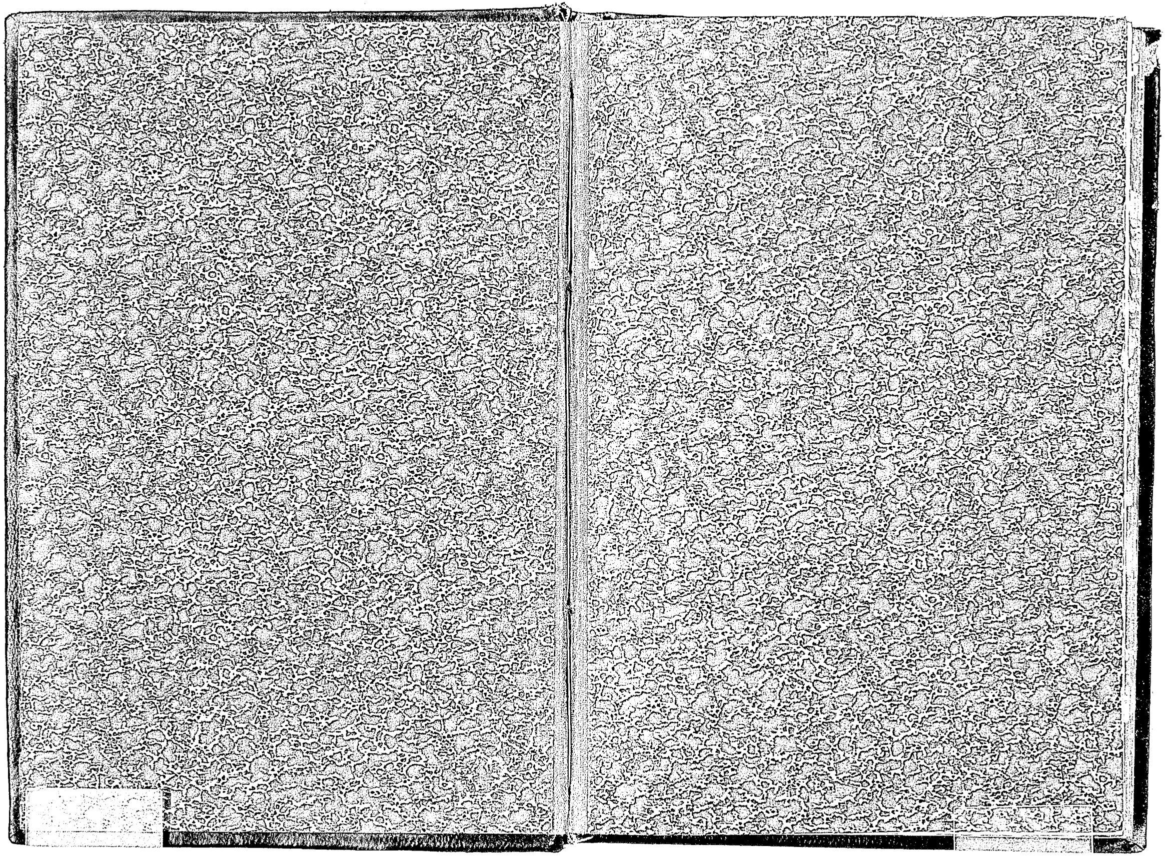
REPORT
OF
THE COMMITTEE
OF THE
BENGAL CHAMBER OF COMMERCE
FOR THE YEAR 1948
& Proceedings For the Year 1949



PROCEEDINGS

OF THE

ANNUAL GENERAL MEETING

OF THE

BENGAL CHAMBER OF COMMERCE

HELD ON 23rd FEBRUARY 1949.

Calcutta.

1949.

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Annual General Meeting

The Annual General Meeting of the Bengal Chamber of Commerce was held at the Royal Exchange, Calcutta, on Wednesday, the 23rd February 1949 at 3 O'clock p.m. The meeting, which was presided over by MR. A. P. BENTHALL, President of the Chamber, was addressed by His Excellency Dr. Kailash Nath Katju, Governor of West Bengal.

The following were also present :—

RAO BAHADUR SETH C. P. AGARWALA ... / MR. P. N. AGARWALA ...	*Messrs. Agarwala Bros.*
,, S. N. VARMA ...	,, *Allen, Berry & Co., Ld.*
,, J. W. BUTLER ... / ,, S. WAGGET ...	,, *Associated British Machine Tool Makers, Ld.*
,, P. S. THOMAS ...	,, *Associated Instrument Manufactures (India) Ld.*
,, R. L. DE CHAZAL ...	,, *Atlantis East Ld.*
,, O. T. JENKINS ... / ,, A. T. MONTGOMERY ...	,, *Balmer Lawrie & Co., Ld.*
,, D. I. DUFF ...	,, *Barry & Co.*
SIR EDWARD BENTHALL, K.C.S.I. ... / MR. H. F. GAYNOR ... / ,, A. S. OFFICER ... / ,, D. C. B. PILKINGTON ... / SIR S. N. ROY, K.C.I.E. ... / MR. K. C. SEN, M.A., B.L. ... / ,, J. H. WHITE ...	,, *Bird & Co., Ltd. & F. W. Heilgers & Co., Ld.*
MR. P. J. F. PARSONS ... / ,, A. P. CHANDA ...	,, *Britannia Biscuit Co., Ld.*
,, J. R. C. TAYLOR, C.I.E. ...	,, *Burmah-Shell Oil Storage & Distributing Co., of India Ld.*

MR. M. HUTCHISON	...	*The Calcutta Electric Supply Corporation Ld.*
„ T. GODLEY	...	*The Calcutta Tramways Co., Ld.*
„ A. C. WATKINS	...	*The Chartered Bank of India, Australia & China.*
„ M. S. CHUNDER	...	*Messrs. S. C. Chunder & Co.*
„ F. H. KIDD „ P. WILLIAMS „ J. G. WALTON	... ...	„ *Thomas Duff & Co., Ld.*
„ R. FLEMING	...	„ *J. C. Duffus & Co., Ld.*
„ A. MCLAREN	...	„ *Duncan Brothers & Co., Ld.*
SIR BIJOY PRASAD SINGH ROY, K.C.I.E.	...	„ *Lionel Edwards Ld.*
MR. W. J. ORANGE	...	*The English Electric Co., Ld.*
„ L. SQUIRE „ E. F. KINGSLEY	... ...	*Messers. A. W. Figgis & Co., Ld.*
„ R. J. CLOUGH „ R. R. HOGARTH	... ...	„ *James Finlay & Co., Ld.*
„ W. H. BRAMWELL „ A. J. EMERY, M.I.E.E.	... ...	„ *General Electric Co., (India) Ld.*
„ G. A. GEORGIADI	...	„ *G. A. Georgiadi & Co.,*
„ A. J. ELKINS, C.B.E. „ J. H. WILLSON „ K. R. FETTES „ W. E. SKIPWITH	... ...	„ *Gillanders, Arbuthnot & Co., Ld.*
„ A. R. ELIOTT-LOCKHART, C.I.E.	...	„ *Gladstone, Lyall & Co., Ld.*
„ L. A. WRIGHT	...	*The Gramophone, Co., Ld.*
„ J. LEISK „ J. F. HEATLY, A.M.I. R.S.E.	... ...	*Messrs. Guest, Keen, Williams Ld.*
„ H. A. LUKE	...	„ *W. Haworth & Co.*

MR. J. R. ENGINEER	...	„ *Holmes, Wilson & Co., Ld.*
„ E. LYNE „ H. L. ROBERTSON	... ...	„ *Hoare, Miller & Co., Ld.*
„ W. A. BELL	...	„ *Imperial Chemical Industries (India) Ld.*
„ R. BAJORIA	...	„ *J. D. Jones & Co., Ld.*
„ E. A. PATERSON	...	„ *Jardine, Henderson Ld.*
„ E. H. GROVE	...	„ *Kettlewell, Bullen & Co., Ld.*
„ J. F. ELTON	...	„ *Kilburn & Co., Ld.*
„ J. N. SMART „ J. A. PEARSON	... ...	„ *Landale & Clark, Ld.*
„ D. S. SMITH	...	„ *Landale & Morgan.*
„ L. P. S. BOURNE „ E. J. PAKES „ A. H. FORD	... ...	„ *Mackinnon, Mackenzie & Co.*
„ K. R. CLEMENS	...	„ *Macmillan & Co., Ld.*
„ H. C. BANNERMAN „ A. W. TAYLOR, O.B.E.	... ...	„ *Macneill & Co.*
„ T. S. PROSSER	...	„ *A. M. Mair & Co.*
„ C. A. HERBERT	...	„ *May & Baker (India) Ld.*
MR. J. R. WALKER, F.T.I., M.L.A.	...	*Messrs. McLeod & Co , Ld.*
„ J. C. NIVEN, O.B.E. „ N. S. MCARTHUR	... ...	„ *D. L. Miller & Co., Ld.*
„ R. H. MCLEOD	...	„ *New Zealand Insurance Co., Ld.*
„ W. S. HENDERSON	...	„ *Northern Assurance Co., Ld.*
„ D. N. BHATT	...	„ *J. B. Norton & Sons, Ld.*

Mr. F. C. Williams „ A. E. P. Edwards	...	„ *Octavius Steel & Co., Ld.*
„ A. Melata „ M. Vlasto	...	„ *Rallis India Ld.*
„ R. P. Clowes	...	„ *David Sassoon & Co., Ld.*
Sir Charles Miles, O.B.E. Mr. R. H. D. Campbell	...	„ *Shaw, Wallace & Co., Ld.*
„ T. B. Elley „ W. T. MacEwan „ B. C. Owers	...	„ *Sinclair, Murray & Co., Ld.*
„ W. J. Frawley	...	„ *Spencer & Co., Ld.*
„ G. A. Johnson „ W. J. B. Walker	...	*The Statesman Ld.*
„ D. C. Driver	...	*Messrs. Tata Iron & Steel Co., Ld.*
„ Jas Smith „ W. E. Andrew „ C. H. Thomas	...	„ *J. Thomas & Co., (Jute & Gunnies) Ld.*
„ H. E. Corn	...	„ *John Thompson Walverhampton (India), Ld.*
„ A. J. Bookless	...	„ *Tractors (India), Ld.*
„ C. A. Innes	...	„ *Andrew Yule & Co., Ld.*

By invitation.

Mr. S. K. Chatterjee, I.C.S.	...	*Secretary, Commerce, Labour and Industries Department, Government of West Bengal.*
„ S. N. Maitra, I.C.S.	...	*Labour Commissioner, West Bengal.*
„ S. Banerjee, C.I.E., I.C.S.		*Member, Board of Revenue, Government of West Bengal.*
Major General Lakhinder Singh	...	*Fortress Commander.*
Brigadier P. H. Denyer, O.B.E., M.M.	...	*Sub-Area Commander.*

Commander T. A. Leitch, R.N.R.	...	*Resident Naval Officer.*
Mr. S. N. Chatterjee, I.P., J.P.	...	*Commissioner of Police, Calcutta.*
„ S. C. Satyawadi	...	*Collector of Customs, Calcutta.*
„ E. R. Seshu Iyer	...	*Director-General of Commercial Intelligence and Statistics.*
„ A. W. Burton	...	*U. K. Trade Commissioner at Calcutta.*
„ F. B. Arnold	...	*Principal U.K. Trade Commissioner.*
„ B. D. Brown	...	*British Information Services.*
„ A. G. Hard	...	*Australian Government Trade Commissioner.*
„ A. R. Taysom	...	*Asstt. Australian Government Trade Commissioner.*
Dr. W. P. Tsai	...	*Consul-General for China in Calcutta.*
Mr. C. E. Clarke	...	*Master, Calcutta Trades Association.*
„ J. H. Methold	...	*President, U. K. C. A.*
„ G. W. Tyson, C.I.E.	...	*" Capital " Ld.*
„ J. K. Mitter		
„ George Morgan, C.I.E.		
„ S. N. Ray, C.I.E., I.C.S.	...	*Chairman, Calcutta Improvement Trust.*
Sir Abdul Halim Ghaznavi		
Mr. C. K. Ray	...	*Dy. Chief Controller of Exports.*
Lord Sinha of Raipur		
Seth Mangturam Jaipuria		

DR. N. N. LAW	...	*Sheriff of Calcutta*
MR. SACHIN CHAUDHURY		
SIR B. L. MITTER		
MR. D. K. SANYAL, O.B.E.	...	*Secretary, Calcutta University Appointment Board.*
" S. D. NARGOLWALA	...	*Commissioner of Income Tax, West Bengal.*
" C. L. JHUNJHUNWALLA	...	*Vice-President, Calcutta Stock Exchange Association.*
" K. D. JALAN	...	*Vice-President, Federation of Indian Chambers of Commerce and Industry.*
" M. P. BIRLA	...	*Chairman, Indian Jute Mills Association.*
" KANAILAL JATIA	...	*Chairman, Calcutta Flour Mills Association.*
" J. M. GOENKA	...	*Chairman, Calcutta Jute Fabrics Shippers Association.*
" K. C. MOOKHERJEE	...	*Chairman, Master Stevedores, Association.*
" J. N. MUKHERJJEE	...	*Chairman, Calcutta Freight Brokers' Association.*
" K. P. GOENKA	...	*President, Indian Chamber of Commerce.*
" K. M. ÑAIK	...	*Vice-President, Indian Chamber of Commerce.*
" S. P. JAIN	...	*Vice-President, Indian Chamber of Commerce.*
LALA LAXMIPAT SINGHANIA		*President, Bharat Chamber of Commerce.*
MR. I. P. GOENKA	...	*Senior Vice-President, Bharat Chamber of Commerce.*

MR. A. R. SIDDIQUE	...	*President, Muslim Chamber of Commerce.*
" K. BASU	...	*President, Bengal National Chamber of Commerce.*
" P. MUKHERJEE	...	*Vice-President, Bengal National Chamber of Commerce.*

In opening the proceedings, the PRESIDENT addressed the meeting as follows :—

Your Excellency, my Lord and Gentlemen,

It is my pleasant duty on behalf of the members of the Bengal Chamber of Commerce to welcome Your Excellency to our Annual General Meeting. It is a great privilege and honour to have the Governor of West Bengal as our chief guest, and we are most grateful to Your Excellency for accepting our invitation and for consenting to address us. We deeply appreciate the untiring efforts which you have made on behalf of us all since your term of office began, and we extend to you and your Ministers our respectful good wishes and our fullest co-operation in every way that may be open to us. (*Applause*)

To our other distinguished guests, including Honourable Ministers of this Province, we also extend a warm welcome. We are most grateful to them for finding time to attend our meeting today.

To the Ministry we would take this opportunity of expressing our profound sympathy in the recent loss of two of their number whose untimely deaths have cast a gloom over West Bengal.

I cannot let this occasion pass without referring to His Excellency the Governor General, who so kindly honoured us by addressing a meeting under this roof less than three months ago. His short period of service as the first Governor of West Bengal, and the invaluable work which he then did for us, will always be remembered, with gratitude and admiration. We trust we shall often have the privilege of welcoming him again in Calcutta, and that his recent visit to this building will not be the last. (*Applause*)

Since our last annual meeting we have passed through twelve months of strain, anxiety, and uncertainty, which, however, I am delighted to say have recently been relieved by several items of good news both in the political and economic fields. In particular, the attainment of peace in Kashmir has been welcomed by us all as a great blessing for which we are deeply thankful. To all inhabitants of this sub-continent good relations between the two dominions must be of great importance but we of the Calcutta business community are particularly conscious of the need for friendship and co-operation with the other dominion. For West Bengal and East Bengal are two Provinces mutually dependent on one another for the successful conduct of our great jute industry, with which the prosperity of their populations, and in particular that of the people of Calcutta, is so closely linked. The end of the conflict in Kashmir, the cessation of the flow of refugees from Eastern Pakistan, and the recent inter-dominion conference, have all given us new hope of progress and advancement in the near future.

In the economic field two events have combined to increase our confidence and to renew our hopes of better times ahead. The first has been the definite improvement that was effected towards the end of last year in rail transport, encouraging us to think that this bottleneck, which has proved such an obstacle to almost all commercial and industrial activities in recent years, will now show a steady improvement and will be removed altogether before very long. It is true that a setback has recently been experienced, and a strike has been threatened, but we trust that this is a purely temporary phase and that we are now on the way to a recovery in the working of the railways without which any expansion of industrial activity will prove impossible. We hope, too, that the many industries now seriously impeded by lack of transport, such as the tea industry in North Bengal, and the paper industry, will soon be able to resume full production.

The second encouraging sign has been the sympathy expressed by the Hon'ble Finance Minister in his speech at the annual meeting of the Associated Chambers of Commerce in December, when he indicated that he would like to reduce the burden of direct taxation as soon as the financial situation of the country made such a step practicable. In our minds there is no doubt that the destructive budget of 1947 has been the principal cause of India's economic and financial troubles since that date, and we believe that there can be no real improvement

in the economic position until something has been done to reduce the level of taxes on income, which are now acting as a brake on enterprise and are drying up the sources from which savings for investment are derived thereby threatening to destroy the economic system on which our civilization is based. The fact that our views meet with some sympathy from the Government of India gives us great encouragement for the future.

It may be thought that this is a most inappropriate time to discuss financial matters and particularly to make suggestions with regard to taxation. For we are meeting almost on the eve of the Hon'ble Finance Minister's Central Budget speech, and nothing that can be said at this meeting can possibly alter his decisions, of which we shall be fully informed in the course of the next few days. But meanwhile the 1947 budget is still bearing its evil fruit, and in consequence certain financial trends are now coming to the fore, which are likely to have profound effects in the coming months, whatever form the new budget may take. It is well to ventilate them when we have an opportunity, and to be ready to meet the difficulties that are likely to arise from them.

Throughout the year India has been swept by a wave of inflation combined with a shortage of finance for productive purposes. Money has been available for spending in excess of the supply of consumable goods, but there has been a dearth of funds for saving and investment, resulting in a disastrous slump on the stock exchanges and a serious check in the expansion of industry. This state of affairs has received much publicity, and the Government of India has taken some useful steps to combat it, which, I am glad to say, have already begun in some measure to take effect. But in recent months a further result of this inflationary trend has begun to be apparent and unfortunately promises to become one of the most important factors of the financial outlook in the coming year. I refer, Sir, to the growing shortage of funds in the hands of industrial and trading companies for the financing of their businesses, and the difficulties that are beginning to be experienced by the banks in meeting the existing requirements of their constituents.

The present high prices of stocks and stores, and of all the requirements of industry, have resulted in a great increase in the funds needed to finance a business, the effects of which are likely soon to become felt to an extent hitherto unknown in this country. After the First World War a similar situation arose, but its effects were mitigated by the fact that most concerns were able to conserve a large part of the profits made by them as a result of the rise in the price of the stocks they were holding. In those days taxes on income were at what would now be considered almost nominal rates ; and most of the profits could be retained by the companies. These exceptional profits were usually recognised by the directors for what they were, namely, the result of a fall in the value of the rupee rather than true profits, and the greater part of them were not distributed as dividends but retained as reserves in the business. In this way funds were built up which went a long way towards meeting the increase in the value of stocks, and no serious difficulties were in most cases experienced from this cause. During and since the Second World War, however, a different situation has arisen. The rise in prices has been more severe, and in the eyes of the law has resulted in very large profits from the corresponding increase in the value of stocks. These false profits have been assessed to Excess Profits Tax, Business Profits Tax, Income Tax, and Corporation Tax, with the result that very little has been left to the Companies with which to build up reserves in order to finance the greatly swollen value of their stocks. In consequence most companies today are faced with the necessity of either raising fresh capital or of seeking more or less permanent help from their banks. The position is in many cases aggravated by accumulations of manufactured goods owing to transport difficulties, by delay in the payments of bills by Government, and by the many kinds of inefficiency arising from controls and regulations. Moreover, the collection of arrears of tax resulting from the clearing up of old assessments is now in the case of some companies bringing their financial difficulties to the fore for the first time, and the withdrawal from banks of funds held in reserve for the payment of tax has further reduced the banks' available resources.

Banks have their proper function to perform in providing seasonal and short-period finance for both commerce and industry, but they should not be expected to finance business as a permanent arrangement. For their permanent long-term requirements companies should look to their own resources. At present, unfortunately the raising of fresh capital is in most cases difficult or impossible, and the banks are

therefore being faced with unusual demands, all of which they may not be able to meet. There is therefore a real danger that production may be held at its present level, or even forced down to a lower level, by lack of the necessary finance for the day-to-day requirements of business. Nor should the wider repercussions of this state of affairs be overlooked. If the resources of the Banks are largely or wholly employed in financing business and industry in this way, they are obviously not available as they ought to be—to support the Government Security Market or for use in subscribing to new Government Loan issues.

Looking a little further ahead, an even more disturbing picture appears. Some industrial companies are still able to carry on their businesses without undue resort to the help of their banks, but which of them are likely to be able to arrange for the replacements of plant that will be necessary during the next few years, if efficiency is to be retained ? Let us take the jute mill industry as an example. Most of the jute mills in West Bengal are largely equipped with spinning and weaving machinery dating from the first decade of this century, or even earlier, and many are still driven by steam power plants of about the same age. The weaving machinery has not yet been out-moded and is still more or less as suitable as can be obtained, but most of the spinning plant must now be regarded as practically obsolescent and, as for the older power plants, it is in many cases only a question whether they can be replaced by electric drives before they come to a standstill as a result of old age. The cost of renewing the power plants and spinning machinery of all the mills will, at present prices, amount to something in the order of twenty or thirty crores, of which only an insignificant part could be found from the existing funds of the companies concerned. Whence is the balance to come ? And whence is to come the capital needed to reconstitute all our other industries that will soon be in need of renewals and renovations ? The depreciation allowances that are now granted to us before tax is calculated, being based on the original cost of the existing assets and not on their replacement values, will be quite insufficient to meet our needs.

These are some of the difficulties that will soon face us—indeed, are already facing us. How are we to meet them ? It is clear that every effort must be made to produce fresh capital by savings both in the hands of companies and of individuals. Governments, both Central and Provincial must bear in mind the stern necessity of strict economy in all forms of expenditure so that the immense burden of direct taxation may be lightened, and more substantial savings made possible. Above all a complete revision of our taxation system must be undertaken in order to encourage investment in honest enterprise, and particularly in order to allow existing industries to set aside sufficient reserves to replace their obsolete plant with modern equipment as soon as it becomes desirable to do so. By such a policy alone can India hope to expand her industry and hold her own in the competitive world markets of the future.

In West Bengal the year has been marked by a series of important adjudication awards by labour tribunals. Employers have not been able to conceal their fears that the general level of pay determined by the awards is higher than the country can now afford, and some of the industries concerned, particularly the jute pressing and jute mill industries, may be unable to conform without serious consequences to their level of employment. But on the whole and with this qualification, employers have noticed an improvement in the quality of recent awards and are grateful for the care and attention which have been given to their affairs by the adjudicators concerned. There have, however, been some cases where we feel that adjudicators have departed from the principles of law and equity in order to placate the workers. They appear to have decided that, no matter how much in the wrong the workers may be, in the interests of industrial peace some concession must be given to them in order to keep them contented. I may cite an instance where an adjudicator found the employers to be right in principle with regard to the matters that gave rise to a strike, and held the strike to be illegal, but nevertheless awarded the workers pay for part of the period of the strike. I would remind adjudicators that justice is due to employers as well as to workers, and such awards as this can in the long run only lead to further breaches of industrial peace by encouraging workers to make unreasonable demands and to indulge in unjustified strikes. The confidence of employers is important, as well as the contentment of workers, for unless confidence exists, the capital necessary for expansion of industry, and even for the maintenance of existing industry, will not be obtainable. We are glad to know that an appellate authority will soon be appointed which will be able to correct the occasional bad awards of which we complain.

Old inhabitants of Calcutta who have recently returned to our city after a long absence have been struck by the crowds of people in the streets, especially in this area of our big business offices, and have formed the impression that there must have been a great increase in our activities and in the industries controlled and managed in this part of the town. But in fact has there been an important expansion of our productive activities since 1939, or is the growth of our staffs and the overcrowding of our offices due to some other cause? I venture to say that there has been very little real increase in the productive work for which we are responsible, or in the size and number of the enterprises which we control. In order to carry on the same business as was conducted before the war, it is now necessary to employ much more staff, nearly double in some cases, and their number seems constantly to grow. The reason for this lies in the great increase of work thrown upon the shoulders of employers by the various controls and regulations that have been imposed in recent years. The tax authorities now require elaborate records in connection with taxes on sales and profits. The obtaining of import licences and export licences, the exchange control, the Shops & Establishments Act, food rationing, the new Factory Act, petrol rationing, the Industrial Insurance Act, compulsory provident funds, railway priorities, the preparation of statistical returns for Government, and a multitude of other requirements, all add, or are about to add, to the burden of the employer and necessitate additions to his staff. From the point of view of those who are seeking employment in offices, this is of course an excellent development, and it must be admitted that if by some magical means we were able to revert to the simple conditions of 1938, very great hardship would at first result from unemployment of office workers. But we must remember that this great force of clerks and executives that has been engaged in recent years (the cost per head of which is incidentally about three times what it was ten years ago) is employed not on productive work but in complying with various unproductive controls and regulations which do not directly add to the wealth of the nation. I do not for a moment suggest, Sir, that all these regulations, requirements, and controls are unnecessary or could be dispensed with, for some are actually desirable in themselves, and in this modern world a number of obstacles to enterprise and industry are unfortunately necessary and unavoidable. I do suggest, however, that Government, when considering the effect of a new order which throws any responsibility on employers, should remember not only the cost of the Government servants who will be needed to see the order carried out, but also the cost of the staff that the employers will have to engage in order to comply with it. Both staffs will be equally unproductive and the cost of both will not only add to the inflationary tendency in the country but will reduce the margin of saving available for investment in industry and for other productive purposes.

Having mentioned the congestion occasioned by recent developments in our commercial area, I cannot refrain from calling attention to one of the principal nuisances which this congestion has brought about. I refer to the appalling noise produced by the necessity imposed on drivers to blast their way through the streets by blowing their horns. This is a subject which has been mentioned at our annual meetings for several successive years and unfortunately every year it is brought more forcibly to our notice as the growing din adds to the difficulties under which we labour in our crowded offices. The drivers of motor vehicles are, of course, much to blame; but it must be remembered that without the use of a horn it is often dangerous or even impracticable to drive a car through the streets of Calcutta; for pedestrians, carters and cyclists appear to consider they have a right to wander at will in the roadway and few of them pay any attention to oncoming traffic, unless it is heralded by a blast of sound. The obstruction of the footpaths by hawkers and other nuisances adds to the trouble by forcing passers-by on to the roads, and although the police have done much to remedy these evils, the pavements are still cluttered with various unnecessary obstacles, thus adding to the congestion in the roadways, and the consequential hooting of horns. Something may perhaps be achieved by restricting the noise which each horn is capable of producing, but this will be a difficult task and I do not think anything would be gained by prohibiting electric horns in favour of bulb horns, because in my opinion the latter are capable of making more unpleasant noise than the former! The only real remedy seems to lie in keeping the footpaths clear, in persuading other users of the road to treat motor traffic with more consideration, and in penalising drivers of motor vechiles who make unreasonable use of their horns.

I have mentioned, Sir, some of our worries and anxieties and some of the difficulties which have prevented us from attaining the

efficiency for which we had hoped and from embarking on the new projects which we have long wanted to undertake. We have however a very great deal to be thankful for, and in particular the blessings of political stability, communal peace and harmony, and, above all, law and order, with the aid of which we have been able, by and large, to carry on our business in a peaceful and normal manner and with a certain measure of success. We are appreciative of these blessings and are most grateful to those who have provided them for us. As for the difficulties, we do not intend to be deterred by them, and we shall press onwards with our undertakings despite any obstacles or problems that may arise. As long as we enjoy the confidence and trust of the Government of this land, we shall face the future with optimism and shall remain convinced of our ability to continue to play our full part in the progress and development of India.

(*Loud Applause*)

His Excellency the Governor of West Bengal :—

Mr. President and Gentlemen,

I am grateful to you for your kind invitation and for the welcome which you have extended to me. During the last eight months I have met and made many friends among you. Today I value the privilege of meeting you all together as members of this great organisation. I need not enlarge upon the very great and important part that you play in the civic and economic life, not only of Calcutta and of Bengal, but of India as a whole. In 1947 Sir Frederick Burrows, addressing you on the eve of the great constitutional changes in India, expressed the hope that you will find the new political environment congenial and you will be able to carry on your great industrial pursuits without interruption and undue discrimination. I am glad to hear you testify today that that hope has not been belied. Indeed, I have always held the view that with the satisfactory solution of the great political problems which sometimes caused bitterness between Indians and British people in India, relations between them will greatly improve and will be animated by a spirit of cordiality and by a desire to advance the real interests of the people of India. It is true that many British people have not made India their permanent home, but hundreds of families have now been connected with India continuously for many generations, and I love to think that they regard India with affection and loyalty equal to that of

Indians themselves. I am convinced that, with the passage of time, in Free India very many British people will discover genuine friendly feeling among Indians, and also that toleration and broad-mindedness which has been inherent in ancient Indian culture. India has had in the past a strange power to attract and absorb people of other countries within herself. As rulers the British people resisted that charm—it will be for historians to pronounce whether they did so with advantage to themselves—but I do hope that now unfettered by political inhibitions many of you who owe to this country your wealth and prosperity will discard that negative attitude, and consider it a privilege to promote the welfare of India and her people with zeal and devotion. India should no longer appear to you as the land of regrets but as the land of unselfish enterprise and glorious opportunity for a common endeavour with Indians to raise the national wealth and standard of living of an ancient people.

Mr. President, I am glad to hear the note of cautious optimism that you have struck in your address. The past eighteen months have been a period of exceptional difficulty and stress. The Indian Ship of State has weathered a great storm, and though a difficult passage still lies ahead the sky is definitely clearing and many signs are favourable and, I hope, that we shall soon be entering into calm and tranquil waters. You have rightly emphasised the inter-dependence of East and West Bengal. I rejoice with you on the ever-growing improvement in our inter-government relations. Bengal may be politically divided but its people are bound to each other by many common ties of which the economic is not the least important. I trust that in the coming months this happy progress will be well maintained so that the people of East and West Bengal may carry on their dealings with each other, as they did in pre-partition days, to their mutual advantage. In the jute industry lies chiefly the prosperity of Bengal. I trust that this great industry will, with the co-operation of the two Governments and their people, continue to develop as of old to their great benefit and nothing will occur in any way to impede or obstruct that development.

You have referred to the noticeable improvement in transport. In the past twelve months difficulties of transport have caused enormous inconvenience. I hope the speech which the Hon'ble Minister for Railways made the other day in the Dominion Parliament on presenting the Railway Budget will have a reassuring effect upon the public mind,

I am confident that in the coming year transport position will definitely become easier and with the increased supply of locomotives and wagons goods will move quickly. At the same time, I have no doubt that you will give your utmost co-operation to the railway authorities to keep the wagons moving. Any lack of co-operation on the part of the mercantile community in this respect is bound to have very injurious effect on our national economy.

Mr President, you have, while referring to many matters of high importance in the realm of finance and taxation, rightly indicated that the Hon'ble Finance Minister in his coming Budget Speech will no doubt deal with them in an appropriate manner. You have had the advantage of recently hearing his views. I am sure he will give due weight to all the considerations mentioned by you, the importance of industrial development, the emphatic necessity for increase in production, and the urgent need for many industries to repair and recondition, replace or add to their plant. The increasing costs both of management and of stores are also relevant factors for consideration though it may be, I imagine, some consolation to you that the cost of the swelling, and seemingly unproductive, staffs that you say you are compelled to maintain in your offices owing to a variety of reasons will in the long run to a great extent be borne by the Indian Treasury. According to Mr. Punch, a businessman from Manchester, when rebuked for his rather lavish entertainment in London of business connections, quickly replied, "Why shouldn't I, I only pay six pence in the £, the remaining 19 shillings 6 pence of the bill is on the British Treasury." I suggest to you that if you think that the various requirements of the different Government departments which necessitate your engaging and keeping a large unproductive staff are high-pitched, then you had better stress in your representations to Government rather forcibly this aspect of the matter and without doubt your remonstrances will find an attentive ear. This is a matter of importance because all unproductive expenditure, whether in Government departments or commercial managements in these difficult days is harmful and should be avoided.

You have emphasised the stern necessity of strict economy in all forms of expenditure so that the immense burden of direct taxation might be lightened. I presume that you have in mind mostly unproductive expenditure because increased production being the need of the hour, I do not suppose you would deprecate "productive" expenditure, more particularly, expenditure on short-range programmes which will lead to an immediate increase in production. If we stop all expenditure merely because it is expenditure, that may have very dangerous consequences and may lead, with our ever-increasing population in India, to further complications. In this context I have particularly in mind expenditure calculated to increase food production, because while one may protect oneself against high prices of a variety of consumer goods by a resort to a buyers' strike, no such course is open in regard to our food requirements. You may deny yourself partially even the necessary clothing but one must eat to live. You are mostly engaged in industrial enterprises of various kinds and I wonder whether it would be proper for me to draw your attention to the question of food production. It concerns you, however, also most intimately because after all is said and done, wages in India depend greatly on agricultural prices. Unless these prices fall, cost of living index will continue to be high. It is no use asking for a diminution of such agricultural prices with the aid of Government subsidies because what Government contributes as such subsidies, it must raise by taxation. To be beneficial, prices must fall due to an increase in food production. The matter is of the utmost urgency and while our great river valley and other projects will take years for full execution, food supplies must be adequately enlarged within the next twelve to twenty-four months. I am sure industrialists of India can make a valuable contribution to that end by devoting their attention to the manufacture of improved but simple implements for agriculture and irrigation on a mass scale at reasonable prices, and also by undertaking research for the production of chemical manures and fertilizers with the raw materials available in India. I stress this because while the breaking of every acre of land now lying uncultivated is to be welcomed, appreciable food supplies from this source will be forthcoming only after several years and even then will be totally inadequate for our growing requirements. We must, I think in order to attain self-sufficiency in food, take all possible measures to increase the yield per unit acre of land already under cultivation, and expert opinion is agreed that with improved seeds and proper facilities for better farming and irrigation and manures, we might expect a 20 or 25 per cent. increase in yield within the next two or three years.

On this question of productive expenditure may I also draw your attention to another factor which is sometimes overlooked. Industrial

labour is both organised and vocal and makes itself heard, and both Government and managements are most anxious to avoid loss of working hours by any preventable cause. Attention is therefore being increasingly paid to the maintenance of physical health and fitness of industrial workers. But peasants and landless agricultural labour are unorganised and inarticulate, and I wonder, whether any one has ever estimated the loss of working hours on the fields owing to malnutrition, poverty, disease and illiteracy and ignorance. Dwellers in this magnificent city of Calcutta may not easily realise the conditions which prevail in the rural areas of Bengal. Villages seem to have been greatly neglected in the past and are now devoid of all amenities and even necessaries of life. Communications are bad and scanty. Housing is lamentable, most mud huts are hovels. Sanitation and hygiene are unknown. In many places even pure drinking water is not available. Medical aid is hopelessly meagre. Living conditions must be vastly improved if we want our great industry of agriculture to flourish. An able-bodied, healthy and vigorous farmer is a national asset and all expenditure calculated to raise his health standards is definitely productive expenditure well worth making. The more so, because at present you have this curious spectacle that while the pressure of population on land is great and increasing, the number of healthy agrilcultural workers on the fields is diminishing with the result that wages of agricultural labour are steadily rising. The shortage of physically fit labour has even adversely affected the building programmes of some of our great dam projects which depend greatly upon labour from the rural areas.

Mr. President, you have suggested a thorough examination of our tax structure. This is a matter primarily for the Government of India to consider. I can only say that the demands on Government both for essential and productive expenditure are enormous, and in the aggregate come to a large sum indeed. This money must be found and any one who protests against any particular kind of taxation should also at the same time suggest an alternative to fill the gap which will be caused by the acceptance of his recommendations. We must bear in mind that all citizens are caught in the present vicious circle. The only road to salvation lies through increased production of foodgrains and of all varieties of consumer goods. Every one who deliberately hinders production by withholding capital from investment on any ground whatsoever or withholding his manual labour unreasonably is not, in my opinion, in the present emergency doing his duty to this country.

It is said that money has found its way, like water in the creeks of the Sundarbans, to the villages in India and is lost or wasted there. I am not quite sure of that—the farmer will tell you his own tale of woe caused by excessive prices of everything he needs. But even if it has, you will surely not grudge two square meals to a few people who were formerly unaccustomed to that luxury or a shirt on the back of those who seldom knew what clothing was.

