Banking, Union of Hamburg America Line and Nord Deutscher Lloyd and in Ruhr the firm-knitting of heavy Industrial concerns (O. R. to July, 1930).

8. *Need for rationalisation.*—"The great expansion and popularity of the rationalisation movement or the Tendency to limit competition since the world war however can perhaps be ascribed more to the tremendous economic mal-adjustment caused by the war than to any causes. The normal flow of world trade was completely disrupted from 1914 to 1918. The productive capacity of certain basic industries in many countries had to be expanded enormously and new industries had to be built up to supply the products which were formerly imported. The capacity of steel works and Rolling Mills in Great Britain was 50 per cent. greater in 1925 than in 1913 while the actual production was less than in 1913. The world's ship-building capacity was about doubled during the war. The manufacture of cotton goods, chemicals, dye-stuffs had to be developed in the countries which were suddenly cut off from the sources of supply. Before the war Germany produced 4/5th of the world's output of dyes. In 1924 because of the growth of important Dye Industries in the United States of America, Great Britain, France, Italy and Japan Germany's share was reduced to less than 1/3 of the total output.

The excess of productive capacity in certain Industries since the war, is thus due to two factors, the expansion of production in the belligerent countries to meet their war requirements and the establishment of industries in the countries that before the war satisfied their need for manufactured commodities by means of imports from the industrial countries. After the war the problem of finding markets for the inflated industries became exceedingly acute. Fundamentally it was a problem of adjusting production to consumption and its solution required a world wide co-operation in Industry and Trade. The magnitude of the problem put free trade and free competition at a discount; co-operation, combination, National and International Agreements appeared to offer the only practical solution of the problem (Rationalisation in Germany-American Publication).

9. *Lessons of rationalisation.*—(1) It is necessary to be sure that there is a need for large production before engaging on it. The Germans have miscalculated and so many expensive plans most unsuited to German conditions have been installed. This has resulted in continuous overproduction and necessity for finding foreign markets to flood the goods. German Government Commission, 1930 found that Rationalisation has been carried to extreme limits in certain Industries.

(2) Some Industrialists found that they have not taken into consideration the cost of rationalisation particularly the interest on working capital and so they were worse off than before.

(3) The probability not only of a larger but also of a fairly stable market must be scrutinised. Some firms found it profitable only for a year or so but with the turn in the market they were worse off. "Machinery in bad times cannot be dismissed like workmen."

(4) Unfavourable development of German Public Finance deprived German Industry of the fruits of rationalisation.

(5) Rationalisation has not been more successful because it has not been carried far enough down the commercial scale (O. R. to July, 1930).

10. *Combination and community.*—In the growth of combination two distinct elements are seen: (1) concerted control over prices and output (2) the substitution of big business for many small businesses "the emergence of conscious control and concentrated financial power in Industry has created a new order of problems for the industrial communities of the world, for 'the law of demand and supply' can no longer be relied upon to ensure that prices and supplies will be about what they ought to be, now 'can the law of struggle and survival' be relied upon to ensure the industrially more fit will succeed against the industrially less fit. Intelligent control has tremendous advantage, over blind struggle if used in the best interests of the producers themselves and the community generally; the problem of the future is whether and how far concerted control and concerted power will be used aright and how far it will prove desirable and practicable to control the controllers".

11. *Some explanation of low German quotations.*—"Most of the German Iron and Steel Plants are composed of very large units and demand a high yield before the advantages of their economical lay out become apparent. This fact supplies an explanation of the acceptance of foreign business at low prices purely with the idea of lowering overhead charges when a sufficient margin of home business recommends such an attitude" (Page 133, O. R., 1925).

"It would, however, be fairly accurately ascribed the chief stimulus to increase the output to the fact that the German Producer was supreme in his own market, being safeguarded against a flood of foreign imports partly by duties and partly by railway freights operating to his advantage." A contributory cause was that the manufacturers transferred orders to the particular factory of the group most suitable for cheaper production (Page 133, O. R., 1926).

"The very low quotations which are sometimes met with on the open market are difficult of explanation and in most cases appear to be attributable rather to the desire to secure orders at all costs than to show any remunerative results other than the indirect one of a reduction of overhead charges. Explanations have been put forward of superior technical equipment but these can be discarded as exaggerated when an equitable comparison is made. Though it may be true that, on the average, industrial plant is more modernised in Germany, large manufacturing units on either side of the channel are not so far apart in technical efficiency as to form an important item or account for more than a small part of the difference met with. The conclusion is rather forced upon us that the combination of high output for the home market, low fuel and wage charges, offered the best explanation of the price differences and that the enormous under-cutting which is sometimes in evidence is due more to anxiety to compete with Belgium and France and in the case of ship-building with Holland and Scandinavia, than to anything else" (Pages 149—150, O. R., 1925).

After describing rationalisation and concentration of Industry the writer of the report goes on "there remain, however, other factors which increase the competitive power of German goods at home and abroad in comparison with Great Britain, these factors have been in operation for many years and hardly need repeating lower wages, longer hours, comprehensive organisation and ingenious system of railway rates particularly for export purposes" (O. R., July, 1927).

12. *Explanation of low Belgium and French quotations according to German and English opinion.*—This section is based on the report of British Delegation on conditions in Iron and Steel Industries in France, Belgium, etc., and German Government's Commission of Enquiry on Iron and Steel Trade. Both of these agree substantially in their main findings.

1. *Cost of Iron Ore.*—Cost of Iron ore per ton of Pig Iron is 41 to 43 marks in Rhineland and Westphalia whereas the same costs in Belgium, Luxemburg and France about 9 to 11 marks. The German Industry depends for 50 per cent. of her ore supply from Sweden on long term contracts which the Swedes insist on carrying out at the original price. The German commission states "leaving out of account taxes, social payment, interest charges, depreciation,

allocation, raw material costs from approximately 70 per cent. of the total costs of production of the finished product. This percentage is an average and varies from works to works according to the different type and grade of product". The Germans further complain that the western countries are at a great advantage because (a) their works are situated near the mines, (b) even if ore is of poor quality then can get cheaper coal or coke. The British delegation would not agree with this. They think that minette ore will cost more along with transport costs. The Germany Swedish ore 1·7 ton would produce 1 ton of pig iron as compared with 3 tons of minette.

2. *Wages*.—These are lower in Belgium, France, Saare District and Czechoslovakia. They amount according to German opinion, to 60 per cent. of German wages. Besides, these countries have practically no social welfare burdens and very low taxes as compared with Germany.

Comparison of wages.

	s.	d.
Belgium and Luxemburg—		
Skilled Labour	53	9
Semi-skilled Labour	38	10
Un-skilled Labour	30	10
France—		
Skilled Labour	51	6
Semi-skilled Labour	40	3
Un-skilled Labour	32	2
Germany—		
Skilled Labour	68	0
Semi-skilled Labour	52	0
Unskilled	42	0

Czechoslovakian wages are the lowest and German wages are the highest on the Continent.

3. *Social charges*.—These are nominal for Belgium and France. In Germany they are of two kinds—compulsory and voluntary, but the latter are as binding as the first on account of long usage.

In 1927 compulsory charges amounted to 7·5 per cent. of the wages cost.

In 1927 voluntary charges amounted to 2·5 per cent. of the wages cost.

These include sick pay of workers and officials, family allowance, rent allowance, etc.

4. *Railway rates*.—According to German report this item is exceptionally low in Western countries. Again in certain cases *e.g.*, Czechoslovakian goods passing through Germany, very low rates have to be charged under the Versailles Treaty. Even in Hamburg it is said to be impossible to compete with the Czechs because the rates from Czechoslovakia to Hamburg are much lower than those from Ruhr District.

PART II.

The Export Policy of German Iron and Steel Kartells.

1. *Germany thoroughly organised for export trade*.—Since the foundation of the Rohstahlgemeinschaft, Germany has been trying in right earnest to organise herself for the export of foreign trade. In the beginning the members of Rohstahlgemeinschaft and other associations tried to handle the export business on their own without taking into account the non-Syndicated and non-integrated finishing Industries. As in 1902, such Industries whose interests were ignored by the Rohstahlgemeinschaft and other Kartells protested vehemently. They said that the export policy of

these organised associations was hurting them very badly and impairing their ability in the foreign markets with foreign manufacturers who were using German materials. They went further and said that all their distress was attributable to the fact of dumping of the raw materials in foreign countries, by Rohstahlgemeinschaft and other raw produce kartells. Another ground of complaint was that many members of Rohstahlgemeinschaft and other associations who has organised themselves into vertical combination after the war were themselves producers for export of more advanced commodities and were therefore in a privileged position both in the domestic and export trade, in their competition with the non-integrated concerns which had to pay high domestic prices for their raw materials. Either because of the pressure which these protesting Kartells exerted or to forestall a more intensive campaign for Governmental interference or because their high domestic prices reduced their sales to German manufacturers for the export trade, the Raw Steel Syndicate and Pig Iron Syndicate decided to grant rebates on export orders. "In order that manufacturers of finished iron and steel goods for export may not stand at a disadvantage compared with foreign competitors, arrangements were made in 1925, between the finishing branches on the one hand, and the Raw Steel Syndicate and Pig Iron Syndicate on the other hand, under which steel and pig iron were supplied for export orders at 'world market prices' free from customs duty. Approved customers of Syndicates are granted rebates in the form of 'Credit certificates' which entitled them to buy steel at a reduced rate. These arrangements recalled the old practice of Stahlwerksverband of granting bounties on the export of 'A' products" (Balfours Report "Survey of Metal Industries", 1928, pages 90 and 91 and also R. Liefman's German Industrial Organisation in the Quarterly Journal of Economics, November, 1925, Page 104 and O. R., 1925).

This agreement removed all fears and grievances of the finishing Industries (the so-called A. V. I.) and gave an impetus to the formation of subsidiary Kartells within the Iron and Steel Trades until by 1927, with the exception of thin and medium plate all the basic Industries were thoroughly organised (O. R. to June, 1928). By July, 1930, when all agreements expired, all branches of the Industry were completely Kartellised and according to the slogan of the United Steel Works "all Kartells or no Kartells", all these agreements were renewed and made binding till the 1st of February, 1940. (In its Report issued in December, 1930, the Iron and Steel Commission appointed by the German Government characterised the Iron and Steel Industry as too large, uneconomical from the social point of view and profitable only through its connections with the raw material and finishing industries and above all through its monopolistic power of exploiting the domestic market.

Now this Kartell system assures to the German Iron and Steel Industry a ten-year period during which time competition in the domestic market between German enterprises will be completely eliminated. Foreign competitors are excluded from the domestic market, firstly, by a protective tariff, and secondly, by International agreement. For all practical purposes therefore, the Iron and Steel Industry is now being operated as a monopoly.

Competition between the German Chief Producers has been reduced to the minimum as most of the important firms which were outside the syndicate have now become members, some of them being bought up by existing members) (German Government Commission on Iron and Steel Industry, Page 430, C. I. R. 13, March, 1931). Production is fixed, prices are fixed, domestic competition is eliminated through production quotas and prices fixing, division of territories and new group protection (Gruppenschutz), foreign competition is effectively excluded through tariffs and international agreements. The same process which we have seen regarding the domestic industries is now extended to international field and as far as Iron and Steel Industry is concerned, the Germans have

to a great extent achieved what they set out to do,—price fixing and production quotas among the different countries, etc., etc. Thus the aims of the German Industrialists are to a certain extent realised. Their aim was “to eliminate competition which results from faulty judgment of individual producers, from their miscalculation of the market and to co-ordinate their efforts, first of individual enterprises within the industry, second of the different industries within a country and third of the competing industries in two or more countries”. All these arrangements combined with a thorough overhauling of the industrial machinery by rationalisation will in the opinion of many observers enable Germany to challenge the supremacy of any of the Industrialised nations of the world when the present depression has passed away.

To realise the terrible power of these combinations and the way such power is acquitted, the case of Pig Iron Union is worth study. Since the end of the war the position of Pig Iron Union has undergone a complete change; Lorraine works have gone to France and Luxemburg politically to Belgium while a new Blast Furnace plant has been erected in Holland. In view of all this, the Pig Iron Union thought it necessary to protect its members from the threatening imports of these countries and so they decided upon territorial agreements with them. As for example they entered into agreement with Luxemburg producers of Foundry iron by which it was arranged that the sale of this iron in Germany was to be through the Pig Iron Union who will fix the selling prices in Germany while on its part the Union undertook to buy a definite tonnage at a fixed price. Similar agreements were entered into with the producers of Czecho-Slovakia and Holland. It is quite obvious that by these arrangements the German Union has assured to itself the German inland market, but the consumers are deprived of the possibility of being able to influence the price policy of the Union through the use of cheaper foreign material. (In spite of all this it is true that small quantities are still imported into Germany but these imports are based upon question of quality and credit.) Again in the matter of rebates, the Pig Iron Union has stiffened its attitude. Before the war, German consumers enjoyed a certain amount of freedom for the purchase of Pig Iron which compelled the Union to maintain a high standard of quality and to grant rebates for certain tonnages. But now things have changed. Although the Union grants a rebate of 6 marks per ton on export, the bonus does not represent a moveable rebate similar to that granted to the finishing industry but is conditional on the binding obligation of each customer to buy at least 75 per cent. of its total requirements from the Union, otherwise no rebate is made. The remaining 25 per cent. should also be purchased from the Union if the purchaser wants full six Marks (A correspondent of Frank Further Zeitung in C. I. R., Page 464, September 26, 1930).

2. *Dumping as a special feature of German export policy.*—There is a high authority for definition of dumping as a sale of imported merchandise at less than its prevailing price in the country of export. This is the definition offered by the United States Tariff Commission. “Dumping may be comprehensively described as the sale of imported merchandise at less than its prevailing market or wholesale price in the country of production”. This practice has been a regular feature of German export policy in Iron and Steel Trade even before the rise of the Kartells (Francis Walker “The German Steel Syndicate” Quarterly Journal of Economis. Volume XX, May, 1906), but it was more highly organised in the eighties and nineties of the last centuries when different branches of iron and steel industries were organised into power Syndicates. An acute student of industrial combinations wrote as far back as 1889 “Australiens caractéristiques des Syndicate Americains Il faut ajouter ce fait bien connu c'est que les coalitions ex Europe ont ordinairement deux prix, celui pour le marché intérieur et celui pour l'exportation”. Again “the fact that that the dumping is a policy habitually practised by the German Kartells:

is beyond controversy" (Report on British and Foreign Trade and Industrial Combinations, Memorandum on the export policy of Trusts of certain foreign countries).

This policy was greatly facilitated by the Fiscal Policy of the country which protected the Industry by a High Tariff Wall and by the complete organisation of the large scale industry into Kartells which successfully eliminated the price competition among the domestic producers themselves. These two factors enabled the German Kartells to adopt a definite price policy which maintained a fairly high price for the domestic market to counterbalance the low export prices which were acceptable even when they were substantially below the domestic price or the cost of production.

"The Commission (appointed by the German Government) states in 1930, for example the proportion of rolled steel products which were purchased at the world market prices represented about 50 per cent. of the total output, yet the expert witnesses examined by the Commission were agreed that during recent years world market prices have only seldom and then only for certain individual products, been sufficient to cover the costs of production in Germany (Page 43, C. I. R., 13th March, 1931).

In Germany the Kartell method of combination provided the machinery by which without losing their individuality the member-concerns shared the burdens or the profits of this questionable method of competition on an equitable basis. The only precaution the German producers had to take as regards fixing the domestic price was that their prices should not exceed the prices in foreign markets by more than the cost of transportation to Germany *plus* the duty on foreign import.

After the war immediately after the formation of Raw produce Kartells this policy was again taken up with the pre-war zeal. (*Vide* above the protest of Associated Finishing Industries) and after the usual protests from those directly concerned, a settlement was arrived at by which both the Raw Produce Kartells and Associated Finishing Kartells decided to share the advantages and profits of the export trade. Since March, 1925, when the terms were settled, *i.e.*, rebates were granted, a systematic and continuous dumping is going on in the Iron and Steel trade (O. R. from 1925-30). D. Alfons Paquet speaking on the Economic situation in Germany at Friends Meeting House, Mount Street, Manchester, said "to pay reparations they must export sometimes below world-price, for difficulties had increased every year since the war as the 36 or so new States tried to develop their own industries protecting them by Custom walls and making the exports of Industrial Nations increasingly difficult" (Liberty, Monday, May 18, 1931).

3. *Dumping on international problem.*—During the last 40 or 50 years the growth of Trusts and Combines in Industry has brought about a systematic and more or less continuous practice of export dumping on the part of many of the important manufacturing Industries of the great Industrial Nations and in more aggravated form by such Industries as were organised in producers Trusts or Kartells. A careful student of dumping and economist of repute, Professor Jacob Viner writes. "Though comprehensive evidence as to the prevalence of dumping is difficult to obtain, the records in connection with the administration of existing anti-dumping law, the export price lists which at times become public, the scattered datas to be found in trade journals, Consular Reports, Reports of Official Investigating Committees and in other relevant sources of information convince me that at no previous period has dumping been as prevalent in International trade as it is at the present moment and that a very substantial fraction of the manufactured and semi-manufactured goods sold in foreign trade are sold at dumping prices. The practice is most prevalent on the part of those industrial Countries whose domestic market are most effectively protected against foreign competition by high import duties and whose Industries have to the greatest degree been organised

into trusts or Kartells. The extent to which dumping is practised would be even greater than it is, were it for the fact that a number of important markets for commodities of the types most subject to dumping, notably United States, Canada, Australia, and the Union of South Africa, have attained a substantial degree of success in preventing the import of dumped goods by effective administration of anti-dumping law" (Pages 6 and 7, Memorandum on Dumping, by Jacob Viner, League of Nations).

There is however a school of thought that holds that under the free trade policy as in Great Britain, the development of trusts and combinations and hence of export dumping on a systematic and continued scale is less likely if not impossible. It is argued that if dumping is possible under these conditions, the effects of such dumping would be neutralised by re-imports of the dumped goods and that the possibility of importing free of duty the competing products of foreign countries make it impossible for any Trusts to charge monopoly prices. The evidence on the subject however does not warrant any such conclusions.

If before the combination the British Industry was working on a lower cost basis than similar foreign industries, a monopolistic combination of British producers even under free trade may charge a monopoly price by the difference between the British cost and the lowest foreign cost *plus* cost of transportation to the British market. Again the British combination may charge an export price lower than the domestic price by the costs of transportation to and from the foreign market, *plus* interest and Insurance charges, *plus* profit for original foreign purchaser, before there is any possibility of the re-import of the dumped commodities. For costly articles or for articles sold in near by markets there would hardly be an appreciable difference between the two prices but for bulky commodities sold in distant markets there should be a substantial difference before re-import and hence the restraint on dumping can ever be thought of. Again this free trade thinking contains a flaw in that it takes for granted that the protection of domestic market by a High Tariff Wall is always essential for the successful practice of dumping. The practice of dumping by the greatest of German dumpers—the producers of Ship-building materials which were admitted free of duty in Germany, would demonstrate the untenability of such a proposition.

The most effective restraint on export dumping in a free trade country is not so much the danger of free import of dumped goods as the fact that the systematic and continuous dumping is the concomitant of exorbitant monopoly prices which cannot be exacted in a free trade country on account of the potential competition of foreign articles.

As regards the formation of combination in a free trade country the experience of the British Ministry of Munitions is illuminating. It found nearly 200 such combinations in different trades and industries and since the end of the war there has been an extensive development of producers combinations though not to the same degree as in the United States or Germany.

There is sufficient evidence to warrant the belief that the British manufacturers dump their commodities even under the free trade policy of Great Britain. Taking the steel trade alone, the Scotch Steel Makers Association regularly and fearlessly quoted lower export prices for steel plate than the domestic prices as their trade was confined to distant markets (Hermann Levy, Monopoly and Competition, 1911, Page 229 of F.). An English manufacturer of structural steel complained to the committee on the Engineering trades that the British Steel Manufacturers quoted lower prices to foreigners than to the home consumers—the difference some times amounting to 20 shillings per ton and even when it was shown to them that the steel would be used for further manufacture for export, they refused to make any reduction. The British Committee of Trusts reports (Page 7) that "there was a general agreement among representatives of Associations before us that one of the beneficial results of the

formation of associations sufficiently powerful to control and maintain prices in the home market was that it enabled British manufacturers to extend their output by selling their products at a lower price or even at a loss in foreign markets. The Chairman of an important Metal Association stated that 'the cause of the formation of the association was the fact that this Industry in Great Britain had been very unremunerative for many years and had stood in danger of being crushed out of existence by foreign competition and by too much competition among manufacturers at home and it was realised that if the Industry was to be saved at once the manufacturers would have to come together and form an association..... By securing remunerative prices in the home market they could make a successful bid against foreign competition in the export trade. They had a fund, a fighting fund for the special purpose of subsidising members who found it necessary to sell less than an economic price in order to cut out foreign competitors. That may be called meeting dumping by dumping but he would not agree that the British Firms dumped in the aggregate much more than the foreign firms. They had dumped in Belgium as a reprisal against Belgium dumping here'".

Many other authentic instances can be quoted to show that the practice of dumping is quite widespread among the modern industrialised nations specially in the iron and steel trade.

4. *English wire nail, industry practically wiped out by dumping.*—As far as Germany is concerned the organised dumping of wire products into England commenced on the formation of Stahlwerksverband. About the same time other super dumpers of iron and steel industry, the Belgians, the Dutch and the Americans joined this predatory expedition. Jean Stephen Jeans, Managing Editor of Iron and Coal trades review in his book "The iron trade of Great Britain," Pages 161 and 162 writes "No better illustration of the conditions under which dumping is carried on could perhaps be afforded than that furnished by the experience of the wire Industry. In a recent six months the German Wire Rod Syndicate which comprises 82 works sold 41,831 tons of wire rods. Of this quantity 22,307 were disposed of in Germany while the remaining 19,524 tons were sold abroad. The profits realised from the inland sales amounted to £58,856 whereas in the case of the exports which were only 2,783 tons less than the quantity consumed in Germany, there was a loss of £42,972. The explanation of the difference is afforded by the fact that the German consumers were compelled to pay for the privilege of enabling the Syndicate to conduct an export trade; they have been charged £12-10 a ton as against £7 per ton charged for the exported goods".

The continuous dumping that was indulged in by the foreign nations as regards all wire products necessitated a change of policy on the part of English Iron and Steel Masters. Though they tried to retaliate dumping by dumping, they found that they had to deal with "touch customers" who could not be easily beaten at this game. [American Consul Fleming (Edinburgh) writes in 1909, "I have seen Invoices of a British firm of steel wire manufactures to German buyers in which the prices are fully 20 per cent. lower than the prices quoted to the home consumers. This reduction is not due to any extraordinary surplus but to a determination to put a certain class of goods into competitive market"—Quoted from "The Problem of Trusts and Monopoly Control, by A. P. L. Gordon. Note on pages 44 and 45.] Eventually it was decided that if they wanted to save the Steel Wire Industry or to have a semblance of this Industry they should specialise in the products other than those manufactured by the foreigners. In carrying out this policy the English Iron Masters produced special kinds of wire and wire netting which command a ready sale in all parts of the world and give substantial profits to the manufacturers. But it must be recognised that in this unequal struggle, though the British could hold their own to some extent, they had to sacrifice altogether the wire nail industry as the following quotation from Balfour's Report—Survey of Metal Industries, Page 63, would show:—"Export of wire nails (included

in the statistics with other wire manufactures weighed 3,907 tons in 1925, 3,660 in 1926, and 2,616 tons in 1927. Wire nail manufacture could not be carried on in this country to any great extent before the war, owing largely to the dumping of foreign wire nails, and the output in 1913, was only 4,155. Production developed considerably during the war but industry has failed to maintain the ground gained. The production in 1924, amounted 11,599. Imports in 1924, 1925, 1927, 1928 and 1929, were greater than ever before.

Import of wire nails.

Countries.	1910-13 Average.	1913.	1924.	1925.	1927.
Germany	19,288	19,959	10,946	12,565	Not available.
Netherlands	1,244	470	7,710	11,963	" "
Belgium	22,292	22,887	29,352	33,852	" "
U. S. A.	6,406	6,663	723	717	" "
Other Countries	493	269	4,616	2,010	" "
TOTAL	49,723	50,248	53,347	61,307	64,346

(Page 62 of "Survey of Metal Industries".)

Import of wire nails.

1913.	1920.	1927.	1928.	1929
50,248	43,492	64,346	65,488	68,032

Statistics of Iron and Steel Industries—National Federation of Iron and Steel Manufacturers, Page 27.

Import of wire.

1913.	1920.	1927.	1928.	1929.
54,391	28,894	63,071	62,639	72,111

Imports into India from United Kingdom of wire nails.

1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
288	292	329	483	419	195

Wire rod imports and exports.

	1924.	1925.	1927.	1928.	1929.
Production	264,100	201,200	*	**	**
Import	73,883	113,886	135,441	116,541	125,022
Export	4,392	1,485	...	...	...

* (Page 61—Survey of Metal Industries.)

** and Federation Statistics, Page 27.

German production of wire rods.

1913.	1925.	1926.	1927.	1928.	1929.
1,157,873	1,072,880	1,049,660	1,149,219	1,150,572	1,170,683

All the above statistics taken from Federation of Iron and Steel Statistics.

Production of wire rod in England.

1920.	1924.	1925.	1926.	1927.	1928.	1929.
261,000	264,100	201,200	129,800	183,900	231,400	248,100

Export of wire nails from United Kingdom.

1929.	1930.
2,751	2,360

(Page 94—January 16, 1931, C. I. R.)

In June, 1925, the manufacturers applied to the Government for the imposition of a prohibitive duty on pig iron, heavy steel products, wire, wire netting and woven wire and wire nails. This application was suspended by the Government and the Committee of Civil Research was asked to hold an exhaustive enquiry on the general position of Iron and Steel Industry. In December, 1925, the Committee reported to the Cabinet and the Prime Minister declared in the House of Commons "that had the Government been able to deal with Iron and Steel Industry in isolation they might have regarded the case for enquiry under the safeguarding of Industries procedure as complete, but that it had become clear that the safeguarding a basic industry of this magnitude would have repercussions of a far wider character which might be in conflict with the Government's declaration in regard to a general tariff. They had therefore come to the conclusion that the application could not be granted" (Survey of Metal Industries, page 50).

It is really creditable for the Iron and Steel Industry in England to hold on in spite of the discouraging attitude of the Government and this has been made possible only on account of the efficient industrial organisation and the magnitude of the Industry in England. The achievements of England cannot be easily imitated by other nations—least of all by the young struggling industries of any country.

5. *The German system at work—The organisation for export.*—(A) *The Rebate System.*—The German Kartells, specially the German Iron and Steel Kartells engaged in the export trade commonly and systematically, sell at lower prices to foreign than to domestic purchasers. Some of these kartells leave the actual handling of export trade in the hands of individual members, but this system does not usually work well in practice. When it is decided that greater quantities of the commodities should be disposed of outside Germany, the individual members feel reluctant to carry this out because they can obtain more remunerative prices in the domestic market. This defect of the system led to the practice of fixing quotas for each concern according to the productive capacity of the members. Member-concerns were required to export a certain percentage of their production while a maximum amount was also fixed for disposal in the domestic market. But this again involved a complicated procedure and there was some difficulty in enforcing such agreements. The member-concerns whose plant was most unsuitable for the export trade would naturally protest and demand that those concerns which were in advantageous position regarding their plant situation or size, or foreign connection, etc., should take up this export trade exclusively. All these difficulties led to the institution of a central Agency. "Supported by the Kartells as a whole from contributions by the members or more generally to the system of export bounties to members granted in proportion to their export and supported by a levy upon all members in proportion to their productive capacity or normal output."

Export Bounty.—This in its simplest form of a specific contribution on each unit of commodity exported is defective from the point of view of the industry as a whole. For it does not adjust itself to changing conditions. In case the foreign prices fall or the domestic prices rise, the bounty would become too low and thus frustrate the object for which it was designed, i.e., for inducing the proper volume of export. Or it may become too high with the result that it would lead to over-export at very low prices or to fat profits for the exporters. In both these cases the burden will fall on the industry as a whole. To remove this inelasticity

in the bounty system, the Kartells introduced flexible features; the amounts of bounties were subjected to periodic revision, *i.e.*, "fixed at the point estimated to be sufficient to stimulate exports to the desired volume". In most cases the bounties were paid only on proof of exportation, but some Kartells to prevent abuse went further and demanded the proof that export price was actually lower than the domestic price, while others gave bounties only when the difference between export and domestic prices was really substantial.

Even this system of paying bounty on the actual difference between the export and domestic prices did not in some cases work altogether well, for it was found that it was a matter of indifference to the exporters within the limits of the bounty, what prices they received on their sale and so led to sales at prices lower than the conditions justified. Finally when the Kartells saw that their bounty system was liable to be abused, they took over the handling of export trade themselves or exercised strict supervision over the prices at which export business was transacted and granted bounties in some instances equal to only a part of the difference between domestic and export prices. "In the more highly developed Kartells providing for a division of profits according to participation quotas, there is an arrangement by which the members pay into common treasury the difference between the accepted production cost and fixed minimum price. This method takes away the temptation to sell below fixed minimum price, but on the other hand offers an inducement to sell above the minimum level through a change in quality or sales method" Curtis.

When the handling of export trade was transferred to the Kartells, this involved a complete change in the operation of the bounty system. Under this plan all the members receive the same price for their products whether these were exported or sold to domestic purchasers but the members fixed a base price covering their cost and sold to the Syndicate at an accounting price. The Syndicate (*Doppelgesellschaft*) got the best price it would get and the deficit resulting from the sale of exported goods at lower prices was equally distributed among the members or the members of the Kartell decided beforehand upon the rate of bounty which was collected in the form of assessments from all the member-concerns and this bounty remained with the Selling Syndicate to make up the deficit or in its highly developed form there was no need to fix up any price or bounty at all because it was not to the interest of any member to extend the sales at the expense of other members since he received a pre-determined share of the aggregate profit. This form is regarded by Professor Liefman as the highest development of Kartells measured by the degree to which the constituent members have surrendered their independence of action—the individual ownership of plants is the only feature that separates this category of kartells from trusts.

So when the export trade was handled by the Kartell as a whole as in the case of the present wire syndicate there is no direct payment of bounties. But in ordinary circumstances, *i.e.*, when there is no selling agency the bounties are sometimes passed on several times in the process of manufacture of a product ready for export. Thus the coal syndicate would give bounty for each ton of coke used by the Pig Iron Syndicate in the making of pig iron either for direct export or for sale to manufacturers for use in the manufacture for export. The Pig Iron Syndicate would give similar bounties and so on down the scale. In each case bounty was passed on with some increase at each successive stage of manufacture (Report of Trusts, page 42—Ministry of Reconstruction).

This complicated system of cumulative bounties required some machinery for administration which was provided for by the establishment of a clearing house at Dusseldorf (*Abrechnungstelle Für Die Ausfuhr* now called the Steel Works Association) where claims and counter claims could be settled and the proof of export prices, etc., could be examined.

In case the Kartells desired to subsidise export the whole expenses or losses were equally distributed among the members in proportion to their productive capacity.

Such in short is what is called the rebate system.

Now let us see how much rebate would be allowed to the wire syndicate for export orders. Before we estimate the actual amount of rebates allowed to the wire syndicate, we must emphasise the fact that the wire syndicate is a participating Kartell with attached selling syndicate that is to say both domestic and foreign sales are controlled and operated by the syndicate.

In July, 1925, an agreement was concluded between the producing and consuming interests by which price rebates were granted for export business of an order which would not prejudice the export competitiveness so far as raw material supplies were concerned. Since then the Ingot Steel Association or the Rohstahlgemeinschaft has been granting to the A. V. I. (Associated Finishing Industries) bounties for export orders which have varied from 12 Marks to as high as 53 or 50 Marks in case of wire rods. According to the latest national federation of Iron and Steel Statistical Bulletin the following are the rebates for wire rod:—

1931, February	29s.	per ton.
March	29s.	„
April	29s. 6d.	„
May	30s. 0d.	„

We do not know what is the source of information of the National Federation of Iron and Steel Statistical Bulletin but according to our information the following should be the rebate since the price reduction from the first of January this year:—

* Marks p. metric ton.

* Marks p. metric ton.

158 Inland price at Oberhausen.

155 Inland price at Neun Kirchen.

**105/53 Export price.

**105/50 Export price.

Besides these 53 or 50 Marks the Wire Syndicate would get another six Marks per ton from the Pig Iron Syndicate for iron used for export orders (Page 72, O. R. to July, 1930), and one Mark per ton from the Coal Syndicate for coal used by mixed mines, i.e., mines that have got Smelting Works. (). That makes in all 53, plus 6 plus 1 equal to 60 or 50 plus 6 plus 1 equal to 57 which the Wire Syndicate receives in rebates from the Raw Produce Syndicate for export order. The Wire Syndicate would certainly grant bounty for wire and wire nails but this depends upon circumstances. If their motives are predatory or they wish to destroy their competitors or to come to terms with them, we should say that they can go to practically unlimited extent in the matter of these rebates. But generally speaking they should be satisfied by granting rebates to the extent of the difference between the world price and domestic price or more likely they may be guided by their policy regarding the aggregate sales. Since all these matters are by nature of the case closely-guarded secrets it is very difficult to say definitely the exact amount of rebates granted by the wire syndicate for exports of wire and wire nails to a particular territory.

(B) *Railways*.—Before the war it had been the settled policy of the German Railway administration to support commerce by giving preferential rates even to the extent of suffering losses on that account. The information on the subject would lead one to think that this policy is being continued even to-day. The following will give some idea of the policy of the administration:—In 1927 and 1928, freight in A class was reduced

* Annual Review number, page 192, January 23, 1931, C. I. R.

** Page 859, December 5, 1930, C. I. Review.

by 5 per cent., in class B and C by 7 per cent. and in Class D by 2 per cent. A new class DI was created with rates above 20 per cent. below D. The estimated loss resulting from these reductions could not be maintained for long for there was a general increase decided upon next year (O. R., 1928-29), one is entitled to hold that the interests of commerce are the supreme consideration with the German Administration even when the adoption of such a policy involves the State in loss.

On the 1st January, 1926, there were 200 preferential Tariffs. It is reported that more than 60 per cent. of the goods transported were carried at special preferential tariff rate (O. R. 1926).

Though there have been proportionate reductions and increases the difference between preferential rates and those under normal classifications has been kept unaltered. The following are the preferential rates on the German State Railways:—

Export by sea.	Distance.	1914 freight per 100 Km.	According to	
			Pref. tariff.	Normal classification.
Wire nails	500 Km.	0.66	35 c. 2-23	3.33

(Page 156, O. R., 1925).

N.B.—Class C includes wire and wire nails (page 157, O. R., 1925). The difference is thus 1.10 marks per 100 Kg. which works out nearly 11 marks per ton. It has been a consistent policy of the German Government to provide special facilities as occasion warrants besides those granted under preferential tariffs as the following quotations would show:—

- (1) "In order to promote the export of bars and shapes the Federal Railway Companies introduced on August 1st, special rates within the frame work of the existing exceptional tariffs No. 34—the new rates represent a reduction of 10 per cent. if a consignor undertakes to send definite quantities within a year and deposits 15,000 marks with the Railway. The freight rebates which are granted besides the special transport rates vary according to the tonnage and amount to 20 per cent. in the case of carrying 30,000 per annum, six per cent. in that of 48,000 tons and to over 10 per cent. in the case of 111,000 or over"—(Page 274, C. I. R., 1930).
- (2) "From December 1st, the German Federal State Railways with the object, it is said, of reducing unemployment and relieving the coal industry made various reductions in the exceptional tariffs for the transport of coal to the coastal districts in the Baltic and North Sea. Reductions range from 0.60 marks up to 1.10 to 1.20 marks per ton and apply also to deliveries to East Prussia". (Page 855, December 5, 1930, C. I. R.).

(C) *State help—Export Credit Schemes.*—Germany unlike England has flourished on account of the State help her Industries are able to secure from time to time. There has been more direct contact with the Government and the Industries here than probably in any other country in the world with the possible exception of Japan which in Industrial matters is more or less a copy of Germany. While in England such schemes (*vide* the failure of export insurance or credit scheme) would not lead to any success or be utilised to any appreciable extent by the business community, in Germany the Industries would take full advantage and benefit accruing from such schemes with greatest alacrity and promptitude and would probably welcome more of such beneficent projects. German industries are in fact too much dependent on the Government and every German statesman from Bismark downwards has encouraged such dependance.

The following State schemes were devised to help the export trade:—

- (1) 300 million marks for Russian business. The Reich guaranteed 35 per cent., the States 25 per cent. and the exporter had to be responsible for only 40 per cent. This scheme expired on March 31st, 1927.
- (2) General Export Credit Scheme—the Berlin scheme or Scheme A. 10 million marks were set aside.
- (3) Scheme B—for the benefit of Hamburg exporters.
Its object was not so much to diminish the risk of the seller as to obtain facilities for credit.
- (4) Scheme C—Authorised December, 1926. It guaranteed up to 175 millions for the promotion of German export trade.
 - (a) Out of this total, 30 million marks were used for promoting the above mentioned scheme.
 - (b) 25 millions for loans to exporters.
 - (c) 20 millions for promoting export of agricultural products and the remainder to be applied in financing large foreign orders placed in Germany (O. R. to July, 1927).

