Report

of the

Indian Tariff Board

regarding the

Increase of the Duties on Steel

BOMBAY
MANAGER, GOVERNMENT CENTRAL PRESS
1924

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NOTE.

The estimated cost of the Tariff Board during its recent enquiry into the Steel Industry is as follows :—

	Rs.	a.	p.
(1) Salaries of Members and Staff (one month)	14,779	13	0 *
(2) Travelling allowance (including daily allowance) . .	2,984	1	0
(3) Printing (Report and evidence)	1,150	0	0
(4) Contingencies	141	5	0
Total .	19,055	3	0

* Includes the salary of the Expert Adviser.

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CHAPTER I.

Introductory.

Reference to the Board.

The application of the Tata Iron and Steel Company for an increase in the duties imposed on certain kinds of steel by the Steel Industry (Protection) Act, 1924, has been referred to the Board for enquiry in the Resolution of the Government of India in the Commerce Department No. 260-T(15), dated the 8th October 1924, which is reproduced below :—

"The Government of India have received an application from Messrs. Tata Sons, Limited, Agents, The Tata Iron and Steel Company, Limited, requesting that the Governor-General in Council, in exercise of his powers under section 3(4) of the Indian Tariff Act, 1924, should increase the duty leviable on certain articles under Part VII of the second schedule to the said Act, on the ground that such articles are being imported into British India at a price likely to render ineffective the protection intended to be afforded by such duty to similar articles manufactured in India.

2. The Government of India have decided to refer this application to the Tariff Board for examination. The Board will consider

(1) to what extent, if any, and in respect of what articles or class or description of articles, the duty should be increased; and

(2) whether the duty should be increased generally, or in respect of such articles when imported from, or manufactured in, any country or countries specified;

and will make recommendations.

3. Firms or persons interested, who desire that their views should be considered by the Tariff Board, should address their representations to the Secretary, Tariff Board."

The Board's Communiqué.

2. The Resolution was received by the Board on the 13th October, and on the 14th October, the following communiqué was published :—

In the Resolution of the Government of India in the Commerce Department No. 260-T(15) of the 8th October, the Tariff Board have been directed to enquire and report regarding the application of the Tata Iron and Steel Company for the imposition of additional (or off-setting) duties on certain kinds of steel under the Steel Industry (Protection) Act, 1924. The two points specially referred are :—

(1) To what extent, if any, and in respect of what articles, or class or description of articles, the duty should be increased; and

(2) whether the duty should be increased generally or in respect of such articles when imported from, or manufactured in, any country or countries specified.

3. The kinds of steel likely to be affected by any additional duty that may be imposed are :—

Common bars,
Light rails (under 30 lbs.),
Structural sections, such as beams, channels, angles, tees,
Plates $\frac{1}{8}$ inch thick or over.

The scheme of protection recommended by the Board was intended to secure for the Indian manufacturer an average price of Rs. 180 a ton (Rs. 175 in the case of structural sections) for the various classes of steel manufactured. The rates of duty proposed by the Board and accepted by the Government of India and the Legislature were equal to the differences between this price and the price at which the Board expected that imported steel would enter India without duty. These prices were :—

Common bars and light rails Rs. 140 a ton.

Structural shapes, *i.e.*, beams, angles, channels, etc., Rs. 145 a ton.

Plates Rs. 150 a ton.

The Tata Iron and Steel Company allege that the prices actually realized for steel manufactured at Jamshedpur have been much below Rs. 180 a ton since the Steel Industry (Protection) Act came into force. The main reasons for low prices are said to be :—

(1) The fact that the Board in estimating the future prices of imported steel assumed that the sterling change would be 1*s.* 4*d.* to the rupee, whereas a rate so low has never been touched since the Act was passed, and a steady increase raised the exchange to over 1*s.* 6*d.* to the rupee early in October.

(2) A substantial reduction in the c.i.f. sterling prices of Continental steel.

(3) The main question which the Board have to determine is the price at which imported steel has been selling in India in competition with steel produced at Jamshedpur during the last six months. The Board will be glad to receive expressions of opinion from those interested, and will welcome all information regarding the price of steel since the 1st May. It is necessary that the Board's enquiry should be completed rapidly, and they will be unable to consider representations received later than the 24th October. The Board's office during the enquiry will be in the Town Hall, Bombay.

At the same time the Board addressed enquiries to various importing and engineering firms who were likely to be able to supply information, especially as to the prices of imported steel.

The Board's procedure.

3. The Board commenced the hearing of evidence at Bombay on Friday the 17th October, and the oral evidence continued throughout the following week, being brought to a conclusion on Saturday the 25th October. Mr. Sawday was examined on behalf of the Tata Iron and Steel Company on three separate days, and Mr. R. D. Tata on one. Six other witnesses gave oral evidence. A list of these and of all the representations received by the Board will be found in Appendix A.

Scope of the Enquiry.

4. The scope of the enquiry committed to us is clearly defined in the Resolution of the Government of India reproduced in paragraph 1. It was evident, however, that a great deal of misunderstanding existed as to the functions of the Board and several representations were received which were in no way germane to the matter in hand. These have not been printed. Apart from them, there are many passages in the documents printed in the record putting forward proposals, or urging objections, which travel outside the limits of our enquiry altogether. The opportunity was taken on three different occasions, when oral evidence was tendered by the authors of such suggestions, to define the position of the Board, and it will be convenient to summarize here briefly the view which we took. When we made our previous enquiry into the Steel Industry the whole question whether any public assistance should be given, and, f so, what form it should take, was open for discussion, and any suggestion that promised to be helpful was entitled to careful consideration. At the end of the enquiry our recommendations were submitted to the Government of India, were generally accepted, and became the basis of the Steel Industry (Protection) Act. The rates of duty imposed were expected to give adequate protection if the prices of imported steel remained at the level at which they stood in the latter part of 1923. But the future course of prices was very uncertain, and it was foreseen that they might easily fall to a point which would render nugatory the protection intended to be given. For that reason power was delegated to the Government of India to increase the duties to such an extent as might be considered necessary, if satisfied that any class of articles subject to protective duties were being "imported into India at such a price as is likely to render ineffective the protection intended to be afforded to similar articles manufactured in India". We have now been called on to advise the Government of India whether the circumstances justify the exercise of the power delegated by the Legislature, and, if so, to what extent and in respect of what classes of material. It is not open to us, therefore, in this enquiry to discuss suggestions for the grant of bounties, or schemes by which all Government Departments and Railways should be required to use Indian steel. We have nothing to say as to the merits of these proposals for they are not before us. Our duty is to advise whether the power delegated by the Legislature should be used to secure the ends which the Legislature had in view, and not to investigate alternative plans which might have been adopted by the Legislature, but were not.

Kinds of steel affected.

5. The application of the Tata Iron and Steel Company is for the increase of the duties on steel bars (*i.e.*, rounds, flats, squares, etc.), structural sections (*i.e.*, beams, channels, angles, tees, etc.), plates and light rails, and it is with these we are chiefly concerned. We have found it necessary, however, to take into consideration other classes of material also, and to include them in our recommendations. These are :—

(1) Steel rails and fishplates.

(2) Sheets, black and galvanised.

(3) Wire and wire nails.

(4) Tin-plate.

(5) Wrought iron bars and structural sections.

(6) Fabricated steel of various classes.

The first two classes are produced by the Iron and Steel Company itself, and the next two are manufactured by other companies at Jamshedpur. The only factor affecting these four classes which has been taken into account is the rise in the rupee sterling exchange. Wrought iron bars and sections cannot be ignored, because an increase in the duties on steel might create such a wide difference in price that iron would be imported instead of steel. The reason why fabricated steel cannot be left out of account is obvious, for if the duties on unfabricated steel are increased, the engineering firms will find their raw material is dearer.

Arrangement of the Report.

6. The second chapter of this Report is occupied with the prices of imported steel, the causes which have produced the present low level of prices and the consequences which follow from it. Chapter III is devoted to a review of the prices realized for steel made at Jamshedpur since the Steel Industry (Protection) Act came into force. Chapter IV summarizes our general conclusions and discusses the question whether any arrangements are possible for differentiating the rates of duty on steel imported from different countries, and Chapter V contains our final recommendations.

CHAPTER II.

The Prices of imported steel.

The evidence as to the price of imported steel.

7. Evidence as to the prices of British and Continental steel has been supplied by the Tata Iron and Steel Company, by several engineering and importing firms and by the Collectors of Customs at Calcutta and Bombay. The information which has been obtained from these sources as to the course of import prices during the last six months has been set out in the comparative tables in Appendix B, and it is not necessary to discuss the figures at length. As was to be expected, exact agreement between the prices given by different firms is not to be found, but there is no discrepancy sufficiently serious to occasion misgiving, and on the main features of the situation there is no uncertainty. The quotations for British and Continental steel in the Iron and Coal Trades Review have also been tabulated for the months of October and November 1923, and April to September 1924. The movements of the Continental quotations in the Review are closely reflected in the c.i.f. figures of the importing firms and those of the Iron and Steel Company, and the quotations can generally be used with confidence to determine the difference in the level of prices between one period and another. During the last six months the difference between the quotations and the c.i.f. prices approximate to the cost of freight and insurance from Antwerp, and the quotations therefore are near the price at which purchases can actually be made. But this is not always the case, and when trade is driven out of its usual course by some disturbing cause, as in 1923, the divergence may be substantial. The British quotations are varied much less frequently than the Continental, and when trade is slack, steel can usually be bought for prices appreciably below the export quotations.

Prices reported by the Collectors of Customs.

8. The Collector of Customs, Bombay, furnished us with copies of three statements of the price of imported steel which he had submitted to the Board of Central Revenues during the last three months, and we also obtained a report from the Collector of Customs, Calcutta. Mr. Green explained, when giving oral evidence, that his first report (written in August) was based on enquiries made by his officers as to the prices of steel in Bombay, the procedure followed being similar to that adopted when a Tariff Valuation is fixed. His second and third reports (written in August and September) were based on actual invoices of steel passing through the Port at the time. In whichever way the figures are arrived at, the results are not strictly comparable to the quotations for a given month. The price deduced after enquiries from importers and merchants is likely to be an average of the imports of several different months, and the invoices examined during any week will show the prices of steel ordered several months before, and not the current quotations. The Customs prices, therefore, while valuable as a check, are not the primary evidence of the course of prices.

Summary of the price situation.

9. As the evidence about prices is all of the same tenor, and the conclusions to be drawn are plain, no lengthy discussion is required and it will suffice to summarise the principal points.

(1) The sterling prices of British bars and plates have not varied much during the past twelve months, and are still at about the same level as they were in the latter part of 1923, or probably a little higher.

(2) The prices of British structural sections (beams, angles, channels, etc.) have fallen appreciably during the last six months and are now about 10 shillings a ton below the prices of the period covered by our previous enquiry.

(3) The prices of all classes of Continental material touched a very low point in February-March 1924 owing to the collapse of the French and Belgian exchanges, rallied sharply in April when the French Government took steps to stabilize the exchange, and since April have almost uniformly declined until, at the beginning of October, they were practically down to the pre-war level.

(4) There has been no change since 1923 in the freights on steel imported from Europe and the rates are approximately :—

From the United Kingdom 22 shillings a ton.

From Antwerp 15 shillings a ton.

(5) The present c.i.f. prices of British material may be taken to be as follows :—

	£	*s.*	*d.*
Bars	10	5	0
Beams	9	10	0
Angles	10	0	0
Plates	10	10	0

(6) Of the steel-producing countries of the Continent, Belgium easily takes the foremost place in the Indian market at present. The current c.i.f. prices of Belgian material are as follows :—

	£	*s.*	*d.*
Bars, angles and beams	6	10	0
Plates	7	18	0

(7) The present prices of Belgian material are below the prices adopted by the Board in their estimate of prices in the Report on the Steel Industry by approximately the following amounts :—

	£	*s.*	*d.*
Bars	1	15	0
Beams	1	10	0
Plates	1	4	0
Angles	1	10	0

c

(8) Owing to the fall in Continental c.i.f. prices, a very wide gap now exists between them and the British prices, the difference being as follows:—

	£	s.	d.
Bars	3	15	0
Beams	3	0	0
Plates	2	12	0

(9) Owing to the heavy importations of bars and structural sections during the first five months of the current financial year, internal prices of Continental material have fallen to a point which involves the importers in substantial loss.

The last two points are important and require fuller treatment.

Gulf between British and Continental prices.

10. Before the war the Continental prices of steel were often below the British, but the difference never approached its present dimensions. After the war, at the end of 1922, the gap was opening up rapidly, and but for the occupation of the Ruhr, it might have gone further. Otherwise the present position is unprecedented and threatens to have the gravest consequences. Even before the war the relative cheapness of Continental steel had led to a rapid growth of the imports of certain kinds of steel from Continental countries at the expense of British steel, but there remained a considerable body of purchasers in India, *e.g.*, Government Departments, Railways, Port Trusts and engineering firms, who were content to pay a higher price for British steel in view of the high reputation its quality had gained for it. It is the needs of this class of customers which up to the current year the Jamshedpur Works have mainly supplied. But it is obvious that there is a limit to the "extra" which purchasers will pay for British quality, and the continuance of a difference of £3 or more, between British and Continental prices must inevitably lead to extensive substitution of Continental for British material. That the process has already begun is certain. The evidence supplied on this point by the sales of the Iron and Steel Company will be discussed in the next chapter, but the statements of the engineering firms deserve to be quoted. Messrs. Burn and Company write—

> "We have never used Continental steel in the past, but recently as we have been practically driven out of the merchant business, we have had to indent for Continental steel. We consider increased use of Continental steel will continue, if difference between British and Continental steel is maintained."

The evidence of Messrs. Jessop and Company is as follows :—

> "We only began to seriously consider the import of Continental steel at the end of 1923 when we placed a few trial orders, of which only a portion were executed, probably on account of disorganization of the Continental industry through the French occupation of the Ruhr Territory. At the end of 1923, deliveries again became possible, and as most of our

constituents refused to pay the difference between the cost of British, or Tata, and Continental material, we increased our imports of the latter considerably.

If the present disparity in prices is maintained, we think the use of Continental material will be more largely demanded by our constituents, and the proportion of this consumed will increase at the expense of British and Tata Works."

The bulk of the merchant business in British quality steel is in the hands of the engineering firms, and they have taken considerable quantities of Jamshedpur steel for this purpose, apart from the demands of their own Works. It is to the merchant business that the passages cited above relate.

Effect of the gap between British and Continental prices on the protective scheme.

11. It is, of course, impossible to be certain whether a divergence in price of any thing like £3 a ton will continue permanently. If it does, the disappearance from the Indian market of certain kinds of British steel must be only a question of time, though the process may be gradual. Unquestionably, however, a new factor has appeared which radically modifies the conditions under which steel made in India can be sold. The basic prices at which we estimated, in our Report on the Steel Industry, that imported steel was likely to enter into competition with Jamshedpur steel were weighted averages, and the weighting necessarily involved assumptions as to the quantities likely to be taken by purchasers prepared to pay a price based on the British price. If owing to the very low price of Continental steel this class of purchasers rapidly dwindles, much greater weight must be given to Continental prices and less to British. The discussion of this question cannot conveniently be carried further at this stage, and we now turn to the second point alluded to at the end of paragraph 9.

Heavy importations of bars and structural sections.

12. The importations of steel into India during the last six months have been unusually heavy, exceeding even the figures for the first half of 1922-23. The trade returns are compiled in such a form that a complete analysis of the figures is not possible, but the main facts are beyond question. Comparative tables showing the imports of various kinds of steel will be found in Appendix C, and it will suffice to give the most important figures here. The imports of bars from April to September were approximately 89,500 tons in 1922, 61,500 in 1923 and 1,04,000 in 1924, but whereas the imports from the United Kingdom only rose from 7,500 tons in 1923 to 8,000 in 1924, those from Belgium increased from 40,000 tons to 68,000 or by 70 per cent. The import of steel angles were 9,300 tons in 1922, 10,800 in 1923 and 19,000 in 1924, an increase of 75 per cent., but the monthly Returns* give no indication of the country of origin. The imports under the head "beams, pillars, girders and bridgework" were 33,700 tons

* In 1922-23 the imports from the United Kingdom were 40 per cent. of the total.

in 1922, 32,600 in 1923 and 41,900 in 1924, an increase of 28 per cent. This head covers both fabricated and unfabricated material, and it is conceivable that the fabricated imports might account for the excess. But all the evidence is the other way. The principal source of fabricated steel is the United Kingdom, and the imports from that country were stationary at between 17,600 and 17,900 tons. The imports from Belgium, on the other hand, increased from 13,200 tons to 18,500 tons or by 40 per cent., and, as the average value per ton dropped from Rs. 135 to Rs. 118, it is most unlikely that the fabricated imports were more than a small percentage. It is evident from the figures that the imports of unfabricated steel (bars and structural sections) have been abnormal.

