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*Part I.—Report.*



## Report on the Question of Tariff Equality in respect of the Manufacture of Manila Rope.

The application for the grant of assistance to manufacturers of manila rope was entertained by the Board under Resolution No. 38-T. (2), dated the 28th March, 1925. Terms of reference. The case is mainly one of tariff inequality and is dealt with on principles which have been explained in the Board's previous reports.

2. The applicants in this case are the three principal manufacturers of manila rope in India, namely, the Ganges Rope Company, Limited, the Shalimar Rope Works Limited and Messrs. W. H. Harton and Company, all of whom have their works in Calcutta. In the original application of the first two Companies, dated 28th May, 1925, it was proposed that a rebate equivalent to the import duty of 15 per cent. on manila hemp should be granted on all manila ropes exported by them. In view of the import duty of 15 per cent. on manila rope, they did not ask that any alteration should be made in the tariff on hemp used in the manufacture of ropes consumed in India. Messrs. W. H. Harton and Company on the other hand, in their representation dated 16th/21st July, 1925 requested that the import duty on manila hemp should be repealed altogether as they considered the duty prohibitive and an unfair taxation of an important Indian industry. In the further representations submitted by the Ganges Rope Company in August this year they call attention to a new feature of the case for assistance. It appears that since the date of the original application the British India and Peninsular and Oriental Companies have instituted a bonded warehouse at Garden Reach, Calcutta, and propose among other ship's stores to import manila rope for distribution to their foreign going vessels. Since the ropes supplied to the British India and Peninsular and Oriental Companies constitute a large proportion of the sales of manila rope, it is proposed by the Ganges Rope Company through their Managing Agents, Messrs. Macneill and Company, that a drawback should be granted in respect of all ropes despatched by Indian manufacturers to the bonded warehouse if and when the Shipping Companies commence to import manila rope free of duty into bond. Messrs. Turner Morrison and Company on behalf of the Shalimar Rope Works state that since not merely the British India and Peninsular and Oriental Companies, but all the leading shipping Companies are now contemplating opening large bonded warehouses at the leading ports commencing with Bombay and Calcutta, the very existence of the trade will be seriously menaced in the course of the next few years unless the duty on manila hemp is entirely removed.

3. Manila hemp which is the principal raw material used in the manufacture of manila rope is probably the strongest vegetable

fibre known at present and is obtained in the Philippine islands from the leaves of a wild plantain, *Musa textilis*. On account of its toughness and lightness, it is used wherever ropes of exceptional strength are required. In India manila rope is used chiefly for shipping purposes but considerable quantities are in demand also by railways and other industries and by Government. The Philippines at present have an absolute monopoly of manila hemp and although attempts have been made by manufacturers in the United Kingdom to improve sisal hemp so as to compete with manila hemp in strength, so far their efforts have proved unsuccessful in substituting sisal on a commercial scale. No other raw material is used in the manufacture of manila rope with the exception of a small quantity of wool grease, oil and liquid soap applied to the raw fibre during the course of manufacture. The imports of manila rope into India come principally from Hongkong, the Philippines and the United Kingdom. The following figures show the quantities imported into Bengal during the past three years:—

	1925-26	1926-27	1927-28
	Cwts.	Cwts.	Cwts.
Hongkong . . . . .	1,218	750	—
Philippines . . . . .	109	1,013	2,180
United Kingdom . . . . .	908	1,463	1,605

The imports from the United Kingdom represent ropes of special quality with which the Indian manufacturers as a rule are unable to compete. Judged by the figures given above, it would appear that the imports of finished rope from the Philippines have been distinctly on the increase while those from Hongkong have almost entirely disappeared. It is probable, however, that the bulk of the manila rope imported in the past from Hongkong was manufactured in the Philippines and transhipped at Hongkong. The recent establishment in Calcutta and Bombay of direct importing agencies for the roperies in the Philippines probably accounts for the increase in the imports from the Philippines as shown in the Customs Statistics.

4. The position therefore is that while the Indian manufacturers have to import raw hemp from the Philippines, their principal competitors in respect of finished rope are the factories established in the Philippines in close proximity to the raw material. Consequently it may appear in view of the wastage in the raw material and the loss of freight thereon, that the manufacture of manila rope in India out of hemp imported from the Philippines could hardly be a profitable proposition. The production of manila rope, however, has been carried on successfully in the past by several manufacturers in India, especially in Calcutta. In the case of the larger manufacturers, the production of manila rope has been of assistance in increasing the output of the rope making plant and reducing overhead charges. In the larger works, besides manila

Imports of manila hemp and rope from the Philippines.

from the leaves of a wild plantain, *Musa textilis*. On account of its toughness and lightness, it is used wherever ropes of exceptional strength are required.

rope, various other kinds of rope such as coir, country hemp, cotton and sisal are also manufactured. In the actual rope making processes, the machinery used for coir rope may be used equally for manila rope. The stranding and laying up processes in the two cases being precisely the same, the same rope walk may be used in both. The manufacture of manila rope thus helps to keep the plant used for other kinds of rope more fully employed. It is probable also that the freight on finished rope from the Philippines is slightly higher than on raw hemp and labour charges are somewhat higher in the Philippines than in India. It is unnecessary, however, to examine in detail the advantages possessed by the Indian industry since the case of the applicant Companies is not for protection but for the removal of tariff inequality.

5. Of the three principal manufacturers of manila rope in India, the largest is the Ganges Rope Company. Their total manufacturing capacity is stated to be 1,000 tons of manila rope per annum and their actual output in 1927 was 921 tons. The Shalimar Rope Works had an output of 474 tons in 1927 against a total capacity of 900 tons per annum. Messrs. W. H. Harton and Company manufactured 375 tons in 1927 against a total capacity of 500 tons. Besides these large manufacturers, there are three or four other Companies under Indian management producing manila rope on a limited scale such as Messrs. S. C. Mullick and Company and Gangadhar Banerjee and the Western India Ropery. The total output in India has been estimated approximately at 2,000 tons a year and the total imports into India including Burma at 2,000 tons, giving a rough estimate of 4,000 tons a year as the total annual consumption of manila rope in India including Burma. Before 1920 some of the larger producers, especially the Ganges Rope Company exported small quantities to Ceylon, the Straits Settlements and South Africa, but since that year exports have almost entirely ceased. Of the output in India the Shalimar Rope Works have sold approximately half to shipping Companies and the Ganges Rope Company two-thirds. In the light of the various proposals made by the applicant Companies in their representations, it may be convenient to divide the Indian output into three groups:—

- (a) Production for local consumption other than as ship's stores.
- (b) Production for supply to shipping Companies, and
- (c) Production for export to overseas markets.

6. We shall consider first the production of manila rope in India for local consumption other than as ship's stores. The import duty on manila hemp is fixed at 15 per cent. on a tariff valuation of Rs. 35\* per cwt. which is roughly intermediate between the present market value of superior and inferior grades of hemp. The duty payable at this rate is Rs. 5.25 per cwt. of

Manufacture for local consumption—no tariff inequality.

\* As given in Indian Customs Tariff issued by the Department of Commercial Intelligence and Statistics, India for the twelve months January to December, 1928.

manila hemp. The wastage of raw material involved in the manufacture of manila rope has been variously estimated from 8 per cent. to as much as 20 per cent. The addition of oil during the first process of manufacture and the use of different grades of hemp render the actual wastage a somewhat uncertain factor, but there seems to be general agreement that 10 per cent. may be regarded as an approximately correct estimate. Taking wastage at 10 per cent., the duty payable on manila hemp per cwt. of finished rope works out to Rs. 5.77. The present prices of manila rope in the Calcutta market are Rs. 51-8-0 per cwt. for No. 1 quality and Rs. 45 for No. 2 quality. Since these prices include duty at 15 per cent. *ad valorem*, the approximate amount payable as duty may be estimated at  $\frac{15}{115} \times 51.5$  or Rs. 6.71 per cwt. of No. 1 rope and at  $\frac{15}{115} \times 45$  or Rs. 5.87 per cwt. of No. 2 rope. It will be seen, therefore, that on manila rope used for local consumption on which a duty of 15 per cent. *ad valorem* is payable, the Indian manufacturer is not subject to any inequality as compared with the foreign manufacturer.

7. At present the most serious feature in the position of the Indian industry is the loss of business which, it is feared, may result from the establishment of bonded warehouses by shipping Companies in India. The British India and Peninsular and Oriental Companies have already established a bonded warehouse at Calcutta for the importation into bond free of duty of all ship's stores including manila rope. The precise effect of this on the business done hitherto by Indian manufacturers of manila rope is difficult to determine. Although a bonded warehouse has been established, importation into India does not appear to have commenced so far, and no figures are available on which we may estimate the actual extent of the loss which may result to the Indian industry. That the loss may be serious and may affect even the very existence of the Indian industry is indicated by the proportion of the total Indian output of manila rope which is now supplied to shipping Companies. The position of the two largest manufacturers of manila rope in India in this respect is shown by the following figures:—

*The Ganges Rope Company.*

					Shipping	Railways	Industrial
					Tons.	Tons.	Tons.
1925	.	.	.	.	544	82	198
1926	.	.	.	.	549	105	188
1927	.	.	.	.	666	84	205
Average percentage					67	10	22

*The Shalimar Rope Works.*

	Shipping	Railways	Industrial	Government
	Tons.	Tons.	Tons.	Tons.
1925 . . . . .	212	81	89	24
1926 . . . . .	217	101	83	85
1927 . . . . .	159	125	95	75
Average percentage .	44	23	20	13

8. It is stated by the Ganges Rope Company that the establishment of a bonded warehouse by the British India and Peninsular and Oriental Companies might result in the manila ropes required by them except for coastal shipping being imported free of duty. This, we understand, is a substantially correct statement of the position, (*vide* section 112 of the Sea Customs Act, 1878). Since this would probably enable the shipping Companies to import the bulk of their requirements duty free, it would be necessary, in justice to Indian manufacturers, to exempt them from the payment of import duty on the manila hemp used in the manufacture of shipping ropes. We have estimated the wastage in the manufacture of manila rope at 10 per cent. and since the amount of duty payable at the present rate on manila hemp is Rs. 5.25 per cwt. the total relief which should be granted to Indian manufacturers in order to prevent unequal treatment is Rs. 5.77 per cwt. on manila ropes supplied to shipping Companies. A refund at this rate of the duty paid on manila hemp in respect of supplies of rope despatched to a bonded warehouse would in the ordinary course be the simplest form in which the necessary assistance may be granted. But we understand from the Central Board of Revenue that under the existing law it would not be possible to grant rebates on Indian made ropes to be bonded for issue as ships' stores. If this is so, we consider that the best method of assisting Indian manufacturers would be a general reduction in the import duty on manila hemp corresponding to the proportion of rope supplied to shipping Companies to the total output. From the figures supplied to us by the largest manufacturers, the Ganges Rope Company, the average quantity supplied to shipping Companies during the past three years was 67 per cent. or two thirds of the total output. Accordingly the reduction which would be necessary in the duty on manila hemp for securing tariff equality for the Indian industry is from 15 per cent. to 5 per cent. The only shipping Companies which have established a bonded warehouse so far are the British India and Peninsular and Oriental Companies. But the possibility cannot be overlooked that in future other shipping Companies also may arrange for the importation of ropes free of duty.

9. It now remains to consider the proposal made by the applicant Companies as regards the exports of manila rope to overseas markets. The Ganges Rope Company estimate that their total exports during the years 1913 to 1925 amounted to 303 tons. The largest quantity exported in any single year was 57.65 tons in 1914. Since 1920 export has practically ceased and it is maintained that one of the reasons for the discontinuance of exports is the disability to which the Indian manufacturer is subject by reason of the import duty on manila hemp. From the present prices of manila rope in Siam and the Straits Settlements, as supplied to us by the Shalimar Rope Works, we find that if the import duty on manila hemp were remitted, the Indian manufacturer would be in a position to quote competitive prices in the export markets nearest to India. On the other hand so long as the Indian costs of production included a duty on manila hemp, it would be impossible for the Indian manufacturer to compete with foreign producers in markets abroad. It is clearly unreasonable to levy on Indian manufacturers a duty which has the effect of shutting them out of their natural export markets. The Fiscal Commission expressed strong objection to export duties and in our opinion an import duty levied on raw materials used in the manufacture of articles destined for export is not distinguishable in effect from an export duty. The practice of exempting articles consigned for export from the duties paid on raw materials is well understood in several countries. In fact the drawback system in the United Kingdom is generally applied to goods on which duties have been paid and which have been used in the manufacture of other goods destined for shipment overseas. We have considered whether a drawback of the duty on manila hemp may similarly be granted to Indian manufacturers in the case of ropes shipped abroad. But we are informed by the Central Board of Revenue that special legislation would be necessary in this case to enable Customs officers to arrange for the grant of a drawback. The quantities of manila rope exported from India, however, have been so small that we do not think that special legislation would be justified. Moreover the trouble and expense involved in the constant supervision of the factories by Customs officers would be out of proportion to the benefit which the Companies are likely to derive. We have proposed on other grounds that the duty on manila hemp should be reduced to 5 per cent. and since some further relief is required to enable Indian manufacturers to compete on equal terms in the export market, we recommend that the duty on manila hemp be entirely removed. The removal of the duty would give Indian manufacturers some advantage, besides merely restoring tariff equality, in respect of that part of the output which is sold for local consumption. The advantage, however, would be inconsiderable since the quantity sold for local consumption other than as ships' stores is a relatively small part of the total output. Nor would the loss of revenue be serious since, if the duty were reduced to 5 per cent., the aggregate receipts would probably not exceed

Export to overseas markets—Abolition of duty on manila hemp.