The financial difficulties which you have stressed in your address will, I am sure, receive quite sympathetic consideration. The encouragement of the investor should be our first concern. I sometimes, however, fear whether we do not scare away prospective investors, small or great, by our frequent cries of "wolf, wolf" at the door. The Stock Exchange quotations provide dismal reading but at the same time commentators of financial and other newspapers ("The Statesman" included) set forth a variety of reassuring explanations for the catastrophic fall in prices. I have never been initiated in these great mysteries, but experience gained in the law courts has shown that not rarely do the Stock Exchanges and Forward Contract markets satisfy the human craving for a little excitement and speculation. How much of the present-day fall is merely due to the lowering of purely speculative levels, I cannot say. Opinions differ so widely. I can only respectfully suggest that while we must not close our eyes to the difficulties that surround us, it would be at the same time unwise to over-estimate them and become despondent. The country needs a robust and optimistic frame of mind in those who manage our affairs, whether in the Government or outside, in workshops and factories, on the farms and underground in the coalfields.

Your appreciative comment on the care and attention with which labour adjudicators do their thankless job is fully justified. It is so difficult to please both parties. It has been said over and over again that the existing labour legislation provides ample opportunity and adequate machinery for the settlement of all labour disputes. Therefore, all strikes and rumours of strikes in these difficult days not only injure

labour and industry but also the nation at large. If the existing machinery is defective it should be improved. If it is slow, it should be made to move more smoothly and expeditiously. But there must be genuine labour grievances and labour disputes. Raising of such disputes for political ends and party purposes all right-thinking citizens must condemn and discourage. Such strikes cannot and, I fear, are not intended to be, settled on the economic plane, and lead to all sorts of complications before normalcy can be restored.

All of us realise that industrial labour suffers under various hardships. Housing conditions are everywhere difficult and in the existing circumstances it is difficult to execute extensive workers' housing programmes. And then again, while wages have risen high, in families where the wife is not also a worker, high cost of living may well prove very burdensome. I have personally during the last 12 years made many friends, both among industrialists and the working classes and mixed greatly with them. It strikes me that situated as the mills and factories mostly are in cities or suburbs and management executives and labour live in close proximity, psychological factors arising from such conditions have not received adequate attention. With the march of ideas and of ideologies of different descriptions, the world is in turmoil and I suggest that closer social contacts between management executives and their families on the one hand, and the workers and their families on the other will be of inestimable value in fosterng intimate and even affectionate relations between them. In this context there is infinite room for social welfare work in working class families to which educated women living in industrial colonies can make great and beneficial contribution. The human touch is still a great thing even in this mechanical age. Development in a positive manner of a sense of intimate co-operative endeavour in a great industrial enterprise may be the solvent of many difficulties. And while political stability, internal peace and harmony are conditions precedent to all industrial progress, ultimately it depends wholly upon co-operative endeavour inspired by mutual trust and confidence between management and labour.

I rejoice that you look forward to the future with confidence and optimism. I wish you all success and every good fortune in the years to come. *(Loud Applause)*

MR. A. J. ELKINS, C.B.E. :—

Your Excellency and Gentlemen.

It is my privilege, Sir, on behalf of the Bengal Chamber of Commerce, to extend to you our cordial thanks for so kindly attending our meeting today.

The Annual General Meeting of this Chamber provides an opportunity for an interchange of views between Government and the business community, and for this reason we are particularly pleased to have had the privilege of listening to your most interesting address today. I can assure you that we shall give the most careful consideration to all that you have had to say to us.

As the President has already told you, this Chamber of Commerce—and indeed I am sure it is equally true of all the other Chambers of Commerce in Calcutta— is anxious and willing to co-operate to the fullest possible extent with both the Central and Provincial Governments and, although at times our views may not entirely agree with the official attitude towards a particular problem, we are nevertheless a responsible and disciplined body, representative of a very wide section of industrial and commercial interests, and our services are always at the disposal of your Ministries.

The Province of West Bengal must indeed count itself fortunate in having as its first two Governors, our present Governor-General and yourself. Mr. Rajagopalachari's term of office in West Bengal, was so popular and successful, and his personal charm so great, that a heavy duty fell on his successor to maintain and develop that happy relationship. I know I am speaking on behalf or all of us here today when I say, Sir, that you have not fallen short of that same high standard, and that you have in your first year of office, endeared yourself to all the peoples of West Bengal. No good cause has lacked your sympathetic interest, and considerations of personal convenience have never stood in the way of your extending active support to all institutions and individuals that have the welfare of the Province at heart. By coming here today you have given ample evidence of your interest in the commercial affairs of

the Province, and I sincerely hope that we may look forward to many future occasions on which it will be possible for you to meet and address us.

Before concluding, I would like to remind members that His Excellency and some of our guests will now probably wish to withdraw from the meeting and, whilst they are leaving, the meeting will stand adjourned for a few minutes. On the return of the President to the chair, the agenda of the meeting will be resumed.

Once again on behalf of the Bengal Chamber of Commerce I offer to you, Sir, our most grateful thanks. (*Applause*)

(His Excellency then withdrew from the meeting)

THE PRESIDENT :—

Gentlemen,

There are several items which I omitted from my earlier remarks, not because of their unimportance but solely because I felt they could be more appropriately dealt with in the less formal atmosphere of the second part of our proceedings today. The question of finance I shall refer to a little later.

At this stage I would like very cordially to thank all those who, during the past year, have contributed to the work of the Chamber. It is indeed difficult to differentiate—for so many have shared in the collective effort, from the Vice-President and my other colleagues on the Chamber Committee, through all the Standing Committees and Sub-Committees, to the individual member who has supplied us with information and advice on the day to day problems of the commercial community during a year of difficulties and complications. I do not know if it is fully appreciated how much care and attention to these problems are devoted by the Chairmen and members of the various Committees and Standing Sub-Committees, who serve us so well. Some of them have been very frequently referred to during the past year and, if I may single out one or two, I would particularly like to thank Mr. Elkins for his work as Chairman of the Industrial Affairs Sub-Committee ; Mr. Crooks as Chairman of the Income Tax Sub-Committee—which deals with the multiplicity of taxation problems that arise nowadays ; and Mr. McFarlane—who has recently retired—and Mr. Brodie who have shared the responsibility for the Chairmanship of the Foodstuffs Working Committees, still handling for Government the rice and wheat product rations for nearly one million industrial workers.

Mention of retirement reminds me that we shall shortly be losing two of the Chamber's strong supports in the persons of Sir Charles Miles and Mr. Gladding, both of whom will be leaving us in the near future. Both have served us well in various capacities for many years now—not only the Chamber itself, but also the business community as a whole. Their departure will be our loss and I am sure you will wish to join me in wishing them many years of happiness and leisure in their own homeland. (*Hear, hear*)

There is another body of representatives I would like to thank specially if only for the reasons that their work is a new development and has involved very arduous duties. I refer to our panel of representatives on the Regional Advisory Committee dealing with railway priority problems. They have in turn attended, for weeks on end, daily meetings of the Advisory Committee, now happily less frequent; you will find their names on page 95 of the Annual Report and I think our special appreciation of their work on our behalf is due to them.

(*Applause*)

Once again I would also like to thank the Secretarial Staff of the Chamber as a whole for their consistently attentive work during yet another arduous year. (*Applause*) In particular our thanks are due to our Secretary, who has shepherded us through a difficult period with his usual energy, tact, and unfailing skill.

Turning now to item 4 of the agenda, the Report of the Chamber Committee for 1948 has been in our hands since last week and does not, I think, call for any special comment.

The Accounts, which were issued separately and appear also in the Annual Report, reveal certain special features to which I should refer. The position of the Licensed Measurers Department is satisfactory in so far as the year's working has resulted in a surplus of income over expenditure amounting to Rs. 97,420-9-8. Having regard to the increasing clerical establishment costs which this year will fall on the Department in consequence of the recent award by the Mercantile Firms Tribunal, the results for 1948 indicate that the present rates for

weighment and measurement are just sufficient to provide the necessary income, assuming no material change in the volume of the trade of the port.

In the Secretarial Department—the work of which has expanded rapidly and is still expanding—the position is that *normal* income from Chamber membership subscriptions and the fees for secretarial services paid by the connected Associations have fallen short of the necessary expenditure by as much as Rs. 3,71,651-11-4. Under the arrangement which was mentioned by my predecessor a year ago, this deficit and the recurring one of preceding years have been covered by the special and temporary income that has been made available to the Chamber in the form of management charges in respect of the large-scale food rationing scheme, which the Chamber operates for the benefit of the numerous participating industrial concerns in the Calcutta area. The nett income from this source for the four years 1945 to 1948 amounts to Rs. 6,73,601 after providing for taxation; and after meeting the deficit for 1948 to which I have already referred, your Committee have decided to place the sum of Rs. 3 lakhs to a Special Reserve Account. In doing so, the Committee have in mind the Fund which it is likely to be necessary for them to build up gradually to meet the liability for pensions or gratuities to staff with long service, as indicated by the recent Tribunal Award in the particular case of the Chamber. I may say in that connection that we do not regard the award as necessarily involving capitalisation by the Chamber of this liability irrespective of the future circumstances of the Chamber; but your Committee have in fact arranged for an actuarial calculation of the capital amount which would be involved in funding such a scheme. In the light of that calculation it will be for the incoming Committee to decide on their policy in this matter.

Meantime the additional revenue expenditure which the Chamber Award imposes on us with effect from the 8th February 1949, and the still rising costs in other directions, cannot but mean a very substantial excess of expenditure over *ordinary* income, that is to say from the two sources of Chamber membership subscriptions, and contributions from the Associations whose secretarial work the Chamber carries out. I notice that in other similar organisations such subscriptions have had to be raised considerably. The retiring Committee recommend to their successors in office that an early investigation of this problem should be undertaken.

This, gentlemen, brings me to the end of my remarks. If there are any questions arising out of the report or accounts I shall be happy to answer them to the best of my ability; and if any member present would like to raise any matter of interest to the mercantile community, I shall be glad if he will do so now.

There being no questions, the President then moved :—

That the Report be accepted and the Accounts passed.

Mr. J. F. Elton seconded the resolution which, on being put to the meeting was carried unanimously.

THE PRESIDENT next moved :—

That the election by the Committee of the following Firms and Companies be, and is hereby, confirmed :—

Chamber Members :

1. Agarwala Bros.
2. The Avery Company Ltd.
3. W. A. Beardsell & Co., Ltd.
4. Bird & Co., Ltd.
5. Blackwoods (India) Ltd.
6. British Paints (India) Ltd.
7. Cadbury-Fry (Export) Ltd.
8. The Calcutta Jute Agency Ltd.
9. Eagle-Lion Distributors (India) Ltd.
10. F. W. Heilgers & Co., Ltd.
11. Gillanders Arbuthnot & Co., Ltd.
12. Gladstone Lyall & Co., Ltd.
13. Macmillan & Co., Ltd.
14. Martin Burn Ltd.
15. Sir Lindsay Parkinson (India) Ltd.
16. Pinchin Johnson & Associates Ltd.
17. Powers-Samas Accounting Machines Ltd.
18. Rallis India Ltd.
19. Scott & Pickstock Ltd,
20. Shaw Wallace & Co., Ltd.

Associate Members :

1. The Comptoir National D'Escompte de Paris.
2. Getz India Ltd.
3. Muller & Phipps (India) Ltd.
4. Singer Sewing Machine Company.
5. United Liner Agencies of India Ltd.

Mr. O. T. Jenkins seconded the resolution which was declared carried unanimously.

THE PRESIDENT :—Gentlemen, before formally announcing the results of the election of the Chamber Committee for 1949-50, I would like to convey the Chamber's thanks to the Scrutineers of the voting papers, Mr. W. Toft and Mr. R. S. Arthur, who have carried on the tradition of undertaking this somewhat laborious task. The results of the voting are :—

President :—

Mr. A. J. Elkins, C.B.E.

Vice-President :—

Mr. A. L. Cameron.

Committee Members :

Mr. W. A. Bell.
„ A. P. Clarabut.
„ A. R. Eliott-Lockhart, C.I.E.
„ P. G. Knott.
„ A. S. Officer.
„ E. A. Paterson.
„ A. C. Watkins.

MR. A. J. ELKINS :—

Gentlemen,

Before moving the resolution which stands in my name, I would like to thank you for the very great honour you have done me in electing me your President for the coming year.

This is an office not lightly to be undertaken, and I am fully conscious of the great responsibilities of the task that lies ahead of me.

It has been said, with some truth I think, that the task never gets any easier, but I can assure you that I will do all in my power to justify the confidence you have reposed in me. In this I know I will be able to count on the fullest support from the very able Vice-President and Committee whom you have elected to share the burden with me.

(*Applause*)

I have now pleasure in proposing :—

"That Messrs. Lovelock and Lewes be and are hereby re-appointed Auditors to the Chamber at the same remuneration as before".

The resolution was seconded by Mr. R. H. McLeod and was carried unanimously.

Mr. H. A. Luke :

Mr. President and Gentlemen,

On me has devolved the privilege and pleasure of moving a cordial vote of thanks to the Vice-President and outgoing Committee. I sometimes wonder whether all our members fully realise and appreciate the vast amount of work undertaken by the Chamber Committee on their behalf. If they consider the time it takes simply to read, let alone study, the voluminous reports and circulars which emanate from the Chamber—even the strictly private and confidential ones !—I think members will have a better idea of how much work, thought and time has gone to the preparation of these papers. And when we take into account the present shortage of trained staff and the amount of work the Committee members have to do in their own offices, we must consider ourselves very fortunate indeed in having the services of men who are willing to come forward and shoulder the additional burden of Committee work. Some of the members of the outgoing Committee had served in that capacity in previous years and some are going to serve again so that it is not from any lack of knowledge of what they are undertaking that they have come forward to volunteer their services. To them we owe our gratitude for their work during the past year and I now therefore

call on this meeting to accord them a very sincere and cordial vote of thanks for all they have done.

The proposal was carried with acclamation.

Mr. J. R. C. Taylor, C.I.E. :

It is my pleasure and my privilege to move a hearty vote of thanks to our outgoing President, Mr. Paul Benthall.

This Chamber and the Associated Chambers ask and receive much from their Presidents but this year must surely have been unique in the number and intensity of the special problems arising in various forms from the new conditions in the country.

These have necessitated many visits to Delhi and elsewhere by Mr. Benthall and have entailed much deliberation, thought and consultation all additional to the normal burdens of his office.

With all such grave matters, we would expect our President to deal ably and effectively but it seems to me that Mr. Benthall has done much more than that. By the manner in which he has dealt with them, he has increased notably the reputation of our Chamber and of the commercial community in general and has much enhanced its prestige. In a time of many difficulties he has addedgreatly and importantly to the number of our friends and of our well-wishers.

I think you will agree with me that we owe to Mr. Paul Benthall a very great debt of gratitude, not only for all that he has done for us but also—and especially—for the manner in which he has done it.

(*Loud Applause*)

The President : Gentlemen, I thank you and Mr. Taylor very sincerely for your great kindness which I most deeply appreciate.

That concludes the business of the meeting.

D. C. FAIRBAIRN
Secretary.

A. P. BENTHALL
President.

B. P. W.-1731—29-3-49—500.

REPORT

OF

THE COMMITTEE

OF THE

BENGAL CHAMBER OF COMMERCE.

For the Year 1948.

CALCUTTA :
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1949.

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BENGAL CHAMBER OF COMMERCE

REPORT OF THE COMMITTEE FOR THE YEAR 1948.

The Committee of the Bengal Chamber of Commerce have now the honour to submit to the members of the Chamber their report for the year 1948.

President

Mr. A. P. Benthall (Messrs. Bird & Co., Ld.)

Vice-President

Mr. A. J. Elkins, C.B.E. (Messrs. Gillanders Arbuthnot & Co., Ltd.)

Members

Mr. W. A. Bell (Imperial Chemical Industries (India) Ltd.)

(Granted leave for 4 months in April 1948. The vacancy was not filled).

Mr. P. G. Knott (Messrs. Mackinnon Mackenzie & Co.)

(Elected in place of Mr. L. P. S. Bourne of the same firm, resigned from Committee in November 1948).

Mr. Neil Brodie, C.I.E. (Messrs. Gladstone, Lyall & Co., Ltd.)

Mr. A. L. Cameron (Messrs. Andrew Yule & Co., Ltd.)

(Mr. Cameron proceeded to U.K. on leave from October 1948 to January 1949 and Mr. C. A. Innes of the same firm was elected in his place during that period).

Sir Charles Miles, O.B.E. (Messrs. Shaw Wallace & Co., Ltd.)

Mr. A. C. Watkins (The Chartered Bank of India, Australia & China).

(In December Mr. J. MacFarlane (Messrs. Octavius Steel & Co., Ltd.) resigned from the Committee as he was retiring from India and the Committee decided not to fill the vacancy for the remainder of the year).

Representatives of the Chamber on various bodies and authorities.

West Bengal Legislative Assembly.	Mr. J. R. Walker, F. T. I. (Messrs. McLeod & Co., Ld.)
Calcutta Port Commission	,, R. J. Clough (Messrs. James Finlay & Co., Ld.), ,, C. A. Innes (Messrs. Andrew Yule & Co., Ld.) (Mr. A. L. Cameron took leave from the 25th October 1948 to 31st January 1949 and Mr. C. A. Innes was elected in his place.) ,, A. J. Elkins, C.B.E. (Messrs. Gillanders, Arbuthnot & Co., Ld.), ,, H. C. Bannerman (Messrs. Macneill & Co.), (On the resignation of Mr. H. Shedden, Messrs. Macneill & Co., Mr. H. C. Bannerman was elected in his place in September 1948.) ,, M. G. Robson (Messrs. Turner Morrison & Co., Ld.) (Elected for a period of six months from 1st December 1948 in place of Mr. J. Morshead, Messrs. Turner Morrison & Co., Ld. on leave. ,, L. P. S. Bourne (Messrs. Mackinnon Mackenzie & Co.)
Board of Trustees for the Improvement of Calcutta.	,, T. Godley (Calcutta Tramways Co., Ld.) Mr. W. G. Cross was elected for a period of six months from the 16th July 1948 while Mr. T. Godley of the same firm was on leave.
Bengal Boiler Commission.	,, G. P. Chestney (Messrs. Burn & Co., Ld.) ,, J. M. Grant (Clive Jute Mills).
Board of Examiners for Boiler Attendants.	,, C. B. Corbett (Messrs. Macneill & Co.)

Bengal Smoke Nuisances Commission.	Mr. A. Nicoll (Manager, Union North Jute Mill) ,, R. J. Oliver (Messrs. Martin, Burn Ltd.)
Indian Coal Grading Board.	,, V. Morini (Messrs. Mackinnon Mackenzie & Co.) Succeeded Mr. L. P S. Bourne of the same firm on the expiry of his term of office on the 19th February 1948.
Calcutta Electric Supply Corporation Consultative Committee.	,, A. I. Murison (Messrs. James Finlay & Co., Ltd.) Elected in place of Mr. R. R. Hogarth of the same firm on long leave out of India.
The Electric Licensing Board, West Bengal.	,, J. S. Wells, A.M.I.E.E., (Calcutta Electric Supply Corporation Ld.)
Bengal Board of Communications.	,, F. F. M. Ferguson, (Messrs. Dunlop Rubber Co. (India) Ltd.)
Calcutta Traffic Advisory Board.	,, W. E. Berry, C.B.E., (Messrs. Kilburn & Co., Ltd.)
Indian Central Jute Committee.	,, J. N. Smart (Messrs. Landale & Clark Ld.)
Bengal Textile Institute, Serampore.	,, W. Morrison (Manager, Angus Jute Mill.) A. Heys (Messrs. Kettlewell, Bullen & Co., Ld.)
E. I. Rly. Local Advisory Committee.	,, J. R. C. Taylor, C.I.E., (Messrs. Burmah Shell-Oil Storage & Distributing Co. of India Ld.)
Railway Advisory Committee, Howrah Goods.	,, J. N. Birch (Messrs. Balmer Lawrie & Co., Ld.)

Bengal Nagpur Railway: Local Advisory Committee.	Sir Charles Miles C.B.E. (Messrs. Shaw Wallace & Co., Ld.)
Railway Rates Advisory Committee.	Mr. I. G. Kennedy, C.B.E., (Messrs. Jardine, Henderson Ld.) representing the Jute trade.
	„ R. H. D. Campbell (Messrs. Shaw Wallace & Co., Ld.) representing the Grain, Seed and Petroleum trade.
	„ H. C. Bannerman (Messrs. Macneill & Co.,) representing the Tea trade.
	„ D. F. Macmillan (Messrs. Andrew Yule & Co., Ld.,) Representing the Coal trade.
	„ D. G. Sevastopulo (Messrs. Rallis India Ld.,) representing General trade.
Indian Tea Market Expansion Board.	„ G. N. Wallace (National Bank of India Ltd.) „ E. E. Corstorphine (Messrs. Jardine Henderson Ltd.)
Indian Lac Cess Committee.	„ J. P. Young (Messrs. Angelo Bros. Ltd.) „ G. C. Georgiades (Messrs. Rallis India Ltd.)
Campbell Hospital Visiting Committee.	„ D. J. Workman (Messrs. Gladstone, Lyall & Co., Ltd.,) Elected in August 1948 in place of Mr. W. Withall (Messrs. Bird & Co., Ltd.)
Medical College Hospitals Visiting Committee.	„ R. J. R. Davidson (Messrs. Andrew Yule & Co., Ld.)

Mayo Hospital: Governing Body	Mr. H. M. Lang (Messrs. Mackinnon, Mackenzie & Co.) Second seat vacant at present.
Board of Trustees: Ranchi European Mental Hospital.	„ W. J. Ross-Hurst (Tea Districts Labour Association)
Lady Minto's Indian Nursing Association.	„ P. E. G. W. Parish (Messrs. Gillanders, Arbuthnot & Co., Ltd.)
Presidency General Hospital: Inspection Committee. ...	„ J. H. Willson (Messrs. Gillanders, Arbuthnot & Co., Ld.)
Calcutta Hospital Nurses Institution.	„ A. P. Benthall (Messrs. Bird & Co., Ld.) The President of the Chamber *ex-officio.* „ Neil Brodie, C.I.E. (Messrs. Gladstone Lyall & Co., Ld.)
Indian Red Cross Society.	„ A. P. Benthall (Messrs. Bird & Co., Ld.) The President of the Chamber, *ex-officio.*
Lady Canning Memorial Fund.	„ A. P. Benthall (Messrs. Bird & Co., Ld.) The President of the Chamber, *ex-officio.*
The Indian Museum.	„ M. G. Robson (Messrs. Turner, Morrison & Co., Ld.)
Bengal Board of Film Censors.	„ H. M. Lang (Messrs. Mackinnon Mackenzie & Co.)

Victoria Memorial.	Mr. A. P. Benthall (Messrs. Bird & Co., Ld.) The President of the Chamber, *ex-officio.*
Government Commercial Institute.	„ W. Toft (Messrs. Price, Waterhouse, Peat & Co.) „ K. F. L. Harris, C.A. (Messrs. Bird & Co., Ld.)
Calcutta Technical School.	„ J. A. Steven (Messrs. Bird & Co., Ld.) (Elected in place of Mr. F. W. A. Carpenter of the same firm on leave).
Board of Apprenticeship Training.	„ F. W. A. Carpenter (Messrs. Bird & Co., Ld.)
St. Thomas' School.	„ K. R. Fettes, C.A., R.A., (Messrs. Gillanders, Arbuthnot & Co., Ld.)
La Martiniere: Board of Governors.	„ A. P. Benthall The President, of the Chamber *ex-officio.*
Indian Accountancy Board: (representative of the Associated Chambers of Commerce of India.)	„ G. A. S. Sim (Messrs. Andrew Yule & Co., Ld.)
Indian Statistical Institute.	„ H. M. Molesworth (Imperial Chemical Industries (India) Ld.)
District Charitable Society	„ A. J. Elkins, C.B.E. (Messrs. Gillanders Arbuthnot & Co., Ld.) „ C. L. Corsar, O.B.E. (Messrs. Mackinnon Mackenzie & Co.)
Government Workhouse Council.	„ A. W. Taylor (Messrs. Macneill & Co.)

European Unemployed Repatriation Society.	Mr. D. N. P. Squarey (Messrs. Turner Morrison & Co., Ld.) (Elected in November 1948 in place of Mr. J. Morshead of the same firm on leave out of India.
Ex-Services Association: Central Council.	„ A. P. Benthall (Messrs. Bird & Co., Ld.) The President of the Chamber *ex-officio*
The Crichton Trust.	„ W. J. B. Walker, C.A. (The Statesman Ld.)
Calcutta Society for the Prevention of Cruelty to Animals.	„ E. Lyne (Messrs. Hoare Miller & Co., Ld.)
Central Advisory Committee for Lighthouses. (representative of Associated Chamber of Commerce of India.)	„ A. H. Ford (Messrs. Mackinnon Mackenzie & Co.)
Seamen's Welfare Association: Indian Seamen's Clinic.	„ L. W. Balcombe (Messrs. Turner Morrison & Co., Ld.) „ A. H. Ford (Messrs. Mackinnon Mackenzie & Co.)
Provincial Transport Authority.	„ J. W. G. Church (The Calcutta Electric Supply Corpn. Ld.)
Central Advisory Board on Forest Utilisation (Representative of Associated Chambers of Commerce of India.)	„ J. F. E. d'A Willis (Messrs. Gillanders Arbuthnot & Co., Ld.,
Textile Trade Marks Advisory Committee.	„ G. J. Gardner (Messrs. Kettlewell Bullen & Co., Ld.)

Telephone Advisory Committee. (Representative of the Associated Chambers of Commerce of India.)	Mr. H. F. Whithouse (Messrs. Gladstone, Lyall & Co., Ld.)
Calcutta Port Commissioners Anti—Pilferage Committee.	„ S. Ronaldson (Messrs. Mackinnon, Mackenzie & Co.)
Federation of Chambers of Commerce of the British Empire.	„ S. D. Gladstone (Messrs. Ogilvy, Gillanders & Co., London.)
International Federation of Master Cotton Spinners & Manufacturers Association	„ H. A. Wilkinson, C.B.E.
Export Advisory Council (Representative of the Associated Chambers of Commerce of India.)	„ G. Euthymopulo (Messrs. Rallis India Ld.,
Industrial Research Board, West Bengal.	Dr. E. C. Fairhead, B.Sc., A.R.I.C., Ph. D. (Messrs. Imperial Chemical Industries (India) Ld.
All India Council for Technical Education. (Representative of the Associated Chambers of Commerce of India.)	Mr. J. A. Murray (Messrs. Jardine, Henderson Ld.)
Board of of Industries, West Bengal.	„ C. E. J. Crawford (Messrs. Imperial Chemical Industries (India) Ld.
Fuel Oils Advisory Committee.	„ H. C. Bannerman (Messrs. Macneill & Co.)

All-India Board of Architectural Studies. (Representative of the Associated Chambers of Commerce of India.)	Mr. Bernard Mathews, F.R.I.B.A., F.S.J., M. & P.I. (Messrs. Ballardie, Thompson & Mathews.)
Indian Council of Agricultural Research. (Representative of the Associated Chambers of Commerce of India.)	„ J. McIntyre Imperial Chemical Industries (India) Ld.,
Indian Institute of Art in Industry.	„ H. Broom (Messrs. D. J. Keymer & Co., Ld.)
Import Advisory Council (Representative of the Associated Chambers of Commerce of India.)	„ A. R. MacGillivray (Messrs. Roberts, McLean & Co., Ld. Calcutta.) „ T. J. Hutson (Messrs. Spinner & Co., Bombay).
Iron & Steel Advisory Committee.	„ A. Mansfield (Messrs. Balmer, Lawrie & Co., Ld.,)

GENERAL

The Associated Chambers of Commerce of India: 30th Annual General Meeting, 1948—The Hon'ble Dr. John Matthai, Finance Minister of India, was invited to the 30th Annual General Meeting of the Associated Chambers of Commerce of India this year and to address the Chambers.

Before a large audience of distinguished guests, a representative gathering of members of the Bengal Chamber of Commerce and delegates of the Associated Chambers of Commerce of India Dr. John Matthai, who was given a warm welcome, opened the proceedings of the Chambers' Meeting on Monday the 13th December, 1948.

The following resolutions, which were severally brought forward at the instance of the Chambers specified were unanimously adopted by the meeting.

1. *Export Trade Policy.—Bombay Chamber of Commerce.—*

This Association views with concern the effects of the control of exports on the trade and industry of India. The Chambers urge that such controls as may be necessary should interfere as little as possible with the existing channels of trade, which may be assumed to be the most suitable and economical so long as healthy competition is allowed to regulate the export trade of the country.

2. *Proposed Chartered Accountants Act.—Bengal Chamber of Commerce.—*

Whilst according support to every effort to effect the autonomy of the accountancy profession in India, this Association urges that to meet India's great need for qualified accountants, both in administrative and business spheres, the statutory regulations should be framed to afford, firstly, an incentive to increasing numbers to join the profession and, secondly, an encouragement to acquire that degree of wide experience essential in present day circumtances.

In particular it is hoped that in view of the above, the Government of India will see to it that, in actual conduct, the Council under the proposed Bill imposes no limitations restricting the present right of those who are, or may become, members of bodies outside India from practising or describing themselves as Chartered Accountants where they are entitled so to do by their qualifications.

3. *Payment of Government Bills.—Upper India Chamber of Commerce.—*

This Association registers a vigorous protest against the delays experienced by commercial and industrial interests in securing payment of bills

by Government Departments and urges a thorough overhaul of the present Government machinery with particular attention to the appointment of Accounts Officers in all the main industrial centres, to finalise bills and issue authorisation for payment thereof.

4. *Tax on Capital Gains—Bengal Chamber of Commerce—*

This Association urges that the tax on capital gains should be removed as it acts as a deterrent to business enterprise and, in many instances, is a tax on capital and not on capital gains.

Further it is urged that, with effect from the introduction of the tax on this source, in no circumstances should capital gains, when distributed to the shareholders of a limited company, be liable in the hands of the shareholders to tax at a rate greater than the maximum laid down by statute as applicable to this source.

5. *Sales Taxes—Madras Chamber of Commerce—*

To avoid all present complications in the levy of provincial sales taxes caused by variations in amount of tax, items subject to tax as also the points of taxation, this Association urges the establishment of one central control and administration, the net revenues derived still being the income of the provincial Governments.

6. *Limitation of Dividends—Bengal Chamber Commerce—*

This Association welcomes the Public Companies (Limitation of Dividends) Ordinance, 1948, but urges that Government's anti-inflationary measures should be strengthened by extending the Ordinance to all Companies, whether Public or Private, and that as a consequence the provisions of section 23A of the Indian Income Tax Act should be held in abeyance during the period the Ordinance is in force.

7. *Replacement of Plant including Machinery and Buildings.—Madras Chamber of Commerce.—*

This Association requests the Government of India that, in formulating industrial policy or computing the basis for taxation of industry, in order to give effect to the accepted economic principle that the maintenance of capital assets should have first claim on the surplus of industry, they should recognise—

(*a*) that various factors have caused a significant appreciation in terms of money values of all capital equipment and industrial property,

(*b*) that for the protection of such assets, provision needs to be made on a scale which takes account of present values on the basis of replacement costs of the assets concerned,

(*c*) that, therefore, no burden should be placed on industry, either by way of taxation, or statutory profit-sharing, or other forms of import, which does not take into full account the current replacement cost and allow this to be covered over the normal life of the asset,

(*d*) that in consequence of (c) the basis of depreciation allowances for purposes of taxation should be adjusted far more closely to current replacement cost of fixed assets.

8. *Profit Sharing.—Bombay Chamber of Commerce.—*

This Association, while cordially supporting all measures necessary to attain the objectives of the Industrial Truce Resolution of December 1947, does not regard the introduction of a compulsory Profit Sharing scheme in its strictest sense as the most appropriate or practicable method of implementing the declared intention of the Resolution that Capital and Labour "will share the product of their common effort." The Association considers that this objective can be and is being achieved by means more acceptable to both parties and accordingly recommends to the Government of India the utmost caution in seeking to impose Profit Sharing schemes on industry particularly in the present economic circumstances of the country.

9. *Labour Legislation.—Bengal Chamber of Commerce.—*

This Association, whilst in sympathy with the interest which Central and Provincial Governments have evinced in the social and welfare aspects of industrial life, would remind Government that care must be taken to ensure that, in adopting measures for the betterment of industrial workers, the national income is not diminished and that the interests of the community as a whole are not overlooked.

10. *Administration of Vizagapatam Port.—Cocanada Chamber of Commerce.—*

This Association invites the attention of Government to the unsatisfactory method of administration of Vizagapatam Port and requests that a Port Trust similar to those functioning at other major Ports be constituted as it considers this is essential for the efficient working of Vizagapatam Port.

11. *Railway Transport.—Punjab Chamber of Commerce.—*

This Association realising the many difficulties, operational and otherwise, handicapping the railway transport service, offers every support to the commendable efforts already made to overcome these. The country's great dependence upon railways makes a well equipped, competent railway transport system an imperative need and as India's industrial and commercial development will increasingly outstrip the available capacity of the present system, this Association strongly urges upon Government the grant of priority to all schemes of transport improvement, particularly railway transport.

Title and membership of the Associated Chambers of Commerce of India.—Because of the changed political situation after the creation of the two separate Dominions of India and

Pakistan, the question of the title and membership of the Associated Chambers of Commerce of India received active consideration at a meeting of the Chambers in 1947 as well as through the medium of correspondence. This soon demonstrated the wisdom of the Chambers in Pakistan having distinct identity; and accordingly the Association of Chambers of Commerce of India now consists only of those with their offices in that Dominion. This arrangement involved the resignation of the four Pakistan Chambers, namely, the Karachi, Northern India (now the N. W. F. P. and West Punjab), Chittagong and Narayanganj Chambers, which took effect under the rules from the 1st August. They formed their own Association which is known as the Associated Chambers of Commerce of Pakistan, whose office is in Karachi at present, and who have been functioning since the 1st October.

Somewhat similar circumstances caused the resignation of the Burma Chamber from Associate membership of the Association; but with that Chamber as also with "Assochap" (the abbreviated name of the Pakistan body) the closest links are maintained in the furtherance of commercial matters of common concern.

Licensed Measurers Department : Managing Committee— Serious consideration was given in the middle of the year under report to the preparation of a scheme whereby the administrative basis of the Licensed Measurers Department of the Chamber would be more representative of the interests it served. Among these are shipping, jute and jute fabrics, and tea trading interests in the Chamber itself as also the wider range of interests not directly connected with the Chamber, except through their utilisation of the services of the Department over a long period of time, extending back to the inauguration of the Department in 1884. To effect closer contact between the organisation and all those concerned with its activities, it seemed necessary to broaden the basis of representation on the Department's Committee of Management, and once the Chamber Committee had agreed to this step, consultations with all the interested commercial bodies, including the Indian and Bengal National Chambers of Commerce, were proceeded with.

In the result, the Committee of Management of the Licensed Measurers Department of the Chamber has been reconstituted as from the beginning of 1949 to include :—

(a) 1 nominee of the Bengal Chamber of Commerce Committee

(b) 1 representative of the Bengal National Chamber of Commerce.

(c) 4 representatives of ship-owners nominated by the Calcutta Liners Conference.

(d) 1 representative of the Indian Jute Mills Association.

(e) 1 representative of the Calcutta Baled Jute Shippers Association.

(f) 1 representative of the Calcutta Jute Fabrics Shippers Association.

(g) 1 representative of the Calcutta Tea Traders Association.

For the past sixty-five years this Department has served the Port of Calcutta as an independent arbiter of the measurement and/or weights on which freight is paid by the shipper to the ship owner, and its certificates have been universally accepted. Further, the Department has undertaken measurements and weighments on behalf of other parties, either in settlement of disputes or as a means of independent determination of the correct measurement or weighment of goods the subject of a contract or in stock. It has gained a reputation for efficiency and honesty in all this work which has been readily performed for anyone requiring it.

The Chamber Tribunal of Arbitration.—Arbitrations under the auspices of the Tribunal of the Chamber are classed under three headings, jute, piece-goods and general. The heading "general arbitrations" embraces jute manufactured goods, coal, etc., disputes in which mostly questions of law and custom are involved, and all cases in which goods other than raw jute and piece-goods are concerned.

The total number of arbitration cases instituted during the year 1948 was 1407 and there were 385 cases pending at the close of the year 1947. Of these cases 1232 proceeded to award; 217 were withdrawn; and 343 cases were pending at the close of the year 1948. In 11 cases 2 awards; and in 2 cases 3 awards each were issued as the disputes arose from more than one contract. The various classes of goods in cases in which awards were issued were represented as follows :--Jute 1024; General 199; Piecegoods 9. The revenue derived by the Chamber from Institution fees

paid by members and non-members, including applicants for the issue of certified survey reports referred to in the following paragraph, amounted to Rs. 1,31,382/- as compared with Rs 96,472/- in the preceding year.