Causes of the heavy importations.

13. Since the imports of bars and structural sections were restricted in the first six months of 1923-24, an increase was likely to occur as soon as the effects of the Ruhr occupation wore off and the price of Continental steel dropped back to a lower level. Such an increase actually took place in the second half of the year. The figures (in tons) are as follows :—

	1923-24.			1924-25.
	April to September.	October to March.	Increase per cent.	April to September.
Imports of bars ..	61,484	1,08,853	76	1,04,007
Imports of angles ..	10,784	15,543	44	19,087
Imports of beams, pillars, girders, etc. ..	32,630	44,913	37	41,943

Stocks of material were probably low in the autumn, but by March they must have been replenished, and the continuance of imports at the same high level during the next six months requires explanation. There seems to be no doubt—more than one of the importing firms has frankly admitted it—that very large orders were placed at the beginning of 1924 in the hope that the steel would arrive in India before the new duties took effect, and that the subsequent rise in the internal price would yield a substantial profit. Much of the steel so ordered could not in any case have reached India in time, and, owing to transport difficulties in Belgium, considerable quantities of steel were held up much longer than usual. The result was that, after the new duties came into force, the stream of steel from Antwerp continued to pour into India with unabated vigour.

Consequences of the heavy importations of steel.

14. The importation of abnormal quantities of steel into India since the passing of the Steel Industry (Protection) Act has aggravated the difficult situation which the steady fall in the price of Continental steel and the continuous rise in the rupee sterling exchange inevitably created. The monsoon season is normally a slack time in the steel trade, and the market was quite unable to absorb the flood of importations. Large stocks of steel accumulated, and as each month gave promise of fresh importations purchased at lower prices, importers had

small temptation to hold their stocks for a rise. The result has been that since the beginning of September Continental steel in India has been sold at prices which not only involve the importers in heavy loss, but are also below the price at which, even now, Belgian steel can be imported and sold at a profit. Mr. Anandji Haridas and Mr. Trivedi quote the current selling price of Continental bars in Calcutta and Bombay as Rs. 135 a ton, and with the present rate of duty and exchange at 1*s.* 6*d.*, this price leaves no margin whatever for profit. In fact, however, the actual price at which bars are being sold is below Rs. 135 a ton. The Calcutta Iron merchants in their representation mention Rs. 120 per ton as the price of common bars in small lots. Mr. Anandji Haridas himself in his oral evidence clearly implied that Rs. 135 a ton was too high. He mentioned that he had offered the Iron and Steel Company Rs. 120 for steel bars, when they were asking for Rs. 125 or Rs. 130, and said he could not increase his offer " because the selling price was about Rs. 130 ". In these circumstances it is not surprising that merchants who imported bars at from £7 to £7-10-0 c.i.f., with the exchange in the neighbourhood of 1*s.* 5*d.*, complain of the heavy losses they have incurred.

Volume of stocks and probable importations during the next six months.

15. Mr. Anandji Haridas puts the stocks of black iron and steel in Calcutta in merchants' hands in September at 15,000 to 20,000 tons, and importing and engineering firms on that side of India are unanimous that the stocks are abnormally high. Mr. Anandji Haridas was of opinion that the stocks in Bombay were larger than in Calcutta, but could not give any precise figure. The representative of the Bombay Iron Merchants Association said that the Bombay stocks of bars could not be less than 25,000 tons, and thought that they might be from 25,000 to 30,000 tons. Mr. Trivedi, on the other hand, told us that the stocks of plates and angles in Bombay were below normal, but those of bars and beams excessive. The stocks of bars he put at 30,000 to 40,000 tons and added that he had consulted the merchants for whom he acted. They had met in a body and given him this figure, which was not therefore his own estimate. On the basis of the 1923 figures the monthly consumption of imported steel includes about 14,000 tons of bars and 6,000 tons of sections, but the rate of consumption is higher in the cold weather than in the hot months. Bombay normally imports 6,000 tons of bars a month in the cold weather, and the Bombay stocks are equivalent to 5 or 6 months' supply of bars, and a somewhat smaller quantity of structural sections. For Calcutta no exact estimate is possible, but 18,000 tons of bars would be about 4 months' supply. As to the importations of the next few months, the general effect of the evidence is that they are not likely to be much below the normal level. Mr. Trivedi said that the usual shipments had been made, and more than usual, because the market had fallen. He estimated that in Bombay the bars indented for every month have been at least 6,000 tons. This statement was confirmed by the representative of the Bombay Iron Merchants' Association who put the import of bars from October 1924 to January 1925 at about 25,000 tons. All these figures suggest that it will be some time before stocks come down to a normal level, and until

that occurs, prices in India will tend to be lower than the current prices of imported steel.

Plates.

16. Nothing has been said in the foregoing paragraphs about steel plates, for here the position is entirely different. The Trade Returns do not suggest that the importations have been unusually large during the last six months, and it is even possible that they have been below normal. Mr. Trivedi, indeed, told us that the Bombay stock of plates was low at present. Unfortunately the Returns did not separate plates and sheets until April 1924, and even now the separation is by totals only and not by countries of origin. It is impossible, therefore, to be certain. The imports of sheets and plates during the last eighteen months have been as follows :—

First half of 1923-24	..	.. 48,396 tons.
Second half of 1923-24	..	.. 59,745 tons.
First half of 1924-25	..	.. 48,294 tons.

It will be seen that the quantities imported from April to September in both years are practically identical. The chief difference is that in 1923, 32,913 tons were imported from the United Kingdom and 8,710 from Belgium, whereas in 1924 the figures were 16,301 tons and 20,493 tons respectively. Now all the evidence we have had is that the imports from the Continent are mainly sheets and plates of less than $\frac{3}{16}''$ in thickness. If so, the reduced imports from the United Kingdom suggest that fewer plates of $\frac{3}{16}''$ and upwards have been coming in, and $\frac{3}{16}''$ is the minimum thickness of plates rolled on the plate mill at Jamshedpur.*

* The total imports of plates and sheets, not galvanised or tinned, are classified in the Trade Returns as follows :—

(a) Sheets up to $\frac{1}{8}''$ thick.
(b) Plates over $\frac{1}{8}''$ thick.
(c) Other sorts.

We confess to a mild curiosity about the " other sorts ", a class of ambiguous dimensions. They appear to be migratory in their habits for, of the 2,033 tons of " other sorts " imported in April, 578 had become plates and 1,402 sheets in the July Returns, while 53 tons had vanished altogether. Possibly the October Returns may show a similar metamorphosis of the 2,536 tons of " other sorts " which have not yet found a permanent home.

CHAPTER III.

The prices realized by the Tata Iron and Steel Company.

Accumulation of stocks at Jamshedpur.

17. Before we address ourselves to the subject of this Chapter, there are two or three preliminary points to he cleared up. One of these is the accumulation of stocks at Jamshedpur owing to the inability of the Company to sell steel in quantity, except at greatly reduced prices. During the oral evidence our attention was drawn by an engineering firm to a circular recently issued by the Iron and Steel Company regarding the programme of the October rolling. As Mr. Sawday subsequently explained the intention was to make it plain that, in this particular month, owing to the necessity of obtaining a larger output of rails, the mills would be fully occupied with orders already booked, and could not, therefore, undertake fresh orders for immediate execution. The circular, however, was so worded as to create the impression that the mills would be fully occupied for months ahead and could take no new orders. The firm were naturally curious to learn how this state of affairs could be reconciled with the Company's complaints of lack of orders and inadequate prices. It is of some importance, therefore, that misapprehensions on this point should be removed and the real facts ascertained. The necessity of clearing the accumulated stocks is an important factor in the price situation for the next six months, and for that reason it is mentioned here.

Reasons for accumulation of stocks.

18. The statements attached to the Company's letters to the Government of India do not make it clear why the stocks have been growing. From June to September the Company booked orders for steel of the kinds with which we are concerned at the rate of 10,000 tons a month, while their production for the first six months of the official year was 57,000 tons—a slightly lower rate. At the first glance, therefore, a reduction rather than an increase in stocks might seem probable. The explanation lies in the fact that, out of orders for 40,000 tons of bars and structural sections, no less than 12,000 tons were purchased by the engineering firms for the construction of railway waggons and under-frames. The delivery of the steel will be spread over a period of many months and the orders cover the requirements of the firms for this purpose for the whole year. It is purely by accident that they go to swell the total for a particular period of four months. In these circumstances the natural arrangement is to treat only one-third of the orders as belonging to the June-September period. On that basis the figures in Statement I, Appendix D, have been compiled. Briefly, during the first four months after the passing of the Steel Industry (Protection) Act, the Company were booking orders at the rate of 8,000 tons a month and rolling steel at the rate of 9,500 tons a month.* The result is that between the 31st May and the 30th September stocks have gone up by 6,500

* The increase in the stock of structural sections since the 1st June is mostly in the light sections. But in May the stock of heavy structurals went up by 2,000 tons. The present stocks are about 8,500 tons above the normal level.

tons. The reason for the accumulation is to be found in the shortage of orders at prices which the Company was prepared to accept. The evidence on this point will be brought out more fully in the later paragraphs of this chapter, but the fact is beyond question.

Conditions under which steel is sold to the engineering firms.

19. There are two important facts which affect the prices of steel produced at Jamshedpur which should be stated at the outset of this discussion. It was explained in our Report on the Steel Industry that part of the Company's output was sold to customers who desired steel in accordance with the British standards, and were prepared to buy it at prices based on British rates. This class of purchaser includes the engineering firms, the Railways and the Departments of Government. Another part of the output is taken by dealers mainly for sale in the up-country markets, and is bought on the basis of Continental prices. In each case, however, there is another factor to be taken into account. The Company have not in fact received from the engineering firms the full British price of imported steel, but something less. The arrangements made with the different firms are not uniform, but broadly the results are as follows. The firms pay for Jamshedpur steel delivered at Calcutta a sum less by Rs. 5 than the price of imported British material as settled quarterly by mutual agreement, and no allowance is made for landing charges except Port dues which may amount to Rs. 2-8-0 a ton. The result is that at Jamshedpur the Company receive a sum less by Rs. 10 or Rs. 11 a ton than the cost of British steel delivered at the engineering works. This total is made up of the following items :—

Reduction on the British price ..	Rs. 5
Railway freight from Jamshedpur to Howrah ..	„ 3
Transport charges on British steel from the docks to the engineering works ..	„ 2-8

It will be obvious that, when it became necessary to determine the average price realizable for Indian steel in competition with imported steel, this factor would reduce the weight to be given to British prices.

Sales to engineering firms—Bars.

20. The explanation given above applies to the sales of structural sections to the engineering firms, and none of the evidence we have received from the Iron and Steel Company in either enquiry suggests that bars were sold under different arrangements up to the end of August 1924. The actual prices realized from the engineering firms for bars and heavy structurals respectively make it quite certain that the two classes of material were not purchased on the same terms. This can best be illustrated by the figures for July and August 1924. The average price paid by the engineering firms for bars during the two months was Rs. 160 a ton and for heavy structurals Rs. 158. During these months British bars were dearer than British beams by from 10 to 15 shillings a ton, and the duty on bars was Rs. 10 higher than the duty on beams. If the same arrangement governed the sales of both classes of material, the price

received for bars should be higher than the price of beams by from Rs. 15 to Rs. 20 a ton. The only possible inference is that, at any rate since the passing of the Steel Industry (Protection) Act, the engineering firms have been purchasing Jamshedpur bars at a price which was lower than the landed cost of British bars in Calcutta by at least Rs. 20. Whether this was also the case before the protective duties were imposed, we have no information. The difficulties of our enquiries are greatly increased when reticence is observed as to facts of this kind by the firm which desires that the law should be set in motion on its behalf.

Factors affecting the price of Jamshedpur steel. Sales to dealers.

21. The second factor mentioned in paragraph 19 operates in the opposite direction to the first. Owing to the special Railway rates granted on Jamshedpur steel, the Company enjoys a freight advantage in the up-country markets which, they estimate, amounts on the average to Rs. 20 a ton. In so far as the Company can dispose of their steel in these markets they receive not the Continental price of steel, but something more. This factor, therefore, when an average price has to be calculated, tends to reduce the weight given to Continental prices. When allowance is made for the relative volume of the purchase made by each class of customers, the two factors are found to balance each other and it is unnecessary to make a special allowance for either. But once the engineering firms commence to use Continental steel instead of British, the balance is disturbed and the position must be reconsidered. The situation would be still more radically altered if the protective duties were varied according to the country of origin. The duty on British steel would then have to be such as to raise its price in India to Rs. 190 a ton, or Rs. 200 a ton in the case of bars, if the Iron and Steel Company is to receive Rs. 180 a ton f.o.r. Jamshedpur. Conversely, it might suffice to raise the price of Continental steel to an amount between Rs. 170 and Rs. 180 a ton at the Ports, and the precise figure would depend on the quantity of steel the up-country markets could absorb out of the total sold in competition with Continental steel. It is needless to develop the point further at this stage, but the explanation is given here because it may render the prices realized by the Company more easily intelligible.

Supplementary statements handed in by the Company.

22. When the oral evidence of the Tata Iron and Steel Company was taken, a number of statements were handed in by Mr. Sawday with the object of supplementing and bringing up to date the information contained in the Annexures to the Company's letter to the Government of India dated the 20th/22nd September. In two respects the new statements differed from the old :—

(1) A distinction was drawn between the ordinary sales of the Company's steel and certain special orders. It was claimed that the latter should be excluded in arriving at the average prices realizable by the Company.

(2) The original statements gave only the prices at which orders were booked. The new statements gave also the prices actually

payable on delivery of the steel ordered. It was claimed that the latter prices, and not the former, should be taken into account.

Both points require discussion.

The special orders for steel.

23. (1) The first special order to which our attention was drawn was the sale of 280 tons of bars of special quality to the Agricultural Implements Company in July. In one sense there is nothing special about this order, for the Iron and Steel Company are under contract to supply steel of this kind, and were making it last year when our enquiry was going on. When quantities are in question, therefore, it should be included. But when prices have to be determined, it is better to leave it out, because the price has no relation to present-day conditions in India, but is fixed by the contract between the two Companies at the mean of the f.o.b. British and American prices of similar steel *plus* 10 shillings a ton.

(2) The second class of orders it was desired to exclude consists of the large and small circular plates of which 750 tons were sold during the four months. It was argued that their manufacture involved more wastage of material, and that they were more expensive to produce than ordinary plates. This extra cost was not, it is said, taken into account in the Board's estimate of the cost of steel production at Jamshedpur. The validity of this claim appears to be very doubtful, for we understand that the production of plates of special shapes is part of the ordinary business of a plate mill, and the mill at Jamshedpur was from the commencement equipped to roll and cut circular plates. In this case also it is best to treat the circular plates as ordinary sales when quantities are in question, and as special when prices are considered. It is of importance that the average price obtainable for rectangular plates should be ascertained with accuracy, and the inclusion of the circular plates tends to obscure the facts. Their exclusion makes a difference of between Rs. 5 and Rs. 6 a ton in the average price realized.

(3) The third class of special orders covers the whole of the material purchased by the engineering firms for the construction of Railway waggons and under-frames. It was claimed that the bars and light structurals included in these orders were of special quality, that their manufacture was more expensive than the production of mild steel, and that the Company had not commenced to make steel of this kind when we investigated the cost of production at Jamshedpur. It is quite impossible for us to dispose of the matter on these lines. It is very doubtful whether the extra cost of making these steels could be ascertained at all, for it could only appear in the costing accounts by a small increase in the average cost of ingots in certain months. It has not been shown, moreover, that these steels are more difficult and expensive to produce than the rail steel which the Company has been manufacturing from the start. So far as quantities are concerned, the sales of steel for waggons and under-frames are ordinary, subject to the qualification already mentioned (*see* paragraph 18) that only one-third of the orders are properly

attributable to the period June-September 1924. But there are other and cogent reasons for excluding the waggon and under-frame orders in determining prices. It would have been natural to expect that the engineering firms would purchase the mild steel plates and heavy structurals at the ordinary rates, and pay a higher price for the special bars. For reasons with which we are not concerned they preferred to pay a uniform price of Rs. 162 a ton for structurals and bars, whether of mild steel or of special quality, and a higher price of nearly Rs. 166 a ton for mild steel plates. At the time the orders were placed (August and September) the Company was receiving Rs. 157 and Rs. 152 a ton from the engineering firms for heavy structurals and between Rs. 158·7 and Rs. 157 for plates. If the waggon orders for these classes of material are included in determining prices, the average is raised. It seems to be certain that the engineering firms would not in fact have paid Rs. 162 a ton for heavy structurals and Rs. 166 for plates, if the purchase of the special quality of steel had not been part of the transaction. It is better, therefore, to exclude them. The exclusion of the special quality bars and light structurals, if taken at Rs. 162 a ton, makes little difference to the average price. If included at all, they should be taken at some higher price, but what that price should be we have no means of ascertaining.