These 175 million marks have been authorised every year for the promotion of German Export Trade (O. R., June, 1928, and O. R., 1928-29).

Last year when the Turkish Government gave an order for 70,000 tons of rails which was eventually divided among the Continental countries according to the proportion fixed by the International Kartell (Erma)—England alone keeping out for reasons of her own, the Government sanctioned substantial help from the Treasury.

(D) *Banking Organization.*—We who live under a different banking practice under which little or no facilities in the way of credit for industrial concerns are allowed can hardly realise the close connection or inter-dependence between the Banking and the Industrial systems in Germany. This inter-dependence can be traced back up to the very time when German Credit Banks, in fact, all great German Banks, were founded. Like French banking, the German banks date from the years following the Revolution of 1848. All the four "D's" as they are called were founded between 1851 and 1872, i.e., Deutsche Bank in 1872, Discontgesellschaft in 1851, Dresdener in 1872, Darmstadter and National Bank in 1853. It may be said that this period synchronized with great industrial and economic activity in Germany which was greatly stimulated, if not actually initiated by the willing co-operation of the Banking concerns of the country.

This Banking practice is fundamentally different from that of British and American systems. The latter generally grant loans to industries for temporary purposes and usually refrain from long term financing or active participation. This should not be understood to mean that banking and industry are entirely divorced from each other in England or America, for it may be said with truth that almost every British or American Bank has several prominent industrialists on the Board of Directors; yet, the working principle is different; while the guiding principle of banking in England is liquidity, the Germans believe in actual participation in industrial enterprises. They would habitually have a proportion of their funds invested permanently in definite industrial concerns and the chief duty of many Bank Directors is to exercise control on the part of the Bank over virtually subsidiary manufacturing companies and to seek out fresh channels in which the Bank could employ its funds. No doubt this participation in industry has brought a ready flow of capital into German industries but on account of the risks involved, the Banks in their own interest have exercised greater control and stricter vigilance over their affairs of the manufacturing concerns. This balance of power between the Bank and industrial undertakings has varied from time to time, e.g., during the inflationary period the manufacturers had a firm grip over many banks especially over those connected with the Iron and Steel Industry but after this crisis had passed, it may be said that German Banks are acquiring their old supremacy and are asserting themselves, when they think that their interests are in jeopardy,

even against the united opposition of the undertakings concerned. This constant, though irksome interference, it should be admitted, works out in the long run to the advantage of both the banks and the manufacturers. On the whole this active interest in each other's affairs has exercised a very healthy influence on the industrial and banking development of the country and has raised Germany to a position of great prominence among the Nations.

The latest movement towards industrial combination as can be easily imagined has been greatly assisted by the active sympathy of the Bank Directors and most of the Bank Directors notably Herr Jacob Goldschmidt of Darmstader have openly and strongly advocated such fusions. Holding the position they do in the industrial economy, it is not unreasonable to suppose that these combinations have been brought about in many cases by their direct influence (P. B. Whales, Joint Stock Banking in Germany). A recent example of an important combination dictated by a bank may be cited. It is that of Austro-Cosmos Line with Hamburg-America Line."

"The General Directors of both lines were opposed to amalgamation but it is said to have been forced on them by Herr Goldschmidt of Darmstader Bank" (Whale, note on page 303). "It may also be said with respect to the former case cited that the big Shipping lines are exceptionally under the influence of the Bank" (Whale, page 304).

As we have pointed out, the close supervision of the manufacturing concerns by the Bank Directors results in the healthy development of the manufacturing concerns which in the long run are advantageous to both parties. The Bank Directors watch the growth of these concerns at every step and give them all the assistance necessary for their stability and advancement. "The Banks attend an industrial undertaking from its birth to its death, from promotion to liquidation, they stand by its side while it passes through the financial processes of economic life whether usual or unusual, helping it and at the same time profiting from it" (Dr. Jeidel's *Das Verhalten Der Deutschen Gross-Banken Zur Industrie*, page 450). It can be easily conceivable from all this that if necessity arises especially to finance long credit in the export trade in the interest of their manufacturing client, they would not hesitate to do so. Though 'credit dumping' has been denied by German or pro-German writers, it is rather hard to believe all these denials in face of the evidence which shows definitely the close and well knit inter-relationship of the banks and manufacturers.

'Credit Dumping' that is to say, selling abroad on unreasonably long terms of payment without making proper charges for the deferment of payment has been an usual and systematic practice among the German exporters in pre-war days and is continued down to the present times. It is unquestionably true that the Germans adjust the terms of payment according to the need and requirements of individual customers in the export market and that they give long credits without charging for deferment of payment. "The difference (between German and English practice) related to the length of credit terms, to some extent also to the standing of firms, to which credit was given in the export trade. In both respects the German Banks assisted the exporting merchants to be distinctly more accommodating than their chief competitors. As Mr. Wolfe says 'the lengthy credit terms granted by Germans to customers in many markets where Americans and even the British feared to trade except on the basis of cash against documents puzzle and worry their competitors'. According to the point of view, the departure might be described as one in the direction of greater enterprise or greater recklessness and particular instances might doubtless be found to justify either description. But it can be hardly doubted that this credit policy contributed to the growth of German export trade and judged on the whole as a policy applied to the trade of a country which came late into the world's market, it seems to have justified itself by results" (page 89, Whale).

Whatever doubts one may have as regards 'credit dumping' by the Germans would certainly vanish when we find that the functions of a syndicate that is to say *Doppelgesellschaft* are entrusted to the Bank as it usually happens. As we have pointed out above, the German Kartells for

the purpose of organizing sales establish a selling agency—a *Doppelgesellschaft* which controls both the home and foreign sales. In some cases such selling agency or *Doppelgesellschaft* is not established but its functions are transferred and entrusted to a Bank. "The functions of a syndicate, however, may be entrusted to private persons or to Banks" (*Rationalisation of German Industry—American publication*). Again "in the case of more highly developed organisations involving centralization of sales, distribution of orders or even distribution of profits, special organizations are required to perform the various functions; these may take the form of separate corporation (*Doppelgesellschaft*) organized for the purpose. In some cases the functions may be entrusted to individuals, commercial houses or banks" (*Trust and Economic Control* by Curtis, page 401).

(E) *Shipping Facilities*.—The predominant feature of the modern shipping industry is the shipping 'ring' or 'conference' which is a combination of shipping companies for the purpose of regulating competition on the sea routes. Though Tramp steamers are free to carry on their trade just as they like, they are generally employed by these 'conference' Lines. The owners of vessels in these combinations settle among themselves the rate of freight and the area to be served and the proportion of each other's share of the trade. Such engagements apply to specific areas only and so it happens that a particular shipping company may be a member of several 'conference'. The report on shipping 'Ring' by the Royal Commission, 1906, shewed clearly that the Line Conference and agreements were universal in the Inter-National trade. The European War naturally disrupted these 'Conference' for a time but after a period of acute and merciless competition among the companies things have settled down to the old groove. According to the American Department of Commerce there were in 1924, 28 Active Major Ocean 'Conference'. Several of these were divided into sections and Sub-Conferences. It should be added that these 'Conferences' are formed without any distribution of Nationality or race. Whichever nation was powerful enough to own a merchant fleet was freely admitted into these agreements. It follows that Germany owning a substantial tonnage will have and is bound to have a share in the carrying trade of the world.

Besides fixing the freight rate, areas to be served, the proportion of freight to be divided, the 'Conference' see to it, that the competition between the 'Conference lines' are ruthlessly put down. There have been instances in the past when the 'Conference' Lines adopted questionable tactics against each other to attract business but these instances have become very rare for the offending parties have by experience come to realise the value of honesty in the matter. Now competition amongst the members is almost unthought of, for by the nature of the agreements amongst themselves the most important item, *i.e.*, freight, is fixed and the main duty devolving on the 'Conference' is to exercise vigilance so that members may abide by the agreed terms. The defenders of the 'Conference' system argue, that there is a keen competition among the members which, as we have pointed out, is a sheer myth and nonsense. It is interesting to record the answer of the shipowners to the question regarding such competition before the Royal Commission on Shipping 'Rings'. They could only say "the Companies may, however, compete in quicker delivery and greater civility". Competition indeed (Haji's *Economics of Shipping*, page 143). Further discussion on the subject will lead us very far but we wish to point out that the Shipping 'Rings' are the most highly developed form of combination, the working of which has led to much oppression and abuse of power and adoption of secret methods.

These secret methods evolved by the 'Conference' confer great benefits to the other combinations and Kartells who are equally powerful and are in a position to dictate terms. Besides there are certain loop-holes in the 'Conference' system itself which are constantly and usually utilized especially in favour of well organized heavy industries to the advantage of the nation constituting the 'Conference'. There is a decided bias in favour of one's own nation which is established as a sort of convention the breach

of which will lead to the immediate disruption of the whole system. This convention in favour own's nation has been freely implemented by Germans in their export trade.

Now let us see the loope-holes in the matter of freight. There are three kinds of agreement: (1) referring to fixed rate agreement is one that specifies the actual and absolute freight rate on passenger fare that is charged by the group of 'Conference' Lines. Differential freight agreements are at times entered into when the service of particular lines is indirect or slower than that of others serving the same ports. Now certain heavy industries may be excluded from these agreements altogether, or may be given special treatment by agreeing merely on the minimum rates below which they should not be carried.

When heavy industries are excluded from the agreement, there can be no doubt about the preferential treatment being granted to the National industries, especially to Iron and Steel industries at a very nominal cost and even if there are minimum freight rates fixed, there is no knowing that the 'Conference' rates would be adhered to, on account of the secret nature of the dealings between the shipping companies and large organized Kartells. The complaints about this preferential treatment accorded to certain parties have been persistent since the inception of the 'Conference' system and with the exception of the abolition of deferred 'Rebate system' in certain countries like United States of America and South Africa and certain Dominions (this system wherever existing also lends justification to Kartells to demand preferential treatment), nothing has been done to put a step to this objectionable practice of these organizations. The grievances of the traders against this system are more or less the same as were formulated by a conference of traders of South Africa in 1904 and they are as follows:—

- (1) That the rates of freight were inequitable and oppressive.
- (2) That the ship owners granted secret concessions to certain large companies or firms to the prejudice of other traders.
- (3) That the ship owners carried goods from America to South Africa at lower rates than from England to South Africa.
- (4) That the German Lines belonging to the 'Ring' carried certain goods from Germany at lower rates than the British Lines in the 'Ring' would carry similar goods from England to South Africa.
- (5) That the ship owners had used their privileged position as an instrument of oppression against shipper who has shipped goods by competing lines (pages 63 and 64, Douglas Owens' Ocean Trade) and tries to refute the charges of the traders but his reasoning does not seem to be much convincing. The South African Government regarded these complaints as genuine and brought legislation to put a stop to certain mal-practices.

Regarding the exercise of the monopolistic power by these 'Conferences' Johnson, Huebner and Wilson (page 536, Principles of Transportation, 1928) write as follows:—

"The 'Conferences' agreements and understandings of Ocean Lines have sometimes been complained of on the ground that their monopolistic power even though not always complete is liable to abuse. They have at times prevented the establishment of new lines and crushed non-Conference Lines or they may have exerted arbitrary power over rates, have dominated shippers, have been indifferent as to the landing of freight in proper condition and slow to settle claims. They have sometimes *granted special rates and accommodations to large shippers and refused to publish tariffs and classifications.* Their secrecy, the questionable practice of paying deferred rebates and their occasional operation of 'fighting ships' have been specially causes of 'complaint'. There can be no doubt of the fact that the German Kartells on account of enormous volume of their export trade would surely get rebates the exact amount of which it is impossible for us to know. In the circumstances when the functions of a Doppelgesellschaft are deputed to any

large German Bank, such rebates would easily be extorted due to the overwhelming influence of the banks on the shipping 'Rings' in Germany. When such is the case with the well-organized shipping 'Ring' the Tramp steamers or lines outside the 'Ring' could be easily manipulated to suit the convenience of large exporting Kartells.

The Profitability of Dumping.—From the point of view of the exporting country, there is no solid economic ground on which an unqualified condemnation of dumping can be based. The fact that dumping brings in enormous profits for the dumpers can be presumed from the practice of dumping which is voluntarily and sometimes with great zest taken up by them. In fact, there are certain combinations in Europe and America, especially in Iron and Steel trade which would insist upon dumping even when it is shewn to them that such practice at the particular moment would not be in the interest of the industry as a whole. It is well-known, for example, that for some years Germany has been selling iron and steel goods below the cost of production in the export market. (See Quotation of German Commission.) The German Iron and Steel Commission in view of this suggested that the manufacturers should put some restriction on the export trade but the German Iron masters would not agree with this as is shewn by the following quotation from *Coal and Iron Trades Review*, 19th March 1931: "It should be noted, however, that the Commission considers that under present conditions the prospects of making further substantial cut in producing costs are not very bright..... Commission's suggestion that export should be restricted is in direct contradiction to the aim of leading iron and steel manufacturers in Germany who are of the opinion that an increased export trade is valuable in that it helps to keep the industry operating at a high level of capacity and thus reduce the operating costs per unit of output since the fixed overhead charges are then spread over a greater turnover".

It is undoubtedly true that some business men practise dumping when it is unwise for them to do so just as they make mistakes in other ways at great financial loss to themselves. But it can be safely assumed that dumping when it is unprofitable will bring its own corrective.

"The Chairman of a number of important Associations stated in the past it had paid Germany handsomely to export a large part of its steel products at a loss. In future it will pay this country (England) to do the same. He had no doubt at all that it would be a sound policy to sell in foreign markets at a loss. It was true that 80 per cent. of their output went abroad so that it was not any matter of dumping an occasional surplus that the home market could absorb, but a large portion of their exports went to our own Colonies and by getting some little preference there and sufficiently good prices at home the industry would be able, as organized in its Conference, to under-sell Germany or America in such markets as South America even if that meant selling at a loss. About 60 per cent. of their output was sold within the Empire and 40 per cent. outside. The slight increased preferential price on 60 per cent. would enable them to hold the 40 per cent. against competitors" (page 7, Report for Trusts—Ministry of Reconstruction, 1919).

The layman who does not understand the intricacies of dumping would probably be surprised to know how it can be possible that selling below the cost of production in the foreign market or at a loss would bring in profits to the dumping concern. But to the students of economics such occurrences do not require much explanation. There is theoretical possibility that every kind of dumping under proper circumstances would be profitable to the dumping concern. The systematic and continued practice of dumping to be profitable would presuppose the existence of monopolistic organisations operating in a market sheltered by a tariff wall under conditions of decreasing cost as the output is increased, especially when the foreign demand is more responsive than the domestic demand to reductions in price.

The onus of proof of dumping on the Government.—With the exception of British Law, all anti-dumping measures fix the responsibility of ascertaining the existence of dumping on a Government Department. In fact America

and Canada where these measures have been very successfully administered, the Government maintain an expensive administrative machinery with a view to combat this questionable method of competition. Besides appointing officials in the Home land whose chief duty is to collect information leading to detection of this practice, they have a large staff of investigators spread over all the countries of the world from where dumping is anticipated or feared. "For it is recognised that producers of commodities similar to those being dumped from abroad are rarely possessed of the information necessary to demonstrate even the probability that dumping is taking place." The British Law which is a clumsy piece of legislation provides that the proceedings can be instituted only when the aggrieved parties file a complaint with the departments concerned and substantiate their petition with exact facts and figures to the satisfaction of different committees. It appears that the mistake in this legislation was due to a mis-statement of fact regarding Canada by the Committee on Commercial and Industrial Policy after the war. It was stated by this Committee that "Canadian Customs Authorities rely largely on information as to suspected dumping in Canada given to them by the Canadian Manufacturers".

"The available evidence indicates that Canadian Customs are almost wholly dependent on their machinery for the discovery of the existence of dumping" (Note on page 223, Dumping a Problem of International Trade by Jacob Viner).

In view of all this what we have done is just only to give a rough indication of the factors that would facilitate or stimulate dumping and a short sketch of the deliberate policy of systematic dumping which has been a prominent feature of German Iron and Steel Trade. The rough outline which we have given of export policy of German Kartells is sufficient material on which an independent enquiry by the Tariff Board or any other Department of the State can be instituted. We would venture to think that all this material that we have collected—though we readily admit is circumstantial in character—would be convincing enough to any layman who is no slave to procedures and who has the interest of his country's industries at heart. The procedure of marshalling cogent evidence on each item that obtains in the High Courts is, we should admit 'beyond us'. We have not the means of getting suitable corroborations of these statements which can only be obtained from reliable Agents in Foreign Countries and which can only be secured by the Government Department responsible for the Industrial Development of the Country. Besides, it would be sad day for India if she has to depend upon these dilatory formal procedures in regulation of emergent economic matters of the country. If we wish any industrial development for our country, we shall have to have a very strong national bias that should mould and dictate our future tariff policy.

C. I. R.=Coal and Iron Trade Review

O. R.=Overseas Report.

(7) Letter dated the 24th August, 1931, from the Indian Steel and Wire Products.

We are herewith sending you the following statements required by the Board and hope you would find them in order. We should request you to send us back the original invoices when the Board has done with them:—

- (1) Details of additional capital expenditure.
- (2) Note on expenditure on consumable materials other than wire.
- (3) Details of office and supervision staff for 1930-31.
- (4) Analysis of supervision and office staff figures for 1930-31 and also for miscellaneous on wire and wire nails.
- (5) Average price realised for one year from 1st August, 1930, to July, 1931.
- (6) Invoices.

Enclosure.

1. *Details of Additional Capital Expenditure.*

1. *12 New Nail Machines.*—We bought these machines for the following reasons:—

- (a) The old machines were deteriorating very rapidly due to constant use.
- (b) With the old machines we found it very difficult to meet the demand.
- (c) The cost of production was very high with the old machines. We purchased these new machines with a view to reduce the cost of production by increased output. The effect on the cost is apparent from Form III (*vide* Questionnaire).

2. *Six New Ratlers.*—Increased production from the old and new Nail Machines required greater number of Ratlers. It was not possible to clean the whole production of nail machines on six Ratlers that we had.

3. *Circular Saws.*—We purchased these for reasons of economy. Our former practice was to get the planks sawn in exact lengths in Calcutta which involved us in much expense and resulted in increased cost of production. The installation of our own sawing arrangements gave us an additional advantage in that we could get the saw dust used for cleaning nails as a by-product which had formerly to be paid for.

4. *Keg Making Machines.*—Before we bought these we had to face great many difficulties. There was no regular supply and the skilled men that were required for the purpose were in a position to dictate their own terms. When we decided to increase the production of nails, we realised that dependence on manual labour would not be to our advantage. Making of 4,000 to 5,000 kegs a month by hand would at any time be a difficult and costly affair. Since the installation of these machines our difficulties have to a great extent been solved. These machines, besides ensuring us a speedy and regular supply, help us enormously in reducing the cost which has been our chief aim since we commenced working. These machines have given entire satisfaction and in due course we expect to reduce the expenditure on this head to a nominal figure.

5. *Nail Packing Machines.*—Packing has been a great problem with us. While keg making machines solved our difficulties regarding kegs, the difficulty regarding packing in cases still remained with us. This was eventually partially removed by our Representative's visit to Europe who found these machines extensively used in nail making factories. We bought one such machine for trial purposes and we find that it is giving most satisfactory results. The difference in cost between keg packing and packing in cases has been substantially reduced and in due course of time with a full complement of these machines we shall be in a position to reduce our cost to such an extent that the difference between the keg packing and packing in cases would be almost nominal as in Europe.

6. *Tempering Furnaces.*—The dies and cutters fitted up to a nail machine last for four or five days on the Continent and in America. The tool steel is the same and there is no reason why we should not get the same result. The defect, as far as we could find, was in the tempering of the tools. To remove this defect, we purchased the tempering furnace to give proper temper to our tools. We are sorry to note that we are not sufficiently trained yet to obtain satisfactory results.

7. *Motors, Belts, Pullies, etc.*—These had to be added in proportion to the new requirements caused by the installation of new machines.

8. *Buildings.*—Our policy of increased production necessitated further extension of our works as follows:—

- (1) *New Nail Cleaning Shed.*—The Polishing Drawers were removed to the new shed from their old places so as to make room for the new Nail Machines. Another reason for building this new shed

was to provide a store-house for nails for which there was a great need.

- (2) *Keg Machine Shed*.—We had to put up this shed as there was no room in our works where we could provide room for this new plant.
 - (3) *New Stores Buildings*.—New stores had to be built as the existing one was found to be too small for our purpose.
 - (4) *Compound Wall*.—There was no compound wall when we took over this concern. This led to pilferage and leakage. The wall has greatly checked this.
 - (5) *Barbed Wire Shed*.—This is being put up to instal the new Barbed Wire Machine.
9. *Miscellaneous*.—(a) Acid Tank installation in order to reduce the acid cost by bringing the acid in acid tank wagons instead of in Acid Jars.
- (b) New water line connection for reducing water charges.
 - (c) Foundation and concrete work, etc.
 - (d) New drive for Galvanising Plant.
 - (e) New Temporary Shed for labourers and electric installation for the superior staff quarters.
 - (f) New Track Line.
 - (g) Foundry.
 - (h) Silver Wire Machines and Dies.
 - (i) Motor lorry for transporting facilities.

2. Details of expenditure incurred.

	Rs.
1. 12 New Nail Machines	38,000
2. Keg Making Machines	14,000
3. 2 Circular Saw Benches	3,000
4. Nail Packing Machine	3,000
5. Ratlers	6,000
6. Tempering Furnace	4,000
7. Motors, Belts, Pullies and Line Shaft and Bearings	9,550
8. New Drive for Galvanising Plant	2,500
9. Barbed Wire Machine	3,000
10. Acid Tank	2,000
11. Water Line	7,000
12. Building for Nail Cleaning and Storing	35,000
13. Keg Making Plant Buildings	8,500
14. Store Buildings	2,500
15. Compound Wall	10,000
16. Buildings for Barbed Wire Machine	2,500
17. Foundation and concrete work	6,000
18. New Track Line	2,500
19. Foundry	3,000
20. Silver Wire Machine and Dies	15,000
21. New Temporary Shed for labourers and electric intallation for the superior staff quarters	4,500
22. Motor Lorry	3,000

Total 1,85,050

Average prices realised for the year from 1st August 1930 to July 1931.

1930.	Calcutta market rate. Nails. Ex-godown.	Price realised from Calcutta. Nails.	Price realised from Up-country. Nails.	H. B. Wire.	Annealed Wire.	Wire shorts.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
August . . .	8 2 0	Nil.	9 4 4	Nil.	8 2 0	Nil.
September . .	7 12 0	„	8 9 0	„	8 4 3	5 0 0
October . . . {	7 6 0 } 7 8 0 }	„	8 14 7	7 6 11	7 13 5	Nil.
November . . {	7 10 0 } 7 12 0 }	„	8 1 6	6 0 0	Nil.	„
December . . {	7 8 0 } 7 10 0 }	„	8 2 11	Nil.	6 13 6	„
1931.						
January . . .	7 10 0	„	*8 3 0	„	6 14 4	„
February . . .	7 10 0	„	8 2 11	7 3 8	Nil.	„
March . . .	7 6 0	„	8 1 6	Nil.	6 9 9	„
April . . .	7 4 0	„	7 15 0	„	Nil.	„
May . . .	7 4 0	6 14 6	*7 15 0	„	6 4 6	„
June . . .	7 4 0	6 14 6	*7 12 10	6 7 4	6 14 0	„
July . . .	7 4 0	6 14 6	*7 14 7	Nil.	5 8 0	„

* Remarks.—In some months the average rate is higher due to more sales of wire nails in cases in Up-Country market. The rate for cases is Re. 0-8-0 more per cwt. than for nails in kegs due to the extra labour and materials required for this kind of packing.

3. Note on expenditure on consumable materials other than wire as compared with the figures given for 1926.

CONSUMABLE STORES (OTHER MATERIALS).

Wire.

Lime, oil, sulphuric acid, soap, grease, coal, coke, engineering stores, i.e., cotton waste, waste soap, hammer handles, rosin, chalk white, white metal, white lead, red lead, dies and tools.—Rs. 8,105-15 for tons 1,818-18-1-27 at Rs. 4-7-5 per ton.

Wire Nails.

Lubricants, tool steel, tool and implements, engineering stores, cotton waste, hammer handles, hack saw blades, kerosene oil, craft and brown paper, saw dust, white lead, red lead, white metal, rosin, coal and coke, packing labels, etc.—Rs. 8,711-11-1 for tons 1,553-12-2-4 at Rs. 5-9-9 per ton.

4. Analysis of supervision and office staff figures for 1930-31 in Form II and also for miscellaneous both on Wire and Wire Nails.

MISCELLANEOUS.

Wire.

Stationery and printing, medical relief, welfare, commission on sale of wire, travelling expenses, railway freight paid on goods returned, postage and telegrams charges, petrol for motor car and lorries, transport expenses, etc.—Rs. 8,318-7-0 for tons 1,818-18-1-27 at Rs. 4-9-8 per ton.

Wire Nails.

Commission on sales, bank charges, travelling expenses, railway freight on goods returned, etc.—Rs. 3,730-14-2 for tons 1,553-12-2-4 at Rs. 2-6-5 per ton.

A statement of analysis of Office and Supervision staff for 1930-31 in Form II is enclosed herewith.

5. Details of Office and Supervision Staff.

	For 12 months.
1. Manager at Rs. 1,000 per mensem . . .	12,000 0 0
2. Head Clerk at Rs. 110 per mensem . . .	1,320 0 0
3. Accounts Clerk at Rs. 55 per mensem . . .	660 0 0
4. Typist at Rs. 50 per mensem . . .	600 0 0
5. Office Peon at Rs. 20 per mensem . . .	240 0 0
6. Chowkidars and Attendants—	
Chowkidars at Rs. 18, Rs. 19 and Rs. 20	
per mensem	1,421 3 11
TOTAL	16,241 3 11

(True copy.)

40, Rempart Kipdorf, Antwerp,
Dated the 23rd July 1931.

S. A. Eteco,
European Oversea Trading Company.

Messrs. Seal & Co.,
83, Clive Street, Calcutta.

S.S. "Bangalore" from Antwerp.
Consigned to order—Calcutta.
Delivered c.i.f. Calcutta.
Consular Declaration—Wire Nails.

F. P. A. including Breakage on £61.
Bright counter sunk chequered head
wire nails in wooden kegs of 1 cwt.—

8 kegs, 1" × 15 SWG.

4 " 1½" × 14 "
24 " 1½" × 13 "
4 " 1½" × 13 "
25 " 2" × 12 "
20 " 2½" × 11 "
15 " 3" × 10 "
10 " 4" × 9 "

110 kegs.

5-973—110 cwts. at £9-3—£50-6-6.

Perfect.
Calcutta.
Made in Belgium.

(Sd.) S. A. Eteco,
European Overseas Trading Company.

(True Copy of Invoices for wire.)

Longovica Ltd.

102, Clive Street, Calcutta,

Dated the 24th January, 1931.

Ref. No. H/1714.

Messrs. Seal & Co.,

81, Clive Street, Calcutta.

*Contract No. HG/529—Dymus.**Best Bright soft quality Galvanised Iron Wire.*

Specification	$\frac{8}{50}$	$\frac{10}{50}$	$\frac{I.S.W.G.}{100 \text{ cwts.}}$
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@ £8-10 per ton c.i.f.c.i. Calcutta.

John Batt & Co. (London), Ltd.

39, Old Broad Street, E.C. 2.

Invoice No. 007.

Messrs. Seal & Co.,

81, Clive Street, Calcutta.

Order No. L/5.

Ind. 55 S/59.

Ref. O. Book 4203105.

100 unwrapped coils of 1 cwt. nett, Galvanised iron wire—Belgian make.

BWG.	$\frac{10}{20}$	$\frac{11}{10}$	$\frac{12}{20}$	$\frac{13}{10}$	$\frac{14}{20}$	$\frac{16}{20}$	= 100 coils.
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T. 5-0-0-0 @ £9 c.i.f.c. £45.

Calcutta, the 29th July, 1931.

G. Cullen & Co.

Indent No. 63.

Indentor: Messrs. Seal & Co.,

81, Clive Street, Calcutta.

To

Messrs. G. Cullen & Co.,

29, Strand Road, Calcutta.

Please supply the following on our account and risk drawing on us for the value at 60 days D/P:—

Continental make Best Bright Galvanised Iron Wire in coils of 1 cwt. nett unwrapped as under:—

BWG. No.	$\frac{4}{50}$	$\frac{6}{50}$	$\frac{8}{150}$ cwts.	Total=250 cwts.
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Price: At £7-5 per ton c.i.f.c. Calcutta.

Shipment: August/September, 1931, in two equally assorted lots at an interval of three weeks.

(True Copies.)

Alexander Limited.

27/2, Strand Road, Calcutta,
Dated the 16th July, 1931.

Messrs. Seal & Co.,
81, Clive Street, Calcutta.

Dear Sirs,

Your Pro forma Indent No. 3441 of 11th June, 1931.

We have just received a cable from our London Office in connection with your above, informing their quotation as under:—

Best Bright soft quality spelter Galvanised Wire—

12 BWG 5 tons.	}	@ sh. 9/1½ per cwt. c.i.f.c., Calcutta.
14 „ 55 „		

Shipment in August.

Please let us know per return whether you will confirm.

Yours faithfully,
ALEXANDER LIMITED,

(Sd.)

Director.



Invoice No. 10304.

सत्यमेव जयते London, the 19th March, 1931.

Order No. Ours 8914.

Order No. Yours 9/143.

Shipped by Wm. Samson & Co. (London), Limited.

Per S.S. "Thalatta" from Antwerp to Calcutta.

On Account of Messrs. Seal & Co. (Per Messrs. Struthers & Co.),
81, Clive Street, Calcutta.

Galvanised Iron Wire Continental in 1 cwt. coils unwrapped—

20 coils, 8 BWG.

20 „ 10 „

—

40 „

—

2 tons @ £8-11 per ton.

WM. SAMSON & CO. (LONDON), LTD.,

(Sd.)

Secretary and Manager.

(True Copies.)

G. M. Coppin & Co.

91/91, Bishop Gate, London, E.C. 2.

Dated the 17th July, 1931.

Messrs. Santilal & Co.,

84/A, Clive Street, Calcutta.

Invoice No. 5511.

188 bundles Mild Steel Square Rods, Luxemburg make—

3/8" x 6' Kilos 4,830 T. 4-15-0-21 @ £5 per ton = £23-15-11.

Net delivered c.i.f. Calcutta.

Certified correct.

(Sd.)

G. M. COPPIN & Co.

Invoice No. 5515.

Dated the 20th July, 1931.

Messrs. Shree Gopal Pathuram,

5, Samabhai Lane, Calcutta.

264 bundles Mild Steel Rods, Luxemburg make—

132 rounds 1/4" x 12'

66 „ 5/16" x 12'

66 „ 3/8" x 12'

12,860 kilos T. 12-13-1-17 @ £5-2-0
per ton = £64-12-5.

Net c.i.f. Calcutta.

Certified correct.

(Sd.)

G. M. COPPIN & Co.

Invoice No. 5512.

Dated the 17th July, 1931.

Messrs. Serajuddin & Sons,

3, Onrait Road, Second Lane, P. O. Entally, Calcutta.

514 bundles Mild Steel Round Rods, Luxemburg make—

152 bundles 1/4" x 12'

56 „ 5/16" x 12'

150 „ 3/8" x 12'

56 „ 5/16" x 12'

100 „ 3/16" x 12'

25,320 kilos T. 24-18-3-18 @ £5-4
per ton = £129-14-6.

Net delivered c.i.f. Calcutta.

Certified correct.

(Sd.)

Per Pro G. M. COPPIN & Co.

Invoice No. 5397.

Dated the 22nd June, 1931.

Messrs. S. Serajuddin & Sons,
Calcutta.

500 bundles Mild Steel Round Rods, Luxemburg make—

100 bundles	3/16" × 12'
150 ,,	1/4" × 12'
100 ,,	5/16" × 12'
150 ,,	3/8" × 12'

24,630 kilos T. 24-5-1-7 @ £5-4
per ton = £126-3-7.

Net delivered c.i.f. Calcutta.

(Sd.)

G. M. COPPIN & Co.

(True Copies.)

G. M. Coppin & Co.

91/93, Bishop Gate, London, E.C. 2.

Dated the 22nd June, 1931.

Messrs. Hiralal Naraindas,
228, Harrison Road, Calcutta.

130 bundles Mild Steel Round Rods, Luxemburg make—

20 bundles	3/16" × 12'
20 ,,	1/4" × 12'
30 ,,	5/16" × 12'
30 ,,	3/8" × 12'
30 ,,	7/16" × 12'

6,535 kilos T. 6-8-3-7 @ £5-2-6
per ton = £33.

Net delivered c.i.f. Calcutta.

(Sd.)

G. M. COPPIN & Co.

Invoice No. 5459.

Dated the 3rd July, 1931.

Messrs. Lachmandas Champaram,
14, Rajakatra, Calcutta.

100 bundles Mild Steel Square Rods, Belgian Make—

3/16" × 6' 2,500 kilos T. 2-9-1-0 @ £5-10-0 per ton = £13-10-11.

Net delivered c.i.f. Calcutta.

(Sd.)

G. M. COPPIN & Co.

Invoice No. 5458.

Dated the 3rd July, 1931.

Messrs. Lachmandas Champaram,
14, Rajakatra, Calcutta.

654 bundles Mild Steel Round and Square Rods, Luxemburg make—

Rounds.

40 bundles $3/16'' \times 12'$
100 „ $1/4'' \times 12'$
40 „ $5/16'' \times 12'$
64 „ $3/8'' \times 12'$

13,050 kilos T. 12-17-0-14 @ £5-4-0
per ton = £66-17-1.

Squares.

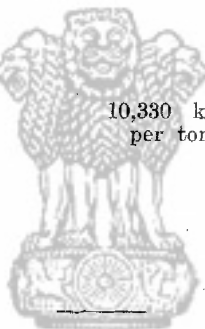
80 bundles $3/8'' \times 6'$
250 „ $1/4'' \times 6'$
80 „ $5/16'' \times 6'$

10,330 kilos T. 10-3-2-7 @ £5-10-0
per ton = £55-19-7.

Net delivered c.i.f. Calcutta.

(Sd.)

G. M. COPPIN & Co.



No. I. 242.

Paris, the 31st Mars, 1931.

Longovica
Paris.

K. N. Dass, Esq.,
113, Monohar Dass Chawk, Calcutta.

Bill.

Your Order No. Contract HD/568—Dynod.

Our Order No. 36,391.

For goods shipped on

Leaving Antwerp on the

Despatched from Longovica, Paris.

For account of yourselves.

Bills of lading made out to order.

Payment by draft at 60 days, sight D/P through the National Bank of India, Ltd.

Marks and delivery notes.	Specification.	Part weights.	Total weights.	C.i.f.	Amounts.
K. N. D. Calcutta made in Germany I. S. W. G. No.	Best Bright Iron Wire in coils of 56 lbs. nett unwrapped—				
	10 coils of No. 4 I. S. W. G.			Calcutta per 1016 K°.	
	10 coils of No. 5 I. S. W. G.				
	10 coils of No. 6 I. S. W. G.				
	10 coils of No. 7 I. S. W. G.				
	10 coils of No. 8 I. S. W. G.				
	10 coils of No. 9 I. S. W. G.				
	10 coils of No. 10 I. S. W. G.				
	10 coils of No. 11 I. S. W. G.				
	10 coils of No. 12 I. S. W. G.				
	10 coils of No. 13 I. S. W. G.				
	10 coils of No. 14 I. S. W. G.				
	110 coils.	110½ Cwts.	2794 K°	£7-5-0	£19-18-9

LONGOVICA.

(True copy.)

No. 1893.

Dated the 7th July, 1931.

Continental Iron and Steel Trade Reports.

It is rather difficult to give average values, some works asking presently 3s. per ton more than the others. Approximate prices are:—

Billets—	£ s. d.	£ s. d.
2½—4"	3 2 6—3 3 6	
2—2½"	3 4 0—3 5 6	
2"	3 5 0—3 7 0	

	£	s.	d.	£	s.	d.
Sheet bars, assorted	3	6	6—3	8	6	
Steel bars	3	10	6—3	12	6	
(Some works)	3	11	0—3	13	6	
Iron bars	3	10	0—3	12	0	
Iron bars, small sizes	3	14	0—3	15	0	
Rounds for bolts and nuts	3	11	0—3	12	6	
Ferro-concrete rounds	3	10	0—3	11	0	
Joists—						
Standard sections	3	6	6—3	7	6	
British sections	3	8	0—3	9	0	
Angles—						
Heavy, 3½"	3	9	0—3	10	0	
Heavy, 2½"	3	10	0	.....	
Medium-sized	3	11	0	.....	
Small-sized	3	12	0	.....	
Small, sharp-edged	4	2	6—4	4	0	
Rods—						
Assorted, 3/8—3/16"	3	16	0	.....	
(Round only, 3/16")	4	0	0—4	1	0	
(Square only, 3/16")	4	2	6	.....	
Plates—						
1/4"	4	1	0—4	1	6	
3/16"	4	1	6—4	2	6	
1/8"	4	7	0—4	8	0	and higher.
3/32"	4	15	0—4	18	0	
Sheets—						
1/16"	4	18	6—5	0	0	
1 mm.	6	7	0—6	10	0	
1 mm. C. H.	6	12	6—6	15	0	
Galvanised corrugated sheets B.G.						
18/20	9	7	6—9	10	0	
Bright wire, No. 8	5	0	0	.....	
Annealed wire, No. 8	5	10	0	.....	
Galvanized wire, No. 8	6	2	6—6	5	0	
Galvanized barbed wire—						
No. 12	8	10	0—8	11	0	
No. 14	9	12	6—9	13	6	
Wire nails, 0-7 (loose), per ton						
f.o.b. Antwerp	4	17	6—5	0	0	

(True copy.)