Chamber Surveys.—During the year under review 195 survey applications were received and there were 5 cases outstanding at the end of the year 1947. These were dealt with under the rules for surveys which were introduced in 1938. Arising out of these applications 190 certified reports were issued, 5 cases were withdrawn, and there were 5 cases outstanding at the end of the year. In 8 cases 2 reports each were issued. The various classes of goods were represented to the following extent in the cases in which certified reports were issued : Linseed Oil 102 ; Linseed 31 ; Castor Oil 17 ; Niger Seed 8 ; White Oil 6 ; Hessian Cloth 7 ; Soda Ash 5 ; Piece-goods 3 and Miscellaneous 11.

Chamber Foodstuffs Scheme.—The Foodstuffs scheme organised in the Chamber during the famine of 1943 still continues to operate, although it now handles only two rationed commodities, rice and wheat products. Gradual decontrol of various commodities relieved some of the pressure of work on the Foodstuffs Section, particularly in the case of distribution of cloth which, as stated below, has not been resumed by the Chamber since control was reimposed towards the end of 1948.

The volume of foodstuffs handled during the year under review amounted to approximately 25,00,000 maunds or 92,446 tons. The number of employees and their dependants catered for by the scheme—a variable figure—stands at present in the region of 9,00,000.

With the reintroduction of cloth rationing in West Bengal as from the 1st November, the Chamber Committee in collaboration with their Foodstuffs Working Committee resolved not to revert to the previous arrangement of handling cloth supplies as part of the work of the Chamber's Foodstuffs Section. Participants in the Foodstuffs Scheme who wished to reopen employer's cloth shops were accordingly advised to make their arrangements direct with the Rationing authorities.

The Chamber's decision caused Government considerable concern, since it presented an administrative problem which they had neither the staff nor the machinery to cope with, and the Chamber was asked to reconsider the position.

Because of past experience of the numerous difficulties involved in procuring adequate and proper types of cloth, with heavy additional work for the Chamber and constant dissatisfaction and labour trouble in the mills and factories for which supplies were handled, the Chamber Committee were very reluctant to undertake the responsibility again and wrote at length to the Deputy Controller of Rationing, Calcutta, giving the reasons why this was so and suggesting that Works Committees or their equivalents in works and factories could be utilised to administer the rationing of cloth in those establishments.

Chamber Language Classes—Throughout the year under review a satisfactory standard of attendance at the language classes organised by the Chamber in 1946 was maintained. Five courses of instruction in lower Hindustani, and Lower Bengali, three courses in Higher Hindustani and one in Higher Bengali, were arranged and received increasing support as the year progressed. Of the 116 students who joined the classes 48 entered for examinations during this period (in respect to the courses already completed). The percentages of passes gained were

Lower Hindustani	—	74%
Lower Bengali	—	70%
Higher Hindustani	—	68%
Colloquial Hindustani	—	60% (for private students in Jute Mills.)

The proposals for instituting a Chamber Examination Board which were under discussion with the Calcutta University last year, could not be finalised owing to the absence from India of members of the senior staff of the University and the Chamber. These are now being reconsidered with a view to placing the examination arrangements for Chamber and private students on a permanent basis. In the interim, examinations have been conducted, according to the standard of the former Inter Service Language Section of undivided India, under the direction of a professor of Indian languages, member of the Bengal Educational Service and senior professor of the Presidency College, Calcutta.

Gandhi National Memorial Fund.—The objects of the Fund inaugurated by the Indian National Congress after the assassination of Mahatma Gandhi on January 30th and the manner in which the nation-wide drive for subscriptions was organised are well known from all that has been stated in the Press and in Chamber circulars issued during the year.

As a practical expression of the sorrow of the nation for the loss of its great leader, to honour his memory and to perpetuate his humanitarian activities, the monies subscribed to the Fund will be placed in a Trust. Meantime, action has been taken to form a Board of Trustees on which, among the six representatives of industry and commerce elected to the Board, the Associated Chambers of Commerce will be represented by the President. The collection of monies in Provinces and States was deputed to various Sub-Committees formed when the appeal was first launched and 75% of the funds so gathered are to be returned to the subscribing Provinces and States for the purposes of the work in view. But all donations from industry, organised and otherwise, were made the sole concern of the Industrial Committee, set up as the result of the conference of Congress leaders and industrialists convened by the Hon'ble Sardar Patel at Mussoorie in May. Subsequent meetings of the Industrial Committee fixed the target of collections from the major bodies of industries at Rs. 5 crores, of which the share apportioned to them was for payment to the Industrial Committee either direct or through Associations, Federations etc. Those industrial units which cannot be easily grouped were asked to pay on a basis of 5% of the profits for either 1945-46 or 1947-48.

It was early accepted as a principle of individual donation to this Fund that ten days salary should be the amount aimed at, but to avoid any suggestion of coercion, collections from all but senior staff of commercial or other organisations was a matter for their own committees or trade unions. Consequently the Chamber had no part in that work except to recommend to members advances of salary where they were thought desirable to prevent hardship to the individual donor. Arrangements for collections from non-industrial concerns were undertaken by the Chamber.

A difficulty of payment to the Fund from companies, namely Articles of Association debarring donation of monies for charitable purposes, was overcome by the promulgation of the Gandhi National

Memorial Fund Donations (Companies) Act, 1948. Such payments, if they exceed Rs. 250/- are allowable as a charge against income tax under Section 15B of the Indian Income Tax Act. The same ruling, however, fixes the limit of the amount on which exemption from tax is allowed at one twentieth in the case of companies, or one tenth of the total income of other assesses, or Rs. 2,50,000 whichever is less. To meet that difficulty, arrangements have been made for payment of donations exceeding that amount by instalments.

Calcutta Relief and Rehabilitation Fund.—The collection of donations to the Calcutta Relief and Rehabilitation Fund has now been brought to a close. The distribution of money and expenditure on other forms of relief to victims of the 1946 communal riots was, as members know from the 1947 Chamber Report, placed in the control of the Finance Committee of the Central Peace Committee under the Chairmanship of the Prime Minister of West Bengal and with representation from different Chambers of Commerce in Calcutta. By a resolution passed on the 2nd June the Finance Committee agreed to wind up their activities after meeting certain liabilities to which they were already committed. These were financed from the monies collected by the Chamber and other sources, leaving a balance of approximately 72% of the total in hand for return to the donors. Certain interests elected to repay their portion of the sum contributed to this Fund as part of the donation to the Gandhi Memorial Fund. This method of refund and repayment qualifies the donor for tax remission vide section 15B of the Income Tax Act.

Payment of bills by Government: (*a*) *Government's standard terms of payment.*—From previous reports members will have noted that the Chamber took strong exception to the decision of the Government of India in 1947 to revert to the former method of payment under contracts with the purchase organisations of the Department of Industries and Supplies. This system of 90% payment on proof of despatch after inspection and the balance of 10% on production of the consignee's receipt for the goods was orginally introduced some ten years ago, but replaced during the war by a system of 100% payment on proof of inspection and despatch, in recognition of the injustice to suppliers of deferred payment arrangements. The Chamber's efforts in 1947 to induce Government to alter their decision met with no success. The only concession

obtained was a promise to relax the condition of 90% advance and 10% balance payments in exceptional circumstances.

When the Bombay Chamber raised the issue again with the Associated Chambers of Commerce of India in July, the Chamber wholeheartedly supported Bombay's contention that the system in force was not only outdated, but that it was more than ever inequitable under present conditions to transfer to the contractor the onus of obtaining receipts, an obligation which by law rightly belongs to the party placing the order when the contract is for delivery on rail at the point of despatch. That being the usual form of indent placed by Government Departments since the war, the deferred payment arrangements in practice, coupled with unpredictable delays in arranging transport by rail and more delays in transit to destination, as well as an increased incidence of loss on the railways, placed a burden on the supplier calling urgently for remedy.

The Associated Chambers of Commerce represented the position to the Ministry of Industry and Supply in August. Government was asked to restore the 100% payment system apportioned between "inspection" and "despatch" : that is, 90% on inspection and acceptance and 10% against R/Rs. (or challan receipt for local delivery). It was pointed out that under these conditions Government was and still may be covered by the contract in respect of claims for breakages, loss, etc ; and as the railways to whom the goods are delivered are owned by Government, such claims could be quickly handled inter-departmentally. A simple procedure of this kind had been in operation relative to supplies from the Indian woollen industry for nearly a year. The Chambers wished to see these benefits extended to all industries concerned with contracts for supplies to Government.

Government are not prepared to alter the system. Their recent reply to the Associated Chambers indicated that other Chambers of Commerce, companies and firms had pressed for a revision of these terms. Nevertheless Government did not think there was adequate justification for altering the "normal" system and merely promised as before to consider special cases.

It is not yet known whether the member Chambers generally consider that another effort to secure 100% payment should be made.

(b) *Deferred payment of bills by Government Departments.*—A series of strong complaints were received from members in 1948 in regard to long delays in the settlement of bills for goods and sevices supplied to Government. All these facts and figures were collated into a statement which was sent to the Government of India, Ministry of Industry and Supply, as evidence of the unsatisfactory methods adopted in the Supply Accounts Offices. The trivial grounds on which payment was held up in many instances, the numerous references back to the supplier and other indications of the confused working of the machinery for dealing with bill settlements, were called to Government's attention to show the need for a general overhaul of the present arrangements. Government's difficulties since the war and after partition were not overlooked and the Chamber, being ready to assist in this or any other problem, suggested that a Supply Accounts Officer be appointed in Calcutta to straighten out questions arising in this area. If that were done there would, it was thought, be a saving of much of the time now lost in correspondence between supplying concerns and Government at New Delhi.

To obtain a correct appreciation of the position as regards both sides of the cases submitted to Government, the Chamber asked that the list be returned with Government's note against each item.

In December the Ministry of Industry and Supply stated in reply that they were considering the question of expeditious liquidation of old purchase cases and that the necessary steps were being taken to speed up payment of contractors' bills. As regards the specific cases shown in the list sent by the Chamber, the Director General of Industries and Supplies was being asked to move urgently in the matter of finalising them. For the present at least there is therefore a satisfactory prospect of quick disposal of bills owing from Government.

(c) *Payment for goods supplied to the Government of undivided Bengal.*—For several months before the end of the year the Chamber gave attention also to similar delays and difficulties in connection with bills on account of supplies to the Government of undivided Bengal. Machinery for dealing with these bills was set up by the Governments of West and East Bengal in April; but several members are still awaiting payment and in recent months have been asked by the Application Committee of the two Governments to accept a cut of 10% in their bills, which have, in

some instances, been further reduced by the refusal of the Committee to pay the amounts in the bills representing Bengal sales tax. In the absence of a satisfactory explanation of this procedure the Chamber could not advise acceptance of payment on such terms and brought the position to the notice of the Government of West Bengal with a view to reconsideration of this and other questions concerning the settlement of bills of this kind in the light of their official statement.

Government discussed the various points referred to them by the Chamber in a very recent reply. The first matter dealt with was delay, which was explained on the grounds of the confusion arising from partition and the difficulties of ensuring early settlement by all the provinces affected by partition.

As regards the suggested 10% cut in bills, the Application Committee had apparently had considerable difficulty in verifying the bills in accordance with the normal rules of audit, for the reason that there was inadequate evidence of the details of the transactions in Government records, and suppliers themselves were unable to furnish all the information required to support their rates of charges. Government, who had to be satisfied that full value had been received, had therefore decided this reduction in the interests of both parties.

On the question of sales tax Government's attitude was that in accordance with a recent decision of the Privy Council Government could not be taxed unless the obligation to pay was provided for in the statute. The obligation was not incorporated into the Bengal Sales Tax Act and on the advice of the Advocate General it had been decided that Government were not liable in this case.

The Chamber is giving consideration to the whole question in order to decide if it is in the general interest to pursue the matter further.

Scarborough Commission : Recommendations on Oriental, Slavonic, East European and African Studies.—In the report of the Chamber for 1947 it was mentioned under this heading that the Chamber Committee were dealing with a request from the U. K. High Commissioner to the Associated Chambers of Commerce of India for further information pertaining to courses of instruction in Indian languages for employees of commercial concerns in India, recruited from abroad.

The total number of students who attended the language classes organised under the auspices of the Chamber in the sixteen months previous to this enquiry indicated that the greater number of students in this part of India prefer to study Hindustani, and while there was definite demand for courses in lower Bengali, there are comparatively few entrants for the higher courses. On this basis the Chamber recommended that, in the event of action being taken on the Scarborough Commission's suggestion, training centres should be established in India/Pakistan ; the languages taught should be Hindustani in the Nagri/Urdu script, Bengali for those students resident either in West or East Bengal and possibly—though only to a very limited extent in Calcutta—Assamese.

As regards the overall arrangements of constituents of the Associated Chambers of Commerce, this enquiry did not yield information on which a definite estimate of the demand for training in India could be based. A practical difficulty was that the *lingu franca* of India had not then been decided, although it was apparent from the reply given to the High Commissioner that Hindustani and Urdu were the languages most required.

The High Commissioner intimated in August that because of the expense involved H.M.G. were not proceeding with their scheme for language training in India or Pakistan at present ; but he would be interested to know what, if any, arrangements the Chambers themselves evolved to meet the existing demand for language instruction among the British commercial community.

As far as this Chamber is aware, the varying circumstances in which the member Chambers operate make a general scheme impracticable, although the experience of this Chamber has been made available at different times during the year under review to those of the Chambers who wished to hold language classes under their auspices.

All-India Board of Technical Education : All India Boards of Technical Studies : Commerce and Business Administration— The Government of India set up an All-India Board of Technical Education in 1945 to advise Government on the organisation and planning of higher technical training throughout India. The Board

in turn distributed the work of organising studies and examinations among All-India Boards of Technical Studies, each separately responsible for training in (a) commerce and business adminstration : (b) engineering and metallurgy : (c) chemical engiceering and chemical technology : (b) architecture and regional planning : (e) textile technology : (f) applied art.

To qualify for the all-India Diploma granted by the Boards, which is equivalent to a recognised University degree, three years full time attendance is required at an institution affiliated to the Council. Courses are also run for working students who can only study in their spare time in order to obtain the all-India Certificate.

The President, as President of the Associated Chambers of Commerce of India, and in his personal capacity, is a member of the Board concerned with the training in commerce and business administration. As students of the different subjects are required to undergo a year's practical training in this and other branches of technology with which the Boards are concerned, as part of the Diploma course, Chambers of Commerce have been asked to co-operate with Government by securing through their members the necessary training facilities in commercial establishments.

Several offers of places in their offices or workshops for trainees in commerce and other subjects were received from members in response to the Chamber's commendation of Government's scheme. These were passed on to the Ministry of Education who were asked to get into direct touch with these particular firms.

In a further letter from the Government of India, in which the Certificate scheme relating to commerce and business administration was reviewed, Chambers of Commerce were requested to bring to the notice of their members Government's desire that due weight should be attached to the Certificates awarded to successful students, in recognition of the fact that a person who sacrifices his leisure and attends part time courses with the object of improving his prospects is deserving of consideration.

The Chamber commended this point of view to the attention of members.

Indian Oilseed Committee: Third General Meeting.—Mr. M. P. A. Paspatti of Messrs. Rallis (India) Ltd., Bombay is the representative of the Associated Chambers of Commerce of India on this Committee.

Copies of his report on the third General Meeting of the Committee were issued to members on the 23rd November from which they have no doubt observed the efforts of Mr. Paspatti to induce Government to review the existing system for the allotment of export quotas. Another notable decision at this meeting was a recommendation to Government to allow free movement of oilseeds and oil cake within the Indian Provinces, a matter of interest to the crushers in West Bengal who are stated to be suffering a supply shortage.

Three representatives of the oil and oilseeds interests in the Chamber attended a meeting held on the 20th January 1949 under the auspices of the Indian Oilseeds Committee for the purpose of organising a trade Association in Calcutta, on the lines of that constituted in Bombay.

Territorial service : Clerical staff—An unobstructive attitude on the part of members to enrolement of their clerical staff in the Territorial Army has been advised by the Chamber Committee since there were signs in April that the Indian Territorial Force was seeking the support of commercial concerns to recruitment. After reorganisation of the Territorial Force was effected under the Territorial Army Act, enacted during the Autumn Session of the Constituent Assembly, the Chamber sought an indication of the revised terms of service the Defence Ministry intended to introduce, having in view the possiblity that the new terms might seriously interfere with the work of business staff. By November it was clear that the Ministry had no intention of making any substantial increase in the periods of training laid down in the old I.T.F. Act, and, in fact, in urban units the period of training would be based on the old Indian Territorial Force Regulations. Rather than provide legislative safeguards for staff joining the Army, the Ministry requested employers through the Chambers of Commerce representing them to show their willing cooperation by agreeing to various concessions which would encourage recruitment.

The Chamber thought these proposals reasonable and suggested that members should accept them.

According to a circular letter addressed to Chambers of Commerce by the Ministry of Defence in November, Territorial Army personnel will ordinarily be able to carry on their usual avocations of life unhampered, at the same time acquiring a sense of duty and technical efficiency which will be of benefit to the country in general and their employers in particular.

Resettlement and re-employment.—In their task of rehabilitating ex-service and civilian men and women and in dealing with the additional problem of the resettlement of refugees during the last twelve months or so, the Labour Ministry of the Government of India has received consistent support from the Chamber. That, however, could only be given by commending to member interests Government's periodical requests for the co-operation of employers in the various schemes devised to fit unemployed persons for posts with industrial and commercial concerns, or by reminding members that the Regional Employment Exchanges function for the purpose of bringing employers and employment seekers in contact, without cost to either.

Government's apprenticeship scheme for ex-service men had a brief mention in the 1947 report. Since then the Chamber has asked members to bear in mind the facilities offered by the Employment Exchanges, which have to cope not only with resident civilian unemployed, but large numbers of displaced persons from Pakistan, of all ages and categories including persons qualified for higher grade posts. It was intimated to the Labour Department of the Government of West Bengal about the same time, however, that the capacity of industry and commerce to absorb this surplus labour was now less than it was a few years ago, and the Department's suggestion that advance statements of probable vacancies be sent to the Exchanges was neither practicable nor useful, because it was seldom that such information could be given except at short notice.

Condemned Foodstuffs.—Replying to an offer from the Regional Commissioner (Disposals) of foodstuffs unfit for human consumption, but available for animal feed or other purposes, the Chamber objected strongly in October to sales of foodstuffs in connection with which there could be no guarantee that it would not find its way into preparations for human consumption. Government were warned of the serious risk involved in putting such damaged food up for sale, particularly in the light of experience of merchants found guilty of reconstituting it so as to make it acceptable to the public. It was urgently necessary, the Chamber thought, that Government should take all possible steps to ensure that the food was not not so utilised.

Hospital and Nursing Home Benefits Scheme.—A brief reference was contained in the 1947 report to the Hospital and Nursing Home Benefits Scheme being organised by the then European Association, now the United Kingdom Citizens Association.

During 1948 the Chamber was advised that the necessary formalities for launching the Hospital and Nursing Home Benefits Scheme had been completed under the auspices of the U. K. C. A. Like the similar organisation in Bombay, it involves appropriate monthly subscriptions by or on behalf of subscribers, insuring them against the expenses of medical, hospital and/or nursing home treatment in India or abroad, with certain reservations. Particulars of the scheme are obtainable from the United Kingdom Citizens Association at 4, Lyons Range, Calcutta.

LAW & LEGISLATION

(1) GENERAL

Proposed Chartered Accountants Act.—An important step forward was taken by the Central Government in 1948 to put into shape their plans for setting up an autonomous body to regulate the accountancy profession in India, on the lines recorded in the 1947 Chamber report. A Committee of Experts was appointed in May (on which Mr. C. R. Sharp, M.L.A. of Bombay represented the Associated Chambers of Commerce) whose recommendations were drafted into the Chartered Accountants Bill, introduced in the Central Assembly on the 4th September. Official comments were not called for until after that date; but the Chamber Committee, who had seen a press note intimating that the Bill would come before the Legislature at the beginning of August and who had asked for postponement until this important legislation could be properly studied, consulted their Income Tax Sub-Committee as soon as a copy of the Bill was obtained and addressed to the Hon'ble Commerce Member a memorandum on the position of the accountancy profession in the light of the measures proposed.

India's need of qualified accountants had been stressed by the Chamber in its reply to the Income Tax Investigation Commission's questionnaire some months before. It was now pointed out how essential to commerce were the services of fully qualified accountants; and, while the move Government had made to organise the profession was welcome, it was highly important that nothing should appear in the contemplated legislation which would prevent the admission to the proposed Indian Institute of Accountants of those whose names are at present on the register of accountants: nor should firms of accountants be prevented from practising in their firm's name as in the past. These points arose because, while the Bill visualised permission being given for the admission of members of other Institutes and/or Societies to membership of the Indian Institute, the right to practice in India was left entirely to the discretion of a Council who would be in the majority professional accountants. Because of the worldwide repute and standing of the bodies mentioned and so long as there existed a dearth of educational facilities in India—both general and special—for accountants, the uncertainties which the legislation contained in this respect would render a disservice to the profession and to the business world and would have adverse reactions on nationals and non-nationals alike, in that quite a number of Indians were members of the U.K. Institutes and/or Societies. It was the Chamber's opinion that everything should be done now to encourage recourse to facilities already in existence for the training of accountants. The adoption of a positive attitude whereby India would maintain reciprocity of training and practice between this country and all other nations was therefore strongly urged.

The Bill proposed that none other than members of the Indian Institute should in practice be allowed to term themselves "Chartered Accountants'; and that membership of the Institute would be either Fellows (F.C.A.) or Associates (A.C.A.). The confusion to which this would lead was specifically detailed and although nothing prescriptive lay in the use of the designations, C.A., F.C.A., and A.C.A. the meaning of these terms was well known. As all of the existing Institutes avoided transgressing on the particular titles of another, the Chamber expected that once Government's attention had been drawn to the matter, they would extend a similar courtesy. The use in India of the term "registered accountant" was advocated for practising accountants. As regards membership designation, the addition of the word

"India" was suggested to avoid the confusion likely to result from the usage of two precisely similar terms for two different Institutes.

These were the main points of the Chamber's representation. At the 1948 Annual General Meeting of the Associated Chambers of Commerce of India they were summarised as follows in a resolution sponsored by the Chamber and unanimously adopted :—

"Whilst according support to every effort to effect the autonomy of the accountancy profession in India, this Association urges that to meet India's great need for qualified accountants, both in administrative and business spheres, the statutory regulations should be framed to afford, firstly, an incentive to increasing numbers to join the profession and, secondly an encouragement to acquire that degree of wide experience essential in present day circumstances.

In particular it is hoped that in view of the above, the Government of India will see to it that, in actual conduct, the Council under the proposed Bill imposes no limitations restricting the present right of those who are, or may become, members of bodies outside India from practising or describing themselves as Chartered Accountants where they are entitled so to do by their qualifications".

The Chartered Accountants Bill came up in the Central Legislature during the current Budget Session.

The Banking Companies Bill.—The question of legislation to regulate banking in India has had the consideration of the Chamber from time to time since Government first mooted the subject in 1940, and previous reports have recorded the Chamber's views on measures proposed to carry this out. The Banking Companies Bill, introduced in the Central Assembly in 1947, was withdrawn owing to the urgency of the constitutional changes taking place at the time. A fresh bill, very similar in construction, came before the Central Legislature early in 1948 and was referred to a Select Committee. Certain of its provisions were enforced on the 18th September under the Banking Companies Control Ordinance, 1948.

As regards the Bill itself the Chamber decided not to make any official comments. Consultation with the Advocate General, West Bengal made it clear that all banks operating in India are governed by this legislation as far as their business in India is concerned. On the question of whether the prohibited acceptance of deposits by concerns other than banking companies affected

the position of monies left by companies with Managing Agents according to the provisions of the Indian Companies Act, the opinion of Counsel was that monies left with Managing Agents would not be classed as deposits, as the restriction in the Bill referred to public deposits only.

This disposed of the only doubtful features of the Bill which justified further contention. The Bill showed the results of years of controversy and careful scrutiny by a Select Committee which ironed out most of the difficulties previously discussed. It remains to be seen in practice what other imperfections come to light after these regulations are wholly enforced.

The Electricity Supply Act, 1948.—Since 1946 considerable controversy and discussion has surrounded this measure which was designed to rationalise the production and supply of electricity and to develop its usage throughout India on controlled and planned lines. The direction and co-ordination of the national power policy will be in the hands of a Central Electricity Authority, still to be constituted by the Government of India, and there will be also constituted provincial Electricity Boards charged with the duty of promoting the co-ordinated development of the generation, supply and distribution of electricity within the particular Province. In all of this work, there will be interference, control and guidance over existing undertakings throughout every feature of their organisation, extending to their acquisition or compulsorily closing down when required in the interests of a sanctioned scheme, in accordance with the objects and intentions of the Act.

The Act was passed by the Indian Parliament in the Autumn Session and was published in the Gazette of India Extraordinary of the 10th September. Careful study of the Bill in the form in which it emerged from Select Committee was jointly undertaken by the Chamber Committee, their Electricity Subcommittee and the Federation of Electrical Undertakings. Generally speaking the Chamber's views remain opposed to this measure, although the Act represents an improvement on previous proposals from the point of view of the commercial and industrial interests which stand to be affected by it.

Revision of the Indian Electricity Rules.—These are highly technical rules concerning generation, transmission, supply and use of electricity. They were revised in 1937, but the scope of the comments Government asked for in that year was limited to the particular alterations which it was then proposed to make in the rules.

At a meeting of the Central Electricity Board held in Simla at the beginning of June it was decided to appoint an Expert Committee for detailed examination of the rules with a view to their further amendment. Because at the time of the previous amendment commerce and industry had had very little influence on the decisions reached, the Chamber proposed to the Central Electricity Commission that on this occasion use be made, in the interests of the public, of the skill and technical knowledge of a representative of electricity consumers and/or suppliers.

The Federation of Electrical Undertakings in India, who were kept in touch with the Chamber's ideas, advised that by request of the Advisory Technical Committee of the Central Electricity Board they were putting up suggestions to improve the present rules and they thought for various reasons that the electrical industry should concentrate their attention on the draft rules when they appeared, rather than press for preliminary association with this work.

The proposals of the Federation and the Association of Electric Supply Companies in this connection were referred to the Chamber's Electricity Sub-Committee in September, on whose advice the Chamber accepted the amendments suggested by these two bodies with a few modifications.

Bihar Abolition of Zemindaries Bill.—In a memorial addressed to the Hon'ble Pandit Jawaharlal Nehru, Prime Minister of India on the 27th May, the Chamber in conjunction with the Indian Chamber and Bengal National Chamber strongly represented the dangers to the economy of India of provincial legislation of the nature of the Bihar Abolition of Zemindaris Bill, 1948.

The far reaching effects of the powers which the Bill confers on the Bihar Government to acquire landlords' rights in mines and to alter existing conditions of mining leases without any warning, had been the cause of grave concern to the mining and other industrial interests which stood to be affected if the Bill passed into law. The Chambers considered it to be a serious

contravention of the statement on industrial policy published by the Government of India in April last, as also a set-back to the confidence of industry in the fair and reasonable process of nationalisation which that statement visualised.

The need to restore confidence, particularly in Bihar where the mining industry did not know how or when it would be made subject to the arbitrary clauses of the Bill; the geographical situation of the main Indian coalfields, stretching from West Bengal through Bihar into Assam; the reasons advanced by the Indian Central Coalfields Committee for State control of essential industries, were stressed among other points in support of immediate measures by which the mineral resources of this country, vital to prosperity and industrial development, should be placed under Central control.

The responsibility of the Govenment of India for the regulation of mines, mineral development, compulsory acquisition of land affecting minerals and mineral taxation seemed to the Chambers obvious and imperative. They emphasised the dangers of delay in so urgent a matter and the need for immediate action. To that end it was suggested that, in the interim before the new Constitution was promulgated, an Order be passed by the Governor-General-in-Council under the Indian Independence Act, 1947, removing control of minerals, mineral rights, etc., from the provincial legislative list.

On the 15th and 16th June a conference of representatives of the Government of India and the Bihar Government was called to discuss those provisions of the Bill in conflict with the Central Government's industrial and mineral policy. The Bihar Govenment, it was reported, accepted the principle that it was necessary to avoid action which cuts across Central policy and it was arranged that in respect of mining areas in Bihar actually doing work if and when the Bill was enforced, existing mining leases were to be continued, with no change in existing terms and conditions except with the approval of the Central Government. Leases in areas in which prospecting work had been done could be renewed by the Provincial Government on the advice of the Centre.

The action taken shortly afterwards by the Central Government to extend their control over mines and minerals is recorded below.

The Mines and Mineral (Regulation and Development) Act.—The Mines and Minerals (Regulation and Development) Bill was introduced by the Minister of Works, Mines and Power in August and passed through its final stages on the 8th September. It empowers the Central Government to frame rules for the regulation of the terms and conditions of mining leases, the observation and development of minerals and the modification of existing leases, which powers may be delegated to the Provincial Governments or any recognised authority. From the Hon'ble Minister's explanation of the measure before the House, it appeared that certain minerals such as mineral oils were not suitable for management by the Provinces, and rules framed under the Act in respect of some matters, particularly compensation, will require the approval of the Assembly before they become operative. Nor, in view of the statement on industrial policy, can the question of nationalisation of coal be taken up before the end of the next 10 years, although Government intend to watch the position in the meantime. The Act, in fact, is a first step in Govenment's plans for making the best use of the minerals in the country through direction of mining operations in accordance with these plans, and to that end regulation of the exploitation of mines will be organised. A Coal Commission is to be appointed.

Provincialism.—Arising from the same cause and having much the same object as the memorandum of this and other Calcutta Chambers to Government on the abolition of zemindaries in Bihar, the Associated Chambers of Commerce of India moved the Central Government strongly in June to curb the tendency to provincialism which this and other provincial legislation indicated. In the early part of 1948 measures proposed in Bihar and Assam and carried out in Madras gave cause for general misgiving to those who valued the unity of India, for the reason that they took no account of declarations of policy made by the Centre, or the principles of the Draft Constitution.

Events in recent months have allayed many of these fears. The decisions so far reached in the discussions at New Delhi on the Draft Constitution have proved the general acceptance of the fact that a strong Centre is desirable and necessary for India's future. The Government of India have also shown in the passing of the recent amendments to the Government of India Act (to which references is made in another part of this report) that the need for

some measure of control over matters in the provincial field, particularly where they implement Government's industrial and anti-inflation policies, has been recognised.

Government of India (Amendment) Act, 1948.—The above Act is the first amendment to the Government of India Act made since the Government of independent India took office. The provisions of the Act have been widely discussed in the Press and the only aspects of it of direct concern to commerce and industry are those implementing the various plans Government announced in their declarations of industrial and anti-inflation policies.

Governmental jurisdiction in this country according to the Government of India Act is divided into (1) matters over which the Central Government has exclusive control; (2) subjects under the exclusive jurisdiction of the Provinces; and (3) subjects where there is concurrent jurisdiction. Among the latter is included industrial and labour disputes, a matter which has been operated by the Provinces up to now under the Industrial Disputes Act.

The Chamber has urged upon Government for several years the disadvantages to industry and to the economy of India of the conflicting principles introduced by different adjudications in industrial disputes, and therefore attaches much importance to the powers vested in the Central Government under the amending Act to set up a Federal Tribunal or appellate authority whose decisions may bring about uniformity in the terms of settlement of such disputes. The Act is silent as regards the right of appeal to an appellate Tribunal, when constituted, against awards already in operation; though the necessity for retrospective powers, if uniform principles are to be achieved, is clear and the Chamber strongly favours the measure.

In the direction of industrial development, the Government of India through this legislation are enabled, restrictively and in consultation with the Provinces, to intervene where necessary in matters of industrial production and distribution previously the concern of the Provinces, or to remove provincial powers in this field on declaration of expediency being made.

The Indian Mining Concession Rules.—At the request of the Associated Chambers of Commerce of India consideration was given by the Chamber to the draft Indian Mining Concession Rules with which the Government of India proposed to supercede all previous rules and instructions in this respect.

Clause 8 of the rules provides that no exploring or prospecting licence or mining lease shall be granted except to a person holding a certificate of approval from the Local Government within whose jurisdiction lies the land for which the licence or lease is required. The conditions for renewal of certificates of approval are contained in clause 12 and in clause 15 it is stated that subject to compliance with the conditions thereof, licences or leases previously granted may be held by the grantee who is no longer in possession of a certificate of approval.

The Chamber's interpretation of this last clause was that Government did not wish to interfere with the rights and obligations of the parties to existing contracts, and that in exercise of the option of renewal, a licence or lease could be obtained without having a certificate of approval. But in these cases, when the time came for renewal, there seemed to the Chamber a likelihood that the intention of the clause might be viewed differently by the executive operating the rules and the renewal refused in the absence of an approval certificate. The Chamber therefore approached the Ministry of Works, Mines and Power to introduce an amendment ensuring that the procedure would be strictly in accordance with the intention of clause 15, as given above. The point gained in importance by the fact that it rests with local Governments to pass orders under Clause 4, whereby certificates of approval shall be granted only to Indian subjects or firms and companies controlled by Indian subjects alone "or with foreign subjects and registered incorporated or established in India with rupee capital of which the proportion subscribed in India is not below 51% and having proportional representation of Indians in the directorate". Such orders, it was pointed out, would not have the same force as an enactment and therefore could not displace existing rights and obligations.

The use of the word "foreign" and the phrase "proportional representation" in this clause were in the Chamber's view unfortunate as they seemed to introduce into the rules an element of interference with company managment outside the statutory restrictions in operation. There was no apparent reason for these conditions and it was urged on Government that

if good grounds existed for enforcing a proportional election of directors, the public should know them and should be allowod to express an opinion.

The rules had not been brought into force at the time this report was written.

Export Controls : Export Quotas.—The Chamber's dissatisfaction with the whole system of the Central Government for controlling exports, particularly the manner and ratio of the allotment of export quotas, was expressed at different times throughout the year, either through the representative of the Associated Chambers of Commerce on the Export Advisory Council or in direct correspondence with the Commerce Ministry.

From a local point of view the Chamber's chief concern has been with the ill effects of the quota system on exports of jute, gunnies, oilseeds and oil arising from Government's policy of spreading the trade over the widest possible field without regard to the established practice of business in these commodities. Equal importance is attached, however, to the whole question of export restrictions in this stage of India's economic affairs and the Chamber has fought strongly during the year for relief from the hampering mechanism of these regulations.

At the meeting of the Export Advisory Council held on August 5th, the Chamber's argument that Government's policy was working to the detriment of long established business organisations in India and markets abroad, met with no response other than a general reiteration by the Commerce Minister of Government's intention to break monoplies and spread the export trade among a wider number of shippers.

As regards the breaking of monopolies, the Chamber was not prepared to accept that the term "monopoly" was or ever had been applicable to the export trade in gunnies. The President presented at the end of August the true facts of the position in a letter to the Commerce Minister, disclosing that the gunny shippers had built up their trade through years of careful organisation of contacts between buyer and seller and as the result of long study of supply sources in India and the needs of foreign markets. It was explained that the number of agents who knew the technical details of the trade and who were in touch with buyers are few ;

the number of shippers they could represent was correspondingly limited, so that the division of the trade among numerous shippers would, in small markets especially, upset these arrangements and could only lead to a transfer of business from the hands of the present limited number of shippers to those of an equally small number of newcomers. Thus the gunny export trade and other trades on which similar restrictions were practised were being seriously jeopardised to no useful purpose.

An appreciation of these problems was shown in the Commerce Minister's reply. He gave an assurance that it was not Government's intention to replace any one class of interest by another through export control machinery and the need for avoiding distribution of quotas among too many shippers as well as malpractices in the trade was recognised. This assurance was repeated by the Finance Minister, Dr. John Matthai, in his address to the Associated Chambers of Commerce of India last December when replying to the President's comments on the position.

It was lately thought necessary to bring to Government's notice the disadvantages attached to trade with small markets under the decision of Government not to allow any shipper of jute manufactures more than 25% of the total destinational quota allotted to any one country. Government was asked to rescind the application of the order to small markets, which in the past had been catered for by one or two sellers, sometimes by only one buyer, meaning that it would be uneconomic for a larger number to enter the business, and nobody would gain from the arrangement, while certain shippers would lose much of the trade in which they had specialised.

On the whole there was a general tendency to improvement in the situation towards the end of the year. Government's acceptance of the importance of increasing exports as one of the steps necessary to check inflation in India has pointed to the need for a general review of the position and has resulted, so far, in the relaxation of controls on exports of castor oil seeds and oil and a reduction in the export duty on cotton textiles.