**Rs. 50,000.** On grounds of principle as well as of administrative convenience, there is a good case for removing the duty, especially in view of Government's declared policy that raw materials should as far as possible be admitted free of duty.

**P. P. GINWALA,**  
*President.*

**J. MATTHAI,**  
*Member.*

**H. C. SEN,**  
*Secretary.*

*The 4th January, 1929.*



*Part II.—Evidence.*



**DEPARTMENT OF COMMERCE.**

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**TARIFFS.**

*Delhi, the 28th March, 1925.*

No. 38-T. (2).—The Government of India have received a number of representations to the effect that the development of certain industries in India is hampered by the fact that the duty on the finished article is lower than the duty on the materials which have to be imported for the manufacture of that article. A list\* of such representations is appended to this Resolution. The representations will now be referred to the Tariff Board. It is requested to examine these representations and any others of a similar nature which may be brought to its notice and to make such recommendations, whether general or special, as it thinks fit.

2. Firms or persons interested in the above enquiry should address their representations direct to the Secretary of the Tariff Board.

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ORDER.—Ordered that a copy of the above Resolution be communicated to all Local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence, the Indian Trade Commissioner in London and the Secretary of the Tariff Board.

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

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\* Not printed.

**Press Communiqué issued by the Tariff Board on the 8th August, 1928.**

The Tariff Board is at present considering the representation of certain manufacturers of manila rope praying for the removal of the existing import duty on raw manila hemp. Any person, firm or association in India which is of opinion that the removal of the import duty on manila hemp will be prejudicial to its interests and desires to oppose the application of the manila rope manufacturers is requested to forward to the Secretary of the Board at the Board's office, Stonehouse Hill, Ootacamund, before the 31st August a representation (with five spare copies) explaining the grounds upon which its opposition to the application now under consideration is based.

**Questionnaire issued by the Tariff Board on the 8th August, 1923.**

**INTRODUCTORY.**

1. When did your firm commence the manufacture of manila rope?
2. What quantity of manila rope can your works produce per annum if working to capacity?
3. What was the actual output per annum for the last five years?
4. What other firms in India manufacture manila rope?
5. Can you give any estimate of the quantity of manila rope manufactured annually in India?
6. Does your firm manufacture any other products besides manila rope? If so, please enumerate.

**RAW MATERIALS.**

7. What is the quantity of manila hemp required for the production of one unit of rope?  
(*N. B.*—The customary unit should be stated.)
8. What percentage of the hemp is wasted in the process of manufacture?
9. What becomes of the waste? Can it be used for any other purpose; if so, please state for what purpose.
10. Is "manila hemp" grown in India? If so, please state where and to what extent?
11. Please state the quantities of manila hemp imported by you into India during the past five years.
12. (a) What other raw materials are used in the manufacture of manila rope?  
(b) Are they produced in India or imported?
13. Please give the average cost per unit of manila hemp under the following heads during the last three years—  
(a) c.i.f. price nearest port,  
(b) landing charges,  
(c) duty,  
(d) cost of transport to factory.
14. Please state the amount of duty paid by you at present per unit of finished rope on the principal raw materials used in its manufacture; if you manufacture different classes of rope, please give the above information in respect of this class or classes you consider most typical.
15. What was the total amount paid by you as Customs duty on raw materials during each of the past three years?
16. Is manila hemp used for any purpose in India other than the manufacture of manila rope?

**HOME MARKET.**

17. Can you form any estimate of the total annual demand in India for manila rope?
18. In what industries is manila rope mainly used in India? State the quantities and the value of manila rope supplied by you to each of these industries during the last three years?
19. From what countries has manila rope been imported into India during the past five years? Have you any information as to quantities imported yearly from each country.

20. Please state—

(a) The price at which manila rope has been imported and sold in India in each of the last three years.

The c.i.f. price of the imported article, Customs duty and landing charges should be given separately.

(b) The prices realised by you in the same years.

NOTE.—If different classes of manila rope are imported, please give the information in respect of the class or classes which you consider most typical.

#### OVERSEAS MARKET.

21. To what countries have you exported manila rope in the past? Please give quantities exported to each country during the last ten years.

22. (a) Who are your chief competitors in your overseas markets?

(b) Have you any information as to the duties paid by them on the raw materials imported by them for the manufacture of manila rope?

23. What natural advantages has India for the manufacture of manila rope, and are these sufficient to enable it to compete in overseas markets although it has to import the raw material?

24. What is the present price of manila rope in Calcutta and what is the price in the overseas markets to which you hope to export?

#### FINANCIAL POSITION.

25. What rate of dividend has been paid by your Company in each of the last five years?

26. Please send five copies of your balance sheet for each of the last three years.

#### PROPOSALS.

27. What is precisely the form in which Government assistance is required by you?

28. If the proposal to grant on export of manila rope a rebate or refund of Customs duty paid on imported hemp is accepted, what safeguard do you suggest for the protection of Government revenues?

**The Ganges Rope Company, Limited and the Shalimar Rope Works Limited, Calcutta.**

(1) *Representation dated 28th May, 1925.*

We, the undersigned principal rope manufacturers in India, beg to lay before you the following for your favourable consideration, that

1. Manila Hemp is subject to an import duty of 15 per cent.
2. This heavy tariff, instead of protecting indigenous concerns, acts as a very serious handicap on the *export* trade in Manila Rope.
3. We are of opinion our foreign competitors are thus in a more fortunate position and are able to underquote with the result that markets which formerly bought freely from us are now securing their requirements from rope manufacturers outside of India.
4. Manila Rope imported into this country has also to meet a duty of 15 per cent. and this protects our interests so far as rope for local consumption is concerned. We therefore do not ask **that any alteration be made on the tariff on hemp which will ultimately be used in the manufacture of ropes to be consumed in India**; but we submit that it is absolutely essential to enable us to regain our trade with foreign markets, that a rebate equivalent to the import duty on Manila hemp fibre be granted on all Manila Ropes exported.

We shall be glad if you will give this your prompt and careful consideration and advise us at your early convenience of your decision in the matter.

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(2) *Letter dated the 13th June, 1925, to the Ganges Rope Company, Limited and the Shalimar Rope Works, Limited.*

The Tariff Board has not, as yet, been instructed to consider the case of industries which are adversely affected in their efforts to compete in foreign trade by the existing import duties, but such cases may merit consideration in the future.

2. In your letter of 28th May, 1925, paragraph 4, you ask for rebates to enable you to regain your foreign trade. Could you please furnish the Board with figures showing the exact volume of your export trade for a number of years, say, 1909-10 to 1924-25 as the existing Trade Returns do not separately classify the quantities of Manila rope exported?

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**The Ganges Rope Company, Limited, Calcutta.**

A.—WRITTEN.

(1) *Letter dated the 12th November, 1925.*

The regrettable delay in reply to your letter No. 281 of 13th June 1925 is due to the difficulties we have experienced in collecting from our records the information you desire.

We have now pleasure in submitting statements of the quantities of Manila Ropes exported by us yearly from 1913 to date and trust they will serve the purpose. You will observe the gradual dwindling of what promised to be a valuable trade capable of further development from the time when the duty was only 5 per cent. till now with a further 10 per cent. added we have lost all our connection abroad. This loss of business in our opinion, is almost entirely due to the heavy import duty now levied, as, with the resources at our disposal, we are confident we could not only regain this business; but also introduce our manufactures into other countries if we had the assistance of a rebate of duty on exports.

Thanking you for your prompt attention to our request and trusting your Board will give the matter their favourable consideration.

*Exports of Manila Ropes by the Ganges Rope Co., Ltd., during the years 1913 to 1925.*

Countries to which exported.	1913.	1914.	1915.	1916.	1917.	1918.	1919.	1920.	1921.	1922.	1923.	1924.	1925.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Ceylon . . . . .	9	16	22	29	9	24	20	3	12	4	25	9	1
Straits Settlements . . . . .	24	28	14	13	6	...	...	1	...	...	...	...	...
Union of South Africa . . . . .	6	8	1	4	2	13	...	...	...	...	...	...	...
Siam . . . . .	...	25	...	1	1	1	...	...	...	...	...	...	...
Java . . . . .	...	5	6	7	...	...	...	...	3	...	...	...	...
New Zealand . . . . .	...	4	...	...	...	...	...	...	...	...	...	...	...
Other Countries . . . . .	1	...	...	25	...	...	...	1	...	...	...	...	...
<b>TOTAL . . . . .</b>	<b>40</b>	<b>57.65</b>	<b>43</b>	<b>53.35</b>	<b>18</b>	<b>37.1</b>	<b>20</b>	<b>5</b>	<b>15</b>	<b>4</b>	<b>25</b>	<b>9</b>	<b>1</b>

Total exports to all countries 1913 to 1925 303.35 tons.

(2) *Letter dated the 19th July, 1928.*

In respectfully referring you to the correspondence ending with our letter dated 11th January 1927\*, in connection with our petition for a rebate on the existing import duties which adversely affect our efforts to compete against foreign trade, we have now to advise you that we understand our principal buyers have under contemplation the establishment of a bonded warehouse. When this project comes into operation we apprehend that the customers in question, whose business we have handled exclusively for many years, will import into Calcutta their requirements of Manila Rope, duty free, from some foreign source, and this valuable business will be irretrievably lost to us. Before such an eventuality takes place we venture to approach you once more with the request to give our case your earliest possible consideration. We have no desire to seek preferential treatment but we cannot emphasize too strongly how serious the results will be to us in the event of this business going past us, as will undoubtedly be the case considering that we are called upon to meet a tariff of Rs. 5-4-0 per cwt. which places us at a great disadvantage. We consider that were we granted a refund of duty on ropes for export to Colombo, Singapore and the Far East we could regain our lost trade and extend our activities.

(3) *Letter dated the 31st August, 1928.*

We send herewith six copies of our replies to your questionnaire in connection with our application for a rebate on Manilla Hemp and trust you will find them in order.

We regret the delay in forwarding our reply which was due to difficulty we had in searching for information.

## REPLIES TO QUESTIONNAIRE.

1. Manilla Rope was first manufactured in our Works in October 1904.

2. When working to capacity we can produce 1,000 tons Manilla Rope per annum.

3. Actual output for—

	1923.	1924.	1925.	1926.	1927.
Cwts.	16,657	17,644	15,996	18,574	18,435

4. The Shalimar Rope Works, W. H. Harton & Co., S. C. Mullick & Co., and one or two smaller concerns.

5. We estimate 35,000 cwts. Manilla Rope are manufactured annually in India.

6. Besides Manilla Rope, we manufacture Coir Rope, Country-Hemp Ropes and Lines, Cotton Rope, Sisal Rope, Jute Twist and Jute Gasketting to the extent of 70,000 cwts. per annum.

7. The customary unit for Manilla Rope is one cwt. and 122 lbs. of Hemp is required for the production of one unit.

8. Wastage about 8 per cent.

9. The waste or dust is of no commercial value and is burnt.

10. Manilla Hemp is not grown in India.

11. Quantities imported by us—

	1923.	1924.	1925.	1926.	1927.
Bales	6,700	4,700	6,472	6,649	6,929

Each bale weighs two piculs or 279 lbs.

12. No other raw material is used in the manufacture of Manilla Rope; but a small quantity of a saponified mixture consisting of Wool Grease (imported from Home) Oil (Burmah) and Liquid Soap (Local) is applied to the raw fibre during the course of manufacture.