Reason why delivery prices have been lower than booked prices.

24. There are two reasons why, during the last four or five months, the price payable for steel on delivery is lower on the average than the price at which orders were booked. In both cases the root cause is the steady fall in the rupee price of imported steel, but the circumstances are different. The customary arrangement between the Iron and Steel Company and the engineering firms for the sale of steel on the basis of British prices is that a provisional price is fixed at the beginning of each quarter for each class of material, and during the quarter all orders are booked at these prices. But the provisional price is no more than a settlement of the rate at which payments on account are made for deliveries during the quarter. The real price is not ascertained until after the end of the quarter, and it is then fixed in accordance with the average price of imported British material (*see* paragraphs 19 and 20 above). In this case obviously it is only the finally adjusted price which is of any value. The sales to dealers are on a different footing. Owing to the fall in the price of Continental steel and the accumulation of stocks in India, the Iron and Steel Company was forced on more than one occasion, in order to sell steel at all, to lower its selling price. Each reduction was followed by the cancellation of orders already booked or by refusal to accept delivery except at the reduced price. This is the second reason why delivery prices are below the prices at which orders were booked. It is only in a falling market that this feature can appear, and in a stable or rising market there should be no diffeience between the booked price and the delivery price. It can be argued, therefore, that the booked price is the more important because it supplies evidence as to the price at which orders could be placed under given conditions. It is not practicable, however,

on the materials at our disposal to take the adjusted prices in the case of the engineering firms, and the booked prices in the case of the dealers. It is necessary to elect definitely for one or the other, and we have no doubt that of the two the adjusted price is more nearly accurate. It is more important to ascertain what the Company could actually realize under the conditions of the period than what it might have realized, had the conditions been different.

Statistical tables of booked and adjusted prices.

25. In Appendix D the figures supplied by the Company have been compiled in statements II to V. Statement II gives the average booked price for each class of material for the four months June to September 1924, without distinguishing any class of sales. Statements III and IV give the average booked prices for the same period. but show separately the ordinary sales and the special sales. Statement V gives the adjusted average prices for ordinary sales after allowance has been made for the lower prices the Company has actually received, or will receive on the delivery of the goods ordered. For the reasons already explained it is statement V of which we shall make most use.

General considerations affecting prices.

26. In reviewing the prices which the Tata Iron and Steel Company were able to realize by the sale of steel during the four months June to September 1924, there are certain general considerations to be kept in view. A period of unsettlement must in any case have followed the imposition of the new duties at the beginning of June, and it is probable that several weeks would have passed before prices became established on a new level with a definite relation to British and Continental prices. In fact, however, circumstances have been such that the period of unsettlement continues to this day, and since the middle of September the steel market has been thoroughly demoralized. A small rise in prices took place at the end of June or early in July, but it was of brief duration. The continuous rise in the rupee sterling exchange, the steady fall in the price of Continental steel, and the heavy importations from the Continent throughout the period exerted an overwhelming influence. The higher duties proved sufficient to hold prices somewhere near the May level until the end of August, but from the beginning of September the decline was rapid. With the prospect of fresh consignments of steel coming in month by month, each purchased at a lower price than its predecessor, it became impossible to maintain prices, and in the bazar these dropped to a point which involved the importers in substantial loss. The consequential reduction in the price of Jamshedpur steel, inevitable though it was, increased the demoralization. Intending purchasers held off in the expectation that steel would be cheaper still, and that what the Company had been compelled to do once, it would be compelled to do again. It was in the same month that another new feature became evident, namely, the fact that there was a limit to the " extra " which the engineering firms were prepared to pay for British standard steel ; and for the first time the Company

sold large quantities of bars to the firms at a price which was no more than the equivalent of the Continental price. In the circumstances, any attempt to compare the prices realized by the Iron and Steel Company with the current quotations for British and Continental steel must be made with caution, for there are many pit-falls. It is impossible, of course, to leave this part of the subject unexamined, for the prices which the Company have actually received in the past are relevant evidence in an enquiry as to the prices they are likely to receive in the future. To some extent, moreover, the abnormal features of the period tend to counteract each other. On the one hand the tendency of the consumers to use Continental steel instead of British (or British standard steel made in India) did not become apparent until September, and did not appreciably affect the prices realized in June, July and August. The full effect of this change has not yet been disclosed, and in so far as this is the case, the average prices of the last four months are too high. On the other hand, the effect of the falling market and the accumulation of stocks has been to bring bazar prices down below the point to which they must in any case have come under the operation of the rise in the exchange and the fall in Continental prices. In so far as this is the case, the average prices are too low. The one factor counteracts the other, and this makes the comparison of the Company's prices with imported prices less unprofitable than it otherwise would be. In reviewing the prices we shall take each class of material in turn.

Bars.

27. During the four months, June to September, the Company booked orders for about 10,000 tons of bars, or, deducting the under-frame and waggon orders, 7,700 tons. One-third of the waggon orders can be treated as properly attributable to this period (*see* paragraph 18) and, if these are included, the percentage of sales to various classes of customers are as follows :—

	Percentage.
Engineering firms	33
Dealers	46
Other customers	21

The dealers, therefore, took nearly half the output, the engineering firms one-third and other customers one-fifth. The ordinary sales were about 2,000 tons in June and July, followed by a drop to 1,200 tons in August, and a recovery to over 2,000 tons in September, but this recovery was secured only by drastic price reductions. For the three months June to August the average price realized was about Rs. 162 a ton with a downward tendency, and then came an abrupt fall to Rs. 146 a ton in September. In August the Company sold 467 tons to the engineering firms at an average price of Rs. 159 a ton, and to the dealers 402 tons at an average price of Rs. 157. In September they sold 845 tons to the engineering firms at an average price of Rs. 140, and 1,075 tons to dealers at an average price of Rs. 145, and, but for the big break in the price, it is evident that their sales to both classes would have been negligible. The drop occurred simultaneously in both cases, but the causes were different. To the engineering firms the Company sold bars at the bare equivalent of the Continental price instead of at a price bearing a direct relation to the British price. The prices accepted from the dealers, on the other hand, were certainly below the cost of imported Continental material. This at once becomes evident when it is remembered that the bulk of the bars taken must have been for sale in the up-country markets where the Company has a freight advantage amounting on the average to Rs. 20 a ton.

Bars (continued).

28. The average price realized by the Company for bars from June to September was Rs. 158 a ton. The average landed, duty-paid prices of British and Continental bars during the same period are given in the following table :—

	c.i.f. Price. Sterling.	Rupees. (£1 = 13·93)	Duty.	Landing and other charges, etc.	Total.
	£ *s. d.*	Rs.	Rs.	Rs.	Rs.
British bars ..	10 5 0	143	40	5*	188
Continental bars ..	7 2 6	99	40	10*	149

It will be seen that the average price realized by the Company was less by Rs. 30 than the landed duty-paid cost of British bars, and only exceeded the cost of Continental bars by Rs. 9 a ton. So long as a wide gap separates the British and Continental prices the price of British bars must be almost a negligible factor in determining the price which the Tata Iron and Steel Company can realize. From the engineering firms they can ordinarily expect no more than the Continental price, unless the material is required for waggon building, or for some other Railway works for which a rigid specification of the steel is essential. Railways, Government Departments and important public bodies like the Port Trusts may also continue to use British steel, or Indian steel at approximately British prices, for some time to come. But it is wholly uncertain how long they will be content to pay a price more than £3 higher than the Continental price. Indeed we have had it in evidence that one State Railway has already refused to buy bars except on a Continental price basis. All that the Company can count on for securing something more than the Continental price is (*a*) the Rs. 20 freight advantage up-country which probably affects one-third of their sales, and (*b*) the higher prices obtainable for the special quality bars used in waggons and under-frames. It does not seem likely that over a year the two factors together will raise the average selling price by more than Rs. 7 or Rs. 8 above the level of imported steel from the Continent.

* In the text of the Report all figures have been rounded to the nearest unit. The reason why Rs. 10 on account of landing and other charges is added to the cost of Continental bars, and only Rs. 5 to British, is explained in paragraph 51.

Structural Sections—Reasons for classing light and heavy structural sections together and separating the former from bars.

29. In the statements attached to the Company's original application and to their subsequent letter to the Government of India, dated the 20th/22nd September, the light structural sections, which are rolled on the bar mills, were classed as bars. The heavy structural sections, which are rolled on the rail mills, were separately classified. The failure to separate the light structurals from the bars was unfortunate, for, in the tariff classification, light and heavy structurals are taken together and subjected to the same duty of Rs. 30 a ton, whereas bars pay a higher duty of Rs. 40 a ton. Alluding to this point the Company remark :—

> "Owing to causes with which we were not acquainted, bar mill material, which includes flats, rounds, squares, angles and tees up to 3″ × 3″ has been assessed partly as structural material with the duty of Rs. 30, and partly as bar with the duty of Rs. 40." (Letter of 20th/22nd September to the Government of India.)

It is true that both bars and light structurals are rolled on the same mills, and the cost of manufacture cannot therefore be separately worked out, but it by no means follows that the selling price of both will be identical. When we drew up the proposals subsequently embodied in legislation, our declared object was to secure to the Indian manufacturer an average price of Rs. 180 a ton for bars and Rs. 175 for structurals, and we were aware that for light structurals the average price was higher than for heavies. If in fact the prices realized by the Company for structural sections is less than that for bars by about Rs. 5 a ton, it indicates that the difference in the rates of duty was approximately correct. The actual figures are not very far out. They are as follows :—

	Average prices realized by the Company during the four months, June to September.
	Rs.
Bars	158
Light structurals	161
Heavy structurals	153
All structurals	156

But for the low price realized for bars in September, the results would have approximated even more closely to our forecast, and we find no reason for departing from our original classification. When two classes of material are subject to different rates of duty, statistics which fail to distinguish them can have little or no value, and, as the interest of the Company was to facilitate our enquiries, it might have been expected that they would compile their statements with that object in view. In fact, however, the separation of the bars from the light structurals was not completed until the day on which the oral evidence was concluded.

Light structural sections.

30. It will be convenient to examine the figures for light and heavy structurals separately, and then to take them together. The sales of light structurals from June to September amounted to 5,500 tons or, deducting the waggon and under-frame orders, 4,350 tons. If, for the reason already explained, one-third of the waggon orders are taken into account, the percentages of sales to the various classes of customers were as follows :—

	Percentage.
Engineering firms	56
Dealers	28
Other customers	16

It will be seen that the engineering firms take more than half the output, and the dealers less than a third. Of the ordinary sales (4,350 tons) two-thirds were made in June and July, and only one-third in August and September. This falling away in the sales may be partly seasonal, but it would seem that other causes were also at work. The average price realized was about Rs. 163 a ton in the first two months, and Rs. 154 a ton in August and September. There was thus a steep descent in the price of light structurals, as of bars, but it occurred a month sooner and the drop was only Rs. 9 against Rs. 16. The average price for the whole period was Rs. 160 a ton. The falling away in sales simultaneously with the drop in the selling price clearly suggests that, in this case also, the extended use of Continental material was affecting the Company's sales to the engineering firms. The sales to dealers in the up-country markets were undoubtedly affected, both in quantity and in price, by the accumulation of stocks of imported material. For the three months, July to September (the June figures are not available), and the first thirteen days of October, the sales to engineering firms and to dealers were as follows :—

Engineering firms.

	Bars.	Light structurals.
July ..	328 tons @ Rs. 161	1,168 tons @ Rs. 163
August ..	467 tons @ Rs. 159	131 tons @ Rs. 146
September ..	845 tons @ Rs. 140	370 tons @ Rs. 156
October (13 days) .	354 tons @ Rs. 137	116 tons @ Rs. 150

Dealers.

	Bars.	Light structurals.
July ..	1,408 tons @ Rs. 161	499 tons @ Rs. 158
August ..	402 tons @ Rs. 157	168 tons @ Rs. 150
September ..	1,075 tons @ Rs. 145	316 tons @ Rs. 145
October (13 days).	143 tons @ Rs. 149	36 tons @ Rs. 145

It will be noticed that the dealers pay somewhat less for light structurals than for bars, though not by any means to the full extent of the difference in the duty. The engineering firms, on the other hand, paid more for light structurals than for bars except in August, and the very low figure at which a small quantity of material was sold in that month may be explicable by sales to a Bombay firm, for the freight across India would have to be deducted in order to arrive at the nett amount receivable by the Company.

Heavy structural sections. Review of the Company's figures.

31. This class of material includes beams and heavy angles and channels, but the beams are much the most important and amount to 85 per cent. of the total. During the four months, June to September, 13,400 tons of heavy structurals were sold by the Company, of which over 4,000 tons were for waggons and under-frames. If, as before, one-third of the latter is included, the percentages of sales to the various classes are as follows :—

	Percentage.	Average price on ordinary sales.
		Rs.
Engineering firms ..	61	154
Dealers	33	152
Other customers ..	6	157
Total	100	153

In this case the engineering firms took three-fifths of the output, and the dealers one-third. Of the ordinary sales (9,200 tons) more than two-thirds were made in June and July, and less than a third in August and September, and the same comments we have made in the case of light structurals are applicable here also. The sales to engineering firms and to dealers from June onwards were as follows :—

	Engineering firms.	Dealers.
June ..	2,679 tons @ Rs. 152	971 tons @ Rs. 146
July ..	782 tons @ Rs. 156	1,880 tons @ Rs. 155
August ..	1,202 tons @ Rs. 157	250 tons @ Rs. 158
September ..	452 tons @ Rs. 152	395 tons @ Rs. 149

The June prices are low and are only slightly above the May level, so that it would seem that in that month the price of heavy structurals was hardly affected by the new duties. In July and August the prices paid by dealers and by engineering firms were practically the same, although the sales to the one class were on a Continental price basis and to the other on a British. The explanation is, of course, the freight advantage enjoyed by Indian steel in the up-country markets. The decline of the sales to the engineering firms in July, and to the dealers in August, was to be expected after the heavy sales in the preceding months, and it is not until September that the change in the situation becomes apparent. The price paid by the engineering firms, and the quantity sold, drop simultaneously, while the price paid by dealers reaches a level below the cost of imported Continental steel, when allowance is made for the Iron and Steel Company's freight advantage in the up-country markets.

All structural sections together. Review of the Company's figures.

32. The details of the figures have been examined in the last two paragraphs and it is needless to traverse the same ground again. The average price realized during the four months for ordinary sales of all structural sections was Rs. 156. The causes at work were not dissimilar from those already discussed in the case of bars. The extended use of Continental instead of British standard steel, and the heavy importations and consequent accumulation of stocks, have both left their mark upon the figures. Bars and structural sections are not, however, in quite the same position, and the differences must be noticed.

(1) The dealers take nearly one half of the bars sold, but only 30 per cent. of the structurals.

(2) In order to reduce the stock of bars at Jamshedpur the Iron and Steel Company in September for the first time began to sell bars in Calcutta in competition with Continental steel. It has not yet done so in the case of structurals, and it is possible that, for the next few months, owing to the heavy rail programme, the up-country market will suffice to absorb so much of the output of heavy structurals as is not taken by the engineering firms and similar customers. If so, the freight advantage up-country becomes of greater importance.

(3) The Company are still able to sell structural sections in restricted quantities on the basis of Brit sh prices to the engineering firms, who now take bars only on a Continental basis. The evidence is clear that Continental structurals are ousting British in the merchant business done by the engineering firms. It is not yet clear that Continental material will be used extensively for important bridges and buildings.

(4) Any imperfection in the quality of the steel used may have much more serious consequences when structural sections are in question, for the stability of an important work may be endangered. In these circumstances the substitution of Continental for British standard material is likely to proceed slowly and gradually. We have had abundant evidence in another enquiry (Cement) of the conservatism of the engineering profession in such matters.

(5) At Jamshedpur it is always possible for the purchaser to have the steel tested and certified by the Government Metallurgist. His guarantee has a special value when the quality of the steel is important. To obtain this guarantee it may be well worth while for the purchaser to pay something substantially higher than the Continental prices, even though he is no longer prepared to pay the full difference between British and Continental prices.

In any forecast of the prices likely to be obtained for steel by the Indian manufacturer in the next eight or nine months all these points have to be considered.