Import Trade Control.—At the beginning of the year India's import trade was still suffering from the crippling restrictions and prohibitions imposed during 1947, while traders were being gravely embarrassed by delays and anomalies involved in the

working of the control system. After the lapse of a few months, however, it became evident that India had reasonably ample supplies of sterling and other soft currencies available, and from April onwards very substantial relaxations were made in the import licensing regulations. The highlights of this gradual liberalisation of policy were the institution in April of a revised scheme for the licensing of capital goods and heavy electrical plant; the announcement of less restrictive licensing policies for the period July/December; the publication of Open General Licence No. XI; and the inclusion in September of a further range of goods under Open General Licence. In addition, a gradual improvement in the administration of the control system was observed throughout the year.

The Chamber, however, had been very active in pressing the importers' point of view on the control authorities at the beginning of the year and, despite the satisfactory trend mentioned above, representations on specific points of policy and procedure continued to be made during the ensuing months. At the Annual General Meeting of the Associated Chambers in December, 1947 the Chamber had moved a resolution calling on Government to convene a round-table conference of officials and business men in order to determine the basic economic needs of the country round which an efficient import control system could be built. Thereafter the Chamber, in consultation with the Calcutta Import Trade Association, devoted further consideration to this idea and ultimately drew up proposals for the formation of permanent Import Advisory Committees. In February a meeting was held with the Chief Controller of Imports, who was at that time visiting Calcutta, and the useful part which advisory committees might play in the formulation of import policy was emphasised. Although the Controller was somewhat sceptical as to the practicality of these suggestions, he asked that a detailed scheme be drawn up and submitted to him in writing. Ultimately, the Calcutta Import Trade Association devised a system of two Advisory Committees—one in Bombay and one in Calcutta, the former being concerned with the cotton textile industry and the latter with the engineering, heavy and electrical industries—with the function of advising on matters of policy and on the composition of the import classification lists. The Chamber accepted and supported these proposals which were then put up to the Associated Chambers and submitted to Government by that body. After a considerable lapse of time, Government in November announced the setting up of an Import Advisory Council, designed to cover the requirements of the whole country, and intended to meet at intervals of three months. By the end of the year, however, the Council had still not held its first meeting.

As a result of supply difficulties, importers in many instances found that manufacturers abroad were unable to deliver goods within the periods for which import licences were valid, and numerous complaints were made to the Chamber on this score. Representations were therefore made to Government, both in writing and in the course of the meeting with the Chief Controller of Imports; but in reply the Chamber could only obtain a general assurance that, where it was proved that goods could not be shipped within the period of validity of a licence on account of circumstances outside the importer's control, there would be no difficulty in having the licence revalidated. During the course of the year, however, the difficulties caused by distant delivery dates were greatly reduced first of all by the extension ot the range of goods covered by licences valid for a year, and secondly by the new method of licensing capital goods; at the same time Government did in many cases implement their undertaking to revalidate licences when failure to ship the goods could not be attributed to the importers.

The question of revalidating licences became particularly acute in June and July, when despatches from the United Kingdom were held up by a widespread dock strike; after approaches had been made by the United Kingdom Trade Commissioner, however, the Government of India agreed to extend the validity of licences due to expire on 30th June and 31st July.

In the course of the meeting with the Chief Controller of Imports held in February, the latter announced that Government were considering the possibility of issuing periodical statements of import licences issued. Since such a publication would help to eliminate malpractices and would provide importers with useful information, the Chamber welcomed the proposal. Several months passed, without any further official intimation on the subject and a reminder was sent to Delhi, with the result that in September, each of the licensing authorities began to issue weekly statements. At first the Chamber intended to circulate these statements among importers, but it was soon found that their great bulk made this procedure impossible. In addition,

only a limited number of members were closely interested in this kind of information. Towards the end of the year therefore the Deputy Chief Controller of Imports, Calcutta, was requested to supply sufficient copies to meet the requirements of these members. In the meantime the copies which the Chamber received were retained in the office, where they were freely available for inspection by members.

At various times during the year the Chamber undertook enquiries regarding import control matters on behalf of members and a number of representations on minor points were submitted to Government. In particular, the Chamber assisted successfully in securing the import during the second half of the year of a limited quantity of hair belting, the import of which had previously been prohibited because of a totally erroneous belief in the adequacy of local production. The amount licensed, however, was only a fraction of the country's total requirements, and a fresh representation on the subject was therefore forwarded to Government towards the end of the year.

Imposition of Licensing Fees on Import and Export Business.—Early in May Government requested the views of Chambers of Commerce and trade Associations on a proposal to impose licensing fees on import and export business. The Chamber thereupon sought the opinions of its connected Associations and, since these were unanimously opposed to the imposition of any fresh burdens on the trading community, a reply condemning the proposal on grounds of both principle and expediency was forwarded to Government through the Associated Chambers. In August Government announced that they had decided to take no further action in the matter.

The Indian Tea Cess Act, 1903.—In the year under report the Government of India proposed extensive revisions in the Indian Tea Cess Act with a view to reorganising the Indian Tea Market Expansion Board and to utilising the funds collected under the Act for various measures beneficial to the tea industry. These changes were made the subject of careful study and discussion with Government by the Indian Tea Association, with whose views the Chamber concurred. Two proposals effecting changes in the constitution of the Board and the office work arrangements were particularly noted, namely, the exclusion of a representative of the Associated Chambers of Commerce from the list of commercial representatives and the entrustment of the secretarial work to a Government organisation.

Since the formation of the Board in 1937 the office administration has been the responsibility of the Chamber: furthermore, the Associated Chambers of Commerce have always been represented as a natural result of the long connection of the tea interests in this country with that body. The Chamber left it to the Associated Chambers to take up with Government the question of depriving the Board of the wide industrial experience and knowledge available from that source and strong arguments were adduced, it is understood, in favour of their continued representation on the Board.

As regards staff arrangements, no attempt was made to question a proposal which was mooted in furtherance of Government's policy and not due to any dissatisfaction with the secretarial and accountancy service afforded by the Chamber.

The Tea Committee for India Bill, designed to give effect to Government's proposals, was recently published and will come up for consideration during the Budget Session of the Constituent Assembly (legislature) in February, 1949. The provisions of the Bill are under consideration.

The Indian Tea Control (Amendment) Act 1948.—The International Tea Agreement drawn up by producers of tea in India, Ceylon and the Netherlands East Indies, expired on the 31st March, 1948. On representations being made by the tea interests in India and the Indian States concerned, the Government of India gave official recognition to an interim agreement for a period of two years after that date. Thus the Indian Tea Control Act, 1938 was appropriately amended during the year to extend the tea control scheme for this period as from the 1st April, 1948. The Chamber took note of the Act without comment.

The Patents (Extension of Term) Bill and Ordinance 1948: Patents Enquiry Committee.—Two legislative measures designed to give extensions of time to patents taken out under the Indian Patents and Designs Act, 1911, were introduced during the year. The Ordinance of this name came into operation on the 1st October, while the Bill is still before the Central Legislature. Relief has thus been afforded to the owners of patents who for reasons caused by the war or abnormal conditions following the war

were prevented from exploiting their patents in the term allowed. The Chamber had no views to express on these measures.

To review the laws relating to patents, the Government of India have set up a Committee whose terms of reference have in view improvements which will enable the patent system in India to be more useful in the national interest. The Chamber is giving consideration to a questionnaire by the Patents Enquiry Committee at the present time.

The Trade Marks Act.—In following up the question of future arrangements for the administration of the registration of trade marks in India and Pakistan after March 31st, 1948, the Chamber was advised in March that, while the Government of India were prepared to continue the existing arrangements, the Pakistan Government had declined and proposed to appoint their own registry. No fresh legislation was necessary for this as the Act continued in force for Pakistan. There would, it was reported, be no reciprocity between Pakistan and India, nor between Pakistan and the States, and holders of trade marks would need to re-register their marks in Pakistan.

This involved considerable expenditure and labour on the part of commercial firms, a position which according to a reference received from the Associated Chambers of Commerce in May, the Karachi Chamber had tried to remedy by moving the Government of Pakistan to enter into an arrangement whereby trade marks already registered in India should be certified as valid in Pakistan on payment of the prescribed fee.

A technical difficulty had arisen, however, in the negotiations of the two Governments for the provision to Pakistan of a copy of the Indian Register. The matter was considered sufficiently urgent to warrant an immediate request from this Chamber to the Government of India that if feasible the needs of Pakistan be met.

Various representations to the Governments of both Dominions later resulted in an arrangement which in practice is likely to dispose of the difficulties giving rise to this question.

Powers of Attorney: Pakistan.—A circular, reproducing correspondence between the Associated Chambers of commerce and the

Bombay Chamber on the question of whether powers of attorney executed in India were operative in Pakistan, was issued to members in November.

A doubt had arisen in connection with powers of attorney drawn up after the 15th August 1947, since instruments of a previous date covering the territories of British India were recognised in Pakistan.

The advice received in Bombay and later confirmed by the Solicitors of the Associated Chambers of Commerce was that specific mention of Pakistan in the instrument is necessary for empowering the appointment of substitutes or agents there; but legal opinion did not support the statement of the Finance Ministry, Pakistan, that the presumption under Section 85 of the Indian Evidence Act was restricted to powers of attorney executed in British India, which after partition means Pakistan for the purposes of that Dominion. If a power of attorney were attested by a Notary Public in India under his seal of office, the Solicitors saw no reason why it should not be as acceptable in Pakistan as one so executed in the U.K.

It is understood that their interpretation of the law has been accepted in Pakistan.

The Indian Power Alcohol Act, 1948.—Consideration was given in 1947 to the possiblity of an enactment making the admixture of power alcohol with petrol compulsory. The only doubt raised by the Chamber was the quantity of molasses in this country which could be spared for production of power alcohol on a large scale.

The Power Alcohol Act, 1948 gives effect to this scheme. Various other sources of production of synthetic petrol other than molasses have been examined by the Council of Scientific and Industrial Research since the Act was passed, as for instance, low grade coal, bagasses, cellulose and starch bearing agricultural wastes.

The West Bengal Black Marketing Ordinance, 1948.—Attached to Circular No, 157 of the 10th July was a form of notice drawn up by the Chamber's Solcitors in order that the particular and relevant parts of the West Bengal Black Marketing Ordinance,

1948 could be conveniently posted in the offices of members and brought to the attention of their staffs.

The Ordinance itself was published in the Calcutta Gazette of the 15th June and was deemed to have come into force on the 1st January, 1948. It was promulgated by the Government of West Bengal so as to give powers to deal with offenders while the Bill passed by the West Bengal Assembly last year (which this Ordinance closely resembled) was under the consideration of the Central Government in regard to certain points of procedure.

The only section of the Ordinance with which it was thought that Chamber interests need be concerned was Section 5, which places on the directors, principal officers or partners of firms the onus of proof that an offence was committed without their knowledge *and* that they used all due diligence to prevent it. That being the case, the Chamber recommended to members all possible care in giving prominence to the terms of the notice and specific instructions against contravention of the Ordinance to employees.

A certain hardship was implied in the penalising of employers for offences they might not be in a position to prevent. This point which is still under consideration was mentioned in the President's address at the 1948 Annual General Meeting of the Associated Chambers of Commerce when he spoke of the discouraging effects of recent legislation on employing interests.

The West Bengal Black Marketing Act, 1948, was passed on the 19th October.

The West Bengal Factories and Mines (Control of Dismantling) Act, 1948.—The Act came into force on the 22nd April 1948. It gives powers to the Provincial Government (delegated to the Director of Industries, West Bengal on the 9th December) to prevent, without written permission, the dismantling of a factory or mine or the removal from factories or mines of any spare parts kept for maintaining the machinery in order, to places outside West Bengal.

The mining interests, who anticipated grave inconvenience from restrictions which stood in the way of the free transfer of all essential machinery between mines in West Bengal and Bihar, were advised by the Chamber to obtain legal opinion on the interpretation of the definition of the term "to dismantle" in the Act. This seemed to give scope for the removal of machinery or parts of machinery the absence of which would not interfere with the efficiency of the factory or mine.

Altogether this legislation did not appear unduly restrictive, although in practice it might prove irksome. The Chamber therefore suggested to the local Government that when the rules under the Act were framed, Government should bear in mind the importance of speed in the movement of spares to different provinces in India and that the procedure evolved should aim at the minimum delay.

The Bengal Boiler Attendants Rules, 1939.—Draft amendments in the Bengal Boiler Attendants Rules were circulated for submission of views to the Government of West Bengal in September. They proposed in effect (1) that the name, qualifications and the registered number of the certificate granted under the rules to persons in charge of boilers should be furnished to the Chief Inspector; (2) that owners of boilers should give notice to the Chief Inspector or the Secretary of the Board of Examiners if such persons left their employment without notice and should send the certificate together with the report; and (3) that it should be within the discretion of the Board to allow or disallow the issue of a duplicate certificate when doubtful applications were referred to them.

Certain changes in the draft were suggested on the advice of the Chamber's representative, principally restricting the issue of duplicates to unreliable applicants for a period of one year and proposing in such cases that the Board should cancel the original.

The Essential Supplies (Temporary Powers) Act, 1946.—The powers vested in the Government of West Bengal under this Act were extended in April for the purposes of the reimposition of cloth control.

Decontrol of textiles, which the Chamber and other commercial bodies advocated last year, failed to give the expected results. Through the creation of an artificial shortage the relaxation policy Government adopted added considerably to the general rise in the cost of living. In view of the critical economic position

in India during the year under review, the decision of the Government of India to regulate again the price and distribution of cloth had the Chamber's full support.

Paper Control : Inauguration of a New Printing Press.—A doubt regarding the position of firms contemplating the installation of new printing presses, but reluctant to place orders for the necessary plant until sanction under the Paper Control (Economy) Order was assured, was cleared up, at the instance of a member, in correspondence between the Chamber and the Special Officer. Paper Control, early in February. The member, who had completed arrangements for the shipment of machinery and type for a printing press, had been informed on applying for permission to operate it that the question of granting a permit would be considered by the Special Officer on receipt of intimation of proper installation of machineries and other requisities. In view of the apparent risk involved in setting up a press while there was a chance that sanction to proceed with the work might be withheld, the Chamber suggested that applications for printing presses should be disposed of and either refused or granted before the applicants went to the expense of installation. The Special Officer in his reply stated that on the issue of instructions from him such as the above, it could be taken for granted that permission would be given after proper installation, subject to the filing of a declaration by the firm concerned as required under the Press and Registration of Books Act, 1867.

Legislation for the regulation and control of forward contracts.—A Bill to provide for the regulation and control of forward contracts, the prohibition of options and other purposes, which the Bombay Government contemplated in 1947, was referred to the Chamber by the Government of West Bengal, Labour and Industries Department, early in 1948 for views on the advantages of such legislation in this province.

The Chamber strongly opposed the suggestion. Measures on the lines of the Bombay legislation were considered entirely unfitting on this side of India, apart from the general objections to the tendency of the Bill itself to interfere with commercial organisations and trading practices.

The matter has not so far been carried any further in West Bengal.

The Indian Merchandise Marks Act, 1941.—This Act was enforced on the 1st November 1948. No notice was published by the Collector of Customs until six weeks afterwards and since the Act is important to various trades, especially the business in piecegoods and yarn, the Chamber, which had not seen any prior notification, protested to the Collector on the score of this delay. The objection was raised in January but no explanation was forthcoming up to the time of writing this report.

The Road Transport Corporations Act, 1948.—During the year the Government of India promulgated measures enabling provincial Governments to set up statutory transport boards. The Road Transport Corporations Act was published on the 16th April and referred to the Chamber's representative on the Traffic Advisory Board for his views. Since the object of the Act was to ensure some degree of Central control over steps taken to regulate transport in the Provinces, and as any contentions which might arise between the Provinces and the Centre over this issue were purely a governmental matter, it was decided that no specific action on the Chamber's part was called for.

(2) TAXATION

Tax on capital gains.—In February the Chamber took up with the Central Board of Revenue the inequity of the position of shareholders who pay super-tax on dividends consisting of the capital gains realised by a company, instead of the special rates applicable to capital gains.

Replying in April the Board stated that they did not think any amendment of the Income Tax Act was necessary in this connection. They held that where a company whose income includes capital gains distributes a dividend, there was no warrant to split up the dividend proportionately for the purposes of inclusion in the shareholders' income. In the hands of the shareholders the income was nothing but dividends and not "capital gains" and attracted income tax at ordinary rates, not at the rates applicable to their own capital gains.

The Chamber Committee and their Income Tax Sub-Committee were not satisfied that this reply met the point in question and arrangements were made to have it represented again through personal discussion in New Delhi. The Board however again refused to accept the contention that special rates applicable to capital gains should be paid in such cases. They merely reiterated that once a capital gain has been made by a company this gain is merged into a general pool with the other profits of the company, even though it might be possible in certain cases for the capital gain to be segregated as a separate fund. From whatever funds of a company distribution is made, it was liable, in their view, to super tax in the ordinary way.

The Chamber revived discussion on the capital gains tax at the Ordinary General meeting of the Associated Chambers of Commerce in December. The constituent Chambers unanimously carried the following resolution :—

> "The Association urges that the tax on capital gains should be removed as it acts as a deterrent to business enterprise and, in many instances, is a tax on capital and not on capital gains.
>
> Further it is urged that, with effect from the introduction of the tax on this source, in no circumstances should capital gains, when distributed to the share holders of a limited company, be liable in the hands of the shareholders to tax at a rate greater than the maximum laid down by statute as appplicable to this source"

This resolution and the report of the debate preceding its adoption are now before the Finance Ministry, Government of India.

The Income Tax and Business Profits Tax (Amendment) Act, 1948.—This important piece of legislation was introduced in the Central Assembly at the end of March and because of the far reaching effects of certain of its provisions engaged the attention of the Chamber for the greater part of the year. Immediately after the Bill was received, the Chamber Committee and the Income Tax Sub-Committee closely examined the amending clauses and forwarded to the Associated Chambers of Commerce of India and direct to New Delhi their suggestions on points for revision or elucidation.

An important feature of the Bill was the adoption in clause 8 of the Income Tax Investigation Commission's recommendations for the amendment of section 34 of the Income Tax Act, mentioned in another paragraph of this report. The Chamber was agreed in principle with the steps proposed to prevent tax evasion, but critical on certain points of procedure, the main objection to these amendments being their piecemeal nature and the lack of any restrictions in the draft Bill on the powers of Income Tax Officers to re-open assessments without stating the reasons and in respect of a period longer than that already prescribed in the Act.

The Bill as amended by Select Committee was received in Calcutta on the 19th August. The following principal points were noted :—

(*a*) that the amendment to Section 2 (under which all non-Indian companies before being reckoned as "companies" for the purposes of taxation in India would require to be declared as such by order issued by the Central Board of Revenue) was to take effect for all assessments made after the 31st March, 1948 ;

(*b*) that the amendment permitting income-tax relief for municipal taxes had been confined to what are known as general taxes and even then subject to limitation ;

(*c*) that the revision of the orders of the Income-tax Officers had been subjected to limitation and restrictions ; and

(*d*) that in re-opening assessments under the criticised section 34, the Income Tax Officer would require to state his reasons.

There was, however, insufficient time for the Chamber Committee and their Income Tax Sub-Committee to present a full and detailed criticism to Government, because with some minor alterations—the chief of which was the entire deletion of relief for municipal taxes—the Bill was passed through the Indian Parliament on the 30th August. Of the Select Committee's amendments, only the one made in section 2 was considered disturbing. This being made appliciable from the 31st March, 1948 indicated that U.K. and Commonwealth countries ceased to be companies with effect from the assessment for the fiscal year 1948-49, unless and until general or special orders were passed by the Central Board of Revenue. It appeared from this that the amendment was retrospective for almost two years, since assessments for 1948-49 would be based on each individual companies' previous year, which in some instances could thus extend back to the year

ended 31st March, 1947. This position applies equally to the Business Profits Tax Act (amended under this Act).

The Chamber was opposed to this measure for the reason that such retrospective taxation is inequitable in principle. Accordingly the Chamber Committee addressed Government saying that at least for the fiscal year 1948-49 general orders should be passed immediately declaring that all companies which formerly fell within the definition of section 2(6), remain as companies. To clarify the position of assessees and the Income Tax Department it was also suggested that permanent orders be issued by the Central Board of Revenue classifying as companies (i) public companies in which the public are substantially interested ; (ii) private companies which are 100% subsidiaries of public companies ; (iii) private companies which are owned by two or more public companies ; (iv) private companies which are subsidiaries of public companies but which may have a few outside shareholders.

On the 25th September the Central Board of Revenue notified that for a company to continue to be treated as a company for tax purposes in respect of the assessment year 1948-49, 51% of the shares (excluding fixed interest bearing shares) are to held by the public *and* these shares must have been quoted on a Stock Exchange *and* must be freely transferable. The Chamber thereupon drew attention to the changes so effected in the position of non-Indian companies, during recent years, under the explanation to section 23A of the Income Tax Act, which prescribes that for a public company to be considered one in which the public is substantially interested 25% of its ordinary share capital must be owned by the public. In that section also the two last conditions mentioned above are alternative, so that the orders of the Central Board of Revenue seemed to make the range of public companies even more restricted: in fact only the first two categories of companies listed above would be included.

The Board's reply to the Chamber's representations was regarded as most unsatisfactory. Their reason for prescribing 51% was that they considered that at least a bare majority of the shares must be held by the public. They saw nothing against the condition that the shares must be quoted on a Stock Exchange and (as opposed to "or" in the section 23A explanation) must be freely transferable; since if shares were quoted on a Stock

Exchange they would be freely transferable. Finally, Government said that section 23A was not applicable to non-Indian private companies and that therefore such private companies could not be treated as companies merely because of their being assessed as such in the past.

For the past nine years or so a 25% public interest in a company had been deemed sufficient for income tax purposes and does in fact represent a substantial section of the public. As regards Stock Exchange quotations, it was to the Chamber's mind wrong that a condition should be enforced outside the control of Government or the party affected. Instances were known of perfectly genuine public companies whose shares were not quoted. Furthermore the notification was retrospective in effect; and nothing that a company could now do would make a Stock Exchange give a quotation for a period now past.

In the light of these contentions, the Chamber pressed the C.B.R. again to pass orders on the lines first suggested: the cases of public and private companies in which the public are not interested being considered individually.

The decision of the Central Board of Revenue on the Chamber's last letter is not yet known and the whole question has been one of the subjects very recently discussed with the Finance Minister by a deputation from the Associated Chambers of Commerce of India.

Income Tax (Amendment) Act 1948.—Further amendments in the Indian Income Tax Act were effected in this legislation. The terms of the Bill became public only a short while before it was passed, so that the Chamber's views could not be put forward in time to be useful.

The main feature of the Act is provision for disclosure by the Income Tax Authorities of particulars :—

(*a*) to the Reserve Bank to enable them to compile financial statistics of international investments and balances of payments ; and

(*b*) to a Central or Provincial Government officer conducting an investigation into the conduct and affairs of any public servant.

The Chamber was not in favour of (*a*) above, on the grounds that the Reserve Bank could approach original sources for the desired information ; and of (*b*). because disclosure of the income tax affairs of an individual—even in the case contemplated—went to the roots of a jealously safeguarded principle in all income tax matters, namely, that these are affairs solely concerning the assessee and the Income Tax Department. Once admitted, the release of particulars concerning any individual or company is capable of indefinite extension under various pleas.

These amendments took effect in September.

Amendment to rule 8 of the Indian Income Tax Rules.—Under the amendments in rule 8 of the Indian Income Tax Rules notified on the 8th May, depreciation allowance on buildings, plant and furniture is calculated on percentages of the written down value or original cost based on the period of usage.

The only advantage of the new method of calculation as far as the Chamber can judge is a check on the granting of a full year's allowance for items purchased during the year. It complicates the work of the Income Tax Department and assesses alike, for very little return in revenue. The Chamber Committee recorded this objection when the draft amendments were circulated for opinion and also in their reply to the Income Tax Investigation Commission's questionnaire to which reference is made below.

The rule was finally published as drafted ; but various difficulties of assessment of depreciation based on the period of usage have been rectified at the Chamber's suggestion under the instructions of the Central Board of Revenue to Income Tax Officers. These points are here summarised :—

(1) Initial depreciation is not affected by the amendments. It is to be allowed in full for the whole year in all cases.

(2) The number of completed months on which depreciation is calculated will be the total number of days in the year in which machinery, etc. has been used. In this connection Sundays and recognised public holidays are included.

(3) The depreciation period will include periods of labour trouble when machinery lay idle.

(4) Where the major part of the machinery is worked and some part remains unused, full depreciation is admissible.

(5) In the case of seasonal factories working for one season or part of a season, depreciation will be calculated for one complete year (thus if work is done for one of two seasons, or half of each of two seasons, depreciation would be 50% of the full year).

(6) Proportionate depreciation will be allowed on a bye-product factory closing for economic reasons, or a tea factory closing because of "blister blight".

Indian Income Tax Rules, 1922: Amendment.—The draft amendments in the Indian Income Tax Rules, setting out the "effective arrangements" required to qualify a company for the rebate in corporation tax provided for in the Indian Finance Act 1948, were circulated for views by the Central Board of Revenue on 5th June. A number of difficulties were evident to the Chamber Committee and the Income Tax Sub-Committee on examining the new draft rule No. 13D and the amendment in rule No. 14. These were :—

(i) the stipulation that the share register of all shareholders should be maintained at a company's principal place of business in the Provinces of India was obviously impossible to fulfil by any but Indian companies.

(ii) There seemed to be no necessity for the condition that general meetings be held at the principal place of business, so long as they were held in the Provinces of India.

(iii) It was not clear from the condition that dividends declared shall be paid only in India to all shareholders, whether the remittance of dividends to U.K. shareholders barred a company from the benefits of the concession: nor had it been stated what was the position of companies declaring a nil dividend.

(iv) The information required in the new form of income tax certificate provided for in the amendment to rule No. 14 seemed to involve trouble in several respects, as for instance the declaration of the total profits after deduction of depreciation allowance, a figure which might not be known to the company at the time. The calculation of profit percentages chargeable in India and in Pakistan also presented various difficulties.

All these points were raised in discussion with the Central Board of Revenue. As regards the question of share registers,

the Board would not accept the Chamber's suggestion for the reason that it defeated the object of the new rule. But when the amendments were officially notified on the 18th September, points (ii) and (iii) had been met. Furthermore, an assurance was given by the Board to the Chamber's representative that so long as dividends accrue in India, their subsequent remittance to shareholders overseas would not bar a company from the benefits.

The Chamber still feels it would be more satisfactory if the last statement were confirmed in a circular by the Board. The need for recognition of the hardship to U.K. companies who are prevented by the provisions of the U.K. Companies Act from complying with these "effective arrangements" is also receiving the Chamber's attention.

As regards the amended rule No. 14, the form of income tax certificate notified, although not entirely satisfactory, was modified to clarify to some extent the submission of these returns ; but the implications of the rule and the difficulties in certain cases of completing the form are still the subject of negotiation with the Central Board of Revenue

Income Tax Investigation Commission: Questionnaire—The Chamber report for 1947 briefly mentioned the passing of the Taxation on Income (Investigation Commission) Act early in that year.

The work of the Commission in 1948 was directed first to scrutiny of the provisions of the income tax law in India giving scope for evasion of payment of tax. Section 34 and other parts of the Income Tax Act relating to assessment on escaped incomes came under review at the begining of the year and the amendments proposed by the Commission to remove the existing limitations on the powers of the Income Tax Department to reopen assessments, were the subject of criticism before they were incorporated into the Income Tax and Business Profits Tax Amendment Bill.

A reference to this Bill, which is now law, and the Chamber's comments on these and other amendments appears elsewhere in this report. The Chamber was prepared to give all possible support to the work of the Commission ; but was not in favour of piecemeal investigation of the problem of tax evasion and drew attention at the time these proposals were mooted to the fact that deficiencies in income tax administration were equally responsible for the evasion taking place.

The enquiry which the Investigation Commission set on foot in May into the whole of the income tax law as it stands was therefore welcomed. This extensive questionnaire laid emphasis on such matters as legal avoidance, evasion and the causes which lead to the failure of the Income Tax Department to levy and collect tax. On the basis of the views of the Income Tax Sub-Committee and other member interests, the Chamber comprehensively and constructively criticised the existing law, giving the administrative side of this important and long awaited enquiry special attention under the five main heads of procedure; personnel; equipment; statistics; attendance; and office hours in the Income Tax Department. As the questionnaire seemed to suggest that private company formation was akin to tax evasion, the Chamber took trouble to show why that was not so and why it was in the best interests of the country to encourage such companies. That point was upheld from time to time during the year under review in connection with the position of private companies in India under legislation by which they are affected, as for instance, the Income Tax and Business Profits Tax Amendment Act.

Among the many other points dealt with in the Chamber's reply, prominence was given to the extent to which tax evasion was made possible through cash transactions carried out in business. The attention of the Commission was directed to the importance of first class detective work and rigorous deterrents, as also wide publicity of all such cases, if this form of evasion were to be stamped out.

The full text of the memorandum was issued to members with Circular No. 169 of the 26th July.

Agricultural income tax in India and Pakistan.—Section 2 (1) (a) of the Indian Income Tax Act defines agricultural income as any rent or revenue derived from land which is used for agricultural purposes and is assessed to land revenues in India.

After long consideration of the position in consultation with their Income Tax Sub-Committee and the Chamber's Solicitors,

letters were addressed by the Chamber Committee to the Governments of India and Pakistan relative to the assessment of income rising from agricultural holdings in both Dominions. For instance, if a company resident in India, or Pakistan, as the case may be, and subject to income tax in that Dominion, gains its income from tea manufactured in one country but sold in another, it appeared that hardship would be suffered, inasmuch as the agreement of the two Dominions for avoiding double income tax did not make provision for the fact that while 60% of such income is treated as agricultural income in the producing Dominion, it is not so treated in the Dominion of residence, where the whole amount is liable to tax as business income. Sterling companies whose income arises from tea gardens in India and Pakistan would seem to be in much the same case and are similarly assessable to income tax and agricultural income tax at rates out of keeping with the intentions of the Avoidance of Double Income Tax Agreement, under which tax on income from commodities manufactured in one Dominion and sold in the other is divided on a 50% basis.

The Committee of the Chamber recommended :—

(a) *To the Government of India*:—That India should only assess on the basis of 40% of the income being liable to income tax, or alternatively that under the Double Tax Avoidance Agreement India should allow an abatement of 80%.

(b) *To the Government of Pakistan*:—That an arrangement on the same lines as that recommended to the Government India be made.

Complications arising from misunderstanding of the taxation position in regard to pre-partition assessments on agricultural income from gardens in East Bengal and Assam, particularly Sylhet, were brought to the notice of the Governments of Assam and East Bengal at the same time. The claim of the Agricultural Income Tax Officer at Sylhet that once Sylhet became part of East Bengal by the award of the Boundary Commission, East Bengal was entitled to make assessments pending on the 15th August, 1947, was a doubtful point which in the Chamber's view called for an agreement between Assam and East Bengal on the lines of that understood to be in operation between East Bengal and West Bengal. Failing an arrangement of this kind, companies having agricultural interests in East Bengal and Assam were liable to be taxed twice on the same year's agricultural income.

A statement of the position was received from the Central Board of Revenue in September disclosing that in the case of four types of tea interests, namely (a) rupee companies resident in India; (b) non-resident rupee companies; (c) resident sterling tea companies, (d) non-resident sterling tea companies, the profits must ultimately pay respectively :—

(1) Income tax in Pakistan on 20% of the profits ;

(2) Income tax in India on 80% of the profits ;

(3) Agricultural income tax in Pakistan on 60% of the profits.

As regards companies (a) and (b) above, the last portion (60%) would therefore be doubly taxed, bearing income tax in India and agricultural tax in Pakistan for which no relief would be admissible. D.I.T. relief was allowed to (c) and (d) companies in respect of the 20% and 80% taxed in both Dominions, but similarly India allowed no relief for the 60% agricultural income tax payable in Pakistan.

In all cases, the provisions of article V of the agreement for the avoidance of double taxation of income between the Dominion of India and the Dominion of Pakistan would also apply if there should be any income arising outside both Dominions which is taxable in both Dominions.

As regards the agricultural (non-tea) companies, having agricultural and non-agricultural incomes in both Dominions, the position was stated to be as follows :—

If resident in India—

(1) Indian agricultural income ; wholly exempt in India ;

(2) Indian non-agricultural income : wholly taxable in India ;

(3) Pakistan agricultural income : wholly taxable in India ; wholly exempt in Pakistan ;

(4) Pakistan non-agricultural income : (i) If the entire income or sales in Pakistan—wholly taxable in Pakistan, (ii) if sales in India—taxable on 50% in India and 50% in Pakistan.

But

(1) will pay agricultural income tax in India

(2) will pay agricultural income tax in Pakistan in addition to income tax in India, with no relief.

If non-resident—

(2) would not be taxable, unless sales take place in India.

The Chamber's suggestion for avoiding these double payments were not acceptable to the Board, but it was intimated that consideration was being given to the question of an appropriate way of dealing with the situation. In these circumtances the Chamber decided to defer further action for the present.

No definite reply has yet been received from the Government of Pakistan. Very recently the Government of Assam, writing in connection with assessments pending in August, 1947, advised the Chamber that that Government would not take up such assessments relating to the transferred portion of Sylhet over which they had ceased to have jurisdiction.

Taxation of dividends from tea companies.—It has been the practice of the Indian Income Tax Department for a number of years past to assess to tax only 40% of the dividends paid out by tea companies, exempting the 60% assessable to agricultural income tax.

About the end of the year under report the Central Board of Revenue decided to revise this procedure and instructed Income Tax Officers to make income tax and super tax assessments on the whole amount of the dividends in accordance with the formula set out on page 291 of the Income Tax Manual, thus giving credit for tax deducted at source in respect of only 40% of the gross dividend.

Whether this new method of assessment is strictly admissable in law is not certain in the light of diverse legal opinions given on the point some years ago. Even if it is, there is the question before the Chamber of the equity of this change being made without reasonable notice to the tea interests, who are concerned to know the position of assessees—the shareholders—who have income from tea dividends in respect of uncompleted assessments, including those for 1948-49. Moreover the matter is complicated in cases where section 23A of the Income Tax Act applies, for the reason that the withdrawal of the concession with retrospective effect (in regard to uncompleted assessments) places certain tea companies in the position of having paid inadequate dividends for the purposes of the section, and they will incur the mischief of it if the Control Board of Revenue's instructions are not reconsidered.

This and other important taxation matters are for discussion at a meeting of representatives of the Associated Chambers of Commerce with a high level representative of the Finance Ministry of the Government of India at the end of January.

Indian income tax: Charitable donations.—A new Section, 15B, incorporated into the Indian Income Tax Act under the Indian Finance Act, 1948, provides that income tax shall not be payable by an assessee on any sums exceeding Rs. 250/-, or not more than Rs. 2,50,000/-, paid as donations to charitable institutions or funds established in British India.

Particulars of those institutions or funds to which members subscribed were collated by the Chamber from replies to Circular No. 195 of the 26th April and submitted through the Commissioner of the Presidency Division to the Central Board of Revenue. In Notification No. 57 of the 21st October, the Board published lists of the charitable organisations approved by the Central Government for the purposes of the Act : these included only very few of those sent in from Bengal.

An enquiry from the Chamber as to whether this was the complete list or the first of several notifications elicited from the

Board the information that the approval of Government had been primarily confined to institutions such as recognised Universities and their affiliated Colleges, and Hospitals. A number of the charitable organisations included in the list from West Bengal had accordingly been omitted.

Delays in disposal of income tax appeals.—It will be recalled from the 1947 Chamber report that correspondence was exchanged in that year with the Government of India with the object of inducing Government to remedy delays in the hearing of appeals before the Income Tax Appellate Tribunal.

A Bench of the Tribunal was constituted in Calcutta and started sittings in June, 1948. Since then there has been no cause for further complaint.

The Estates Duty Bill.—Based almost entirely upon the legislation in the United Kingdom, this is designed to levy death duties on estates in India above a certain figure. Experience in the United Kingdom, where the rates have progressively increased since the measure was introduced late in the last century, has shown this to be an extremely effective and easily administered means of collecting revenue. The Bill came before the Central Assembly in the Budget Session and was referred to a Select Committee, who recommended postponement while certain parts of the Bill were redrafted.

The Chamber gave support to the measure but pointed out that when it was introduced there would be less justification than ever for the continuance of the capital gains tax. The last contention was upheld by all the Chambers in discussing the capital gains tax at the General Meeting of the Associated Chambers of Commerce held in December of the year under review.

Transfer of Property Ordinance: Payment of Taxes (Transfer of Property) Ordinance and Act.—The first Ordinance was passed in February, by the Central Legislature and became effective in West Bengal on the 13th March. It was designed to prevent people from leaving India without payment of their tax dues. Some apprehension was felt in business circles on the score of the difficulties involved if transactions in stocks, shares and currency were restricted under Section 4, where provision was made for recovery proceedings against any property (except agricultural land) which has been sold without a certificate from the Income Tax Officer.