## 13. Average cost per unit of Manilla Hemp :—

	1925		1926		1927	
	No. 1.	No. 2.	No. 1.	No. 2.	No. 1.	No. 2.
	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
(a) C.I.F. price	44 12	& 37 8	42 6	& 34 2	38 14	& 33 12
	Rs. A. P.		Rs. A. P.		Rs. A. P.	
(b) Landing charges	0 1	6	0 1	6	0 1	6
(c) Duty	5 4	0	5 4	0	5 4	0
(d) Cost of transport to Factory.	0 4	6	0 4	6	0 4	6

14. Duty is paid at the Tariff rate of 15 per cent. on Rs. 35 per cwt. or unit irrespective of the grade of hemp. This represents a duty of Rs. 13-1-3 per bale of 279 lbs.=Rs. 5-4 per cwt. on Raw Fibre or Rs. 5-12 per cwt. on finished article.

## 15. Duty paid by us—

	1925.	1926.	1927.
Rupees	82,509	86,016	90,619

16. Manila Hemp, to our knowledge, is not used for any purpose other than rope making.

17. Regret cannot estimate the annual demand in India for Manila Rope.

18. Our principal customers are Shipping Companies, Railways and Industrial Concerns to whom we supplied.

	Shipping.	Railways.	Industrial.
1925.	10,889 cents valued 6,03,651 1,655	cents valued 81,060 3,962	cents valued 2,20,508
1926.	10,983 „ „ 5,85,539 2,106	„ „ 1,15,150 3,771	„ „ 2,03,089
1927.	13,323 „ „ 6,83,748 1,682	„ „ 87,792 4,100	„ „ 2,13,560

19. Manila Rope is imported into India from Hongkong, the Philippines and the United Kingdom, and according to the Customs Statistics the following quantities were imported into Bengal :—

	1925-26	1926-27	1927-28
Hongkong	1,218	750	P cwts.
Philippines	109	1,013	2,180 „
United Kingdom	908	1,463	1,605 „

The figures for Bombay, Madras, Karachi and Rangoon not available.

20. (a) Regret cannot say prices at which Manila Rope has been imported and sold in India.

## (b) Prices realised by us :—

1925		1926		1927	
No. 1.	No. 2.	No. 1.	No. 2.	No. 1.	No. 2.
Rs. 60	& 50	57-8	& 50	55	& 47-8

21. We have already supplied this information, as per statements which accompanied our letter, dated 12th November 1925. We, however, attach further copies for ready reference.

22. (a) Our chief competitors are the Philippines, Hongkong and United Kingdom.

(b) No duty is paid at Hongkong and of course the raw material is grown in the Philippines. Not aware of duty in United Kingdom.

23. Low manufacturing costs which we consider are sufficient to enable us to compete in overseas markets.

24. The present prices of Manila Rope in Calcutta are Rs. 51-8 for No. 1 and Rs. 45 for No. 2 qualities per cwt. Regret not in a position to state prices in overseas markets.

25. The following dividends have been paid by this Company :—

	1923.	1924.	1925.	1926.	1927.
Per cent.	40	40	40	85	40

26. Six copies of our printed accounts for the last three years are sent herewith.

27. Our original application, dated 28th May 1925, was for assistance in the form of a refund or rebate (to the extent of the amount we are called upon to pay per unit in Customs duty on the raw material) on all rope exported to countries outside India. Since the date of the above application our principal customers the B. I. and P. and O. Companies have instituted a bonded warehouse and propose, amongst other things, importing Manila Rope for distribution to their foreign going vessels. To retain this business, the loss of which would be a very serious matter for us, we contend we are more entitled to the privilege of a drawback than the advantage our overseas competitors will derive if and when our customers commence to import Manila Rope free of duty into their bond. We crave therefore that the Commissioners either abolish the duty on Manila Hemp absolutely or grant us (1) a drawback on ropes exported out of India and (2) a drawback on all ropes we despatch to the B. I. and P. and O. bonded warehouse.

On our estimated figure of the annual imports of Manila Hemp into India, Government would derive revenue to the extent of say Rs. 1,75,000 per annum and although this is a comparatively small amount so far as Government is concerned such a sum, or part thereof in the form of a drawback, would be of great assistance to Manila Rope manufacturers in meeting foreign competition.

Manila Hemp forms only 21 per cent. (or cents 18,500) of our total production.

28. In the event of our proposal being accepted we consider that in the case of rope for export the submission of the Bills of Lading or Bank Drafts is sufficient proof or guarantee that the rope concerned is destined for some port without the jurisdiction of the Indian Government.

Regarding rope sent to the bonded warehouse, once the rope is placed in bond it comes under customs custody and could not therefore be exported duty-free to any dutiable port. To obtain its release from this bond a custom pass has to be obtained certifying its clearance to a foreign going vessel. The customs custody and supervision does not cease until the rope is placed on the steamer and until the steamer sails.

Date of shipment	To whom shipped.	No. of coils and description.	Weights.
1913.			Cwts.
27th February 1913	United Engineers, Singapore.	11 coils Manila Rope	18 3-16
1st March 1913	Ditto ditto	11 Ditto	18 3-16
11th March 1913	J. W. Straughan, Pretoria	2 Ditto	8-3-14
18th March 1913	United Engineers, Singapore.	19 Ditto	11-2-2
10th April 1913	Ditto ditto	36 Ditto	56-0-8
17th April 1913	Ditto ditto	66 Ditto	91-1-10
2nd June 1913	Colombo Stores Ltd., Colombo.	27 Ditto	19-3-23
2nd June 1913	Walker Sons & Co., Ltd., Colombo.	12 Ditto	60-3-17
19th June 1913	United Engineers, Singapore	114 Ditto	39-2-5
23rd June 1913	Ditto ditto	52 Ditto	74-2-12
23rd June 1913	McAlister & Co., Penang	24 Ditto	27-1-5
3rd July 1913	J. W. Straughan, Pretoria	2 Ditto	8-3-26
10th July 1913	United Engineers, Singapore.	54 Ditto	54-0-14
4th August 1913	Njio Poan Kok, Banda Neira.	27 Ditto	15-0-14
9th August 1913	Walker Sons & Co., Ltd., Colombo.	18 Ditto	66-1-21
9th August 1913	Colombo Stores Ltd., Colombo.	30 Ditto	42-0-0
25th September 1913	United Engineers, Singapore	10 Ditto	1-0-4
23rd October 1913	Ditto ditto	16 Ditto	27-0-4
7th November 1913	J. W. Straughan, Pretoria	14 Ditto	105-0-0
11th December 1913	United Engineers, Singapore	10 Ditto	17-0-1
31st December 1913	Ditto ditto	26 Ditto	43-0-0
Total			807-2-16

Date of shipment.	To whom shipped.	No of coils and description.	Weights.
1914.			Cwts.
22nd January 1914	United Engineers, Singapore.	3 coils Manila Rope .	64-2-24
2nd February 1914 .	Walker Sons & Co., Ltd., Colombo.	36 Ditto .	122-0-5
19th February 1914 .	United Engineers, Singapore.	28 Ditto .	40-2-7
26th February 1914	J. W. Straughan, Pretoria	3 Ditto .	50-3-7
19th March 1914	United Engineers, Singapore.	11 Ditto .	31 0-0
19th March 1914 .	McAlister & Co., Penang .	43 Ditto .	46-0-0
1st April 1914 .	Colombo Stores Ltd., Colombo.	57 Ditto .	58-2-8
9th April 1914 .	United Engineers, Singapore	16 Ditto .	15-1-5
16th April 1914 . .	Ditto ditto .	37 Ditto .	46-2-23
6th May 1914 . .	J. W. Straughan, Pretoria	3 Ditto .	20-3-15
14th May 1914 . .	United Engineers, Singapore.	21 Ditto .	26-0-0
21st May 1914 . .	J. W. Straughan, Pretoria .	7 Ditto .	41-2-9
14th May 1914 . .	United Engineers, Singapore.	2 Ditto .	1-1-23
21st May 1914 . .	Ditto ditto .	21 Ditto .	26-0-0
31st May 1914 . .	Colombo Stores Ltd., Colombo.	3 Ditto .	24-2-10
25th June 1914 . .	United Engineers, Singapore.	6 Ditto .	18-1-16
25th June 1914 . .	Borneo Co, Ltd., Bangkok	8 Ditto .	5-0-0
3rd July 1914 . .	United Engineers, Singapore.	3 Ditto .	24-1-15
22nd August 1914 . .	Galestin Bros., Batavia .	40 Ditto .	102-2-17
28th August 1914 . .	J. W. Straughan, Pretoria	10 Ditto .	69-1-3
18th September 1914	United Engineers, Singapore.	21 Ditto .	36-3-26
18th September 1914	McAlister & Co., Penang .	30 Ditto .	38-0-13
24th September 1914 . .	J. W. Straughan, Pretoria	10 Ditto .	61-3-14
22nd October 1914 . .	Colombo Stores Ltd., Colombo.	36 Ditto .	22-3-15
5th November 1914	Delagoa Bay . . . .	1 Ditto .	8-0-0
		Carried over	968-3-8

Date of shipment.	To whom shipped.	No. of coils and description.	Weights.
1914— <i>contd.</i>		Brought forward	Cwts. 968-3-8
5th November 1914	Walker Sons & Co., Ltd., Colombo.	10 coils Manila Rope	59-0-22
24th November 1914	J. A. Redpath, Wellington	2 Ditto	7-0-22
14th December 1914	United Engineers, Singa- pore.	17 Ditto	30-0-23
17th December 1914	Walker Sons & Co., Ltd., Colombo.	12 Ditto	27-0-0
30th December 1914	United Engineers, Penang	27 Ditto	43-2-10
30th December 1914	Ditto ditto	1 Ditto	7-1-15
		Total	1,143-1-16
1915.			
2nd February 1915	United Engineers, Singa- pore.	10 coils Manila Rope	23-1-23
2nd March 1915	Colombo Stores Ltd., Colombo.	28 Ditto	30-1-8
16th April 1915	Walker Sons & Co., Ltd., Colombo.	33 Ditto	92-3-8
17th April 1915	} United Engineers, Singa- pore.	23 Ditto	44-0-0
4th May 1915			
10th June 1915	Ditto ditto	5 Ditto	9-3-19
23rd June 1915	J. W. Straughan, Pretoria	5 Ditto	21-3-19
24th June 1915	Colombo Stores Ltd., Colombo.	23 Ditto	6-1-24
24th June 1915	Walker Sons & Co., Ltd., Colombo.	13 Ditto	13-1-2
		6 Ditto	65-2-5
1st July 1915	L. Y. Swee & Co., Port Swettenham.	3 Ditto	5-0-20
22nd July 1915	United Engineers, Singa- pore.	27 Ditto	35-1-6
20th August 1915	Ditto ditto	36 Ditto	45-3-25
25th August 1915	Walker Sons & Co., Ltd., Colombo.	33 Ditto	92-0-8
30th August 1915	L. Y. Swee & Co., Penang	9 Ditto	13-1-25
1st September 1915	Colombo Stores Ltd., Colombo.	40 Ditto	49-0-0
		Carried over	548-2-24

Date of shipment.	To whom shipped.	Number of coils and description.	Weights.
1915 - <i>contd.</i>			Cwts.
		Brought forward	548-2-24
14th September 1915	A. Baur Colombo	1 coil(s) Manila Rope	5-2-21
28th September 1915	Walker Sons & Co., Ltd., Colombo.	7 Ditto	81-3-18
25th October 1915	United Engineers, Singa- pore.	39 Ditto	45-1-0
11th November 1915	G. Hapenstead, Samarang	44 Ditto	50-1-24
	Ditto . . . .	17 Ditto	28-1-23
	Ditto . . . .	10 Ditto	12-2-22
	Ditto . . . .	34 Ditto	26-3-9
17th November 1915	United Engineers, Singa- pore	10 Ditto	19-0-25
17th November 1915	L. Y. Swee & Co., Port Swettenham.	6 Ditto	9-0-0
31st December 1915	United Engineers, Singa- pore.	24 Ditto	26-3-23
			Total
1916.			855-0-24
3rd January 1916	Njio Poau Kok, Banda Neira.	7 coils Manila Rope	5-2-22
7th January 1916	United Engineers, Singa- pore.	32 Ditto	29-0-0
12th January 1916	Colombo Stores Ltd, Colombo.	85 Ditto	65-0-0
	A. Baur, Colombo . . . .	2 Ditto	13-0-0
26th January 1916	L. Y. Swee & Co., Port Swettenham.	10 Ditto	11-3-12
2nd February 1916	Walker Sons & Co., Ltd., Colombo.	39 Ditto	146-0-23
18th February 1916	United Engineers, Singa- pore. A/c Belawan.	30 Ditto	17-1-2
29th February 1916	G. Hoppenstead. Samarang.	39 Ditto	63-0-0
	Ditto . . . .	22 Ditto	24-0-0
	Ditto . . . .	25 Ditto	51-0-0
27th March 1916	United Engineers, Singa- pore.	43 Ditto	49-1-16
4th April 1916 . .	J. W. Straughan, Pretoria	25 Ditto	31-3-26
6th April 1916 . .	Colombo Stores Ltd., Colombo.	56 Ditto	55-1-6
28th April 1916 . .	Walker Sons & Co., Ltd., Colombo.	22 Ditto	73-3-18
			Carried over
			636-2-15