No. 1890.

Dated the 1st July, 1931.

Continental Iron and Steel Trade Reports.

The question of the renewal of the *Continental Steel Ingot Combine* remains open. Rumours were even spread, at the meeting of this day, that the Belgian steel makers had taken the decision to ask an increase of their

quota at the Combine (from 11.56 to 13 per cent. of the whole quota), but the news did not affect the tendencies of the market. British buying has started for semis.

Pig Iron.—Prices are stiffening: foundry 49s., basic 46s., but business was scarce.

Semis.—Activities have become sensibly larger, especially for billets and sheet bars. Several big French firms did not quote. Average prices were:—

	Last week.			This week.		
	£...s. d.	£ s. d.		£ s. d.	£ s. d.	
Blooms—						
6—8" . . .	3 0 0	.....		3 1 0	.....
5" . . .	3 1 6	.....		3 1 6	.....
Billets—						
4" . . .	3 1 6—3 2 0			3 2 0	.....
2—2½" . . .	3 2 0—3 3 0			3 3 0—3 3 6		
Sheet bars, assort- ed, per ton, f.o.b. Antwerp .	3 5 0—3 5 6			3 6 0—3 7 0		

Finished Products.—There has been more general buying, especially with the Far East, but Argentine firms are also coming on the market. Some heavy orders were passed by Dutch merchants and there is apparently also some buying for account of the German home market. Steel bars were not quoted by the Davum and some Belgian works, others quoted £3-11-0—3-12-6, the Columeta £3-12-6. Luxemburg makers asked much higher prices for joists (up to £3-9-0 for standard sections). French makers quoted sensibly higher for heavy angles. Indian light weight joists for earlier shipment than September. Plates of 1/4" and 3/16" remained practically unchanged, but plates of 1/8" and thinner and chiefly sheets were much firmer. Prices were:—

	Last week.			This week.		
	£...s. d.	£ s. d.		£ s. d.	£ s. d.	
Steel bars . . .	3 8 0—3 10 0			3 10 0—3 12 6		
Bar, iron . . .	3 7 0—3 7 6			3 8 0—3 9 6		
Ferro-concrete rounds . . .	3 7 0	.....		3 10 0	.....
Rods, assorted .	3 15 0	.....		3 16 0—3 16 6		
Joists—						
Stand sect. . .	3 5 0—3 5 6			3 5 0—3 6 0		
British sect. .	3 7 0—3 7 6			3 7 0—3 8 0		
Angles—						
Heavy . . .	3 7 0—3 7 6			3 9 0—3 9 6		
Medium-sized .	3 8 0—3 9 0			3 11 0	.....
Hoops, base . .	4 4 0—4 6 0			4 6 0—4 7 6		
Plates—						
3/16" . . .	4 0 0—4 11 0			4 1 0—4 1 6		
1/8" . . .	4 4 0	.....		4 7 0	.....
3/32" . . .	4 13 6	.....		4 15 0	.....
Sheets. 1/16" .	4 17 6	.....		4 19 0—5 0 0		

(True copy.)

No. 1903.

Dated the 24th July, 1931.

Continental Iron and Steel Trade Reports.

The *Belgian Wire Syndicate* has been re-established for a period of 5 years, including the firm *Sambre et Escaut* as an independent member. Export prices have been increased at the following rates:—

	£	s.	d.
Bright wire	5	1	3
Annealed wire	5	11	3
Galvanized wire	6	3	9
Galvanized barbed wire	8	10	0 (unchanged).
Wire nails	5	2	6

The *International Wire Rods Association* will hold a new meeting at Luxembourg on September 3rd, in order to discuss the prolongation of this syndicate for a certain period after December 31st. The management committee of the Combine is proposing the prolongation for 5 years, but the Belgian "Providence" is said to agree only with two years, because the firm intends to start a new big mill of wire rods.

Manchester, April 16th, 1931.

No. 5198.

Invoice of 135 packages bought by Thomas Barlow & Brothers on account of Messrs. S. Banerjee & Co. and shipped per "Neidenfels" Bremen to Calcutta consigned to Messrs. Barlow & Co.

Indent No. 9949.

1	0	135 Coils each 1 cwt. nett.	
9949		Best Bright Soft Plain Galvd. Iron Wire.	
$\frac{1}{135}$			c.i.f.c.i.
		4G 6G 7G 8G 9G 10G 12G 13G 14G 15G & 11G	
		10' 15' 10' 15' 10' 15' 15' 10' 15' 10' & 10'	coils.
		F. C. 6-15-0-0	@ $\frac{1}{2}$ d. per cwt. £59-1-3

We do hereby declare that the goods specified are of the produce and/or manufacture of Germany.

E. & O. R.

Per Pro. THOMAS BARLOW & BROS.,
(Sd.) C. V. NELSON.

60, Fenchurch Street, London, E.E. 3.

Dated the 6th May, 1931.

Invoice No. 96542.

Typed by OG.

Invoice of goods shipped by Alexander Young (London), Ltd., per S.S.
 "Streefkerk" from Antwerp for Calcutta to order and for account of
 Mr. Kristo Pada Singha, 55, Clive Street, Calcutta.

Terms 60 days.

Indent No. 5432 of 5th December 1930.

Cable of 30th January, 1931, confirmed 25th January 1931.

K. P. S.	261		
Calcutta.	390	130 kegs. Gross.	7059 kilos nett 6604 kilos.
Made in			
Belgium.			

Best Bright Chequered Head Wire Nails packed in kegs of each 1 cwt.
 nett.

Size	1" x 15G	1 1/4" x 14G	1 1/2" x 14G	1 3/4" x 13G	2" x 12G	2 1/2" x 11G	1 1/2" x 13G
Kegs	10	5	5	5	30	15	25
	3" x 10G	3 1/2" x 9	4" x 9	5" x 6			
	15	5	10	5			

T. 6-10-0-0

@ 2/18d. per cwt.

£63-18-4
 c.i.f.c.i Calcutta.

(Sd.)

ALEXANDER YOUNG (LONDON), LTD.

(8) Letter dated the 8th September, 1931, from the Indian Steel and Wire
 Products, Talanagar.

We hope our statement regarding the burden to the consumer has reached you with corrected copies of our oral evidence and notes on Kartells. As the work was done very hurriedly we should request you to instruct your department to go through the papers before they are finally sent to the press. We dare say that there are many typist's errors which need correction before publication.

We are anxious that you would kindly submit to the Board our Statement about consumers before any decision is arrived at about our case. We regret we did not make our point sufficiently clear to the Board about this most important item during our oral evidence. But the way the questions were put did not leave us much room for elaborate discussion on the subject. Besides we had implicit faith in the judgment of the Board who would make necessary recommendations in the interest of the industry and the country when all facts were presented before them simply and dispassionately.

Our aim was to put our case before the Board without any prevarication or subterfuge and we are satisfied that we have succeeded in doing so. Only when going through our oral evidence we realised that certain points may create bad impression, we were constrained to send in the statement clearing our position. As far as we are concerned we have always thought that if protection imposes any burden on the consumer, the revenue duty resulting from such protection would always be at the disposal of the Government and the Legislature to be utilised in the furtherance of measures beneficial to the whole country. This along with the points raised in our statement should, we hope, satisfy the Board that our proposals were submitted with due sense of responsibility and with great forethought.

Since our oral evidence the installation of the rod mill for our works has been exercising our mind and according to the assurance given to the Board, we are doing our very best to carry out our promise in that regard. We are glad to inform the Board that we have decided on its immediate purchase as soon as certain preliminaries are settled. With this object in view we are sending our representative by the next boat available to Europe. As soon as our representative has selected the most efficient type of the mill, he is instructed to buy and despatch the same at the earliest possible opportunity. According to our calculation there is no reason why the mill should not commence operation within a period of 15 months. We hope you will kindly place this information for the consideration of the Board.

As we are the only party immediately concerned, is it too much to ask you to convey for our information the result of the enquiry and the recommendations of the Board if any?

(9) Letter No. 3575/31, dated the 23rd September, 1931, from the Indian Steel and Wire Products, Tatanagar.

For the information of the Board we are sending a copy of the letter of the Army Department regarding the supply of Barbed wire. This is the sixth letter of the kind we have received during the past few months which shows the interest the Army Head-Quarters are taking in our industry. We have already drawn the attention of the Board to the Military importance of our Industry in our replies to the questionnaire. We were given to understand, as we have stated in our oral evidence, that there has been some correspondence regarding this aspect of the question between the army and commerce departments. We are sorry we cannot produce anything definite to corroborate this but if the Board desires, it would not be difficult to secure its confirmation from proper quarters. Even in case such corroboration is not forthcoming to the satisfaction of the Board, the importance of the industry from the point of view of national defence is so obvious that the Board should unhesitatingly declare its military importance. For it is a mere truism to assert that no modern warfare can be efficiently carried on without a sufficient supply of large quantities of wires of all kinds.

We would also like to bring to the notice of the Board that they had already accepted its military importance so far back as 1927 (*vide* Statutory Enquiry, Vol. VII, pages 70, para. 117).

Enclosure.

Copy of the letter dated the 16th September, 1931, from the Director of Contracts, Army Headquarters, India, Simla, to Messrs. The Indian Steel Wire Products, Tatanagar.

Will you please refer to your letter No. 2777/31, dated the 3rd July, 1931, and let me know whether you have actually started the manufacture of barbed wire; if not, please state the definite date by which you expect to do so.

THE INDIAN STEEL WIRE PRODUCTS:

B.—ORAL.

**Evidence of Messrs. INDRA SINGH, BALDEV SINGH, V. P. DUBE
and A. T. GANGULI, recorded at Calcutta on Tuesday, the
18th August, 1931.**

President.—Mr. Indra Singh, you are the Proprietor of the Indian Steel and Wire Products?

Mr. Indra Singh.—Yes.

President.—You are the sole proprietor?

Mr. Indra Singh.—Yes.

President.—Who exactly is in charge of the management of the works? Are you personally in charge?

Mr. Indra Singh.—My son and I are in charge.

President.—What is your previous experience in this line of business?

Mr. Indra Singh.—I passed out from the Roorkee Engineering College. After that, I started the contract business in 1910 and I was doing that till I purchased this concern in 1927.

President.—Have you any special experience? Has your son any special experience?

Mr. Baldev Singh.—I was on the Continent studying the wire and wire nail industry for about 1½ years. After we took over this concern, I left for the continent to study this line of business.

President.—How long were you on the Continent altogether?

Mr. Baldev Singh.—I returned in April 1930.

President.—You were there with special reference to the study of wire and wire nails?

Mr. Baldev Singh.—Yes, this is the only purpose that I went there for.

President.—When exactly did you buy this works from the debenture holders?

Mr. Indra Singh.—In September 1927.

President.—And you actually started operations in March?

Mr. Indra Singh.—On the 8th March 1928.

President.—When did you start negotiations with the debenture holders for the purchase of this works?

Mr. Indra Singh.—The Director of Industries (Mr. Gupta) was in charge of it. He was for some time employed in the Tata Iron and Steel Company and I knew him when he was there. It was he who advised me to buy this concern. We started the negotiations in July 1927.

President.—And the negotiations were concluded in September 1927?

Mr. Indra Singh.—Yes. The negotiations were completed in the Tata Iron and Steel Company's General Manager's Office. There were about five or six persons present on behalf of Tatas.

President.—You mean when the contract was completed?

Mr. Indra Singh.—Yes.

President.—Who were the people present?

Mr. Indra Singh.—Mr. Alexander, Mr. Mather and Mr. Temple.

President.—And Mr. Gupta?

Mr. Indra Singh.—Yes.

President.—When you started negotiations with the debenture holders did you know that the question of continuing protection for wire and wire nails or revising it was under consideration?

Mr. Indra Singh.—I was informed so by the Director of Industries.

President.—On what kind of impression then did you buy this works? Did you know that there was a risk of protection being withdrawn?

Mr. Indra Singh.—He told me that the protection might or might not be continued, but I expected that protection would be continued and that I would be able to make this concern a success.

President.—May I take it then that your impression at that time was that the original Steel Wire Products Company was going into liquidation because of financial difficulties; that the Government of India considered the question of withdrawing protection on the ground that the Company then existing was likely to go into liquidation but that if a Company which was solvent financially and was in a position to provide the necessary financial resources, undertook the management of the concern, then protection might be continued. Was that your impression?

Mr. Indra Singh.—That was my impression.

President.—Actually protection was withdrawn about the time you started operation?

Mr. Indra Singh.—Yes. I wired the Government of India saying that I had started the Factory, but they wired back to say that it was too late and that nothing could be done.

President.—Do you remember the time when the Bill was before the Legislature?

Mr. Indra Singh.—Yes.

President.—Was that before you started operations or after?

Mr. Indra Singh.—Before.

President.—But the Bill was passed into law when?

Mr. Indra Singh.—After I started the operations, when I received the information from Government, I went to Delhi but in the meantime everything was over and I was told that nothing could be done.

Mr. Ganguly.—The matter was referred to the Select Committee and there I remember Sir George Rainy said that there was no Industry to protect because the Government were not aware then that the Industry was being run by some other man.

President.—In spite of the withdrawal of protection you decided to continue the operations I suppose with a view to seeing whether it would be possible for you to make a success of the business. Was that your idea?

Mr. Indra Singh.—That was my idea. On account of their financial position, the old company failed. They could not buy their raw material in time and had to wait. I thought that I would be in a position to buy the raw material and would be able to reduce a lot of expenditure by supervising this concern personally. I was under the impression that I would be able to make this business a success.

President.—How long did you work before you made another application to Government for protection?

Mr. Indra Singh.—Two or three years.

President.—What was your date of the application to the Government of India for protection? You started working in March 1928?

Mr. Indra Singh.—Yes.

Mr. Boag.—The first letter we had was dated February 1930.

President.—Your first application was made on the 6th of February 1930?

Mr. Indra Singh.—Yes.

President.—For the whole period from March 1928 to February 1930 you carried on the operations with a view to seeing whether you could continue the business without any assistance from Government.

Mr. Indra Singh.—Yes.

President.—Then in February 1930 when you realised that it was difficult for you in view of the falling prices to carry on without assistance you made your application to the Government of India?

Mr. Indra Singh.—Yes.

President.—What was the purchase money you paid to the debenture holders?

Mr. Indra Singh.—I paid 40 per cent. of the debenture value to the debenture holders.

President.—That was the whole purchase money that you paid?

Mr. Indra Singh.—Yes, and I paid Rs. 24,000 to Tata's against Rs. 48,000 which was owing to them by the old Company.

President.—We asked the Bihar and Orissa Government to give us the amount that they received from you in consideration of the sale of the works, and they gave us a figure of Rs. 3,16,000.

Mr. Indra Singh.—That is right.

President.—Does that represent the whole of the purchase money that you paid?

Mr. Indra Singh.—In addition to that I paid Rs. 24,000 to Tata's.

President.—Then you paid Rs. 22,500 for the stock of wire and wire nails and other materials?

Mr. Indra Singh.—I paid Rs. 22,500 for the stock of nails and other materials.

President.—So that the money that you paid for the plant and the building was Rs. 3,16,000 plus Rs. 24,000—Rs. 3,40,000.

Mr. Indra Singh.—Yes.

President.—That was your capital expenditure to start with.

Mr. Indra Singh.—Yes.

President.—Since then, have you incurred any additional expenditure?

Mr. Indra Singh.—Yes, about Rs. 2 lakhs for building and new machinery.

President.—For erecting new buildings?

Mr. Indra Singh.—Yes, and purchasing new machinery.

President.—This amount that you paid to the debenture holders was for the then existing buildings?

Mr. Indra Singh.—Yes.

President.—In addition to that you say you spent Rs. 2 lakhs for additional buildings and plant?

Mr. Indra Singh.—Yes.

President.—What was the object of this additional expenditure?

Mr. Indra Singh.—I was under the impression that the old company got low production and I thought that that was the reason for their not making this concern a success. I had an idea that if I purchased more machinery and extended the works I might be able to curtail a lot of expenditure and thus meet the competition from the Continent.

President.—What precisely was the kind of additional machinery that you bought?

Mr. Indra Singh.—12 Nail Machines, 6 Ratters, 10 Kegging Machines.

President.—And corresponding houses and buildings?

Mr. Indra Singh.—Yes.

President.—Will you send us a note giving the details of this additional expenditure—the amount that you spent after you had paid the purchase

money to the debenture holders and on what kind of plant and machinery and buildings you spent this additional money?

Mr. Indra Singh.—Yes.

President.—There is another question about the impression on which you made your original bargain with the debenture holders. Were you given to understand at the time you bought the works that the Tata Iron and Steel Company would put up a Hoop and strip mill within a short time?

Mr. Indra Singh.—Yes, both from their evidence before the Tariff Board and personal enquiries. Mr. Alexander said so in his evidence before the Tariff Board. When I enquired of him, he said that the Company would be able to supply us with the raw material soon. Of course, they said in three or four years' time, but I was always under the impression that I would get my raw material from the Steel Company.

President.—You bought this in September 1927 and Mr. Alexander giving evidence before us in the enquiry which was then going on told us that a hoop and strip mill would be installed within three years from then, that is from the date of the enquiry. I looked up our past records and found that the particular examination was held in April 1927. Therefore calculating a period of three years from then, the Tata Iron and Steel Company might have been expected to instal in their works a hoop and strip mill by April 1930. What I want to get at is whether in addition to the evidence that was given by Mr. Alexander before the Tariff Board, you had any personal assurance from the representatives of Tatas who were present when the negotiations were completed on that point?

Mr. Indra Singh.—I had always thought so. I was working in Tatas and was connected with the General Manager and other people. They gave me the assurance that they would supply me with the raw material, though they did not mention any definite period.

President.—But you got the impression that they would do so within a short time?

Mr. Indra Singh.—Yes. I thought that they would instal this hoop and strip mill.

President.—Please look at page 3 of your replies to the Questionnaire. You say that the machinery for the manufacture of barbed wire and stranded fencing has been ordered and is expected to arrive. Has it arrived?

Mr. Indra Singh.—Yes.

President.—And it is being erected?

Mr. Indra Singh.—Yes.

President.—The capacity of this machine is 3,500 tons a year?

Mr. Ganguly.—1,000 tons per year of 3 shifts.

President.—What is the maximum capacity on three shifts?

Mr. Indra Singh.—The maximum capacity is 3 tons per day of 24 hours.

President.—That is 1,000 tons a year?

Mr. Baldev Singh.—Yes.

President.—You can work three shifts on this?

Mr. Baldev Singh.—On barbed wire and stranded fencing we can work three shifts.

President.—Part of your plant is for the purpose of steel shelves and so on.

Mr. Baldev Singh.—Yes.

President.—In this enquiry under our terms of reference we are concerned only with wire and wire nails so that in order to arrive at your capitalisation for the purpose of our enquiry we have to make a deduction from your capital expenditure corresponding to whatever you consider as the value of your steel shelving plant. Looking through the past evidence on this subject I find that the original Steel Wire Products Company considered that

the steel shelving plant was about 40 per cent. of the total value. Do you consider that a correct estimate?

Mr. Indra Singh.—That is correct.

Mr. Baldev Singh.—A little less is necessary because there are certain machines which are meant for wire mill. If we are to deduct the capital of the steel shelving plant from the total, we have to make allowance for that.

President.—Supposing that you take all the parts of the steel shelving plant which may be used either for steel shelving or wire and wire nails and add that to the cost of your wire and wire nail plant and arrive simply at the cost of steel shelving plant which is only useful for that purpose, what kind of proportion would you suggest?

Mr. Baldev Singh.—One third for metal shelving.

President.—You have not spent anything on the metal shelving part of the plant since you purchased the works?

Mr. Baldev Singh.—Very little.

President.—Suppose we took Rs. 3,40,000 which was the amount you paid to the debenture holders and took one third of that, viz., Rs. 1,10,000 that might be regarded as the value of the steel shelving plant. Would that be right?

Mr. Baldev Singh.—Yes. In fact, in our cost sheets we have been omitting the value of the metal shelving plant. The figures that we have given (viz., Rs. 1,10,000) we have been setting apart for the metal shelving plant.

President.—Is it exactly this figure that you have taken?

Mr. Baldev Singh.—One third. About Rs. 25 lakhs was the capital of the old Company and they spent about Rs. 7 lakhs on the metal shelving plant.

President.—That is roughly one third?

Mr. Baldev Singh.—Yes, we have excluded depreciation on this Rs. 1,10,000.

President.—You have deducted that from your block?

Mr. Baldev Singh.—Yes.

President.—For our purpose, Rs. 1,10,000 would be a correct estimate of the value of your metal shelving plant?

Mr. Baldev Singh.—I think so.

President.—Coming to question 5, regarding the capacity of your works: I should like to get a precise idea of your wire capacity and your nail capacity. I quite realise that it is difficult to estimate your wire capacity because obviously the capacity would vary according to the gauges of wires made. Am I right in taking 12 or 13 gauge as the commonest kind of wire made?

Mr. Baldev Singh.—Yes.

President.—Suppose you took 12 gauge as the ordinary gauge what is your maximum capacity?

Mr. Baldev Singh.—We had an order from the Government of India for 360 tons of annealed wire which we have been rolling during the last two months; out of that 300 tons was 12 gauge. We have drawn 256 tons.

President.—Per month?

Mr. Baldev Singh.—Per month of 25 days working 8 hours.

President.—On a single shift in 25 days you made about 250 tons?

Mr. Baldev Singh.—Yes. We were not running any of the continuous blocks.

President.—256 tons in 25 days is the maximum capacity of your wire plant taking only the single blocks?

Mr. Baldev Singh.—Yes, taking out the continuous blocks and the small benches from which we draw below 12 gauge.

President.—How many single blocks have you?

Mr. Baldev Singh.—12.

President.—And how many continuous blocks?

Mr. Baldev Singh.—Two continuous benches.

President.—I want to know your maximum capacity in respect of 12 gauge wire if you work both your single blocks and your continuous benches. You might make a rough estimate on the basis of actual results you have attained so far.

Mr. Baldev Singh.—270 tons we can draw easily on the big blocks and about three tons a day on the continuous blocks.

President.—On that basis what would be your annual capacity?

Mr. Baldev Singh.—Our capacity will be about 4,100 tons of 12 gauge wire roughly for one shift only.

President.—If you worked 24 hours, working both continuous blocks and single blocks, you would get about 12,000 tons a year.

Mr. Baldev Singh.—Yes.

President.—What about Nails? Take some typical nails, say, 1½".

Mr. Baldev Singh.—The production of 1½" nails will be the lowest.

President.—But that is the class of nails for which the demand is the biggest, is it not?

Mr. Baldev Singh.—2 inch nails have the biggest demand in the country.

President.—Then take 2", that would be 12 gauge 2", would it not?

Mr. Baldev Singh.—Yes.

President.—What is your maximum nail capacity taking 2" as typical?

Mr. Baldev Singh.—The maximum nail capacity that we have got during the last 12 months is on an average 7½ tons of 2 inch nails working one shift.

President.—Your Nail machines can work only 2 shifts?

Mr. Baldev Singh.—Yes, each shift being eight hours.

President.—If you worked the nail machines to full capacity you would get 15 tons a day of 2 inch nails 12 gauge?

Mr. Baldev Singh.—Yes.

President.—That would be an annual capacity of about 4,500 tons?

Mr. Baldev Singh.—About 4,200 tons.

President.—Therefore your maximum nail capacity is roughly one third of your maximum wire capacity?

Mr. Baldev Singh.—Yes.

President.—What exactly is your arrangement with regard to the disposal of the rest of the wire?

Mr. Baldev Singh.—We manufacture only nails. That is our drawback as some time back barbed wire was being sold at £9.

President.—What is the price of barbed wire now? The prices that you give for the various wire and wire articles in these replies are a bit out of date.

Mr. Baldev Singh.—We will let you know the price of barbed wire later on.

President.—You have got a margin between your wire capacity and your nail capacity of approximately 8,000 tons a year. I should like to know in what proportion this margin could be disposed of.

Mr. Baldev Singh.—We propose to make about 6,000 tons of wire nails—our maximum capacity at present is only 4,000 tons—by putting some more nail machines. We must increase the nail capacity to 6,000 tons at least, and the remainder we can easily dispose of by making 1,500 tons of annealed wire.

President.—For what purpose is this used?

Mr. Baldev Singh.—Mainly for bundling purposes. The Indian Hume Pipe Company are also using this for their reinforced pipes. They require about 300 to 400 tons.

President.—Including bundling wire and reinforced pipes you would get an outlet for 1,500 tons of annealed wire?

Mr. Baldev Singh.—Yes.

President.—You would still have 4,500 tons?

Mr. Indra Singh.—This we want to turn into galvanised wire for which we have a capacity of 1,800 tons.

President.—The galvanised plant which is already there formed part of the original plant but which you have not worked so far?

Mr. Indra Singh.—We worked for 15 days only.

President.—What output did you get?

Mr. Indra Singh.—We got up to 20 tons.

President.—What is the maximum capacity of your galvanising plant?

Mr. Indra Singh.—Six tons a day for each shift.

President.—That gives you 1,800 tons a year?

Mr. Indra Singh.—Yes. That is the figure we give in our answer to Question 26.

President.—If you make 1,800 tons of galvanised wire you still have about 1,700 tons to dispose of. Would you be able to dispose of that as hard bright wire?

Mr. Ganguli.—Not so much as that.

President.—What do you use it for?

Mr. Baldev Singh.—It is not much in use.

President.—It is not a directly marketable article?

Mr. Indra Singh.—We are selling a certain amount of hard bright wire to bucket makers and trunk makers for the rims of buckets and so on and also for handles.

Mr. Ganguly.—The Calcutta Market consumes about 400 to 500 tons of annealed wire.

President.—Taking the topographical location of your factory what amount of hard bright wire could you sell?

Mr. Baldev Singh.—400 tons to 500 tons.

President.—If you make allowance for that then the margin left is inconsiderable?

Mr. Baldev Singh.—Yes.

President.—Coming to your answer to question 6, I find a certain discrepancy and I should like you to explain that. If you take your output for 1930-31, that is to say, taking the four quarters beginning with 1st April 1930 to 31st March 1931 I get from these figures here a total output of wire of 1,891 tons.

Mr. Baldev Singh.—That is right.

President.—If you look at your form II where you give your cost of wire, the total output during the year 1930-31 is given as 1,818 tons. In considering your cost statement for 1930-31 are we to take your total output of wire as 1818 or 1891 tons? I am inclined to think that 1891 is the correct figure because this figure of 1818 does not seem to me to correspond at all to the quantity of wire rod used during the year.

Mr. Baldev Singh.—Small scraps we can cut into nails but the scraps which are absolutely useless amount to about 3 per cent.

President.—The position then is this. The output figure that you give in answer to question 6 represents not merely, so to speak, first class wire but also, so to speak, waste wire. This figure of 1891 which is the total output

for the year 1930-31 represents not merely first class wire which you made during the period but it represents also waste wire?

Mr. Baldev Singh.—Yes. Sometimes when we are short of wire we use this sort of wire for cutting into nails.

President.—In all kinds of metal industry you get first class product and second class product, and in addition to that you have a certain amount of scrap of which you cannot make any use at all. I am suggesting that this 1818 tons is the quantity of first class wire and this figure of 1891 is first class and second class wire which has been used for the manufacture of nails. Is that the position?

Mr. Indra Singh.—Yes.

President.—Looking at form II again, this figure of 1818 that you give there appears to represent, as you put the statement, both the quantity of wire rod used and the quantity of first class wire which you drew?

Mr. Indra Singh.—The wastage was not taken into consideration.

President.—If I wanted to know what was exactly your total expenditure on wire rod I have got to get a figure which would represent not merely your finished output but also your wastage. If you took only your finished output into account you would get a total expenditure figure which would be inaccurate. That is why I am asking you what precisely is the quantity of wire rod you used in order to get a finished output of 1818 tons?

Mr. Baldev Singh.—We have taken the waste as 3 per cent. If you add that it will give you the actual quantity of rod used during the year.

President.—3 per cent. will give you 1888 tons of rod. Even that is not an accurate figure, because you have got 1891 tons of first class and second class wire leaving out scrap. Tell me what is your rod consumption?

Mr. Baldev Singh.—Our rod consumption is 1818 tons *plus* 3 per cent.

Mr. Indra Singh.—That comes to 1874 tons.

President.—If you use 1874 tons of rod, how can you get out 1891 tons of first and second class wire. In answer to question 6 you give your total output for 1930-31 as 1891 tons. If you add 3 per cent., you get a figure obviously much larger than 1,818 tons.

Mr. Baldev Singh.—If we add 3 per cent. wastage it would give you exactly the same figure as here.

President.—Taking 3 per cent. wastage I get a figure of 1874 tons.

Mr. Indra Singh.—Yes.

President.—1,874 tons is less than 1,891 tons. You get more finished product than wire rod you use.

Mr. Baldev Singh.—Supposing we get a bad wire, it has got to pass through the same process.

President.—You are explaining the manufacturing process. I want to check the correctness of your form II, because that is the statement which gives your costs on which the whole question of the measure of protection is based. I feel from these statements that the expenditure that you show against wire rod is not a correct figure.

Mr. Baldev Singh.—The difference is due to this.

President.—I don't want any explanation. I want the figure.

Mr. Baldev Singh.—I can give you the exact figure.

President.—I want to know what is exactly your works cost of nails. In order to get your works cost of nails, I have to take your works cost of wire.

Mr. Baldev Singh.—Yes.

President.—Your works cost of wire must be based partly upon your works rod consumption. If your works rod expenditure is not accurate, then the whole process of calculation becomes inaccurate. I can't proceed with this statement. You can make nails both out of first class and second

class wire. Your total output of first and second class wire in 1930-31 is 1891 tons.

Mr. Baldev Singh.—Yes.

President.—Therefore the total of first class and second class wire which is the material for wire nail was 1891 tons.

Mr. Baldev Singh.—Yes.

President.—Therefore the works cost of wire that I should take into account in determining the works cost of nails is your total expenditure that you give here divided by 1,891 tons and not 1,818 tons.

Mr. Baldev Singh.—I have got your point correctly. There will be a lot of difference if you calculate on 1,891 tons.

President.—It will make a difference of Rs. 5.

Mr. Baldev Singh.—There is a certain amount of wire that requires re-drawing. That may be lying in stock for 6 or 7 months. If it gets rusty we will have to take it to the cleaning house. That means that there would be no difference between rod and wire. We will have to incur the same expenses as we incur on wire rods. Any quantity of wire taken from the wire mill to the cleaning house to be redrawn is also under this head. This difference is due to that wire being redrawn.

President.—That is to say the material that you use here. Your cost statement is based on the financial year 1930-31?

Mr. Baldev Singh.—Yes.

President.—You must get the output for the corresponding period.

Mr. Baldev Singh.—Yes.

President.—Now the output for the corresponding period you will find in reply to question 6. You take the output of 1st April 1930 to 30th June 1930; add the 3 quarters that follow and add also January to March 1931. You get the output for the whole year.

Mr. Baldev Singh.—Yes.

President.—Therefore that was your total output which is represented in form II. Therefore I am suggesting that that is the total output by which this expenditure should be divided. This figure of 1,818 tons that you show in form II as the quantity of wire rod used, that represents only the quantity of wire rod which was used as such. In addition to that you used a certain amount of old rusty wire.

Mr. Indra Singh.—Yes.

President.—That rusty old wire has got to go through the pickling house, washing house and so on.

Mr. Baldev Singh.—Not for making nails.

President.—No, but for making wire. I am trying to see what is the addition that I ought to make to 1,818 tons in order to get the precise quantity of material that was used for the manufacture of wire in 1930-31. Your statement is that the figure of 1,818 tons given here represents only the quantity of fresh wire rod which went into drawing machine.

Mr. Baldev Singh.—Yes.

President.—In addition to that there was a certain quantity of old wire which had to be put through the pickling and cleaning houses and which was also used practically as material of wire.

Mr. Baldev Singh.—Yes.

President.—That quantity therefore must be added to this.

Mr. Baldev Singh.—Yes.

President.—But what is the quantity?

Mr. Baldev Singh.—That quantity will give the difference between the two.

President.—You have at present no means of measuring precisely. What you do when you want to measure the quantity of material that you use is to take your finished output and then allow a certain wastage and in that way you get at the material you use. You don't measure actually the material used.

Mr. Indra Singh.—We actually measure the rods on the scale and issue to the works.

President.—I want to know what is the correct works cost of wire that I ought to allow in your statement, Form III. I suggest the correct figure to take is the total expenditure given in Form II divided by 1891 which included both first and second class wire. As far as the cost of wire is concerned probably the statement is correct—though there are a very few inaccuracies, but in the main it is correct. In arriving at the works cost of nails, I ought to include not merely the first class wire but second class wire.

Mr. Baldev Singh.—The output of wire is 1,818 tons. The difference is due to bad quality. Supposing we get a flat wire with some defect, we again have to redraw it. That is the difference we are taking.

President.—Did you make in 1930-31, 1,891 tons of first class and second class wire?

Mr. Baldeo Singh.—We made 1,818 tons of first class wire.

President.—Did you make 1,891 tons of first and second class wire put together? That you get straight out of your output return.

Mr. Baldev Singh.—I think the correct figure is 1,818 tons.

President.—I don't follow that at all. Wire nail is made out of both first and second class wire.

Mr. Baldev Singh.—Yes. If we have got some defective wire, we must redraw it. This statement is due to that. Supposing we get some bad wire, again it has to be taken to the cleaning house and so on and redrawn. Bad wire might be due to defective workmanship. Instead of selling it as scrap we again put it through the cleaning house and redraw it. That in fact should not go as wire rod.

President.—Supposing you get a short length wire, it would be used for nails.

Mr. Baldev Singh.—What do you mean by short lengths?

President.—Supposing wire breaks in the drawing process, you get a piece of that kind on your drawing machine, that is no good for wire, but I don't see why it should not be used in the wire nail machine.

Mr. Indra Singh.—We throw it away.

Mr. Baldev Singh.—During the first enquiry it was stated that wire nails were made out of scrap wire. That was an incorrect statement.

President.—To be fair to them they said waste wire and not scrap wire. By waste wire they meant really second class wire.

Mr. Baldev Singh.—But not wire which was lying for some time; otherwise it would be expensive. During my tour I have seen about 10 or 15 factories. I have not seen a single factory making nails out of scrap. That was the argument that came up in the previous enquiry. It was said that because they were making nails out of scrap wire they could sell it cheap. That is not the fact. If it be a fact how can the factories work merely on scrap wire?

President.—I am not concerned with the general argument. What I am concerned with here is this. You get a total output of 1,891 tons. Your statement now is that out of 1,891 tons, only 1,818 tons was wire that would be used for nails.

Mr. Baldev Singh.—Yes.

President.—The rest of that has got to be disposed of as scrap.

Mr. Baldev Singh.—Even in this case we have made use of it.

President.—Now let us go back to question 6. This total output that you show in your reply to question 6 for the financial year, 1930-31 is 1,818 tons.

Mr. Baldev Singh.—Yes.

President.—The good wire is either sold as wire or used for the manufacture of nails.

Mr. Baldev Singh.—Yes.

President.—The bad wire is put back into the cleaning apparatus and from there passed again into the drawing machines.

Mr. Baldev Singh.—Yes.

President.—When that is done, the quantity that is so used is shown in your cost statement as additional raw material.

Mr. Indra Singh.—Only rods. 1,818 tons were the rods drawn and not supplied. We do not weigh the material that is redrawn.

President.—In this statement, Form II, 1,818 tons is shown as wire rod used.

Mr. Baldev Singh.—Yes.

President.—That is fresh rod.

Mr. Baldev Singh.—Yes.

President.—In addition to that there is a certain amount of bad wire which is put through the plant again in the manufacture of wire. That quantity is not shown in Form II. If that quantity is shown, then the proportion between that figure and the output figure would represent a wastage of 3 per cent. Have I got it right?

Mr. Indra Singh.—Yes.

President.—It looks to me that when you prepare a statement of output it is somewhat an extraordinary procedure to include in your output the waste. This statement in reply to question 6 represents your output. I have never seen before a statement of output which includes the waste.

Mr. Baldev Singh.—1,818 tons were the rods issued from the rod yard. We don't know how much wire there is going to be and of what gauge. Supposing there is a bundle of wire which is out of gauge defective in drawing. The only price we can realise is the scrap price. But on the other hand if we clean and redraw we make good wire out of that instead of selling it as a scrap.