On representation of these misgivings to the Central Board of Revenue by the Associated Chambers of Commerce, the Ordinance was amended in June to exclude stocks, shares and securities.

The Payment of Taxes (Transfer of Property) Ordinance enforced later in the year has the same objective. An Act similarly entitled is before the Central Legislature in Bill form at present.

The Bengal Sales Tax Act & Rules: (*a*) *Inspection by the Assessing Authorities.*—The administration and collection of Bengal sales tax have given rise year after year to correspondence with the Local Government about different matters, and in 1948 the Chamber was again active in trying to straighten out the difficulties of commercial assessees.

One of these was the need for transporting bulky registers and other accounting documents to the office of the assessing authorities, a worry to member firms which had been taken up with the late Government of Bengal while it was still the rule that in normal circumtances inspections should be carried out at the premises of the dealer. With the revision of the rule in 1947 to permit inspecting officers to call for the production of these documents at their offices, the inconvenience of the practice was a matter of general complaint. In September the Chamber drew the attention of the Finance Department, Government of West Bengal to the hardship and delay so caused. The Finance Secretary, who appreciated the point, subsequently advised the Chamber that asssessing officers had been asked to waive the rule in cases where inspection on the premises of firms had been customary before it was amended, unless exceptional circumtances made that inexpedient.

Complaints continued, however, until the Chamber took the matter up afresh with the Commissioner of Commercial Taxes in January last, asking him at the same time on what grounds the Sales Tax Department had recently demanded from a member concern detailed returns covering sales for several years past, and other intricate particulars. Nothing in the Bengal

Sales Tax Rules, nor any new orders of Government were known that allowed the Deparment to bring upon firms the labour and trouble involved in meeting such requests, which seemed to be contrary to the instructions to Sales Tax Officers contained in Rule 68, to the effect that they should pay regard to the convenience of the assessee when inspections were carried out.

The Commissioner of Commercial Taxes is enquiring into this question.

Bengal Sales Tax: Exemption—Charges to members for sales tax assessed on payments received from the Ministry of Economic Warfare and other war departments of H. M. G. which claimed they were exempt from this tax before exemption of sales to supply Departments of the Government of India were disallowed in 1946, is a matter being handled by H. M. Principal Trade Commissioner in India on the Chamber's behalf, with a view to settlement of these amounts in London.

In the same connection, payment of sums representing sales tax in bills for supplies to the present Director General of Industries and Supplies, Government of India, delivered in respect of old contracts which the Directorate has taken over from the late Indian Stores Department and Supply Department, has in many cases been refused for the stated reason that the Acceptances of Tenders did not include a provision for payment of the tax. The Chamber represented the inequity of this attitude to the Ministry of Industries and Supplies; for it is considered that, as at the time the contracts were entered into, sales to the I. S. D. were exempt from the tax, there was naturally no need to provide for a liability which did not exist. In taking over these contracts the Director became a party to the agreement and had undertaken to pay the whole purchase price, including sales tax.

Government has not yet made any statement to the Chamber on the point, but it appears from information lately received that bills for sales tax are being considered.

The West Bengal Finance (Sales Tax) Amendment Bill, 1949.—This Bill was introduced in the West Bengal Assembly on the 21st January, 1949. Its effects are at present being studied particularly as regards the withdrawal of the exemption from tax of certain essential commodities, such as cheap cloth, mustard oil etc. a measure which at first sight seems to be controversial. The Bill has recently been passed but is not yet in force,

Bihar Sales Tax on Coal.—After the passing of the Bihar Sales Tax in 1947 all despatches of coal from Bihar, irrespective of the destination of the consignment, were subject to sales tax of 14 annas per ton. The Bihar Government definitely refused to waive the rule, in spite of the efforts made by the Central Government, at the instance of the mining interests, to induce them to do so. It was first ruled by the Central Government that colliery owners were not entitled to recover the tax from consumers. That order was rescinded and colliery owners were permitted in 1948 to pass the tax on to consumers with effect from the 26th June.

(3) FINANCE

The Central Budget: Indian Finance Act, 1948.—As soon as the 1948 Budget proposals were known and had been jointly studied by the Chamber Committee and Income Tax Sub-Committee, steps were taken to represent in New Delhi the Chamber's suggestions and queries relating to the taxation proposals. As reported in more detail in the March and June Abstracts, these dealt mainly with changes in the rates of income tax and super tax the working of which, in the Chamber's view, required clarification or adjustment. Some of these points were met in the Finance Act as finally passed and others were eventually cleared up in personal discussions between the Chamber's representatives and the Central Board of Revenue at New Delhi. Various amendments in the Income Tax Act and Business Profits Tax Act, separately enacted, are mentioned below, as also the arrangements eventually prescribed by the Central Board of Revenue under which certain companies are entitled to a rebate of one anna in the rupee in the rates of super tax; and the enhanced export duty imposed on manganese ore.

In addition to the rebate in corporation tax referred to above, the Finance Act in 1948 reduced business profits tax from 16⅔% to 10%.

Economic position of the country: anti-inflation policy of the Government of India.—Throughout 1948 a steep rise in prices, increasing wages coupled with falling production and other signs of inflation in India gave cause for growing concern. When in the later part of the year a crisis in the economic affairs of the country was reached, the Government of India, with the aid of economic and industrial experts, urgently enquired into the whole position. The Conference of Industrialists held at New Delhi on the 30th August, in which the President took part, submitted a report to Government which was given prominence in the Press at the time and was substantially accepted as the basis of the statement on anti-inflation policy announced on the 4th October.

Government's plans broadly aimed at four objectives, namely (1) reduction in Government expenditure with a view to surplus budgets (the provinces have been warned that no assistance from the Centre must be expected and that it is necessary for them to balance their budgets); (2) progressive reduction in prices to reasonable limits by increasing the supply of goods and services; (3) curtailment of public spending power and the prevention of additions to it; (4) increased production and improved financial resources for industrial development.

Various measures important to commercial interests were contemplated or have already been enacted to implement these plans. Among the latter was the Ordinance limiting the distribution of dividends by public companies which came into force on the 29th October. Import duties on certain luxury goods were increased and along with the entire exemption of castor oilseed and oil from export control, the duty on cotton texiles was reduced by 15%. The Estate Duty Bill mentioned elsewhere in this Report is to be hastened through the legislature; and refund of E.P.T. is postponed for a further period of three years. Against these measures for curtailing spending power, there are others by which Government means to encourage production and investment in industrial undertakings such as concessions in the way of increased depreciation allowances on plant, machinery etc. for income tax purposes, relief from income tax for new industries and lowering of import duties on raw materials and capital goods. The steps already taken by Government to bring about more unity in industrial awards given under the Industrial Disputes Act, through legislation and provision for a review of awards by statutory authority, are reported in another paragraph.

As soon as Government's policy was known the Chamber hastened to offer any assistance Government might require in framing the necessary legislation and asked that an opportunity be given to commercial bodies to scrutinise these measures beforehand, particularly as regards the complex matter of limiting the distribution of dividends. Subsequently this was done at Government's invitation in the submission of the views of the Associated Chambers of Commerce and through the Chamber direct, to which reference is made below.

The Public Companies (Limitation of Dividends) Ordinance.—This legislation was forecast in the Government of India's declaration of policy on anti-inflationary measures. It became effective on 29th October.

On the basis of Government's proposal to limit dividend payments by public companies so that they should not exceed the average of dividends distributed in the two years ended on the 31st March, 1948 or 6% on the paid up capital, whichever is higher, the Associated Chambers of Commerce of India addressed a letter to the Finance Ministry in response to the request received for views prior to the actual promulgation of the Ordinance. It was evident to the Chambers that difficulties and hardship would result from its rigid application and that some latitude, both as regards the period of computation and the dividend amount, was needed in certain cases. Nor was it thought sound in principle nor the best way to attain the objective in view—increased financial resources for industrial development and lessening of existing purchasing power—to exclude private companies from the scope of these restrictions. Side by side with limitations on distributions by public companies, section 23(A) of the Income Tax Act would in practice continue to enforce a 60% distribution of private company profits.

To illustrate the need for discretion, the Associated Chambers cited several instances where this limitation would react adversely on companies. These cases Government was urged to consider with a view to exemption from or moderation of the terms of the Ordinance.

The Chamber supported the representation of the Associated Chambers in December showing in more detail why it was desirable that the Ordinance should be equally enforceable on all

companies (except subsidiary companies owned by public companies), and if that suggestion were accepted, that Government would need to ensure that the effects of section 23A of the Income Tax Act, which conflict with the restrictive measures of the Ordinance, would not apply during the life of the Ordinance. This was also necessary when a public company as so defined in the Indian Companies Act was at the same time one in which the public were not substantially interested to an extent which enabled it to escape the mischief of section 23A. The result might be that the shareholders would be called upon to pay super-tax in respect of sums which they had not received. Similarly, companies declared to be companies for the purpose of the Ordinance, according to the powers taken by Government, could well be those subject to the section and likewise at a disadvantage. The two last mentioned anomalies already existed and the Chamber pressed Government to effect the necessary amendments in the Ordinance, including at the same time private companies in its operation.

This position is still the subject of negotiations with the Finance Ministry.

E. P. T. Deposits: Refunds.—As an outcome of the Central Government's anti-inflation statement the attention of the Chamber Committee and their Income Tax Sub-Committee was directed to the question of postponement for a further three years of E. P. T. refunds. To many commercial concerns this was a serious matter, in that they had based their plans and prospects of future development on the understanding that these sums would be returned on the due date—three years after the end of hostilities (given as the 31st March, 1946). Many difficulties are involved in the holding back of monies which are considered as part of the assets of companies and firms, held by Government for return on a fixed date and generally expected to be available for use at that time.

In bringing the position to the notice of Government the Chamber asked for an assurance that in practising the exception to the general rule, by which Government will repay monies required for capital equipment, they would abide by their previous undertaking to pay at an earlier date if this were necessary for an "approved purpose". The Chamber feels there might be useful schemes needing the money, but not necessarily only involving the cost of capital equipment. Governments favourable consideration was especially asked in the case of companies in liquidation, or winding up their affairs for the purposes of reorganisation. In both these instances the affairs of the company would be handicapped by outstanding E.P.T. payments. Similarly difficulties would arise when money was due to a retired partner from, for instance, a Limited Corporation acquiring the assets and good will of a partnership. It was hoped that Government would take such cases on their merits and if possible accord sanction for payment.

The Board of Revenue's answer reminded the Chamber firstly of what had been said when the Finance Minister explained Government's policy on this issue at the 1948 Annual General Meeting of the Associated Chambers of Commerce of India: that the purpose underlying the E.P.T. compulsory deposits scheme was to create a reserve for the rehabilitation and equipment of Indian industries after the war. The present Government's decision was in keeping with that purpose, and while Government were aware that relaxation might be needed in some circumstances, and they had provided for this contingency in cases where the money was required for early replacements of plant and machinery, they intended that the money released should be used for that object only and not for increasing the spending power of depositors.

The Board went on to say that the provisions for payments before the postpond due date in the Excess Profits Tax (Post-war Refunds) Rules, 1942 were still in force; the difference made by Governments' Notification of the 11th December being, in effect, that the certificate from the Ministry of Industry and Supply formerly required in respect of machinery and plant only was now obligatory on the part of applicants for all categories of capital additions, including buildings, machinery and plant (whether imported or not) or any claim for development or re-equipment of business. As regards the latter, it was for the Ministry of Industry and Supply to decide whether a "scheme" fell within the category of an "approved purpose." Any bonafide scheme for development of business not necessarily involving capital equipment, would, if in the national interest, undoubtedly be an "approved purpose",

As regards the case of a company in liquidation or one whose assets and goodwill were acquired by a Limited Corporation, the Board's view was that where a business merely changed hands from one "assessee" to another, the fact that certain sums were due from Government ought not to stand in the way, since the dues could be passed on to the successors for adequate consideration.

Neither the Chamber Committee nor the Income Tax Sub-Committee were wholly satisfied with these arguments, especially so in regard to the question of firms discontinuing business or in liquidation. They did not think it had been properly realised that a company in liquidation might have a considerable number of shareholders, and any attempted transfer of assets would, apart from the legal position, present many practical difficulties. Besides that, they did not see how firms and companies in such a position could arrange to pass on their rights to a refund when the date of the refund is unknown. Postponement may be extended again and it is impossible to calculate the value of the right in these conditions.

A further representation giving emphasis to these points has recently been submitted to the Central Board of Revenue.

Federal Finance: Enquiry Committee.—Following a conference of representatives of the Government of India, Indian States, Unions of States and the Provinces, held at New Delhi, a Committee of Experts was set up to make recommendations on the question of whether the States and Unions of States should not be brought, in financial matters, on to the same basis as the Provinces, so that there might eventually emerge a uniform system of Federal finance throughout India. The Committee's terms of reference embrace an examination of the present structure of public finance in the States and the possibilities and method of integrating it with that of the rest of India. They have also to investigate the desirability of revising, in the light of present circumstances, the structure of provincial finance, particularly the levels and sources of provincial revenues in the States and Unions of States.

Inconsistencies in the taxation policies of the Central Government, the Provinces and States have been apparent for some time. Consequently, when the Chamber was advised by the Associated

Chambers of Commerce of India that the co-operation of Chambers of Commerce in the work of the Committee of Experts was desired, the opportunity was taken, after consultation with the Income Tax Sub-Committee, to press strongly the advantages of an all-India levy of income tax, agricultural tax, sales tax and customs duty, from which allocations could be made by the Central Government to the Provinces and States on a proportional basis. This arrangement would, in the Chamber's opinion, achieve the following results :—

1. Uniformity in levying and assessing the particular tax or taxes. For example, Travancore has abolished agricultural income-tax and treats agricultural income as business income.

2. Disappearance of rival claims of States and Provinces to tax the same income.

3. The elimination of complications in connection with double income tax claims as between the States and India.

4. Levy of sales taxes only once on the same sales and not as at present happens on two or more different occasions.

5. A check on the prevailing tendency to provincialism and the strengthening of the Centre.

6. A saving of work to Governments and assessees who would only have to concern themselves with taxing statutes at the Centre.

Uniform taxation throughout India seemed to the Chamber especially desirable in the case of income tax, or similar taxes such as business profits tax which are or may be enforced.

With regard to agricultural income tax, which is applicable to various provinces, the Chamber suggested consideration as to whether the same Income Tax Officer, since he primarily determines the figures in the case of concerns like tea companies, should also assess for agricultural income tax, and that the Provinces, States or States Unions should be credited with the proceeds in respect of their territories. Where the income is one solely from agriculture, the Income Tax Department could—the Chamber thought—incorporate in its staff former Agricultural Income Tax Officers to deal with that class of assessment.

These views and those of the other constituent Chambers are being forwarded through the Associated Chambers of Commerce.

Exchange Control : insurance premia.—In correspondence with the Reserve Bank of India, Exchange Control Department, the Chamber sought an explanation for a procedure introduced, at the beginning of the year, whereby applications for sterling remittances to the U. K. in respect of insurance premia had been refused on the grounds that cover for such risks might be obtained with resident insurance companies in rupees. The reply of the Assistant Exchange Controller indicated that this was being done to conserve foreign exchange. He stated that special permission would be granted on application to the Department for the continuation of policies in currencies other than rupee effected by non-resident head offices over the assets of their branches in India prior to the 1st September, 1947.

(*a*) In all cases where risks can be insured with companies in India permission will not be granted for remittances to meet the premia in respect of policies taken out elsewhere than in India. Companies in India are permitted to issue non-marine policies (*excluding life*) only in rupees.

(*b*) In cases where risks cannot be covered through companies in this country, special application will have to be made to the Reserve Bank and each case will be considered on its merits.

(*c*) On special application being made the Reserve Bank will be prepared to allow the continuation of policies in currencies other than rupee which have been effected by non-resident head offices over the assets of their branches in India prior to the 1st September, 1947. The position of companies taking out new policies or additional cover after the 1st September, 1947 will be governed by (*a*) and (*b*) above.

Further information received from the Exchange Control Department disclosed that marine insurance policies covering imports may be effected freely in rupee, sterling, or the currency of the country from which the goods are imported, without any application to the Reserve Bank.

Pakistan monetary system.—In terms of the order of the Government of Pakistan published in the Pakistan Gazette on the 12th May, the Reserve Bank of India ceased to operate as the currency authority of that Dominion after the 30th June, 1948, and on the 1st July the State Bank of Pakistan took over control of the credit, currency and foreign exchange of Pakistan. Like the Reserve Bank in India, the Pakistan State Bank now acts as banker to the Central and Provincial Governments and functions similarly with regard to scheduled banks.

The developments leading up to the establishment of the Pakistan State Bank and the negotiations entered into with a view to the free transfer of funds between India and Pakistan were followed with close interest by the Chamber. It was therefore satisfactory to note that immediately before the official opening of the new Bank, the Governments of the two Dominions agreed that there should be unrestricted transfer of funds in capital and current account and no exchange control as between the two countries.

The free flow of trade, on which exchange control would have placed a great burden, was ensured in the operation of this agreement, which, as reported in the Press on the 24th June, also fixed the exchange rate of India and Pakistan rupees at par.

India and Pakistan rupee currency notes continued to circulate side by side until the 30th September, 1948, while India coins will probably be legal tender in Pakistan up to a still uncertain date in 1949.

Stamp duty on general powers of attorney.—A question of importance to members acting under general powers of attorney came before the Chamber in August. In executing such powers of attorney when partners and directors are proceeding on leave, it has been customary in the past to pay a stamp duty of Rs. 10/- in terms of section 48(d) of the Indian Stamp Act, i.e., "When

authorising not more than 5 persons to act jointly and severally in more than one transaction or generally... ....Rs. 10/-"

The point at issue lay in the interpretation of the general powers to which this section applies. A member had been called upon to pay further duty and a penalty on an instrument granting to members of the firm powers of attorney, and sent to the Reserve Bank of India for registration. The view of the Bank was that as the instrument conferred powers to act in several capacities, (representation of the donor in his individual capacity as executor, administrator, managing director, secretary, liquidator, etc.,) the power of attorney given covered several powers requiring a separate duty for each capacity.

This finding was confirmed by the Central Board of Revenue and referred by the firm concerned to solicitors for opinion and to the Chamber Committee, who in turn obtained legal advice on the position. The opinion expressed was that the instrument fulfilled the requirements of the condition in Section 48(d) "more than one transaction or generally" and that there was no justification for the Revenue authorities to contend that, since the character of the transactions in respect of which the donees of the power were authorised was different, the power should be treated as if it were a combination of several powers.

In view of the uncertain standing of many powers of attorney according to these findings of the Revenue authorities, the Chamber consulted Counsel and in the light of the opinion given, a test case was prepared, so that if need be a ruling of the High Court on the point at issue could be obtained.

This matter is still undecided.

Census of foreign assets and liabilities.—The Reserve Bank of India issued a notification on the 2nd October calling for the completion of a number of schedules by individuals, companies etc., in an attempt to furnish to the governing body of the International Monetary Fund information concerning the international investment position in India, as at the 30th June, 1948.

There were eight schedules for completion under the census. These were closely scrutinised, and guiding directions for its preparation and submission of the required particulars issued by the Chamber in Circular No. 235 of the 26th November.

Control of Capital Issues.—It was stated in the 1947 Report that the Chamber gave general support to the extension of Government's control over capital issues for a further term of 5 years under the Capital Issues (Continuance of Control) Act, 1947. The constitution of the Advisory Committee of five members, provided for in the Act, was deferred until the second half of 1948. In his capacity as President of the Associated Chambers of Commerce the President represents that body on the Advisory Committee whose first meeting was held at New Delhi on the 7th December. According to the Chamber's information, the Advisory Committee's recommendations are not automatically effective, but are subject to consideration by the Ministry and Minister concerned, since the Act leaves the administration of control largely in the hands of the Ministry and the Controller, although the recommendations of the Advisory Committee are ordinarily accepted by the Ministry.

At the end of November the Associated Chambers of Commerce addressed the Ministry of Finance on the question of restrictions placed on the issue of bonus shares in a notification of the Government of India dated the 29th October. This representation was made to show that such issues were not inflationary in character as Government seemed to think, rather the reverse, because although the capital of the company was thereby increased, the rights of shareholders were not affected and the cash resources of the company were maintained intact for expansion purposes. Such share issues were considered in keeping with the intentions of the Limitation of Dividends Ordinance for several reasons and Government was asked to place the views of the Chambers before the Capital Issues Advisory Committee so that appropriate recommendations could be made on them. The outcome of the Advisory Committees deliberations on this point is not yet known.

Bengal Moneylenders Act, 1940.—The legal advice given to the Chamber on the position of scheduled banks under the rules of the Bengal Money Lenders Act, 1940, was that a loan advanced by a bank which was a scheduled bank on the 1st January, 1937 was excluded from the operation of the Act. All other banks

were affected unless they were declared to be "notified banks" in accordance with section 3.

As all banks in the Chamber membership complied with the conditions, the Chamber had no views to offer in response to a request from the Government of West Bengal for comments and suggestions.

INDUSTRIAL

Industrial policy : India.—The recommendations of the Industrial Conference, (held at the close of 1947 to consider the industrial economy of the Indian Dominion) including the industrial truce resolution which gave rise to the question of profit sharing, were carried a step further in the Report of the Economic Programme Committee of Congress, published at the beginning of the year under review. This set of proposals was regarded with the greatest misgiving among industrialists throughout India. The objectives of rapid socialisation and nationalisation of industry require no special mention here, in that much of the apprehensions aroused in regard to the future of business investment in India were allayed by the moderation of the Prime Minister's views in his speech before the Indian Parliament in February, and later by the resolution of the Government of India on industrial policy, issued to the public on April 6th.

The Chamber made no comment on this important statement. It threw a welcome light on Government's intentions, but was too broad in outline to call for criticism at that stage. As recorded in another part of this report, the principles of profit sharing adopted in the statement, on the basis of the industrial truce resolution, were ultimately made the subject of a separate reference to this and the other constituents of the Associated Chambers of Commerce of India when investigations into this controversial question were set on foot through the medium of the Expert Committee appointed by Government to report on the position.

Shortly summarised, the aim of Government as set out in the statement was in the long run, "a social order where justice and equal opportunity shall be secured for the people". The measures proposed to that end were fair wages to labour, housing and general improvement in the standard of living with special regard to educational and health facilities; the development of resources to provide full employment; provision for the basic needs of the population; an increased outlay on capital equipment and greater foreign exchange earnings, as the result of an export drive; and increasing intervention of the State in industrial matters. For the latter purpose industries were divided into four categories, beginning with defence and public utility concerns which were to be a State monopoly, continuing to those which can expand only under Government control, and those which, although in the hands of private enterprise, will be subject to a measure of direction by Government. The industries in the first three categories were specified, the rest were left to private management, although even here Government retained the right to direct if necessary. Private ownership of industries in the second category, such as coal, iron and steel, etc., was to be reviewed after ten years and if State acquired would receive fair compensation.

Similarly, foreign capital invested in India was to be regulated in the national interests by suitable legislation. The object was ultimate majority control by Indian nationals, although exceptions were permitted. The training of Indians to replace foreign experts was to be a rule. As an offset to the foregoing an assurance was given of Government's readiness to assist private and co-operative enterprise in such matters as transport and imports of raw materials.

Central Advisory Council of Industries: Central Advisory Council of Labour: Committee on Fair Wages.—The machinery proposed for implementing the industrial policy of the Central Government ranged from a Central Advisory Council, whose scope would be the entire industrial field, to committees covering each major industry, subdivided in turn into sub-committees dealing with special questions in that industry. In the Provinces functions like those of the Central Advisory Council were to be vested in provincial advisory boards, divided again into provincial committees, and so on.

In the September following their announcement on industrial policy, the Government of India appointed a Central Advisory Council of Labour under the Chairmanship of the Minister for

Labour. The special duty of this Council is to evolve schemes for the determination of (*a*) fair wages to labour; (*b*) profit sharing and the questions arising under that head; (*c*) for the regulation of the relations between employers and labour

Employing interests in this part of India are represented on the Council by Mr. A. J. Elkins, Chairman of the East India Committee of the Employers Federation of India who attended the first meeting held at Lucknow from the 19th to the 21st November. The agenda of subjects for discussion was :—

1. Consideration of the report of the Profit Sharing Committee.
2. Determination of the principles of fair wages and the statutory machinery to implement them.
3. Review of industrial relations and working of Works Committees.
4. Draft model constitution of Production Committees.
5. Setting up of industrial committees for different industries.

From that meeting there emerged the appointment of a Committee to consider and report on the principles governing "fair wages" and the statutory machinery for their enforcement, which met for the first time at Delhi on the 6th December. The questionnaire the Committee afterwards issued in order to elicit the views of all concerned, is at present receiving the consideration of the representatives of the major industrial interests of eastern India comprising the Industrial Affairs Sub-Committee of the Chamber. These questions range themselves under the broad headings of (*a*) principles of wage fixation, (2) wage differentials, (3) wage adjustments, and (4) machinery for fixing and regulating fair wages.

The subject of profit sharing was referred to a small Sub-Committee who are to submit their views to the Council at its next session.

As regards the Central Advisory Council, of Industries which met recently under the direction of the Prime Minister of India, representation of the Associated Chambers of Commerce of India is secured through the membership of Sir Shankar Lal, Punjab Chamber of Commerce.

The Chamber awaits the official report of the last meeting of the Central Advisory Council of Labour.

Industrial Policy : Pakistan.—The Government of Pakistan issued their statement on industrial policy on the 2nd April, 1948.

Pakistan's views on the industries they intended to nationalise were fairly clear-cut and definite and very little could be found in the declaration to which serious objection could be taken. The general trend favoured private enterprise with Government giving every reasonable encouragement to such.

Participation of other than Pakistani capital in the industrial development of that country was a subject elucidated in the statement. There were a number of obscurities in it, though the later supplementary declaration—that appearing the Indian Press of the 15th September—removed almost all of them. The position in this respect is that the percentage rules—51% of Pakistani capital for certain specified industries and 30% for others—would have no application to existing industrial units, nor to transfers of established business, nor to non-Pakistani companies establishing subsidiaries in that country for *trading* purposes. Private and public companies are on the same footing in this respect. Furthermore, sanction will be expeditiously granted in the relaxation of these rules should it be found that sufficient Pakistani capital is not forthcoming.

It is clearly the aim of the Pakistan Government to offer all reasonable help to capitalist enterprise and to develop the country's resources.

Profit sharing.—Among the most important recommendations of the Industry's Conference held at New Delhi in December 1947 were those contained in the resolution for an industrial truce. This contemplated measures designed to ensure : (*a*) a fair return on capital employed in industry ; (*b*) reasonable reserves for the expansion and maintenance of the undertaking ; (*c*) labour's share of the surplus profits on a sliding scale normally varying with production, after provision had been made for (*a*) and (*b*).

In their resolution on industrial policy announced on the 6th April, the Government of India accepted the profit sharing principles enunciated in the industrial truce. For the purpose of assisting the Central Advisory Council set up by Government to deal with these industrial questions an Expert Committee was appointed whose terms of reference were the three points mentioned above. The Expert Committee consisted of 14 members, half of them Government officials and the rest persons selected by Government (without reference to any Associations or bodies) from the ranks of economists, labour leaders, and industrialists. They started their work at the end of May.

Profit sharing has been discussed exhaustively by all the industrial interests in India for the best part of the year, and it does not come within the scope of this report to reiterate the arguments against and in favour of a scheme which has received ample publicity in the press and in memoranda and reports written on the subject. The Chamber and the major industrial interests associated with it have shown how impractical is the system of profit sharing in this country for the objects Government have in view, (*a*) to promote industrial peace, (*b*) to increase production, and (*c*) to initiate participation in management by labour. The Federation of Indian Chambers of Commerce and Industry, strongly enforced by the Associated Chambers of Commerce, led the opposition expressed against these ideas, supported by the majority of industrial bodies in the country. Organised labour was also not generally in favour of a profit sharing scheme as such. It has been advocated instead that a representative Commission of Enquiry should look closely into the possibilities of a production bonus in various industries. In all cases that might not be a suitable method of working, as for instance in the tea and coal mining industries, but with such exceptions bonus payments are thought to be the best alternative to the profit sharing scheme proposed.

The Chamber holds firmly to the view that the concensus of public opinion coupled with experience of profit sharing in India and other countries denotes the wisdom of hesitation in introducing such a scheme in India.

The Expert Committee's report when published revealed unanimity only among the Government bloc of officials, every other member except one appending a minute of dissent to one or other of the vital points in the report. Recognising the dangers and difficulties of a profit sharing scheme as such there was advocated as an experiment, the introduction of a scheme under which there would be divided between labour, in the hope that industrial peace would thus be secured, a certain proportion of surplus profits in industry, in some cases (not specified) to be unitary, in others regional. That surplus would be divisible in proportion to the earnings of the labour in the previous year of working. In spite of warnings of the dangers of the scheme, the Expert Committee recommended that it should be tried out in the cotton and jute textile industries as also, steel, cement, tyre and cigarette manufactures, so embracing a considerable part of the industrial labour force in India.

This important question was reviewed at the 1948 Ordinary General Meeting of the Associated Chambers of Commerce of India at which the Chambers unanimously passed the following resolution :

"This Association, while cordially supporting all measures necessary to attain the objectives of the Industrial Truce Resolution of December 1947, does not regard the introduction of a compulsory Profit Sharing scheme in its strictest sense as the most appropriate or practicable method of implementing the declared intention of the Resolution that Capital and Labour "will share the product of their common effort". The Association considers that this objective can be and is being achieved by means more acceptable to both parties and accordingly recommends to the Government of India the utmost caution in seeking to impose Profit Sharing schemes on industry, particularly in the present economic circumstances of the country."

The Advisory Council constituted by the Labour Ministry is giving the Profit Sharing scheme final consideration before it is accepted or discarded and further attention to the question is deferred until their recommendations are known.

9th Session of the Indian Labour Conference : 10th Meeting of the Standing Labour Committee.—The Indian Labour Conference and the Standing Labour Committee held only one session and one meeting during the year under review. The Standing Labour Committee which is the executive body of the Conference, held their meeting on the 15th, 16th and 17th April and that of the

Indian Labour Conference took place from the 19th to the 21st April under the respective direction of the Labour Minister, Bombay, and the Minister for Labour in the Government of India. The subjects on the agenda of both meetings were :—

I. A report on labour policy and administration.

II. A survey of the present position in regard to works Committees.

III. A report on the activities of the Directorate-General of Resettlement and Employment.

IV. Action taken on previous decisions of Indian Labour Conferences and Standing Labour Committees.

V. Replies and comments of the Government of India to the I. L. O. questionnaires and reports on :—

(*a*) Wages :—

(*i*) fair wages clause in public contracts.

(*ii*) protection of wages.

(*b*) Freedom of association and protection of the right to organise.

(*c*) Application of the principles of the right to organise and bargain collectively, collective agreements, conciliation and arbitration and co-operation between public authorities and employers and workers organisations.

(*d*) Vocational guidance.

(*e*) Revision of Conventions concerning the night work of women and young persons.

VI. Implementation of the Industrial Statistics Act, 1942.

VII. Compulsory provident fund for industrial workers,

VIII. Decasualisation of labour in main industries.

IX. Implementation of the resolution on industrial truce adopted at the Industries Conference held in December, 1947.

Of these matters special interest was attached to the implementation of the resolution on an industrial truce which gave rise to the various questions connected with the profit sharing scheme—made the subject of separate reference in this report.

As regards the remaining items on the agenda, no definite conclusions were reached. Press reports indicated that there was agreement on the principles of profit sharing and that as a whole, the Conference accepted the desirability of instituting provident funds for industrial workers. That was not strictly correct. The profit sharing proposals are still under consideration, and a warning of the effects on the country of the increased costs of provident funds being borne by industry and consumers was given by the representative of employing interests on this side of India.

Nevertheless, a compulsory provident fund scheme and bonus scheme for workers in coal mines is now being framed under the powers accorded to the Central Government under the Labour Minister's Bill. From that, it is reported, Government hope to gain experience as to the method of adopting similar schemes for other industries.

Mr. A. J. Elkins, Chairman of the East India Committee of the Employers Federation of India, represented employers on this side of the country at both the above meetings.

The Employees State Insurance Act, 1948.—Employing interests in this country have had many opportunities in the last five years at least to consider the merits of different sets of proposals for bringing about a scheme of health insurance for workers in India. The Chamber's last expression of opinion was given in the report for 1947, while the Workmen's State Insurance Bill (as it was then titled) was still before the Central Legislature. The Act in its present form became law on the 2nd April. Only the first three chapters—those covering the constitution of the Employees State Insurance Corporation, the Standing Committee and the Medical Council and the administration by these

bodies of the State Insurance Funds—have been put into operation as yet. The Corporation was inaugurated at New Delhi on the 6th October.

The scheme, which is the most ambitious and advanced piece of social legislation yet enacted in India, is to be administered by the Corporation, comprised of persons representative of Central Government, Provincial Governments, Chief Commissioners Provinces, the medical profession and employers and employees (five each of the two latter) under the Chairmanship of the Minister of Labour, and the Vice-Chairmanship of the Minister of Health in the Central Government. From amongst its members, a Standing Committee was constituted on the 6th October which, subject to the general superintendence of the Corporation, is charged with the executive administration of the Corporation's affairs. In the matter of medical facilities, the Corporation will have the guidance and assistance of a Medical Benefit Council, constituted by the Government of India.

The purposes and intentions of the scheme are to give medical care and attention to workers, to pay certain benefits to them during periods of sickness, to pay disablement benefits consequent upon employment injury, to pay pensions to dependants of workers who die as a result of an employment injury, and to provide for maternity benefits.

The Act when it becomes wholly effective will apply in the first instance to all factories other than seasonal. Government have declined to pay any part of the cost of benefits under the Act; but for the first five years will pay two-thirds of the administration expenses. The monies of the Corporation will be derived from contributions by employers and employees on the scales prescribed, plus such sums as may be due to them from employers whose workmen suffer injury or death in circumstances which would qualify for the benefits of the Workmen's Compensation Act. The costs of the medical benefits seem to be apportionable between the Corporation and the local Government on an agreed basis, or failing such, determination by a High Court Judge.

Employers had strongly contended that Government be part insurer; but this has been rejected. Government as employer of a considerable body of factory labour—if not the largest employer in the country—will however be liable for payments in respect of their own workers, as the need for Government also to insure has been imposed by the Act. In order to aid the administration and working of the scheme in its initial stages, the Chamber had urged the omission of workmen's compensation and maternity benefit provisions for the reason that they were governed by existing legislation found to work quite satisfactorily. Government do not share these views and feel that employees will benefit most from the combination of the provisions in one scheme. All types of sickness have been included, and presumably to safeguard against the heavy financial incidence of endemic or epidemic diseases, power has been taken to share between the Corporation and the Provincial Government the excess of the sickness benefit costs over the all-India average.

The Industrial Disputes Act, 1946.—Reference was made in the Chamber Report for the year 1947 to the introduction of the Industrial Disputes Act, 1946, and to the results of the first year's experience of the compulsory adjudication of trade disputes. No alteration was made in the Act during 1948 : the defects to which attention was drawn in 1947 continued and in many respects became more marked.

The most important development in 1948 was the very great extension of compulsory adjudication over the whole field of industrial labour. In 1947 disputes involving various industries, as distinct from individual firms or factories, were referred for adjudication and the result of these became known in the latter part of the year. The jute, engineering, cotton and the hydraulic press industries were all involved, as also employment in commercial houses; and as a result a majority of the workers employed in the Calcutta area were affected by the decisions of Tribunals. Apart from these collective Tribunals a very large number of individual cases of disputes were heard and determined during the year.

It is not the intention of this report to analyse even the main cases in detail but attention may be drawn to certain of their more outstanding features. In the first place, the Tribunals in most cases awarded considerable increases in basic wages and dearness allowance, and as a result there has been a very large increase in total remuneration. In the hydraulic press industry the total minimum remuneration was raised from Rs. 40/- to Rs. 70/-; in the engineering industry from Rs. 45/- to Rs. 55/-; and in the

jute industry from Rs. 46/- to Rs. 58/8/-. The total wage bill payable over a large section of industry in the Calcutta area was thus raised by approximately Rs. 5 crores 28 lakhs per annum. Other radical improvements in conditions of service were made. Provident funds, improved conditions of leave and festival holidays and many other amenities were granted. Throughout there appeared to be a doctrinaire adherence to the minimum standards laid down by the Central Government Pay Commission and a refusal to face the facts of economic organisation in the industries affected.