All structurals (continued).

33. For the four months June to September the imported duty-paid price of Continental structurals may be taken as about Rs. 140 a ton, and of British about Rs. 170. The average price realized by the Iron and

Steel Company (Rs. 156) is therefore about half-way between the two. How far these figures can be taken as a safe guide for the future depends on the extent to which Continental steel is likely to take the place of British.

Plates. Review of the Company's figures.

34. In the four months June to September the Company sold nearly 10,000 tons of plates of which 750 tons were circular, and 4,400 for waggons and under-frames. The balance (4,587 tons) consists of the ordinary sales of rectangular plates, and one half of these were sold in July. Excluding the circulars and two-thirds of the waggon orders, the percentages of the various classes of customers were as follows :—

	Percentage.
Engineering firms	80
Dealers	10
Other customers	10

It is evident that the sale of plates depends almost entirely on the requirements of the engineering firms, and it is the price which they are prepared to pay which will determine the Iron and Steel Company's average selling price. The Indian market for plates of $\frac{3}{16}''$ and upwards is a limited one, and the extent to which the Company could expand their sales if they lowered their selling prices substantially is problematic. The total imports of plates for the first six months of the current official year amounted to 19,200 tons, of which nearly 7,000 tons were imported in September. The Trade Returns do not distinguish the imports of plates by country of origin, but from figures supplied by the Director of Statistics it appears that from June to September 9,900 tons were imported from the United Kingdom, and 9,300 from other countries. Of the imports from the United Kingdom 5,300 tons entered the country in September, and these apparently included a very large quantity of fabricated plates imported by the Bombay Corporation for the new Tansa water-main. If these be excluded, the imports from the United Kingdom probably did not exceed 1,000 tons a month. The bulk of the imports from other countries are the thinner sheets not exceeding $\frac{3}{16}''$ in thickness, and the total imports of plates, such as are rolled on the plate mill at Jamshedpur, probably did not exceed 15,000 tons in the six months, of which 4,000 tons or more were for the Tansa water-main. The Indian market for plates is evidently limited. The Returns do not afford much evidence as yet of keener competition from the Continent.

Plates (continued).

35. The average price realized from June to September on the ordinary sales of rectangular plates was Rs. 160 and the average prices paid by the various classes of consumers were as follows :—

	Average price. Rs.
Engineering firms	160
Dealers	159
Other customers	164

For circular plates the average price realized was Rs. 201, and the average for rectangular and circular together is Rs. 166. During the four months the average landed duty-paid price of Continental plates was about Rs. 153 a ton, and the cost to an engineering firm importing direct would be about Rs. 5 less, or Rs. 148. The corresponding price for British plates is approximately Rs. 181. This brings out one important point. The engineering firms were paying for Jamshedpur plates Rs. 21 less than the British price, and only Rs. 12 more than the Continental price. Had the sale of plates been arranged on the same terms as for structurals, the Company would have received at least Rs. 10 more per ton. No clear explanation of this fact has been given by the Iron and Steel Company. But the production of plates at Jamshedpur is a new development which was still in its very early stages at the time of our first enquiry, and it is possible that the terms on which the engineering firms would purchase had not then been arranged. During the last nine months the Company has been endeavouring to develop its sales of a new class of material in a limited market at a time when Continental prices were falling, and it was not in a position to dictate terms. If the difference between the price of British and Continental plates had remained at about £1 a ton, the Company might have been able eventually to sell to the engineering firms on the same terms as for structurals. With a difference in prices of over £2 a ton, this could not be done without incurring the risk that Continental plates might oust both British and Indian. But taking into account the kind of work for which plates are chiefly used, it seems probable that for Jamshedpur plates guaranteed to the British standard the Company may reasonably expect to realize from Rs. 10 to Rs. 15 more than the price of Continental plates.

Light rails.

36. During the four months June to September 1924 the Iron and Steel Company sold 1,361 tons of light rails at an average price of Rs. 149 a ton, two-thirds of the total being sold in July. The imported light rails come almost exclusively from the Continent, and are of the usual Continental quality. Notwithstanding the increase in the duty by Rs. 27 a ton at the beginning of June, the subsequent fall in Belgian prices and the rise in the sterling exchange, the Jamshedpur price never varied. The price was Rs. 149 per ton in May, and apparently nothing that took place afterwards altered the stubborn determination of the purchasers not to pay a penny more, and the equally obstinate resolution of the Company not to accept a penny less. The only information obtained from other sources shows that from April to June the c.i.f. price of imported light rails was £6-17-6, and in July £6-15-0. In these circumstances detailed comment is impossible. The Company would normally produce light rails at the rate of from 350 to 400 tons a month, so that the July sales were abnormal. For the next three months the sales averaged 175 tons a month. The price of this class of material usually varies with the price of bars, and the same rate of duty is appropriate for both.

CHAPTER IV.

Question of differential duties.

Summary of facts ascertained.

37. The facts as disclosed in the evidence may, we think, be summarised as follows :—

(1) Since the Steel Industry (Protection) Act was passed, steel has been imported into India at prices much below the figures which were taken as basic in the scheme of protection.

(2) The rise of the rupee sterling exchange from 1*s*. 4*d*. to 1*s*. 6*d*. means a fall of about Rs. 16 per ton in the price of imported steel. This affects both British and Continental imports.

(3) The British price of structural sections is lower by about 10*s*. a ton than it was in the latter part of 1923, and the prices of British bars and plates are practically unchanged.

(4) The sterling prices of Continental steel have fallen steadily since April, and are now close to the pre-war level. The result is that Continental prices are now below the level of the latter part of 1923 by the following amounts :—

	£	*s.*	*d.*
Bars	1	15	0
Structural sections	1	10	0
Plates	1	4	0

(5) Heavy importations of Continental steel during the first six months of the official year have led to a considerable accumulation of stocks. As a result, the bazar price has fallen to a point which is below the level at which Continental steel can be imported and sold at a profit to-day.

(6) A wide gap has opened up between British and Continental steel prices, the difference being as follows :—

	£	*s.*	*d.*
Bars	3	15	0
Structural sections	3	0	0
Plates	2	2	0

As a result the engineering firms have already begun to use Continental material instead of British, and the process is likely to go further.

(7) The scheme of protection adopted by the Legislature was intended to secure for the Indian manufacturer an average price of Rs. 180 a ton for bars and plates, and Rs. 175 a ton for structural sections. The average prices realized for Jamshedpur steel from June to September were, in round figures, as follows :—

	Rs. per ton.	Difference from the basic price. *plus* or *minus*.
		Rs.
Bars	158	— 22
Structural sections ..	156	— 19
Plates	160	— 20
Light rails	150	— 30

These low prices were directly due to the causes enumerated above.

(8) Even at the low prices obtained, the Company have been unable to make their sales keep up with production, and heavy stocks have accumulated at Jamshedpur which cannot be cleared except at even greater sacrifices.

Possibility of differential duties according to the country of origin.

38. Since the present situation is mainly due to the fall in the price of Continental steel and the gulf between British and Continental prices, the question inevitably suggests itself whether the natural remedy is not to impose a higher duty on Continental steel. As soon as the gulf was narrowed, the tendency to substitute Continental steel for British might be expected to disappear, and one serious complication would be eliminated. A uniform rate of duty, high enough to raise the price of imported Continental steel to about Rs. 180 a ton, must clearly raise the price of British steel to a much higher figure, and by means of differential duties this necessity could apparently be avoided. The question whether any arrangement of this kind is feasible clearly merits careful examination.

Discrimination against particular countries.

39. One method by which the desired result might conceivably be attained would be to impose higher rates of duty on steel imported from those countries in which prices have fallen to a very low level. The only countries that need be considered in this connection are Germany, Belgium and France, and under this plan steel imported from them would pay a special rate of duty in addition to the tariff applicable to all other countries. Such a scheme might, however, conflict with the commercial engagements into which India has entered, and the point requires examination. A common feature in commercial treaties between different countries is what is known as "the most favoured nation" clause, by which one country agrees to admit goods imported from another on payment of the lowest customs duties applicable to similar products of other foreign origin. Where treaties containing such a clause exist, they are clearly a bar to any discrimination against the countries with whom the treaties have been made. With Germany no commercial agreement, to which India is a party, apparently exists. Commercial relations with Belgium are regulated by the *Modus Vivendi* of 1898, by which each country undertakes not to modify the régime actually applied by it

at the time to the subjects and products of the other, without giving three months' notice. This agreement does not, however, prevent either country from making any such modifications in that régime as may be applied to all other countries. The Commercial Convention of 1903 with France, on the other hand, definitely entitles French products to most favoured nation treatment. It appears, therefore, that while India enjoys a free hand as regards Germany, and can recover her freedom as regards Belgium by giving three months' notice, no discrimination against France is possible without denouncing the Commercial Convention of 1903. The bulk of the Continental steel which enters India comes from Germany and Belgium, but France is already a formidable competitor, and is likely to grow in importance as a steel exporting country. It would serve no purpose to raise the price of Belgian and German steel in India if the result was the extensive substitution of French steel at a much lower price. The French Commercial Convention of 1903 is, we think, an absolute bar to any scheme which proposes to discriminate against steel imported from particular countries.

Imperial Preference.

40. There is, however, another method of achieving the same result. We understand that no commercial treaty is now in force which prevents any part of the Empire giving a preference in Customs duties to the United Kingdom, or to any other part of the Empire. It would be quite possible, therefore, without breach of any international agreement, to impose a lower rate of duty on steel imported from the United Kingdom and a higher rate of duty on steel imported from other countries. If, however, the situation is dealt with on these lines, it is impossible to avoid the region of controversy. Imperial Preference is a very large question on which the Government of India and the Legislature have not yet pronounced, and the issues involved are quite as much political as economic. Ordinarily no move in that direction would be made until the case had been fully discussed in all its aspects, and we cannot advise the Government of India to use the power which was delegated for a special purpose, to introduce, as it were by a side wind, Imperial preference for steel. The motives underlying the action taken are likely to be misunderstood, and the Government of India would be accused of attempting to anticipate and prejudice the decision of a political issue. We are clearly of opinion that the question of Imperial preference should be decided on its own merits, and that it is inexpedient to complicate the problem referred to us by extraneous considerations.

Practical difficulties in proposing Imperial Preference on steel.

41. Quite apart from the general objection stated in the last paragraph there are practical difficulties which would prevent us from recommending preferential rates of duty on British steel at present. When the rate of duty payable is dependent on the country of origin, precautions against fraud are necessary, and should be elaborated before the system is introduced. It might, for example, be desirable to require the exporters of

steel on which the British preference was claimed to obtain certificates from the High Commissioner in London that the steel was in fact made in the United Kingdom. That would at once raise difficult questions, *e.g.*, whether sections and bars rolled in England from Belgian blooms or billets were to be treated as of British origin, or, again, whether structures fabricated in England from Continental sections and plates were British or foreign. These are not questions which can be answered without detailed investigation, and to work out a complete scheme must take time. In particular, the tariff on fabricated steel would present special difficulties requiring careful enquiry. The disposal of a very urgent question cannot be delayed until these preliminaries have been completed.

Relatively small volume of British imports likely to be affected.

42. It may be worth while to draw attention here to two aspects of the case which suggest that the reasons for imposing different rates of duty on British and Continental steel are not so strong as they appear at first sight. In the first place the volume of British imports likely to be affected by any higher duties that may be imposed is not so large as is sometimes thought, and is likely to decrease. Imports of British bars in the current year are not likely to exceed 15,000 tons, less than 10 per cent. of the total imports, and the values given in the Trade Returns suggest that a substantial proportion of the British imports are bars of higher value, to which the protective duties do not apply. In the case of structural sections the British share of the imports is a good deal higher, but exact figures cannot be given owing to the defective compilation of the Trade Returns. The imports of unfabricated British structural sections may be put approximately at from 20,000 to 25,000 tons, which would be between 30 and 40 per cent. of the total imports. In fabricated steel the United Kingdom still holds the foremost place, but in volume the imports probably do not much exceed the British imports of unfabricated structural sections. The normal imports of British plates may be about 12,000 tons a year. Except in the case of bars, these figures are admittedly estimates. But whatever the precise quantities may be, the British imports must rapidly decline. The increase in the Jamshedpur production must be largely at the expense of British steel, and the wide difference between British and Continental prices threatens a great acceleration of the process.

Difference in prices not the measure of difference in duties.

43. The second point to which attention must be drawn has already been alluded to in paragraph 19. When the Iron and Steel Company sell steel to the Calcutta engineering firms, the price they receive at Jamshedpur is not the same as the British price but something less (about Rs. 10 per ton for structural sections and Rs. 20 per ton for bars and plates). On the other hand, the freight advantage in the up-country markets enables the Company to sell steel in competition with Continental steel at a higher price, on the average, than can be obtained for Continental steel in the Ports. If, therefore, the object to be attained is that the Iron and Steel Company should receive at Jamshedpur Rs. 175 per ton for

sections and Rs. 180 for bars and plates, the price of British sections at the Ports must be raised to Rs. 185, and of bars and plates to Rs. 200. Conversely, owing to the freight advantage up-country, it might suffice to raise the price of Continental sections at the Ports to something under, and of bars and plates to something over, Rs. 170 a ton. The difference between the rates of duty appropriate for British and Continental steel respectively is therefore nothing like so great as the difference in prices, and probably would not exceed Rs. 15 a ton.*

Proposed lower duties on steel guaranteed to British standard.

44. It has been suggested that, without raising the question of Imperial Preference, it would be possible to differentiate by imposing a lower rate of duty on steel guaranteed to be made in accordance with the British standard specifications than was payable on other steel. This plan, if adopted, would not trench on the controversial region of politics, and one difficulty at least would be removed. We have considered the suggestion carefully, but we are unable to support it. The practical difficulties connected with the country of origin disappear, but are at once replaced by fresh difficulties not less formidable. We have had it in evidence that the Continental steel works will readily make and sell steel guaranteed to be up to the British standard specifications, and that the extra price charged for the guarantee is not more than from 10 shillings to 15 shillings a ton. If the facts are so, then it would not be safe to make the difference between the duty on British standard steel and the duty on other steel more than Rs. 8 a ton, and this goes only a small way to bridge the gulf in prices. Apart from that there is the question whether the guarantee given would be trustworthy. To organise any system of inspection in the British and Continental steel works, even if practicable at all, would take time and would be very expensive. No system of certification, therefore, seems feasible, and if frauds on the customs revenue are to be prevented, it would be necessary to provide for adequate testing of samples from each consignment of steel claimed to be of British standard. The administrative difficulties and the obstruction to trade would be serious, and the arrangements necessary could not be hastily improvised. We do not think that any solution on these lines is practicable.

Proposed additional duty on steel below certain value.

45. We have also considered another proposal, namely, that a higher duty should be imposed on all imported steel the real value of which is below a certain limit, which would be separately fixed for each class of material. But this scheme is objectionable in principle, for it would tend directly to encourage fraud and evasion. The Collector of Customs, Bombay, informed us that he had found that the invoices and declarations of value presented by importers could no longer be relied on to the same extent since the general level of duties had been raised, as they could when the duties were comparatively low. If, by declaring the value of a consignment at a figure a little above the limit, an importer could avoid

* In the case of plates there would probably be no difference.

a heavy increase of duty, the temptation to over-declaration would be very strong. The task of detecting and checking such over declarations would greatly increase the burden of the Customs authorities, and would lead to continual embarrassment. We cannot recommend that a scheme of this kind should be adopted.

Summary.

46. The views outlined in this chapter may be summarised as follows. Except on the basis of Imperial Preference, no scheme by which the duties on British steel would be differentiated from those on Continental steel can be worked out, and it does not appear to us expedient that the tariff on steel should be modified on that basis until the general question has been decided. If eventually the principle of Imperial Preference is accepted, its application to the steel tariff will require detailed investigation. No satisfactory scheme can be elaborated on the basis of a summary enquiry into prices.

CHAPTER V.

Recommendations.

Implications of original protective scheme.

