

Hindustan Chamber of Commerce, Calcutta.

Preamble

The terms of reference restrict the activity of the Commission within a certain specified heads, in elucidating them, my Committee feels they must be given an allowance of margin of movement as proposed in Clause 5 of the Circular letter of the Commission, which states "the Commission will welcome statements on any relevant point whether included in the questionnaire or not".

Since 25th June, 1949, certain stalwart events like the devaluation of rupees and clogging of Indo-Pakistan trade relations have cropped up; any examination not considering the said factors into account, would land us in some improbable conclusions, for the sake of prudence it is best to avoid at the very outset.

The Committee further observes that the proviso, "to examine the working of the policy of the Government of India with regard to protection of industries since 1922", might be the main ground to stand upon, but we could not afford to forget that the fiscal policy of the Government of India under the British Rule was dictated by the British Parliament or the vested interests of British Industries. The traditions of *laissez faire* were carried into full effect and this is fully effected in the pronouncement of Lord Morley in 1910, "the state funds may be expended upon familiarising the people with such methods of production as modern science and the practice of European countries can suggest.....but nothing should be done, calculated to interfere with private enterprise". My Committee considers that our present investigation must not be conducted on this ground. It with emphasis points out the apologetic language of Rahimtoola Commission which observed, "India for many years to come is likely to concentrate on the simpler forms of manufactured goods and these are precisely those in which the United Kingdom has the smallest interest". The minority report supplied the answer very loyally that "it was artificially created by a continuous policy of stifling, by means of forced tariff policy, the inborn industrial genius of the people (*Ibid*, P. 180).

The cotton excise duty was an instance of a handicap under which the industry has had to suffer over decades though condemned by English public opinion as late as 1917. London Times dated 5th March of the year observed, "the Indian cotton excise duty has always been politically, economically and morally indefensible". The Imperial Preference or the Ottawa Agreement arises from the anxiety of getting competition from India in overseas market, specially in cotton and irons.

The Committee observes that it is not free to offer its suggestions in the new set up of independence as it has to take account of the "acceptance of the commitments made in the HAVANA CHARTER on World Trade and Employment". The Committee only begs to re-state their answer to your question 93, "undeveloped country like India and others might very often feel hampered if all the conditions laid down in Chapter IV of the Charter be carried out with precision".

Devaluation of our currency in the interval period has introduced another problem which my Committee thinks can not be left out of our consideration. It is to be specially remembered that we are living in a period when there is no free movement of gold, and consequently moving in no fixed international market, we have had to depend upon the old system of barter under the glorified name of managed currency. If so, the old slogans of political economy must be examined in modern light with sufficient margin for their avoidance and modifications. The enviable position which India earned during the World War II, from a debtor to a creditor country has been changed or is on the point of being changed. Here, of course, the *status quo* of 1928 is coming back with the added disadvantage of an unbalanced budget mainly due to excess of imports over exports. Our purchasing power for foreign currency would be jeopardised when the credit balance in sterling securities would expire. My Committee further observes that our suggestions would be tinged with certain

amount of imperfections if we fail to implement the present day Indo-Pakistan trade relations. The Fiscal Commission of 1922 suggested for an undivided India, which possessed unquestionable monopoly in jute, tea, mica and partial monopoly in manganese. The said Commission worked under the fostering care of British Bureaucracy which received its directives from the British Parliament. The present set up finds us in a country which is independent, but linked up with U.K. in monetary ties and it has placed us under a condition when our trade conditions have been reversed, that is, excess of imports over exports. We have to manage excess imports under a world wide tight monetary conditions, almost losing half of our world's monopolistic condition in jute and about to lose in tea due to China's reawakening and with a serious problem of shortage of food, variously calculated and averaging five million of tons per year saddled with an increasing population at the rate of half a million.

My Committee therefore expects that the members of the Commission should grant it a license to examine the references in the context of the new environment, ignoring it would mean ignorance of real situation.

My Committee would like to remind the members of the Commission the two glaring characteristics, the phenomenal poverty of the people and the potential resources. The quarterly Review of April, 1917, rightly observed, "if the wealth of India be evenly distributed would not suffice to provide the population with the necessities of bare existence". The intervening period of three decades have only intensified the situation by an increase of 15 crores of population and a currency inflated to 400 times. The needs of the people could not be met as ports are closed and internal productions are daily coiling into stricter grasp due to monopoly position. With the withdrawal of British or foreign capital from India since the last few years, Indian finance capital is getting control over industries. Dr. Lokanathan observes (*Ibid*, "Industrial Organisation in India" Pp. 225, 1935 Edition), Finance, instead of being the servant of the industry has become its master. The result has been the handing over the industry to a group of individuals, not because they are well versed in the trade, but because they have the adequate finance to help the industry. The Commission may remember that India has had never any industrial capital properly so called, the initial capital to tap the resources of the country came from England through the Managing Agency System, and hence it may be called mercantile capital. In India, grew up a class of financiers who eraned fortunes from the Stock Exchange, and with the acquirement of independence, these people have got full control over the various industries.