This situation was rendered more serious by the inherent defects of the machinery provided by the Industrial Disputes Act. The fact that there is no appeal from the decisions of individual Adjudicators and that, no matter how unsatisfactory, they must be implemented by the Government's concerned, has resulted in a very large number of decisions many of which vary from each other in their approach to the whole question of industrial relations and the rights of the employer and the employee. In particular, the failure of Government to enunciate any general principle in the guidance of adjudicators proved to have disastrous effects. Nevertheless, in the absence of any right of appeal employers have perforce had to accept Tribunals' decisions, though no effort has been spared to demonstrate the need for a revision of the entire machinery.

There is one direction, however, in which employers not only in Bengal but throughout India have been forced to take protective action. It is characteristic of Tribunal rulings that they have often interfered with what employers regard as an inherent right secured by law, namely the liberty to dismiss or retrench workers. In some provinces, although this doctrine has not been accepted in its full form, there has been nevertheless a refusal to intervene unless the employers action could be shown to be gross victimisation of employees for trade union or other similar activities. Elsewhere, however, this moderate view has not been accepted, and there has been a tendency on the part of Tribunals to order reinstatement on many other grounds. This issue arose in a number of cases arising before Tribunals in the early part of 1948, and with the support of the Chamber, action was taken by the employers to attempt to protect their interests by applications to the Calcutta High Court with the object of restraining the

Tribunals from proceeding in such cases. Unfortunately, the decision was adverse to employers' interests, but appeals have been lodged with the Federal Court and these are being heard at the time of writing this report.

A natural corollary of the unsatisfactory working of the Industrial Disputes Act is that consideration should be given to its amendment. It is recorded above that a Bill amending the Government of India Act was placed before the Constituent Assembly in December, and duly passed, which gave power to the Central Government to amend the Industrial Disputes Act, the main aim being the appointment of appeal courts and an endeavour to secure uniformity in the awards issued by Industrial Tribunals. Details of Government proposals are not yet available but consideration has in the meantime been given to other alterations considered desirable. As a result the following general proposals are under examination :—

(1) The definition of 'workmen' should be altered with the object of excluding clerical and supervisory staff and bank employees ;

(2) The definition of the term 'Industrial dispute' should be restricted to cases in which disputes are in existence ;

(3) Awards should not be given retrospective effect, having application before the date of dispute.

(4) Questions in respect of which there are laws in force should not be referred for adjudication.

(5) Appointment of Assessors should always take place if technical matters are under consideration ;

(6) Questions of reinstatement and retrenchment should not be referred to Tribunals.

(7) Provincial Governments should have powers to frame specific issues and should refer only such issues for adjudication ;

(8) Only persons who are Judges of High Courts or District Judges should be appointed to Tribunals.

Factories Act, 1948.—The amendment of factory law in India was under the consideration of the Governments concerned in 1945 and 1946 and in 1947 a Bill containing a comprehensive revision of the then existing legislation was placed before the Central Legislature. The Bill was passed in 1948 and becomes operative from the 1st April, 1949.

Although the new Act generally follows the lines already established, new and important emphasis has been given to the provisions relating to safety, health and welfare of workers. The previous chapter on health and safety has been split up into three dealing separately with health, safety and welfare. The former provisions on health and safety are considerably extended, minimum standards being specified on a number of points and the burden of responsibility for the observance of the safety measures has been placed on the manager or occupier. Other developments are those sections of the Act requiring the construction by factories of canteens and creches and the appointment of welfare officers, and provision of these is obligatory for factories employing more than a certain specified number of workers.

In regard to hours of work, there has been a general tightening up of such matters as spreadover and the limits of daily and weekly working, though in the main these follow the lines laid down when the 48-hour week was adopted. One important point in this connection is that when the Act in enforced it will be obligatory to include, when calculating pay for overtime work, dearness allowance and cash value of food concessions. Bonuses will be exempted for this purpose.

Modifications have been introduced in the provisions for statutory leave with pay. In comparison with the existing legislation, the maximum leave with pay a worker can earn has been increased from 10 to 15 days and appropriate holiday pay is due subject to a minimum of 4 months' service. The accumulation of leave is also permitted subject to certain reservations. Provision for exemption in cases in which existing schemes guarantee equivalent benefits is contained in this as in the previous Factories Amendment Act, but in general the trend of industry is away from such special arrangements and towards the observance of the provisions of the Act.

Arising out of the increase in holidays granted under the new Factories Act legislation and also a result of the rise in the number of festival holidays given to industrial workers with pay, the Chamber made representations to the Government of India regarding measures to counteract the loss in production due to those new holidays. It was suggested, in particular, that the Sunday following or preceding a festival holiday granted in the course of a week should be observed as an ordinary working day. The reactions of the Government of India to this are awaited.

The Factories Act, 1948: Rationed Foodstuffs for Canteens.—In carrying out the provisions of the Factories Act, 1948, Provincial Governments are empowered to make rules requiring that in any specified factory employing more than 250 workers, a canteen shall be provided for their use subject to orders by Government in regard to the foodstuffs served and the charges made.

There has been difficulty in obtaining permits for catering establishments owing to general restrictions imposed by the Controller of Rationing, West Bengal, and reports reached the Chamber in December that newly organised industrial and office canteens had, as a result, no means of buying wheat products and rice at reasonable rates. In circumstances where canteens were compulsory, and even in the case of office canteens, the Chamber considered a relaxation of the rule was well justified, otherwise industrial concerns especially were faced with the alternative of violating the rules under the Factories Act or incurring the penalties imposed under the West Bengal Black Marketing Ordinance.

Steps were taken by the Chamber to bring the position to the notice of the Controller, who confirmed the stoppage of permits for canteens, which was due, he stated, to the unsatisfactory food stock position. Further consideration was being given to the matter, but the Chamber has not up to now been advised of his decision.

Minimum Wages Act, 1948.—Amongst outstanding labour legislation passed into law in 1948, the Minimum Wages Act is of considerable importance. The Act represents the first step in India towards statutory minimum wage legislation. Largely based

on Trade Board legislation in the U.K. it will apply to certain specified types of employments, which from their nature tend to be unregulated. These are contained in the schedule to the Act and it is provided that the appropriate Government shall :—

(*a*) Fix, either before the expiry of three years or two years, as the case may be, the minimum rates of wages payable to all employees in all scheduled employments.

(*b*) Review, at such intervals as it may think fit, such intervals not to exceed 5 years, the minimum rates of wages so fixed and revise the minimum rates, if necessary.

The procedure laid down for fixing minimum wage rates is either by investigation by a Committee of Enquiry, or by notification by Government after departmental enquiry. The composition of the Committees will be on the lines laid down in respect of British Trade Boards, namely, an equal number of representatives of employers and employees together with a certain number of independent members. Discussion on the application of the Act by Provincial Governments is still taking place and in West Bengal it has been considered by the Provincial Labour Advisory Board. The tentative proposals made by the Government of West Bengal were that fixation of minimum wages should take place in the first place in respect of four scheduled employments, i.e. rice mill and oil mill industries and tobacco and tannery industries; but no decisions have been arrived at on these suggestions.

Provincial Labour Advisory Board.—Following on the constitution of the Central Advisory Council, a Provincial Labour Advisory Board was constituted by the Government of West Bengal during the year in accordance with the Government of India's scheme for the creation of machinery for the mainten ance of industrial peace. The Board was constituted as follows :—

1 representative of the Bengal Chamber of Commerce.

1 representative of the Bengal National Chamber of Commerce.

1 representative of the Indian Chamber of Commerce.

1 representative of the Marwari Chamber of Commerce.

1 representative of the Bengal Mill Owners Association.

2 representatives of the All-India National Trade Union Congress.

2 representatives of the All-India Trade Congress.

5 representatives of Government.

The functions allotted to the Board were :—

(1) To advise the Provincial Government on all labour problems referred to or raised by the Central Labour Advisory Council, as well as other labour problems referred by the Provincial Governments;

(2) To consider and advise on the recommendations of the Tripartite Industrial Sub-Committees on different industries which may be set up;

(3) To advise the Provincial Government about the need for amendment of existing legislation and the initiation of fresh legislation;

(4) To appoint Standing Committees, Sub-Committees from time to time for specified work.

Altogether three meetings of the Board were held during the year, but on the whole comparatively little progress was made in the settlement of the many complicated problems which were for consideration. Perhaps the most important matter was the acceptance by the Advisory Board of the proposal that industrial committees should be appointed in the engineering and cotton textile industries with the object of compiling occupational nomenclature for the two industries with the assistance of independent technical experts. There was a good deal of discussion on questions regarding dismissal and retrenchment and employers strongly resisted a proposal that selected cases of victimisation

should be referred for decision to a Committee of three, consisting of the Labour Commissioner and one representative each of the employers and the employees. It is too early yet to say whether this organisation will in fact serve a useful purpose, but the first experience of it is not encouraging.

Industrial Finance Corporation Act, 1948.—As in the case of various other measures proposed in 1946, the passage of the Industrial Finance Corporation Bill through the Central Legislature was held up during the settlement of the constitutional issue in 1947 and was not passed into law until 1948.

With the exception of two points, which have since been adjusted in Select Committee, the Chamber approved this measure from the start. The Industrial Finance Corporation set up under the Act in June has been constituted for the purpose of making medium and long term credits more readily available to industrial concerns in India, particularly in circumstances where normal banking accommodation is inappropriate or recourse to capital issue methods is impracticable. The authorised share capital of the Corporation is Rs. 10 crores and according to the provisions of the Act, shares to the value of Rs. 5 crores are being issued in the first instance. Subscriptions from scheduled banks, insurance companies, investment and similar financial institutions were called for in August to the amount of Rs. 3 crores.

One of the two suggestions made by the Chamber was that the Corporation should be subject to income tax and super tax as a public limited company. This is the present position under the legislation in force.

War Emergency Camps for Stevedoring Labour : Finance. Reference was made in the Chamber Report for 1947 to the question of the disposal of the surplus in the fund which had been raised during the war to finance the emergency labour camps for stevedoring labour. The Master Stevedores Association had suggested that, in view of the attempts which had been made by the Government of India to claim part of the surplus to compensate for the capital costs involved in the construction of the camps, it might be advantageous for the surplus to be given to the Association in the form of a grant for welfare work among the labour employed by its members. The Association pointed out that it was only reasonable to expect that increasing pressure would be put on stevedores both by labour and by Government to provide various amenities for labour including, possibly, housing, and that the implementation of such a programme would involve heavy expenditure, part of which stevedores might in any case have to ask their shipping agents to meet. It was felt that such a step would enable the claims being urged by Government to be registered more easily.

This proposal was discussed in a joint meeting between representatives of the Master Stevedores Association and the Shipping Sub-Committee at which it was agreed that, as the bulk of the money for the camps had been contributed either by the British Ministry of War Transport or the U. S. War Shipping Administration, a reference should be made to the two Governments to ascertain whether they approved of the suggestion or not. This decision was acted upon by the Master Stevedores Association, who informed the Chamber towards the middle of the year that information had been received from the Shipping Attache to the High Commissioner for the U. K. in India and from the U. S. Maritime Commission through the U. S. Consulate-General, Calcutta, that neither Government was willing to agree to the suggestion. In view of this the Association did not consider that there was any point in carrying the suggestion further.

The camp account has not yet been closed nor the surplus returned to shipping agents because the Association is still due some money from the Government of West Bengal in respect of the camp and is also still liable to pay compensation for damage to the camp sites, the amount of which has apparently not yet been finalised by the appropriate Government authorities. It is understood that constant endeavours are being made by the Master Stevedores Association to have these outstanding amounts settled and the surplus in the account distributed to shipping agents in proportion to their subscriptions to the fund.

Coal Transport Advisory Committee : Central coal dumps.—In dealing with the subject of coal supplies to industrial consumers in the Calcutta area, the 1947 Chamber report recorded the constitution of the Coal Transport Advisory Committee under the auspices of the Government of India.

Improvements effected during the last twelve months in the movement of coal from the coalfields to industrial consumers have been largely due to the activities of this Committee. The Chamber therefore strongly deprecated the reported decision of the Ministry of Industry and Supply to merge this body with the Coal Advisory Committee. The two Committees perform two separate and distinct functions, each of outstanding importance at the present time, which seems to the Chamber a most inopportune one for any blending of interests whose views might be enterely different. The useful service of the Committees as they stand would, in the Chamber's view, be impossible if they became one large unwieldy body. These objections were stressed at the meeting held in September with the Commissioners of Railways, and the Coal Transport Advisory Committee was still working separately when this report was written.

The proposal to organise coal dumps for industrial consumers, which was rejected in 1947, was renewed during the Chamber's discussion with the Transportation Member of the Railway Board in April. At his request the Chamber looked again into the possibilities of an arrangement which had the merit of economy in transport. Taking the question all round, the Chamber decided that it was not feasible and moreover seemed unnecessary as the transport position was showing signs of improvement.

The establishment of such coal dumps for the engineering industry has been one of the arrangements furthered by the Coal Transport Advisory Committee in the year under review.

Sir Charles Miles of Messrs. Shaw Wallace & Co., Ld. represents the Chamber on the Committee.

Production and distribution of lower grade coals.—Under orders from the Ministry of Industry and Supply the Coal Transport Advisory Committee formed a Sub-Committee for the purpose of finding out the amount of production and general distribution of lower grade coals. It fell to the Chamber to ascertain the extent to which member interests were prepared to reduce their demand for higher grade coals and to work with the lower grades. In many cases the proposition was not workable : but a policy of gradual discouragement of the use of high grade metallurgical coal is being pursued by Government in order to conserve the deposits, which are stated to be getting low.

Government of India Scheme for the award of scholarships to skilled labour.—Members of the Chamber with cotton, leather and chemical interests were asked for comments on a scheme of the Government of India, Directorate General of Resettlement and Employment, for training skilled labour to take up supervisory posts in the engineering, textile, leather and chemical industries. A measure of co-operation in Government's plans has so far been indicated in the replies received. The major industries of engineering and jute have dealt with the matter direct and therefore the extent of participation of the other interests in the Chamber cannot but be comparatively small.

Utilisation af Industrial Research.—In accordance with the general practice of the Chamber, non-technical notes on various manufacturing and chemical processes received from the Council of Scientific and Industrial Research were passed on to members in the year under report. These included the manufacture of loud speakers, concentrated extracts of pyrethrum, and compression and injection moulding powders from Bhilawan Shell Liquid.

RAILWAYS

The Railway Transport Position: Meetings with the Transportation Member and the Chief and Financial Commissioners, Indian Railway Board.—For the best part of a year after the date of partition, the railways of the Indian Dominion showed little sign of recovery from the disorganisation brought about by the division of the administration and equipment of the railways of undivided India between the two new Dominions. The problems of the Indian railways were made even more difficult by an increasing volume of passenger and commercial traffic on a system which was not originally designed to cope with such demands. With the ending of the war, industry has expanded and new industries have come into existence, which apart from their needs for movement of raw materials and finished products, have added greatly to coal carryings which before the war were usually transported by sea. Such difficulties, coupled with shortage of trained staff and inadequate rolling stock, contributed to a position which appeared in the middle of the year to be steadily deteriorating. On the other hand, commer-

cial interests had good cause for dissatisfaction with the operation of the railways, even after giving due consideration to their handicaps.

A good deal was done to iron out troubles common to both sides, partly through the co-operation of senior railway staff and commercial representatives at the Informal Quarterly Meetings, on the Regional Advisory Committee, the Coal Transport Advisory Committee, etc., and as the result of discussions by commercial interests in West Bengal with representatives of the Indian Railway Board.

Representatives of the Chamber and its connected trade and industrial Associations had opportunities to exchange views with officials of the Railway Board in March and September. On the first occasion various points requiring the intervention of the Board were brought to the notice of Mr. Bhandarkar, the Transportation Member of the Board, and were cleared up on the spot or made the subject of his particular enquiries. The results of that meeting were reported in the March Abstract of Proceedings and need not be repeated here in view of the fact that most of those questions no longer arise.

A more general survey of the rail transport position from the point of view of the railways and of the trading and industrial interests in the Chamber, took place at a meeting with the Chief and Financial Commissioners of the Railways held on the 21st September. This meeting had been preceded by press reports of letters exchanged between the Federation of Indian Chambers of Commerce and Industry and the Railway Board concerning all-India rail transport, and against that background the discussion covered a wide field, revealing both sides of this urgent question. Matters of particular importance to member interests considered at the meeting included the blocking of tea movements from the Central Dooars, oil movements, jute supplies, movement of "smalls", railway rates, free time for the unloading of wagons, "sponsored" movements and claims against the railways. Some of these subjects are dealt with more fully in other parts of this report.

A better understanding of the Railway Board's plans for improvements being carried out and those proposed for the future was gained from the meeting, which also served to ventilate the views of the commercial community on matters like dishonest practices which were the cause of increasing discouragement.

A note on the meeting was issued to members with circular No 203 of the 27th September.

Regional Advisory Committee.—Under directions of the Government of India, Ministry of Transport, there was set up in Calcutta, Bombay, Madras, Delhi and Gorakhpore, Regional Advisory Committees intended to act as a link between the railways and those concerned with the movement of commodities, so as to ensure the transport of essential goods in priority.

The Committee appointed in Calcutta started their work on the 15th April and, until their task lessened somewhat a short while ago, held almost daily meetings to decide how wagons were to be allotted into the various sub-classes of goods within the priority schedule; for what movements special priority was merited ; and how in fact the needs of commerce and industry could be met from the transport available. Applications for wagons sent to the Regional Controller of Priorities, who is the ex-officio Chairman of the Committee, automatically came under their survey and movements in the best interests of trade and industry were advised, on the basis of which the railways drew up schedules of priority traffic quotas in classes I, II and III, re-adjusting these from time to time as the need arose.

The Chamber has long recognised the want of revision in the system of rail movement of goods, for there has in the past been no certain movements except in class I priority. It was important to ensure therefore that, as far as it lay in the Chamber's power, the Regional Advisory Committee in this area worked to good purpose. To that end arrangements were organised in the Chamber to sustain representation of the Chamber interests on the Committee and promptly submit the numerous hardship cases passed through the Chamber, particularly in the earlier stages of the Committee's activities.

With the able and untiring assistance of the panel of five representatives appointed by the Chamber, who attended the meetings for a week in rotation, that object has been achieved to the fullest extent to be expected under conditions of rail transport

as they were in 1948. This measure of success appears largely due to the attention the Advisory Committee paid to factors such as seasonal movements, the co-ordination of demands on the railways by Associations or groups of trading and industrial interests, and the consideration of special cases not provided for within the railways' priority scheme.

Members were kept in touch with this work by the issue of directives from the Chamber and copies of the traffic quota schedules as they were published by the E. I. Railway and B. N. Railway.

The Chamber's panel was composed of the following gentlemen :—

Mr. D. C. B. Pilkington
" N. S. Coldwell
" P. H. Sykes
" K. R. Reynolds
" C. I. M. Arnold

Mr. Reynolds, who has gone on leave to the U. K., was recently replaced by Mr. H. Mackay Tallack.

Informal Quarterly Meetings between Railway and commercial representatives.—Railway and commercial representatives continued to meet periodically during the year to discuss their several problems. The over-all transport position, which has caused considerable anxiety to all concerned in the past twelve months, added to the value of these Informal Quarterly Meetings, where matters over which the railways serving Calcutta have control are reviewed. Certain subjects were brought up at these meetings consistently, as for instance difficulties in the booking of "smalls" and views were ventilated on such important matters as congestion at clearing points, and delays in wagon turn-round on the railways, more especially the position at Shalimar Goods Shed. The action taken on these two matters is separately reported.

Taking the work of the Informal Quarterly Meetings as a whole, the practical use of these contacts between the railways and commercial interests has been well evidenced in 1948.

Congestion at the Shalimar Goods Shed and Yard : Inspection Committee.—On the 1st September the Commercial Traffic Manager, B. N. Railway called the attention of the Chamber to serious congestion at the Shalimar Goods Shed giving rise to delay in the unloading and release of wagons in the Yard. This state of affairs appeared to be largely due to slow clearance caused by shortage of petrol for clearing agents serving the Yard. At the same time the B. N. Railway proposed for discussion at the 52nd Informal Quarterly Meeting that Chambers of Commerce should depute representatives to visit the important Goods Sheds in the Calcutta area with a view to inspection and report on their impressions of the general conduct of railway staff and steps to be taken to expedite the turn-round of wagons.

The proposal was welcomed by the Chamber Committee, who rather than send an individual representative to visit the Shalimar Yard as the Commercial Traffic Manager had suggested, preferred that such inspections should be on a properly organised and official basis with the knowledge that the railways would take note of the comments and recommendations of any commercial body undertaking this duty.

As regards insufficient petrol for clearing goods at the yard, that side of the question was dropped because the Railway took the view that facilities for clearing agents was a matter for the Chamber to tackle. The Chamber could not entirely agree with this point because the B. N. R. had a strong case for augmented supplies in view of the operational difficulty so caused.

The outcome of the B. N. R's proposal was the appointment of an Inspection Committee consisting of one representative from each of the five leading Chambers of Commerce in Calcutta, who began their work at the end of November. Preliminary visits to the Goods Sheds at Shalimar and Chitpore with a view to a joint enquiry into conditions at those clearance points were arranged during December and notes taken on matters requiring particular investigation. They proposed to look into such difficulties in the course of later visits when all the important Goods Sheds in the Calcutta area had been generally inspected.

Mr. G. N. Blaker of Messrs. Bird & Co. is the Chambers representative on this Inspection Committee.

Free time for the unloading of wagons.—As is mentioned above, the reduction of the free time for unloading of wagons from 9 to 6 hours and the treatment of Sundays as working days for demurrage purposes, came up for discussion with the Commissioners of Railways in September pursuant on a representation made by the Chamber to the Railway Board. A number of factors combined to make this rule burdensome to industry without achieving the speed in the turn-round of wagons the Railway Board had expected as a result. In addition to such matters as untimely placement of wagons, lack of pilots to work sidings, or late arrival of the shunt, the provisions in the Factories Act disallowing Sunday work unless notice to that effect is given to the Inspectorate on the previous day or displayed in the factory itself, meant that unloading arrangements on Sundays could not be made when wagons were placed late on the previous day. This point was given the special consideration of the Commissioners, who thought the position might be remedied through suitable amendments in the Factories Act.

While the Chamber was inclined to think when these difficulties were considered that a revision to the nine hours free unloading time, together with a proportionate increase in demurrage rates, might be more satisfactory all round, the matter has not been pressed. All the facts have been made known to the Railway Board and it remains to be seen whether the expected improvements in the rail transport position permit the relaxation of this rule.

Booking of Smalls.—In the course of the Chamber's meeting with the Chief and Financial Commissioners of Railways, attention was drawn to the inadequate facilities available for the movement of smalls, and to the resultant accumulation of these consignments in Calcutta. The Chief Commissioner appeared to approve of the suggestion that special arrangements should be made for this type of traffic either by the attachment of additional parcels wagons to existing passenger trains, or by the running of special goods trains; but be pointed out that it would first be necessary to ascertain the volume of traffic offering and the destinations to be served. Since the matter had been raised by the Calcutta Import Trade Association, the Chamber delegated this enquiry to that Association, who accordingly circularized their own members, as well as members of the Chamber and such its connected Associations as were interested. On the basis of the replies received, the Import Trade Association forwarded to both the E. I. and B. N. Railways statements of the amount of smalls traffic awaiting despatch from Calcutta, and the various stations to which it was to be consigned.

The outcome of these representations was that during the period October/December the E. I. Railway ran five special trains for the movement of smalls from Howrah to selected stations in Bihar and the United Provinces, while in November the B. N. Railway initiated a programme of weekly goods, specially from Shalimar to selected stations on the East Coast.

In has recently been reported by the Railways that in some cases full advantage has not been taken by the commercial public of these special arrangements. The Chamber has recently urged all members to remedy this complaint.

Claims against Railways.—When discussing railway matters with the Chief and Financial Commissioners of the Railway Board in September, the Chamber took the opportunity to mention the prevailing dissatisfaction with the unresponsive and dilatory handling of claims by the railway departments concerned. This is an old complaint which has been brought up at different times in correspondence with the Railway Board, or investigated at the Informal Quarterly Meetings—a method of approach to the question which the Board recommended in 1946. The results until recently were generally disappointing. But as the Commissioners also advocated joint action between commerce and the railways to remedy the matter, it was agreed that the Chamber should furnish the General Managers of the railways with more particulars.

The great number of the claims referred to the Chamber by members when they were advised of this arrangement were found to be in connection with consignments despatched on the railways of undivided India. Instructions were later issued from the Railway Board for dealing with this category of claim by the railways, with a view to their early settlement, which the Chamber suggested that members should follow up individually. Lists of members' post partition claims were sent to the General Managers of the respective railways, whose intervention was requested.

In the case of the General Manager of the E. I. Railway the investigation was taken up promptly. He has kept the Chamber advised constantly of all that had been done and was being done to dispose of these outstanding claims. It has been noted with much satisfaction that many of them have been settled, or claimants informed why their claims were not admissible. In some instances it has been necessary to refer cases to other railways, and further action depends upon the response received; but it is expected that the majority of claims will be cleared up one way or another in the near future.

To guide members when they have claims to enter, the Chamber—which is unable to undertake the work of folllowing up such cases as a general rule—obtained and issued to members information on the set up of the organisations of the E. I. R; B. N. R; and Assam Railways handling post-partition claims.

Consignments lost in transit.—Although it is not the usual practice of the Chamber to refer individual difficulties to the Railway Board, a case of the loss of five wagons was taken up with the Board in February because it revealed a lack of co-operation between the railways handling the consignment, which was clearly the concern of the Board. These wagons had got side-tracked in transit to Lahore and all the efforts of the despatching railway to get news of them from the "foreign" consigning railways had been unsuccessful. The Railway Board promised the Chamber that the attention of railway administrations was being drawn to the need for a common effort in tracing lost consignments; but at the end of the year the position was still the same, inasmuch as the despatching firm could get no satisfaction from the railway administration to which the goods were consigned and the wagons had remained untraced for nearly two years.

The Chamber reminded the Railway Board of their previous assurance and pressed for an investigation into this example of non-cooperation by the railway concerned, in order that the whereabouts of the wagons could be finally ascertained, or a claim entered for the value of the goods at an early date.

Railways: Booking of Consignments from Sender to Self.—The views of the Chamber were invited in May on a proposal of the Chief Commercial Manager, E. I. Railway, to suspend the option of booking consignments to self, permitted under rules

43-44(7) of the I.R.C.A. Goods Tariff, and to frame a new rule whereby consignments would only be accepted for despatch when booked to an individual, firm or corporation by name. In this way it was hoped to relieve heavy congestion in the goods and parcel sheds and slow-down of wagon turn-round due, it was alleged, to delays on the part of merchants in releasing the railway receipts for such consignments.

The opinions of the Chamber interests differed considerably on the usefulness of abolishing the rule in order to accelerate clearance and improve wagon turn--round. The system of booking consignments to "self" was generally valued also for the safeguards it afforded and its facility in securing advances against banks. The Chamber Committee therefore asked the Chief Commercial Manager to fix a date and time for a meeting with the interests concerned, so as to arrive at some arrangement which would retain the advantages of the present system and remove the main objections to it.

The proposal was eventually dropped because of the weight of opinion against amendments in the procedure.

Railway receipt weights.—In consultation with their Railways Sub-Committee, the Committee of the Chamber considered whether a claim lay against the railways for a discrepancy in the weight of a consignment on arrival at destination and the weight shown on the railway receipt.

Pilferages from packages en route, which are not outwardly evident, are a common difficulty and in April a member had asked the Chamber to suggest a solution, since the railways contended that the weight of goods given on the railway receipt is merely for the purpose of estimating railway charges and conveys no admission that the weight received is correct.

In the opinion of the Chamber Committee the onus must rest on the consignor of so packing the goods that if they were tampered with it would be obvious from the outside.

Notice of arrival of goods by rail.—Both the E. I. and B. N. Railways evolved a system in the course of the year to ensure that consignees were not charged demurrage on goods lying at stations

because of incorrect statements of the railway staff that the consignment had not arrived. The arrangement is that when railway receipts are presented for delivery and the goods have not arrived, the railway staff should be asked to make a note to that effect on the R/R. Erroneous entries free consignees from liability to demurrage, provided no written notice of arrival has been sent to them from the Railway. In order that such notices can be sent, consignees have been advised to leave an addressed postcard with the railway staff when they find on going to the station that the goods have not been received. Wharfage or demurrage accrues from the actual date of arrival, after allowing for the usual free time granted, not from the date of the notice of arrival.

Indemnity Bonds for lost Railway Receipts.—Informal enquiries were made from the General Manager, E. I. Railway, in regard to the correct procedure for presenting an indemnity bond, satisfactory to the Railway, in respect of lost railway receipts. In a case brought to notice the Goods Supervisor had refused to accept indemnity bonds in place of lost railway receipts unless they were signed by a surety. On the other hand the firm's bankers were prevented from signing indemnity bonds owing to the Exchange Bank regulations. Because of this impasse the goods could not be cleared and demurrage had accrued.

The General Manager made it clear to the Chamber that the signature of a bank on an indemnity bond was not necessary if there were furnished the surety of a firm of reasonable standing. Some discretion in the acceptance of sureties is unavoidable to safeguard the Railway, and it is on that account that the privilege is extended only to firms and parties of recognised standing.

MARINE

The Bombay, Calcutta and Madras Port Trusts (Constitution) Amendment Act.—This legislation was introduced by the Minister of Transport and passed during the Autumn Session of the Constituent Assembly. Its first purpose was to increase the representation of Indian commercial bodies on the Port Trusts, but at the same time it made provision for labour to be represented on the Commissions of the three ports and to secure some uniformity in the representation granted to provincial governments, municipal corporations and like bodies. The latter representation is specified in the Act; but it was left to Government to prescribe the allocation of the elective seats on the Port Commissions by subsequent notification.

Representation of commerce and industry is from the viewpoint of these interests the most important effect of the Act, but no criticism on the part of the Chamber Committee and their Shipping Sub-Committee appeared necessary until there were definite indications of Government's intentions in respect of the allocation of the eleven elective "commercial" seats on the Calcutta Port Commission. Proposals so far made by Government are only tentative; they are, however, regarded as very unsatisfactory, in that among the three leading Calcutta Chambers to whom the seats have been allotted, this Chamber would, if these suggestions were followed up, hold only three as against the six seats on the Commission it holds at present. Moreover, the three Chambers are expected to provide additionally for rotational representation on the Port Trust, through these eleven seats, of as many as ten other organisations, some of them with their headquarters in Bombay.

The proposed provision for the weight of the interests in the Chamber is clearly inadequate. Jute manufacturers and jute by themselves form a large part of the total exports from Calcutta and together with another major industry connected with the Chamber, namely tea, comprise the vast bulk of the export trade on this side of India. Added to these is the high percentage of coal bunkering and export, imports, stevedoring, river transport and various other interests who look to the Chamber for their representation on the Port Trust. Then too, practically all ship owners, both Indian and non-Indian, are Chamber members and/or members of the affiliated bodies, the Calcutta Liners Conference and the Calcutta Continental Conference.

The Chamber Committee represented the position directly to Government, firstly in an interview arranged with the Hon'ble Minister of State for Transport and Railways in the course of his visit to Calcutta in December last, and recently in a letter addressed to the Ministry of Transport. According to the Hon. Minister's personal assurance to the Committee, any reasonable suggestions designed to attain the best representation

all the major interests affected and to afford the Port Commission the best experience and advice available, will be given Government's consideration. In the light of this statement the Chamber has recommended the division of the eleven seats as follows:—

Bengal National Chamber of Commerce	...	3 seats
Indian Chamber of Commerce	...	3 seats
Bengal Chamber of Commerce	...	2 seats
Indian Jute Mills Association	...	1 seat
Indian Tea Association	...	1 seat
Indian Mining Association	...	1 seat

Light Dues.—Under the proviso to section 10(2) of the Lighthouse Act, 1937, light dues paid in respect of a vessel entering a port in British India were not chargeable for the same ship entering any British Indian Port within a period of 30 days. Despite the changes introduced in the Act on partition, this arrangement continued by agreement between India and Pakistan until recently, when each Dominion undertook the separate collection of light dues and abolished the free period of 30 days as between ports in India and Pakistan.

The maritime Chambers in the Associated Chambers of Commerce of India agreed that, on the grounds of hardship to shipowners, there was a good case for an approach to the Governments of India and Pakistan for either a reduction in light dues, or a return to the previous practice by which payments made to one or the other Government covered all liabilities for dues in both countries for the full 30 days. At present ship owners are paying double dues if they call at a port in either Dominion during that time.

Representations from the Associated Chambers were submitted to New Delhi and Karachi. Subsequently it was learned that the question of a common coastline for the purposes of shipping serving India and Pakistan was being examined at high level between the two Governments. Consideration is likely to be given to the suggestions of the Associated Chambers in regard to light dues once certain general matters concerning the coasting trade of India and Pakistan have been settled.

Control of Shipping (Amendment) Act, 1948.—Under this amending Act the validity of the Control of Shipping Act, 1947, mentioned in the 1947 Report, was extended until March 1950. That amendment also made it necessary for *all* shipping to be licensed if engaged in the coastal trade of India—now defined under the amending Act—but no direction of non-Indian shipping was contemplated other than within the original Act, which covered only priority in taking passengers and cargo from one port of India to another. The Chamber was doubtful whether the term "continent of India" used in Section 4(a) to define the coasting trade of India, covered the coast-line of India as it was before the 15th August, 1947, or whether it excluded Pakistan and islands such as the Andamans.

Government enlightened the Chamber on this point by explaining that the term "continent of India" was introduced to ensure that the Act applied to the entire coastline of India, including the foreign possessions, and included Pakistan. Islands such as the Andamans are part of India and therefore trade between a port in India and the Andamans is coasting, not foreign, trade.

Calcutta Port Pilotage Act, 1948.—Control over pilotage in the river Hooghly was transferred to the Commissioners for the Port of Calcutta under the above Act, which was published in April. The responsibility for pilotage administration up to then rested with the Central Government, while the Calcutta Port Commissioners have cared for the conservation of the river. Neither the Chamber Committee nor the Shipping Sub-Committee thought it necessary to comment on this new combination of powers in the hands of the Port Commissioners, since the results could only be judged by experience.

A further reference to the pilotage position on the Hooghly is made below.

Pilots and pilotage.—Measures to strengthen the port pilotage service in Calcutta were given the urgent attention of the Chamber Committee and their Shipping Sub-Committee on it being apparent early in November that shortage of trained pilots to handle shipping in the Hooghly River had become a serious problem. It was disclosed at a meeting of shipping interests with officials of the port in October that the service was reduced to about

half its normal strength, and although recruitment was proceeding, the minimum period of training, even in the case of mercantile marine officers with 2nd mate's certificates, was not less than 2½ years. Thus no immediate relief could be expected from these arrangements.

Because of the gravity of such a situation in Calcutta, where commerce and industry are increasingly dependent on adequate port facilities, the Chamber suggested to the Port Commissioners that steps might be taken in two directions; firstly, long term planning of recruitment to the service, and secondly recruitment on a temporary basis to meet the present emergency. With regard to provision for the future, the Chamber was willing to help in the solution of the difficulty once the Commissioners' consideration of the position had reached the point where the knowledge and experience of the shipping and commercial interests in the Chamber could be utilised. As an immediate remedy, the Chamber proposed recruitment of men on a temporary basis, either ex-pilots or chief officers and junior masters, mercantile marine personnel who by dint of association with pilots, acquaintance with the Hooghly and skill in navigation, etc., might, if carefully selected, be able to pilot vessels on the river after intensive training for six to twelve months. Success in attracting able and qualified men for such emergency service would depend, the Chamber thought, on the offer of remuneration compensating for the temporary nature of the work.

Two other suggestion put forward were :—

(1) the release of branch pilots in charge of the two pilot brigs, which now might be put in charge of ordinary master mariners ; and

(2) the movement of vessels from Calcutta to Budge Budge and vice versa to be in the charge of the Harbour Masters.

These suggestions were discussed in a letter, received from the Chairman of the Port Commissioners in January of the current year, which also explained the pilotage position when control of the service was handed over to the Calcutta Port Commissioners under the Calcutta Port (Pilotage) Act, 1948. The Commissioners were fully aware that the service as it stood on the date of the transfer was inadequate to cope with the shipping using the port and no time was lost in tackling the problem both from its short-term and long term aspects. As regards the latter, more attractive rates of remuneration were offered to candidates with 2nd mate's certificates and to Dufferin trained candidates. The period of training was also shortened in the case of the first category of candidate from 5 years to 2 years and 5 months, by dispensing with the period of duty as officers of pilot vessels. Since taking over, the Port Commissioners had recruited a number of apprentices and others were expected to join in a short while.