President.—For the time being then I take it that in your Form II the output figure of 1,818 tons is correct, but the total material used is more than 1,818 tons. The figure that you give at the top of the statement is not quite accurate, because it ought to include something more.

Mr. Baldev Singh.—Yes, it should include the waste on rods cleaned and used.

President.—This wastage of 3 per cent. that you give, have you ever actually tested whether that represents your correct wastage.

Mr. Indra Singh.—We always weigh the rods before they go into the cleaning house.

President.—You weigh the rods before they go into the cleaning house.

Mr. Baldev Singh.—Yes, we clean it there.

President.—How exactly do you calculate your wastage? You first of all take the quantity of rod you use and then compare with the quantity of finished output that you get. The margin between the two represents the wastage?

Mr. Baldev Singh.—We calculate like this. When we issue the rod to the cleaning house, we weigh that. Then we clean it. When we take it out of the cleaning house, we weigh it again. Then we get the actual wastage incurred in the cleaning house.

President.—In that particular house?

Mr. Baldev Singh.—Yes. Then we lime it. If we are going to weigh after liming, the weight of lime will be added and we will not get correct waste. We simply lime it and pass it to the wire mill. Whatever wastage there is in the wire is taken separately.

President.—What about the wastage on drawing machine?

Mr. Baldev Singh.—That is 2 per cent.

President.—How do you determine that?

Mr. Baldev Singh.—We get the weight of rods from the Cleaning house and pass it to the drawing machine and the finished product we get is weighed separately.

Mr. Indra Singh.—You might have seen the scale when you visited our works.

President.—Taking both the cleaning house and the drawing machine, you get 3 per cent. (2 per cent. *plus* 1 per cent.) absolute wastage.

Mr. Baldev Singh.—Yes.

President.—I will tell you why I am raising this question. At the last enquiry we were told that the European practice represented a wastage of, I believe, a little more than 3 per cent.

Mr. Boag.—3½ per cent.

President.—So, as you say that your wastage is 3 per cent. without being unfair to you I am inclined to put a question mark in my mind.

Mr. Baldev Singh.—This is what we get from our calculation.

President.—Will you please look at the statement given in reply to question 8. The quantity of hard bright wire that you manufactured is 4,718 tons. Out of that you sold 118 tons of hard bright wire.

Mr. Baldev Singh.—Yes.

President.—Then you used 440 tons for the manufacture of annealed wire, and 20 tons for galvanised wire?

Mr. Baldev Singh.—Yes.

President.—And 3,572 tons of wire nails?

Mr. Baldev Singh.—Yes.

President.—That disposes of the whole quantity of hard bright wire that you manufactured?

Mr. Baldev Singh.—Yes.

President.—If you take your first figure, *viz.*, 4,718 tons which is your total output of hard bright wire and then you take your nail figure which is 3,572 tons and add to that 118 tons which is hard bright wire sold as such and annealed wire 440 tons.

Mr. Baldev Singh.—422 tons.

President.—That is tonnage you sold.

Mr. Baldev Singh.—Yes.

President.—And if you add 20 tons of galvanised wire, you get (3,572 *plus* 118 *plus* 440 *plus* 20) 4,150 tons. If you deduct 4,150 from 4,718, you will get at the wastage. If that is the wastage, it is considerably higher than 3 per cent.

Mr. Baldev Singh.—All is not wastage, but there may be some stock of wire.

Mr. Indra Singh.—There may be bad wire which we send for re-drawing.

President.—That would be what you would call second class wire.

Mr. Indra Singh.—Yes.

Mr. Baldev Singh.—That can never be the wastage. It is impossible to get so much wastage. But there will be a stock of wire.

President.—I should like to be able to say to the Legislature that the Indian Steel Wire Products had greatly improved their efficiency. The European practice shows a wastage of 3·5 per cent., whereas the Indian

Steel Wire Products have only a wastage of 3 per cent. on their working. If I make that statement it would not be readily believed. For that I want evidence on which I can rely and I have not got it yet.

Mr. Indra Singh.—This is due

President.—I accept your explanation. I only say that the burden of proof is on you.

Mr. Indra Singh.—In my opinion our wastage is less because we are not sending our waste wires to the galvanising machine. Whatever bad wire there is we send to the nail machine, and do not sell as wire. Therefore our wastage is less.

President.—In European wire plants where all kinds of wire products are made, necessarily the wastage is more.

Mr. Indra Singh.—Yes, because they want more accurate wires. For our nail machines we don't want such accurate wires.

President.—Where your wire is used very largely for the purpose of making nails, necessarily the wastage will be reduced.

Mr. Indra Singh.—Yes.

President.—In answer to question 10, you say that you once used a certain amount of No. 4 rod.

Mr. Baldev Singh.—Yes.

President.—How exactly do you draw from No. 4 to 5?

Mr. Baldev Singh.—We draw from 4 to 5½.

Mr. Indra Singh.—(Explained the location and use of the various machines.)

President.—The first two single blocks are for the purpose of drawing large sized rods to smaller size rods.

Mr. Baldev Singh.—Then they are passed on to the other blocks.

President.—Supposing you are unable to get No. 5 and if you are to use No. 4 up to the capacity of these two single blocks, you can draw from No. 4 to No. 5?

Mr. Baldev Singh.—Yes.

President.—Approximately what kind of increased cost would that mean?

Mr. Indra Singh.—Very little. These two benches are meant for drawing No. 4 wires,

President.—Is not there some way of estimating the cost of drawing No. 4 to No. 5?

Mr. Baldev Singh.—Approximately it would not cost us more than Rs. 3 per ton.

President.—What extra work on your drawing machines would that mean? Could you state it in terms of works cost? If you say that it is imperceptible, I want to know how slight it is?

Mr. Indra Singh.—It is very difficult to say that. It will no doubt take more power, but it is rather difficult to measure the power because all the benches are working at a time. For those two benches if we have a separate meter, then we will be able to ascertain the amount of power consumed there. At present it is difficult to find out the extra cost of drawing No. 4 to No. 5 but roughly it may be Rs. 3 per ton.

President.—From your reply to question 11, I understand that the position at present is this. The Tata Iron and Steel Company have definitely given up at any rate for the time being the idea of installing a hoop and strip mill and they are not in a position to roll rods of the kind you require on their merchant mill. Therefore what you are contemplating is to purchase and erect a rod mill for the purpose of rolling rods and other bar sections below half inch. So far, all that you have done is to get quotations from machinery manufacturers in Germany and the figures that you have received from them represent the actual cost of machinery, viz.,

Rs. 2½ lakhs, and the incidental charges—erection and freight charges—would bring the total figure to 5½ lakhs or nearly 6 lakhs.

Mr. Indra Singh.—Yes.

President.—On an expenditure of Rs. 6 lakhs you would be able to have this rod mill purchased and erected and ready for operation?

Mr. Indra Singh.—Yes.

President.—Have you got a detailed statement of this estimated expenditure from the machinery manufacturers?

Mr. Indra Singh.—We have got it for the rod mill.

President.—What about the estimate for erection, building, etc.?

Mr. Baldev Singh.—The estimate for building is not given. When we get specifications and plans, we will work out that here. (Copies of estimates from Krupp's and Demad shown to Board.)

President.—Were these enquiries made in 1929?

Mr. Baldev Singh.—They were made by me when I was on the Continent.

President.—And the estimates of capacity and so on are estimates given to you by these manufacturers?

Mr. Baldev Singh.—Yes.

President.—Have you seen a mill like this at work?

Mr. Baldev Singh.—Yes, one mill they have supplied to a firm in England and that is meant to roll copper rods. The capacity is the same. They have also told me that a small mill has been supplied to the Indian Copper Corporation. That is the kind of mill they have supplied.

President.—Is the mill for which you have received the quotation intended for rolling rods?

Mr. Indra Singh.—For copper rods.

President.—That would answer equally for steel rods?

Mr. Baldev Singh.—With a slight modification.

President.—What is the sort of modification they have made?

Mr. Baldev Singh.—I could not say.

Mr. Indra Singh.—Whatever estimates they have given us they have given for steel rods.

President.—After making the necessary adjustments?

Mr. Indra Singh.—Yes.

President.—It is practically like the Merchant Mill. Only the sections will be smaller.

Mr. Indra Singh.—Yes.

President.—Have you received any estimate from your manufacturers as to the total amount of power that you might require?

Mr. Baldev Singh.—They have given the horse power of the Motor.

President.—What is the horse power?

Mr. Baldev Singh.—1,500.

President.—Have you worked out a detailed estimate of conversion costs?

Mr. Baldev Singh.—That is a rough estimate.

President.—The average expenditure on account of electric power you estimate as Rs. 6-6 per day?

Mr. Indra Singh.—Not per day; it is per ton.

President.—Your rod capacity of this mill is supposed to be 15,000 tons?

Mr. Indra Singh.—Yes.

President.—Suppose you were working up to about 10,000 tons of wire rod and nothing else on this mill. On these figures what would be the total expenditure on electrical energy?

Mr. Baldev Singh.—Naturally it will be a little bit higher.

President.—The Tata Iron and Steel Company have stated in their letter that they may be in a position to supply electricity but they have none to spare now, and in order to know what precisely is the position with regard to that the Board ought to have some idea of the total expenditure of energy that your rod mill would need.

Mr. Indra Singh.—If we have to run the rod mill for 10,000 tons it must run continuously otherwise we have got to reheat the furnace.

Mr. Baldev Singh.—Suppose our production is 150 tons a day or say, 4,000 tons a month, it means that we must run the mill continuously and naturally the expenditure on power would come down.

President.—Can you tell me approximately if you start this rod mill next year what is the total amount of electricity you would need from Tatas?

Mr. Baldev Singh.—We could not say how much the electricity consumption would be but we can give you the horse power and that is 2,300 h. p.

President.—Can you give it units?

Mr. Baldev Singh.—Tatas will be able to give you the information because they are calculating how much the power consumption will be.

President.—Suppose you are making 10,000 tons or you are making 20,000 tons to 40,000 tons, at each stage what is the amount of electricity in units that you will require Tatas to supply? That is a point on which we need information.

Mr. Indra Singh.—As far as I know, once they have supplied the maximum quantity. They cannot stop that.

President.—Per day how many units would you require?

Mr. Baldev Singh.—I can't say. We can give you the information in a few days.

President.—I want it before I examine Tatas.

Mr. Baldev Singh.—Tatas are keeping a regular record of that.

President.—The figures you gave to Tatas was 2,300 h. p.?

Mr. Baldev Singh.—Yes.

President.—Another point that arises with regard to this rod mill is the question of billets. What is precisely the position now; has anything transpired since you wrote to us?

Mr. Indra Singh.—No. I went to Bombay to discuss this question with Tatas and the final reply I got was that the Tariff Board was sitting and everything would depend on what they settled.

President.—In the letter that you sent us you said that Tatas had agreed to sell you at the price at which tin bars are supplied to the Tinplate Company.

Mr. Indra Singh.—That was about two years ago.

President.—You have not heard anything definite on the point since then?

Mr. Indra Singh.—No.

President.—So, as things stand at present, the lowest price at which you can get your billets is Rs. 83 per ton?

Mr. Indra Singh.—According to the Tariff Board's recommendations the price of billets was fixed at about Rs. 75 per ton.

President.—Rs. 75 was the lowest fair selling price which might be attained by Tatas if they get full output: on an output of 6,00,000 tons of finished steel they might expect to sell their billets at a fair selling price of Rs. 75. Suppose Tatas were prepared to sell you their billets at the lowest fair selling price which they might ever attain which is Rs. 75 and to that suppose we added the lowest conversion charges as you have estimated in your mill—that is to say if you attained an output of 45,000 tons in your rod mill your conversion charge would be about Rs. 25.

Mr. Indra Singh.—That will take time.

President.—Rs. 75, is the lowest figure at which they can supply billets; add wastage Rs. 7.5 and then add your conversion charges at Rs. 25. That means Rs. 105 excluding depreciation and interest.

Mr. Indra Singh.—Yes.

President.—Against that what is the present price at which you are able to get rod supplied from abroad?

Mr. Baldev Singh.—Rs. 98 was our last year's figure.

President.—So that if you erected this mill and got your billets at the cheapest possible price and took your conversion charges on the largest output, even then it would cost you about Rs. 9 more to roll your rod than getting it from abroad?

Mr. Indra Singh.—Tatas cost in the beginning was Rs. 39 and now it is about Rs. 17; they have reduced the conversion charges by about 50 per cent. In the same way we might go below Rs. 25.

President.—The point is this. You are now thinking of installing this rod mill because you want to have your industry upon Indian material. Therefore you are getting this rod mill for using billets made by Tatas. If that were agreed to, then you would be entitled to protection under our present policy. But supposing we agreed to grant you protection on that basis, these figures would indicate that we would be granting protection though you would undertake rather an uneconomical arrangement. This is the difficulty we would have to face. You might be prepared to get your billets from Tatas but if we told the Government and the Legislature that because this has been done protection should be granted, the criticism we have to face is that we are going to extend protection on the understanding given by Mr. Indra Singh that he would undertake a definitely uneconomical arrangement which puts a burden on the consumer?

Mr. Indra Singh.—In the beginning it would be a burden but afterwards we would be able to reduce the costs.

President.—Take your figure of Rs. 98; that is excluding the revenue duty of 12½ per cent. Rs. 98 is the price landed at your works, so in order to get the price c.i.f. Calcutta you deduct about Rs. 8 railway freight and so on, therefore Rs. 91 or Rs. 92 will be the Calcutta price. 12½ per cent. of that would be about Rs. 11, so if you add Rs. 11 to Rs. 98 you get Rs. 109. That is to say if you assume a normal state of things under which a revenue duty is imposed, then ultimately you might be able to get your rod made at a cost which is slightly lower, but if the present cost continued it would be better for you to get your rods from abroad rather than instal a rod mill.

Mr. Indra Singh.—If the condition is imposed that I must use Indian material then there is no alternative for me but to instal this rod mill.

President.—I notice in the statement that you have sent us about cartels, you give some figures of rebates which are allowed now on various steel products. I notice that your information is based upon figures supplied by the British Steel Federation.

Mr. Dube.—But we have different figures *re* rebates taken from the Iron and Coal Trades Review.

President.—The only statement of figures with regard to rebate that I notice in it is on page 16.

Mr. Dube.—The British Federation's figure is 30 shillings in 1931.

President.—If these figures are correct then in May 1931 the total rebate on exported wire rod was 30 shillings, that is about Rs. 20. What I am trying to show is this. It is true that you are getting your wire rod at Rs. 92 or Rs. 98, and you are able to get that at Rs. 92 or 98 because the German Wire Rod Cartel allows a rebate of Rs. 20 on exported rod. Supposing the export of rod from Germany to India are conducted on economical lines without assistance in the way of rebates, then your price without duty would come to Rs. 98 *plus* Rs. 20.

Mr. Indra Singh.—Yes.

President.—Which was more or less the price that ruled for wire rod three or four years ago landed at Jamshedpur.

Mr. Indra Singh.—Yes.

President.—So the only basis on which you would be justified in installing a rod mill from a purely business point of view is on the assumption that the present price at which wire rod is imported into India from Germany includes a rebate on export of about Rs. 20. Supposing competition was perfectly economical then the price might go up to an extent of Rs. 20. If it is Rs. 118 and if there is a revenue duty then I can understand that under these favourable conditions your rod mill would be an economical proposition.

Mr. Indra Singh.—Yes, that is the position.

President.—If you assume that and then assume your conversion costs are correct then your rod mill would prove to be an economical proposition, otherwise, not. That is the position as far as I can understand.

Mr. Indra Singh.—I agree.

President.—Will you look at your statement A where you give the price of rod delivered at your mill? What is the present freight from Calcutta to Tatanagar?

Mr. Baldev Singh.—Rs. 4-9. That is the concession rate we get from the Bengal Nagpur Railway, on wagon loads of above 300 maunds.

President.—Is that the usual wagon load rate or is that a special concession for you?

Mr. Baldev Singh.—It is a special concession allowed only from 1st January 1931.

President.—As regards 29th June 1928 from the quotation that you give here the freight works out to Rs. 9½ per ton. It has been gradually reduced.

Mr. Baldev Singh.—Last year we made representation to the Bengal Nagpur Railway and we got a special concession on wagon loads from Tatanagar.

President.—You are able to send the bulk of your consignments on wagon loads.

Mr. Baldev Singh.—Yes.

President.—The February quotation works out to Rs. 4-14-9. If you take the total railway freight to Tatanagar and divide it by the total tonnage consigned, you get a figure of Rs. 4-14-9 or very nearly Rs. 5. If you have got the concession since January, the freight figures in this statement are rather puzzling me, because I find on various dates different figures are given. On 14th April 1928 the freight figure is Rs. 6-10 whereas on the 29th June of the same year it is Rs. 9-8. At present you are able to get a freight of Rs. 4-9 per ton.

Mr. Baldev Singh.—As. 2-7 per maund on rods.

President.—What do the landing charges in Calcutta amount to?

Mr. Ganguli.—Rs. 2-14 per ton.

President.—About Rs. 3 a ton, would that be correct?

Mr. Ganguli.—Yes.

	Rs. A.
<i>President.</i> —Landing charges	3 0
Freight	4 9
Handling at your works	1 0
TOTAL	8 9

Mr. Ganguli.—Yes.

President.—Here it actually works out to As. 14 and then if you add Rs. 8-9 to the c.i.f. price, you get the price landed at your works.

Mr. Indra Singh.—Yes.

President.—If you have been able to get a consignment for Rs. 92 and you deduct Rs. 8-9 from that, the c.i.f. is Rs. 83-7.

Mr. Indra Singh.—Yes, the c.i.f. price of the rod.

President.—That is about £6.

Mr. Baldev Singh.—£6-3-6.

President.—Supposing you deducted from that this freight of 16 shillings you get £5-7-6.

Mr. Baldev Singh.—Yes.

President.—Does that correspond to current rates?

Mr. Baldev Singh.—Yes.

President.—What is the latest quotation of wire rod?

Mr. Baldev Singh.—We have booked last time at £5-18.

President.—That was f.o.b.

Mr. Baldev Singh.—C.i.f. They are allowing us certain rebates which we are not supposed to tell anybody. We can show you the actual letter where they say they are making concession which should not be made public. In our interests we are keeping it as a secret.

President.—That is a reduction of 5 or 6 shillings.

Mr. Baldev Singh.—Yes. The original quotation was something like £6-2 but there is a confidential rebate of 5 or 5½ shillings.

President.—You would lose the advantage of the secret rebates if you had your own mill.

Mr. Baldev Singh.—Quite.

Mr. Indra Singh.—The advantage is that we would be able to get the raw material in the country supposing war or something else happened.

President.—I want to get some idea about your packing arrangement. I understand your practice is to send about 80 per cent. of your nails in kegs and only 20 per cent. in cases. What precisely is the difference? Are there particular markets for which you have got to send your consignments in kegs and other markets in cases?

Mr. Baldev Singh.—There are particular markets which insist on nails being in kegs.

President.—Which are the principal markets which want that?

Mr. Baldev Singh.—All parts of the country which are fed by Karachi port are mostly supplied in cases.

President.—All markets fed by Calcutta, you will supply in kegs?

Mr. Baldev Singh.—Yes.

President.—Taking your sales for last year, practically 80 per cent. was sent in kegs.

Mr. Baldev Singh.—Yes.

President.—Actually is there very much difference in the cost of packing? If you look at these figures here your keg costs As. 14 and your case also As. 14. The capacity of a keg is exactly the same as the capacity of a case so that the only difference in cost must be packing.

Mr. Baldev Singh.—Paper and labels.

President.—That is the only item?

Mr. Baldev Singh.—Yes.

President.—What difference does that make?

Mr. Baldev Singh.—About As. 4 to 6 per cwt.

President.—Supposing you consigned one ton of nails packed in kegs and one ton of nails packed in cases, what would be the difference?

Mr. Baldev Singh.—The difference would be Rs. 5 to 7 more per ton of nails in the case of cases.

President.—There is one point on which I should like you to give me information. The point is not clear to me from your replies. You sent us a statement showing the distribution of your sales in various markets. I gather from that statement out of a total sales of 830 tons only 25 tons was sold in the Calcutta market.

Mr. Baldev Singh.—Yes.

President.—The rest were all sold up-country.

Mr. Baldev Singh.—Yes.

President.—It stands to reason to suppose that on all your sales up-country you would get a certain amount of freight advantage over the importer, because he has got to send it all the way from Calcutta. Please see your statement of freights on page 34. If you take the freights of big lots both from Calcutta and from up-country centres, I should say that As. 7 a maund is the lowest advantage that you can get on your up-country shipping.

Mr. Indra Singh.—Yes.

President.—As. 7 a maund means Rs. 11 a ton.

Mr. Indra Singh.—Yes.

President.—Considering your present market. But if you expand your output, you have got to find an additional market for the increased output, and you may not get the same advantage, because you will have to cut into the markets which are nearer and nearer to Calcutta. Taking your sales on the basis on which they were distributed last year, you would have an advantage in my opinion of at least Rs. 10 over the importer.

Mr. Indra Singh.—Whatever output we have, we are sending mostly up-country. They are consuming our nails because they have got a certain advantage in the matter of freight. Suppose we are going to increase the output, we have to find the market in Calcutta.

President.—On your present output of nails last year you sold about 1,500 tons. So long as you confined your sale to 1,500 tons, you would be able to get this advantage, but if you increased your output and you wanted to push your sales, then you would gradually lose the advantage.

Mr. Indra Singh.—Yes.

President.—This statement of realised price that you sent us, is that your realised price?

Mr. Indra Singh.—Yes.

President.—Is that the actual price realised at the works deducting all the selling expenses, discount freight, etc., or have you simply given us the average selling rate in the Calcutta market?

Mr. Baldev Singh.—This doesn't represent any sale in the Calcutta market.

President.—In May 1931, your actual realisation on nails was Rs. 7-7-1 a cwt.

Mr. Baldev Singh.—Yes.

President.—What was the corresponding price in the Calcutta market?

Mr. Baldev Singh.—It was Rs. 7-6. This is the average for the whole month. Some were sold in the United Provinces and some in Calcutta.

President.—What I want to know is this; you take your average realisation at the works over a period of 6 months or a year, then take the average of that and compare that with the average ruling price of nails in the Calcutta market. That would give one a fair idea of the advantage that you enjoy in respect of freight.

Mr. Baldev Singh.—Yes.

President.—Taking into account your up-country shipments and your Calcutta shipments.

Mr. Baldev Singh.—Yes. Supposing we took the figure of March, we didn't sell anything in Calcutta.

President.—Then you get Rs. 8-1-6.

Mr. Baldev Singh.—Yes.

President.—Mr. Ganguli, what was the ruling price in Calcutta in March last?

Mr. Ganguli.—Rs. 7-12.

President.—That means a difference of As. 5-6.

Mr. Baldev Singh.—Yes.

President.—Would you be able to work out a statement for us? Take a period of 12 months. Take your average realised price, that is to say, each month take the price that you get and multiply by the quantity sold and take the average on that basis for the whole year. Against that I want to know the average ruling rates during those months in the Calcutta market.

Mr. Baldev Singh.—Yes.

President.—You know the basis on which I want it. Can I take the proportion that you show in the supplementary statement of sales which you sent us last week—Calcutta say about 25 tons out of the total 829 tons?

Mr. Baldev Singh.—Yes.

President.—Is that generally the proportion in which you sell in Calcutta?

Mr. Baldev Singh.—That is not the proportion. As long as we can dispose of our nails in the up-country markets we prefer to sell in the up-country markets, because we realise more.

President.—Can you tell me taking your experience of the past three years approximately what proportion of your sales is in the Calcutta market?

Mr. Baldev Singh.—We don't sell in the Calcutta market generally, but during the last month we sold about 400 to 500 tons because we could not dispose of that up-country during the depression.

President.—Practically you try to avoid the Calcutta market?

Mr. Baldev Singh.—Yes.

President.—But hard times are pushing you into the Calcutta market?

Mr. Indra Singh.—Yes. There was an accumulated stock of 500 tons of nails, and we had to dispose it of.

Mr. Ganguli.—On the quantity sold in Calcutta, the realisation was Rs. 20 less per ton.

President.—What is the present price?

Mr. Ganguli.—Rs. 7-4 local price.

President.—Is that the latest?

Mr. Ganguli.—Yes.

President.—May I take that as the wholesale market price?

Mr. Ganguli.—Yes.

President.—That is c.i.f. plus landing charges, duty and the dealer's commission.

Mr. Ganguli.—9s. c.i.f. per cwt. At 1s. 6d. it comes to Rs. 6.

President.—Landing charges?

Mr. Ganguli.—As. 2-6 a cwt. and duty 12½ per cent.

President.—What is the commission?

Mr. Ganguli.—That is included in 9 shillings.

President.—That includes the importer's commission.

Mr. Ganguli.—Yes.

President.—What is the dealer's commission?

Mr. Ganguli.—The dealers are getting at that price.

President.—What is the price at which the dealer sells?

Mr. Ganguli.—Rs. 7-4.

President.—9 shillings is Rs. 6.

Mr. Ganguli.—Yes.

President.—Including the landing charges it comes to Rs. 6-2-6.

Mr. Ganguli.—Yes.

President.—The duty comes to As. 12.

Mr. Ganguli.—Yes.

President.—It comes to Rs. 6-14.

Mr. Ganguli.—It doesn't exceed Rs. 7.

President.—You said it was Rs. 7-4.

Mr. Ganguli.—That is the price at which the dealer would sell.

President.—Then he has a commission of about As. 5-6.

Mr. Ganguli.—Yes. This is not always a jetty price. He has to pay carting charge to the godown.

President.—That would be an extra landing charge.

Mr. Ganguli.—Yes.

President.—Cartage to godown and the dealer's commission would come to As. 5-6.

Mr. Ganguli.—Yes.

President.—Now I come to your cost statement. You know the real purpose for which we have asked for these cost statements. If the Board decides to grant protection, then that protection is calculated on the difference between your cost price—whatever we consider your fair cost price—and the corresponding import price. It is necessary therefore for us to get an accurate statement of what it costs you to make those of your products which come into competition with the imported products. You make all sorts of wire and nails. It is rather difficult in a case like that to know what particular cost to take for comparison with import price—what import price and what particular cost ought to be taken into account. One way we thought by which we might tackle your case is to take a typical class of wire No. 12 gauge and see what it costs you to make No. 12 gauge and see what the import price of No. 12 gauge wire is and take the difference between the two, or we may take 2" nails and see what it costs to make that and find out the corresponding import price. Unless we know how exactly you have allocated your costs as between wires and nails and between various classes of wires and various classes of nails, we should not be able to get at the cost we want. I do not understand your system of allocation. Would you explain it?

Mr. Indra Singh.—It is almost impossible to say. All the machines are being run by one motor. There are not separate motors.

President.—You cannot measure your power from the way in which it is at present distributed?

Mr. Indra Singh.—No.

President.—You cannot measure the way in which your labour is distributed?

Mr. Baldev Singh.—That we can estimate. All other things, except power and water, we can estimate.

President.—And your establishment?

Mr. Indra Singh.—Yes.

President.—Please look at Form III. You have not charged anything to nails for office charges and establishments. The whole of that is charged to wire?

Mr. Baldev Singh.—Because it is the wire that we are taking to the Nail Department we debit the whole thing to wire.

President.—You made 1,800 tons of wire and 1,550 tons of nails and you charged the whole of your supervision to wire and nothing to nails.

Mr. Baldev Singh.—Quite so.

President.—That is very haphazard.

Mr. Baldev Singh.—We are not making anything else except wire and nails.

President.—As far as rod is concerned, there is no difficulty. The material can be directly assessed. The other materials also can be directly charged?

Mr. Baldev Singh.—Yes.

President.—Power you cannot?

Mr. Baldev Singh.—No, we cannot.

President.—Water you cannot?

Mr. Baldev Singh.—Quite so.

President.—Labour you can?

Mr. Baldev Singh.—Yes.

President.—Repairs and maintenance you cannot?

Mr. Baldev Singh.—No.

President.—So, that is an indeterminate item. Packing you can?

Mr. Baldev Singh.—Yes.

President.—“Miscellaneous” of course is different?

Mr. Baldev Singh.—Yes.

President.—More than half your expenditure is allocated. It is somewhere about half which is directly charged, so that it is difficult for us to follow the allocation method you have adopted. In this case, we cannot say that this is what it costs the Indian Steel and Wire Products to make 12 gauge wire. If we take the import price of 12 gauge wire and then if we estimate what would be the cost of making the 12 gauge wire, we might get thoroughly misleading results?

Mr. Indra Singh.—We can say only approximately. We can take the total tonnage and divide it.

President.—Then there is the dividing between wire and nails?

Mr. Indra Singh.—Yes.

President.—Supposing the Board tried to assess the measure of assistance you might require on this basis. We will take your 1930-31 costs. You made 1,818 tons of wire and 1,550 tons of nails. We will assume that for the purpose of calculation the whole of the wire that you made in 1930-31 was converted into nails and take your costs of wire on the basis of 1930-31 costs you give here. We will take your nail statement and then see what reduction in costs might be expected if your output of nails was increased by 300 to 400 tons. If we do that, we get your final cost of nails on the assumption that everything that was drawn in your wire plant is converted into nails, so that we can take your total expenditure for the year and divide it by 1,800 tons of nails which would have been manufactured out of 1,818 tons of wire.

Mr. Indra Singh.—We make all sorts of nails.

President.—I mean your average price of your nails.

Mr. Indra Singh.—Yes.

President.—Having got the final cost price, we will compare it with the ruling price of nails, say, in the Calcutta market?

Mr. Indra Singh.—Yes.

President.—Would that give one a fair idea of your position in relation to the imported product?

Mr. Indra Singh.—Yes.

President.—There no allocation is required?

Mr. Indra Singh.—No.

President.—You take the whole of your cost and make a certain reduction for your nail conversion cost because the quantity of nails would be

more in 1930-31 and you get the final cost of nails which would represent more or less your average cost during the year?

Mr. Indra Singh.—Yes. We are having cost sheets.

President.—That is all allocated?

Mr. Baldev Singh.—If we make wire, then it is to wire that all these expenses should be charged.

President.—Supposing I took your works costs of wire from Form II, then the average cost of wire is Rs. 135.

Mr. Baldev Singh.—Yes.

President.—Your wire cost in Form III is entered as Rs. 135. Instead of taking 1,553, take 1,818 tons. Assume the whole of that output is converted into nails. Then make some allowance for the reduction that you would necessarily make in some of your charges under nails if the output was 1,818 instead of 1,553. Then the final cost you get for nails will include the whole expenditure of the works. There is no allocation. That might give one a fair idea of the average cost incurred at the works.

Mr. Indra Singh.—Yes.

President.—Assuming the whole thing is made into nails?

Mr. Baldev Singh.—It would not give you any exact idea.

President.—What I am suggesting is that this would be a fair way of getting your costs. We cannot take your allocations because they are arbitrary. From your point of view it might be altogether unsatisfactory.

Mr. Indra Singh.—Yes.

President.—You have to adopt some rough and ready method. As far as I can judge this would be less misleading than the particular method that you have adopted in this statement?

Mr. Baldev Singh.—You assume that there is a difference of 33 tons.

President.—Assume that 300 tons of wire would be made into nails.

Mr. Baldev Singh.—I admit that there would be reduction in the cost of nails, but the reduction will be only in the process of manufacturing nails. All the expenses that have been incurred to draw that wire will go into nails. The only reduction will be due to the increased production and there may be a little saving also owing to the increased packing. There cannot be any major item on which reduction is possible. Supposing we turned the whole output to nails, the overhead charges will have to be divided by the whole output.

President.—By 1,818 tons?

Mr. Baldev Singh.—Yes, but the whole of that has to be converted into nails. That is to say 300 tons more of wire will have to be converted into nails.

President.—For which you have capacity and for which there is a market.

Mr. Baldev Singh.—Do you think that it will lead to some reduction?

President.—If you made 1,818 tons instead of 1,553 tons, there might be some reduction in labour. You don't have to increase your establishment?

Mr. Baldev Singh.—We have taken all this establishment at 1,818 tons of wire, out of which we manufacture 1,500 tons of nails. So that left us a balance of 300 tons of wire. It is only a slight reduction that we can show in the nail.

President.—Can you show the reduction?

Mr. Baldev Singh.—That is very negligible.

Mr. Ganguli.—It is all piece work. Packing is done on piece work basis.

President.—I cannot understand that there will be no reduction in the cost.

Mr. Baldev Singh.—The nail making is a sort of piece-work. We pay them according to certain fixed rates.

Mr. Ganguli.—Then again it is difficult to find out the import price for nails or wires.

President.—That is why I suggest that we should take the average. You don't like to suggest any reductions on account of the increase in output. All the prices of nails that I have seen are average prices.

Mr. Baldev Singh.—That will be very negligible. We do admit that there will be a very small reduction.

President.—I do not know if you have looked at the original costs of the Indian Steel Wire Products Company. They gave us some rather interesting statements of costs in 1926 or 1927. I was looking through their costs items. In most cases, your costs are lower?

Mr. Baldev Singh.—Yes.

President.—Of course you don't pay any duty on the wire rod and the price of wire rod has come down since that time.

Mr. Baldev Singh.—Yes.

President.—Some of the materials have also come down?

Mr. Baldev Singh.—Yes.

President.—The price of coal has come down?

Mr. Baldev Singh.—Yes.

President.—Even apart from that your costs are considerably lower?

Mr. Baldev Singh.—We have saved the Head Office expenditure of Rs. 3,000.

President.—There is one item in which your costs appear to be considerably higher. According to their statement of costs, for June 1926, when they were making 120 tons of nails per month which is approximately 1,500 tons a year—that is exactly your output in 1930-31—their cost of consumable stores was Rs. 1.6 and yours in 1930-31 Rs. 5.6 which I think is a very high figure. That is obviously an item in which a considerable reduction is possible. I will give you the exact statement. This is the statement (shown). The price of consumable stores have come down but in spite of that you spent Rs. 4 per ton more than they did then. If you look through their other statements there is no month in which they spent more than Rs. 2 on consumable stores. They give all the items; their consumable stores are precisely your consumable stores and there is no difference as regards the materials.

Mr. Baldev Singh.—I can give you the details. Certain items that are included in our consumable stores were shown under different heads by our predecessors.

President.—I am not questioning you that you have not actually spent this amount; what I am suggesting is that you have spent too much and ought to reduce it, and unless you can show me satisfactory reasons for the big difference between your costs of consumable stores and that of the original company I am inclined to think that your costs under that head are rather too high. You might send in a statement explaining the position later on.

Mr. Indra Singh.—Yes, I will give you the reasons for this high cost.

President.—Taking Form III again take the item "other materials". Your output in 1928-29 was 1,088 tons. Your output in 1930-31 was 1,553 tons but your other materials have more than doubled. I don't see why material costs should not go up in proportion. It has gone up much more.

Mr. Indra Singh.—We will send you a detailed explanation of it.

President.—Take your "repairs and maintenance". In 1930-31 it is Rs. 7,000 against a little less than Rs. 2,000.

Mr. Indra Singh.—In the first year practically we did not have to spend anything on repairs, so the expenditure under the head "repairs and maintenance" was less at that time.

President.—The point is this. As far as repairs and maintenance are concerned the expenditure is incurred, so to speak, periodically but actual wear and tear occurs from year to year but the expenditure is incurred only

once in two years or once in three years. In taking your future costs therefore you should be justified in taking the average of the last three years.

Mr. Indra Singh.—That is so. In this particular year we had to repair certain parts of the old machine.

President.—What about labour? For 1930-31 it is a very high figure?

Mr. Indra Singh.—Labour is piece-work.

President.—If you take Form II what exactly are the items included under "Supervision and office staff"?

Mr. Indra Singh.—That includes pay of the Foreman and whatever office clerks and works clerks we have got.

President.—Can you give me an analysis of that? Take 1930-31 figure—Rs. 16,241 for supervision and office staff.

Mr. Indra Singh.—That includes Rs. 1,000 for the manager. I will send you the details.

President.—I want a similar analysis of the miscellaneous expenditure both on wire and wire nails.

Mr. Indra Singh.—Yes.

President.—At present taking the market prices what is the spread between wire and nails?

Mr. Baldev Singh.—It is very difficult to explain. For instance, the foreigner quotes Rs. 4-12 for 12 gauge annealed wire while they are selling nails at about two rupees higher than that. That is a point which it is very difficult for us to explain. When there is a big order they quote the lowest possible price but when there is an order for 10 or 20 tons they keep up the price. Rs. 4-12 is just the price at which we can get our wire rods.

President.—What is the general practice: are nails sold at the same price as wire?

Mr. Baldev Singh.—There is very little difference between the price of wire and nails.

Mr. Ganguli.—Rs. 25 a ton, but annealed wire and nails sell at almost the same price.

President.—But if you take hard bright wire you say the difference is Rs. 25?

Mr. Ganguli.—Yes.

President.—Taking corresponding gauges—if you take, for example, 12 gauge wire and you take nails 12 gauge—taking assorted sizes of wires and assorted sizes of nails you get a difference of about Rs. 25?