Date of shipment.	To whom shipped.	Number of coils and description.	Weights.
			Cwts.
1916— <i>conid.</i>			
		Brought forward	636-2-15
12th June 1916 . . .	Walker, Sons & Co., Ltd., Colombo.	36 coils Manila Rope .	110-3-20
24th June 1916 . . .	Anderson & Co., Kilindini, <i>vid</i> Delagoa Bay.	61 Ditto .	43-2-20
27th June 1916 . . .	United Engineers, Singa- pore.	39 Ditto .	49-3-24
21st July 1916 . . .	Colombo Stores Ltd., Colombo.	29 Ditto .	50-3-9
24th August 1916 . . .	United Engineers, Singa- pore.	32 Ditto .	33-1-15
3rd November 1916 . . .	Ditto ditto .	16 Ditto .	26-0-26
4th November 1916 . . .	Colombo Stores Ltd., Colombo.	17 Ditto .	54-0-0
17th November 1916 . . .	Borneo Co., Ltd., Bangkok	3 Ditto .	2-1-20
15th December 1916 . . .	A. Baur, Colombo . . .	2 Ditto .	13 3-4
23rd December 1916 . . .	United Engineers, Singa- pore.	31 Ditto .	44-2-0
Total			1,066 2-13
1917			
23rd January 1917 . . .	United Engineers, Singa- pore.	30 coil(s) Manila Rope	25-3-23
20th February 1917 . . .	Borneo Co., Ltd., Bangkok	1 Ditto	2-1-0
12th March 1917 . . .	J. W. Straughan, Pretoria.	3 Ditto .	22-2-0
24th March 1917 . . .	United Engineers, Singa- pore.	16 Ditto .	33-1-0
14th April 1917 . . .	Walker, Sons & Co., Ltd., Colombo.	9 Ditto .	40-1-27
14th July 1917 . . .	Colombo Stores, Ltd., Colombo.	33 Ditto .	22-0-0
30th July 1917 . . .	United Engineers, Singa- pore	38 Ditto	17-3-16
13th August 1917 . . .	Walker, Sons & Co., Ltd., Colombo.	15 Ditto .	53-0-24
9th November 1917 . . .	Ditto ditto	24 Ditto .	59-2-7
	Ditto ditto	3 Ditto .	6-0-16
22nd November 1917 . . .	Borneo Co. Ltd, Bangkok.	7 Ditto .	12-0-0
28th November 1917 . . .	United Engineers, Singa- pore.	25 Ditto .	41-1-13
1st December 1917 . . .	J. W. Straughan, Pretoria	3 Ditto .	21-1-0
Total			366-3-8

Date of Shipment.	To whom shipped.	Number of coils and description.	Weights.
1918.			Cwts.
24th January 1918	Colombo Stores, Ltd., Colombo.	48 coil(s) Manila Rope	59-1-10
2nd May 1918	J. Billimoria & Co., Colombo	10 Ditto	23-0-0
	Colombo Stores, Ltd., Colombo.	24 Ditto	30 0-0
13th August 1918	J. Billimoria & Co., Colombo	20 Ditto	39-3-2
13th August 1918	Colombo Stores, Ltd., Colombo.	36 Ditto	33-2-11
17th August 1918	Browns, Ltd., Colombo	16 Ditto	129-2-8
13th September 1918	Borneo Co., Ltd., Bangkok	2 Ditto	2-2-0
23rd September 1918	Walker, Sons & Co, Ltd., Colombo.	20 Ditto	65-1-22
	Ditto ditto	36 Ditto	39-2-17
2nd October 1918	C. J. Straughan, Pretoria	4 Ditto	26-1-26
16th November 1918	J. Billimoria, Colombo	20 Ditto	45-0-0
25th November 1918	Browns, Ltd., Cape Town	16 Ditto	84-1-25
16th December 1918	Ditto ditto	100 Ditto	147-9-14
23rd December 1918	A. Baur, Esq, Colombo	1 Ditto	5-1-20
Total			731-1-15
1919.			
24th March 1919	J. Billimoria & Co, Colombo.	30 coils Manila Rope	84-0-0
	Colombo Stores, Ltd, Colombo.	27 Ditto	9-3 6
14th April 1919	Walker, Sons & Co, Ltd., Colombo.	18 Ditto	39-3-15
14th August 1919	Colombo Stores, Ltd., Colombo.	23 Ditto	46-2-14
14th November 1919.	Walker, Sons & Co., Ltd., Colombo	40 Ditto	190-0-0
5th December 1919	Ditto ditto	36 Ditto	25-0-0
Total			395-1-7
1920			
4th February 1920	Walker, Sons & Co. Ltd., Colombo.	24 coils Manila Rope	20-1-7
17th March 1920	Eastern Shipping Co., Penang.	10 Ditto	25-0-0
Carried over			45-1-7

Date of Shipment.	To whom shipped.	Number of coils and description.	Weights.
			Cwts.
1920— <i>contd.</i>		Brought forward	45-1-7
31st March 1920	K. P. V. M., Batavia	1 pkge. Manila Rope	0-0-20
6th April 1920	D. S. M. Medan <i>via</i> Bdawan.	40 coils Ditto	20-0-0
12th May 1920	A. Baur, Esq., Colombo	2 Ditto	13-1-5
23rd September 1920	E. D. Billimoria, Colombo	5 Ditto	15-2-21
30th October 1920	Colombo Stores, Ltd., Colombo.	21 Ditto	7-0-0
		Total	101-1-25
1921.			
27th January 1921	Walker, Sons & Co., Ltd., Colombo.	32 coils Manila Rope	78-0-0
4th April 1921	Colombo Stores, Ltd., Colombo.	13 Ditto	32-0-0
11th July 1921	Galestin Bros., Batavia	5 Ditto	7-2-16
3rd August 1921	E. D. Billimoria, Colombo	9 Ditto	28-3-0
8th September 1921	Galestin Bros., Batavia	115 Ditto	46-1-0
12th October 1921	Walker, Sons & Co., Ltd., Colombo.	26 Ditto	75-0-0
	E. D. Billimoria, Colombo	5 Ditto	16-0-0
13th December 1921	Hoare & Co., Colombo	3 Ditto	11-0-0
		Total	294-2-16
1922.			
22nd March 1922	Walker, Sons & Co., Ltd., Colombo.	30 coils Manila Rope	35-3-0
	E. D. Billimoria, Colombo	5 Ditto	17-0-0
4th April 1922	Colombo Stores, Ltd., Colombo.	23 Ditto	36-0-0
		Total	88-3-0
1923.			
21st February 1923	A. Baur, Esq., Colombo	1 coil Manila Rope	5-3-0
1924.			
2nd January 1924	E. D. Billimoria, Colombo	5 coils Manila Rope	15-0-0
20th January 1924	Walker, Sons & Co., Ltd., Colombo.	34 Ditto	53-1-8
18th March 1924	A. Baur, Esq., Colombo	2 Ditto	12-3-6
7th August 1924	Walker, Sons & Co., Ltd., Colombo.	26 Ditto	75-0-0
16th October, 1924	Colombo Stores, Ltd., Colombo.	4 Ditto	15-0-0
		Total	171-0-14

Date of Shipment.	To whom shipped.	Number of coils and description.	Weights.
1925. 16th April 1925 .	Colombo Stores, Ld., Colombo.	31 coils Manila Rope .	Cwts. 20-0-0
1926.			
<i>Nil.</i>			
1927.			
<i>Nil.</i>			

## (4) Letter dated 14th September, 1928.

With further reference to our replies to your questionnaire accompanying our letter of 31st ultimo and in connection with our Mr. A. A. Marr's evidence we now have pleasure in submitting the information required.

Figures of supplies to Shipping Companies given in our above quoted letter for the last three years were—

1925—10,889 cwts. 1926—10,983 cwts. 1927—13,323 cwts.

out of which we have supplied to the P. and O. and B. I., i.e., firms with bonded warehouses—

8,505 cwts. 10,140 cwts. 10,426 cwts.

otherwise—

78·1 per cent. 92·3 per cent. 78·3 per cent.

of our total supplies to Shipping Companies.

A reduction on the existing duty on the proportion of these figures to our total output would suffice as far as our present working is concerned but we are of the opinion that in the future it would react against us in respect of ropes sold in India. Our competitors with the full benefit of a reduction would be able to underquote us in local markets while we would have to reduce our quotations to the Shipping Companies to our nett c.i.f. price less all duty and add the full duty to the price we would quote for local business.

In our opinion we consider the best solution of the difficulty would be a drawback on ropes exported to foreign countries or sent to bonded warehouses, the duty on the raw material to remain as at present. We put forward this suggestion for your kind consideration.

## THE GANGES ROPE COMPANY, LIMITED.

B.—ORAL.

**Evidence of Mr. A. A. MARR recorded at Ootacamund on Wednesday, the 5th September 1928.**

### *Introductory.*

*President.*—Messrs. Macneill and Company are the Managing Agents of the Ganges Rope Company, Limited.

*Mr. Marr.*—Yes.

*President.*—Are you in Messrs. Macneill and Company?

*Mr. Marr.*—I am in Messrs. Macneill and Company.

*President.*—Are you in charge of the Ganges Rope Company, Limited?

*Mr. Marr.*—No. I am an Assistant in the department of Messrs. Macneill and Company in charge of the Rope Works.

*President.*—Besides manila rope, you make different varieties of rope.

*Mr. Marr.*—Yes.

### *Jute casketting.*

*President.*—What is jute casketting?

*Mr. Marr.*—It is a loose twisted rope, made out of jute and is used for packing pipes. It is about  $\frac{3}{4}$ " diameter and is used by the railways to a large extent.

*President.*—What sort of pipes do you mean?

*Mr. Marr.*—Water pumps, cables, etc.

### *Manila rope and hemp.*

*President.*—You produce about 900 tons of manila rope in a year.

*Mr. Marr.*—About 1,000 tons.

*Dr. Matthai.*—You are practically manufacturing up to your capacity because last year I find your output was about 921 tons against your total capacity of 1,000 tons.

*Mr. Marr.*—Yes.

*Dr. Matthai.*—These different kinds of ropes do not compete with one another?

*Mr. Marr.*—Sisal competes with manila.

*Dr. Matthai.*—What is this country-hemp?

*Mr. Marr.*—That is Bengal hemp, Benares hemp. It is used for making lines used on steamers.

*President.*—What is the peculiarity about this manila hemp?

*Mr. Marr.*—Hemp is the strongest fibre in the world at present. Home manufacturers are trying to improve sisal to compete with manila hemp in strength, but so far has not succeeded.

*Dr. Matthai.*—I suppose sisal is much less expensive than manila hemp. If you take manila rope at present prices—Rs. 45 per cwt. for number 2 grade—what do you think would be the corresponding price of sisal rope?

*Mr. Marr.*—Rs. 33 to Rs. 39.

*President.*—I take it the Philippines have got a sort of monopoly.

*Mr. Marr.*—They have an absolute monopoly.

*President.*—There is no exact substitute found for it.

*Mr. Marr.*—No.

*Waste.*

*President.*—You give about 8 per cent. as the waste in manufacture. If there is only 8 per cent. waste in manufacture, then would the removal of this duty give you any special advantage over the manufacturers in the Philippines, or Hongkong or nearer the sources of supply?

*Mr. Marr.*—It would not give any advantage as regards the waste.

*President.*—Freight is not a very big item.

*Mr. Marr.*—Freight on manila hemp from Philippines to Calcutta is greater than the freight from Philippines to Great Britain.

*President.*—If there were more waste, perhaps it might be different. Here the waste is very small.

*Mr. Marr.*—We gave it as 8 per cent.

*Dr. Matthai.*—Some people give as much as 15 to 20 per cent.

*Mr. Marr.*—During the first process of manufacture oil is added and it is rather difficult to tell the actual wastage on the hemp itself.

*Mr. Matthai.*—I suppose we might take it roughly at about 10 per cent.

*Mr. Marr.*—That will be about right.

*President.*—This is the only important point. Supposing this duty is removed, the British manufacturer still has got to pay the freight on the finished product from the United Kingdom to Calcutta.

*Mr. Marr.*—Yes.

*Advantage of location of factory at Calcutta.*

*President.*—That he pays in any case. He probably pays less freight than you do as you say on the raw hemp. What advantage then do you have over your competitors by being located at Calcutta?

*Mr. Marr.*—The advantage of having our works in Calcutta is not so much from the manila hemp point of view, but from the coir rope point of view. Being situated in Calcutta we are in an advantageous position.

*President.*—Do you use the same sort of machinery for making hemp and coir ropes?