47. The scheme of protection for the steel industry which has been adopted by the Legislature is founded on the proposals contained in our First Report. The fundamental conception underlying these proposals was that, in order that the Steel Industry should establish itself, it was necessary that, on the average for the next three years, the Indian manufacturer should be able to sell his steel at a certain price. A great part of our enquiry was devoted to an attempt to ascertain what could reasonably be taken as a fair price, and the figures finally arrived at were Rs. 175 a ton for structural sections, and Rs. 180 a ton for all other kinds of steel.* It was recognised that, if these prices were obtained, the Company, after meeting its overhead charges, would have only a small surplus during the first year. In paragraph 94 of the Report we wrote "on a production of 250,000 tons of finished steel, which is all that it is safe to rely on in 1924-25, the overhead charges alone would approach Rs. 50 a ton, and an average selling price of Rs. 180 a ton would leave little or no margin for the return on capital". In the second year we estimated that the output might go up to 335,000 tons of finished steel, and with the consequent fall in the incidence of the overhead charges and the reduction in works costs, there would be a margin of profit. The full production of 400,000 tons would not, we thought, be approached until the third year, and not until then could the manufacturer obtain what might be considered a normal profit. The actual output for the current year promises to be very close to 250,000 tons, so that in this respect our anticipations have proved accurate. For 1925-26 the Company have accepted as probable our estimate of 335,000 tons on the ground (stated by Mr. Sawday) that since our forecast for one year had proved correct, it was likely to be near the mark for the next year also. But this argument overlooks altogether the fact that the Company's management have now in their possession valuable information which was not at our disposal, namely, the actual results of working the duplex process for six months. It would be surprising if this information did not suggest some modification in our tentative estimate of the second year's production. If, in fact, these results indicated that the output in 1925-26 was not likely to exceed 300,000 tons, then the margin from which a return on capital can be made is seriously reduced. It is important to emphasise the fact that the average selling prices of Rs. 175 and Rs. 180 a ton left no margin in the first year of protection and only a small margin in the second year, and that the existence of any margin depends on the attainment of a higher rate of production than has yet been reached. These selling prices are therefore minima, that is, the very

* This does not apply to sheets. No data were available from which the cost of manufacturing sheets in India could be determined, and it was impossible, therefore, to ascertain precisely what price would give the manufacturer a reasonable return on his capital (*see* paragraph 113 of the First Report on the Steel Industry).

lowest prices which will enable the manufacturer to carry on. If in fact under protection the prices obtained for Jamshedpur steel are decidedly lower, the continued existence of the industry is in the gravest peril and the scheme of protection has failed to secure its object.

Results of the Company's sales during the first year of protection.

48. During the first four months after the passing of the Steel Industry (Protection) Act the Iron and Steel Company sold 39,000 tons of steel bars, structural sections and plates at an average price of Rs. 159 a ton, whereas if they had obtained Rs. 175 a ton for structurals and Rs. 180 a ton for other sorts, the average price would have been about Rs. 178. The shortage was therefore Rs. 19 a ton, and the aggregate loss of income Rs. 7¼ lakhs. Two months of the three years' period, for which the fair selling prices of Rs. 175 and Rs. 180 a ton hold good, had passed before the Act came into force, and another two months must elapse before any measures now taken can begin to operate. Current prices, moreover, are lower than the average of June-September, and the Company's unsold stocks have gone up by over 6,000 tons, and are now about 8,500 tons above the normal amount. For the first eight months of the year the sale proceeds of the Company's steel must fall short of the amount that the Legislature thought it reasonable they should receive by at least Rs. 16 lakhs. Even if the protective duties are now raised to an adequate level, internal prices in India, owing to the accumulated stocks of imported steel, will not at once increase proportionately. It may be three or four months before these stocks have been absorbed, and the loss of income on the whole year may then be as much as Rs. 20 lakhs. These facts will show that a very serious position has been created.

Proposals directed to securing a reasonable price for Indian steel.

49. The proposals we have now to make are based on the necessity of ensuring that the Iron and Steel Company should in fact receive what was found to be the fair price of their products. Nothing less than that can possibly suffice. Account must also be taken of the period during which the Company have been receiving less than a fair price. We are strongly of opinion that, should the price of imported steel rise once more, the increased duties should not be summarily reduced as soon as the rise occurs, but should continue in force until the Government of India are satisfied that, on the average of the three years, the Company are likely to realize Rs. 175 and Rs. 180 a ton for structural sections and other kinds of steel respectively. If the price of imported steel does not rise, but continues at its present low level for the next two years, then it may be a question whether the Company's loss should not be made good in some other way. If the scheme of protection had been devised so as to leave a wide margin for contingencies, the whole position would be different. It was in fact drawn up so as to secure for the Indian manufacturer the lowest prices at which the industry had a chance of establishing itself. Unless measures are taken to make the scheme effective in that sense, the intention of the Legislature will not be carried out.

Effect of the exchange on protective measures.

50. Before we formulate our proposals it is necessary that we should explain two underlying assumptions. In the first place we have assumed that, for the next few months the sterling exchange will not fall appreciably below 1*s.* 6*d.* to the rupee. To examine this question in any detail would take us far outside our province, but the circumstances of the moment are such as are usually associated with a firm exchange, and we can find no reason for anticipating an early fall. It is possible, on the other hand, that the exchange may go up still higher, and we do not think this possibility can be excluded. If this should occur, the consequences may be grave. It cannot be too distinctly recognised that a continuous rise in the exchange must go far to counteract any measures Government may take to encourage industrial development in India, and the more the industry is dependent on the use of indigenous materials, and therefore deserving of encouragement in accordance with the principles laid down by the Fiscal Commission, the greater the injury which it suffers. If a 25 per cent. *ad valorem* duty, for example, gives adequate protection when the rupee sterling exchange is at 1*s.* 4*d.*, a 40 per cent. duty is required when the exchange is at 1*s.* 6*d.* and a 56 per cent. duty at 1*s.* 8*d.*, provided that all other conditions are unchanged. We consider it important that the Iron and Steel Company should be protected from further losses arising from this cause, and it is desirable that a definite policy should be laid down. At present a rise in the exchange from 1*s.* 6*d.* to 1*s.* 7*d.* would mean a fall of Rs. 4½ in the price of Belgian steel and of about Rs. 7 in the price of British steel. A further rise to 1*s.* 8*d.* would again lower prices by Rs. 4 and Rs. 6 respectively. We recommend that the Government of India should declare their intention to increase the protective duties on bars, structural sections and plates by Rs. 6 a ton as soon as the exchange rises to 1*s.* 7*d.*, and by a further sum of Rs. 5 a ton if the exchange rises to 1*s.* 8*d.*, with corresponding additions to the duties on other classes of material. Further increases beyond 1*s.* 8*d.* would require similar adjustments. The principle is of general application, and affects all nascent industries, and until the Government of India find it possible to establish a stable relation between the rupee and the sterling, the exchange factor cannot be ignored in the protective scheme. If it is, the measures taken to develop industries will often fail.

Probable course of sterling prices.

51. The second assumption we have made is that steel prices in sterling are likely to remain at about their present level for some time to come. So far as British steel is concerned, there are no reasons for expecting any wide variation, and the real question is as to Continental steel. The present Belgian prices are practically what they were before the war, as has already been pointed out, and though prophesy is dangerous, it certainly seems that they must be near bedrock. We have had it in evidence from importing firms that present Belgian prices are 20 to 25 shillings below the cost of production, and are due entirely to the excess of productive capacity over demand. If that be so, the price of Belgian bars and structurals

must eventually rise once more to some figure above £7 a ton. But many months may elapse before any recovery takes places, and in our judgment it would be wholly unsafe to found any of our recommendations on the chance of Continental steel becoming dearer. The prices which we have taken, therefore, are those given in an earlier paragraph, and are as follows :—

	c.i.f. prices. Sterling.				Rupees. (£1 = Rs. 13·33)	Present duty.	Landing and other charges.	Total.
	£	s.	d.		Rs.	Rs.	Rs.	Rs.
British bars ..	10	5	0	=	137	40	5	182
British beams ..	9	10	0	=	127	30	5	162
British angles ..	10	0	0	=	133	30	5	168
British plates ..	10	10	0	=	140	30	5	175
Continental bars ..	6	10	0	=	87	40	10	137
Continental beams ..	6	10	0	=	87	30	10	127
Continental angles ..	6	10	0	=	87	30	10	127
Continental plates ..	7	18	0	=	105	30	10	145

It will be noticed that we have put the landing charges at Rs. 10 on Continental steel and only Rs. 5 on British, and the reason should be explained. The sum of Rs. 10 is made up as follows :—

	Rs.	a.	p.
Port dues	2	8	0
Handling and cartage to godown	5	0	0
Minimum allowance for profit or importer's commission	2	8	0
Total ..	10	0	0

This, we think, is a minimum estimate of the charges the Indian importing firms have to meet before they put their steel on the market, and the Jamshedpur steel is sold to dealers who also buy from the importers. But the British steel is largely imported by the Calcutta engineering firms who can transport steel by water from the docks to their works for about Rs. 2-8-0 a ton. Moreover they themselves purchase a considerable amount of Jamshedpur steel, and clearly they would not, in any circumstances, pay more than the actual cost of British steel. No allowance can therefore be made for profit, and Rs. 5 a ton is sufficient to cover the actual charges incurred.

Increase of the duty on bars.

52. The present prices of British and Continental bars are as follows :—

	c.i.f. price. Sterling.			Rupees. (£1 = Rs. 13·33)	Present duty.	Landing charges.	Total.
	£	s.	d.	Rs.	Rs.	Rs.	Rs.
British bars ..	10	5	0	137	40	5	182
Continental bars ..	6	10	0	87	40	10	137

As we have already said, so long as a very wide gap exists between British and Continental prices, the price of British bars is almost a negligible factor in determining the price at which Jamshedpur bars can be sold. As soon as the accumulated stocks in India have been absorbed, the Iron and Steel Company will recover its freight advantage of Rs. 20 a ton over Continental material in the up-country markets which has temporarily disappeared. That will probably affect about a third of their output, which would mean an average advantage of Rs. 6 to Rs. 7 a ton. For the rest, there will always be some demand for bars at a higher price than the ordinary Continental steel, *e.g.*, for Railway waggons and under-frames, but such sales would probably not raise the average price by more than Rs. 2 or Rs. 3 a ton. On the average of all sales we do not think that the Company will realize more than from Rs. 8 to Rs. 10 a ton above the price of imported Continental material, *i.e.*, at the present rate of duty Rs. 145 to Rs. 147 a ton. We recommend that the duty on imported steel bars be raised from Rs. 40 to Rs. 75, *i.e.*, by Rs. 35. We do not think that any lower duty will enable the Company to realize Rs. 180 a ton on the average.

Increase of the duty on structural sections.

53. The present prices of British and Continental structural sections are as follows :—

	c.i.f. price. Sterling.			Rupees. (£1 = Rs. 13·33)	Present duty.	Landing charges.	Total.
	£	s.	d.	Rs.	Rs.	Rs.	Rs.
British beams ..	9	10	0	127	30	5	162
British angles ..	10	0	0	133	30	5	168
Weighted average for British structurals (2/3 beams and 1/3 angles) ..	9	13	4	129	30	5	164
Continental angles and beams ..	6	10	0	87	30	10	127

It will be seen that the gap between British and Continental prices amounts to Rs. 37* a ton. It was ascertained in paragraph 33 that the average price realized for structural sections from June to September was midway between the British and the Continental prices, and on that basis the Company might expect to realize about Rs. 146 a ton with the present duty and at the present level of prices. It might seem, therefore, that an additional duty of Rs. 30 a ton should suffice. But we cannot overlook the fact that the Company's prices do not yet disclose the full effect which the extended use of Continental steel must produce. The Company sold 2,172 tons of bars in September at an average price of Rs. 146 a ton, and the quantity sold was 29 per cent. of their sales for the four months, if the waggon-building materials and other special sales are excluded. Of structural sections 1,920 tons were sold at an average price of Rs. 152·4 a ton, but this quantity was only 14 per cent. of the ordinary sales from June to September. To keep sales up to the normal level it would have been necessary to bring the price down to about Rs. 147 or Rs. 148. Since then Continental steel has become cheaper and the sterling exchange has risen, so that prices at which structural sections could be freely sold must be below Rs. 145 a ton. We feel strongly that, if the question of raising the duties is taken up at all, it must be handled firmly, and that it is worse than useless to put forward proposals which we are not satisfied will achieve their object. The Company's freight advantage of Rs. 20 a ton may affect about a quarter of the sales, and will thus amount to Rs. 5 a ton on the average. There will also be some demand (larger than in the case of bars) for structural sections guaranteed to be of British standard for important works, for Railway waggons and for other similar purposes. We do not think it is safe to assume that purchases of this kind will raise the average realized price above the Continental level by more than Rs. 7 to Rs. 10 a ton. If allowance is made for both these factors, the average price the Company are likely to realize is Rs. 139 to Rs. 142 a ton with the present duty and at the present prices of Continental steel. We recommend that the duty on imported structural sections of steel be raised from Rs. 30 to Rs. 65 a ton, *i.e.*, by Rs. 35.

Increase of the duty on plates.

54. The present prices of British and Continental plates are as follows :—

	c.i.f. price. Sterling.	c.i.f. price. Rupees. (£1 = Rs. 13·33)	Present duty.	Landing charges.	Total.
	£ s. d.	Rs.	Rs.	Rs.	Rs.
British plates ..	10 10 0	140	30	5	175
Continental plates ..	7 18 0	105	30	5	140

* This is the difference between the weighted average for British beams and angles and the price of Continental beams and angles.

In this case, since 80 per cent. of the sales are to the engineering firms, the landing charges on Continental plates have been taken at Rs. 5 a ton. The difference between British and Continental prices is Rs. 35, and the average price realized for Jamshedpur plates from June to September was rather nearer to the Continental average to the period than to the British. The danger of Continental material superseding British seems to be less in the case of plates than it is in the case of bars and structurals, for the difference in prices is smaller and the Continental competition less keen. It seems to us probable that the Company will be able to realize on the sale of ordinary rectangular plates from Rs. 12 to Rs. 15 above the price of similar Continental plates, and the inclusion of the circular plates would raise the average still higher. The average price at the present rate of duty and present level of prices would then be Rs. 155. We recommend that the duty on imported steel plates be raised from Rs. 30 to Rs. 55 a ton, *i.e.*, by Rs. 25. This higher duty will affect both the plates of $\frac{3}{16}''$ and upwards which are rolled on the plate* mill at Jamshedpur, and also the thinner plates down to $\frac{1}{8}''$, the manufacture of which has commenced on the new sheet mills. The duty on plate cuttings should also be raised by Rs. 25.

Increase of the duty on light rails.

55. Under the present tariff light rails and bars are subject to the same duty of Rs. 40 a ton, and we can find no reason for differentiating them now. We recommend that the duty on imported light rails be increased from Rs. 40 to Rs. 75 a ton.

Representations for the exclusion of certain kinds of steel from the higher duties.

56. The recommendations contained in the last four paragraphs dispose of those classes of steel on which the Iron and Steel Company specifically asked that the duties might be increased. Some of the importing firms who gave evidence asked that certain kinds of steel—chiefly bars of special shapes and sizes, and sheets of particular thicknesses—should be excluded from the scope of the higher duties. We have considered these representations, but we do not find it possible to endorse them. Almost without exception, the kinds of steel proposed to be omitted are such as the Jamshedpur mills are equipped to produce, and are likely to be manufactured there. Most of them, indeed, are being manufactured at present. Once the Legislature has defined the sphere within which the protective duties are to operate, it is not advisable to limit by executive action the scope of their operation, unless there are clear and convincing reasons for leaving the duties on certain classes of material untouched.

* During our former enquiry the Company stated that $\frac{1}{8}''$ was the minimum thickness of plates rolled at Jamshedpur (*see* pages 67-68 and 496 of the Evidence, Volume I). The Company now say that $\frac{3}{16}''$ is the minimum thickness for the plate mill, and that plates from $\frac{1}{8}''$ to $\frac{3}{16}''$ will be rolled on the sheet mills. We do not understand how a mistake could be made in matter of this kind. As it happens, the error makes no practical difference. Under the Steel Industry (Protection) Act a specific duty of Rs. 30 a ton was imposed on plates and sheets alike, and if our present proposals are accepted, the duty on plates will be Rs. 55 and on sheets Rs. 52.

No such reasons have been adduced in the present case, and we have no recommendations to make.

We now turn to the consideration of those other kinds of steel which are not covered by the Company's application for an increase in the protective duties, but cannot, in our opinion, be left untouched.

Necessity for increasing the duties on certain kinds of iron and steel.

57. There are three classes of material to be considered :—

(1) Those kinds of steel of which the price, expressed in sterling, has not risen appreciably since 1923, while the price, expressed in rupees, has fallen owing to the rise in the rupee sterling exchange.

(2) Those kinds of wrought iron which might compete with steel if the difference in price becomes wide.

(3) Fabricated steel of all kinds.