Mr. Ganguli.—Yes.

President.—Is that difference in the c.i.f. price?

Mr. Ganguli.—Yes.

President.—I saw a statement in the Iron and Coal Trade Review that recently—this is speaking of the future about the wire Syndicate—a provincial agreement has been already reached between German and Belgian makers and their prices are £4-18-9 for plain wire and £4-17-6 for wire nails. Would you be able to send me some of the ruling prices? I don't want prices previous to March.

Mr. Ganguli.—Yes, I will send you some.

President.—Give me a number of cases which would establish that the difference is somewhere between Rs. 20 and Rs. 25.

Mr. Ganguli.—Yes.

President.—When the Tariff Board in 1925 decided to grant protection I think they adopted the same duty for wire and wire nails because they proceeded on the assumption that there was very little difference. That was questioned afterwards, but I have seen no evidence myself that the practice has changed. Assuming the Tariff Board is prepared to consider the question and the Legislature is prepared to grant protection, would the same rate of

duty answer your purpose? If the f.o.b. prices of wire and wire nails are the same and if annealed wire is sold at the same price as nails then these two things must be selling at more or less the same price?

Mr. Indra Singh.—In Government tenders they quote Rs. 4-12 per cwt. for annealed wire when they cannot deliver rods at that price although our quotations are for 600 tons at a time and Government order is for 300 tons only.

President.—Mr. Ganguli, if you could send us a statement showing the difference in the current prices between the various classes of wire and nails, that would give us some useful information.

Mr. Ganguli.—Yes, I will.

President.—Your block is given as Rs. 3,79,000 but actually you have spent Rs. 3,40,000 which was your purchase money paid to the debenture holders and then you say you have paid Rs. 2 lakhs for additional equipment, that is Rs. 5,40,000. Your block has depreciated?

Mr. Indra Singh.—Yes. From this we took out 1.1 lakhs for metal shelving.

President.—On page 43 you have given the average value of stock and stores on 31st March 1930 and your outstandings on 31st March 1931. Adding all these together you get a figure of somewhere about Rs. 1.31 lakhs a year.

Mr. Baldev Singh.—Yes.

President.—I was looking at it in relation to your works cost. After all you want working finance for works expenditure. Your total works cost of nails is about three times your average stocks, stores and outstandings, so that the working finance that you require corresponds to your works cost of 4 months output of nails, is that correct?

Mr. Baldev Singh.—Yes.

Mr. Indra Singh.—During the rainy season we can't sell anything.

President.—But you must take an average figure. If you take your works cost over a period of a year and divide it by one-third, that will give you the working finance that you require.

Mr. Indra Singh.—Yes.

President.—There is only one other point to which I want to draw your attention and that is the proposals that you make for protection. I must frankly say that the proposals that you make are rather big proposals. Personally I think you ought to have thought this matter out a little more carefully before you put forward your proposals, because I tried to work out that if the Legislature accepted your proposals of a duty and a bounty on a sliding scale on all classes of wire products and on steel sections of less than $\frac{1}{2}$ inch for a period of 10 years, you would place a burden on the country approximately to the extent of Rs. 3½ crores in order to support an industry of which the total capital investment is Rs. 5 lakhs. It does not do good to an industry to make a proposal of that nature. Obviously you have not thought it out. I worked it out on the trade figures taking your duty of Rs. 80 per ton for the first five years the bounty does not mean any additional charge as it comes off the duty, and so I have not taken that into account—and Rs. 60 per ton for the next three years and Rs. 40 per ton for the last two years. Altogether for the whole period of ten years an additional burden on the consumer comes to Rs. 344 lakhs.

Mr. Indra Singh.—We have reduced that every year.

President.—I am taking it on these reduced figures. You are asking the consumer in this country to undertake a burden of approximately Rs. 3½ crores.

Mr. Indra Singh.—Do you think that we shall be able to sell at this price without protection? Without protection our country would be losing to the extent of nearly a crore of rupees.

President.—The point is not that. You must make out a case which the Government and the Legislature would consider a fair proposition. A pro-

position which implies an imposition on the country of a burden which is to be estimated on this scale would strike anybody as an extravagant proposition.

Mr. Indra Singh.—When we have to establish an industry there must be some burden on the country; otherwise in the beginning it would not be possible to compete with the foreigner who has his whole nation behind his back and who, we claim, has many artificial advantages like rebates in raw material, Railway and Ocean freight, Banking facilities, etc.

President.—If you take all the wages that you would be able to pay and all the interest on capital that would be earned in this country for 10 years, would the country be able to derive from the Wire and Wire Nail Industry an advantage which would be commensurate with the total burden of Rs. 3½ crores?

Mr. Indra Singh.—It looks rather a big figure but is that the right way of judging things?

President.—It doesn't help an industry and it discredits the policy of protection when applicants demand protection on this scale. When the figures are put to you, you realise that the demand is somewhat out of proportion to the requirements of your industry.

Mr. Baldev Singh.—That is what we feel by working out figures. But the tariff policy of other countries except England which aims more or less at self sufficiency inflicts greater burden on the consumer of those countries.

President.—As a matter of fact you are playing into the hands of people who are sceptical about protection. They will say the fact that an industry in which the total capital invested is Rs. 5 lakhs cannot establish itself in this country except at a cost of Rs. 3½ crores is a proof that the industry is not worth establishing. All that machinery was bought at boom prices. If you take the present replacement value which is about 40 per cent., even on that scale, this estimate of protection to put it mildly is extravagant. It is a point which the Board has got to consider very carefully. All that I meant to suggest was that when an industry says that it requires assistance to this extent in order to establish itself, it is not worth any encouragement. I personally wish that you had thought the matter out in greater detail before you put forward your proposal.

Mr. Baldev Singh.—Our object was to decrease the cost of production. According to the figures that I have got from America and Germany, I think in the near future we will be able to bring our costs up to that level.

President.—I am assuming that you should be able to dispense with protection, but in the meantime, if you want to do that you want the country to incur an expenditure of Rs. 3½ crores in order to bring into existence an industry of which the total capital is Rs. 5 lakhs.

Mr. Baldev Singh.—If we increase our output and decrease the costs, we will be selling at a less price to the country. We may be able to do so after two years time.

President.—If you are going to do business on business lines, you would charge a price to the Indian Consumer corresponding to the import price plus the duty.

Mr. Baldev Singh.—Certainly.

President.—Therefore the duty that you suggest would be paid by the consumer in addition to the import price whether you supplied it or the importer supplied it.

Mr. Baldev Singh.—We must bring the industry to that level.

President.—After ten years, you might bring it to that level, but during the 10 years this is the total bill that you want the consumer in India to foot.

Mr. Baldev Singh.—That is our estimate. Suppose we brought our costs of production down and reduced our selling price after two or three years, the industry would be no loser then.

President.—How can you reduce the price?—that is what I don't understand, unless you are going to do business on lines different from an ordinary

businessman. If I were running a business and the industry was protected. I would sell my article at a price which would correspond to the duty paid import price. Why I should do anything else? Supposing, for example, as a matter of philanthropy, you decided to sell at a price less than the import price, then there would be a certain class of dealer in the country who would buy from the importer and the dealers between them would buy at the imported price. You might lose at the expense of the dealer. The dealer would gain at your expense. That is would happen. You might be philanthropic. You might take a sensible view of the matter and say "as I am receiving protection, I propose to sell less than the import price". He in his turn would sell at the import price.

Mr. Baldev Singh.—Our proposals are based solely with a view to safeguard ourselves against future dangers. We cannot say with any definiteness what our foreign competitors would do in the near future. We have put forward those proposals to be on the safe side. It rests with the Board to decide. We will send a statement on this point.

President.—A business proposition must be looked at from a business point of view.

Mr. Ganguli.—If there is no industry in the country, there is every likelihood of that price going up.

President.—That is a somewhat irrelevant point. The whole point that we are considering is in order to establish an industry is it really necessary to incur a burden to that extent.

Mr. Ganguli.—You mean that we must prove.

President.—You must prove it to our satisfaction.

Mr. Ganguli.—There is the question of cutting down prices. If there is not this industry in the country, they would not be cutting down their prices.

President.—You are perfectly entitled to take that view.

Mr. Ganguli.—The price of wire rod has been reduced while the price of nails has gone down to Rs. 30.

President.—The assumption of the Fiscal Commission which recommended a policy of protection was that the country should derive a commensurate advantage. All that I am suggesting is that on your proposal the expenditure in relation to the advantage anticipated shows a very considerable lack of caution. That is all I am inclined to point out.

Mr. Rahimtoola.—Yours is a private company at present?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—Is it a private limited company?

Mr. Indra Singh.—No.

Mr. Rahimtoola.—It is unregistered and unlimited company?

Mr. Indra Singh.—Yes.

President.—Is it a Company?

Mr. Indra Singh.—No.

President.—It is simply a proprietary concern?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—It is not even a Company?

Mr. Indra Singh.—No.

Mr. Rahimtoola.—Mr. Ganguli, are you connected in any way with the Company?

Mr. Ganguli.—I am the selling agent of the Indian Steel and Wire Products.

Mr. Rahimtoola.—I think that the dates you give regarding negotiations somewhat differ from the written statement. It is stated here that negotiations started on the 27th of August and completed on the 19th of November 1927 and that you commenced business on the 7th of March 1928?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—I suppose that the dates given in the written statement are correct?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—*Mr. Baldev Singh*, you told us that you left for the Continent to qualify yourself for the work in which you were interested in this works soon after the concern was purchased?

Mr. Baldev Singh.—Not soon after the concern was bought. We worked the factory for about a year and then we made an application to the Government of India regarding protection. As no reply was received we thought that the best course was to study the industry personally and see if there was any possibility of improving this industry. With this object in view I left for the Continent in February 1929.

Mr. Rahimtoola.—Who was the technical expert in the Company for the time you were running the factory for one year?

Mr. Baldev Singh.—There was another foreman who was working under the old company. He was in charge of our works.

Mr. Rahimtoola.—When the Company went into liquidation were not the people all dismissed or were their services not dispensed with?

Mr. Baldev Singh.—Yes, but we retained the services of the foreman.

Mr. Rahimtoola.—He was also there during the time you were absent from India?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—At present, he is not there, is he?

Mr. Baldev Singh.—No.

Mr. Rahimtoola.—If you secure protection, your intention is to start a registered public limited liability company?

Mr. Indra Singh.—Yes, if I start now nobody will come forward to buy shares. I am willing to call for public subscription even now if they want to buy shares.

Mr. Rahimtoola.—Your intention is certain for one thing that if protection is granted you will form a public registered Company?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—You gave us to understand that you paid Rs. 3,16,000 to the Bihar and Orissa Government for the debenture holders and Rs. 22,000 for stocks.

Mr. Indra Singh.—Rs. 22,500 for stocks.

Mr. Rahimtoola.—And Rs. 24,000 to the Tata Iron and Steel Company?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—May I know why?

Mr. Indra Singh.—Rs. 48,000 was due to them from the old concern. They said that at least half the amount should be paid to them; otherwise they said they would not enter into agreement with us. They insisted upon that. I was working with Tata's and so I agreed.

Mr. Rahimtoola.—At least your application showed that when you applied to the Government of Bihar and Orissa you insisted that one of the conditions should be that all the rights accruing to the old company and all the agreements with Tata's should be handed over to you?

Mr. Indra Singh.—On the same terms.

Mr. Rahimtoola.—On that undertaking you paid the purchase price?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—Why then did you pay this additional Rs. 24,000?

Mr. Indra Singh.—The agreements were not binding after five years. These agreements are renewable every five years.

President.—The amount that you paid to the Government of Bihar and Orissa, viz., Rs. 3,16,000 was that to them in respect of their rights as debenture holders?

Mr. Indra Singh.—To all the debenture holders.

Mr. Rahimtoola.—In reply to Question 3, you state that the machinery for the manufacture of barbed wire and stranded fencing has been ordered and is expected in October next.

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—Is that statement correct?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—You have already ordered?

Mr. Baldev Singh.—The machine has already arrived.

Mr. Rahimtoola.—But you are not working it?

Mr. Baldev Singh.—We are constructing a building and installing the machinery.

Mr. Rahimtoola.—Here you say next October you intend to commence working?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—You have given us to understand that when you bought this concern it was under an understanding or an implied understanding that protection would be continued.

Mr. Indra Singh.—That was at least my impression.

Mr. Rahimtoola.—But you were aware of the actual facts at the time when you offered to purchase?

Mr. Indra Singh.—I was not aware.

Mr. Rahimtoola.—The actual facts were that the proposals were turned down.

Mr. Indra Singh.—We were not aware.

Mr. Rahimtoola.—But you were aware that 6 or 8 months hence there would be a Tariff Board enquiry.

Mr. Indra Singh.—The Tariff Board enquiry was already there. We thought that the results would be published.

President.—The enquiry went on till about the end of April 1927. The report was published by the Government of India about the end of 1927. Action was taken by Government in March 1928.

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—At that time you knew only one thing and that was that the proposal was turned down because the company was not solvent.

Mr. Indra Singh.—The Company was not in existence. It was not manufacturing then.

Mr. Baldev Singh.—We were given to understand that if the Company became solvent there would be a chance of protection being continued.

Mr. Indra Singh.—If the Company started manufacturing I thought that there might be some decent chance for protection being continued.

Mr. Rahimtoola.—Were you aware of the point made by the Tariff Board regarding the raw material of this industry?

Mr. Indra Singh.—No.

Mr. Rahimtoola.—You must have been aware of the difficulties of Tata's which had prevented them from undertaking the manufacture of rod.

Mr. Indra Singh.—They have always promised to supply us with the raw material.

Mr. Rahimtoola.—But they never manufactured it?

Mr. Indra Singh.—No. They were always telling us that they would supply us.

Mr. Rahimtoola.—Do I understand that you bought this concern under that impression?

Mr. Indra Singh.—Yes. Anyhow Tata's were going to manufacture and the industry will be established. That has been my feeling.

Mr. Rahimtoola.—You have given us to understand that the full capacity of your plant is about 12,000 tons of wire.

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—In the Tariff Board's Report I find that the full capacity of the plant in respect of finished wire was given as 9,000 tons. May I know whether you have extended your plant?

Mr. Indra Singh.—No.

Mr. Rahimtoola.—They said "Working three shifts a day the plant is capable of producing 750 tons a month or about 9,000 tons a year" whereas you now tell us that the full capacity of your mill is 12,000 tons per annum.

Mr. Baldev Singh.—The capacity depends on the gauge we turn out. If we were drawing 12 gauge wire, the output will be only 9,000 tons, but if we were drawing other gauges, the capacity will be increased to 12,000 tons.

Mr. Rahimtoola.—You are not going to confine yourself to drawing one kind of wire. You are drawing, according to the statement given, different kinds and therefore 9,000 tons must be the average.

Mr. Baldev Singh.—That depends on the gauge.

Mr. Rahimtoola.—Exactly what was contemplated? Was this not an average? As regards nails I find that you are turning out 2 qualities—2" and 1½" which form about 20 per cent.?

Mr. Indra Singh.—In the beginning, any new concern cannot produce to its full capacity. So, 9,000 tons was calculated at that time by the Tariff Board. Now our labour is being trained more and more and we find that we can increase our outturn to 12,000 tons.

Mr. Rahimtoola.—You mean that the capacity of the mill depends on the skilled labour?

Mr. Indra Singh.—Yes, to a certain extent. In the beginning we could not expect from the unskilled labour the same quantity of output that we can get now. If, for instance, you take the Merchant Mill of the Steel Works, you can see how much they have increased their outturn.

Mr. Rahimtoola.—We were discussing the question of full capacity. The maximum capacity I am afraid does not vary. The Chairman asked you about the maximum capacity which your mill could turn out. Beyond that, it could not work however able the labour may be.

Mr. Indra Singh.—Our labour has been fully trained.

Mr. Rahimtoola.—According to you there is no finality. You think that you can go beyond 12,000 tons.

Mr. Indra Singh.—Not beyond 12,000 tons.

Mr. Rahimtoola.—My point is this. The maximum capacity according to the Tariff Board's calculation was 9,000 tons and your calculation is 12,000 tons. Therefore there must be some difference somewhere and it cannot be due to the skilled labour. I quite understand that the present output which is only 1,818 tons of wire and 1,553 tons of nails will certainly increase.

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—In reply to a question from the President you said that 1½" nails were of negligible quantity. Here a statement shows that it is exactly 20 per cent.

Mr. Ganguli.—They sell in the same proportion. But there is trouble in manufacturing that size.

Mr. Rahimtoola.—Question 8 read as follows: "Which of the following classes of wire and wire products have you manufactured and sold and in what quantities?" I find from your reply that (d), (e), (f), (g), and (h), viz., fencing wire, stranded wire, wire rope, wire netting and other classes have not been manufactured by you at all.

Mr. Baldev Singh.—We have not manufactured until now. We have only manufactured hard bright wire.

Mr. Rahimtoola.—That is only used for making nails?

Mr. Indra Singh.—Yes. We have also manufactured annealed wire and galvanised wire. For fencing wire and stranded wire, we have machinery, but we have not manufactured so far.

Mr. Rahimtoola.—Still I find that you want protection for these?

Mr. Baldev Singh.—When we increase the production of our plant there is no other outlet for the increased production unless we go in for these wires.

Mr. Rahimtoola.—Don't you think that you require special machinery for these or do you think that your present equipment will be good enough?

Mr. Baldev Singh.—We require special machinery for manufacture of certain articles, but most of the machinery we have got.

Mr. Rahimtoola.—You have said that you manufactured 4,718 tons of hard bright wire. Of that you were able to dispose of only 118 tons and the rest you turned into nails.

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—May I know how much wire you require per ton of nails?

Mr. Baldev Singh.—Less 4 per cent. One ton of wire will give us one ton of nails less 4 per cent.

Mr. Rahimtoola.—That means that it involves a wastage of 4 per cent.

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—In reply to Question 10 you have said "We used $\frac{1}{4}$ " rods as one of the consignment by mistake of suppliers was $\frac{1}{4}$ ". Did you find any difficulty?

Mr. Baldev Singh.—We did not find any particular difficulty when we changed from 4 to 5 gauge. In that particular year we had an order for 5 gauge wire and that we supplied to the Madras market then. At that time we had that order; otherwise it would be impossible to make nails out of 5 gauge wire.

President.—Is it a rare thing to get a demand for 5 gauge wires?

Mr. Baldev Singh.—Yes.

President.—What is it used for?

Mr. Baldev Singh.—I don't know for what purpose it is used. They even go up to 4 gauge.

President.—Do they?

Mr. Baldev Singh.—Yes.

Mr. Ganguli.—Perhaps they require that for the Marine Department. They always specify very thick wires.

Mr. Rahimtoola.—In reply to Question 11, you have stated that you will put up a rod mill only if protection is granted?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—Do I understand that your intention is that you want to satisfy the first condition of the Fiscal Commission and for that object you are putting up a rod mill in your works?

Mr. Indra Singh.—To get over these difficulties.

Mr. Rahimtoola.—In spite of the fact that it will cost you more to produce it than to purchase it?

Mr. Indra Singh.—Yes, in order to have the raw material.

Mr. Rahimtoola.—You want to help the Tariff Board to perpetuate the uneconomical method of working your mill?

Mr. Indra Singh.—There was already protection for it.

Mr. Rahimtoola.—That protection was granted on the understanding that the raw material would be available at an economical rate whereas now according to the figures which the President pointed out to you sometime back it is found that it will be uneconomical for you to manufacture wire rod here in your own rod mill rather than to buy the imported wire rod.

Mr. Baldev Singh.—For the present the price may go up.

Mr. Rahimtoola.—You are asking for duty for the present.

Mr. Baldev Singh.—Because we are going to use Indian Steel. If we were to buy foreign Continental steel, it would surely cost a little bit less.

Mr. Rahimtoola.—According to the Tariff Board, your raw material is wire rod and not billet. Therefore you want to get into a raw material by which you want to qualify yourself for protection. This is really not your raw material?

Mr. Baldev Singh.—Wire rods will be manufactured from billets and the price of rod will depend on the price of billet that we pay for.

Mr. Rahimtoola.—That means to say that to get over the difficulty about the raw material.

Mr. Baldev Singh.—Surely we have to look out a more economical way of doing it. The only suggestion is that Tatas should be able to supply billets round about Rs. 60. If they supply us at that figure, then, of course, it is possible.

Mr. Rahimtoola.—You are fully aware that the Tariff Board fixed a fair selling price for billets when the capacity of the mill reached 600,000 tons and that price is Rs. 75 per ton. Therefore the minimum price on which you could calculate is Rs. 75. Have the Tatas agreed to that? According to the Tata Iron and Steel Company's letter and according to your own letter, the minimum price at which they are prepared to sell their billets is Rs. 82 or Rs. 83.

Mr. Indra Singh.—I quite follow that. But the question then arises that if Tatas are to be able to do without protection after a certain number of years then they must be able to sell their billets at a cheaper price and by the time Tatas are able to do without protection we should be able to do without protection. Of course, our raw materials cost a little more now but that cost will depend on the price at which they can sell their billets.

President.—You must recognise that to-day the Tariff Board is sitting over the question of protection and therefore the price on which they can calculate, giving you the benefit, is Rs. 75. I can't see how they can go down to Rs. 60 or Rs. 45 as you have stated here. You say here that it may come down to even Rs. 40.

Mr. Indra Singh.—That is according to the Continental figures. They are supplying billets at £3-10.

Mr. Rahimtoola.—Then it is cheaper for you to buy billets than wire rod?

Mr. Indra Singh.—That is so.

Mr. Rahimtoola.—Coming to Question 12, in 1929-30 you made only 865 tons. May I know the reason why?

Mr. Baldev Singh.—The reason is that when we started this factory we worked up to its full capacity but we found out that it was no use working to full capacity because the more we produced the more we lost. By the end of 1928 I went abroad to study the conditions there and during my absence we slowed down production. Then after I returned we made certain improvements and again increased our production.

Mr. Rahimtoola.—Now let us take Questions 16 and 19 which are practically the same. You state there is no agreement between you and Tatas for the supply of billets. May I know, Mr. Indra Singh, when you went recently to Bombay and had some conversation with the management there, was there any definite understanding that you would be able to get so many tons of billets for your use?

Mr. Indra Singh.—I was given to understand that they would be able to supply me 30,000 tons of billets.

Mr. Rahimtoola.—Your maximum capacity is 45,000 tons of wire rod: what would be the maximum quantity of billets that you would require?

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—Will they give you 50,000 tons at the end of six years?

Mr. Indra Singh.—It would depend on how Tatas are going to increase their output. 30,000 tons they have promised to give.

Mr. Rahimtoola.—Is there any sort of agreement?

Mr. Indra Singh.—There is no agreement.

Mr. Rahimtoola.—Then you are not sure of getting your raw material?

Mr. Indra Singh.—After the sad experience of the managing agents of the old Company I don't know how we can possibly rely on them.

Mr. Rahimtoola.—And even if you get the 30,000 tons you won't get the maximum tonnage for your maximum capacity because according to your statement you are likely to reach your maximum capacity at the end of six years and you don't know what Tata's output of billets then is going to be! This is a most unsatisfactory state of affairs.

Mr. Indra Singh.—They will be able to supply 30,000 tons for the present.

Mr. Rahimtoola.—That is only according to your statement. That is not enough. At present it is a fact that as regards raw material your supply is limited and uncertain.

Mr. Indra Singh.—Yes, for a certain number of years.

Mr. Rahimtoola.—As regards power you state that your agreement with Tatas is for a period of five years. I find that of that nearly three years have already expired.

Mr. Baldev Singh.—The agreement was for five years when we took over the concern. The agreement has been renewed since March 1931 for a period of five years.

Mr. Rahimtoola.—Tatas have also agreed to give you the additional power required for your rod mill?

Mr. Baldev Singh.—That is still under consideration. They simply said that if there was a satisfactory arrangement regarding protection all the necessary arrangements for the supply of power would be made by them. That was what Mr. Peterson wrote to us.

Mr. Rahimtoola.—This is a most unsatisfactory way of doing things. When they are considering the question of protection it is quite necessary that the Tariff Board should have all the facts before them, they can't rely on things to happen in the future.

Mr. Indra Singh.—That is quite true, but for power and billets we have got to depend on Tatas and we are only quoting what they have written to us.

Mr. Rahimtoola.—You have described on page 33 the various kinds of products and the amount you intend to manufacture within four years if protection is granted. What is this "miscellaneous"? May I know what other products you are thinking of?

Mr. Baldev Singh.—We have attached a complete list. That is all miscellaneous.

Mr. Rahimtoola.—That precisely is the whole list of 300 tons?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—The present freight from Calcutta to Tatanagar is Rs. 4-9-0 on rods?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—That is a special rate given to you?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—Most of your stuff you are able to dispose of outside Calcutta?

Mr. Baldev Singh.—Yes. Even now we get a better price upcountry.

Mr. Rahimtoola.—You also have a freight advantage to all those places?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—In answer to question 37 you have made a grievance against Government. May I know exactly what it is?

Mr. Baldev Singh.—It is only regarding preference. Our complaint was that we were ready to supply to Government at any reasonable price but we could not get the order.

Mr. Rahimtoola.—You also tendered in the ordinary course?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—The policy adopted by Government was that of inviting tenders? I don't understand where the injustice comes in.

Mr. Baldev Singh.—What I say is that according to the purchase rules Indian Industries must be given a certain amount of preference.

President.—At what price was the successful tender given?

Mr. Indra Singh.—They did not supply the information to us; they said that they would write direct to the Tariff Board.

President.—Who got the tender?

Mr. Indra Singh.—We don't know. Last year we got the tender.

President.—Nor do you know the price at which the tender was accepted?

Mr. Baldev Singh.—No, because at that time there was no other manufacturing concern but ourselves.

Mr. Rahimtoola.—If it was a cheaper price or something of that sort I cannot understand the grievance that Indian articles should get preference.

Mr. Indra Singh.—Our point is this. We never dreamed that anybody would quote Rs. 4-12-0 for 12 gauge annealed wire when we were getting rods at just the same price.

Mr. Rahimtoola.—If the price goes down you cannot lay the blame on the Government: when tenders are invited. The rules must be observed.

Mr. Indra Singh.—At the same time Government must buy country products. When we are here it is up to the Government to encourage Indian Industries.

Mr. Rahimtoola.—Am I to understand that the Government should buy at any price the Indian manufacturer asks?

Mr. Indra Singh.—We are buying rods at a certain price and from those rods we are drawing wires. A certain amount of expenditure is involved in drawing wire from these rods and still Government are buying these wires at the price at which we are getting the rods.

Mr. Rahimtoola.—Is that a point for Government to answer?

Mr. Indra Singh.—That is a point to be considered by Government from the Indian manufacturer's point of view. That is what is happening.

Mr. Rahimtoola.—In statement B, Form I, item 9—Miscellaneous—you mention commission on sale. May I know what the percentage is?

Mr. Baldev Singh.—2½ per cent.

President.—As you have prepared the works cost, suppose we calculated your selling price on the basis of these prices, that would be then a price at which the dealer who buys from you would sell it. That is to say it includes all your manufacturing cost; in addition to that you have included commission on sales. That is a commission you have to pay to the dealer?

Mr. Baldev Singh.—Yes.

President.—So that we can take the price based on these figures and consider that comparable to the wholesale market price at Calcutta?

Mr. Ganguly.—That commission is to the intermediary between the dealer and the manufacturer.

President.—This 2½ per cent. is given to the agent and then the agent gets a further commission from the dealer?

Mr. Baldev Singh.—Yes. We supply our products to our agents. We have got agents all over the country; we send the goods to him and he is responsible for the payment.

President.—Supposing I took your works cost here and let us say I got a figure of Rs. 195 per ton of nails and in Calcutta market now let us say the wholesale market price is Rs. 145, am I right in thinking that Rs. 195 is the price which is comparable to Rs. 145 or have I got to make some other adjustment?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—Here is an item "Supervision and office establishment" in Form I, Statement B. As between 1929-30 and 1930-31 there is a difference of about Rs. 6,000 under that item; whereas the difference between 1928-29 and 1930-31 is Rs. 3,400.

Mr. Baldev Singh.—I was not here then.

Mr. Rahimtoola.—Is not this supervision and office establishment a permanent expenditure?

Mr. Baldev Singh.—We reduced that during the year, because we slowed down our production.

Mr. Rahimtoola.—Therefore I understand that Rs. 16,241 is more or less stationary.

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—That means there is a permanent reduction of cost in this direction of Rs. 3,400 from 1928-29.

Mr. Baldev Singh.—This is reduced to a certain extent. The production in 1928 was 1,038 and now the production is 1,553 tons, because of the larger production, the incidence per ton is less.

Mr. Rahimtoola.—I want to know whether this retrenchment is a permanent one. Rs. 3,400 is the difference between the two figures.

Mr. Baldev Singh.—It cannot be permanent because this overhead and supervision charges will vary according to production.

President.—You are going to send us a note on the items which constitute your supervision and office charges. Can you tell us approximately what are the variable charges for these items? It includes the Manager's salary and the foreman.

Mr. Baldev Singh.—Yes.

President.—These aggregate charges do not vary when your output varies, say within a margin of 300 or 400 or 500 tons—unless the variations are very large.

Mr. Baldev Singh.—I admit that.

Mr. Rahimtoola.—You have got less staff. The item which varies is the item regarding labour. If you do more work you want more labour. This supervision and office establishment is more or less a permanent staff. It is not a staff which you can dismiss and take again. If you have more output the percentage will be less, but the total expenditure will not vary.

Mr. Baldev Singh.—The difference might be due to the fact that in the beginning we had one or two assistants.

Mr. Rahimtoola.—You will tell us why there is such a big difference as Rs. 3,400.

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—As regards labour you have done more or less the same tonnage of wire as in 1928-29 and there is a reduction of Rs. 2,000. Is that entirely due to labour? Does this difference of Rs. 2,000 convey the difference of 70 to 80 tons?

Mr. Baldev Singh.—No.

Mr. Rahimtoola.—What else can it be due to?

Mr. Baldev Singh.—Now we are paying them on the piece-work. Formerly we used to pay on monthly basis.

Mr. Rahimtoola.—When did you start this change of system?

Mr. Baldev Singh.—When I returned about April, 1930.

Mr. Rahimtoola.—I take it there are no separate Head Office charges.

Mr. Baldev Singh.—No.

Mr. Rahimtoola.—There is no separate Head Office.

Mr. Baldev Singh.—No.

Mr. Rahimtoola.—You will remember last time the Tariff Board calculated the question of miscellaneous, about other charges direct or indirect.

Mr. Baldev Singh.—There is nothing at present.

Mr. Rahimtoola.—Whatever miscellaneous you had is included in this.

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—In answer to question 32 you say you have got your land on lease for 99 years.

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—Are you paying anything?

Mr. Indra Singh.—Yes, we are paying Rs. 167-3-6 per month to the Tata Iron and Steel Company.

Mr. Rahimtoola.—I think you made a statement here sometime back that as regards the price of billets your conversation with Tatas led you to form an impression that that should be a matter left entirely to the discretion of the Tariff Board.

Mr. Indra Singh.—They told us so.

Mr. Rahimtoola.—The Tariff Board had already fixed what the fair selling price of billets would be.

The other point that you mentioned in reply to the Chairman, when the Chairman drew your attention that the burden on the consumer would be nearly Rs. 3½ crores that after a couple of years or so you will be able to sell at a price less than the imported price *plus* the duty. Am I correct in what I say?

Mr. Baldev Singh.—At a price not less than the import price.

Mr. Rahimtoola.—The Chairman said you could not sell below the imported price *plus* duty.

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—I don't think you would be able to sell below that.

Mr. Indra Singh.—We said we would be able to sell equal to that. Those are established industries for a long time and how can we go below that.

Mr. Rahimtoola.—You conveyed at least that impression to the Tariff Board. You definitely made a statement when the Chairman pointed out to you the enormous burden which will be thrown on the consumer by your proposal that you definitely sell below the import price. I want to know whether you are going to adhere to that or revise your opinion.

Mr. Baldev Singh.—Even if we get protection, we will have to be guided by the import price and if the import price falls down, we will have to sell at that price.

Mr. Rahimtoola.—When you applied for protection, I suppose you were aware of the Tariff Board's Report of 1927.

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—And you know the reasons which have led to the rejection of the proposal for protection. I take it that it is for that very reason that you have thought of a new raw material to satisfy that condition.

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—Because it is definitely stated in paragraph 117 of that report that the industry cannot be granted protection, because the industry is using an imported raw material.

Mr. Indra Singh.—Yes.

Mr. Rahimtoola.—In answer to question 37 you say that the Military Authorities have already drawn the attention of the Commerce Department towards the protection of this industry as essential for national defence and of special military value. May I know whether there is any correspondence to substantiate that statement?

Mr. Indra Singh.—We had been to Simla regarding tenders and there we were told that the Master General of Ordnance and Supplies had written to the Government of India on the subject.

Mr. Rahimtoola.—Did he make that statement that he has written to the Government of India on the subject?

Mr. Baldev Singh.—He has not given us a copy of that. I think he said that he had put the case before the Tariff Board.

Mr. Rahimtoola.—This is a statement not based on any authoritative information. Your statement here is that the Military Authorities have already drawn the attention that this industry should be considered essential for national defence.

Mr. Baldev Singh.—That is what we think.

Mr. Rahimtoola.—There is no statement to prove that this is the case.

Mr. Baldev Singh.—We haven't got anything.

Mr. Rahimtoola.—You are simply under the impression that this may be so.

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—I don't understand your statement here on page 53 where you say:

"We should suggest that some measures should be adopted to check dumping. In case prohibitive duty is levied, we are prepared to guarantee maintenance of a fixed fair selling price which may be stipulated by the Legislature."

Mr. Baldev Singh.—What we meant by this was this: supposing we were given protection and those countries who were interested in the sale of their products in India with the knowledge of their Governments agreed to dump their products in India, even if we got protection, our position would be critical. They might adopt the policy of dumping on a large scale.

Mr. Rahimtoola.—Is there not at present any dumping?

Mr. Baldev Singh.—There is. To meet the emergency cases those countries have already adopted some measure of protection against dumping.

Mr. Rahimtoola.—You want a conference to be called of all countries.

Mr. Baldev Singh.—Supposing they also got a certain share from their respective Governments and they dumped . . .

Mr. Rahimtoola.—You want the Legislature to stipulate the selling price—I can't understand that.

Mr. Baldev Singh.—If a prohibitive duty is put on a certain article . . .

Mr. Rahimtoola.—What is the meaning of the prohibitive duty. You know the system on which the Tariff Board calculates the measure of protection. You have yourself asked for Rs. 80. Over and above it you want a prohibitive duty.

Mr. Baldev Singh.—Supposing they undersell us, in the event of protection what would be the position of industry? The protection would be ineffective.

Mr. Rahimtoola.—The only recourse for you is for another enquiry by the Tariff Board. I can't understand the Legislature coming in and fixing your selling price.

Mr. Baldev Singh.—There is the question of offsetting duty.

Mr. Rahimtoola.—After fixing the fair selling price, you want Government to have power for imposing offsetting duties. Do I understand that your proposal is that after giving you a protection of Rs. 80 per ton, you want that further power should be taken by Government for any unforeseen circumstances.

Mr. Dube.—That is done in almost every country in the world.

Mr. Rahimtoola.—That is what I am asking you. Is that your proposal?

Mr. Dube.—Yes, there must be some provision made for such unforeseen circumstances. If protection granted is to be adequate for the purpose, the contingency when there is a rapid fall of import prices should be provided for. It is not merely a question of burden on the consumer. If you don't take any step to check dumping, the Tariff Board might be holding its enquiry almost every day. Your recommendations and protective duty may be neutralised any moment by continuous and systematic dumping. You must take steps to prevent that.

Mr. Rahimtoola.—There must be a fixed price on which the Tariff Board must base their calculation. Over and above that Government must be empowered.

Mr. Dube.—There are certain kinds of dumping. There is what may be called a predatory dumping. You have to take steps against that. There are 8 or 9 Governments in the world who have anti dumping laws. Protection without such laws is valueless.

Mr. Rahimtoola.—That is not a proposal that has been put forward. The proposal about the offsetting duty is not in the memorandum that has been submitted by you.

Mr. Dube.—No. But we should like to call the attention of the Board on this point.

Mr. Rahimtoola.—Therefore it is necessary for the Tariff Board to enquire what exactly you mean when you say "In case a prohibitive duty is levied we are prepared to guarantee maintenance of a fixed fair selling price which may be stipulated by the Legislature". What evidently you want to convey is that Government should have an extraordinary power that they should increase the duty without coming to the legislature for emergency purposes.

Mr. Dube.—You have got that already. This power was suggested in the first Steel Report, Chapter III. Since the recommendation has not been carried out, we suggest that there must be some sort of anti dumping law empowering the government to take action in emergency cases.

Mr. Rahimtoola.—I am discussing now your proposal as embodied in this memorandum. So far as steel wire products are concerned there is no duty at present?

Mr. Dube.—No.

Mr. Rahimtoola.—Therefore there must be some proposals based on duties and it is absolutely necessary for the Tariff Board to know exactly what your proposals are in this matter.