*Mr. Marr.*—Yes, as regards the actual rope making, but in the case of coir we get the yarn already twisted.

*President.*—Then the process is the same.

*Mr. Marr.*—The stranding and laying up processes are the same.

*Dr. Matthai.*—You use practically the same plant.

*Mr. Marr.*—We use the same plant; the same rope walk.

*Dr. Matthai.*—Practically it comes to this: by importing manila hemp and manufacturing manila rope, your output is increased.

*Mr. Marr.*—Yes.

*President.*—And that brings down the overhead charges.

*Mr. Marr.*—Yes. As we state, manila rope is only 21 per cent. of our production.

*Imports.*

*Dr. Matthai.*—If you look at your answer to question 19, you will find an increasing quantity of rope imported now from the Philippines.

*Mr. Marr.*—Yes.

*Dr. Matthai.*—Taking the port of Calcutta, the imports from the Philippines are gradually increasing and Hongkong has practically disappeared.

*Mr. Marr.*—I think I can tell you why that is. There is a firm in Calcutta who have lately become agents for a ropery in the Philippines.

*Dr. Matthai.*—Is the establishment of roperies in the Philippines a new feature?

*Mr. Marr.*—No.

*Dr. Matthai.*—There have been roperies there all along.

*Mr. Marr.*—They have been there for many years.

*President.*—What I want to know is, is there a higher freight to be paid on the finished article than on the raw material or is it the other way about?

*Mr. Marr.*—I think a higher freight has to be paid on the finished article.

*President.*—To that extent then you might have some advantage over the Philippines.

*Mr. Marr.*—Yes, a little.

*President.*—What I cannot understand is how is it that the Philippines with the raw material at their own door are not able to compete against you more successfully than they are doing at present.

*Mr. Marr.*—I was in Manila last June and went over one of the factories there. They seem to be working about 24 hours a day and most of their production goes to America. But if at any time they lost the American market, they could easily transfer it to other markets. They have already got complete control of the Straits market and Siam. They have made no serious attempt to capture the Indian market so far, possibly on account of the 15 per cent. duty.

#### *Labour cost.*

*Dr. Matthai.*—How does labour cost compare as between Philippines and Calcutta? Have you any idea?

*Mr. Marr.*—I am sorry, I could not tell you.

*Dr. Matthai.*—Are wages higher in the Philippines?

*Mr. Marr.*—Yes, I should think so.

*President.*—So far as Philippines are concerned except the duty on the imported material, you are at no great disadvantage as compared with the Philippines; is that right?

*Mr. Marr.*—Yes.

*President.*—Because they have to pay freight on the finished article which would be little more. Their labour, I understand, is a little more expensive.

*Mr. Marr.*—Yes, they are also on the spot. I understand some of the roperies there have their own manila hemp plantations.

*President.*—They would get world prices more or less, wouldn't they?

*Mr. Marr.*—But then they cut out the middlemen's charges.

*President.*—I want to see how you stand as compared with the Philippines in this respect. Ordinarily speaking, even if they grow their own hemp, they are supposed to charge it against themselves at world prices. As I said, they will pay a little more freight than you do.

*Mr. Marr.*—Yes, on the rope.

*President.*—So far as the Philippines are concerned, you are not at any particular disadvantage except as regards duty.

*Mr. Marr.*—No.

*President.*—But then on the other hand they pay 15 per cent. on the finished rope.

*Mr. Marr.*—Not, when they import into Singapore.

*President.*—I am now talking of India.

*Mr. Marr.*—We are at an advantage over them. We can underquote them at the present moment.

*President.*—Then take the United Kingdom. It is the same thing. United Kingdom will pay the freight in addition on the finished article

and they pay the 15 per cent. duty. So far as India is concerned, you are not at a disadvantage, but it is rather the other way about.

*Indian rope as compared with United Kingdom rope.*

*Mr. Marr.*—Except that our rope can't be compared with the home rope.

*President.*—How do you mean?

*Mr. Marr.*—The quality of rope manufactured in the United Kingdom is much higher.

*Dr. Matthai.*—United Kingdom rope is of a better quality?

*Mr. Marr.*—Yes.

*President.*—Don't you compete in that?

*Mr. Marr.*—No.

*President.*—In those classes of rope in which you can compete against the United Kingdom, you are no worse off.

*Mr. Marr.*—No, unless the B. I. and P. & O. Companies start a bonded warehouse, but we do not claim to be able to produce a rope of the same quality as those manufactured in the United Kingdom.

*Bonded Warehouse.*

*President.*—I will ask you a few questions about the bonded warehouse presently. Leaving that out for the moment, there is no serious competition between you and the United Kingdom.

*Mr. Marr.*—No.

*Dr. Matthai.*—In fact you are not raising any point before us except the question of overseas markets and ships' stores. Have the B. I. and P. & O. Companies started a bonded warehouse?

*Mr. Marr.*—Yes.

*President.*—Where is it located?

*Mr. Marr.*—At Garden Reach.

*President.*—Manila rope is not an article that would be used in the high seas. It must be used in the ports ordinarily.

*Mr. Marr.*—Manila rope is used on the ship itself.

*President.*—In that way it would be possible for them to evade customs duty altogether.

*Mr. Marr.*—Yes.

*President.*—We will have to find out from the Central Board of Revenue what the position is and what principle is applied.

*Dr. Matthai.*—Why ever did they not think of this before?

*President.*—That will apply to all stores. I am not very familiar with the practice, but if any ship arrives in the harbour, they have got to lock up the stores and are not allowed to use more than is absolutely necessary for the ship during its stay in port, but I don't know what they can do with a thing like this. They propose to import stores into the country and place them in this bonded warehouse: I am speaking merely from memory, but my recollection is that as soon as a ship arrives in harbour, all the dutiable articles are supposed to be under lock and key.

*Mr. Marr.*—They will keep a stock of stores in this bonded warehouse. These stores will remain in bond and will be issued from time to time according to the requirements of the ships.

*President.*—Except those on the home run the B. I. steamers touch most of the Indian ports. In that case they are constantly using the same article in Indian waters and I cannot understand how the Customs Department is going to keep any check on them.

*Mr. Marr.*—I understand this bonded warehouse is only for stores to be used by ships on the home and the far east runs and only stores for coast running steamers would be declared.

*President.*—You do not know really how much of your business is likely to be affected. It is not likely that the steamers on the European run would buy rope from here.

*Mr. Marr.*—No.

*President.*—After all your business may not be affected to the extent you suggest.

*Mr. Marr.*—It will undoubtedly be affected, because if they can bring ropes from home on their own steamers, paying no freight, and put them in bond in Calcutta, it will be much cheaper for them and also they will get a much better rope.

*Dr. Matthai.*—I find from your figures the total of your shipping rope is about two-thirds of your output. I was wondering how much of that you actually sold in the past to the B. I. and P. & O. Companies.

*Mr. Marr.*—I should say at least 75 per cent.

*Dr. Matthai.*—Supposing it happened the B. I. and P. & O. Companies started their bonded warehouses and got all their ropes duty free, it would affect you to the extent of half of your total output of manila rope.

*Mr. Marr.*—Yes.

*President.*—Supposing this duty is removed, is there any guarantee that the home manufacturer will not reduce his prices by the same amount if he wants to keep his business.

*Mr. Marr.*—It is unlikely that he will cut the price of his rope unless the price of the raw material comes down to an appreciable extent.

*President.*—The whole point is that so far as your other business is concerned, this doesn't interfere.

*Mr. Marr.*—No.

#### *Rebate.*

*President.*—If instead of granting you a rebate on the raw material used in the half of your business affected, the duty on all raw material was reduced by half, the result would be the same.

*Mr. Marr.*—I don't think it would produce the same result in the foreign markets. It would only mean a reduction of Rs. 2-12-0 a cwt.

*Dr. Matthai.*—You mean the overseas markets. Supposing we leave that question for the moment and take the question of shipping stores only—at present about half of your shipping stores are likely to be affected; supposing we grant you what you are asking in your letter, that is to say, give you a drawback on all the shipping ropes that you supply to the B. I. and P. & O. Companies, then the position will be that you pay 15 per cent. on the manila hemp that you use for local consumption and on the rest you pay no duty at all on the rope manufactured for B. I. and P. & O. Companies. Practically the same result will be obtained if we give you a flat rate of 7½ per cent.

*Mr. Marr.*—Yes, on the basis of our present sales.

*President.*—As regards exports, is there any provision in the Sea Customs Act to give you a rebate?

*Mr. Marr.*—I don't think so. We have not exported for the last few years.

*President.*—It seems a very serious defect in the Customs Administration, that there should be no provision whatsoever. Every country has some such provision. When an article is exported in respect of which no customs duty is paid, a rebate on the raw material is given. In some countries they manufacture in bond, but that is a mere matter of administration. Are you sure that there is no provision in the Sea Customs Act?

*Mr. Marr.*—I don't think there is.

*President.*—There should be no difficulty whatsoever in the case of manila rope. There is not anything else in it.

*Mr. Marr.*—In some so-called manila ropes there is a great deal of sisal. We manufacture pure sisal ropes and so do the other Calcutta manufacturers, but the Phillipines put on the market what they call "Dry white" manila which is practically 75 per cent. sisal.

*President.*—Supposing we did this, you would get a rebate on export. The B. I. too could claim that rebate on placing them in a bonded warehouse. They could buy them from you and keep them in the bonded warehouse.

*Mr. Marr.*—Do you mean the B. I. could claim the rebate?

*Dr. Matthai.*—That is practically what they are going to do.

*Mr. Marr.*—Can they get a drawback on stores purchased in Calcutta?

*President.*—I think not.

*Mr. Marr.*—If they purchased our ropes, could they get a drawback on our ropes?

*President.*—If we granted you a drawback on the ropes you exported, obviously other persons who exported from India would also get it.

*Mr. Marr.*—Yes.

*President.*—It might be simplified. You would export to the B. I. That is what it comes to.

*Mr. Marr.*—Yes. If we placed our rope in their bonded warehouse, we would claim a rebate.

*President.*—Could that be done now?

*Mr. Marr.*—No.

*President.*—It does seem to me to be a very peculiar position.

*Dr. Matthai.*—Is there any other shipping company that proposes to do this to your knowledge?

*Mr. Marr.*—No, but if once the B. I. sets the fashion, then all the other shipping companies will follow suit.

*Dr. Matthai.*—Supposing you got a drawback in respect of your exports to overseas markets, have you any kind of idea how much you would be able to do in the way of export business?

*Mr. Marr.*—I am sorry I have no idea.

*Dr. Matthai.*—Because looking at your figures, before you had tariff difficulty, I find that at the best of times you did not export more than 60 tons a year.

*Mr. Marr.*—It will be very difficult to get into those markets again.

*President.*—Your markets were Straits and Ceylon.

*Mr. Marr.*—Yes.

*President.*—Where do you expect your market again?

*Mr. Marr.*—At Singapore.

*President.*—You say Phillipines have already got that market.

*Mr. Marr.*—We shall try to get it back again.

*President.*—Would not the question of freight there be against you on the finished article?

*Mr. Marr.*—It would be against us.

*Dr. Matthai.*—The Shalimar Rope Works give the present price of manila rope in Straits and Siam as Rs. 38. I take it that this is No. 2 grade. The current price in Calcutta is Rs. 45 and therefore the difference is precisely the duty on the raw hemp. If these figures are right, you will have an even chance.

*Mr. Marr.*—Yes.

*Dr. Matthai.*—Except that you will have to pay the freight from Singapore to Calcutta.

*Mr. Marr.*—Yes.

*Dr. Matthai.*—Do you know what the freight is from Calcutta to Singapore?

*Mr. Marr.*—Rs. 22 a ton.

*Dr. Matthai.*—That is about Re. 1-8-0 per cwt. Have you any idea of the prices in the Burma market? You do a lot of business in Rangoon.

*Mr. Marr.*—Nothing in manila rope except to the B. I.

*Dr. Matthai.*—I gather from some of these representations that prices given in Rangoon for some reason are about Rs. 5 lower than in Calcutta.

*Mr. Marr.*—Yes. That I understand is not the same grade of manila rope. It is what is called "Dry white" adulterated manila and sisal rope.

*President.*—Supposing we were to recommend this rebate and the Customs people wanted some sort of guarantee that their interests should be safeguarded, what would you propose?

*Mr. Marr.*—In the case of rope for export the submission of the bills of lading is sufficient.

*President.*—We have got to go further than that. You say they mix some other material with the hemp.

*Mr. Marr.*—We can always give a guarantee that our rope is made from pure manila hemp.

*President.*—Can they test that easily?

*Mr. Marr.*—Yes.