For immediate purposes the services on contract of several physically fit ex-pilots were likely to be secured and there were prospects of similar arrangements with others. It was not agreed, however, that the Chamber's ideas on the recruitment of chief officers and junior masters were feasible or necessary, since mercantile marine personnel with these qualifications had no more experience of pilotage on the river than men with 2nd mate's certificates. A period of 6-12 months training for master mariners was considered too short in view of the changes that take place in the river Hooghly from season to season: knowledge of two complete cycles of changes of the river conditions was considered essential and it would, in the Commissioners' opinion, be hazardous to reduce training to anything below 2 years.

As regards (1) above, the effect of the Commissioners' reply to this point was that, while at first sight the services of a senior pilot on pilot vessels might seem unnecessary, his duties required experience as a pilot and he was additionally in charge of the training of apprentices. Arrangements were being made to appoint ex-pilots not fit for active pilotage to this work.

With reference to (2) the suggested change had been attempted in the past, with unsucessful results; but in any case it was not considered advisable to stengthen one service by depleting another. Reasons were also given why special remuneration for temporary recruitment was undesirable, not from the point of view of economy, but as a matter of policy. The position, it was thought, did not warrant these measures.

The careful consideration of the Chamber's Shipping Sub-Committee was given to these points. They were not fully

satisfied that all practicable steps had been taken to meet the needs of shipping, whose costs on account of delays in the river were computed to be in the region of £½ million annually. Joint discussion of the problem between the Port Commissioners, the shipping interests and the pilot service was proposed and took place on the 19th January. The position is still engaging the attention of the Chamber in the light of this discussion.

Congestion of the Port of Calcutta: Wharf Rents.—When the year opened the Calcutta docks where working under conditions of extreme congestion, and this situation, despite the best efforts of all concerned, showed no sign of improvement during the ensuing months. By July, 1948 the accumulation of cargo in the port had reached such serious proportions that the Port Commissioners, in an attempt to force consignments out of the docks, imposed treble rent charges on all uncleared cargo from the U. K. on and after the 10th day after the Common Landing Date. Since the circumstances preventing prompt clearance—such as railway restrictions, Customs delays, and lack of godown space—were very largely beyond the control of importers, the imposition of extra rent charges provoked an immediate outcry from the business community. A meeting of importing interests, Customs representatives and members of the Port Commissioners staff was therefore convened and was attended by a representative of the Chamber. On that occasion the Port Commissioners emphasized the serious interference with the daily working of the port which was involved in the congestion of cargo, while the business representatives contended that it was unfair to penalize importers for deficiencies caused by circumstances outside their control. After a careful analysis of the entire situation, the Port Commissioners stated that they were unable to abandon the levy of treble rents; but at the same time they put forward a new scheme whereby treble rent would be charged only on certain specified bulky items, irrespective of their country of origin, and only after a prior announcement had been made, as a result of a scrutiny of the manifests of incoming steamers, to the effect that certain definite consignments would be chargeable at treble rates in the event of their non-clearance by a given date. This modified system was put into operation during August and remained in force for the rest of the year under review.

As a result of the above-mentioned meeting, it was also agreed to set up a special Port Clearance Committee, comprising representatives of the Port Commissioners, Customs and the business community, charged with the task of devising measures to expedite the clearance of imports from the docks. The Chamber was represented on this body by the Chairman of the Calcutta Import Trade Association ; and the co-ordination and minor procedural improvements which the Committee were able to effect went some way towards relieving the situation at the docks. In addition, the Port Commissioners made arrangements for the storage of import cargo in the open at specially reduced rates ; and in December they improved the procedure allowing importers, in appropriate cases, to claim special concessional rates of wharf rent.

Partly as aresult of the congestion of the port, the danger of pilferage was greatly aggravated. In this connection the Port Commissioners' Anti-Pilferage Committee, which was set up during 1947 and continued to function throughout the year under review and on which a seat was allocated to a representative of the Chamber, did good work in improving security measures and succeeded in effecting a number of important arrests.

Hooghly River Drafts.—Because of reported deterioration in the depth of the Hooghly channel needed for deep draft outward bound vessels, and because the export trade of Calcutta is regaining its prewar importance, the shipping interests in the Chamber and the Port Commissioners went into the question of necessary improvement at the beginning of June. From a comparison between the maximum outward drafts in the years before the war and those available for shipping in the last few years, deterioration seemed to be progressive at a rate which might soon close the river to any but light draft vessels.

The answer of the Port Commissioners to the Chamber's request for more information threw light on the task which the Port Commissioners have had to face since the war. It seems that during the war, when Calcutta was an operational base, inward bound vessels bringing war stores had to be specially catered for, while outward bound vessels were mostly operational and light draft, ; so that once Calcutta began to return to pre-eminence as a port of export a different dredging programme suitable to the requirements of outward bound ships had to be reverted to. The Commissioners did not think the general trend of the river could be judged from the published drafts, as fluctuations in the

drafts at the various bars had to be expected in a river like the Hooghly and no permanent reduction in the drafts obtainable was indicated.

In addition to the revised dredging programme, a scheme came into operation on the 1st August with the approval of the shipping and pilotage interests, whereby alternate dates of the month are allotted on which outward bound vessels are given right over incoming ships. On these dates vessels steaming outward are called upon to broadcast the times at which they will be crossing the Eastern Gut Bar, in order that inward bound ships can give them a clear passage. In this connection it was agreed that there should be no interference with the principles of pilotage practised on the Hooghly where a ship steaming with the tide or current holds right of way over one steaming against the stream.

Kidderpore Dry Docks.—On the advice of their Shipping Sub-Committee the Chamber Committee called the attention of the Calcutta Port Commissioners to complaints against the condition of the Kidderpore Dry Docks Nos 1 and 2. According to the report of the Surveyor of Lloyd's Register, the state of these dry dock bottoms had been worsening at each successive docking and conditions were so serious that unless they were soon remedied docking inspections might have to be suspended.

The insanitary state of the dry docks was said by the Port Commissioners in their reply to be due to heavy rain washing sludge from the dock side into the bottom of the dry dock and low steam pressure in the drainage pumps. The Chamber was assured that urgent steps had been taken to overcome both these difficulties and to ensure that the dry docks were henceforth maintained efficiently.

Excess Booking of freight.—The Calcutta Baled Jute Association approached the Chamber on the subject of losses incurred by jute shippers on shipments delayed because of excess booking by shipping companies. It was contended that with the marked decrease in the availability of freight for the export of raw jute, overbooking by shipping companies and consequent shuts-out of cargo were becoming a serious question for jute shippers, whose losses on this account should be borne by the shipping companies.

The Chamber Committee and their Shipping Sub-Committee thought the logical corollary to the freight booking position of which the Association complained was that shippers should pay dead freight. But in any case the only instance of tonnage shortage known to them was on the U. K. berth at the end of December 1947, when owing to a Government order the Lines had given priority to Government vehicles. Apart from this, the experience of the Lines was that shippers had recently been short shipping on an unprecedented scale, a position which had even applied, in some degree, to the Calcutta/U. S. A. berth, which was normally well covered by tonnage. When shuts-out occurred, the Association was informed, they were generally due to late arrivals of cargo and/or late submission of shipping documents.

Handling and delivery of bagged cargo.—Answering an enquiry from the Madras Chamber of Commerce, the Chamber—after referring it to the Shipping Sub-Committee—advised that the practice of the Calcutta Port Commissioners was to stack bagged cargo according to marks and according to the Commissioners' rules damaged bags should be stacked separately. The latter ruling was not always observed and a certain amount of trouble was experienced for that reason.

Salt Charter Parties.—A member asked the Chamber for a ruling on the question of whether, in respect of vessels chartered to carry salt, such vessels were put "off time" when the last basket of salt had been unloaded, or from the moment all scales and stevedores' gear were removed from the ship.

The view of the Chamber, confirmed by the Shipping Sub-Committee, was that unless Charter Parties otherwise provide, the practice recognised for years past in Calcutta of putting vessels "off time" simultaneously with the discharge of the last basket of salt could be established as the custom of the port of Calcutta.

Merchant Navy Officers Training Committee : Questionnaire.—With the guidance of their Shipping Sub-Committee, the Committee of the Chamber dealt with a questionnaire from the Merchant Navy Officers Training Committee, which had been referred to the maritime Chambers in the Associated Chambers of Commerce of India. The report for last year contained a summary

of the Chamber's reply to an earlier questionnaire concerning the training of candidates preparing to serve as officers in the Indian Merchant Navy. These later questions were confined to such matters as the ability, standard of intelligence and general response to training of Indian merchant seamen and were answered on the basis of the experience of the shipping interests associated with the Chamber, who have had dealings with various types of Indian labour employed at sea. A generally favourable report on the capabilities and opportunities of Indian merchant seamen was given.

Public Holidays : Charter Party Holidays.—The following explanation of the connection and difference between "public holidays" and "Charter Party holidays" was given to members in May in order to clear up an apparent doubt.

Public holidays are fixed by Government each year under the Negotiable Instruments Act, 1881. Charter Party holidays are those of the Public holidays which the Chamber declares to be holidays under Shipping Orders and Charter Parties. The authority to do so was vested in the Chamber by a resolution carried at a Special General Meeting held on the 5th December, 1888, and from that time these holidays have been recognised as holidays according to the custom of the port.

It may be noted that all Public holidays are not necessarily Charter Party holidays, although all Charter Party holidays are Public holidays. In other words, the connection of the two classes of holidays as far as shipping matters are concerned exist only to the extent that Charter Party holidays and Public holidays are equally holidays under the Act. For the purposes of entry at the Port of Calcutta, Charter Party holidays alone are recognised unless the Charter Party contains a clause making Public holidays applicable. In that case all holidays under the Negotiable Instruments Act are shipping holidays on the arrival of the vessel in Calcutta.

CUSTOMS

Inter-Dominion Agreement : Movement of goods to and through Eastern Pakistan.—The Chamber watched with interest the developments of trade between India and Pakistan after the standstill agreement came to an end in March and customs regulations, export and import restrictions and duty were imposed in both Dominions.

In the absence of adequate administrative machinery, and in view of the complementary character of the economies of the two countries, this situation threatened to produce on early and serious dislocation of economic life; fortunately two Inter-Dominion Conferences were held within the next few months—in Calcutta and Karachi during April and May respectively—and the agreements reached there, together with the regulations later issued to implement them, considerably modified the shock of partition. Broadly speaking, the Calcutta agreement may be said to have dealt with the administrative barriers to trade—customs, transport, communal distinctions etc; while the Karachi agreement laid down the various quantities of scarce goods which each Dominion was prepared to export to the other. Action taken as the result of the Calcutta agreement was reviewed at an Inter-Dominion Conference held in December when it was decided to make a renewed effort to accommodate the trade of the two countries.

Two of the commodities of most importance to trade in Bengal are jute and tea. A summary of the regulations which now apply to the movement of these two staples; and the arrangements which have been made with regard to goods in transit through either of the Dominions; as well as the rules relating to sundry less important commodities and general application of customs procedure, was made in a note sent to members with Circular No. 242, dated the 1st. December. Broadly speaking, arrangements in regard to jute are not generally open to objection except in so far as they are inefficiently administered. Tea has at present some difficulties, inasmuch as transit to and from the tea gardens in North Bengal and Assam is through Eastern Pakistan and goods are subject to delay and pilferage en route, attributed to railway inefficiency. The direct railway line from West Bengal to North Bengal and Assam now in the process of construction is likely to remove many of these difficulties.

The Chamber's note and general conclusion that there seemed no immediate need for action on the part of the Chamber unless these arrangements worked unsatisfactorily, brought forward a strong complaint from members about the procedure of the land customs in West Bengal. Although the Chamber had been

reluctant to protest while the agreed arrangements were being worked out, hoping that difficulties would be remedied by experience, the facts of the position disclosed in these reports made it obvious that the land customs machinery, which was complicated from the start, had become so involved through constant revision and amendments that the commercial community could not cope with it. The customs staff themselves seemed unable to deal with the pressure of work created by all these regulations and there were inevitable delays, frustration and loss of business as a result.

Most of these complaints arose in connection with the passage of goods through Pakistan to their destinations in India. The worst bottleneck was reported to be at Juggernath Ghat where obstructive regulations and inadequate customs staff meant hours and days of waiting before the formalities were completed.

The Collector of Customs, Calcutta was apprised of these and other causes of dissatisfaction very recently. The Chamber has recommended simplification of the whole land customs procedure to the end that the least possible worry and work should be entailed for all concerned in these day to day arrangements.

Exemption of insecticides, etc., from customs duty.—In October the Government of India (Revenue Division) exempted from customs duty imported preparations, as also the basic chemicals from which they are manufactured, commonly used in controlling pests and diseases of crops. This was introduced as an experimental measure, designed to promote agricultural production in India and subject to certification by the importer, within six months of the import date, that all such chemicals or chemical compositions had been used for the purposes of agriculture alone.

The intention behind this arrangement could not be disapproved; but according to the chemical interests in the Chamber, the procedure for carrying it out was too complicated to be practicable. Apart from the fact that certain preparations have various uses not necessarily agricultural, they considered, and the Chamber agreed, that it was patently impossible for large suppliers to guarantee that every individual purchase, outside those by Government or large commercial organisations, was put to its proper use, or that chemicals imported for the composition of insecticides, fungicides, weedicides and so on, were in fact so employed.

In a letter to the Plant Protection Adviser, Government of India, the Chamber suggested at the end of December that having in view the question of tariff protection for the several useful preparations made in India, and in order to simplify the scheme until the position had received ample consideration, the customs rebate should be confined to special anti-pest and plant disease products, or that only the chemical content of general insecticides, etc., should be tax free, not the diluent or packing. It was also the Chamber's view that the period for claiming rebate should be at least twelve months, otherwise surplus stocks carried over from one season to the next would be time-barred.

A reply to this representation had not been received when this report went to press.

Annual revision of tariff values for 1949.—In accordance with the practice of previous years, the Chamber and its connected interests considered the provisional tariff rates for 1949. The following suggestions were made to the Director General of Commercial Intelligence and Statistics:—

(1) No increase in the rate for iron and steel scrap should be imposed because of the present shortage of this material in India for remelting.

(2) The duty on linseed oil—raw or boiled—should not exceed Rs. 5/8/- per gallon.

These were straightforward revisions not requiring the usual discussion between the Director and representatives of the Chamber.

In September the Chamber opposed on behalf of the chemical, paper and import interests associated with it, a proposal to abolish the existing tariff classification of caustic soda, for the reason that, taking the position as a whole, the rate of duty would be so increased on the bulk of caustic soda imports into India.

Manganese Ore.—The position of exports of manganese ore engaged the attention of the Chamber from time to time after a

25% *ad valorem* export duty was imposed under the Finance Act of 1948. This reduction from the Rs. 20/- per ton duty originally proposed by the Finance Minister was accompanied by a promise when the Act was passed that it would be reconsidered if ill effects resulted from it, as was generally feared. In actual fact the tax was reduced from 25% to 15% *ad valorem* early in April. But about the same time the Railway Board proposed to increase rail freight on manganese ore from stations in the Central Provinces to Vizagapatam, Bombay and Calcutta by approximately Rs. 5/-, Rs. 9/- and Rs. 13/- per ton respectively, meaning that with 15% export duty plus increased freight, the situation as represented to the Chamber by the industry, was no better than before, rather the worse in Bombay and Calcutta where charges on exports would be equivalent to a duty of 32% and 40% in each case.

The Chamber's representation of the position to the Indian Railway Board disclosed that in order to encourage exports of manganese ore from Vizagapatam, because it is the most suitable port from the point of view of rail movement, the revised freight rates to that port were fixed at approximately 20% below the wagon load tariff rates, a reduction which the Board considered in proportion to the bearing capacity of the traffic. As regards traffic to Bombay and Calcutta, the Board were not willing to consider reduction in the rates under existing transport conditions.

Pending the fixation of destinational quotas for exports of this commodity which, it is understood, is contemplated by Government, shipments to certain specified countries, including the U. K. and U. S. A. are being continued, according to a notification of the Chief Controller of Exports issued in September, provided evidence of a prior contract is given and other formalities completed.

Payment of duties, taxes etc.: Payment to Customs Authorities.—In January the Indian Jute Mills Association referred to the Chamber the suggestion that the existing procedure by which payments in respect of Customs duty must either be deposited with the Customs authorities in cash or paid by banker's cheque in favour of the Collector of Customs was a dilatory and inconvenient process. They enquired whether it might be replaced by the direct payment of cheques from the parties concerned to the Customs, as is done in the case of payments to the Reserve Bank of India or the various taxation authorities, for Central or Provincial Government dues.

Enquiries on this point directed by the Chamber to connected Associations elicited a diversity of views. Whereas in some cases the proposal was given general support, members of other Associations were opposed to the change in procedure. To them it was unjustified on the grounds of delay and also because payment of duty without the intermediary service of banks, would necessitate the keeping by the Customs of an approved list of firms, companies and individuals, after reference to the banks for confirmation of the credit standing of each party to the transaction.

In the light of these different opinions, and as it appeared that a number of firms were in fact experiencing delays under the present procedure, the Chamber placed the matter before the Collector of Customs, who replied that the existing procedure has the approval of Government and the concurrence of the Reserve Bank of India. It not only provides a safeguard against risk of loss of revenue to Government, but also affords a facility to trade, inasmuch as customs documents are released for clearance of goods without waiting for clearance of the cheques. At the same time it obviates the necessity for calling into question the reliability of individual firms.

No relaxation or change in the procedure was therefore considered desirable, and it was the opinion of the Collector that the exchange of cheques according to the Customs notice issued on the 21st June, 1940 should not take more than an hour's time at the most.

Customs procedure relating to import cargo.—During the year members made many complaints to the Chamber regarding delays and difficulties in the application of customs procedure to import cargo. In addition, the question of customs delays was of unusual importance because of its effect on the clearance of imports and the consequent congestion of the docks. The Chamber, working in close co-operation with the Calcutta Import Trade Association, was therefore continually active in making representations to the Collector of Customs and in suggesting improvements in the administration of his Department, and it is pleasing to record

that the Collector for his part proved himself to be consistently helpful and sympathetic. As a result of the correspondence and consultations which took place, three important alterations in customs procedure were effected :—

(1) At the beginning of the year it was found that 'blanket' import licences covering a number of different consignments, against which individual consignments were debited as and when they arrived, were retained by the Customs Department after their first presentation and were subsequently often lost or mislaid, thus producing considerable delay when later packages were landed. On representations being made on this subject, the Collector agreed that it would be better to return such licences to importers after each consignment had been debited against them. This change became effective in August.

(2) In order to expedite the repayment of overcharges, the Collector suggested the submission of Bills of Entry in triplicate. This proposal, after careful consideration, was approved by the Chamber and was put into practice.

(3) To enable customs documentation to be completed by the time of the unloading of cargo, the Collector in August extended from 7 to 14 days the privilege of prior entry of shipping documents.

POST & TELEGRAPHS

Telephones.—Through the good offices of the representative of the Associated Chambers of Commerce of India on the Telephone Advisory Committee, the Chamber had succeeded by the end of September in securing telephone connections for a number of members who had been particularly inconvenienced by lack of them.

As it happened, nothing was gained from these arrangements because the destruction of the Central Telephone Exchange in Calcutta by fire on the night of the 26th October completely disrupted telephone communications in the business area of the city. That was followed by rapid organisation in the Chamber of arrangements to assist the Post and Telegraphs Department of the Government of West Bengal to meet this disaster by linking up, in priority order, connections for business concerns with other exchanges in the Calcutta area. In the light of reports on the situation from the representative of the Associated Chambers of Commerce on the Telephone Advisory Committee, and with the help of the Telephone Sub-Committee formed immediately after the fire took place, the Chamber was able to make recommendations to Government ensuring as far as possible that temporary telephone connections would be allotted, first to essential services, public utility companies, shipping, banks etc.; then on the basis of one line for each of the previous five lines of commercial concerns equipped with PBXs. In the interim the Chamber devised and recommended to members a "telechit" system for quick written communications between office and office.

On the whole the emergency was met as satisfactorily as could be expected, having regard to the difficulties of the position, the urgent demands and the greatly increased load on the lesser telephone exchanges. Government propose to instal the new automatic system as soon as possible; but until then very little improvement in present arrengements can be anticipated. Although adjustments are still being made and two new exchanges have been organised, the load of traffic on the temporary system is, and will continue for some time to be, unusually heavy. The Chamber has urged member concerns on two occasions to restrict the use of their lines to the minimum and has recommended a system by which that can be done.

Proposed Postal development in urban and industrial areas—Early in the year a meeting of representatives of Chambers of Commerce in Calcutta was convened by the Postmaster General, Bengal Circle, to discuss the following proposals :—

(1) Provision of post and telegraph offices in selected business premises.

(2) Possibilities of extension of the cheque system in payment of dues both to the post office and the public.

(3) Extension of the system of the use of special journals by firms despatching large numbers of registered articles.

(4) Extended use of franking machines and the post box system.

The second item discussed—extension of the cheque system in payment of dues to the post office and the public—took shape in a scheme referred to the Chamber for views by the Postmaster General in October. In brief, the suggestion under consideration is that a cheque covering the total amount of money orders remitted by firms, accompanied by a list particularising each money order for issue, should be paid into the Post Office together with the m.o. forms duly filled in.

The issue of these cheques would be subject to the conditions of clause 37-A of the Posts & Telegraphs Guide which contains, *inter alia*, a specimen form of annual guarantee required from banks. This was the only feature of the proposals to which the Chamber raised an objection. The prescribed undertaking of banks to honour all cheques up to a stated amount, did not ensure that the *total* of *all* cheques drawn (accepted by the office and not presented) would not exceed the total amount of the guarantee. An additional clause in the guarantee providing that banks would only be liable to pay uncashed cheques up to that limit and that if at any time cheques had been accepted by the post office and had not been paid, the bank would not be liable over the guaranteed limit, was therefore suggested.

The question of acceptance of cheques from duly authorised firms without the bank guarantee was also raised on the suggestion of the Finance Sub-Committee.

As regards the last two subjects discussed with the Postmaster General, the Chamber is informed that these ideas have been proceeded with; but no details of the arrangements are forthcoming.

Telegraph messengers: Use of office lifts.—To speed up the delivery of telegrams the Postmaster General requested the Chamber's assistance in getting business establishments to extend the facility of their office lifts to telegraph messengers. If a general concession could not be granted, he proposed to introduce a system of lift passes for issue to messengers whenever necessary.

The response of members indicated general consent to the use of lifts by telegraph peons whenever this was not already the rule in their offices.

Cables from Calcutta to the U. K.—Referring to a representation from the Chamber of complaints against mutilation of coded telegrams transmitted to the U. K. from Calcutta, the Deputy Director of Telegraphs, Bengal, advised in August that instructions had been given to the staffs of telegraph offices to take the utmost care in the transmission and reception of telegrams, so as to minimise mutilations. These orders were made especially applicable to coded telegrams dealt with at the C. T. O. and improvement could reasonably be expected. The Chamber has not heard of any reason for complaint since then.

Additional deliveries on Sundays and Post Office holidays.—In answer to an enquiry from the Presidency Postmaster, Calcutta, the Chamber elicited from members their views on the usefulness of extra postal deliveries at mid-day and at 5 p.m. on Sundays and Post-Office holidays, so as to ensure the inclusion of all inward air mails received on such days.

Opinions were divided; but taking them as a whole a morning delivery on holidays was commended. Because staff did not normally attend office in the afternoon of holidays, an evening delivery was considered superflvous.

No additional deliveries of mail on holidays or Sundays have yet been put into practice.

MUNICIPAL

The Corporation of Calcutta.—It will be recalled from the 1947 Chamber report that representation of European business interests in the Calcutta Corporation was reduced in that year from six seats to one, in the case of the Chamber Constituency, and from four seats to one in the Calcutta Trades Association Constituency.

The election of Councillors in 1948 was not proceeded with because in March the Government of West Bengal took control of Corporation affairs under the Corporation of Calcutta (Temporary Supersession) Act, 1948, handing over administration to the Chairman of the Calcutta Improvement Trust. In the following April Government passed the necessary legislation for appointing a Commission to investigate and make recommendations on all matters connected with the Corporation's finance and administration.

On the 21st January, 1949 the term of supersession was extended for another year, that is up to the 31st March, 1950, by the passing of amendments to the Act in the West Bengal Legislative Assembly. Time is thus given to the Investigation Commission to complete their consideration of the future constitution, methods of elections to, and administration of the Corporation in Calcutta.

Elections are therefore not likely to take place for some months to come.

Gas Mantles for Street Lighting in Calcutta.—Supplies of gas mantles from the U. K. to India were stopped in the year under report as the result of the suspension by the Travancore Government of exports of monazite sand for use in the manufacture of gas mantles overseas and in the Indian provinces. Local manufacturers also had difficulty in obtaining supplies of thorium nitrate.

The seriousness of a shortage of gas mantles in Calcutta where most of the street lighting is by gas was urged on the Government of West Bengal, Commerce and Industries Department, who were asked by the Chamber to bring the position to the notice of the Central Government. It was reported that the Oriental Gas Company in Calcutta were called to discuss the matter with the Local Government but nothing has been heard so far of any action taken to adjust matters.

Thefts of motor vehicles in Calcutta and Howrah.—Further to the reference to this subject made in the 1947 Chamber report, the Chamber at the request of the Calcutta Insurance Association suggested to the Deputy Commissioner of Police, Detective Department, measures which it was thought would effectively check the inordinate number of thefts of accessories from parked motor vehicles reported to be taking place in the vicinity of the New Market and Lindsay Street.

Information was received in May that special action was being taken by the Police to stamp out the high incidence of thefts of motor accessories in the area of the New Market. Similarly, the position with regard to stolen motor vehicles was receiving attention and satisfactory results were expected.

Bus traffic in Calcutta—The Government of West Bengal, Home Department (Transport) addressed the Chamber stating that a conference under the Chairmanship of the Premier would be held on the 22nd March to discuss the proposal to increase the number of buses in Calcutta and run these through a public utility company.

Mr. Oakley of Messrs. Kilburn & Co. attended the meeting as the Chamber's representative. No definite recommendations emerged, but action was taken by Government in May to put on the main traffic routes a fleet of single-decker motor buses. The service is at present run by Government through a Transport Directorate.

MEMBERSHIP

The following have been provisionally elected to membership subject to confirmation at the next Annual General Meeting :—

CHAMBER MEMBERS

1. Agarwala Bros.
2. W. A. Beardsell & Co., Ld.
3. Bird & Co., Ld.
4. Blackwoods India Ld.
5. British Paints (India) Ld.
6. Cadbury—Fry (Export) Ltd.

7. The Calcutta Jute Agency Ld.
8. Eagle-Lion Distributors (India) Ld.
9. F. W. Heilgers & Co., Ld.
10. Gillanders, Arbuthnot & Co., Ld.
11. Gladstone, Lyall & Co., Ld.
12. Macmillan & Co., Ld.
13. Martin Burn Ld.
14. Sir Lindsay Parkinson (India) Ld.
15. Pinchin Johnson & Associates Ld.
16. Powers-Samas Accounting Machines Ld.
17. Rallis India Ld.
18. Scott & Pickstock Ld.
19. Shaw, Wallace & Co., Ld.

ASSOCIATE MEMBERS.

Messrs. The Comptoir National D'Escompte de Paris.

" Getz India Ld.

" Muller & Phipps (India) Ld.

" Singer Sewing Machine Company.

" United Liner Agencies of India Ld.

The number of members of the Chamber on the 31st December 1948 was : Chamber members—284 Associate members—32. The total has since increased to 317.

FINANCE AND ACCOUNTS.

Secretarial Department.—The Income and Expenditure for 1947 and 1948 are as follows:—

Income:—		1947	1948
Members' Subscriptions	Rs.	1,20,900	1,25,633
Monthly Contributions	„	5,81,995	5,26,034
Rent	„	...	25,220
Arbitration Fees	„	96,470	1,31,382
Certificates of Origin	„	17,220	20,224
Strike Certificate Fees	„	90	10
Profit on sale of Motor Car	„	3,400	...
Interest on Investments, etc.	„	...	6,775
	Rs.	8,28,075	8,35,278
Management Remuneration (Foodstuffs Section) 1945-48	„	...	15,48,601

Expenditure:—		1947	1948
Establishment Salaries, Dearness Allowance and Pensions	Rs.	7,05,124	8,67,324
Taxes	„	12,759	12,926
General expenses includin gRepairs, Electricity, Printing, Insurance, Stamps, Telegrams and Telephone charges, Legal Audit Fees and Petty charges etc.	„	1,25,713	1,87,315
Income Tax	„	36,006	41,530
Depreciation	„	34,667	51,361
Contribution to Provident Fund	„	37,990	44,094
Running expenses of staff Grainshop	„	5,035	1,331
Loss on revolution of Investments	„	2,991	...
Loss on sale of Motor Car	„	...	1,049
	Rs.	9,60,285	12,06,930
Deficit	„	1,40,210	3,71,652
	„	8,20,075	8,35,278
Deficit brought down	Rs.	...	3,71,652
Transfer to special Reserve Account	„	...	3,00,000
Provision for Income Tax	„	...	8,75,000
	„	...	15,46,652
Surplus	„	...	1,949
	„	...	15,48,601

D. C. FAIRBAIRN,
Secretary.

A. P. BENTHALL,
President.

SUNDRY REFERENCES

Air mails : Latest hours of posting at Calcutta G. P. O.

All India Industrial Exhibition, Calcutta.

All India Air Board.

Business Profits Tax Rules : Draft Amendments.

Canadian International Trade Fair 1948.

Canadian National Exhibition, Toronto.

Censorship of mails Ex. Pakistan.

Clearance of Cheques received on Saturdays.

Conditions and Payment of wages and overtime of labour sent to work ships at Diamond Harbour.

Czechoslovakian Technical Mission to India.

Double Income Tax Relief.

East Punjab Sales Tax.

Entry Permit System—India and Pakistan.

Enquiries re : Commercial work for import cargo.

European Charities : Co-ordination Scheme.

Federation of Chambers of Commerce of the British Empire—Sixteenth Congress, Johanesburg, South Africa, September 1948.

Government Commercial Institute Pre-commerce and Senior Diploma Courses.

Income Tax : Unreasonable recourse to section 28.

Indian Companies (Amendment) Bill, 1946.

Indian Insurance Act, 1908 : Proposed Enquiry.

Indian Finance Act, 1948 : Deduction of Income Tax from salaries.

Indian Tariff (Amendment) Act, 1948 & Indian Tariff (Amendment) Ordinance, 1948.

Indian Sterling Balance.

Indian Commerce Conference—2nd Session.

Insurance (Amendment) Act, 1948.

Japanese Trade Mission to India.

Jute Fibre : The possibilities of substitution.

Lay Days under salt charters : Discharge of salt steamers.

Lease of Port Commissioners land.

Licences for Sircars.

Medical rehabilitation, training and employment of disabled persons.

Mica—Export of—Tariff Values for—Proposals for fixation.

Mica Marketing and Control Board.

Motor Vehicles Act, 1909 and Bengal Motor Vehicles Rules, 1940 : Amendments.

Railway Budget 1948-49.

Recognised Provident Funds in India and Pakistan.

Regional Transport Authority.

Rehabilitation Finance Administration Act, 1948.

Representation of Assocham on various Government bodies.

Reserve Bank of India Exchange Control : New issue of shares.

Reserve Bank of India : Opening of the Public Debt Office.

Reserve Bank (Transfer to Public Ownership) Bill.

Rice supply position.

Sailing vessels' traffic.

Tariff Board Enquiry.

Taxation of Income (Investigation Commission) (Amendment) Act, 1948.

Taxation on world income.

Tribunal of Arbitration : Arbitration under Calcutta Baled Jute Association Contract Form.

U. K. Excess Profits Tax.

United Nations Economic Commission for Asia and the Far East.

West Bengal Non-Agricultural Tenancy Bill, 1948.

West Bengal Jute Industry Stores Control Ordinance, 1948.

West Bengal Land Development and Planning Ordinance, 1948.

West Bengal Premises Rent Control (Temporary Provisions) Act, 1948.

REPORT

OF THE

LICENSED MEASURERS DEPARTMENT.

BENGAL CHAMBER OF COMMERCE,
Licensed Measurers Department.

ROYAL EXCHANGE,

Calcutta, 8th January, 1949.

TO

THE PRESIDENT AND THE COMMITTEE,
BENGAL CHAMBER OF COMMERCE.

GENTLEMEN,

We have the honour to submit our report on the working of the Licensed Measurers Department during the year ending 31st of December 1948.

Committee.

Mr. J. W. MacLure of Messrs. Hoare Miller & Co., Ltd. was elected our Chairman and served as such throughout the year. Mr. G. D. Butchart of Messrs. Thomas Duff & Co., Ltd., Mr. W. R. Greene of Messrs. George Henderson & Co., Ltd., Mr. A. G. Hobson of Messrs. Mackinnon Mackenzie & Co., Mr. L. E. Hunt of Messrs. Turner Morrison & Co., Ltd., and Mr. T. L. Swales of Messrs. Rallis India Ltd. also served on the Committee during the year.

In February, 1948 Mr. R. J. Clough of Messrs. James Finlay & Co., Ltd. was unable to continue to serve on the Committee due to the staff changes in his office and Mr. J. H. H. Ross of the same firm took his place.

In June, 1948 Mr. J. H. H. Ross had to resign from the Committee as he joined the Chittagong Branch of his Office. Mr. N. S. Coldwell was elected in his place and served on the Committee for the remainder of the year.

Staff.

The strength of the Staff as at 31st December 1948, together with the strength of the past six years, is given below.

Year.				
1942	...	...	...	85
1943	...	...	...	83
1944	...	...	...	86
1945	...	...	...	99
1946	...	...	...	117
1947	...	...	...	135
1948	...	...	...	136

The Staff as on 31st December, 1948 consisted of Superintendent (Mr. John Henfrey) 4 Assistant Superintendents (Messrs. B. Perry, S. J. Warwick, E. A. Butchart, and J. R. Gee Smyth), 1 Head Office Manager (Mr. F. W. Kendall), 1 Dock Office Manager (Mr. C. P. Fernandez), 1 Chief Inspector (Mr. W. E. Barlow), 8 Inspectors, 112 Measuring Officers, 6 Probationers and 2 Scale-wrights.

Medical Officers.

Dr. W. E. Fetherstonhaugh and Lt.—Col. Shorten, I. M. S. (retd). continued throughout the year in medical charge of the Measuring Staff and our thanks are due to them for their care and attention. Dr. S. N. Ghose and Dr. S. K. Ghose also merit our thanks for their attention to the Indian Staff.

Finance.

Statements of account for 1948 are attached. By comparison with the previous year, Measurement Fees increased by Rs. 1,41,884-3-0, Weighment Fees increased by Rs. 89,114-11-3, Mill Fees etc. increased by Rs.39,393/- and Sundry charges by Rs. 62,063-11-0. The total revenue earned amounts to Rs. 18,75,85 5-9-0, an increase of Rs. 3,32,455-9-3, over the year 1947. Expenditure amounted to Rs. 17,83,798-2-1, an increase of Rs. 2,38,441-5-1 over the previous year. Revenue and Expenditure Account, therefore, show a surplus of Rs. 92,057-6-11 for the year under review; adding Rs. 19,453-14-6 being interest on securities to this surplus, gives a total of Rs. 1,11,511-5-5. After deducting Rs. 11,489-10-0 being depreciation on Furniture and Departmental Transport Accounts and Rs. 2,601-1-9 for income tax on interest from securities there remains a Credit Balance of Rs. 97,420-9-8. This sum has been credtied to the Capital Account as net surplus for the year under review.

	Securities (General Account).	Holding at 31st Dec. 1947		Holding at 31st Dec. 1948	
		Face Value	Market Value	Face Value	Market Value
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
	Twenty Shares in the Imperial Bank of India (Partly Paid) ...	2,500 0 0	11,200 0 0	2,500 0 0	8,640 0 0
	Five Shares in the Reserve Bank of India ...	500 0 0	585 0 0	500 0 0	593 2 0
3¼%	Rangoon Municipal Loan (1966-76)	2,61,300 0 0	2,61,300 0 0	2,61,300 0 0	2,61,300 0 0
3¼%	New Howrah Bridge Loan (1956-66)	10,000 0 0	10,250 0 0	10,000 0 0	10,137 8 0
	Post Office National Saving Certificates (12 years) ...	5,000 0 0	5,000 0 0	5,000 0 0	5,000 0 0
2¾%	Govt. of India Loan (1948-52)	4,88,800 0 0	4,92,160 8 0	...	...
3%	Govt. of India Loan (1957)	...	...	3,05,400 0 0	3,09,217 8 0
1½%	Fixed Deposit for 12 months with Chartered Bank of India, Australia and China	...	...	1,00,000 0 0	1,00,000 0 0

	Securities (Provident Fund Account)	Holding at 30th June 1947		Holding at 30th June 1948	
		Face Value	Market Value	Face Value	Market Value
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
4%	Bombay Municipal Debentures (1962) ...	7,000 0 0	7,910 0 0	7,000 0 0	7,927 8 0
4%	Punjab Govt. Bonds (1948) ...	80,100 0 0	80,500 8 0	80,100 0 0	80,100 0 0
4½%	Govt. of India Loan (1955-60)	30,000 0 0	34,087 8 0	30,000 0 0	33,637 8 0
	Post Office National Saving Certificates (12 years) ...	1,42,290 0 0	1,42,290 0 0	1,42,290 0 0	1,42,290 0 0
2¾%	Govt. of India Loan (1948-52)	13,45,700 0 0	13.59,998 1 0	13,70,800 0 0	13,70,800 0 0

The Accounts of the Provident Fund of the Department closed as on 31st December 1947 and 30th June 1948 showed a surplus of Rs. 19,761-10-5 and Rs. 13,794-15-8 equivalent to a percentage of Rs. 1-3-5 and Rs. 0-13-4 respectively. The Assets amounted to Rs. 18,01,726-9-3 and Rs. 17,28,682-1-11 as on 31st December, 1947 and 30th June, 1948 respectively. The Trustees of the Fund were our Chairman, Mr. J. W. MacLure, and Mr. T. L. Swales.