Mr. Dube.—What we mean to suggest is that when protection is granted the recommendation of the Tariff Board embodied in the first Steel Report 1924, Chapter III, pages 18 to 22 should be carried out to make protection effective.

Mr. Rahimtoola.—On page 54 you have stated "Our request for protection of wire products industry in general will enable manufacturers to buy their raw material from us and thus they will not be affected by protection granted to us". I do not quite understand it.

Mr. Baldev Singh.—What we mean by this is that if the wire Industry as a whole is protected, there would be no burden on the manufacturers using wire for further manufacture.

Mr. Rahimtoola.—Some companies like the Steel and Wire Products?

Mr. Baldev Singh.—Some other company.

Mr. Rahimtoola.—You do no benefit to them because you cannot supply to them and they will have to look for their raw material elsewhere.

Mr. Baldev Singh.—We will have enough wire to spare. They can buy from us.

Mr. Rahimtoola.—You mean subsidiary industries arising here?

Mr. Baldev Singh.—Yes.

Mr. Rahimtoola.—How will they not be affected by protection?

Mr. Baldev Singh.—Supposing wire netting is protected, they will buy their wire from us and they can easily manufacture wire netting from that, and be still in a position to compete successfully with foreign goods.

Mr. Rahimtoola.—It depends on what price you are willing to sell your wire. It is impossible to say at present.

I gather from your letter, dated the 13th July 1931, that you have no objection in exempting from the Tariff duty the special steel wire used for reeds which is used by Messrs. McGregor and Balfour as you do not manufacture the same at your works.

Mr. Baldev Singh.—We don't manufacture this high class steel wire.

President.—That is cast steel wire?

Mr. Baldev Singh.—Yes.

Mr. Boag.—Mr. Indra Singh, had you any connection with the previous enquiry?

Mr. Indra Singh.—No.

Mr. Boag.—You had nothing to do with it at all?

Mr. Indra Singh.—No.

Mr. Boag.—How long was the interval between that Company's stopping work and your beginning?

Mr. Indra Singh.—About 9 or 12 months.

Mr. Boag.—About a year?

Mr. Indra Singh.—Yes.

Mr. Boag.—Now you have been running this business at a loss since you started?

Mr. Indra Singh.—Yes. I have got audited reports to show that.

Mr. Boag.—You have mentioned that in one of your letters to the Government of India, where you put your loss up to date at Rs. 2 lakhs?

Mr. Indra Singh.—Yes.

Mr. Boag.—The date of that letter was November 1930.

Mr. Indra Singh.—Yes. In the 1st year we got our accounts audited and the loss came to Rs. 52,000. In the second year, it came to Rs. 1,21,000.

Mr. Boag.—Have you got your accounts for 1930-31 audited?

Mr. Indra Singh.—The report will be out soon. I may get it to-day or to-morrow.

Mr. Boag.—You are still losing on the business?

Mr. Indra Singh.—Yes.

Mr. Boag.—On page 51 of your answers to the Questionnaire you say that you anticipate reduction in overhead charges?

Mr. Baldev Singh.—Yes.

Mr. Boag.—Here again you attach a list of your permanent overhead charges and I don't quite see where you expect reductions?

Mr. Baldev Singh.—The reduction in the overhead charges will vary according to the increased tonnage we get.

Mr. Boag.—Do you mean that there will be a reduction of overhead charges per ton?

Mr. Baldev Singh.—Yes.

Mr. Boag.—You don't mean any actual reduction of these charges?

Mr. Baldev Singh.—No.

Mr. Boag.—In your works cost statement you say that the cost of water and lighting is included in power?

Mr. Baldev Singh.—Yes.

Mr. Boag.—Do you get your lighting and water from Tata's?

Mr. Baldev Singh.—Yes. We get power and water from Tata's.

Mr. Boag.—What do you pay for water?

Mr. Baldev Singh.—We are paying six annas per 1,000 gallons. The minimum charge is Rs. 150 a month. Whether we take any water or not we will have to pay Rs. 150 per month.

Mr. Boag.—Actually do your charges exceed the minimum?

Mr. Baldev Singh.—They will charge us at six annas per 1,000 gallons.

Mr. Boag.—Have your actual charges exceeded the minimum?

Mr. Baldev Singh.—In the beginning we had 4" connection. The minimum they are charging varies according to diameter of the pipe. When we took over the Company we had 4" connection and the minimum charge was Rs. 400. During the hot weather we had to pay Rs. 700 to Rs. 800 a month. We said that it was no use having 4" and asked them to put up 2" connection. They are now charging Rs. 150 as the minimum and when we take more water we pay accordingly. Our bill, since we have put up 2" connection has never gone up beyond Rs. 350.

Mr. Boag.—You also pay rent for water line?

Mr. Baldev Singh.—Yes.

Mr. Boag.—I see that it is included among your charges?

Mr. Baldev Singh.—Yes. Whatever expenditure they incur they charge a certain percentage on that.

Mr. Boag.—So that if you want any extension of the line, it would mean an increase in the rent.

Mr. Indra Singh.—That means a permanent charge.

Mr. Boag.—What do you pay for lighting?

Mr. Baldev Singh.—There is only one power connection.

Mr. Boag.—That is included in the charge for power?

Mr. Baldev Singh.—Yes.

Mr. Boag.—There is no additional charge?

Mr. Baldev Singh.—No.

Mr. Boag.—What exactly do you mean by this Board of Works charges?

Mr. Baldev Singh.—It is like a Municipality. They have a Committee which is called the Board of Works.

Mr. Boag.—It is a sort of Municipal rate?

Mr. Baldev Singh.—Yes.

Mr. Boag.—You said this morning that you kept an actual check on the wastage of your material by weighing the rod before it was cleaned and again I think you said after it was drawn.

Mr. Indra Singh.—Yes.

Mr. Boag.—That is to say in the course of the manufacturing operations, the rod is weighed three times?

Mr. Indra Singh.—Yes.

Mr. Boag.—And the wastage during cleaning you said was one per cent.?

Mr. Baldev Singh.—Yes.

Mr. Boag.—And in drawing 2 per cent.?

Mr. Baldev Singh.—Yes. What we mean by wastage is absolute wastage of which we cannot make any use. If you are going to calculate the wastage as the Germans do, it would be 5 per cent.

Mr. Boag.—You want to exclude thereby the scrap which you use over again?

Mr. Indra Singh.—Yes.

President.—Getting back to the question of electric consumption, if you look at Form II you will find that you spent Rs. 9,505 on power in making 1,818 tons in 1930-31. That is Rs. 5 per ton in round figures.

Mr. Baldev Singh.—Yes.

President.—You pay 9 pies per unit for electricity?

Mr. Baldev Singh.—Yes.

President.—Therefore that amounts to 100 units per ton?

Mr. Baldev Singh.—Yes, taking 1930-31.

President.—Your expenditure is 100 units per ton. Taking that as the basis I want to calculate the power expenditure in relation to the proposed rod Mill?

Mr. Baldev Singh.—I may point out here that water charges are not shewn separately from these power charges.

President.—Water would be a very small item?

Mr. Baldev Singh.—In the first year it was fairly high.

President.—If you took 1930-31 you said that you had a smaller pipe?

Mr. Baldev Singh.—Rs. 150 was the minimum and Rs. 350 was the highest amount that we paid.

President.—This Rs. 9,505 includes the water charge?

Mr. Baldev Singh.—Yes.

President.—What does this Rs. 6 per ton that you have given in the estimates for your rod mill represent?

Mr. Baldev Singh.—That is only power.

President.—In that case you need about 130 units?

Mr. Baldev Singh.—Yes.

President.—You must have made the estimate on 75 annas per unit.

Mr. Baldev Singh.—Yes.

President.—Taking that for the time being as your normal consumption, if your mill were working to a capacity of 5,000 tons in the 1st year, you would require about 500,000 units.

Mr. Baldev Singh.—Yes.

President.—If it is divided by the number of working days, it means about 1,500 units per day.

Mr. Indra Singh.—Yes.

President.—That would give a sort of approximate idea of your demand for power?

Mr. Indra Singh.—Yes.

President.—Now another point that arises is that Tata's in their letter to you say that they would undertake not to manufacture sections less than half inch for a period of 5 years. Supposing at the end of 5 years they decided to go in for a mill for rolling these smaller sections, then what would be your position?

Mr. Indra Singh.—That was the objection raised by me. I asked that the period might be extended to 10 or 15 years.

President.—Supposing Tata's decided to agree to a period of less than 10 years—say 7 years—would that suit you?

Mr. Indra Singh.—The life of the mill is not 7 or 10 years.

Messrs. McGregor and Balfour, Limited, Calcutta.

(1) *Letter dated 25th May, 1931.*

PROPOSED RESTORATION OF PROTECTION TO THE WIRE AND WIRE NAIL INDUSTRY.

We beg to refer to Notification No. 362-T. (11), dated the 7th May, 1931, issued by the Government of India in the Department of Commerce.

We are importers of Cast Steel Wires for the manufacture of Reeds.

We presume that Messrs. The Indian Steel Wire Products are not in a position to draw this class of wire and that the wire on which they request protection is Mild Steel Wire.

We would point out that a general increase of the duty on Wire would be an obvious hardship to us as it is difficult enough already to compete with imported reeds which are duty free.

While on this subject we would like to draw your attention to the fact that we have to pay duty on the larger part of the materials we import for the manufacture of our Reeds and Cambs. Two of the materials to which we refer are Wire (12½ per cent.) and Cotton Cord (20 per cent.), and these represent the base of our manufactures.

Imported Reeds and Cambs are free of duty and it appears to us to be unfair that we, who manufacture locally and employ local labour, should have to pay such duties on our raw materials. As will be immediately seen, this places us at a great disadvantage in competing with imported articles.

We are of the opinion, and we commend to your consideration, that such materials as are imported expressly for the purpose of manufacturing Reeds and Cambs and are not for re-sale in any other form, should be allowed into the country free of duty in the same manner as the imported article.

We shall consider it a favour if you will give this matter your kind attention and shall be glad to hear from you at your earliest convenience.

(2) *Letter No. 354/W.-20, dated the 18th June, 1931, from the Secretary, Tariff Board, to Messrs. McGregor and Balfour, Limited, Calcutta.*

I am directed to acknowledge receipt of your letter dated 25th May, 1931, regarding the inquiry into the restoration of protection to the Wire and Wire Nail Industry.

2. I am to say that the Board would be glad of certain information with reference to your statement that you import Cast Steel Wire for the manufacture of Reeds. The Board would like to know, firstly, whether there are any other manufacturers of Cambs and Reeds in India beside yourselves and, secondly, for what other purposes, if any, Cast Steel Wire is imported into India. The Board would also like to know whether in respect of chemical composition or of dimensions, shape, etc., it would be possible for Customs purposes to distinguish easily imported Cast Steel Wire from imported Mild Steel Wire.

3. I am to say that the Board would be grateful for a reply at the earliest possible date, which should be despatched to the address at the head of this letter.

(3) *Letter No. 20/1/1/28, dated the 23rd June, 1931, from Messrs. McGregor and Balfour, Limited, Calcutta.*

We have to acknowledge your letter of 18th instant and have pleasure in replying as follows to your queries:—

(1) We are at present the only manufacturers of Reeds and Cambs in India. There is a firm—Messrs. Halley Brothers, who have

a Reed and Camb Factory, but they were compelled to stop manufacturing two months ago owing to the heavy losses.

- (2) The only other purpose for which Cast Steel wire is imported is in small quantities for making springs, but the diameter of this wire is usually larger than that used for Reed-making.
- (3) The wire imported by us can easily be distinguished from Mild Steel Wire, because the carbon contents are much higher, the tensile strength is greater, and we import only the following sizes:—

B. W. G. 5½, 10½, 11, 11½, 12, 12½, 13, 13½ and 14.

(4) Letter No. 20/1/1/34, dated the 15th September, 1931, from Messrs. McGregor and Balfour, Ltd., Calcutta.

We have to acknowledge your telegram No. 556 reading as follows:—

“ Kindly furnish latest available c.i.f. price for cast steel wire ”.

In reply we beg to advise that the present c.i.f. price for Cast Steel Wire varies according to sizes from s. 26 (Rs. 17/9/3) to s. 29 (Rs. 19/9/9) per cwt. The exchange rate has been taken at 1/5¼d.

We trust this information will be of use to you.

Imperial Council of Agricultural Research, Simla.

Letter No. 2244-A, dated the 14th/17th September, 1931.

CHEAPENING THE COST OF WIRE FENCING USED FOR THE PROTECTION OF CROPS AGAINST WILD ANIMALS.

In connection with the question of the Wire Nail Industry which is now engaging the attention of the Tariff Board I am directed to state that at the meeting of the Board of Agriculture, held at Pusa in December 1929, a special sub-committee consisting of the following officers was appointed “ to review the progress made in regard to the protection of crops from the depredations of wild animals since 1925, and to advise whether the recommendations made by the Board of Agriculture in that year require modifications in the light of the knowledge and experience now available ”. The Committee after a very careful examination of the entire question recommended *inter alia* that “ in view of the importance of extending the use of wire fencing for crop protection the Committee would support any suggestion to bring such fencing within the scope of Recommendation 71 (extract attached for ready reference) of Chapter IV of the Royal Commission's report and considers that it should be exempt from import duty. In view of the difficulty of deciding whether fencing is imported for agricultural purposes or not, a rebate of the import duty paid should be given on the recommendation of an officer duly authorised to grant certificates to this effect. If this proposal is not feasible, as an alternative the Committee recommends that specified types of woven wire fencing, mainly or entirely used for agricultural purposes, should be exempt from duty ”. The report of the Committee in this respect was adopted by the Board.

- (1) Mr. F. J. Plymen, C.I.E., A.C.G.I., Director of Agriculture, Central Provinces. (Chairman).
- (2) Mr. T. Bainbrigge Fletcher, R.N., F.L.S., F.E.S., F.Z.S., Imperial Entomologist, Imperial Institute of Agricultural Research, Pusa.
- (3) Mr. P. V. Issac, B.A., D.I.C., M.Sc., F.E.S., Second Entomologist (Depterist), Pusa.
- (4) Rao Sahib B. P. Vagholkar, Deputy Director of Agriculture, South Central Division, Bombay Presidency.

- (5) Mr. P. B. Richards, A.R.C.S., F.E.S., Entomologist to Government, United Provinces.
- (6) Mr. C. Mayadas, M.A., B.Sc., Principal and Professor of Agriculture, Agricultural College, Cawnpore.
- (7) Mr. Mohammad Afzal Hussain, M.Sc., (Pb.), M.A., (Cantab.), I.A.S., Locust Research Entomologist, Imperial Council of Agricultural Research, Lyallpur.
- (8) Mr. F. D. Odell, M.A., Deputy Director of Agriculture, West Central Circle, Magwe, Burma.

2. This particular recommendation of the Board of Agriculture was taken up for consideration by this Department and it was ultimately decided that the question should be placed before the Advisory Board of the Imperial Council of Agricultural Research before any further action was taken. I am to forward herewith, for favour of consideration by the Tariff Board, a copy of Mr. Hydari's note, dated the 19th May, 1931, circulated to the members of the Advisory Board in June last and a record of the discussion at the Board on the subject.

Enclosure No. 1.

Recommendation 71 of Chapter IV of the Royal Commission's Report.

* * * * *

71. The term "agricultural implements" in the Tariff Schedule should be interpreted in the sense most favourable to the interests of the cultivator (paragraph 110).

* * * * *

Copy of paragraph 110 of the Royal Commission's Report.

110. *Rebate of the import duty on Iron and Steel used in the manufacture of Agricultural Implements and Machinery.*—A discussion of the methods which should be adopted to promote the use of improved agricultural machinery and implements in India falls more naturally in the chapter on Demonstration and Propaganda and will there be found. There are, however, two points in connection with machinery and implements which may conveniently be dealt with here. It was represented to us that, whilst agricultural implements and machinery with a few exceptions are admitted into India free of duty, the high protective duties levied on imported iron and steel greatly increase the cost to the Indian manufacturer of his raw material, whether imported or produced in India. He is thus placed at a serious disadvantage as compared with his foreign competitors. An attempt to assess the exact extent of the disadvantage under which he labours would have necessitated an examination of technical questions of manufacture which was beyond our competence but there appear to us to be *prima facie* grounds for holding that the representation which was made to us on this point is deserving of further investigation. In the present stage of development of Indian agriculture and of the manufacture in India of agricultural implements and machinery, we should be strongly opposed to any measures, such as the imposition of a protective duty in the interests of the Indian manufacturer, which would increase the cost to the cultivator of implements and machinery. At the same time, the scope for the use of improved implements and machinery is so great that it is most desirable that manufacture in India should be encouraged. The existence of the duty on imported iron and steel acts in exactly the opposite direction and discourages the Indian manufacturer from using the best and most durable material available. We, therefore, recommend that enquiry should be made into the effect on the Indian manufacture of the present rates of import duty on iron and steel. If it is found that the handicap imposed by the duty on his raw material is at all serious, we consider that he might be given a rebate on any

iron or steel which he can show to have been imported for the manufacture of agricultural machinery and implements. If the recommendation which we make below is accepted, all classes of agricultural machinery and implements will be imported free, and a rebate would not therefore be open to the criticism that it gives the manufacturer in India an unfair advantage over firms in India importing agricultural machinery and implements.

The second point which arises in this connection is the definition of "agricultural implements" which is adopted for the purposes of the Tariff Schedule. It appears that the pans used for boiling *gur* are regarded not as agricultural implements but as "iron or steel discs and circles". As such, they are subject to a protective duty. This differentiation is difficult to understand as these pans are much more essential to the cultivator of sugarcane than is a winnower to the cultivator of wheat. Again, whilst the pug mills and centrifugal machines used in the manufacture of sugar, when worked by power, are now admitted free of duty under the Tariff Amendment Act recently passed, such machines when worked by hand and animal power are classed under the head "All other sorts of implements, instruments, apparatus and appliances and parts thereof, not otherwise specified" and are subject to a duty of fifteen per cent. This classification bears very hardly on a subsidiary agricultural industry, the great value of which to the small cultivator came prominently under our personal observation in the United Provinces. Further, it has been represented to us that the poultry industry, another subsidiary agricultural industry of considerable potentialities, is handicapped by the duty of fifteen per cent, which is levied on incubators. On the other hand, all appliances used in the dairy industry are admitted free. There are probably other anomalies of a similar character which have not come under our notice. The existing tariff legislation clearly recognises the desirability of cheapening the cost to the cultivator of all agricultural implements, apparatus and machinery. We are strongly of opinion that this principle should be carried to its logical conclusion and that the term "agricultural implements" should invariably be interpreted in the sense most favourable to him.

Enclosure No. 2.

IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH, ADVISORY
BOARD MEETING, JUNE 1931.

SUBJECT No. 8.

Cheapening the cost of wire fencing used for the protection of crops against wild animals.

At the conference convened in Simla in October 1928 to consider the Report of the Royal Commission on Agriculture, the point was raised (i) that the duty on wire fencing acts as a deterrent to its more general use for the protection of crops from the depredations of wild animals. It was suggested that such fencing should be brought within the scope of recommendation No. 71 of Chapter IV of the Royal Commission's Report and that wire fencing sold through the Agricultural Department or certified by it to be definitely used for agricultural purposes should be admitted duty free. Since that Conference another suggestion has been placed before the Council, *viz.*, (b) the possibility of exempting from duty woven wire fencing which is little used for purposes other than agricultural.

2. The Commerce Department to whom both the points were referred are of the opinion that none of the suggestions can be accepted. Suggestion (a) offends against the principle that the rate of duty on any article should not depend on or vary with the intention of the importer; as regards (b) an examination of the proposal shows that it is not possible to find a specification which would exclude articles used for other than agricultural purposes. In regard to (b) it is further stated that this suggestion should be looked at mainly from the points of view of the interests of manufacturers of wire and wire products in India

and loss of revenue. The Indian firm manufacturing wire and wire products has applied for protection and the question of regranteeing protection to such manufacturers has been referred to the Tariff Board.

3. It is now for the consideration of the Advisory Board whether in the circumstances explained in paragraph 2 above the Council should let the matter drop.

M. S. A. HYDARI,

Secretary.

The 19th May 1931.

Enclosure No. 3.

Extract from the proceedings of the meeting of the Advisory Board of the Imperial Council of Agricultural Research held at Simla on Thursday, the 11th June, 1931.

* * * * *

5. *Cheapening the cost of wire fencing used for the protection of crops against wild animals (Subject No. 8 of the Agenda).*—After the Chairman had introduced the subject Dr. Hyder made an impassioned appeal against sacrificing the interest of the agriculturists for the sake of a few industrialists. He said that wire fencing was useful not only for protection against wild animals but also against the depredations of tame ones. He was not impressed with the argument that it was not possible to find a specification which would exclude wire fencing used for other than agricultural purposes. It should not be, in his opinion, beyond the wit of the Customs authorities to work out a specification. If it was impossible to do so then he would rather that all woven wire fencing were admitted free of duty. Seventy-five per cent. of the 350 millions of the population of India were agriculturists. Though everyone realised his importance to the economic life of the country the agriculturist had few supporters when there came a conflict between his interests and those of the industrialist. The gradual protection of indigenous industries at the expense of the agriculturist had been going on for the last few years and he thought that time had come to cry a halt. He quite realised that if a few Indian industrialists interested in wire production claimed protection they would in the end obtain it. But it was in any case up to this Board which had solely the interests of the agriculturist to safeguard to make a stand for the latter. (Applause). Mr. Milne said that while he fully appreciated what had fallen from Dr. Hyder he saw one or two difficulties. One was that much of the woven wire fencing including all sorts imported into India was not used for agricultural purposes. Out of the Rs. 20—30 lakhs worth of wire fencing imported, a great portion was probably used for engineering and building purposes. This being so what was required was a definition which would differentiate between wire used for agricultural and that used for other purposes. Dr. Agharkar invited the Board to consider the realities of the position. There were very few cultivators in India who used wire fencing or were in a position to do so. Wire fencing was used principally on Government Farms and by a few rich land owners. The customs duty was no hardship for them. Mr. Main disagreed with Dr. Agharkar. Fencing, in his opinion, represented a distinct advance in agricultural improvement. Agricultural Departments should therefore do all they could to encourage the greater use of fencing and anything like a duty which tended to discourage its use should be done away with. In the Southern Division of the Bombay Presidency, for example, they had 6 lakhs of acres menaced by wild pig. In this area there were already 42 miles of fencing half of which was stone wall and half wire fencing. The cost worked out at about Rs. 1,100 per mile. They could save Rs. 165 per mile if the duty was removed. Dr. Hyder enquired whether certain ranges of woven wire fencing could not be exempted. Mr. Milne replied that that would hardly be practicable as fencing which could be used for the protection of fields could also be used for building and engineering purposes. Dr. Hyder said that

another benefit which would accrue from the greater use of wire fencing would be the saving from destruction of minor forests which were at present being denuded to provide fencing. Colonel Oliver said that from the Animal Husbandry point of view also the increased use of wire fencing for stock farms was necessary. Rao Bahadur Ananda Rao said that in Madras there were not half a dozen large proprietors who used wire fencing. There was no immediate prospect of wire fencing being used. In Madras prickly pear provided a natural, efficient and cheap fencing. The cost of wire fencing in Madras worked out at about Re. 1 per yard. Mr. Henderson said that in order to avoid the difficulty of defining wire fencing for agricultural purposes a rebate might be given for every mile of erected fencing. He was informed that this suggestion had been examined but found impracticable. Dr. Hyder suggested that a conference should be held as between the representatives of the Agricultural Departments and the Commerce Department so as to come to some agreed solution of the question. He was informed that this had been done but without success.

In the result the Board recommended that the duty on wire fencing for whatever purposes imported should in the interests of Indian agriculture be abolished.

Tata Iron and Steel Company, Limited.

(1) *Letter No. 282, dated the 20th May, 1931, from the Secretary, Tariff Board.*

The Indian Steel and Wire Products have applied to the Government of India for the restoration of protection to the Wire and Wire Nails Industry and the question has been referred to the Board under the terms of Government of India, Commerce Department, Resolution No. 362-T. (11), dated 7th May, 1931. The protective duty which was originally applicable to wire and wire nails was discontinued on the ground that the wire rod required for their manufacture was not produced in India. The Board would be glad to know what exactly the present position is with regard to the manufacture of wire rod by the Tata Iron and Steel Company and in particular would be grateful for replies to the following questions. It is requested that the replies may be sent so as to reach this office not later than June 27th.

- (i) Have the Tata Iron and Steel Company rolled any wire rod? If so, please state (a) the quantity rolled, (b) the size of the rod rolled, (c) the mill on which it was rolled, (d) the works cost per ton and (e) the price at which it was sold.
- (ii) If no wire rod has so far been rolled by the Tata Iron and Steel Company please state if there is any near prospect of the Company being able to do so. In 1927 in evidence before the Board Mr. Alexander stated that the Company would be in a position to roll wire rod within three years from that date.
- (iii) According to Mr. Alexander's evidence the intention of the Company then was to roll wire rod on the proposed Hoop and Strip Mill. In the present circumstances when is that mill likely to be installed and when can it be expected to be brought into operation? If there is a near prospect of wire rod being rolled on the mill please state (a) the approximate date when wire rod will be rolled, (b) the minimum size of the rod which will be rolled, (c) the capacity of the mill for rolling wire rod, (d) the probable output of wire rod, (e) the total probable output of the mill, (f) the estimated works cost of wire rod and (g) the estimated capital expenditure on the mill.
- (iv) Is it possible to roll sufficient quantities of wire rod on the present Merchant Mill reasonably near in size to No. 5 Gauge? If so, please state, (a) the minimum size of rod which can be rolled, (b) the total capacity for the production of wire rod, (c) the works cost of wire rod on a probable output and, (d) the

extent, if any, to which the rolling of wire rod would affect the average works cost of the mill.

- (v) If the minimum size of rod rolled or likely to be rolled by the Tata Iron and Steel Company is larger than No. 5 Gauge, what is the probable cost of rolling these larger sizes down to No. 5 Gauge? Have the Indian Steel and Wire Products the necessary equipment for rolling No. 5 Gauge from larger sizes? If so, from what sizes and in what quantities can they roll the rod?
- (vi) Please submit a full statement of the views of the Tata Iron and Steel Company as to how far the manufacture of wire rod in India for the Indian Steel and Wire Products would be economical from the point of view of (a) the Tata Iron and Steel Company, (b) the Indian Steel and Wire Products. Please also state generally the views of the Company regarding the application of the Indian Steel and Wire Products for the restoration of protection and particularly regarding the possibility of making the production of wire and wire nails in India ultimately profitable.
- (vii) Have the Tata Iron and Steel Company any financial interest now in the Indian Steel and Wire Products by way of debentures or loans or otherwise? Is there any agreement now in force between the Tata Iron and Steel Company and the Indian Steel and Wire Products regarding the production and sale of wire rod? If so, please send a copy of the agreement.
- (viii) What are the present prices of the principal kinds of imported wire rod—
 - (a) F. O. B. European Port;
 - (b) Freight, insurance, etc., to Calcutta;
 - (c) Landing and other charges;
 - (d) Duty;
 - (e) Freight to Tatanagar.
 - (f) Transport from Tatanagar to Works?

(2) Letter No. 299, dated the 25th May, 1931, from the Secretary, Tariff Board.

In continuation of my letter No. 282/W. 6, dated the 20th May, 1931, I have the honour to say that the Board understands from papers subsequently received from the Government of India that the Indian Steel and Wire Products propose to erect a mill in connection with their works at Jamshedpur on which they will roll rods from billets supplied by the Tata Iron and Steel Company. The Board would be grateful if, in addition to the information asked for in my letter referred to above, you would also send replies to the following questions (with five spare copies):—

- (i) What is the maximum quantity of billets which the Tata Iron and Steel Company would be able to supply to the Indian Steel and Wire Products, if required, during the next three years?
- (ii) Has any agreement or understanding been arrived at between the Tata Iron and Steel Company and the Indian Steel and Wire Products regarding—
 - (a) the quantity of billets to be supplied;
 - (b) the price of the billets;
 - (c) the time within which deliveries may be made?

If so, please give full particulars or send a copy of the agreement, if any.

- (iii) What is the smallest economical capacity of a rod mill as recognised in Europe or America? What is the approximate capital expenditure required to purchase and erect a mill of this capacity at Jamshedpur?
 - (iv) Please prepare a detailed estimate, as accurate as possible, of the works cost of rolling rod on the rod mill proposed from billets supplied by the Tata Iron and Steel Company.
 - (v) What are—
 - (a) the principal classes and sizes of steel section which may be rolled on the rod mill proposed;
 - (b) the purposes for which these sections are used;
 - (c) the extent of the market available for these sections; and
 - (d) the present c.i.f. price of corresponding classes of imported sections?
 - (vi) If it were decided to grant protection to steel sections rolled on a rod mill of the kind proposed, what alterations would be necessary in the Tariff Schedule?
2. The Board would be glad if your reply to this letter could be sent at the same time as your reply to my letter referred to above.

(3) Letter No. G. 743/31, dated 11th/12th June, 1931, from The Tata Iron and Steel Co., Ltd.

Re APPLICATION FROM THE INDIAN STEEL AND WIRE PRODUCTS FOR PROTECTION.

We have had your letters No. 282/W. 6 of the 20th ultimo and No. 299/W. 6 of the 25th ultimo on the subject of the application which you have received from Messrs. The Indian Steel and Wire Products under consideration and we have the honour to submit the following information in reply to the questions which you have put.

Letter No. 282, Question No. 1.—The Tata Iron and Steel Company has not called any wire rod. The subsidiary questions under this number, therefore, do not arise.

Questions 2 and 3.—There is no prospect of the Tata Iron and Steel Company being able to roll wire rod in the near future. Developments since 1927 have made it inadvisable to give effect for the present or in the immediate future to the intention which the Company entertained in 1927 of installing a Strip and Rod Mill at an early date. The enquiries which had been commenced in connection with such a mill were abandoned before final estimates of Capital cost, output, works costs, etc., had been prepared.

Question 4.—It is not commercially possible on the present Merchant Mill to roll No. 5 Gauge wire rod or any section reasonably near in size to No. 5 Gauge.

Question 5.—It would not be commercially possible to roll No. 5 Gauge rod from any material which can be produced on the Steel Company's Merchant Mill. To the best of our knowledge, Messrs. The Indian Steel and Wire Products have at present no rolling equipment of any kind.

Question 6.—As the Steel Company has no Rod Mill, does not expect to have one in the immediate future and has not worked out complete estimates in connection with such a mill, we are not yet in a position to give a detailed reply, supported by definite figures, to the first part of this question. We believe, however, that by the time when the Company can instal a rod mill it will be able to sell rod in India at a price a little below that of the imported article and make a moderate profit. As regards the second part of the question, the Steel Company is not acquainted in sufficient detail with the position of the wire and wire nails business to justify them in forming a definite opinion, but it seems to us reasonable

to expect that when the Indian steel industry is able to supply wire rod and as the wire and nails industry develops, the production of these articles in India should be ultimately profitable. We think that the wire and wire nails industry in India should be encouraged.

Question 7.—The Steel Company have no financial interest by Debentures, loans or otherwise in Messrs. The Indian Steel and Wire Products, nor is there any agreement in force between the latter and the Steel Company regarding the production and sale of wire rod.

Question 8.—The Steel Company does not import wire rod, and we have therefore no reliable information at our disposal.

The following information is submitted in answer to the questions raised in your letter No. 299:—

Question 1.—The Steel Company would be in a position to supply about 50,000 tons of billets during the next 12 months. The possible supply during the succeeding two periods of 12 months might be as large as this but, if other demands for steel developed, the Company might not wish to supply more than 30,000 tons per year.

Question 2.—No formal agreement has been made between this Company and Messrs. The Indian Steel and Wire Products about the supply of billets, but in our letter No. G. 1344 of 26th September, 1929, we made them an offer which, in response to representations by them, we modified in our letter No. G. 1533 of 4th November, 1929. We enclose herewith copies of these letters for your information.

Question 3.—We believe that many Rod Mills in Europe and America produce 100,000 to 120,000 tons of rods per year and that there are one or more mills which are equipped to roll at the rate of 20,000 tons monthly. It is difficult to say what would be regarded as the smallest economical capacity of a Rod Mill in Europe or America, as special considerations might be of importance in particular cases. We understand that Messrs. The Indian Steel and Wire Products made careful enquiries in Europe about small Rod Mills, and we presume that the Mill which they have in contemplation may be regarded as having the smallest economical capacity. We believe that this firm will be able to give you more useful information than we could about the approximate capital cost of such a Mill.

Question 4.—We are not in a position to prepare accurate estimates of the Works costs of rolling rod on a Rod Mill in India, as these costs will depend so much on the details of the design, the method of operation and the products to be rolled. We understand, however, that the Mill constructors with whom Messrs. The Indian Steel and Wire Products have been in touch, estimate that the spread from billets to rods on the Mill which they propose would be between Rs. 30 and Rs. 37 per ton excluding interest and depreciation.

Question 5.—The principal classes and sizes of steel which might be rolled on the proposed mill would appear to be rounds from No. 5 Gauge up to $\frac{1}{2}$ " and possibly jute hoops. The rounds would principally be used for the reinforcement of concrete and for drawing into wire. We have no definite knowledge of the extent of the market available for these sections, as we are not directly concerned with it. Our provisional estimate, however, is that the demand for the whole of India in these sizes is 30/40,000 tons a year. To the best of our knowledge, these small rounds suitable for reinforcing are being landed in Calcutta at present at about Rs. 75 to Rs. 80 per ton.

Question 6.—If it were decided to grant protection to these small steel rounds on the same basis as bars, it would apparently be necessary to eliminate item (c) (i) of Serial No. 102 (c) from the Tariff Schedule as published by the Department of Commercial Intelligence and Statistics. We cannot at present usefully suggest the form of the alteration required if the Board recommended protection on some basis other than that now applicable to bars. It would also be for the Tariff Board to consider on

such evidence as they might be able to obtain whether it would be desirable similarly to eliminate item (c) (ii) and item (a) from the same serial number.

In accordance with your request we have the honour to enclose herewith five spare copies of this letter.

Enclosure No. 1.

Copy of letter No. G. 1344/29, dated the 25th/26th September, 1929, from The Tata Iron and Steel Co., Ltd., Bombay House, Fort, Bombay, to Indra Singh, Esq., Proprietor, The Indian Steel and Wire Products, Tatanagar, B. N. Railway.

Re Rod Mill.

We have carefully considered the proposal made in your two letters Nos. 1154/29 of the 29th April, 1929, and 1492/29 of the 31st May, 1929, in connection with the erection of a Rod Mill.

We cannot accept any responsibility for your present position or any obligation to supply you with rods. We are, however, prepared to allow you to put up a Rod Mill at your Works on the following conditions:—

1. You will not roll in your Mill rounds $\frac{1}{2}$ " and above.
2. For five years you will not roll in your Mill any other kinds of bars such as flats, tees, squares and angles of any size.
3. On our side we shall not roll rounds below $\frac{1}{2}$ " for five years after your Rod Mill begins to operate.
4. Subject to *force majeure* we shall supply you with $1\frac{3}{4}$ " billets up to 2,000 tons per month for a period of five years for the manufacture of wire. We shall also supply you with additional electric power if we can do so at that time. At present we have no additional power to spare. The billets supplied by us must be consumed only in your Rod Mill at Tatanagar and must not be shipped out of Tatanagar or sold to any one else.
5. The price of billets will not be less than Rs. 90 per ton, but the exact price and other terms can be fixed later on subject to the approval of our Board.
6. As the success of your Rod Mill will be conditional on your obtaining protection for wire, we shall do our best to support your application to Government for protection. You should make your application for protection without delay as we do not think it would be advisable for you to instal a Rod Mill until protection for wire is obtained. Please send us a copy of your application. For the purpose of the application you may assume a price of Rs. 90 per ton for the billets. We suggest that as you were induced to purchase the Wire Products Factory by the Government of Bihar and Orissa, you should get the support of that Government to your application.

Enclosure No. 2.

Copy of letter No. G. 1533/29, dated the 29th October/4th November, 1929, from The Tata Iron and Steel Co., Ltd., Bombay House, Fort, Bombay, to Indra Singh, Esq., Proprietor, The Indian Steel and Wire Products, Tatanagar, B. N. Railway.

Rod Mill.

We have carefully considered your letter No. 2553/29 of the 4th October, 1929, regarding the erection of a Rod Mill and the supply of billets.

The important point is the price of the billets which we had suggested in our last letter should be Rs. 90 per ton. You say that we had promised to supply you with billets on the same terms as we supply tin bar to the Tinplate Company. What we meant was that the price of billets shall be *proportionately* the same price as price of tin bar, that is to say, taking into consideration the Tinplate Company's regular demand for a very much larger quantity as compared with yours the actual price of billets to you will be somewhat higher than that of the tin bar.

As we pointed out to you before, it would not be advisable for you to instal a Rod Mill until protection for wire is obtained and therefore the question of supply of billets will not arise if you are not successful in securing such a protection. The price of Rs. 90 per ton was suggested by us as a basis on which you should ask for protection. If you get protection based on this price you can have no complaint as to the price. We will however agree that if the Tariff Board grant protection based on a lower price we shall be prepared to consider a reduction in the price of billets, but in no case will this be below the price at which we supply tin bar to the Tinplate Company.