The reason why the second and third classes cannot be left alone is obvious, but something must be said about the first class, which includes (*a*) rails of 30 lbs. and over and fishplates therefor, (*b*) sheets, black and galvanised, (*c*) wire and wire nails and (*d*) tinplate. The reasons why the Iron and Steel Company refrained from asking in their written application for an increase in the duties on rails, fishplates and sheets are presumably that the price of most of the rails they sell is fixed by long term contracts, and that the manufacture of sheets is a new development and the price they can obtain for them is still uncertain. We do not think these reasons are decisive. The contracts do not cover all the rails sold, and the price obtained for sheets is a matter of importance to the Company. We are satisfied that the sterling price of rails and sheets is not appreciably higher than it was in the latter part of 1923, and in these circumstances the price in India must fall to the full extent of the rise in the rupee sterling exchange. We consider that the duties in both cases should be raised to the extent necessary to compensate for the rise in the exchange. Unless this is done, the Company will not in fact receive the price contemplated by the scheme of protection, and effect will not be given to the intention of the Legislature. Exactly the same considerations apply to wire and wire nails and to tinplate. The rise in the exchange is not a negligible matter, but may seriously prejudice the future of these industries.

Reasons for specific rather than ad valorem duties.

58. Some of the materials referred to in the last paragraph are subject to specific duties, and some to *ad valorem* duties. Wherever we propose that the duty should be increased, we recommend that the addition to the present duty should be specific. In paragraph 14 of our Second Report on the Steel Industry, we expressed our preference for specific duties in all cases where protection was the object and not revenue, but we explained the difficulty under which we laboured in ascertaining the cost of a sufficient number of fabricated products. That difficulty still exists, but we think it is outweighed by the objections to increasing the *ad valorem*

duties. The additions to the duties are a temporary expedient intended to meet a temporary emergency. If prices should permanently settle down on a lower level, then it would be possible to readjust the *ad valorem* duties, so as to give the protection required over a long period. But it is not advisable for a temporary purpose to assess the *ad valorem* duties again on a new basis, and it is better that the addition to the duty should be a specific amount. A combination of *ad valorem* and specific duties is not an uncommon feature in protective tariffs, and it will not, we think, create any administrative difficulties.

Rails, 30 lbs. and over, and fishplates therefor.

59. During the current year the great bulk of the rail orders booked by the Iron and Steel Company fall under one or other of the long-dated contracts, *viz.*, (*a*) the contract with the Bengal-Nagpur Railway Company which terminates on the 31st March 1925, (*b*) the contract with the Palmer* Railway Companies which terminates on the 31st March 1926, and (*c*) the contract with the Railway Board which terminates on the 31st March 1927. The only other orders received for rails in large quantities were placed by the East Indian Railway Company, but as soon as that Railway and the Great Indian Peninsula Railway are taken under Government management, payments for all fresh orders for rails will be made under the Railway Board's contracts. The bounties, for which provision is made in the Steel Industry (Protection) Act, are, of course, payable on rails supplied under the contracts, but the price is fixed by the contracts, and is not affected by the specific duty of Rs. 14 a ton to which imported rails are subject. The amount of this duty will, however, affect the price of all rails supplied to the Great Indian Peninsula Railway under orders placed up to July 1st, 1925, to the Bengal-Nagpur Railway under orders placed after March 1925 and to the Palmer Railway Companies after March 1926, as well as to rails sold to miscellaneous purchasers. If the Iron and Steel Company is to receive a fair price, including the bounty, for such rails, it is necessary that the specific duty should be increased, so as to compensate for the rise in the rupee sterling exchange. In paragraph 45 of our First Report on the Steel Industry the landed cost of imported rails without duty was found to be Rs. 140 a ton. With the exchange at 1*s.* 6*d.* the equivalent figure is Rs. 124, a difference of Rs. 16. We recommend that the specific duty on imported rails of 30 lbs. and over, and on fishplates therefor, should be increased from Rs. 14 to Rs. 30.

Sheets, black and galvanised.

60. The manufacture of sheets at Jamshedpur commenced about a month ago, and from now onwards they will form part of the Company's saleable output. The landed cost of black sheets without duty was estimated, in paragraph 45 of our First Report on the Steel Industry, to

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* The Bombay Baroda and Central India Railway.
The Madras and Southern Maratha Railway.
The Nizam's Guaranteed State Railway.
The Bengal and North-Western Railway.
The Burma Railways and the Assam-Bengal Railways and Trading Company.

be Rs. 200 a ton, and of galvanised sheets Rs. 300 a ton. With the exchange at 1*s*. 6*d*. these amounts fall to Rs. 178 and Rs. 267 respectively. We recommend that the specific duty on black sheet be increased from Rs. 30 to Rs. 52, and the duty on galvanised sheet from Rs. 45 to Rs. 78. Sheet cuttings, black or galvanised, are at present subject to a duty of 15 per cent. *ad valorem*. They may be taken as half black and half galvanised, and it will suffice to impose an additional specific duty of Rs. 27 a ton, that figure being a mean between the additional duties proposed on unfabricated sheets of either class.

Wire and wire nails.

61. Under the present tariff, wire and wire nails are subject to a specific duty of Rs. 60 a ton. The amount was based on the difference between Rs. 260, the estimated landed cost per ton of imported wire (or wire nails) without duty, and Rs. 320, the estimated fair selling price of wire manufactured in India. Owing to the rise in the rupee sterling exchange, the landed cost of imported wire, without duty, drops from Rs. 260 to Rs. 231 a ton. The additional duty required on both wire and wire nails is, therefore, Rs. 29 a ton or—for the sake of rounding, Rs. 30, *i.e.*, Rs. 1-8-0 a cwt. It is unnecessary, however, that the duty on imported wire should be increased at present, as the only Company in India equipped for the manufacture of wire—Indian Steel Wire Products, Limited—has shut down its factory and is not manufacturing at present. If it should resume operations, the additional duty of Rs. 30 a ton should be imposed. Wire nails, however, are also produced by the Pioneer Wire Nail Manufacturing Company of Calcutta from imported wire, and we recommend that the duty on wire nails should be increased from Rs. 60 to Rs. 90 a ton. This Company's representation to us contains several other requests which are not relevant to our present enquiry, and these we have not considered.

Tinplate.

62. In paragraph 38 of our Second Report on the Steel Industry, the landed cost of imported tinplate without duty was found to be Rs. 400 a ton. Owing to the rise in the rupee sterling exchange from 1*s*. 4*d*. to 1*s*. 6*d*., the landed cost without duty drops to Rs. 356, and the additional duty required to compensate for the exchange is Rs. 44. The equivalent duty on tinplate cuttings, which are charged at present with an *ad valorem* duty of 15 per cent., is Rs. 51. It may be well to point out that the increase in the duty on tinplate will, under the contract between the Tata Iron and Steel Company and the Tinplate Company, materially increase the price for steel bars sold by the former to the latter. Rs. 44 a ton is equivalent to an increase of Rs. 210 in the landed duty-paid cost of 100 boxes of tinplate, and to that extent reduces the loss, or increases the profits, of the Tinplate Company. Under the contract the Iron and Steel Company bears half the loss or shares half the profits, the adjustment being made through the price paid for sheet bars. As six tons of bars are required to make 100 boxes of tinplate, the difference to the Iron and Steel Company is between Rs. 17 and Rs. 18 a ton. This

makes good the sum which otherwise they would lose owing to the rise in the rupee sterling exchange.

Iron bar, angle, channel and tee.

63. When protective duties were imposed on steel bars and structural sections, it was found necessary to subject materials of these classes made of iron to higher duties, because there was a danger that, with a great difference in price, iron might be substituted for steel on an extensive scale (*see* paragraph 117 of our First Report on the Steel Industry). This danger still exists, and the increase in the duties on steel bars and sections must be accompanied by a similar increase on iron bars and sections. Under the present tariff common iron bars are subject to a specific duty of Rs. 35 a ton, and iron sections to a duty of Rs. 20. If the duties on steel bars and sections are raised, as we have proposed, by Rs. 35 a ton, we recommend that the duty on common iron bar be increased from 35 to Rs. 65, and the duty on iron angle, channel and tee from Rs. 20 to Rs. 50, *i.e.*, by Rs. 30 a ton in both cases. These duties will, we believe, suffice to prevent extensive substitution.

Increase of the duty on fabricated structures.

64. The proper treatment of the various classes of fabricated steel presents a problem which is a little more complicated than those considered in the last five or six paragraphs. The object of the higher duties we have proposed on unfabricated structural sections is to raise the price of imported steel to such a level that the Indian manufacturer will be able to sell at Rs. 175 a ton on the average. That is precisely the result which our original scheme contemplated, and in this respect there is no change. The total cost of steel fabricated in India remains at Rs. 310 per ton (*see* paragraph 13 of the Board's Second Report on the Steel Industry). But the changes in prices which have occurred since 1923 affect fabricated steel as well as unfabricated, and the nett result is a fall in the price of imported fabricated steel landed in India. In order to ascertain what duty on fabricated steel is required in the altered circumstances, it is necessary to ascertain the amount of the fall.

Fabricated structures (continued).

65. The landed cost of imported fabricated steel consists of two parts, (*a*) the cost of the raw material and (*b*) the cost of the fabrication. In paragraph 13 of our Second Report on the Steel Industry we estimated the cost of fabricated steel landed in India without duty as Rs. 250 a ton, of which the unfabricated steel accounted for Rs. 160, and the cost of fabrication was therefore Rs. 90. The reduction in the cost of the unfabricated steel must clearly be taken as equal to the additional duty we have proposed on structural sections, *i.e.*, Rs. 35 a ton. Owing to the wastage in the process of fabrication, $1\frac{1}{10}$ tons of unfabricated steel are used to produce one ton of fabricated steel and the reduction in cost thus becomes Rs. 38. The other element, *i.e.*, the cost of fabrication, as expressed in sterling, we assume is unaltered, but owing to the rise in the exchange from 1*s*. 4*d*. to 1*s*. 6*d*. it drops, as expressed in rupees, from Rs. 90 to Rs. 80. The total reduction is, therefore, Rs. 48, and the landed

cost of imported fabricated steel is Rs. 202 instead of Rs. 250. With the present *ad valorem* duty of 25 per cent. the landed duty paid cost is Rs. 252. The additional duty required, therefore, to bring the price up to Rs. 312* is Rs. 60.

Principles which regulate the increase of the duty on fabricated steel.

66. The same principles which have been applied to fabricated structurals will regulate also the increases required in the duties on other classes of material, where the cost of fabrication is a substantial part of the total cost. The essential point to bear in mind is that, when any class of articles is subject to an *ad valorem* duty, any reduction in its cost occasions a proportionate reduction in the duty. Fabricated structures are subject to a 25 per cent. *ad valorem* duty, and the landed duty-paid cost is necessarily one and a quarter times the landed cost without duty. If, therefore, the landed cost without duty falls by Rs. 48, the additional duty required to bring the duty-paid cost back to the original figure is clearly one and quarter times the amount of the fall, that is, Rs. 60. It is in this way that the increases of duty on other classes of fabricated material have been determined.

Coal tubs and built up pipes.

67. We have classed coal tubs and built up pipes together, because steel plates are the principal raw material in both cases. The additional duty proposed on unfabricated plates is Rs. 25 a ton, which is increased by wastage to Rs. 28. To this sum must be added Rs. 10 to cover the effect of the rise in the exchange on the foreign cost of fabrication. The additional duty required per ton is therefore Rs. 38 *plus* one fourth of that sum, *i.e.*, Rs. 47.

Switches and crossings.

68. Switches and crossings form another class of fabricated steel which can be dealt with on the same lines as coal tubs and built up pipes, the proportion which the cost of fabrication bears to the cost of materials may be taken as approximately the same. The additional duty proposed on steel rails is Rs. 16 a ton, which is Rs. 18 per ton of material used in producing one ton of switches and crossings. To this sum must be added Rs. 10 (as before) to cover the effect of the rise in the exchange on the foreign cost of fabrication. The additional duty required is therefore Rs. 28 *plus* one quarter of that sum, *i.e.*, Rs. 35 per ton of switches and crossings.

Other fabricated materials.

69. The other classes of material which have to be dealt with are :—

	Present duty.
Fabricated plates	25 per cent. *ad valorem.*
Fabricated steel angles and tees ..	25 per cent. *ad valorem.*
Fabricated iron angles, channels and tees	15 per cent. *ad valorem.*
Fabricated sheets	15 per cent. *ad valorem.*

*The cost of fabrication in India was found to be Rs. 310, but it is preferable to adhere to the figure of Rs. 312 which was the estimated duty-paid cost of imported fabricated steel with a 25 per cent. *ad valorem* duty.

The cost of fabricating materials of these classes forms a smaller proportion of the total cost than it does in the case of structures, and we think that Rs. 5 per ton is a sufficient allowance to cover the effect of the rise in the exchange on the foreign cost of fabrication. Our proposals have been framed on this basis.

(1) *Fabricated plates.*—The additional duty proposed on unfabricated plates is Rs. 25 a ton, which is increased by wastage to Rs. 28. The additional duty required is Rs. 28 *plus* Rs. 5, *i.e.*, Rs. 33, to which has to be added one quarter of that sum, *i.e.*, Rs. 41.

(2) *Fabricated structural sections (beams, channels, angles, etc.).*—The additional duty on the unfabricated sections is Rs. 35 per ton, which is increased by wastage to Rs. 38. The additional duty required is Rs. 43 *plus* one quarter of that sum, *i.e.*, Rs. 54.

(3) *Fabricated iron angles, channels and tees.*—The additional duty proposed on unfabricated material of this class is Rs. 30, which is increased by wastage to Rs. 33. As this class of material is subject to an *ad valorem* duty of 15 per cent., the additional duty required is Rs. 38 (Rs. 33 *plus* Rs. 5) *plus* 15 per cent. of that sum, *i.e.*, Rs. 44.

(4) *Fabricated sheets, all classes.*—This class of material may be taken as consisting half of black sheet and half of galvanised sheet. The additional duty proposed on black sheet is Rs. 22, and on galvanised sheet Rs. 33 a ton. Rs. 27 may be taken as the mean between these figures, and wastage raises the allowance on this account to Rs. 30. As material of this class is subject to an *ad valorem* duty of 15 per cent., the additional duty required is Rs. 35 (Rs. 30 *plus* Rs. 5) *plus* 15 per cent. of that sum, *i.e.*, Rs. 40.

Spikes and tie-bars.

70. In the present tariff spikes and tie-bars are subject to the same duty as steel bars. This arrangement should continue, and the duty on spikes and tie-bars should therefore be raised from Rs. 40 to Rs. 75 a ton.

Limitation of the proposals in paragraphs 59 to 70.

71. In all the proposals put forward in paragraphs 59 to 70 we have limited ourselves to two objects :—

(1) To adjust the duties so that the fall in the prices of imported steel, due to the rise in the rupee sterling exchange, may be corrected.

(2) To make such consequential changes in the tariff as are rendered necessary by the proposed increase in the duties on unfabricated steel.

It is not possible in an enquiry of limited scope to undertake a more extensive revision of the duties. We take the opportunity, however, to refer to another matter in which the increase in the duties on fabricated steel is likely to have serious consequences, although it does not fall within the scope of this enquiry. The Steel Industry (Protection) Act does not impose protective duties on Railway waggons, but empowers the Government of India to grant bounties, not exceeding seven lakhs of rupees annually, for the construction of waggons. The higher duties on unfabricated steel will make it more difficult for the Indian waggon-building firms to hold their own against European competition, and the gulf which the bounties are intended to bridge will be widened. Using the same data as were used in Annexure C to our Third Report on the Steel Industry, we find that the duties proposed on unfabricated steel will make a difference of about Rs. 210 to the Indian manufacturer on each broad-gauge waggon of the A-1. type. This would necessitate an increase in the bounties by about Rs. 2·1 lakhs, if the scale in paragraph 25 of the Third Report is adhered to.

Proposals intended to secure to the Steel Industry the protection intended by the Legislature.

72. Some of the representations we have received contain or imply a suggestion that it is unreasonable for the Iron and Steel Company to come forward within six months of the passing of the Act to ask for additional protection, and we believe that misapprehension on this point is widespread. The Company have not in fact asked for additional protection. Their claim amounts to this that, owing to the fall in prices, they have not received the protection which the Steel Industry (Protection) Act should have given them; and they ask that the machinery provided in the Act to meet an emergency that was foreseen should be set in motion to make the Act effective. We have found that the claim made is well-founded, and all our proposals are intended to make it possible for the Steel Industry to dispose of its output at what were found to be fair and reasonable prices, *i.e.*, Rs. 175 a ton for structural sections and Rs. 180 a ton for other kinds of steel. There is no question of asking the consumer to bear a heavier burden on behalf of the industry, so long as these prices are not, on the average, exceeded. Since the Act was passed at the beginning of June, the consumer has paid on the whole somewhat lower prices for steel than he did in 1923, and he will not begin to bear the burden contemplated by the Act unless and until internal prices increase under the duties now proposed.