Rates and Charges.

During the course of the year it became necessary to consider the general financial condition of the Department then working on a bank overdraft which at one period during 1947 had risen to over Rs. 1,80,000/-. As the return on securities was less than the overdraft interest on this amount, we decided to dispose of part of the holdings in order to avoid this loss. At the same time, we considered that in view of the mounting cost of running the Department, chiefly under the head of Dearness Allowance, it was again necessary to raise th rates. After considering the matter very fully, it was decided to raise the basic rate to six annas per ton and to remove the existing surcharge on the old rate, this surcharge to be again imposed at a later date should the financial conditions further deteriorate.

These recommendations were approved by you and the new Schedule of charges came into force from 15th April, 1948.

In consequence of these changes, we are glad to report that the Department has had a successful year, showing a net increase to the Capital Account of Rs. 97,420-9-8.

We consider that this account should, if possible, be brought up to at least Rs. 10 lakhs in order to provide for any emergencies that may arise owing to trading variations in future years.

It will be noted that the good results of this year's working has been obtained in spite of the small shipments of Jute in the early part of the year and the almost complete cessation of exports of this commodity since August, 1948.

During the year we also considered a request from the Inspecting and Measuring Staff for a review of the existing scales of pay and allowances and after much careful thought were able to bring into force new scales from 1st July, 1948 with which, we think, the Staff are quite satisfied.

As regards the clerical and Indian subordinate staffs, various demands made by a combined Union of the Chamber and Departmental staffs have been referred to an Industrial Tribunal; the findings of this Tribunal are not available at the time of publication of the present report.

Working on the Department Measurement.

The number of packages measured during the year shows a decrease of 13,52,881 over 1947. The principal decreases occurred in Jute and Sundries. The increases were in Tea and Hardware.

		Total 1946	Total 1947	Total 1948	Increase	Decrease
Jute	...	19,05,545	17,99,632	12,67,398	...	5,32,234
Hemp	...	60,378	63,872	69,365	5,493	...
Tobacco	...	3,848	4,774	6,061	1,287	...
Cotton	...	48,288	39,721	35,161	...	4,560
Wool	...	29,892	12,166	22,620	10,454	...
Gunnies	...	20,85.124	25,33,102	25,16,530	...	16,572
Tea	...	20,81,222	27,38,970	34,83,229	7,44,259	...
Shellac	...	80,911	51,210	50,647	...	563
Hides & Skins	...	20,475	39,616	45,233	5,617	...
Perishable	...	...	4,616	...	...	4,616
Hardware	...	30,861	49,719	2,60,772	2,11,053	...
Bag Cargo	...	1,25,981	12,499	26,597	14,098	...
Sundries	...	20,50,620	26,10,728	8,24,131	...	17,86,597
Earthenware	...	...	...	...	...	...
TOTAL	...	85,23,145	99,60,625	86,07,744	...	...

Decrease 13,52,861

Weighment

The number of packages weighed during the year shows an increase of 4,74,247 over the figure for 1947, the main increases being in Bag Cargo, Shellac and Hardware while the largest decreases occurred in Jute, and Tea,

		Total 1946	Total 1947	Total 1948	Increase	Decrease
Jute	...	13,70,535	13,24,945	9,51,240	...	3,73,705
Hemp	...	57,462	54,054	61,230	7,176	...
Tobacco	...	10,455	13,186	727	...	12,459
Cotton	...	4,351	1,692	18,683	16.991	...
Wool	...	29,913	10,411	12.300	1,889	...
Gunnies	...	16,15,173	17,33,408	17,03,107	...	30,301
Tea	...	1,91,001	3,68,596	2,81,311	...	87,285
Shellac	...	7,183	15,371	1.35,513	1,20,142	...
Hides & Skins	...	26,306	27,472	39,392	11,920	...
Perishable	...	...	12,781	...	...	12,781
Hardware	...	2,47,700	2,72,745	5,78,640	3,05,895	...
Bag Cargo	...	10,77,232	7,60,766	12,76,000	5,15,234	...
Sundries	...	12,57,874	5,99,211	6,10,742	11,531	...
Earthenware	...	...	...	...	...	...
TOTAL	...	58,95,185	51,94,638	56,68,885	...	...

Increase 4,74,247

The following stetement sets forth the progress of the Department and work done—both measurement and weighment since the year 1928-1929.

Year	MEASUREMENT			WEIGHMENT		
	Packages	Increase	Decrease	Packages	Increase	Decrease
1928—1929	88,29,861	66,584	...	97,26,100	...	6,31,777
1929—1930	86,16,904	...	2,12,957	93,71,993	...	3,54,107
1930—1931	69,31,550	...	16,85,354	74,80,116	...	18,91,877
1931—1932	62,83,883	...	6,47,667	75,04,963	24,847	...
1932—1933	64,21,183	1,37,300	...	60,06,814	...	14,98,149
1933—1934	68,69,670	4,48,487	...	62,30,355	2,23,541	...
1934—1935	70,98,583	2,28,913	...	59,97,890	...	2,32,465
1935—1936	70,72,401	...	26,182	58,39,842	...	1,58,048
1936—1937	88,74,635	18,02,234	...	76,54,177	18,14,335	...
1937—1938	70,31,840	...	18,42,795	56,61,375	...	19,92,802
1938—1939	73,11,247	2,79,407	...	56,19,555	...	41,820
1939—1940	71,84,937	...	1,26,310	59,51,086	3,31,531	...
Calendar Year						
1940	58,24,758	...	...	49,38,554	...	...
1941	64,02,661	5,77,903	...	44.74,071	...	4,64,483
1942	58,19,734	...	5,82,927	33,38,238	...	11,35,833
1943	61,91,316	3,71,582	...	33,69,722	31,484	...
1944	70,99,386	9,08,386	...	40,09,912	6,40,190	...
1945	74,10,679	,11,293	...	51,18,670	11,08,758	...
1946	85,23,145	11,12,466	...	58,95,185	7,76,515	...
1947	99,60,625	14,37,480	...	51,94,638	...	7,00,547
1948	86,07,744	...	13,52,881	56,68,885	4,74,247	...

We are
Gentlemen,
Your most obedient servants,

J. W. MacLure, *Chairman*

G. D. Butchart,
W. R. Greene,
A. G. Hobson,
L. E. Hunt,
N. S. Coldwell,
T. L. Swales, } *Members*

REPORT

ROYAL EXCHANGE.

ROYAL EXCHANGE
CALCUTTA

Report of the Committee for the year ended 31st December, 1948.

THE PRESIDENT AND COMMITTEE,

BENGAL CHAMBER OF COMMERCE,

Gentlemen,

In accordance with the provisions of Rule 7 of the Rules of the Royal Exchange, we have the honour to submit a report on its working for the year ended 31st December, 1948.

As a measure of economy, we have again decided to issue the Annual Report of the Royal Exchange this year in its present form, with the omission of the following appendices, copies of which, however, can be supplied to or inspected by any interested member at the Royal Exchange on application to the Secretary :—

1. List of members as on 31st December, 1948.
2. Royal Exchange : Rules and Bye-Laws.

Committee.—As already announced in Circular No.8-RE—the following gentlemen have been elected to form the Committee of Management for the year 1949-50.

(1) The President of the Bengal Chamber of Commerce *ex-officio*

(2) The Vice-President of the Bengal Chamber of Commerce *ex-officio*

(3) Mr. A. Caiger-Watson (Merchant) M/s. H. D. Cartwright & Co.

(4) ,, A. C. Watkins (Banker), The Chartered Bank of India, Australia & China.

(5) ,, G. S. Johnston (Stock Broker), M/s. Place Siddons & Gough

(6) ,, E. C. A. Miles (Exchange Broker), M/s. Thomas Seth Apcar & Co.

(7) ,, D. S. Smith (Produce Broker), M/s. Landale & Morgan

(8) ,, J. R. T. Burrows (Freight Broker), M/s. Blacker & Co.

(9) ,, R. W. Plummer (Merchant) M/s. Plummer Bros & Co.

Membership :—During the year one firm member was elected and two withdraw from membership. At the end of the year there were upon the Exchange Register 104 firms and 6 individual members.

Accounts :—We submit a Balance sheet and Revenue Account for the year ended the 31st December, 1948 audited by Messrs. Lovelock & Lewes, Auditors of the Bengal Chamber of Commerce. The revenue account shows a deficit of Rs. 27, 576-10-0 on the year's working compared with Rs. 23,269-13-0 for 1947, the difference being due almost entirely to increased establishment charges and dearness allowances. The deficit has been transferred to the Bengal Chamber of Commerce contribution account.

The comparative figures of income and expenditure in 1947 and 1948 are given below :—

	1947			1948		
	Rs.	As.	P.	Rs.	As.	P.
Income—						
Subscription	26,450	0	0	25,986	0	0
Entrance Fees	—			—		
	Rs. 26,450	0	0	Rs. 25,986	0	0
Expenditure—						
Charges general	58	0	0	77	8	0
Rent	12,000	0	0	12,000	0	0
Contribution to Chamber ...	6,000	0	0	6,000	0	0
Establishment	24,087	12	0	27,698	12	0
Books and Newspapers ...	1,755	15	0	1,819	7	0
Telephone subscription less received from members for use	617	1	0	520	4	0
Tickets for members ...	407	8	0	314	1	0
Stationery	153	13	0	487	10	0
Printing	398	11	0	37	2	0
Stamps	25	0	0	23	9	6
Electric Fans, Lights and Lifts	3,000	0	0	3,000	0	0
Petty Charges	1,216	1	0	1,584	4	6
Depreciation on Furniture ...	—			—		
Carried over ...	Rs. 49,719	13	0	Rs. 53,562	10	0

	1947			1948		
	Rs.	As.	P.	Rs.	As.	P.
Brought forward ...	49,719	13	0	53,562	10	0
Less—						
Deficit transferred to Chamber	23,269	13	0	27,576	10	0
	Rs. 26,450	0	0	Rs. 25,986	0	0

We are Gentlemen,

Your obedient servants,

D. C. FAIRBAIRN,
Secretary.

A. P. BENTHALL, *President*.
A. J. ELKINS, *Vice-President*.

A. CAIGER-WATSON
A. C. WATKINS
W. R. ELLIOT
E. C. A. MILES
D. S. SMITH
J. R. T. BURROWS
R. W. PLUMMER
} *Members*.

Calcutta, 8th February 1949.

BENGAL CHAMBER OF COMMERCE

REPORT AND ACCOUNTS

FOR

the period ended

the 31st December 1948.

BENGAL CHAMBER OF COMMERCE
REPORT AND ACCOUNTS
For the year ended 31st December 1948.

Accounts.—The audited accounts of the Chamber for the year ended the 31st December 1948 are attached.

The Balance Sheet shows the position of the Chamber as at the 31st December 1948.

In the case of the Licensed Measurers Department the year's working has resulted in a surplus of Rs 97, 420-9-8.

As will be seen from the Income and Expenditure Accounts, the year's working in the Secretarial Department has resulted in a surplus of Rs. 1,949-4-8 which has been carried to the Capital account after having brought into the accounts the Management charges payable to the Chamber by the Foodstuffs Section amounting to Rs. 15,48,601/- for the years 1945, 1946, 1947, and 1948, and after having provided Rs. 9,16,530 for income-tax, Rs. 51,360-13-8 for depreciation, the transfer of Rs. 3,00,000/- to a Special Reserve account and the inclusion of Rs. 1,048-15 0 as loss on the sale of a motor car.

Exclusive of the management charges payable by the Food-stuffs Section which will not continue indefinitely and will tend in future to be on a reducing scale, expenditure on the Secretarial Department during 1948 exceeded the normal income by Rs. 3,71,651-11-4 due primarily to the heavily increased costs of establishment and dearness allowance. In the circumstances already made known to members, these establishment charges will be still further increased during 1949, while provision will also have to be made for other future contingencies, in which connection an interim transfer of Rs. 3,00,000 to a Special Reserve account has been made on the authority of the Chamber Committee. It will therefore be necessary for the Committee, who now have the matter in hand, to consider ways and means of increasing the normal revenue of the Chamber from such sources as membership subscriptions and contributions for secretarial services from the Associations connected with the Chamber.

In accordance with the Articles of Association of the Chamber, the President, Vice-President and Committee for the past year retire at the Annual General Meeting of the Chamber to be held on the 23rd February 1949.

The Auditors, Messrs. Lovelock & Lewes, retire with effect from the same date but, being eligible, offer themselves for reappointment.

A. P. BENTHALL,
President.
A. J. ELKINS,
Vice-President.
D. C. FAIRBAIRN,
Secretary,

W. A. BELL
P. G. KNOTT
NEIL BRODIE
A. L. CAMERON
C. W. MILES
A. C. WATKINS
} *Committee*

CALCUTTA, *8th February 1949.*

BENGAL CHAMBER OF COMMERCE, CALCUTTA.

BALANCE SHEET as at 31st December 1948.

CAPITAL AND LIABILITIES.	Rs.	As.	P.	Rs.	As.	P.
I. CAPITAL—						
Balance at 1st January 1948 ...	11,50,853	0	7			
Add—Surplus from Income and Expenditure Account						
(a) Secretarial Department ...	1,949	4	8			
(b) Licensed Measurers Department	97,420	9	8			
	12,50,222	14	11			
Less :—Royal Exchange Deficit ...	27,576	10	0			
				12,22,646	4	11
II. SPECIAL RESERVE ACCOUNT ...				3,00,000	0	
III. RESERVE FOR DEPRECIATION OF SECURITIES				76,400	8	6
IV. STAFF COMPASSIONATE FUND ...				5,950	6	3
V. DEPOSITS AND OTHER FUNDS ...				40,568	11	0
VI. RESERVE ACCOUNT ...				7,000	0	0
VII. LIABILITIES—						
For expenses	72,661	8	1			
Provision for Taxation ... Rs. 9,82,690 As. 12 P. 0						
Less—Advance Payments of Tax under Section 18A .. 82,628 0 0						
	9,00,062	12	0			
For other Finance	9,18,574	1	9			
				18,91,298	5	10
TOTAL Rs. ...				35,43,864	4	6

PROPERTY AND ASSETS.	Rs.	As.	P.	Rs.	As.	P.
I. FIXED CAPITAL EXPENDITURE— (as per Schedule)						
Land	3,11,912	8	0			
Buildings	1,38,779	15	10			
Machinery and Plant	24,511	1	5			
Furniture, Fixtures and Equipment ...	14,406	6	3			
Departmental Transport	47,000	0	0			
Motor Cars	43,378	12	9			
				5,79,988	12	3
II. STOCK OF STORES etc. on hand—at cost				17,604	12	2
III. UNBILLED WORK— For Sundry Measurements and Weighments carried out during the month of December 1948 not billed to date				1,32,864	0	0
IV. BOOK DEBTS—Unsecured						
Considered good	9,42,486	15	0			
Due by Royal Exchange, Contribution, Rent and Expenses	23,128	15	0			
				9,65,615	14	0
V. ADVANCES				80,752	13	10
VI. INVESTMENTS at market value at date—Government of India and other Trust Securities (including Rs. 2,61,300/- in Rangoon Municipal Loan 1966-76 at par) ...	7,93,837	3	0			
5 shares, fully paid, in Reserve Bank of India	593	2	0			
20 Shares, partly paid, in Imperial Bank of India	8,640	0	0			
½% East India Clinic Ltd. Debentures	4,900	0	0			
				8,07,970	5	0
VII. SUNDRY FUNDS' INVESTMENTS ETC.—						
Government of India Loans at cost ...	26,125	0	0			
Imperial Bank of India on current account	17,264	0	3			
				43,389	0	3
VIII. INTEREST ACCRUED ON INVESTMENTS				7,954	5	9
IX. CASH AND OTHER BALANCES—						
Cash with Imperial Bank of India on Current Account ...	7,82,971	12	2			
Cash with Chartered Bank of India, Australia and China on Fixed Deposit Account ...	1,00,000	0	0			
Cash in hand	24,363	1	7			
Stamps	389	7	6			
				9,07,724	5	3
TOTAL Rs. ...				35,43,864	4	6

Secretarial Department

INCOME & EXPENDITURE ACCOUNT for the year ended 31st December 1948.

	Rs.	As.	P.
To Salaries and Wages ...	8,67,324	2	3
,, Contribution to Provident Fund ...	44,094	1	0
,, Municipal Taxes ...	12,926	8	0
,, General Expenses including Repairs, Electricity, Printing, Insurance, Stamps, Telegrams and Telephone Charges, Legal, and Audit Fees, Petty Charges etc. ...	1,87,315	3	1
,, Income Tax ...	41,530	0	0
,, Depreciation ...	51,360	13	8
,, Running Expenses of Staff Grainshop ...	1,330	8	4
,, Loss on Sale of Motor car ...	1,048	15	0
	12,06,930	3	4
,, Balance brought down ...	3,71,651	11	4
,, Transfer to Special Reserve Account ...	3,00,000	0	0
,, Balance carried to Capital Account ...	1,949	4	8
TOTAL RS. ...	6,73,601	0	0

	Rs.	As.	P.	Rs.	As.	P.
By Members' Subscriptions ...				1,25,633	6	0
,, Contributions for Secretarial Services ...				5,26,034	4	0
,, Rent ...				25,220	0	0
,, Arbitration Fees ...				1,31,382	0	0
,, Fees for Certificates of Origin ...				20,224	0	0
,, Fees for Strike Certificates ...				10	0	0
,, Interest on Investments etc. ...				6,774	14	0
,, Deficit for the year carried down ...				3,71,651	11	4
				12,06,930	3	4
,, Management Remuneration Foodstuffs Section.						
1945 ...	3,79,330	0	0			
1946 ...	4,13,244	0	0			
1947 ...	4,16,230	0	0			
1948 ...	3,39,797	0	0			
	15,48,601	0	0			
Less—Provision for Taxation ...	8,75,000	0	0	6,73,601	0	0
TOTAL RS. ...				6,73,601	0	0

Licensed Measurers Department

INCOME & EXPENDITURE ACCOUNT for the year ended 31st December 1948.

	Rs.	As.	P.
To Salaries and Wages including Dearness Allowance ...	13,38,865	4	0
,, Fees & Allowances ...	2,13,325	6	6
,, Contributions to Provident Fund ...	66,515	3	3
,, General Expenses including Pensions, Travelling Expenses, Rent and Taxes, Chamber Contribution, Uniforms, Stationery and Printing, Telephone Charges, Audit Fee, Insurance, Repairs, Petty Charges, Interest, Medical Expenses etc. ...	1,65,092	4	4
,, Income Tax ...	2,601	1	9
,, Depreciation ...	11,489	10	0
,, Surplus Carried to Capital Account ...	97,420	9	8
TOTAL RS. ...	18,95,309	7	6

	Rs.	As.	P.
By Measurements ...	9,42,758	2	0
,, Weighments ...	6,90,507	7	0
,, Fees ...	1,05,197	0	0
,, Sundry Receipts ...	1,37,393	0	0
,, Interest ...	19,453	14	6
TOTAL RS. ...	18,95,309	7	6

A. P. BENTHALL,
President.

A. J. ELKINS,
Vice-President.

D. C. FAIRBAIRN,
Secretary.

W. A. BELL
P. G. KNOTT
NEIL BRODIE
A. L. CAMERON
C. W. MILES
A. C. WATKINS
} Members of the Committee.

AUDITORS REPORT TO MEMEERS.

We beg to report that we have audited the foregoing Balance Sheet of the Bengal Chamber of Commerce as at 31st December 1948, together with the attached Income and Expenditure Accounts of the Secretarial Department and of the Licensed Measurers' Department for the year ended 31st December 1948. We have obtained all the information and explanations we have required and subject to the remark that the assets and liabilities of the Foodstuffs Section are not included in the Balance Sheet, in our opinion such Balance Sheet and Income and Expenditure Accounts are drawn up in conformity with the law and the Balance Sheet exhibits a true and correct view of the state of the Chamber's affairs according to the best of our information and the explanations given to us and as shown by the books of the Chamber.

In our opinion books of account have been kept by the Chamber as required by law.

CALCUTTA,　　　LOVELOCK & LEWES,

BENGAL CHAMBER OF COMMERCE

SCHEDULE of Fixed Capital Expenditure.

	Total Expenditure to 31st December 1947			Additions during 1948 at cost.			Sales during 1948		
	Rs.	A	P.	Rs.	A	P.	Rs.	A	P
I. LAND— 6, Netaji Subhas Road ...	3,11,912	8	0	...	..	...	...	..	...
II. BUILDINGS—									
Royal Exchange ...	6,02,166	12	9	...	...	...	...	...	..
Electric and Sanitary Installation ...	1,20,997	8	9	3,265	5	0	...	...	..
Dock Buildings ...	76,316	2	8	...	...	...	...	..	..
	7,99,480	8	2	3,265	5	0	...	...	..
III. MACHINERY & PLANT ...	* 8,027	10	9	...	...	...	..	...	...
Weighment Plant ...	73,333	4	6	...	...	...	...	...	.
Measurement Plant ...	* 3,494	7	11	...	...	...	...	...	...
Air Conditioning Plant ...	39,193	13	0	11,920	14	0	...	...	...
	1,24,049	4	2	11,920	14	0	...	...	...
IV. FURNITURE FIXTURES AND EQUIPMENT—									
Furniture & Fittings ...	1,33,418	6	2	28,998	0	6	...	...	...
Library & Pictures ...	42,820	1	5	...	...	...	...	...	...
Standard Weights, Measures etc. ...	4,577	5	0	...	...	..	.		
Furniture ...	* 20,139	1	8	964	10	0	...	...	...
Measurement Calculators	* 80	0	0	...	...	...	...	...	...
Tonnage Calculators ...	* 20	0	0	...	..	...	...	...	...
	2,01,054	14	3	29,962	10	6	...	...	...
V. DEPARTMENTAL TRANSPORT	71,275	10	9	1,575	0	0	...	...	...
VI. MOTOR CARS ...	49,818	5	3	22,750	0	0	12,065	4	0

	Cost of Assets as at 31st December 1948.			Depreciation provided up to 31st December 1947.			Depreciation provided in year ended 31st December 1948.			Depreciation provided up to 31st December 1948.			Net value as at 31st December 1948 as per Balance Sheet.		
	Rs.	A	P.	Rs.	A	P.	Rs.	A	P.	Rs.	A	P.	Rs.	A	P.
I. LAND— 6, Netaji Subhas Road	3,11,912	8	0	...	...	...	...	...	...	...	...	...	3,11,912	8	0
II. BUILDINGS—															
Royal Exchange	6,02,166	12	9	449,432	10	3	15,054	2	8	4,64,486	12	11	1,37,679	15	10
Electric and Sanitary Installation	1,24,262	13	9	1,20,897	8	9	3,265	5	0	1,24,162	13	9	100	0	0
Dock Buildings	76,316	2	8	75,316	2	8	...	...	...	75,316	2	8	1,000	0	0
	8,02,745	13	2	6,45,646	5	8	18,319	7	8	6,63,965	13	4	1,38,779	15	10
III. MACHINERY & PLANT	8,027	10	9	7,977	10	9	...	...	...	7,977	10	9	50	0	0
Weighment Plant	73,333	4	6	73,233	4	6	...	...	...	73,233	4	6	100	0	0
Measurement Plant	3,494	7	11	3,484	7	11	...	...	...	3,484	7	11	10	0	0
Air Conditioning Plant	51,114	11	0	21,652	2	1	5,111	7	6	26,763	9	7	24,351	1	5
	1,35,970	2	2	1,06,347	9	3	5,111	7	6	1,11,459	0	9	24,511	1	5
IV. FURNITURE FIXTURES AND EQUIPMENT—															
Furniture & Fittings	1,62,416	6	8	1,33,318	6	2	16,241	10	3	1,49,560	0	5	12,856	6	3
Library & Pictures	42,820	1	5	42,720	1	5	...	...	...	42,720	1	5	100	0	0
Standard Weights, Measures etc.	4,577	5	0	4,477	5	0	...	...	...	4,477	5	0	100	0	0
Furniture	21,103	11	8	18,939	1	8	914	10	0	19,853	11	8	1,250	0	0
Measurement Calculators	80	0	0	...	...	...	...	...	...	...	...	...	80	0	0
Tonnage Calculators	20	0	0	...	...	...	...	...	...	...	...	.	20	0	0
	2,31,017	8	9	1,99,454	14	3	17,156	4	3	2,16,611	2	6	14,406	6	3
V. DEPARTMENTAL TRANSPORT	72,850	10	9	15,275	10	9	10,575	0	0	25,850	10	9	47,000	0	0
VI. MOTOR CARS	60,503	1	3	5,436	0	3	11,688	4	3	17,124	4	6	43,378	12	9

* These Assets are shown at their written down values at 1st July 1919 with additions since that date at cost.

ACCOUNTS

ROYAL EXCHANGE.

ROYAL EXCHANGE.

REVENUE ACCOUNT for the year ended 31st December 1948.

EXPENDITURE.	Rs. As. P.	Rs. As. P.
To Monthly contribution to the Bengal Chamber of Commerce		6,000 0 0
" Books and Newspapers		1,819 7 0
" Establishment		27,698 12 0
" Electric Light, Fans and Lift		3,000 0 0
" Petty charges		1,584 4 6
" Printing		37 2 0
" Rent		12,000 0 0
" Stationery		487 10 0
" Stamps		23 9 6
" Telephones	792 4 0	
Less—Recovered from members for use ...	272 0 0	
		520 4 0
" General charges		77 8 0
" Ticket for members		314 1 0
TOTAL ...		53,562 10 0

INCOME.	Rs. As. P.
By Subscription	25,986 0 0
" Bengal Chamber of Commerce Contribution Account	27,576 10 0
TOTAL ...	53,562 10 0

Examined and found correct,
Sd/- LOVELOCK & LEWS,
Chartered Accountants.
Registered Accountants.

Calcutta, 9th February 1949.

Sd/- D. C. FAIRBAIRN,
Secretary

Sd/- A. P. BENTHALL,
President.

ROYAL EXCHANGE.

BALANCE SHEET as at 31st December 1948.

LIABILITIES.	Rs. As. P.
SUNDRY CREDITORS—	
Sundries	10,927 6 9
CONTRIBUTION AND RENT—	
Bengal Chamber of Commerce from April to December 1947	18,000 0 0
TOTAL ...	28,927 6 9

ASSETS.	Rs. As. P.	Rs. As. P.
OUTSTANDING—		
Subscriptions		900 0 0
BOOKS AND NEWSPAPERS—		
Subscriptions paid in advance		197 9 0
FURNITURE AND FITTINGS WATER COOLER—		
Expenses to-date	1,090 0 0	
Less Depreciation to-date	1,090 0 0	
BENGAL CHAMBER OF COMMERCE CONTRIBUTION ACCOUNT—		
Deficit for the year		27,576 10 0
CASH—		
With Imperial Bank of India		253 3 9
TOTAL ...		28 927 6 9

Examined and found correct.
Sd/- LOVELOCK & LEWES,
Chartered Accountants.
Registered Accountants.

Calcutta, 9th February 1949.

Sd/- D. C. FAIRBAIRN,
Secretary.

Sd/- A. P. BENTHALL,
President.

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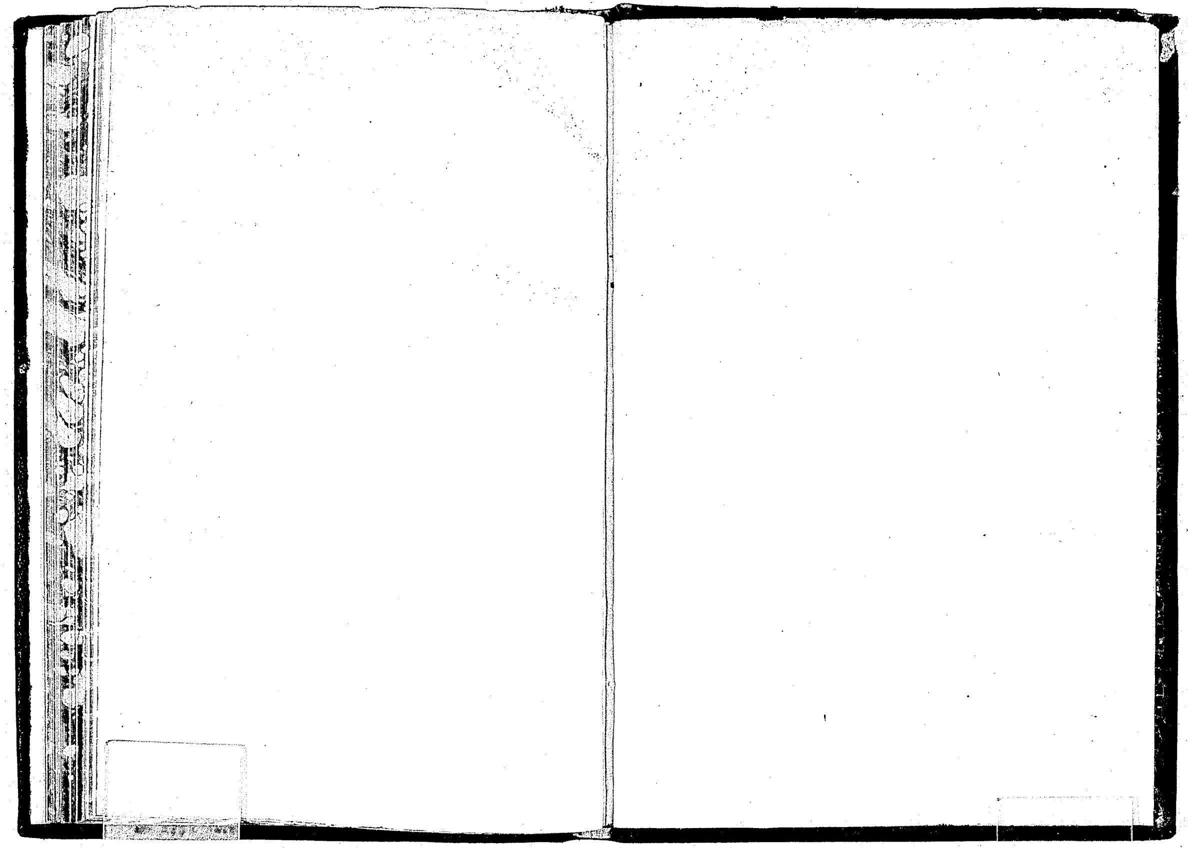

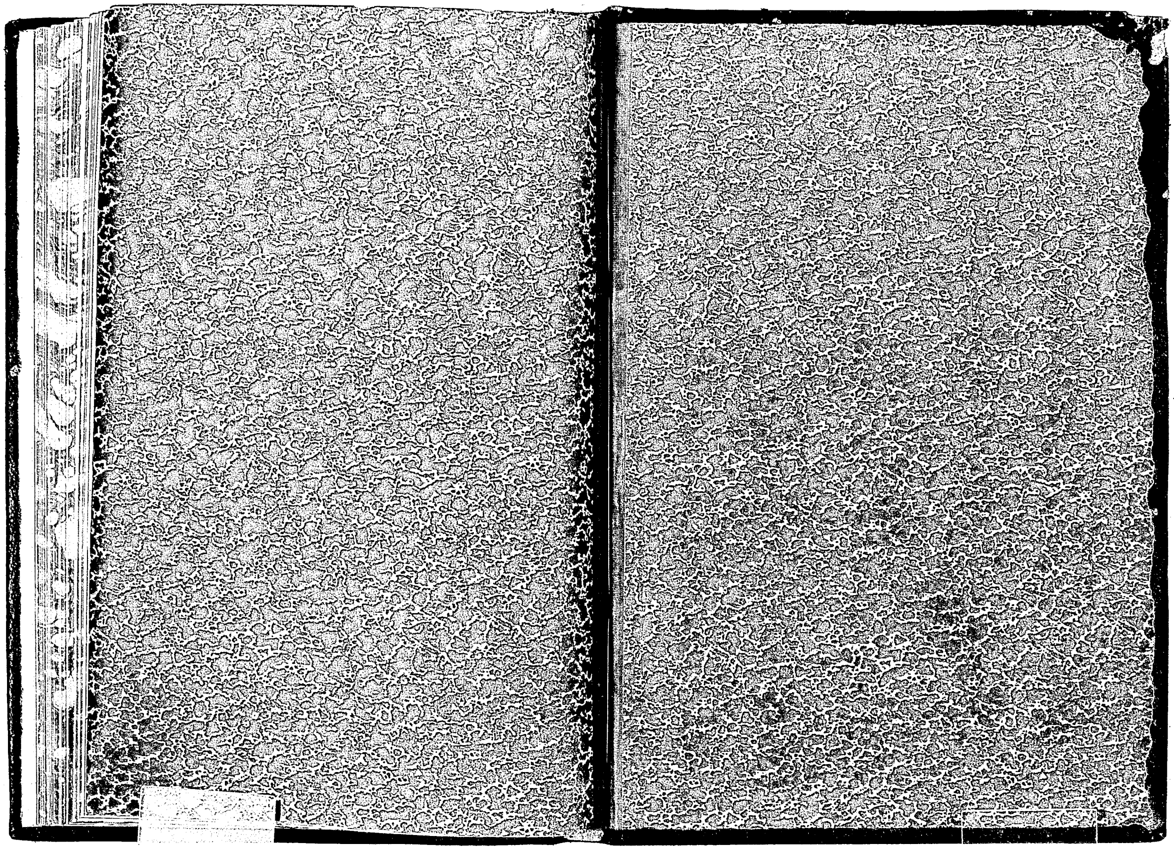

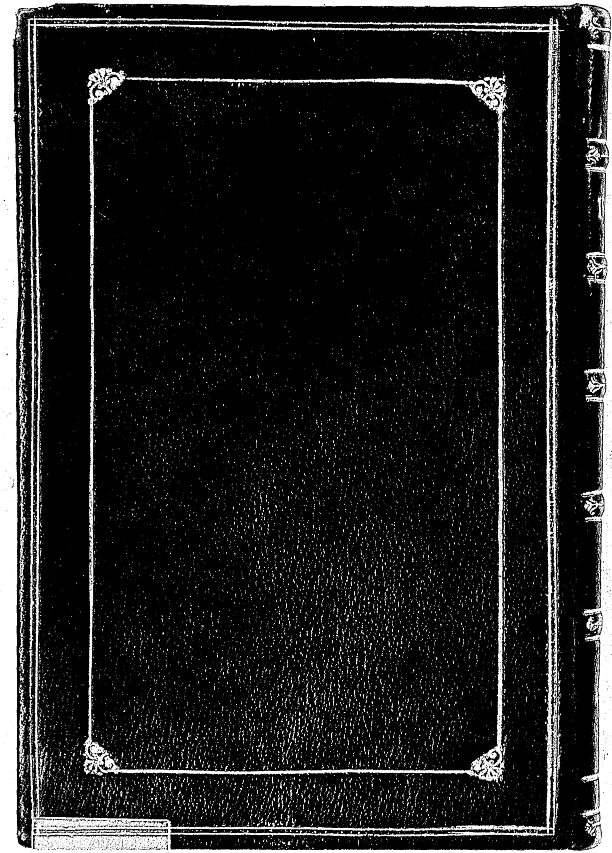

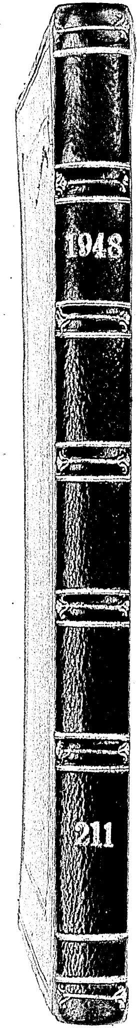
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