*President.*—Customs people, as India expands industrially, will have to make some administrative arrangements for rebates on exports. They cannot go on indefinitely without some such provision. As I understand your case is that you practically want a rebate on exports whether they are used by the B. I. or whether you export to foreign countries.

*Mr. Marr.*—That is right.

*President.*—Then as my colleague put it to you, so far as the Indian shipping companies are concerned, a reduction of the duty to 7½ per cent. might set you right and as regards exports to foreign countries the question of an entire remission may be considered as a separate matter. So far as India is concerned only half of your business is likely to be affected. Therefore instead of giving you 15 per cent. on one half, a reduction of the duty to 7½ per cent would put you in the same position.

*Mr. Marr.*—It is rather difficult for me to say without knowing the exact figures.

*President.*—If it is 75 per cent. 7½ per cent. would be a little more.

*Dr. Matthai.*—Could you send us later the exact figures of your supplies to B. I. and P. & O. Companies?

*Mr. Marr.*—Yes.

*President.*—I would like to put it this way. What reduction of the duty would put you so far as your business with the shipping companies is concerned on the same footing as your competitors?

*Dr. Matthai.*—As far as the rope locally consumed is concerned, you are not subject to any disability and your dividends have been fairly high.

*Mr. Marr.*—Yes. I may say that these high dividends have been due largely to the profit made on our other products such as jute twist.

*President.*—Therefore the whole thing turns on this that you should be put on an equality compared with the foreign manufacturer and that only arises as regards this shipping business. It is for you to suggest what reduction would put you on a footing of equality with the foreign manufacturer as regards your shipping business.

The next point as regards the rebate on exports, there seems to be no reason why there should be any interference with your export business by

the Customs. It may be possible to deal with that question entirely separately from this enquiry. We would like to treat the question from those two different points of view.

*Mr. Marr.*—Do you wish to treat sales made into bonded warehouses on the same footing as the exports?

*President.*—I want you to suggest what remission would put you on an equal footing. Supposing one-third of your business is affected, 5 per cent. on the whole set you right. If it is half, 7½ per cent. and so on.

*Mr. Marr.*—You would like me to get figures?

*Dr. Matthai.*—Please give us some figures to show what is the reduction in the general rate of duty on raw hemp that would compensate you for the loss that you might incur in respect of the shipping ropes supplied by importers through bonded warehouses.

*Mr. Marr.*—I will send you figures later on.

*President.*—As regards exports, in the ordinary sense, that we are prepared to consider separately.

*Dr. Matthai.*—There is just a small point I want to ask. In giving the prices of raw hemp, in answer to question 13, you give us two grades. Could you give me an idea which of them is the commoner grade used by you?

*Mr. Marr.*—No 2.

*Dr. Matthai.*—So that if I wish to take one of these as typical of your production, I should take No. 2.

*Mr. Marr.*—Yes.

*Dr. Matthai.*—Please see your answer to question 24. I take it that Rs. 51-8-0 is the price of the rope that you manufacture out of No. 1 hemp and Rs. 45 of No. 2 hemp, is that right?

*Mr. Marr.*—Yes.

*Dr. Matthai.*—I think the Shalimar people give us the total consumption of manila rope in India at about 4,000 tons, that is to say local production is 2,000 tons and imports about 2,000 tons. You say you have not any information. I suppose we may take the Shalimar figure as approximately correct.

*Mr. Marr.*—I should think it is approximately correct.

*Dr. Matthai.*—On No. 1 rope I suppose you really have a considerable advantage over the importer. What I mean is I calculate the duty payable by an importer on No. 1 will be somewhere about Rs. 6-8-0 per cwt. and on the raw hemp corresponding to that, you would pay about Rs. 5-12-0 per cwt. of finished rope.

*Mr. Marr.*—Yes, we have an advantage there.

*Dr. Matthai.*—On the other grade you are just even. If you take Rs. 45 as the price of No. 2 rope, that will give about Rs. 5-12-0 as the duty paid by the importer which is precisely the duty that you pay on the raw hemp.

*Mr. Marr.*—Yes.

*Dr. Matthai.*—Of course the interesting thing about the position is that three years ago the prices of imported rope were much higher. From your figures on page 4, you will find the prices steadily coming down. When the import price comes down, they pay less duty, because the duty is *ad valorem*.

*Mr. Marr.*—Yes.

*President.*—The other manufacturers have not appeared, but are you in touch with them

*Mr. Marr.*—We are in close touch with the Shalimar Rope Works.

*President.*—They, I suppose, stand more or less in the same position as yourself.

*Mr. Marr.*—Yes.

*President.*—And Messrs. Harton and Company?

*Mr. Marr.*—I don't know very much about Messrs. Harton and Company.

*President.*—They do the same sort of business.

*Mr. Marr.*—Yes. They are a private firm.

*President.*—If your percentage is 75 per cent., theirs would be about the same.

*Mr. Marr.*—I don't think Messrs. Harton and Company supply the shipping companies. They supply to mills and occasionally to railways.

*Dr. Matthai.*—These other small concerns simply sell for the bazaar.

*Mr. Marr.*—S. C. Mullick and Company sell coir rope to Singapore. Messrs. G. D. Bannerjee and Company manufacture a small quantity of manila rope.

*Dr. Matthai.*—What do they do with it?

*Mr. Marr.*—They sell their whole production to Government.

*President.*—Do they sell to collieries?

*Mr. Marr.*—Not very much. I think the collieries mostly use wire ropes. They only use very small quantities of manila rope.

*President.*—What are the industries that use these ropes?

*Mr. Marr.*—Jute mills for driving purposes.

*President.*—Railways do not use very much apparently.

*Mr. Marr.*—No.

*Imports of manila rope.*

*President.*—These imports (refers to Volume I, Sea Borne Trade of British India), I take it, from Straits Settlements and Hongkong would be largely manila rope.

*Mr. Marr.*—Yes.

*President.*—As regards the United Kingdom, we cannot say definitely.

*Mr. Marr.*—They may be manila or sisal ropes.

*President.*—Except as regards the imports from the Straits Settlements and Hongkong, we can never be sure of what the imports are.

*Mr. Marr.*—No.

*President.*—About half of the imports from foreign countries are from the Philippines. There is a tremendous increase in the imports from the Philippines.

*Mr. Marr.*—The reason is that Messrs. Allen Brothers have just started an agency and the Anglo-Siam Corporation in Bombay are importing ropes from the Philippines.

*President.*—It is really impossible to say except as regards Philippines, Straits Settlements and Hongkong?

*Mr. Marr.*—Ropes shown as imported from the Straits Settlements and Hongkong may originally have come from the Philippines as Hongkong and Singapore are the two transshipment ports for these islands; I don't think there is very much Hongkong manufactured rope coming into India.

*Dr. Matthai.*—Are there many roperies in Hongkong?

*Mr. Marr.*—There is only one.

*President.*—As regards hemp, that I think comes from the Straits, Philippines and Hongkong.

*Mr. Marr.*—Hemp shown as coming from the Straits is actually grown in the Philippines Islands and transhipped at Singapore.

*President.*—30,000 cwts. are they entirely manila hemp?

*Mr. Marr.*—Yes.

*President.*—As a matter of fact it is not necessary for us to go very much into the question of the imports of rope at all, because you are not making any claim to protection. Your claim for assistance relates only to the finished article used by the shipping companies and exports.

*Mr. Marr.*—Yes. There may be a time when we may have to increase our wages. The industrial troubles just now seem to point that way.

*Machinery.*

*President.*—We cannot provide for things that have not arisen. I take it the machinery is very simple. Does it require any very great skilled labour.

*Mr. Marr.*—As regards one process, yes: the process of spinning the yarn.

*President.*—Is that done by machinery?

*Mr. Marr.*—Yes.

*Dr. Matthai.*—Is it very different from spinning coir yarn?

*M. Marr.*—Coir yarn is spun by hand.

*Dr. Matthai.*—Have you seen any of the works where they do it by machinery?

*Mr. Marr.*—Yes.

*Dr. Matthai.*—What is the difference? Is the fibre more difficult to handle?

*Mr. Marr.*—We do not attempt to spin coir yarn ourselves as we can buy it already spun. For coir ropes the yarn need not be so evenly spun as for manila ropes.

*President.*—I cannot understand why people in Bombay have not started the manufacture of manila rope.

*Mr. Marr.*—I know of no ropery in Bombay. The reason why rope making was started in Bengal was purely due to the large amount of shipping which came up the Hooghly.

*Dr. Matthai.*—I think probably you started in Calcutta, because the main business was jute and that gave you a start.

*Mr. Marr.*—The manufacture of rope was first started in the days of John Company.

*President.*—I believe there are some coir rope factories in Bombay.

*Mr. Marr.*—Yes, I believe so.

*President.*—I cannot understand why they do not import manila hemp into Bombay and manufacture rope there.

*Mr. Marr.*—They haven't the machinery which we have.

*President.*—They can get it.

By your proposals if there is any manufacturer in the Bombay side, he cannot be affected adversely at all.

*Mr. Marr.*—No.

*Dr. Matthai.*—There was a point which Hartons raised. When this duty is assessed on the raw hemp, I suppose they consider that each bale weighs so many cwts.

*Mr. Marr.*—Each bale weighs 279 lbs.

*Dr. Matthai.*—They tell us that it is rather less, *i.e.*, 262 lbs., but they are charged on 279 lbs.

*Mr. Marr.*—It is based on 2 piculs, Philippine.

*Dr. Matthai.*—Philippines picul is supposed to be 139½ lbs., but actually they say it is about 5 per cent. less.

*Mr. Marr.*—It is rather difficult to tell.

*Dr. Matthai.*—So that you pay really about 16 or 17 per cent. instead of 15 per cent. You don't think there is very much in it.

*Tariff valuation.*

*President.*—Are you not consulted regarding prices when the tariff valuation is fixed?

*Mr. Marr.*—No.

*President.*—If you find that the tariff valuations are not correct, then it is for you to approach the Customs Authorities. The idea is they are supposed to consult the interests affected by the tariff valuations every year during November or December and fix the tariff valuations for next year. You have got no complaint to make as regards the tariff valuation of Rs. 35 per cwt.

*Dr. Matthai.*—On your figures it is about Rs. 37-8-0 for No. 1 and Rs. 33½ for No. 2. Rs. 35 is a good intermediate figure.

*Mr. Marr.*—From April 1922 it has been Rs. 35 per cwt.

*President.*—Prices have dropped. When they fixed Rs. 35, prices were higher. Anyhow you don't make any point of that.

*Mr. Marr.*—No.

*President.*—As regards your answer to question 28, you would be prepared to give any reasonable guarantee the Customs Authorities would require with regard to the granting of a rebate on all ropes exported.

*Mr. Marr.*—Yes.

*Dr. Matthai.*—I suppose if a small manufacturer of no particular standing exported to overseas market, there would be no difficulty for the Customs Authorities to find out whether his goods contained anything beside manila hemp.

*Mr. Marr.*—It will not be difficult for the Customs Authorities to find it out as they can test the rope. They usually cut a piece off and test it chemically.

## The Shalimar Rope Works, Limited, Calcutta.

*Letter dated the 30th August, 1928.*

We are in receipt of your letters Nos. 28-T. and 68-T. of the 8th and 24th August, respectively, and regret we were unable to reply to same in time to reach you on the specified date as we had some difficulty in getting some of the information required and trust the delay has not caused you any inconvenience.

Meantime we wired you to-day to the effect that we were posting your questionnaire to-day and that we had been unable to arrange to send a representative down.

We enclose herewith five copies of the questionnaire which we have replied to to the best of our ability and that as the position is likely to become acute in the near future we trust your Board will see their way to recommend the abolition of the Duty.

### REPLIES TO QUESTIONNAIRE.

#### *Introductory.*

1. The Shalimar Rope Works were established in 1805.
2. The capacity of Manilla Rope is 900 tons per annum.
3. The output for the past five years is as follows:—

	1923.	1924.	1925.	1926.	1927.
Tons .	297	325	369	472	474

4. Messrs. The Ganges Manufacturing Co., Ltd.
- ,, Harton & Co.
- ,, S. C. Mullick & Co.
- ,, Gangadhar Banerjee.
- ,, The Western India Ropery.

5. The approximate quantity of Manilla Rope manufactured in India would be about 2,000 tons.

6. We manufacture the following in addition to Manilla Ropes, Coir, Hemp, Cotton, Sisal Ropes and Lines of all description.

#### *Raw materials.*

7. About 124 pounds of hemp is required to make 1 cwt. of rope.
8. The wastage is about 10 per cent.
9. The waste is of no value and is destroyed.
10. No.

11. Our imports of Manilla Hemp for the past five years were:—

	1923.	1924.	1925.	1926.	1927.
Tons .	191	170	427	467	308

12. (a) A small quantity of Oil or Fibre softener.
- (b) Imported.