73. The proposals we have made have not been put forward without anxious consideration, and they are the result of a careful study of all the evidence available. We recognise that the proposed additional duties on unfabricated steel may appear very drastic, the increased duty being rather more than double the original duty in one case and rather less in the remainder. But we feel strongly that in this matter there is no room for temporizing, and that the measures taken must be adequate to meet the emergency. We would again invite attention to what is said in paragraphs 32 to 39 of our First Report on the Steel Industry, regarding the necessity of giving adequate protection if the industry is to establish itself in India. It will be impossible to obtain capital for the industry, whether to keep the existing works going or to erect new ones, unless it is made clear that the policy which Government and the Legislature have adopted will be effectively carried out. The price which the Indian

manufacturer may reasonably expect was determined after a very thorough enquiry, and we believe that the increased duties now proposed are no more than sufficient for this purpose. Even if it turns out that we are wrong, the situation is not beyond remedy. We think that the Company should submit to the Government of India monthly returns of the prices actually realized from the sale of steel, and the course of events will then be under constant observation. If it appeared likely that the Company would, on the average of the three years, obtain a price much higher than Rs. 175 or Rs. 180 a ton, it is always open to the Government of India to bring down the duties to a lower level. The imperative necessity of the moment is that the intention of the Government of India to make protection effective should be made clear. Inadequate protection is worse than useless.

Objection to frequent changes in Customs duties.

74. The necessity for setting in operation the procedure we originally recommended has arisen earlier than was anticipated, and we recognise the objections to frequent changes in the rates of duty. But a protective policy necessarily involves a great deal of interference with the course of trade, and once the policy has been declared, objections of this kind are not decisive. The only alternative to the plan actually adopted would have been to put the original duties at least 50 per cent. higher, so as to leave a margin to cover wide variations in the price of imported steel. As things have turned out, even such duties would for the time being have proved too low. But it is needless for us to discuss at this stage difficulties and objections which apply more to the policy than to the means for giving effect to it.

Necessity for immediate action.

75. We have already pointed out that eight months out of the three years' period for which the Steel Industry (Protection) Act remains in force will have elapsed before any steps now taken can become effective. It may be two or three months longer before the accumulated stocks are absorbed, and the higher duties produce their full effect. It is of the utmost importance, therefore, that action should be taken with the smallest possible delay, if the industry is to be preserved. The main facts of the situation are not, we think, in doubt, and we have endeavoured to set them forth clearly in this Report. The announcement that an application for increased duties has been made, and that an enquiry would be held, has, of course, unsettled the trade, and for every reason it is desirable that the period of uncertainty should be quickly terminated. It is certain that in the early months of 1924 very large quantities of steel were ordered from the Continent in anticipation of the new duties, and it is possible that similar speculative purchases may be made on this occasion. Even if this is not so, the usual cold weather imports may be expected, and the longer action is deferred, the longer it will be before the higher duties produce their full effect on prices. We earnestly hope that the decision of the Government of India will be announced at the earliest possible date.

76. We have endeavoured in this Report to give a clear and complete statement of the evidence placed before us, and to set forth fully the conclusions at which we have arrived, and the reasons which seem to us to justify them. We have done so in the hope that in this way we may facilitate the task of the Government of India, and expedite the disposal of the case. Ordinarily when a question arises of increasing the original duties owing to a fall in the price of imported goods, the main fact to be established would be the exact extent of the fall, and it would not be necessary to examine minutely the prices received by Indian producers. But the steel industry presents a more intricate problem than almost any other, and in this case the opening out of a wide gulf between British and Continental prices has added a new complication owing to the extended use of Continental steel. It was this fact which made it necessary to scrutinize the Iron and Steel Company's sales, so that some estimate might be formed of the probable effect of the new factor which had appeared. Should the question of revising the steel tariff again come up, the monthly returns which we propose that the Iron and Steel Company should submit will make the procedure far more expeditious. We reserve our detailed suggestions on this point for a separate communication, as they will affect future enquiries only and not this enquiry.

Summary of recommendations.

77. The recommendations made in this Report can best be summarised in tabular form. They are as follows :—

Class of material.	Present duty.	Proposed duty.
	Rs.	Rs.
Unfabricated iron and steel.		
Steel bars ..	40	75
Iron bars ..	35	65
Steel structural sections ..	30	65
Iron structural sections ..	20	50
Plates ..	30	55
Black sheet ..	30	52
Galvanised sheet ..	45	78
Tin-plate ..	60	104
Rails and fishplates, medium and heavy.	14	30
Rails and fishplates, light ..	40	75
Fabricated iron and steel and miscellaneous.		
Fabricated structures ..	25 per cent. *ad valorem.*	25 per cent. *ad valorem plus* Rs. 60.
Coal tubs, etc., and built up pipes.	25 per cent. *ad valorem.*	25 per cent. *ad valorem plus* Rs. 47.

	Present duty.	Proposed duty
	Rs.	Rs.
Fabricated iron and steel and miscellaneous—contd.		
Fabricated steel beams, channels, angles, etc.	25 per cent. *ad valorem.*	25 per cent. *ad valorem plus* Rs. 54.
Fabricated iron angles, etc. ..	15 per cent. *ad valorem.*	15 per cent. *ad valorem plus* Rs. 44.
Fabricated plates ..	25 per cent. *ad valorem.*	25 per cent. *ad valorem plus* Rs. 41.
Fabricated sheets ..	15 per cent. *ad valorem.*	15 per ent. *ad valorem plus* Rs. 40.
Spikes and tie-bars ..	Rs. 40	Rs. 75.
Switches and crossings ..	25 per cent. *ad valorem.*	25 per cent. *ad valorem plus* Rs. 35.
Wire nails ..	Rs. 60	Rs. 90.

The recommendations made are also shown in detail in Appendix E which follows closely the form adopted in the Schedule to the Steel Industry (Protection) Act.

Conclusion.

78. We desire to acknowledge cordially the prompt and ready assistance we have received in this enquiry from importing and engineering firms whom we asked to supply information about prices and kindred matters. The services of Mr. R. Mather, Government Metallurgist, who acted as our Technical Adviser during our previous enquiry, were again placed at our disposal by the Government of India for this enquiry, and we have derived great benefit from his co-operation.

G. Rainy,
President.

P. P. Ginwala
V. G. Kale
Members.

G. C. F. Ramsden,
Secretary.

November 8th, 1924.

APPENDIX A.

List of witnesses who submitted representations to the Board or supplied information at the Board's request, showing dates of their oral examination (if any).

No.	Name of firm or individual witness.	Date of representation or letter.	Date of oral examination.
1	The Tata Iron and Steel Company, Ltd.	....*	17th, 20th and 25th October 1924.
2	Richardson and Cruddas ..	11th, 15th, 18th and 23rd October 1924.	22nd October 1924.
3	Jessop and Company, Ltd. ..	20th and 21st October 1924.	
4	Parry's Engineering, Ltd. ..	20th October 1924.	
5	Burn and Company, Ltd. ..	21st October 1924.	
6	Bird and Company ..	23rd October 1924.	
7	The Mawson-Vernon Company, Ltd.	23rd October 1924.	
8	Indian Engineering Association .	22nd October 1924.	
9	Geo. Service and Company ..	16th October 1924 ..	21st October 1924.
10	Balmer Lawrie and Company, Ltd.	15th October 1924.	
11	Anandji Haridas and Company..	17th and 21st October 1924.	22nd October 1924.
12	Dhononjoy Seal and Company..	16th October 1924.	
13	Mr. Nepal Chandra Set and other merchants of Calcutta.	18th October 1924.	
14	The Calcutta Iron Merchants Association.	21st October 1924.	
15	Certain Iron Merchants of Madras.	20th October 1924.	
16	The Bombay Iron Merchants Association.	19th October 1924 ..	23rd October 1924.

* The following communications between the Government of India and Messrs. Tata Sons, Ltd., Agents, the Tata Iron and Steel Company, have been printed :—

(1) Letter dated 12th August from the Company to the Secretary to the Government of India, Department of Commerce.

(2) Letter dated 2nd September from the Government of India to the Company replying to (1).

(3) Letter dated 20th/22nd September from the Company to the Government of India.

(4) Telegram dated 27th September from the Company to the Government of India.

The Board received no communication from the Company prior to the commencement of the oral examination of the Tata Iron and Steel Company's representative on October 17th.

APPENDIX A—*concld.*

No.	Name of firm or individual witness.	Date of representation or letter.	Date of oral examination.
17	Pchoomull Brothers ..	23rd and 25th October 1924.	
18	Trivedi and Company ..	20th October 1924 ..	23rd October 1924.
19	Collector of Customs, Bombay..	....	24th October 1924.
20	Greaves, Cotton and Company, Ltd.	22nd October 1924.	
21	Bengal Chamber of Commerce ..	22nd October 1924.	
22	The Baroda Bolt Manufacturing Company, Ltd.	21st October 1924.	
23	The Pioneer Wire Nail Company, Ltd.	20th October 1924.	
24	Halley Brcs., Ltd.* ..	14th October 1924.	
25	Mr. M. Houri* ..	22nd October 1924.	
26	Mr. J. Hinde† ..	20th October 1924.	

* These representations have not been printed as they contain nothing relevant to the Board's present enquiry.

† Not printed.

APPENDIX B.

Steel prices—1924 (monthly average price per ton).

(a) *British beams.*

—	Iron* and Coal Trades Review. f.o.b.	Tata Iron and Steel Company landed but without duty.	Geo. Service and Company. c.i.f.c.	Balmer Lawrie and Company. c.i.f.	Richardson and Cruddas. c.i.f.	Burn and Company. c.i.f.c.	Anandji Haridas and Company. c.i.f.	Jessop and Company. c.i.f.
	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.
January ..	9 0		....	....	10 5	....	....	....
February ..	9 0	9 18	....	....	....	....	....	....
March ..	9 0		....	....	....	....	....	....
April ..	8 15		9 18	9 6	....	9 18	9 15	9 13
May ..	8 15	9 11	9 15	9 6	....	9 15	9 15	9 13
June ..	8 15		9 15	9 5	9 15	9 15	9 15	9 13
July ..	8 13		9 13	9 5	....	9 14	9 15	9 10
August ..	8 8	9 10	9 13	9 4	....	9 13	9 15	9 10
September ..	8 8		9 10	9 4	....	9 13	9 15	9 8
October ..	....	....	....	....	9 10	....	....	....

* These figures are the averages of the quotations for the month in the Iron and Coal Trades Review.

(b) Continental beams.

—		Iron and Coal Trades Review. f.o.b.	Jessop and Company. c.i.f.	Tata Iron and Steel Company. c.i.f.	Geo. Service and Company. c.i.f.o.	Richardson and Cruddas. c.i.f.	Mr. Trivedi. Invoices. c.i.f.	Mr. Trivedi. Bombay Market price.	Anandji Haridas and Company. c.i.f.	Anandji Haridas and Company's selling price.
		£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	Rs.	£ s.	Rs.
January	..	6 5	....	....	....	8 0	....	....	....	....
February	..	5 18	....	....	....	....	....	....	....	....
March	..	6 7	....	7 5	....	....	....	....	....	....
April	..	8 6	6 19	8 8	8 8	....	7 2	....	8 5	138
May	..	7 0	6 19	7 15	8 0	....	7 2	145	7 18	143
June	..	6 12	6 19	7 8	7 14	7 10	7 5	160	7 10	140
July	..	6 6	6 19	7 2	7 8	....	7 10	155	7 3	138
August	..	6 2	6 16	7 2	7 5	....	6 18	150	7 0	123 (?)
September	..	5 17	6 16	6 14	6 18	....	6 18	150	6 15	130
October	..	....	....	....	....	6 15	6 11* and 6 8†	140	....	133

*Price for order placed in September.

†Price for order placed in October.

(c) British angles.

—	Geo. Service and Company. c.i.f.c.	Balmer Lawrie and Company. c.i.f.	Anandji Haridas and Company. c.i.f.	Burn and Company. c.i.f.c.	Jessop an[illegible] Compan[illegible] c.i.f.
	£ s.	£ s.	£ s.	£ s.	£ s
April ..	9 18	9 6	10 0	9 18	9 1[illegible]
May ..	9 15	9 6	9 15	9 15	9 1[illegible]
June ..	9 15	9 4	9 15	9 15	9 1[illegible]
July ..	9 13	9 4	9 15	9 14	9 1[illegible]
August ..	9 13	9 4	9 15	9 13	9 1[illegible]
September ..	9 10	9 4	9 15	9 13	9

(d) Continental angles.

	Geo. Service and Company. c.i.f.c.	Balmer Lawrie and Company. c.i.f.	Mr. Trivedi. Invoices. c.i.f.	Mr. Trivedi. Bombay Market price.	Anandji Haridas and Company. c.i.f.	Jessop and Company c.i.f.	Tata Iron and Steel Company's quotation. c.i.f.
	£ s.	£ s.	£ s.	Rs.	£ s.	£ s.	£ s.
April ..	8 8	8 5	....	....	8 5	8 3	8 13
May ..	8 0	8 2	7 13	145	7 13	7 12	7 15
June ..	7 14	7 5	....	160	7 10	7 8	7 8
July ..	7 8	7 0	7 13	155	7 5	6 19	7 4
August ..	7 5	7 2	....	145	7 0	6 19	7 3
September ..	6 18	6 11	6 15	145	6 18	6 15	6 14
October ..	....	....	....	145	....	....	....

(e) *British Bars.*

	Iron and Coal Trades Review. f.o.b.	Jessop and Company. c.i.f.	Geo. Service and Company. c.i.f.c.	Balmer Lawrie and Company. c.i.f.	Anandji Haridas and Company. c.i.f.	Bombay Iron Merchants' Association. c.i.f.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
January ..	9 14 0	....	....	....	....	....
February ..	9 15 0	....	....	....	....	....
March ..	9 15 0	....	....	....	....	....
April ..	8 15 0	9 13 0	10 10 0	10 9 0	10 5 0	....
May ..	8 15 0	9 13 0	10 8 0	10 9 0	10 5 0	....
June ..	8 15 0	9 13 0	10 8 0	10 9 0	10 5 0	....
July ..	8 15 0	9 10 0	10 5 0	10 9 0	10 5 0	....
August ..	9 0 0	9 10 0	10 5 0	10 8 0	10 5 0	....
September ..	9 0 0	9 8 0	10 3 0	10 8 0	10 5 0	....
October ..	....	....	10 10 0	....	....	10 5 0

(*f*) *Continental Bars.*

—	Iron and Coal Trades Review. f.o.b.	Jessop and Company. c.i.f.	Tata Iron and Steel Company. c.i.f.	Geo. Service and Company. c.i.f.c.	Bombay Iron Merchants' Association. c.i.f	Balmer Lawrie and Company c.i.f.	Mr. Trivedi. Invoices. c.i.f.	Mr. Trivedi. Bombay Market price.	Anandji Haridas and Company. c.i.f.	Anandji Haridas and Company's selling prices.
	£ s. d.	£ s. d.	£ s. d. Rs.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	Rs.	£ s. d.	Rs.
January ..	6 14 0	..	....	..	..	..	..	..	..	
February ..	6 7 0	..	....	..	..	..	..	..	..	..
March ..	6 16 0	..	7 13 0 = 109	..	..	..	..	..	..	..
April ..	8 13 0	8 4 0	8 13 0 = 124	8 10 0	..	8 5 0	7 8 0	..	8 5 0	155
May ..	7 3 0	7 13 0	7 15 0 = 110	8 5 0	..	8 4 0	7 10 0	132	7 13 0	155
June ..	6 13 0	7 9 0	7 8 0 = 105	7 15 0	..	7 5 0	7 10 0	144	7 10 0	145
July ..	6 8 0	8 4 0	7 5 0 = 101	7 8 0	..	7 1 0	7 0 0	141	7 5 0	143
August ..	6 4 0	6 19 0	7 4 0 = 100	7 8 0	..	7 2 0	7 0 0	138	7 0 0	138
September ..	5 19 0	6 14 0	6 14 0 = 93	6 18 0	..	6 11 0	6 15 0	135	6 17 0	130
October ..	..	..	....	..	6 15 0	..	6 10 0*	135	..	135

* Price for order placed in September.

(g) British Plates.