As regards the other points raised by you, *viz.*, the supply of electric power, supply of billets after the first five years, we think satisfactory arrangements can be made if this question of protection is settled. We would advise you to make the application at an early date.



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THE TATA IRON AND STEEL COMPANY, LIMITED.

B.—ORAL.

**Evidence of Mr. R. MATHER and Mr. J. L. KEENAN recorded at
Calcutta on Wednesday, the 19th August, 1931.**

President.—Mr. Mather, you are familiar with the past history of this question, as familiar as we are here, so it is not necessary for me to recapitulate the facts connected with it. But there is one point that I should like to mention which is this. You remember, in 1927 when the Tata Iron and Steel Company gave evidence before us it was stated by Mr. Alexander definitely that it was a part of the Company's programme to instal a hoop and strip mill, and he stated also definitely that the mill would be installed within three years from then. That three years would have expired in 1930. The original Steel Wire Products Company is no longer in existence and the proprietor of the present works took it over early in 1928.

Mr. Mather.—He bought at the end of 1927 and started operations in March 1928.

President.—Yes. You remember, the Tariff Board decided to suspend the duty on wire and wire nails in 1927 on two grounds. One was that wire rod was not available in India and the second was that the company which had been in existence and had been making wire and wire nails had already decided to go into liquidation and therefore there was no industry to protect.

Mr. Mather.—That is correct.

President.—When Mr. Indra Singh took over the works of the Indian Steel Wire Products it is perfectly true that he knew, or ought to have known in 1927 before he purchased the thing, that the whole question was under consideration and there was a likelihood of the duty being withdrawn. As against that in fairness to him it ought to be pointed out that if he knew that protection was going to be withdrawn, he knew also that protection was going to be withdrawn on these two grounds which were mentioned at the enquiry and that if he took it over and was in a position to provide the necessary working finance one objection was got rid of, and in the light of Mr. Alexander's statement he would also be justified in thinking that at any rate in 1930 wire rod would be available in India and therefore there was reasonable probability of his getting protection. Therefore, the fact that he took over the works when the enquiry was pending does not necessarily, from an entirely equitable point of view, preclude a reconsideration of this question. I have made this statement in order to make quite clear the sort of point of view from which I personally at any rate propose to discuss this question. We have had copies of the correspondence that had passed between you and Mr. Indra Singh with regard to the supply of materials. I understand it is now quite definite that you are not in a position to roll wire rod in the near future?

Mr. Mather.—That is correct.

President.—Therefore a new proposal has been put before us which is that the Indian Steel Wire Products would instal a rod mill for which they expect that the Tata Iron and Steel Company would be able to supply them the required billets. It is on this point really that we want information just now. There are two points connected with the supply of billets. I will take the first: that is whether it would be possible for Tatas to supply the quantity of billets required for this rod mill which Mr. Indra Singh proposes to instal. I understand from your letter that you have agreed to supply about 2,000 tons of billets a month.

Mr. Mather.—That was the position in September 1929: that was in accordance with Mr. Indra Singh's request as regards the quantity at that

time. I think we have had no further official correspondence with Mr. Indra Singh since then on the point of quantity but we understand from him that his more recent ideas are that he would like a bigger quantity and we are prepared and can supply a higher quantity.

President.—He has given us his estimates of the probable output of the rod mill and the maximum quantity of wire rod and small sections which he hopes to roll on the rod mill. His 45,000 tons of finished output would I presume correspond to 50,000 tons of billets?

Mr. Mather.—Approximately 50,000 tons.

President.—May we take it that if that demand was made on you you would be able to supply it?

Mr. Mather.—We should be able to supply it by the time when that demand is effective.

President.—I understand from Mr. Indra Singh's letter that it would take him about 18 months to instal a rod mill from the time Government takes action on our report. Assuming that it takes six months for our report to be published and the Legislature to take action, you have got to take these 18 months after the expiry of six months. Altogether, therefore, it might mean two years from now. Suppose the demand was made on you at that time would you be able to supply 50,000 tons of billets?

Mr. Mather.—We could supply 4,200 tons a month from the beginning of next month if necessary. Even taking into account the possibility that we might require steel for other purposes as time goes on, there is the equal possibility that we shall be able to increase our output of ingots. If this mill starts working in two years from now—he would not be able to develop his business so as to be able to take this quantity during the first 12 months—we have no fear of not being able to supply him with the necessary billets.

President.—Would you be able to give me an analysis of the position in this way? I take it that the amount of billets which may be rolled on the billet mill and may be spared for purposes other than connected with your own mill would be conditioned by the output of your blooming mill. Is that correct?

Mr. Mather.—That is so.

President.—And the output of the blooming mill would be conditioned by the ingots available?

Mr. Mather.—Yes.

President.—I should like you first to give me an analysis of the output which would be available from the billet mill, assuming that your various rolling mills are working on more or less their present output and secondly assuming that the mills are working on an output which corresponds to approximately their full capacity. The point I am trying to get at is this. At present your rail orders have fallen considerably short of the quantity that the Tariff Board estimated; therefore there would be less demand from that quarter on your blooming mill and those blooms could be used in the billet mill. But suppose the Railway Board's demand increased to an extent more or less corresponding to our total estimate, I should like to make quite sure that in that case too the amount of billets that Mr. Indra Singh requires could still be spared. You could first tell me what the position is on the present output and then tell me what the position would be if the mills rolled to full capacity.

Mr. Mather.—The billet mill is at present rolling, as far as our own consumption is concerned, approximately 120,000 tons of billets a year for the merchant mill; it is rolling approximately 60,000 to 65,000 tons of sheet bar.

President.—That is taking black sheets and galvanised sheets together?

Mr. Mather.—Yes. We also roll on that same mill tinbar for the Tinplate Company at a rate which has recently been about 65,000 tons per year. At present it is rather lower than that, but for your purposes you would like to consider what we regard as more or less normal? We have a

miscellaneous market for billets here and there, totalling approximately 20,000 tons which we send outside the works. In addition to that, we have since the beginning of this year been rolling sleeper bars for the manufacture of sleepers outside our works. This business has not been developed long enough for us to say with any certainty what the annual quantity will be, but on a recent survey of the position we hope that the off-take in the course of the current year will be about 40,000 tons. That may be rather high.

President.—Take it at 40,000 tons.

Mr. Mather.—In any event if we get direct orders for the finished sleepers, the bar for the finished sleeper will be rolled on this mill. We do expect to get small orders for sleepers next year. That, with the sleeper bar which we sell outside for an Engineering Firm to make it into sleepers of a different pattern, may be taken approximately at 40,000 tons. That is the present effective demand.

President.—What about the old bar mill?

Mr. Mather.—The old bar mill is now shut down. We propose to start it up again in the cold weather for the manufacture of fishplates for next year's requirements. While we produce those, we shall also make a certain quantity of other bars or light rails or other sections which can be rolled on this old bar mill. All the billets for that do not come from this mill partly on account of the quality of the steel. Sometimes we roll billets on the old 28" mill.

President.—That may be left out.

Mr. Mather.—The demand on the old bar mill is small and it will not affect these figures seriously. That gives a total of 310,000 tons.

President.—That would mean how much in terms of blooms?

Mr. Mather.—Say between 340,000 and 350,000 tons.

President.—I should like to know whether you could spare all this quantity of blooms from the blooming mill on the present output of the mills which take material from it. That is principally the rail mill.

Mr. Mather.—Shall we add to this tonnage of blooms the requirements for other purposes? As far as the new 28" mill is concerned, we are anticipating to roll in the course of the current year a total of about 120,000 tons of rails and structural sections together. That 120,000 tons of material will take about 135,000 tons to 140,000 tons of blooms. To be on the safe side we shall call it 140,000 tons. Then the only other demand on the blooming mill is for slabs for the plate mill. Our estimated output of plates for the current year is 35,000 tons. It would mean about 50,000 tons of slabs which are rolled on the blooming mill. If we add this 50,000 tons of billets, that will be another 60,000 tons of blooms bringing the total to 600,000 tons of blooms or 50,000 tons a month.

President.—What is supposed to be the capacity of the blooming mill?

Mr. Keenan.—700,000 tons annually.

President.—This corresponds to nearly 60,000 tons a month.

Mr. Keenan.—That is right.

President.—Is that on the present output?

Mr. Mather.—Yes, *plus* the billets required for other purposes.

President.—That could be managed comfortably.

Mr. Mather.—Yes.

President.—If we assume an increase in the output of rails, supposing it were possible to roll about 150,000 tons of rails?

Mr. Mather.—Another 90,000 tons of blooms.

President.—That brings the total to 700,000 tons of blooms. On the old and the new blooming mill you will be able to manufacture comfortably 700,000 tons of blooms.

Mr. Mather.—Yes.

President.—What about the ingot capacity? Is it quite within your ingot capacity?

Mr. Mather.—700,000 tons would take 800,000 tons of ingots. We are in a position now to make that comfortably. We could work at that rate at very short notice from now.

President.—The position is quite clear. If Mr. Indra Singh requires a certain amount of billets corresponding to the total capacity of his rod mill, you would be able to supply him with the billets, if necessary, say, next year.

Mr. Mather.—Yes.

President.—The next point is the price at which the billets would be sold. I gather from correspondence which we have seen that the arrangement that you have proposed is that billets would be sold at the price at which tinbar is being sold to the Tinplate Company.

Mr. Mather.—That was the offer made in 1929.

President.—You suggested at the same time that the price would be rather nearer Rs. 90 than Rs. 83 which is the price at which tinbar is being actually sold.

Mr. Mather.—Yes.

President.—That is because of the larger demand that you get from the Tinplate Company.

Mr. Mather.—That is so. We are also shareholders in the Tinplate Company.

President.—We gathered from Mr. Indra Singh yesterday that he made an attempt to reopen negotiations with you on this subject, but he told us that no definite proposal was received from you. Is that then the present position?

Mr. Mather.—I can add something to that information. What Mr. Indra Singh told you yesterday was absolutely correct. We were not at the time when we last discussed the matter with Mr. Indra Singh in a position to make any definite revision of the offer which had been given him in writing in 1929 and which he had neither accepted nor refused at that time. We did, however, say that we were prepared to reconsider the matter in the light of circumstances as they are at present. In 1929 when we made that offer, the price was below the price at which it was possible to import billets without a protective duty and when the revenue duty was only 10 per cent. on imported billets. Since then of course prices have changed very much and we recognise that fact. Mr. Indra Singh is entitled to ask us to take that into consideration and only last week we had the matter considered very carefully by the Board of Directors of the Steel Company and they decided that they would be prepared to supply billets to Mr. Indra Singh at the price at which Continental billets could be delivered at Tatanagar from time to time with a minimum of Rs. 70 per ton, the idea being that we should be able to deliver the billets to his works at the price at which he would otherwise be able to import continental billets subject to this minimum.

President.—This is a proposal which has been sanctioned by your Directors. You are putting this proposal with the authority of your Directors.

Mr. Mather.—I consulted the Board in order to be able to put some definite proposal before the Tariff Board. I might add that this has not yet been communicated to Mr. Indra Singh.

President.—It is obvious Mr. Indra Singh didn't know anything about it.

Mr. Mather.—What he told you was quite correct on the information he had.

President.—The proposal is that the price of billets at which they are sold to Mr. Indra Singh would depend upon the current price of imported billets landed at his mills at Tatanagar subject to a minimum of Rs. 70.

Mr. Mather.—Yes.

President.—Let me see how it works out with reference to present current prices. The latest figure that I could get from the Iron and Coal Trades Review for Belgian billets is £3-5 f.o.b. Antwerp.

Mr. Mather.—Freight and insurance come to about 16 shillings. So that would come to £4-1 c.i.f. Calcutta.

President.—It is about Rs. 54, c.i.f. Calcutta.

Mr. Mather.—Yes.

President.—From the c.i.f. point to delivery at the mills in Tatanagar yesterday we got figures from Mr. Indra Singh which works out to Rs. 7.

Mr. Baldev Singh.—Yes.

President.—In your estimate do you include the duty?

Mr. Mather.—Yes.

President.—Actually as you know Mr. Indra Singh got his duty remitted.

Mr. Mather.—Yes. We have no official information about that. We do not know the nature of the arrangement under which this was done, nor have we any objection to such an arrangement in respect of rods only, which we do not roll.

President.—The point is this. Mr. Indra Singh gets his rod now free of duty.

Mr. Mather.—Yes.

President.—Supposing he decided to roll his rod on his own mill, his cost must really be compared with what it would cost him to import rod under present conditions, that is to say free of duty.

Mr. Mather.—That argument would involve that we should be supplying even without the benefit of the revenue duty. When we ourselves from time to time imported billets during 1927-28, we had to pay the import duty although we imported billets for the purpose of rolling them into bars. Those are the particulars of actual purchases that we made in 1927 and 1928. (Statement handed in.)

President.—What I want to know is your proposal. You include the duty in this?

Mr. Mather.—We do.

President.—At 12½ per cent. it comes to 6-5.

Mr. Mather.—Yes.

President.—That comes to Rs. 60-5. To that you add Rs. 7.

Mr. Mather.—Rs. 67-5.

President.—That is delivered at Tatanagar?

Mr. Mather.—Yes.

President.—So that taking the present import price, the price that you charge is Rs. 70.

Mr. Mather.—Yes.

President.—This is Rs. 5 less than the fair selling price which the Tariff Board estimated for tin bars on a full output in 1933-34.

Mr. Mather.—I should like to point out that when the Steel Company's Board were considering this matter, they started on the basis of the estimate made by the Tariff Board in 1926 of the fair selling price for sheet bar and billet mill products in 1933-34. We thought that that would be a reasonable basis and could not in any sense be considered an excessive demand on the part of the Steel Company. Even so, taking into account the difficulties of Mr. Indra Singh's position in that he would have to buy billets in order to roll it into rod and then turn the rod into wire and having in mind to a certain extent the previous history of the wire concern, the Board thought that it would be justified from the point of view of the Steel Company in making the arrangement I have indicated, although in such times as the present it would leave the Company with even a lower price than the price estimated by the Tariff Board as being reasonable in 1933-34.

President.—That is to say this minimum price of Rs. 70 is proposed by the Tata Iron and Steel Company in view of past history.

Mr. Mather.—That was one of the factors which entered into it. The general desire of the Steel Company is to see steel-using industries established in India and they are ready to recognise that in the case of such industries as this one there might be many difficulties to be faced and therefore they are willing to take a moderate share of the burden in the hope that if such an industry were established on a sound basis, it would in the long run prove to be of advantage to the Steel Company, even though the profit on the sale of the billets were smaller than we should expect to get in the ordinary way of selling in the open market.

President.—Assuming that definite proposals were going to be made to your Company by Mr. Indra Singh, for what kind of period would you be prepared to make an agreement based on these proposals? Have you considered that point?

Mr. Mather.—We have not given close consideration to that at present. I think you will understand that I cannot finally commit the Board, but I should certainly consider—I see no reason to think that the Board will hesitate to agree—that at any rate the price basis of that kind should be effective say, for the first 5 years during which the billets were taken.

President.—Suppose Mr. Indra Singh's rod mill is ready for operation at the beginning of 1934, then you would be prepared to supply him at this price for a period of five years from then?

Mr. Mather.—That I don't think the Board will hesitate to agree to. There is a further possibility and that is the Steel Company would also, I think, be prepared to agree to a contract being made on this price basis for such period as the Tariff Board would lay down for the purpose of its protective scheme for this industry so that there should at any rate be no interference with the basis of the scheme during the period.

President.—It is not a matter which the Board has considered yet as a Board. Assuming for argument's sake that the Board decided to grant protection for a period of ten years and Government considered that a reasonable proposal, would the Tata Iron and Steel Company be prepared to make an agreement for ten years?

Mr. Mather.—Naturally I cannot bind the Company on a point like that. What I will say however is this that while the Company would in making normal sales contracts prefer not to cover such a long period as that, it would, I think, recognise the importance to the industry, to the Tariff Board and to the country generally of a suitable basis during such period as the Tariff Board might recommend should be covered. If the Tariff Board considered ten years as advisable, I think it improbable that the Steel Company would object to covering the same period by the sale contract.

President.—There is just another point in this connection. Supposing the Legislature decided to grant protection for a period of years—5, 7 or 10 years—then it might be that during that period the decisions would be based on the results of the next Statutory enquiry. Supposing it happened that in the next Statutory enquiry the fair selling price for tin bar was estimated to be lower than Rs. 70, what would be the position?

Mr. Mather.—If we had entered into a contract for the supply of billets for this particular industry on a certain basis, we should be reluctant to have that altered during that period—particularly bearing in mind the fact that we are now expressing our willingness to enter into a contract on a basis which we anticipate will not at any rate in the early stages give us a surplus over the works cost estimated by the Tariff Board a few years ago.

President.—May I take it then that the position is this? You are now suggesting a price which is less than the fair selling price estimated by us by Rs. 5. It might be open to some criticism that if you sold any of your products at a price which was below the fair selling price estimated by the Tariff Board while you were in receipt of protection you were so to speak

giving away a certain part of the protection which was granted to you by the legislature by your own action. If you decided to adhere to this figure of Rs. 70 for a period of 7 or 10 years, although the fair selling price estimated by the Tariff Board in the next Statutory enquiry might be lower, your explanation would be that the surplus over the fair selling price which you would get after 1934, would make up any loss that you might have sustained in the period before it?

Mr. Mather.—That is so.

President.—Approximately that is the position?

Mr. Mather.—Yes.

President.—Well then for our purpose we may take the minimum price of Rs. 70?

Mr. Mather.—Yes.

President.—I should like to know what precisely are the terms of the present agreement with the Tinsplate Company? Are you selling at Rs. 83?

Mr. Mather.—Yes, delivered at their works.

President.—How long would that agreement last?

Mr. Mather.—Ten years from 1927, subject to revision if the protective duty on tinsplate is reduced during those ten years.

President.—If the duty on tinsplate is reduced the matter would be reopened?

Mr. Mather.—If the duty is reduced during these ten years, then the price of tinbar is to be governed by the arrangement which is already provided in the contract coming into effect after ten years, that is to say it would then be one-third of the export price of tinsplate from South Wales.

President.—The present arrangement continues till 1937?

Mr. Mather.—That is so.

President.—Unless the protective duty on tinsplate is changed in the meantime?

Mr. Mather.—That is so.

President.—After 1937?

Mr. Mather.—The contract provides that the price at which we deliver tinbar at their works will be one-third of the f.o.b. price of tinsplate at South Wales port.

President.—That is after 1937?

Mr. Mather.—Yes.

President.—Before 1937, suppose there was a change in the rate of the protective duty?

Mr. Mather.—If the protective duty on tinsplate is reduced before 1937, then this other arrangement for fixing the price of tinbar comes into operation.

President.—One-third of the price at South Wales port?

Mr. Mather.—Yes. If the duty is increased, then there is no change in the price of tinbar.

President.—There is one other point. In your letter to Mr. Indra Singh in September 1929 on the question of the supply of electric energy what you say is that "we shall also supply you additional electric power if we can do so at that time. At present we have no additional power to spare". That makes the position so very indeterminate that it is impossible to proceed on it. Has the position developed since you wrote that letter?

Mr. Keenan.—We can supply that power now.

President.—You can do it?

Mr. Keenan.—Yes.

President.—Have you any idea of the amount of power that they may require?

Mr. Keenan.—They want 2,500 h. p. The maximum will be 2,000 k. ws. per hour roughly.

President.—I look at it in this way. Of course, they are not in a position to tell exactly us what amount of power they require. They have given us the estimated cost of power on this rod mill. Throughout this period that the rod mill is working, they estimate the power cost at Rs. 6-6 per ton. That is based on your rate of 9 pies per unit. If they were making 60 tons a day, it would mean somewhere about 8,000 units and if they went up to 150 tons a day, it would mean 20,000 units a day. Would you be in a position to tell us that if demand were made upon you on this scale for electricity, you would be able to supply?

Mr. Keenan.—We would be able to supply.

President.—And the rate at which electricity would be supplied, if a demand was made on this scale, I suppose, would be 9 pies per unit subject to any variations in the price of coal, is that correct?

Mr. Mather.—That is generally correct. Our electricity agreements with all the companies in Jamshedpur and Tatanagar are on the same basis, the price per unit fluctuating with the price of coal. As that scale operates under the present price of coal the charge is 9 pies per unit. If the price of coal falls further, it will be reduced.

President.—For the past four or five years it has been 9 pies?

Mr. Mather.—Yes.

President.—If it became necessary that the proposals now made before us should be embodied in the form of an agreement for such period as might be considered reasonable, your Directors would be prepared to do it?

Mr. Mather.—You mean for the supply of billets?

President.—For the supply of billets, power, etc.

Mr. Mather.—Yes.

President.—If it became necessary to embody them in the form of an agreement, it would be done?

Mr. Mather.—I think so.

President.—There is another point arising from your letter. Mr. Indra Singh's idea is to roll on his rod mill, as you know, not merely the wire rod that he requires for his wire plant but also a certain number of sections, less than half inch, for which there is apparently a very considerable market. That point was raised in correspondence and your reply was "On our side we shall not roll rounds below half inch for 5 years after your rod mill begins to operate". Now it occurred to me suppose Mr. Indra Singh started this mill with the expectation of getting an output of 45,000 tons, of which 30,000 tons would be small sections, if at the end of 5 years you decided to instal a mill more or less of the same type a hoop and strip mill for instance—in which smaller sections might be rolled, then there might be a clash of interests. The position then might become embarrassing both for you and for Mr. Indra Singh. Are you in a position to tell us anything on that point?

Mr. Mather.—I would not like to say anything further than this, at the present moment without a further consideration by the Board that the Steel Company would, I think, agree not to roll materials under half inch for the same period as was covered by the arrangement for the supply of billets. But I could not at present commit the Steel Company to undertaking never in the future to roll materials of less than half inch.

President.—Supposing it came to this that the Tata Iron and Steel Company decided to put up their hoop and strip mill, at the end of 7 or 8 years the market would be really big enough for both your mill and the rod mill of Mr. Indra Singh—I was looking at the trade figures and I found that the total imports of unprotected bars in 1930-31 were somewhere about 35,000 tons. . . .

Mr. Mather.—I think that is right.

President.—If you take the imports of strips and hoops during the past three years, you will get an average of about 50,000 tons—say 40,000 tons.

Mr. Mather.—That is correct.

President.—So that if there was a market for the two together of about 75,000 tons, even assuming that the Tata Iron and Steel Company decided to put up a hoop and strip mill, the position would not necessarily mean over-production?

Mr. Mather.—Not necessarily. That of course would depend on the type of mill and the possible capacity of such a mill as we might have in mind at that time. You will realise, Mr. President, that it is rather difficult to say now what type of plant we should be considering in 7 years time.

President.—All that we are concerned with is this: if we decided to make our recommendation on the basis of your proposals and Mr. Indra Singh felt encouraged to instal the rod mill not merely to roll the rod he requires but also other sections below half inch, the whole thing would be done under the shelter of protection. Supposing there was some possibility of another protected industry producing materials to an extent which might cover the whole market available, we should be protecting an industry which is likely to reach soon a state of grave over-production and thus be stultifying ourselves. Unless there was some kind of reasonable assurance that both of you would find a reasonable outlet for the products of your mills, it would be somewhat unsatisfactory from the point of view of the Tariff Board because you are protected and Mr. Indra Singh is protected and the market is not sufficient for both of you.

Mr. Mather.—One thing I think can definitely be stated that the Steel Company would not, during the period of any agreement for the supply of billets to Mr. Indra Singh, take any action which would directly or indirectly interfere with either the working of that arrangement or the general spirit with which it has been entered into. As regards the definite undertaking by the Tata Iron and Steel Company that it would definitely abstain from making these lighter sections for a period longer than that, I should require to consult the Board of Directors but this is a fact which would obviously be always taken into account if such an extension of the Steel Company's capacity were under consideration. If at that time, taking the market here as 75,000 tons for hoops and strips and unprotected bars and Mr. Indra Singh were in a position to get half of that or thereabouts leaving roughly about 35,000 tons, it is not probable that in 7 or 8 years time such a market would be considered to be the most favourable direction in which the Steel Company could extend its production. What the Steel Company would certainly bear in mind is that even then the Steel Company would not be in a position to supply the whole of the rolled steel required by India. When the Steel Company comes to consider any extension then,—this is the way in which these matters are considered now—it will pick out for extension that field in which the possibilities are the most promising. It is not likely unless there is a large increase in the demand for these materials in India that that particular field of extension would appear to the Board to be the most promising.

President.—In any case you said that you would be prepared to make an agreement on these lines including the provision regarding the manufacture of sections for such period as the Tariff Board or Government may consider reasonable.

Mr. Mather.—Until that point has been specifically considered by the Board I think you realise that I cannot definitely commit them, though I have no reason to doubt at all that they would accept that position.

President.—That I think covers most of the points.

Mr. Mather.—Might I at this stage make one or two remarks about what you said at the opening of this sitting to-day. I think it is advisable that it should be on record in connection with the past history that the Steel Company having in 1927 told the Tariff Board—and it would be within the knowledge of Mr. Indra Singh as a possible purchaser—that they intended

very shortly to instal a strip and rod mill and Mr. Alexander on behalf of the Steel Company having given his word that it would be in operation in three years time, the Steel Company and Mr. Alexander intended to act in accordance with that programme. During the cold weather of 1927-28 the Steel Company was busily engaged in connection with the design and lay out of such a mill. There was considerable correspondence with our Consulting Engineers and the staff at Jamshedpur considered the matter in many aspects and the Steel Company then sent one of its mill superintendents over to the United States to get in touch with the Consulting Engineers in order to work out the details of such a mill. His visit was definitely connected with the development of that part of our steel programme. As you are aware, in 1928 the Steel Company had a serious strike which not only involved heavy loss of money but also involved us in indirect losses for a considerable period and it was not until approximately 12 months ago that we could say that we had got over the effect of it, and it was not until 12 months ago that it became practical politics on behalf of the Steel Company to consider the expenditure of any substantial amount of capital on any new mill. Naturally after such a long interval as that the Steel Company felt that in the interest of its own shareholders and the success of the protection scheme it must consider the question in the light of the circumstances of the day and it then became apparent—we were then aware of course that Mr. Indra Singh had been considering this question very carefully, and he knew of course that the Steel Company had been put to heavy losses—that the Company would have to alter its decision. When therefore Mr. Indra Singh began to discuss the possibility of himself installing a rod mill to make rods, the Steel Company thought that it was possibly the best way out of the difficulty. It was in 1930 that the Steel Company for the first time considered this matter of Mr. Indra Singh installing a rod mill and the Steel Company supplying the necessary billets, rather than incurring this expenditure on a rod and strip mill. I mention this now so that it may be clearly put on record that the promise that was made by Mr. Alexander on behalf of the Steel Company in 1927 was not made in any way light-heartedly. It was a definite proposal which we had in mind and had every intention of carrying out and which certainly would have been carried out but for the very serious setback to the Steel Company's affairs produced by the strike and then by the radically altered circumstances existing at the time when we were in a position to reconsider it.

President.—I am glad you make your position clear.

Mr. Keenan.—We had the location and everything ready.

President.—There is just another point which is not directly connected with the negotiations between you and Mr. Indra Singh. Suppose Mr. Indra Singh was able to get his billets at Rs. 70 per ton, the point that we have got to consider is whether from billets at this price it would be possible to roll wire rod in a mill at Tatanagar at a cost which at any rate would not make it less economical than to purchase imported rod. The price that you have suggested is Rs. 70. Am I correct in thinking that approximately the wastage may be taken at 10 per cent.?

Mr. Mather.—Not more than that. 10 per cent. is near enough for your present calculations.

President.—That is Rs. 77. The estimated conversion cost that Mr. Indra Singh gives us on an output corresponding to his full capacity is Rs. 25.

Mr. Mather.—Yes. Is that the cost above metal?

President.—Yes. I had better make sure. Mr. Indra Singh, you give us the estimated conversion costs of your rod mill on an output of 50, 100 and 150 tons a day. In these estimates that you give us your conversion figure does not include the wastage on metal? The wastage on metal I don't believe you have included. So I am right in thinking that the conversion figure that you give is a conversion figure that excludes the wastage of the billet. Is that correct?

Mr. Indra Singh.—That is correct.

President.—Therefore you have to add this Rs. 25 to Rs. 77.

Mr. Mather.—There would be just a small recovery of the 10 per cent. wastage, say, Rs. 2.

President.—That is about Rs. 100. Am I right in thinking that this rod mill would correspond in its working very largely to the merchant mill?

Mr. Keenan.—Yes on a smaller scale. I have talked this over with our Merchant Mill Superintendent and he thinks it could be run very economically, and with the minimum amount of labour.

President.—Is it a reasonable thing to suggest that ultimately when this rod mill has attained full capacity its conversion cost would approximate more and more to the conversion cost on the merchant mill?

Mr. Keenan.—Yes. Here is a statement of our conversion cost on the merchant mill year by year (handed in).

President.—This includes 10 per cent. wastage?

Mr. Keenan.—It does include that.

President.—Actually your wastage on the merchant mill is less than that. Is it not?

Mr. Keenan.—Yes, 9 per cent.

President.—The way I am looking at it is this. Taking the conversion cost, that is to say, cost above gross metal cost, as Rs. 25 and making allowance for credits realised, you get a figure of about Rs. 100. Actually now Mr. Indra Singh is getting his wire rod landed at Tatanagar at Rs. 92 without duty. If you added the duty to that it would come more or less to Rs. 100—with a revenue duty at 12½ per cent. In addition to that the present rebate on exported wire rod in Germany, as far as we can gather from figures published by the Iron and Steel Federation in England, works out to somewhere about 30 shillings, that is about Rs. 20. In trying to consider whether the Indian industry will be able ultimately to establish itself we have got to examine the question on the basis of competition which is more or less fair. It is perfectly clear that if there is deliberate unfair competition no industry will be able to establish itself in this country. If you made allowance for the element of unfair competition, to this figure you have got to add if not Rs. 20 at any rate Rs. 10.

Mr. Mather.—The export price of wire rod is controlled by the Belgian price. During recent years they have been cutting prices and there is no such rebate in Belgium.

President.—But this International Wire Products Syndicate includes Belgium, Germany, Scandinavia, Czecho-Slovakia and one other country, so that the system of rebates followed would, I believe, apply to exports from all these participant countries?

Mr. Mather.—That is not correct. The Belgian manufacturer gets no rebate. To the small extent to which he can sell his steel in Belgium he does naturally charge a higher price which so far as I can say offhand would be about 5 shillings a ton, which is not a very big amount, and since 75 to 80 per cent. of the steel made by Belgium is for export, there is no source from which rebate can be drawn, and Belgian prices are the controlling prices in the export market.

President.—There is no difference in regard to Belgian sales between the f.o.b. price and the internal market price?

Mr. Keenan.—The German price for basic open hearth steel bars last December was 128 marks and the works cost was 112 marks while the price for export was 80 marks, a difference of 48 marks. This was the finding of the Enquete Commission's enquiry.

President.—Suppose we left that factor out of account and took simply the revenue duty and if ultimately the conversion cost on the rod mill approximated gradually to the conversion cost on your merchant mill, some reduction in the conversion cost may be anticipated. Your conversion cost on the merchant mill is about Rs. 12 and theirs is Rs. 25, so you have a margin there of about Rs. 12. I don't say that the whole of that would be

realised but it is not unreasonable to anticipate that there would be some reduction in the margin?

Mr. Mather.—Yes, as time goes on.

President.—From the figures that you have seen and from what you have heard this morning suppose I put this question: may we assume that the prospects of a rod mill of the kind that Mr. Indra Singh proposes to instal being established in this country are not at any rate unreasonable?

Mr. Mather.—I think so. The position in this kind of industry is this that where the total possible demand in the country is very large, the bulk of that demand is mainly met by more extensively equipped mills working as a department of a steel works themselves where the steel is made, but in all such countries an important part of the demand is met by mills working independently and buying their billets in the way Mr. Indra Singh proposes to do. Since the re-rolling industry—as it is normally called—definitely finds scope, and it appears to have permanent scope, in industrial countries in Europe and America, I don't think it is unreasonable to assume that India should be able to do the same kind of work.

President.—Do I understand you correctly? If you take the smaller sections there is always the possibility of smaller mills being able to find an outlet for their products to an extent greater than in the case of larger sections which have to be produced on a standardised scale?

Mr. Mather.—That is correct. That is what is actually happening in other countries. We can hardly call it a small industry as that phrase is understood in India, but such medium sized industries have their equivalent in other countries and they seem to be permanent factors and there has been no strong tendency to eliminate these during the last 20 years of the industrial development of these countries.

President.—In all large industries you do find a certain amount of room for factories run on a small scale?

Mr. Mather.—Yes, provided the medium sized industries do not expect to meet the whole of the demand.

Mr. Rahimtoola.—Mr. Mather, I am extremely glad that you have been able to clear up the misunderstanding that might be prevailing in the minds of those who would be reading or who have read the reports of the past history and to vindicate the fair name of the Tatas. I think it is a matter of satisfaction to find that—I take it that when Mr. Alexander made that statement, he made it with the concurrence of the Board of Directors—an honest effort was made by the Tata Iron and Steel Company before they found the proposition of putting up a hoop and strip mill impracticable.

Mr. Mather.—That is correct.

Mr. Rahimtoola.—I think Mr. Keenan went on to say and it is stated here that the estimates of capital cost, output, works cost and so on were gone through and a detailed estimate was prepared.

Mr. Keenan.—We had an expert working on it.

Mr. Mather.—The Steel Company spent a lot of money in the preliminary stages in the designing, lay out and equipment of that mill.

Mr. Rahimtoola.—And it was abandoned, because it was not a paying proposition.

Mr. Mather.—I would not put it quite in that way. Possibly we might not have abandoned even at that stage, having in mind the statements made to the Tariff Board and the reasonable expectations aroused in the mind of Mr. Indra Singh. It was compulsorily abandoned for 3 years till 1930, because it was quite outside the financial possibility of the Steel Company to incur this expenditure. When the situation did begin to improve a little about 12 months ago, this alternative proposal was available and it seemed on the whole to be sound in everybody's interest that the Steel Company should do what it could to encourage the adoption of the other proposal.

Mr. Rahimtoola.—As far as I understand, the other proposal came in as a last resort.

Mr. Mather.—That is true. But the Steel Company did not at any time suggest that it would not do anything. That proposal was formulated before the Steel Company got to the stage of finding it possible to consider the original scheme again.

Mr. Rahimtoola.—I gather that the idea was given up finally, because it was apprehended that there would be no other market available for wire rod except the Steel Wire Products.

Mr. Mather.—That is still correct. I don't think Mr. Indra Singh expects to find a market for the wire rod.

Mr. Rahimtoola.—We are now concerned only with the rod. As you know yourself that the principal raw material for the manufacture of the products which Mr. Indra Singh proposes to turn out is wire rod.

Mr. Mather.—Yes.

Mr. Rahimtoola.—And it is because Tatas are not able to supply the rod and it is definitely stated by yourself that there is no immediate future and that another raw material has got to be discovered if the Fiscal Commission's conditions are to be satisfied.

Mr. Mather.—Quite.

Mr. Rahimtoola.—I take it from the correspondence that you are supporting the proposal for protecting this industry.

Mr. Mather.—Yes, we are.

Mr. Rahimtoola.—I also take it that in supporting it you are fully aware or at least that you have made proper enquiries to see that all the Fiscal Commission's conditions are satisfied as far as this industry is concerned.

Mr. Mather.—We consider that they are on a reasonable interpretation.

Mr. Rahimtoola.—As regards the price you have said that owing to the past history and owing to the point that this industry will ultimately benefit the Steel industry, the Board of Directors have authorised you to say that the minimum price of Rs. 70 per ton would be offered to Mr. Indra Singh.

Mr. Mather.—Yes.

Mr. Rahimtoola.—But you have also said that the price should be equal to the price of Continental billets which I understand is somewhat lower than that figure.

Mr. Mather.—Only by Rs. 2-8.

Mr. Rahimtoola.—I want to know what will be the average price. It can't be Rs. 70 for the billet. Rs. 70 is the minimum price at which you can sell. That can't be the average price. If the price of the Continental billets go up, you will naturally charge them a higher price than Rs. 70. It will be somewhat higher if the period of protection is about 10 years.

Mr. Mather.—It is extremely difficult to estimate what the price of Continental billets is going to be for the next 10 years. However I don't want to dispute your supposition that the average will be somewhat higher than that. Purely as an opinion I am inclined to agree with you, although I don't like to quote a figure.

Mr. Rahimtoola.—It can't be precisely Rs. 70.

Mr. Mather.—No, but there is one aspect of this proposal which influences us in thinking that it is a reasonable proposal and that is this. If the price of Continental billets goes up, automatically the price of Continental wire and Continental nails will go up not necessarily month by month to precisely the same extent, but there is, if spread over a definite period of years, a definite connection between the price of Continental billets and Continental wire. Therefore if owing to the operation of this price arrangement, in some years Mr. Indra Singh's price is Rs. 73 or thereabouts, it is reasonable to expect that during that period the price of Continental wire and Continental wire nails with which he will be competing will also be Rs. 3 or Rs. 4 higher than it is at present.