13. The average of the principal grades of Manilla Hemp during the past three years is:—

- (a) J. 1 Grade, Rs. 95-8-0 per bale, c.i.f., Calcutta.
- J. 2   ,,    Rs. 78 per bale, c.i.f., Calcutta.
- (b) Landing charges, Rs. 16-4-0 per cent. bales.

(c) Duty, Rs. 1,307-13 per cent. bales.

(d) Cost of transport to factory, Re. 1 per bale. The weight of a bale is two piculs of 139½ pounds, say 2½ cwts.

14. The duty is 15 per cent. on the Tariff value which is at present fixed at Rs. 35 per cwt. This equals Rs. 5-12 per cwt.

15. The amount of Customs Duty paid by us during the past three years was:—

1925.	1926.	1927.
Rs. 46,035	Rs. 50,390	Rs. 32,695

16. Manilla Hemp is not used for any other purpose.

*Home market.*

17. Impossible to say but probably not less than 4,000 tons including Burma.

18. The principal industries who use Manilla Ropes with the quantities and valued supplied by us during the past three years are:—

	Tons.	Valued Rs.
<b>Railways—</b>		
1925 . . . . .	81½	78,720
1926 . . . . .	101½	99,635
1927 . . . . .	125½	1,05,685
<b>Shipping—</b>		
1925 . . . . .	212½	2,07,789
1926 . . . . .	217	2,15,394
1927 . . . . .	159½	1,56,480
<b>Government—</b>		
1925 . . . . .	24	23,047
1926 . . . . .	85	83,762
1927 . . . . .	75	72,066
<b>Industrial—</b>		
1925 . . . . .	89½	87,427
1926 . . . . .	83	81,400
1927 . . . . .	95	93,951

19. United Kingdom, Hongkong and the Phillipines.

20. (a) Information not available.

(b) Average price for the past three years:—

	1925.	1926.	1927.
	Rs. 51	Rs. 49	Rs. 49-8 per cwt.
			Tons. Cwts.
21. Siam . . . . .			1 11
South Africa . . . . .			4 4
Ceylon . . . . .			15 7
Burma . . . . .			154 10

22. (a) Hongkong, the Phillipines and United Kingdom.

(b) Hongkong is a free port and the Manilla Fibre grows in the Phillipines and there is no duty.

23. Low industrial costs.

24. The present price of Manila Rope in Calcutta is Rs. 45 per cwt. From Rs. 40 in Rangoon to Rs. 38 in the Straits and Siam.

*Financial position.*

1923.	1924.	1925.	1926.	1927.
25. Nil.	Nil.	Nil.	10	10 per cent.

26. Five copies of our Balance Sheet for each of the last three years are attached.

*Proposals.*

27. (a) We are of opinion that the Import Duty should be abolished entirely, our reason being that owing to the said heavy Duty we are practically barred from the Burma market, which is at our door, but also the large and prosperous markets of Singapore, Penang, Malacca, Bangkok, etc., which we consider our own territory, the whole trade being in the hands of foreigners.

(b) The South African market has for some years past also been practically closed to us since Roperies have been established and the Union have put a heavy protective duty on imported Ropes.

(c) Our very existence is now threatened in India, one large shipping firm having established a Bonded warehouse into which they land imported Ropes and issue them free of Duty to their own and other steamers.

We now understand that the leading Shipping Companies in India are contemplating opening large Bonded warehouses at all the leading Ports commencing with Bombay and Calcutta where they will import and issue all Stores free of Duty to all shipping.

As by far the greater portion of the Rope trade is taken by steamers, it will thus be seen that the very existence of the trade is seriously menaced, and unless the Duty is entirely removed we will in the course of the next few years, probably have to close down and we trust that it will be possible for our proposal to be arranged.

28. We do not consider ourselves in a position to offer any suggestion.

Enclosure No. 1.

*Balance Sheet as at 30th June, 1925.*

	Rs.	a.	p.		Rs.	a.	p.
Capital . . .	5,50,000	0	0	Gross Block . . .	4,73,165	1	9
Sundry Liabilities	43,283	12	7	Less Depreciation	1,79,801	11	1
<b>Profit and Loss Account . . .</b>	<b>39,920</b>	<b>1</b>	<b>1</b>	Net Block . . .	<b>2,93,363</b>	<b>6</b>	<b>8</b>
				Liquid Assets . . .	<b>3,89,840</b>	<b>7</b>	<b>0</b>
	<b>6,33,203</b>	<b>13</b>	<b>8</b>		<b>6,33,203</b>	<b>13</b>	<b>8</b>

Enclosure No. 2.

*Balance Sheet as at 30th June, 1926.*

	Rs.	a.	p.		Rs.	a.	p.
Capital . . .	5,50,000	0	0	Gross Block . . .	4,78,854	9	9
Sundry Liabilities	70,592	5	8	Less Depreciation.	2,01,735	0	5
<b>Profit and Loss Account . . .</b>	<b>1,43,841</b>	<b>0</b>	<b>7</b>	Net Block . . .	<b>2,72,119</b>	<b>9</b>	<b>4</b>
				Liquid Assets . . .	<b>4,92,813</b>	<b>12</b>	<b>11</b>
	<b>7,64,433</b>	<b>6</b>	<b>3</b>		<b>7,64,433</b>	<b>6</b>	<b>3</b>

Enclosure No. 3.

*Balance Sheet as at 30th June, 1927.*

	<i>Rs.</i>	<i>a. p.</i>		<i>Rs.</i>	<i>a. p.</i>
Capital . . .	5,50,000	0 0	Gross Block . .	4,89,864	0 6
Reserve Fund . .	50,000	0 0	<i>Less</i> Depreciation.	2,23,074	9 1
Sundry Liabilities.	41,432	0 3		<hr/>	
Profit and Loss			Net Block . .	2,66,289	7 5
Account . . .	2,13,661	7 4		<hr/>	
	<hr/>		Liquid Assets . .	5,88,804	0 2
	8,55,093	7 7		<hr/>	
	<hr/>			8,55,093	7 7
				<hr/>	

**Messrs. W. H. Harton and Company, Calcutta.**(1) *Representation dated 16th/21st July, 1925.*

We, Messrs. W. H. Harton and Company, the oldest established (1780) European Rope Manufacturers in India, beg to lay the following before you for favour of consideration and necessary action:—

- (1) That we are assessed duty at 15 per cent. on bales of raw Manilla Hemp which are imported by us for the purpose of being manufactured into ropes by Indian labour for sale in India both to the Government Departments, Railways and to the Chief Indian Industries.
- (2) That this duty is prohibitive and unjustified inasmuch that it is an unfair taxation of an important Indian industry, and we are seriously hampered by this as Manilla Hemp imported into England and China for the manufacture of ropes is admitted duty free; these ropes are exported to India and have an unfair advantage over us in the open market as they only pay duty on the complete manufactured article and not on the wastage which takes place in the course of manufacture.

We beg leave to suggest that this duty on the bales of raw Manilla Hemp should be repealed in order to give an advantage to Indian Industries which will lead to an improved outturn which will be to the benefit of Indian labour and will enable us to compete on an equal footing with the English and foreign competitors in Indian and outside markets. (Singapore, Ceylon, China and South Africa, Dutch Indies.)

On our recent shipment of 600 bales which come forward per S.S. "Fooksong" on the 28th May 1925, the value of the 600 bales of Manilla Hemp was Rs. 42,932-6-0 c.i.f. Calcutta and we had to pay duty at 17½ per cent. which amounted to Rs. 7,650 this being the total duty levied taking the weight per bale as 272 lbs. (2 piculs) whereas the actual weight of a bale is 266 lbs.

Half of the bales of this shipment cost us only Rs. 61 per bale c.i.f. and we had to pay on these bales at the rate of over 20 per cent.

Trusting that you will intercede on our behalf and place our petition before the Tariff Board with your favourable recommendation "That raw material be admitted free of Customs dues."

(2) Letter No. H./539, dated the 28th April, 1927.

We again have to draw your attention that a duty of 15 per cent. is charged nominally on manilla hemp, a raw material, and which pays duty actually as much as 18 per cent. to 20 per cent.

All other countries England, Ceylon, Straits, Hongkong are duty free, steamers and buyers will not buy in India as if they buy in other parts of the Empire they do not have to pay 15 per cent. duty.

We therefore ask that the 15 per cent. duty on raw material manilla hemp be abolished.

(3) Letter No. 146, dated the 30th August, 1928.

In reply to your letter No. 28-T., dated the 8th August, we beg to enclose six copies being replies to your questionnaire answered to the best of our ability.

We regret owing to the illness of the undersigned that it was impossible to send these details in earlier.

#### REPLIES TO QUESTIONNAIRE.

##### *Introductory.*

1. Started as Rope Manufacturers in 1780.
2. 10,000 cwts.
3. 7,500 cwts.
4. Ganges, Shalimar and four Indian Companies.
5. 30,000 cwts.
6. Coir Ropes and Indian Hemp Ropes.

##### *Raw materials.*

7. A bale of Manilla Hemp weighs cwts. 2-1-14 lbs. and will manufacture two cwts. of rope.
8. 15 to 20 per cent. according to grade of Manilla Hemp.
9. Can only be used for cleaning down Rope Machinery of no value.
10. No, only grown in the Philippine Islands.
11. 15,000 bales.
12. (a) Nil.
- (b) Nil.
13. (a) 1925-27, Average J. I. Rs. 94 per bale, c.i.f. Calcutta, from Manilla.
- (b) Rs. 1-14-0 per bale.
- (c) 15 per cent. *ad valorem*.
- (d) Re. 1 to Re. 1-8-0 per bale according to time of month at which we obtain delivery as boat hire rates very considerably through each month.
14. The only duty paid is on the Raw Manilla Hemp, all other commodities (oil, coal, etc.), are bought locally.
15. Rs. 1,25,000 in three years (approximate) or Rs. 42,000 a year.
16. No.

##### *Home market.*

17. No idea.
18. Shipping, Railways, Mills, etc.—records not available.
19. Hongkong, Manilla Japan, United Kingdom and Continent.
20. (a) No information.
- (b) Vary with qualities.

*Overseas market.*

21. Very small owing to foreign competition.
22. (a) Only able to secure orders for special grades of Ropes manufactured solely by us for specific purposes.  
 (b) No information.
23. Cheap and efficient labour.
24. Varies according to quality required from Rs. 63 to Rs. 47-8-0 per cwt. Ruling prices *plus* freight and charges.

*Financial position.*

25. Private Firm.
26. Balance Sheets not issued.

*Proposals.*

27. Complete removal of the import Duty or to double the Duty on imported manufactured Ropes and thus protect Indian industries employing Indian labour.
28. Government revenue will be covered as above if Duty on imported Ropes is doubled. Indian Manufacturers will double their turnover.

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**Messrs. Shalebhoy Tyebjee and Sons, Bombay.**

*Letter No. U-2666, dated 25th August, 1928.*

With reference to your recent communiqué inviting representations from interests opposed to the removal of the existing import duty on manilla hemp, we beg to submit herewith our Memorandum on the subject arguing against the suggested removal; and shall be obliged if you will be good enough to place same before the Tariff Board for their consideration.

We are importers and stockists of British manilla ropes now almost since about a century; we are sole agents in India of Messrs. Hawkins and Tipson, Limited, Globe House, 29, Minorities, London, E. 1, England, manufacturers of manilla cordage and our principals would wish to associate themselves with us in the enclosed memorandum.

We are regular contractors and suppliers of manilla ropes to all railways in the country, Government Departments, Port Trusts and leading shipping companies.

Some of the leading railways to whom we are suppliers of this item are:—

- (a) The North-Western Railway,
- (b) The Great Indian Peninsula Railway,
- (c) The Bombay, Baroda and Central India Railway,
- (d) The Madras and Southern Mahratta Railway.
- (e) The South Indian Railway,
- (f) The Native States Railways—such as, the Gaekwars, Baroda State Railway, His Exalted Highness the Nizam's Guaranteed State Railway, The Bikaner State Railway, The Jodhpur Railway, etc., etc.

We are contractors also to:—

- (a) The Royal Indian Marine,
- (b) The Indian Stores Department,
- (c) The Director of Military contracts.
- (d) The Ordnance Depôts, etc., etc., etc.

We have at present on hand this year's Annual contracts of the Royal Indian Marine and of the North-Western Railway.

Our Principals' Manilla Ropes have been tested and approved by the Indian Stores Department, Alipur Test House.