—	Iron and Coal Trades Review. f.o.b.	Geo. Service and Company. c.i.f.c.	Balmer Lawrie and Company. c.i.f.c.	Burn and Company. c.i.f.c.	Jessop and Company. c.i.f.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
January ..	9 6 0	....	....	....	....
February ..	9 5 0	....	....	....	....
March ..	9 5 0	....	....	....	....
April ..	9 5 0	10 14 0	10 5 0	10 13 0	9 16 0
May ..	9 5 0	10 11 0	10 5 0	10 13 0	9 16 0
June ..	9 5 0	10 11 0	10 5 0	10 15 0	9 16 0
July ..	9 5 0	10 12 0	10 5 0	10 17 0	9 16 0
August ..	9 10 0	10 12 0	10 5 0	10 13 0	9 16 0
September ..	9 8 0	10 10 0	10 5 0	10 13 0	9 11 0

(l.) Continental Plates.

——	Iron and Coal Trades Review. f.o.b.	Tata Iron and Steel Company. c.i.f.	Geo. Service and Company. c.i.f.c.	Mr. Trivedi.* Invoices. c.i.f.	Mr. Trivedi.† Bombay Market price.	Anandji Haridas† and Company. c.i.f.	Jessop and Company. c.i.f.
	£ s. d.	£ s. d. Rs.	£ s. d.	£ s. d.	Rs. a. p.	£ s. d.	£ s. d.
January ..	7 5 0	....	....	....	....	....	....
February ..	6 19 0	....	....	....	....	....	....
March ..	7 13 0	8 18 0 = 127	....	....	....	....	....
April ..	10 11 0	9 0 0 = 129	9 5 0	....	....	8 18 0	9 3 0
May ..	8 19 0	8 5 0 = 118	8 18 0	8 14 0	160 0 0	8 15 0	8 15 0
June ..	8 0 0	8 9 0 = 120	8 13 0	8 5 0	165 0 0	8 10 0	8 15 0
July ..	7 13 0	8 8 0 = 117	8 13 0	9 1 0	160 0 0	8 8 0	7 8 0(78-8)
August ..	7 10 0	8 15 0 = 122	8 13 0	8 15 0	155 0 0	8 5 0	8 3 0
September ..	7 2 0	7 19 0 = 109	8 5 0	8 10 0	155 0 0	7 18 0	7 18 0
October ..	....	....	....	....	155 0 0	....	....

* These are for 1/8″ and 3/16″ plates.

† These are for plates 3/16″ and up.

(j) Iron and Coal Trades Review Quotations, 1923.

—	British (f.o.b.).		Belgian (f.o.b.).	
	October.	November.	October.	November.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Beams ..	8 18 0	8 16 0	7 15 0	7 4 0
Angles ..	....	....	8 0 0	7 12 0
Bars ..	8 14 0	8 14 0	8 0 0	7 12 0
Plates ..	9 0 0	8 19 0	8 11 0	8 3 0

(k) Sterling prices (c.i.f.) of imports 1924 furnished by Collectors of Customs.

—		Bombay.			Calcutta.
		August.	September.*	October.	October (first half).
		£ s.	£ s.	£ s.	£ s.
British ..	Beams ..	10 8	10 9	10 1	9 17
	Angles ..				9 11
	Bars ..	10 15	10 15	10 16	9 17
	Plates ..	11 5	10 5	9 0	11 0
Continental ..	Beams ..	7 13	7 6	7 10	6 15
	Angles ..				7 11
	Bars ..	7 14	7 18	7 14	6 15
	Plates ..	8 13	8 18	9 4	8 17

* Second half of month only.

APPENDIX C.

Imports into India during the first half of the years 1922-23, 1923-24 and 1924-25.

(*a*) *Steel Bars.**

(Quantities in tons.)

—	From United Kingdom.			From Belgium.			Total, all countries.			Protected.	Not Protected.
	1922	1923	1924	1922	1923	1924	1922	1923	1924	1924	1924
April ..	1,652	2,068	1,134	5,977	11,590	13,704	13,455	19,482	23,638	....	....
May ..	2,982	1,812	2,586	8,738	5,604	12,984	18,740	9,252	21,652	....	....
June ..	2,228	1,471	1,545	10,698	6,344	10,889	18,461	9,273	16,802	....	....
July ..	1,302	976	1,385	10,522	2,579	12,376	17,698	4,363	17,516	17,063	453
August ..	1,135	1,009	885	9,903	7,768	10,847	16,026	10,829	14,544	13,716	828
September ..	1,060	911	1,297	3,640	6,817	7,152	6,087	9,196	10,791	10,315	476
Total ..	9,547	7,496	7,999	49,327	40,550	67,850	89,489	61,484	104,007	41,094	1,757

* Channels are included in the monthly entries prior to July 1924, but they are not included in any of the six months' totals. They only form, however, a very small proportion of the quantities.

APPENDIX C—*contd.*

IMPORTS INTO INDIA DURING THE FIRST HALF OF THE YEARS 1922-23, 1923-24 AND 1924-25.

(*b*) *Steel angles.*

(Quantities in tons.)

	Total, all countries.			Protected.	Not protected.
	1922	1923	1924	1924	1924
April ..	1,858	3,091	3,375	....	....
May ..	1,866	2,166	2,912	....	....
June ..	1,695	1,238	2,975	....	....
July* ..	2,080	1,173	3,793	3,787	6
August* ..	1,196	1,975	3,652	3,644	8
September* ..	660	1,141	2,380	2,374	6
Total ..	9,355	10,784	19,087	9,805	20

* The figures for July, August and September include tees.

APPENDIX C—*contd.*

IMPORTS INTO INDIA DURING THE FIRST HALF OF THE YEARS 1922-23, 1923-24 AND 1924-25.

(c) *Beams, pillars, girders and bridgework (iron or steel).**

(Quantities in tons).

—	From United Kingdom.			From Belgium.			Total, all countries.			Protected.
	1922	1923	1924	1922	1923	1924	1922	1923	1924	1924
April ..	2,988	4,841	2,993	2,093	3,440	4,609	5,597	8,778	8,803	....
May ..	3,671	2,415	3,577	1,830	2,585	3,351	6,437	5,167	8,049	....
June ..	2,673	3,362	3,095	2,411	1,004	3,325	5,698	4,439	7,163	....
July ..	3,808	2,813	3,381	2,291	1,050	2,629	7,082	4,062	7,437	7,173
August ..	2,117	1,441	2,370	2,203	2,525	2,281	4,682	4,459	5,708	5,708
September ..	2,184	2,220	1,386	993	2,418	2,250	3,197	4,814	3,847	3,847
Total ..	18,253	17,843	17,635	11,972	13,174	18,547	33,671	32,630	41,943	16,728

* Channels are included under this heading in July, August and September 1924 and in all the six months' totals; they form, however, only a very small proportion of the quantities.

APPENDIX C—*contd.*

IMPORTS INTO INDIA DURING THE FIRST HALF OF THE YEARS 1922-23, 1923-24 AND 1924-25.

(d) Plates and sheets not galvanised or tinned (Iron and Steel).

(Quantities in tons.)

	United Kingdom.			Belgium.			Total, all countries.			1924			
	1922	1923	1924	1922	1923	1924	1922	1923	1924	Plates.	Sheets.	Protected.	Not protected.
April ..	4,812	5,761	1,119	1,260	3,102	4,367	8,956	10,151	8,861	1,277	5,551	..	..
May ..	5,455	6,391	1,616	1,730	1,983	5,056	10,041	9,569	7,854	2,056	5,798	..	..
June ..	2,852	6,813	1,241	2,414	1,283	4,621	7,946	10,345	7,165	1,991	5,174	..	..
July ..	2,760	3,943	2,321	2,487	290	2,947	7,830	5,403	7,177	3,620	3,435	6,624	553
August ..	1,672	5,695	2,961	2,906	758	1,764	6,540	7,222	6,958	2,778	3,386	6,003	955
September ..	1,299	4,310	7,055	1,254	1,294	1,779	2,919	5,706	11,332	6,906	2,806	10,897	435
Total (6 months)	18,850	32,913	16,301	12,051	8,710	20,493	44,232	48,396	49,294	19,206	27,552	23,524	1,943

Note.—The above figures are as given in the Seaborne Trade Returns. Any apparent discrepancies in the six months' totals are presumably due to re-classification or to consignments awaiting classification.

APPENDIX D.

STATEMENT I.

Sales and production of steel at Jamshedpur and accumulation of stocks.

	Orders booked.		Production.		Stocks.		
	4 months, June to September.	Monthly rate.	6 months, April to September.	Monthly rate.	31st May.	30th September.	Increase + or decrease −.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Bars, ordinary sales ..	7,449	..	..	..	..	..	..
Do. 1/3 sales for waggons and under-frames ..	747	..	..	..	..	..	..
Total, Bars ..	8,196	2,049	13,000	2,167	7,594	10,173	+ 2,579
Structural sections, ordinary sales ..	13,558	..	..	..	..	..	..
Do. 1/3 sales for waggons and under-frames ..	1,778	..	..	..	..	..	..
Total, structurals ..	15,336	3,834	32,000	5,333	9,091	11,428	+ 2,337
Plates, ordinary sales ..	4,587	..	..	..	..	..	..
Circular plates, ordinary sales ..	750	..	..	..	..	..	..
Plates, 1/3 sales for waggons and under-frames ..	1,477	..	..	..	..	..	..
Total, Plates ..	6,814	1,703	11,000	1,833	2,176	3,745	+ 1,569
Light rails ..	1,361	340	1,000	167	345	222	− 123
Grand Total ..	31,707	7,927	57,000	9,500	19,206	25,568	+ 6,362

APPENDIX D.

STATEMENT II.

Average prices booked by the Tata Iron and Steel Company for certain classes of material for the four months June to September 1924 without distinguishing special orders.

	Bars.		Light structural sections.		Heavy structural sections.		Light and heavy structural sections together.		Plates.	
	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.
	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.
June ..	2,359	164·4	1,305	166·0	3,855	155·4	5,160	158·1	1,542	179·0
July ..	2,463	163·8	1,753	167·2	2,808	154·8	4,561	159·6	2,149	161·9
August ..	1,792	167·1	746	164·9	3,135	161·3	3,881	162·0	1,598	168·1
September ..	3,356	156·1	1,706	158·7	3,584	159·3	5,290	159·1	4,480	166·0
June to September ..	9,970	161·9	5,510	164·0	13,382	157·7	18,892	159·5	9,769	167·5

APPENDIX D.

STATEMENT III.

Average prices booked by the Tata Iron and Steel Company for certain classes of materials for the four months June to September 1924 showing ordinary sales only.

—	Bars.		Light structurals.		Heavy structurals.		Light and heavy structurals together.		Plates.	
	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.
	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.
June ..	1,889	163·0	1,278	166·0	3,727	155·0	5,005	157·8	666	165·8
July ..	2,183	163·0	1,753	167·2	2,808	154·8	4,561	159·6	2,124	161·6
August ..	1,205	169·6	433	167·0	1,639	160·7	2,072	162·0	916	168·9
September ..	2,172	152·9	890	155·7	1,030	152·6	1,920	154·0	881	159·4
June to September ..	7,449	161·1	4,354	164·4	9,204	155·7	13,558	158·5	4,587	163·2

APPENDIX D.

STATEMENT IV

Average prices booked by the Tata Iron and Steel Company for certain classes of materials for the four months June to September 1924 showing special orders only.

	Bars.		Light structurals.		Heavy structurals.		Light and heavy structurals together.		Plates.			
									For rolling stock.		Circular plates.	
	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.
	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.
June ..	470	170	27	170	128	167	155	167·5	514	174·8	362	209·3
July ..	280	170	*Nil.*	....	*Nil.*	....	*Nil.*	....	*Nil.*	....	25	185·6
August ..	587	162	313	162	1,496	162	1,809	162	547	162·0	135	187·0
September ..	1,184	162	816	162	2,554	162	3,370	162	3,371	165·6	228	196·1
June to September ..	2,521	164·3	1,156	162·2	4,176	162·2	5,334	162·2	4,432	166·2	750	200·5

APPENDIX D.

STATEMENT V.

Average prices receivable by the Tata Iron and Steel Company for certain classes of material for the four months June to September 1924 after adjustment for the variations in price made between the date of order and delivery.

(*a*) Ordinary sales.

—	Bars.		Light structurals.		Heavy structurals.		Light and heavy structurals together.		Plates.	
	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.
	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.
June ..	1,889	164·1	1,278	164·9	3,727	150·1	5,005	153·9	666	162·2
July ..	2,183	162·1	1,753	162·1	2,808	155·4	4,561	157·9	2,124	159·2
August ..	1,205	160·7	433	154·0	1,639	157·7	2,072	157·1	916	162·3
September ..	2,172	146·0	890	154·2	1,030	152·4	1,920	153·2	881	157·3
June to September ..	7,449	157·7	4,354	160·4	9,204	153·3	13,558	155·7	4,587	159·9

(*b*) Special orders.

The prices receivable for special orders are identical with the prices at which the orders are booked ; *see* Statement IV of this Appendix.

APPENDIX E.

Revised list of protective duties.

The effect of the off-setting duties proposed will be to give the following form to the list of "Articles which are liable to protective duty at special rates" contained in clause 7 of the Schedule to the Steel Industry (Protection) Act. For the purpose of clearness the statutory duties and the off-setting duties are shown separately.

No.	Name of Article.	Unit or method of assessment.	Rate of duty.
	Conveyances.		
142	Coal tubs, tipping waggons and the like conveyances designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel.	*ad valorem.* Ton	25 per cent. *plus* Rs. 47
	Metals—Iron and Steel.		
143	Iron angle, channel and tee—		
	(*a*) not fabricated, kinds other than galvanised, tinned or lead coated, or Crown of superior qualities;	Ton	Rs. 20 *plus* Rs. 30.
	(*b*) fabricated, all qualities ..	*ad valorem.* Ton	15 per cent. *plus* Rs. 44
144	Iron, common bar not galvanised, tinned or lead coated.	Ton	Rs. 35 *plus* Rs. 30.
145	Iron or steel nails, wire or French ..	Cwt.	Rs. 3 *plus* Rs. 1-8-0
146	Iron or Steel Pipes and tubes and fittings therefor, if rivetted or otherwise built up of plates or sheets.	*ad valorem.* Ton	25 per cent. *plus* Rs. 47
147	Iron or Steel Plates not under ⅛ inch thick including sheets ⅛ inch thick or over—		
	(*a*) not fabricated, ship, tank, bridge and common qualities.	Ton	Rs. 30 *plus* Rs. 25
	(*b*) fabricated, all qualities ..	*ad valorem.* Ton	25 per cent. *plus* Rs. 41
	(*c*) cuttings, all qualities ..	Ton	Rs. 25 *plus* Rs. 25

No	Name of article.	Unit or method of assessment.	Rate of duty.
148	Iron or steel sheets under ⅛ inch thick—		
	(a) not fabricated—		
	(i) black ..	Ton	Rs. 30 *plus* Rs. 22.
	(ii) galvanised ..	Ton	Rs. 45 *plus* Rs. 33.
	(b) fabricated, all qualities ..	*ad valorem*	15 per cent.
			plus
		Ton	Rs. 40.
	(c) cuttings, black or galvanised ..	*ad valorem*	15 per cent.
			plus
		Ton.	Rs. 30.
149	Iron or steel wire, other than barbed or wire rope or stranded fencing wire, or wire netting (*see* No. 97) ..	Ton	Rs. 60
150	Steel, angle and tee, not galvanised, tinned or lead coated and beam, channel, zed, trough plate, piling and other structural sections—		
	(a) fabricated ..	*ad valorem*	25 per cent.
			plus
		Ton	Rs. 54.
	(b) not fabricated ..	Ton.	Rs. 30 *plus* Rs. 35.
151	Steel—bar and rod— Common merchant bar and rod, and bar and rod designed for the reinforcing of concrete, all sizes.	Ton	Rs. 40 *plus* Rs. 35.
152	Steel Railway Track Material—		
	(a) rails 30 lb. and over per yard and fish-plates therefor.	Ton	Rs. 14 *plus* Rs. 16.
	(b) rails under 30 lb. per yard and fish-plates therefor.	Ton	Rs. 40 *plus* Rs. 35.
	(c) spikes and tie-bars ..	Ton	Rs. 40 *plus* Rs. 35.
	(d) switches, crossings and the like material not made of alloy steel.	*ad valorem*	25 per cent
			plus
		Ton	Rs. 35.
153	Steel, structures, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of steel-bars, sections, plates or sheets, for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts therefor, but not including builders hardware (*see* No. 90) or articles specified in Nos. 51, 51-A, 64 or 87.	*ad valorem*	25 per cent.
			plus
		Ton	Rs. 60.
154	Steel—		
	(a) tinplates and tinned sheets, including tin taggers.	Ton	Rs. 60 *plus* Rs. 44.
	(b) tinplate cuttings ..	*ad valorem*	15 per cent.
			plus
		Ton	Rs. 51.

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