Mr. Rahimtoola.—I understand from you that he will get a remunerative selling price. If the price of the billet goes up and in consequence the

Tatas may have to raise their price, he will get an equivalent price for his products.

President.—It very often happens that when the price of the semi-finished material goes up, the spread between the material and the price of the finished product seems also to get narrower.

Mr. Mather.—It happens like that sometimes.

President.—In the case of 3 or 4 metals with regard to which the variation between the price of the semi-finished material and the price of the finished product has come to our notice I find that as the price of the semi-finished material goes higher, the spread between the material price and the price of the finished product also narrows down.

Mr. Mather.—I have also noticed it from time to time. I think this arrangement would work as nearly automatically as anything we can provide in dealing with the Steel Wire Products.

Mr. Rahimtoola.—Now as regards the question of agreement with Mr. Indra Singh, you are already aware in this connection that the Tariff Board which recommended protection in the past to this industry, relied on the agreement which was not signed, but which was shown to the Board when they examined the question.

Mr. Mather.—Which enquiry are you speaking of?

President.—The first enquiry.

Mr. Rahimtoola.—You remember that a duty of Rs. 60 was recommended. Protection was given to that industry on the basis of the agreement which subsequently was found not signed. Therefore I would like to know that as far as this agreement is concerned you will recommend to your Board and the Board is likely to accede to your request.

Mr. Mather.—In its main lines, I have already consulted the Board.

Mr. Rahimtoola.—Excepting the question regarding the lighter sections about which you say you have not consulted your Board and therefore you would not like to express any opinion. As far as the price of the billet and the period are concerned, I feel that in case the Tariff Board thinks of granting protection to this industry, that part of the agreement will be carried out.

Mr. Mather.—I am fully confident that it will be carried out. I might say on that point, that although the previous agreement was not signed there had been an interchange of letters which did constitute an agreement and the mere fact that it had not been drawn up formally and signed and stamped had no bearing whatever on the outcome. The Steel Company always recognises its arrangements with anybody once they get to the stage of an interchange of official letters whether the matter is completed in the form of a purely formal agreement or not. I may point out that we supplied rails to the Railway Board in 1927 under the agreement of which the Tariff Board is aware although it was not signed as a formal document until about 18 months later. The Steel Company would certainly observe and carry out its promises.

Mr. Rahimtoola.—It is a very satisfactory thing to learn, because the Board has seriously to consider the question of protection with regard to this principal raw material and therefore when the Board is considering the proposals it must have a definite statement before it that sufficient raw material will be available for that industry.

Mr. Mather.—Yes.

Government of Bihar and Orissa.

- (1) *Letter No. 312, dated the 1st June, 1931, from the Secretary, Tariff Board, to the Government of Bihar and Orissa, Patna.*

I am directed to refer to the Government of India, Commerce Department, Resolution No. 362-T. (11), dated the 7th May, 1931, regarding the restoration of protection to the Wire and Wire Nails Industry.

2. The Board understands that the Bihar and Orissa Government were the principal debenture holders in the original Indian Steel Wire Products, Limited, which went into liquidation in 1927, and that subsequently the works and the properties attached thereto were purchased from the debenture holders by the present proprietor Mr. Indra Singh.

3. I am to ask that, if the Government of Bihar and Orissa have no objection, the following information may kindly be furnished to the Board:—

- (a) At what price were the works sold to Mr. Indra Singh?
- (b) Was any part of the building, plant, machinery or other properties which belonged to the original Company excluded from the sale? If so, they may kindly be specified.
- (c) Were any conditions attached to the sale?
- (d) At what date approximately were the negotiations for the sale of the works to Mr. Indra Singh started and when was the sale completed?

4. As the Board has a limited time at its disposal for the completion of this enquiry I am to ask that you will be so good as to send the reply to this letter as early as possible and not later than June 27th.

- (2) *Letter No. 263-D. R., dated the 23rd June, 1931, from the Government of Bihar and Orissa.*

I am directed to refer to your letter No. 312/W.-14, dated the 1st June, 1931, addressed to the Chief Secretary to Government regarding the restoration of protection to the wire and wire nails industry and to furnish the information asked for therein as follows:—

- (a) The entire works of the Indian Steel Wire Products, Limited, were sold to Mr. Indra Singh for Rs. 3,16,000. He also paid Rs. 22,500 in addition for the stock of wire nails, wire and building materials, etc., lying at the factory which was not included in the original sale.
- (b) The entire assets, both moveable and immoveable of the Company were assigned to the trustees of the debenture holders. The trustees took possession of the Company as it was and sold it intact to Mr. Indra Singh. Nothing was excepted on either occasion but please see (a) above.
- (c) Mr. Indra Singh first offered to purchase the works on the terms set forth in his letter, dated the 27th August, 1927, a copy of which is enclosed. The debenture holders agreed to these terms.
- (d) The negotiations commenced on receipt of the letter, dated the 27th August, 1927, from Mr. Indra Singh. Mr. Indra Singh entered into possession of the Company on and from the 19th October, 1927, when he paid the earnest money being 10 per cent. of the selling price. The document of sale was actually registered on the 27th September, 1928, when the balance of 90 per cent. of the sale price was paid by him.

Enclosure.

Copy of letter dated 27th August, 1927, from Mr. Indra Singh, to the Trustees of Debenture Holders.

Re THE PURCHASE OF THE PROPERTIES OF THE INDIAN STEEL WIRE PRODUCTS COMPANY.

I understand the above company has now ceased to work, that you have foreclosed on behalf of the debenture holders and are prepared to dispose of and sell the properties of the concern.

If the above information is correct, I hereby offer to purchase the buildings, plants and machineries, and other equipments of the company, together with all such spares, millgears and other accessories, etc., which you have in stock on the following terms:—

- (1) That the purchase price to be paid by me is 40 per cent. of the face value of debentures only.
- (2) That the factory is to be sold to me as a going concern, free from all encumbrances.
- (3) That all existing agreements with the Tata Iron and Steel Company, Limited, in regard to lease of land, supply of water and power, and transport and other service facilities will be duly transferred to me or otherwise renewed so as to enable me to restart the factory with the least possible delay.

On hearing from you, I am prepared to deposit as earnest money, 10 per cent. of the purchase price to your account at the Imperial Bank of India, Calcutta, or any of its branches which you may choose.

If you are agreeable to this proposal, I should like to take possession of the property immediately with a view to restarting this factory which is very essential. Otherwise, merchants dealing in products of this factory are likely to place their orders abroad, if it is found that there is no early prospects of obtaining their requirements locally.

सत्यमेव जयते

Indian Stores Department.

- (1) *Letter No. 273/W. 2, dated the 18th May, 1931, from the Secretary, Tariff Board, to the Chief Controller of Stores, New Delhi.*

I am directed to refer to the Government of India, Commerce Department, Resolution No. 362-T. (11), dated the 7th May, 1931, regarding the restoration of protection to the Wire and Wire Nail Industry.

2. In a letter dated the 11th May, 1927, you were good enough to furnish the Board with information in tabular form regarding the purchases of steel wire of various classes and wire nails by Government and the prices paid. The Board would be grateful if you would now supply it with information from the year 1927 onwards. It would like to know the total quantity of Government purchases of steel wire of various classes and wire nails (a) imported, (b) manufactured in India and the prices paid per ton for both. The Board would also be glad to receive a statement of opinion regarding the quality of the articles manufactured in India as compared with the imported articles. I am to add that it would be of great assistance to the Board if the reply to this letter (with five spare copies) could be sent not later than June 27th.

(2) Letter No. K.-61 (2), dated the 25th June, 1931, from the Chief Controller of Stores.

WIRE AND WIRE NAIL INDUSTRY.

With reference to your letter No. 273/W.-2, dated the 18th May, 1931, I have the honour to forward herewith three statements containing the following information:—

- (1) Particulars of wire and wire nails purchased by the Director General, India Store Department, London, during the years 1927-28 to 1930-31.
- (2) Particulars of wire and wire nails purchased by the headquarters office of the Indian Stores Department during the years 1927-28 to 1930-31. (Purchases made by Provincial Purchase Circles of the Department, which deal with small demands, are not included.)
- (3) Particulars of imports, taken from the annual statements of sea-borne trade, issued by the Director General of Commercial Intelligence.

2. As regards the quality of wire and wire nails manufactured in India, I forward herewith a copy of a report by the Metallurgical Inspector of this Department stationed at Jamshedpur, on the manufacture of Messrs. The Indian Steel Wire Products, Tatanagar.



Enclosure No. 1.

Quantity of wire and wire nails shown in the orders placed by the Director General, India Store Department, London during the four years 1927-28 to 1930-31 and the yearly average price per ton f.o.r. Bombay of these items.

WIRE

	1927-28.		1928-29.		1929-30.		1930-31.	
	Quantity.	Yearly average price per ton f.o.r. Bombay.	Quantity.	Yearly average price per ton f.o.r. Bombay.	Quantity.	Yearly average price per ton f.o.r. Bombay.	Quantity.	Yearly average price per ton f.o.r. Bombay.
	Tons C. Q. L.	Rs. A. P.	Tons C. Q. L.	Rs. A. P.	Tons C. Q. L.	Rs. A. P.	Tons C. Q. L.	Rs. A. P.
Wire, steel, best bright .	10 15 3 20	•	1 17 0 2	•	4 9 1 9	•	0 14 1 27	•
Wire galvanised .	2,623 0 0 0	225 0 8	1,825 1 1 22	223 8 6	844 0 0 0	192 14 4	26 6 3 14	185 13 3
Wire annealed .	•	•	•	•	•	•	0 13 3 0	•
Wire nails .	1 11 0 0	234 14 11	5 1 0 0	207 12 3	1 13 0 0	225 13 9	2 16 0 0	192 6 11

* For price of wire, steel, best bright and wire annealed please see statements attached.

Enclosure No. 2.

Price per ton f.o.r. Bombay of wire, steel, best bright.

	1927-28.	1928-29.	1929-30.	1930-31.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1. .04" in coil and diameter for springs catch slide back sight	1,234 15 9	....	1,358 8 6	....
2. .123" x 6' to specification S. W. E. S. 40	776 8 8	....	913 9 3	501 5 6
3. To specification S. W. E. S. 44	346 2 5	....	....	....
4. .22" x 6' and .22" x 3' for screws ejector M. L. E. R. S. to specification S. W. E. S. 45.	560 11 0	489 6 1	....	471 11 2
5. .050" x 6' for pin fixing washer pin axis backslight M. L. E. R. S. III specification S. W. E. S. 40.	1,073 3 4	766 0 2	....	775 5 10
6. .12" diameter in coil for G. M. V. spring fuzee to specification A. 28.	....	1,018 1 6	....	....
7. .049" diameter in coil for spring main to specification A. 26	....	1,314 10 8	....	818 0 3

Price per ton f.o.r. Bombay of wire annealed.

Annealed.		*1930-31.
	Rs. A. P.	Rs. A. P.
1. Ordinary quality for trimmings 20 S. W. G.	329 0
2. Ordinary black iron soft 8 S. W. G.	187 6 7
3. Ordinary black iron soft 20 S. W. G.	208 8 2
4. Ryler E. M. S. wire welding 6 S. W. G.	276 4 3
5. Ryler E. M. S. wire welding 14 S. W. G.	343 13 9

Enclosure No. 3.

*Statement showing prices and quantities of wire purchased by Indian Stores Department (Headquarters)
during 1927-28, 1928-29, 1929-30 and 1930-31.*

Classes of wire.	Unit.	1927-28.		1928-29.		1929-30.		1930-31.	
		Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.
Wire iron galvanised—									
900 lbs. per mille	Ton	..	..	..	..	..	..	20	Rs. 143-3-0.
600 "	"	..	..	..	..	1,000	Rs. 187-3 to Rs. 194-8.	1,086	Rs. 153-1-3 to Rs. 180-10.
300 "	"	..	..	..	..	500	Rs. 191-9	796	Rs. 183-9 to Rs. 252-8.
150 "	"	..	..	..	..	80	Rs. 203-4	152	Rs. 172-14-9 to Rs. 196-8.
50 "	"	..	..	..	..	1	Rs. 230-4-8	2	Rs. 142 to Rs. 199.
Wire annealed galvanised steel—									
6 S. W. G.	Cwt.	80	Rs. 13-11	1,400	Rs. 13-15 to Rs. 18-13.	9	Rs. 13-8	500	Rs. 10-11-6.
8 "	"	..	..	..	..	263	Rs. 13-3	125	Rs. 10-3.
10 "	"	1,050	Rs. 13-15 to Rs. 14-8.	200	Rs. 13-3	80	Rs. 11-5 to Rs. 12-12.	285	Rs. 9-2.
20 "	"	..	..	..	..	55	Rs. 17-13	..	..

22

Classes of wire.	Unit.	1927-28.		1928-29.		1929-30.		1930-31.	
		Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.
Wire M. S. galvanised—									
6 S. W. G.	"	240	Rs. 10-15-6 to Rs. 11-9-6.	..	..
8 "	"	440	Rs. 10-14-9 to Rs. 11-12.
Wire balling annealed black—									
12 Gauge	"	2,640	Rs. 10-4 to Rs. 12-14.	4,280	Rs. 7-15 to Rs. 8-1.	100	Rs. 11-12	..	..
16 "	"	462	Rs. 8-11 to Rs. 8-13.	..	..
Wire barbed galvanised iron.									
Wire G. I. 6 G.	"	510	Rs. 15 to Rs. 15-14.	173	Rs. 12-9-6 to Rs. 13-3.	18,200	Rs. 12-3-6 to Rs. 14-11-2.	2,051	Rs. 11 to Rs. 14-10.
Wire G. I. 6 G.	"	20	Rs. 14-7	40	Rs. 12-11	280	Rs. 8-11 to Rs. 9-6.	1,200	Rs. 10-13-9.
Wire G. I. plain—									
8 Gauges	"	750	Rs. 11-11 to Rs. 13-14.	100	Rs. 12-11	1,068	Rs. 8-14 to Rs. 9-1.	..	..
9 "	"	15	Rs. 10-3	..	..	..	..	..	..
10 "	"	80	Rs. 11-8 to Rs. 12-4.	315	Rs. 9-1-9 to Rs. 11-2.	..	..
12 "	"	9	Rs. 14-4-3	..	..	..	..	..	..
Wire G. I. 8 S. W. G.	"	2,700	Rs. 10-7 to Rs. 13-9.	1,060	Rs. 9-12 to Rs. 11-7.
Wire G. I. 14 S. W. G.	"	20	Rs. 13-7	..	..	..	..	..	..
Wire G. I. 16 S. W. G.	"	40	Rs. 16-11	..	..	..	..	..	..
G. I. Wire No. 8	"	700	Rs. 9-7 to Rs. 10-3

Enclosure No. 4.

Statement showing prices and quantities of various classes of wire purchased by Indian Stores Department (Headquarters) during 1927-28, 1928-29, 1929-30 and 1930-31.

INDIAN.

Class of wire.	Unit.	1927-28.		1928-29.		1929-30.		1930-31.	
		Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.	Quantity purchased during the year.	Maximum and Minimum prices.
Wire balling annealed lock— 12 G-gage	Cwt.	5,200	Rs. 10-4 to Rs. 10-7.	1,120	Rs. 10-8	..	..	..	..

Enclosure No. 5.

Quantity and value of imports into India of wire and wire nails on private and Government account.

(From Annual Statement of the Sea-borne Trade of British India for 1929-30.)

	QUANTITY IN TONS.					VALUE IN RUPEES.				
	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.
Wire nails on private account	7,706	14,498	13,433	17,911	12,505	13,35,004	25,23,132	24,22,947	30,02,389	21,90,950
Wire iron or steel on private account	6,605	5,713	8,003	9,082	8,732	13,43,734	11,39,853	16,28,014	19,09,792	17,69,600
Wire iron or steel on Government account.	1,869	1,981	3,387	1,522	1,285	3,53,277	3,45,012	5,93,257	3,19,874	2,48,565

Enclosure No. 6.

Report by the Metallurgical Inspector, Tatanagar, dated the 22nd June, 1931, on the quality of wire and wire nail manufactured by Messrs. The Indian Steel Wire Products, Tatanagar.

This office has had no experience of imported articles similar to those manufactured by the Indian Steel Wire Products. The firm have no difficulty in meeting the various specifications for black annealed wire and their nails find a ready sale in the market. No complaints have yet been received by them against the latter article. On the few occasions this office has tested their wire, it has been found satisfactory in all respects. Their products should compare very favourably with the imported articles.

The articles manufactured by the Indian Steel Wire Products are as follows:—

- (1) Black Annealed Wire.
- (2) Hard Bright Wire.
- (3) Copper Coloured Wire.
- (4) Wire Nails.
- (5) Steel Furniture and Shelving. (This comprises Almirahs, Chairs, Tables, Filing Cabinets, Steel Doors and Windows.)

Galvanising Plant.—This plant was already installed when the company took over the works, but owing to several components being missing the plant was not started. The Indian Steel Wire Products completed the plant and have worked it for a period of 2 months—30 tons of galvanised wire is at present in stock. The Galvanising Plant is at present out of action owing to the breakdown of the Zinc bath, but a new one has been ordered and production of galvanised wire is expected to commence again in one month's time.

Barbed Wire Plant.—The plant has been ordered and the machinery is expected to arrive in Calcutta at the end of this month. The relative documents have already been received. Manufacture of barbed wire is expected to commence two to three months after the machinery is received at the works.

Collector of Customs, Calcutta.

- (1) *Letter No. 355/W. 19, dated the 18th June, 1931, from the Secretary, Tariff Board, to the Collector of Customs, Calcutta.*

I am directed to refer to Government of India, Commerce Department Resolution No. 362-T. (11), dated the 7th May, 1931. The Indian Steel and Wire Products have applied for a protective tariff on wire, wire nails, galvanized wire and barbed wire and also on steel rods below $\frac{1}{2}$ " sections. With reference to this application Messrs. McGregor & Balfour Limited of Calcutta have addressed the Board as follows:—

"We are importers of cast steel wires for the manufacture of Reeds. We presume that Messrs. The Indian Steel and Wire Products are not in a position to draw this class of wire and that the wire on which they request protection is mild steel wire. We would point out that a general increase of the duty on wire would be an obvious hardship to us as it is difficult enough already to compete with imported reeds which are duty free."

2. I am to ask that you will be good enough to reply to the two following questions which arise out of the letter from Messrs. McGregor & Balfour, Limited:—

- (i) In the event of it being necessary or desirable to levy separate rates of duty on cast steel wire and mild steel wire, would

it be possible for the Customs Department to make the distinction without undue difficulty?

- (ii) Would it be feasible to introduce an arrangement for the exemption from duty of cast steel wire imported by Messrs. McGregor & Balfour, Limited, similar to the arrangement whereby electrolytic copper rod imported by the Indian Cable Company, Limited and wire rod imported by the Indian Steel and Wire Products, are exempted from duty?

(2) *Letter No. 230, dated the 29th June, 1931, from the Collector of Customs, Calcutta, to the Secretary, Tariff Board.*

I have the honour to refer to your letter No. 355/W. 19, dated the 18th June, 1931.

2. In reply to your first question, I consider that it would not be possible for this Department to differentiate between cast steel wire and mild steel wire without undue difficulty. The differentiation could, I understand, be made by chemical analysis. This however would be a somewhat laborious process; the accuracy of the results could only be determined by experience; and our experience of similar procedure, *i.e.*, differentiation by means of chemical analysis—in relation to other goods, particularly paper, has not been satisfactory.

3. As regards your second question there would appear to be no difficulty introducing an arrangement for the exemption from duty of cast steel wire imported by Messrs. McGregor & Balfour, Limited, similar to the arrangement whereby electrolytic copper rod imported by the Indian Cable Company, Limited, and wire rod imported by the Indian Steel and Wire Products, are exempted from duty.

Messrs. T. C. Brothers, Hanumanshaw Ramesheer, Hiralal Naraindas Jagjivandas Luich, Lolit Mohan Singha, Madan Gopal Sinha, Kali Charan Paul & Co., Narendranath Chowdhury & Co., Dhrulov Charan Guru Charan Singha & Co., Bisnu Pado Atta, Kanai Lal Paul, Tara Charan Day, Nalin Charan Chowdhury, Matilal Atta & Co., Hardware Merchants, of Calcutta.

Representation without date.

We, the following leading importers of wire and wire products, understand from an announcement made in the newspapers that your Board has taken up for consideration the subject of protection to the Indian Steel Wire Products of Tatanagar which is purely an Indian concern with Indian capital and labour and with that view we beg to submit our statement as under:—

It is our information and belief that the Industry in question is quite capable of cope up with the present-day possible requirements of the Indian markets provided it is protected against foreign competition who, we understand, get better prices in Home markets for home consumption and having that advantage reduce their prices very often in order to catch Indian markets.

We have dealings with the industry in question and though their products are equal to any of the imported stuff yet on account of the so-called foreign competition our trade with the concern is not very progressing but it is our belief that provided protection is extended to it we will then have no necessity to go in entirely for any imported stuff.

There are good many disadvantages and difficulties in carrying on our import trade such as irregularities of shipments, often market fluctuations, etc., and we presume that these so-called difficulties and troubles can be well avoided if we can only find it possible to have our requirements favourably covered with the above concern who may not find it possible to outdo the foreign competition without being protected by the Indian Government.

Under the circumstances we wholeheartedly co-operate with the idea and suggest the necessity of the desired protection to the industry in question.

Burma Chamber of Commerce.

Letter No. P.-296/336, dated the 22nd June, 1931.

PROTECTION OF THE WIRE AND WIRE NAILS INDUSTRY.

I am directed to refer to the Government of India's Resolution in the Department of Commerce, No. 362-T. (11), dated Simla, the 7th May, 1931, in which it was decided to refer to the Tariff Board an application from Messrs. The Indian Steel Wire Products of Tatanagar for the restoration of protection to the Wire and Wire Nails Industry. This Chamber is of opinion that as restoration of protective measures to the above industry is not desirable and desires to put the following considerations before the Board.

2. In the above-mentioned Resolution no reference is made to the grounds on which the Company claim that protection be restored and this Chamber has been unable to ascertain if the Company have increased their plant sufficiently to cope with the demand for Wire and Wire Nails. On referring to the Report of the Indian Tariff Board regarding the grant of protection to the Steel Industry published in 1924 and on page 129, Chapter V, Section 40 therein it is stated that the full capacity of the plant with which the factory is equipped is 9,000 tons per annum working at full load. More recent enquiries have been made from which it is ascertained that the annual output of Wire is approximately 2,000 tons and of Wire Nails 1,800 tons.

3. With these figures as a guide this Chamber desires to point out to the Board that imports of Wire and Wire Nails into India for the years 1927-28 and 1928-29 (later figures than these are not yet procurable in Rangoon) were as follows:—

Wire (other than Fencing Wire).

	1927-28.	1928-29.
	Tons.	Tons.
To Calcutta	3,584	4,185
„ Bombay	2,345	3,327
„ Karachi	1,011	357
„ Madras	536	596
„ Burma	663	483
	<hr/>	<hr/>
	8,139	8,943
	<hr/>	<hr/>

In the years 1929-30 and 1930-31 imports into Burma alone were 585 and 595 tons respectively.

Wire Nails.

	1927-28.	1928-29.
	Tons.	Tons.
To Calcutta	2,991	5,870
„ Bombay	2,561	2,351
„ Madras	1,415	1,747
„ Burma	4,256	3,580
	<hr/> 11,223	<hr/> 12,548

In the years 1929-30 and 1930-31 imports into Burma alone amounted to 4,219 and 2,704 tons respectively.

4. From the above statistics it is clear that, unless the equipment of the factories of Messrs. The Indian Steel Wire Products, Limited, has been vastly increased, they are entirely unable to cope with the demand and that any increase in Import Duty would be a fresh burden on the consumer as the effect would be to raise the price of these commodities at a time when the country is not in a position to stand it.

5. In view of the above, this Chamber is strongly of opinion that a restoration of protection to the Wire and Wire Nails Industry is undesirable and I am directed to suggest that, in place of Protection, a system of bounties be instituted which would depend on the quantities the factories actually produced. This, in the opinion of this Chamber, would meet the case in a much more satisfactory manner and would not have the effect of adding further taxation on Commerce and an increased burden on the consumer.

Mr. C. L. Desai.

Letter dated the 24th June, 1931.

Re THE INDIAN STEEL WIRE PRODUCTS OF TATANAGAR.

Some time back in May it was gazetted in newspapers that the Board has taken up the question of protection to the above industry and as such all the persons and firms interested have been requested to file in their statement on or before 27th instant and with that view I beg to submit to your Board my independent views as follows:—

- (1) That the industry in question is purely an Indian concern and is being managed by Indians with Indian Capital.
- (2) That the industry is an old one and is fully equipped with up-to-date machinery and is in a position to adequately supply the requirements of the country if necessary protection is extended to her against foreign competition.
- (3) That the products of the industry are equal to any of the imported stuff and that these are being regularly sold in all major markets.
- (4) That the industry is quite willing and is in a position to undertake a scheme of manufacturing rods for the purpose of drawing wires and wire nails provided some restriction is put on the foreign imports of all rods.

As the Continental people have advantage in prices for the home supply they can afford to supply cheaper in this country without inflicting any serious loss, but if protection is extended to the Indian Steel Wire Products,

they will undoubtedly be in a position to supply their products advantageously to the importers here as is the case with the Tata Iron and Steel Company.

I have dealings on a very large scale both with the Continental people and the Indian Steel and Wire Products, but in view of the facts stated above I am of opinion that the case put forward by the industry is quite genuine and is worthy of the Board's consideration.

Government of Burma.

Letter No. 129-K. 31 (409), dated the 28th August, 1931.

Subject:—QUESTION OF RESTORING PROTECTION TO THE WIRE AND WIRE NAIL INDUSTRY.

I am directed to invite a reference to the Government of India, Department of Commerce (Tariffs) Resolution No. 362-T. (11), dated the 7th May, 1931, on the subject noted above, and to say that the Local Government is unable to express an opinion upon the need for the protection to the wire and wire nail industry.

2. I am to point out, however, that the industry already enjoys a considerable measure of protection in the existence of 12½ per cent. Customs Tariff on all wire and wire nails, and that, so far as Burma is concerned, any additional duty would be to the detriment and not to the advantage of the province, since wire and wire nails are not manufactured in Burma, nor are conditions such that their manufacture is likely to be undertaken in the near future. The proposal will in fact only penalise Burma by raising the cost of every article in the manufacture of which wire and wire nails are used.

Calcutta Import Trade Association.

Letter No. 163-M., dated the 17th July, 1931.

PROPOSED RESORATION OF PROTECTION TO THE WIRE AND WIRE NAIL INDUSTRY.

I have the honour to address you with reference to Notification No. 362-T. (11), dated the 7th May, 1931, issued by the Government of India in the Department of Commerce. It appears from this notification that Government have referred to the Board an application from the Indian Steel Wire Products, Tatanagar, asking for the restoration of protection to the wire and wire nail industry; and interested parties are asked to address you on the subject.

2. The conditions laid down by the Fiscal Commission and accepted by the Legislature as the essential necessities before an application for protection can be countenanced, are well known to you; so I need not detail them here. Remembering them, however, the Committee are forced to the conclusion that, unless the manufacturers in India can look to a constant supply of wire rod manufactured in the country, then the conditions precedent to the grant of protection can never be fulfilled. The Board recognised in 1927 that no case could be made out for protection to this industry unless wire rod was obtainable in the country, and on the decision on this point rests the whole plea for protection.

3. From enquiries made by the Committee they are led to believe that at present there is no rod of small section made in India suitable for wire drawing, and it would seem, therefore, in view of the Board's findings in 1927, that this application of the Indian Steel Wire Products should be rejected. The history of previous companies who attempted entrance into the industry does not make agreeable reading, and consumers were unduly burdened as a result of ill-timed assistance by way of protection being afforded to the industry. The Tata Iron and Steel Company, the Committee believe, do not produce wire rod of ¼" section which is the essential basis

for the manufacture of wire and wire nails and, since it was through the over-confident assertion of the Tata Iron and Steel Company regarding their hopes for the production of wire rod that caused the Tariff Board to recommend the grant of protection, the Committee trust that the Board will most carefully examine the grounds for protection before making any recommendations to Government.

4. The fundamental principle which guides the Board in any consideration of protection is that a temporary sacrifice should be restricted to the minimum necessary to attain the object aimed at. And this in the present economic state of India applies with even greater force to-day. It is not to be expected that countries interested in the supply to the Indian market of wire and wire nails will be content to see this trade vanish. Should protection be granted the Committee are certain that foreign industries will immediately lower their costs, and the value of the protection will thus be nullified. Should the Board be of the same opinion, and wish to guard against such a contingency, any duty which the Board recommends would require to be a high one and this would inflict a burden upon the consumer wholly gratuitous and entirely out of proportion to the national benefit derived. Consequent upon the grant of a high rate of duty, the dangers of fostering incompetence at the expense of the tax-payer, of supporting uneconomic concerns, and of aiding an industry which will never face world-wide competition on an equal basis, are greatly to be feared.

5. Sir Walter Layton has made a valuable contribution to the many treatises which exist on the finance of India, and his conclusions have been accepted in their entirety by the Indian Statutory Commission. It is an accepted fact that the revenue of Government must be largely made up of the monies derived from import duties, and Sir Walter Layton regards it as possible that a general reduction of duties might give a fillip to Government's finances. He gives authoritative expression to views, which this Association has consistently maintained, that the imposition of protective duties and still more protective duties imposes a charge on the existing economic activities of India which should not be there. In spite of her industrial achievements and ambitions, India is predominantly an agricultural country and, though protective duties may stimulate the creation of particular industries in India, the Committee contend that agrarian interests are being adversely affected by a policy which is injurious and unjust to them.

6. The Committee of this Association hold that the enquiry which is now being undertaken is premature, since a recommendation for protection would result in an increase in prices which cannot only be confined to the interests directly concerned with the industry, but must also indirectly increase the price of other commodities. If the end of protection is to be realised, there would be a loss to Government finances, and the Association thinks that in this time of economic stress any action which would tend to affect in the slightest degree the level of prices and the state of Government's finances, is one to be eschewed. The Committee would then respectfully urge upon the Board the rejection of the plea made by the Indian Steel Wire Products for the grant of protection.

Letter No. 281, dated the 20th May, 1931, from the Secretary, Tariff Board, to Messrs. Babner Laurie and Company, Limited, Calcutta/Messrs. Burn and Company, Limited, Calcutta/Messrs. Jessop and Company, Limited, Calcutta/Messrs. Anandji Haridas and Company, Calcutta/Messrs. Geo. Service and Company, Bombay/Messrs. Richardson and Crutcher, Bombay/Messrs. Trivedi and Company, Bombay/The Bombay Iron Merchants' Association, Bombay.

I have the honour to refer to the Government of India, Commerce Department, Resolution No. 362-T. (11), dated 7th May, 1931, regarding the restoration of protection to the Wire and Wire Nail Industry, a copy of which I enclose.

2. The Board is now engaged upon this enquiry and I am to ask you to be good enough to prepare and forward to the Board a statement, together with 5 spare copies, showing the c.i.f. and the market prices of (i) wire rod, (ii) wire and (iii) wire nails. It would be convenient if your reply could be sent so as to reach the Board's office not later than June 27th.

Messrs. Burn & Co., Ltd., Calcutta.

Letter No. 717032, dated 15th/16th June, 1931.

Reference your 281/W. of 20th May, 1931, regarding protection to the Wire and Wire Nail Industry.

We attach hereto 6 copies of a statement showing the available information we have been able to gather in connection with your request and trust you will find them useful.

We regret it has not been found possible to obtain any data relating to wire nails of English manufacture.

Enclosure.

Mild steel wire, black, per cwt.

Size.	C.I.F. prices.		Current market prices.	
	British.	Continental.	British.	Continental.
	s. d.	s. d.	Rs. A.	Rs. A.
20 S. W. G. .	17 2	13 3	14 0	11 0
18 S. W. G. .	15 10	12 5	13 0	10 6
16 S. W. G. .	13 3	10 8	11 0	9 0
14 S. W. G. .	11 11	10 4	10 0	8 12
12 S. W. G. .	11 3	9 8	9 8	8 4
$\frac{1}{8}$ " . . .	10 8	8 11	9 0	7 11
$\frac{3}{16}$" . . .	...	8 8	...	7 8
$\frac{1}{4}$" . . .	..	6 8	...	7 8

Wire nails, Continental manufacture, per cwt.

Size.	C.i.f. price.	Current market price
	s. d.	Rs. A.
1"	9 10	9 14
1½"	9 5	9 8
2"	8 11	9 4
2½"	8 8	
3"	7 11	
4"		

Messrs. Anandji Haridas & Co., Ltd., Calcutta.

Letter No. L. T. S./1593/31, dated the 24th June, 1931.

With reference to your letter No. 344/W.-17, dated the 12th June, 1931, we beg to enclose herewith a statement together with 5 spare copies showing c.i.f. and Market prices of M. S. Rods from January, 1928, to June, 1931.

Enclosure No. 1.

Statement showing the Market prices per cwt. of M. S. Rods, 3/16" to 7/16", from January, 1928, to June, 1931.

	Rounds.		Squares.	
	Rs. A.	Rs. A.	Rs. A.	Rs. A.
1928—				
January	5	6	5	4
February	5	5	5	4
March	5	10	5	8
April	5	12	5	10
May	6	12	6	12
June	7	0	7	0
July	8	8 to 9	9	0
August	9	8 to 10	9	0 to 10
September	9	8 to 10	9	8 to 10
October	8	4 to 7	8	8
November	7	0 to 6	7	0
December	6	12 to 6	7	0
1929—				
January	6	2	7	2
February	6	2 to 6	7	2
March	6	2 to 6	7	2
April	6	2 to 6	7	2 to 7
May	6	0 to 5	7	0 to 6
June	5	14 to 5	6	8 to 6
July	5	11	5	12
August	5	10 to 5	5	10 to 5
September	5	8 to 5	5	6 to 5
October	5	10	5	10 to 5
November	5	8 to 5	5	8 to 5
December	5	6 to 5	5	4
1930—				
January	5	4 to 5	5	4 to 5
February	5	0 to 4	5	0 to 4
March	5	0	5	0
April	5	4 to 5	5	0 to 5
May	5	12	5	8 to 5
June	5	12	5	10
July	5	8	5	10
August	5	8 to 5	5	10 to 5

	Rounds.		Squares.	
	Rs. A.	Rs. A.	Rs. A.	Rs. A.
1930--				
September	5	4	5 8 to	5 6
October	5	2 to 4 14	5 6 to	5 4
November	4	14	5 4 to	4 14
December	4 14 to	4 12	4 14 to	4 12
1931—				
January	4 10 to	4 14	4 12 to	5 4
February	4 10 to	4 14	4 12 to	5 8
March	4	12	5 0 to	5 10
April	4	10	4 12 to	5 4
May	4	8	4 12 to	5 0
June	4	6	4 12 to	5 0

Enclosure No. 2.

*Statement showing the c.i.f. prices per ton of M. S. Rods, 3/16" to 7/16",
from January, 1928, to June, 1931.*

	Rounds.		Squares.	
	£	s. d.	£	s. d.
1928--				
January	6	10 0	6	17 6
February	6	15 0	7	0 0
March	6	15 0	7	0 0
April	6	17 0	7	0 0
May	7	7 6	7	12 6
June	7	9 0	7	15 0
July	7	10 0	7	14 0
August	7	15 0	8	0 0
September	8	0 0	8	2 6
October	8	5 0	8	7 6
November	8	5 0	8	10 0
December	8	5 0	8	10 0
1929—				
January	7	16 3	8	5 0
February	7	17 6	8	5 0
March	7	17 6	8	2 6
April	7	15 0	8	2 6
May	7	15 0	8	0 0
June	7	15 0	8	0 0
July	7	7 6	7	12 6
August	6	17 9	7	5 0
September	7	0 0	7	2 6
October	6	12 6	6	17 6
November	6	15 0	6	17 6
December	6	12 6	6	16 0

						Rounds.	Squares.
						£ s. d.	£ s. d.
1930—							
January	.	.	.	.	.	6 10 6	6 15 0
February	.	.	.	.	.	6 10 0	6 15 0
March	.	.	.	.	.	6 7 6	6 12 6
April	.	.	.	.	.	6 17 6	7 2 6
May	.	.	.	.	.	6 15 0	7 0 0
June	.	.	.	.	.	6 15 0	7 0 0
July	.	.	.	.	.	6 7 6	6 12 6
August	.	.	.	.	.	5 12 6	5 17 6
September	.	.	.	.	.	5 12 6	6 0 0
October	.	.	.	.	.	5 10 0	5 15 0
November	.	.	.	.	.	5 5 0	5 9 0
December	.	.	.	.	.	5 12 6	5 17 6
1931—							
January	5 7 6	5 17 6
February	5 10 0	5 15 0
March	5 0 6	5 7 6
April	5 1 8	5 5 0
May	4 15 0	5 2 6
June	4 15 0	5 0 0



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