We are opposed to the proposed removal of the present import duty on manilla hemp on the following grounds:—

- (1) There is neither justification nor any necessity for the suggested measure.
- (2) The proposed measure will seriously affect the best interests of the consuming public by—
  - (a) eliminating sound competition in the field:
  - (b) by creating monopolistic interests and encouraging monopolistic tendencies:
  - (c) by increasing the consumers' costs.
- (3) The idea is opposed to sound principles of economics.
- (4) For the above cited reasons and possibilities, the proposed measure, if adopted, is calculated to defeat the very vital objects aimed at by the Tariff Board in all their deliberations and considerations of special protective measures, namely:—
  - (a) support and protection only to absolutely struggling industries:
  - (b) the conservation of the consumers' interests:
  - (c) the avoidance of increasing the consumers' costs:
  - (d) the safeguarding of public finance.

We enclose herein as desired 5 copies of the memorandum.

We might particularly invite reference to the portion of the enclosed memorandum which we have requested may please be treated as confidential: and we have no doubt our wishes will have due consideration at the hands of the Board.

Kindly acknowledge receipt of the enclosed memorandum and oblige.

*Memorandum regarding removal of present Import Duty on Manilla Hemp.*

1. We are strongly opposed to the suggested removal of the existing Import Duty on Manilla Hemp. The present duty acts as a wholesome factor in equalising competition in the country as between the locally manufactured and the imported Manilla Ropes. If the duty is removed, this healthy competition will be placed on a very unequal basis which is certainly not in the best interests of the consumer. It is distinctly unfair to the numerous merchants and contractors who have established business in the line long before any idea of starting manufacturing of Manilla Ropes in India dawned upon the mind of any capitalist and who have been giving most satisfactory and efficient service to the several consuming departments.

2. Competition is the essence of the principle of minimum cost to the consumer compatible with quality. It is the operation of the forces of this sound principle of Economics that ensures him the benefits thereof. The elimination of this Rule, as doubtless it will be eliminated if the Duty on Manilla Hemp is lifted, will give a fillip to monopolistic tendencies at the expense of the consumers' interests. The determination of prices as well as the quality and its standardisation—matters so vital to the consumers—are left at the mercy of the profit-seeking Corporations.

3. We have always understood the chief object aimed at by the Tariff Board is primarily:—

The protection of infant indigenous industries struggling for existence and requiring assistance at the hands of the Government of India by means of bounties or protective duties or any other

measures that may be considered would ensure the purpose in view—in other words, to put deserving struggling indigenous manufacturing houses on a paying basis.

The fact that any industry which has been thus assisted on to its feet by such means will no longer be deemed to continue to deserve such further assistance in any shape or form, once it is found to be well set on its feet, confirms us in the view of the matter we have herein set forth.

4. In aiming at this central purpose and in devising measures calculated to achieve the fundamental and ultimate result, we suggest two matters of vital concern cannot be ignored. They are:—

- (a) the interests of the General Consumer,
- (b) the Revenues of the Government of India.

5. We suggest an industry cannot be deemed to deserve protection if, by the adoption of measures calculated to give that protection, the vital interests of the consumer are prejudicially affected in any extent or to any degree.

6. Likewise, an industry cannot be deemed to be entitled to any measure of protection or assistance if, by granting same—

- (a) either the sources of the Central Revenues are likely to be detrimentally affected, or
- (b) the industry in question is likely encouraged thereby to develop and cultivate monopolistic tendencies.

Both these circumstances should be sternly discouraged as they are inimical to public interests.

7. The removal of the Duty in question will operate in effect as a species of protection to the indigenous Manilla rope manufacturing industry. The practical question for consideration is whether the industry does stand in need of this form of assistance; whether the industry can't get on without this assistance in the shape of the proposed protective measures; and whether the interests of the consumer would permit the adoption of this measure of assistance. We submit that these questions which we have no doubt will pre-eminently weigh in the deliberations of the Board could possibly have no answer except emphatically in the negative.

8. The number of manilla rope manufacturing concerns in India could easily be counted in one's fingers. Except Bengal, no province owns a manilla rope manufacturing industry. We feel, we won't be far in the wrong when we submit that even in Bengal, except probably for three well-known houses—these are Shalimars, Hartons and the Ganges Ropes—there is hardly a concern engaged in the manufacture of manilla cordage which may be considered to be thoroughly fit, and competent enough—technically well-equipped, sufficiently financed and economically administered—to be safely trusted to manage efficiently and satisfactorily the supplies of the annual requirements of the country in this line.

9. These concerns are already in flourishing conditions and, in our view, do not stand in need of any such special protective measure as the one under consideration at present. Probably, the Board may be surprised to know that the Ganges Ropes declared last year a dividend of 86 per cent.; their dividends for the years commencing from 1920 have been as follow:—

	Per cent.
1920 . . . . .	50
1921 . . . . .	35
1922 . . . . .	40
1923 . . . . .	40
1924 . . . . .	40
1925 . . . . .	40
1926 . . . . .	85

We should believe, no more impressive testimony of their prosperity and ability to go on without any Government assistance could be had or need be sought. The Tariff Board would devise protection for industries struggling for existence and for those which are considered might altogether die unless such protection was devised; certainly not, for industries as are able to distribute such handsome dividends continuously during a series of years. Dividends are doubtless an index of the prosperity of a Limited Joint Stock Company.

10. The interests of the consumer stand to be seriously jeopardised if the duty under reference is removed. The foreign competition which now operates as a wholesome factor in ensuring to the consumer reasonable price compatible with quality, will be eliminated; the few manufacturing houses could well hope to build up a monopoly of the industry and the supply of the materials in the country, safely sheltered from this competition and could dictate prices and prescribe qualities.

*Confidential.*—We might illustrate our contention from our own very recent experience; but, would like the Board kindly to treat this portion of our memorandum as private and confidential.

We are regular suppliers of Manilla cordage to the Royal Indian Marine and have their present year's contract. But, what happened, as we are reported, at the time of tendering for the Annual Contract for the year 1928-29, is opposite to the point. We quoted on the relative annual tender Rs. 49-9-0 per cwt. for British Manilla Ropes. We understand that our competitors like the Ganges Ropes (through Messrs. Mackinon Mackenzie & Co. who are their Agents in Bombay), Shalimars, etc.—all, indigenous manilla rope manufacturing houses—quoted about 20 to 25 per cent. higher than ourselves. The Department got the benefit of the competition and, we dare say, wouldn't have got it if competition had been restricted and limited to the indigenous manufacturers alone. Should further particulars about the tender be desired by the Board, we suggest reference might be made to the Marine Stores Officer, Bombay, direct. If this competition which inures to the very best interests of the consumer is excluded, the few indigenous manufacturers are left free to build up a monopoly of the industry, unhampered by any fear of competition. We beg to submit this is not a consummation to be wished for in the larger interests of the consuming public.

11. We submit neither is the proposal in the broader interests of the Public Revenues at large as the suggested removal of the duty will doubtless tend to affect the financial resources of the Central Government to the extent of the present import Duty which is Rs. 5-4-0 per cwt. This is a point of no mean importance and, in our opinion, should not fail to weigh first and foremost in the consideration of the Board. Particularly, in these times of financial stringency, when every source of Revenue has got to be so scrupulously conserved, the Board cannot afford to ignore this circumstance of importance.

12. Public Revenues stand to be directly affected in two ways. The loss of revenue to the extent of the present import duty on Manilla Hemp at the rate of Rs. 5-4-0 per cwt. is quite clear. Further, will be the sacrifice of the present Customs revenue now accruing from the import Duty on imported Manilla ropes. This duty is at present 15 per cent. *ad valorem*. If the import duty on Manilla Hemp is lifted, not only the local Manilla rope manufacturing industry will gain to that extent in competing value, but will also be able gradually to exclude and altogether eliminate the competition from imported Manilla ropes. The measure will render the importing of Manilla ropes not sufficiently paying in competition with the locally manufactured material and will put a damper on the imported business. There will not be inducement enough for the present merchants and contractors to continue their business in the imported material on the same scale or to the same extent as at present, and naturally, the imports of Manilla ropes will gradually decline and considerably shrink. Taking the combined effects of the operation of factors both ways, we feel, the loss to the Public Revenues cannot be regarded not inconsiderable. We believe that the advantages and benefits of the proposed

measure cannot be expected to be so considerable as would justify the asking of this material sacrifice in the Central Finance and encourage monopolistic tendencies in the industry at public expense.

13. Therefore, in the best interests of the consumer, also in the general interests of Public Finance and with due regard to the fundamental principles of economic competition, we submit that the suggestion now before the Board should not be entertained and the import Duty on Manilla Hemp should not be removed. Considering the broader aspects of the matter, we are of the view that there is neither any justification nor necessity for the proposed measure. Far from bringing down the consumers' costs to their minimum which we have no doubt is what the Board would aim at in all their considerations and recommendations of measures for the rendering of special protective assistance to any industry we are clear the proposed course would tend to increase the costs to the consumer without any the slightest corresponding benefit of material value.

14. If, despite these facts and considerations, the Board should deem it essential to recommend the adoption of the suggested measure, we submit that same should not be adopted without at the same time recommending the adoption of such countervailing measures as would neutralise the adverse effects thereof, in any such directions as follows:—

(a) either recommending the lifting of the present import duty on Manilla Ropes,

or

(b) specify distinctly any measure for adoption which would enforce preferential terms for the importation and consumption of British Manufactured Manilla Ropes.

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### Central Board of Revenue.

(1) Letter No. 166-T., dated the 6th October, 1928, from the Tariff Board.

I am directed to state that in the course of its enquiry into the application of Messrs. the Ganges Rope Company and the Shalimar Rope Works, Limited, for a drawback of the import duty paid upon the manilla hemp used in the manufacture of manilla ropes for export, the Board has been informed that certain shipping Companies have opened or intend to open bonded warehouses for the import into bond duty free of ships stores, including manilla rope, for the use of ships other than those engaged upon coastal runs.

2. It is clear that if the effect of the establishment of bonded warehouses is to exempt the shipping Companies from the payment of import duty, serious losses are likely to be caused to indigenous manufacturers unless they are allowed to obtain a drawback of the duty paid upon the imported hemp in respect of finished ropes despatched to a bonded warehouse.

3. I am therefore to enquire—

(a) whether the institution of bonded warehouses at an Indian port would permit shipping Companies to import free of duty ships stores, which are at present dutiable, for use on ships not engaged in coastal traffic, and

(b) whether, if that is the case, it would be possible for the Customs authorities to afford the necessary relief to the indigenous manufacturers by granting a rebate or drawback on Indian made manilla ropes despatched by them to a bonded warehouse.

4. The Companies have also asked that relief may be granted to them in respect of the duty on manilla hemp used in the manufacture of ropes destined for shipment to Overseas markets. I am to enquire, if such relief is found necessary, whether it will be possible to arrange for a rebate or drawback of the duty on manilla hemp in respect of ropes destined for export.

5. In the case of manilla ropes despatched to a bonded warehouse as well as those shipped abroad, it is suggested that the amount of rebate or drawback may be calculated on the basis that the wastage of raw hemp in the manufacture of manilla rope is on an average 10 per cent.

(2) Letter No. D. Dis. No. 349-Cus.-I/28, dated the 27th October, 1928, to the Tariff Board.

**Manilla hemp—Import for the manufacture of ropes—Drawback—Bonded Warehouses—Proposed manufacture in, by shipping Companies—Your letter No. 166-T., dated 6th October 1928.**

In reply to your letter quoted above, I am directed to say that the answer to question (a) is in the affirmative, *vide* section 112 of the Sea Customs Act, 1878 (VIII of 1878).

2. It would not be possible under the existing law to grant rebates or drawbacks on ropes to be bonded for issue as ships' stores or to be exported. Subject to the necessary legislation, the firm's factory could be put in the position of bonded premises, but the Central Board of Revenue doubts whether the benefit to the firm would justify the trouble and expense that would be involved in the constant supervision of the factory by Customs officers, who would have to check issues of the raw hemp out of store and its consumption in actual manufacture, as well as issues of rope out of the factory; but the answer to this question would clearly depend to some extent upon the proportion of the firm's business that is represented by its export trade and its dealings with shipping companies. Otherwise, a scheme of rebates or drawbacks would be possible only under special legislation which would enable Customs officers (under rules) to assume the identity of the raw hemp in a particular lot of rope with a particular consignment of imported raw hemp without actual physical identification. Such a provision would be necessary, as identification is important since different consignments of raw hemp may have been assessed on different valuations, or even at different rates of duty; moreover, there is, so far as the Board is aware, the possibility that hemp of Indian origin or even other materials may enter into the composition of the completed ropes. The Board is unable to say whether the Government of India would be prepared to accept proposals for such legislation.

3. As for the calculation of wastage, the Board has not the information that would enable it to express an opinion as to a suitable percentage to allow. Another point that would need investigation would be the manner of disposal of the waste material. If it is not destroyed, but passes into consumption in any form, a rebate remission of duty on the estimated wastage would not be pernicious.