My Committee, could not submit their views on the first part of the questionnaire due to illness of our secretary and how it offers their suggestion in the memorandum.

Questionnaire

PART I

SECTION—A(I)

The population of India dependent on agriculture was 35 per cent. in 1835, it rose to 65 per cent. in 1872 and to 75 per cent. in 1940. The fiscal policy of the last century coupled with the British mercantile policy, the vocational equilibrium of India was very much disturbed. Due to compulsory character imposed upon us from outside, agriculture industry in India was never a prosperous enterprise. The future agricultural policy must be directed to the satisfaction of the internal needs in the shape of food and other primary products. The large scale agricultural operation for raising oil seeds of all kinds to built up new industries like paints and varnishes must be conducted on a corporate planning on national basis instead of as an enterprise on profit taking venture.

The outbreak of the war in 1939 recognised the importance of agriculture in India with its vast possibilities. In pre-partition days of India, India enjoyed a world monopoly in jute. In cotton, her position was next to that of U.S.A. Within the course of last two years, that is, since the days of our independence, we have now to face serious competition from Pakistan. Admitting that 40 million acres of fallow land might be improved upon and our Indian Union would again be self-sufficient in her raw materials, it is now desired that there must be a complete halt on the exportation of raw jute. As to cotton, in pre-partition days, about 40 per cent. of our total production was absorbed by our mills. The future fiscal policy should be so directed that Indian mills must get their supply and consume and so long India is not self-sufficient, all export of cotton from India to outside should be stopped. Next arises the question of competing the world market. In jute, our factories might still remain in virtuous monopolistic condition for some years. But in cotton we might lose our hold on international market. The policy of the Government of India thus must be directed to foster these two crops by bonuses to the agriculturists by way of encouragement. Following the introduction of protection, sugar cane industry made enormous progress, outstripping even the annual consumption of the country. Modern plants now established all over the country are ensuring production with a potential capacity far in excess of our requirements. Tobacco industry of India is not well developed. There is ample scope for improvement in the quality of Indian tobacco. Among the plantation crops, tea is most important. It is to be remembered that during the war years, India virtually dominated the world market of tea due to her monopolistic position. With China coming back to her normal life, the industry has to face serious competition from that side. Our policy for future should accordingly be guided.

In the context of world events, we have to change orthodox nature of our agriculture, that is, from mainly arable lands to farming and gardening along with it. In pre-war days, India had the largest number of cattle, due to indiscriminate slaughter, the number has been much reduced, no statistics, being available, we might presume that the present number is not sufficient for our purpose. We need cattle both for our fields and also for milk production. The grow more food campaign started during the war year failed not because, the producers were unwilling, but because, the more production scheme could not be carried on efficient lines. It is to be remembered that the doctrines of free trade and international interdependence based on the free trade theory adumbrated by Adam Smith and Ricardo has been thrown to the winds. Even Great Britain, after the First World War, has been trying to make herself self-sufficient. Her attempt to secure food and raw materials through imperial preference, having failed, she is now installing her agriculture on intensive basis. Most of the war devastated countries of Europe are attempting to make themselves free so far food question is concerned. The future policy of India must be framed from this view point. In past years, Indian agriculture was reduced to the position of serfdom to supply food and raw materials to Great Britain and to other European countries in exchange she received her requirements in manufactures. Indian industrial policy is indissolubly linked up with agriculture. Our future agriculture policy must be carried on an enterprise basis, with modern equipments on an intensive scale on vertical lines, gardening, farming, dairying all combined. Curiously enough, over a period of thirty years or so, during which density of population increased steadily and the price of land rose high, the size of our cultivable waste did not shrink. The partition of India requires urgent Government attention both for food and commercial crop to this direction.

Mechanical farming is not the need of India as it would virtually create another menace in unemployment. But the system of farming must be improved on co-operative farming basis on an intensive scale with the help of modern fertilizers and with easy facility for marketing eliminating all middle class dealers between the consumers and the actual cultivators. The two world wars have improved the lot of our cultivators. Previously, they were hopelessly in debt, and all agricultural holdings were run on subsistence basis. Now we come to long term agricultural policy. **Due to food crisis and shortage**

of raw materials in jute and cotton, India of to-day apprehends a total breakdown of the whole economic system. To improve the situation, we need two fundamental principles, (1), a clear conception of the aim (aim) behind the policy, (2) a long term policy to implement the same, if need be, through revolutionary changes. In our Indian life, agriculture has occupied a prominent place, for food, revenue and also for raw materials for our industries. If so, the same needs are still more urgent. Three courses are open to us, to regard agriculture as the main source of national strength, or to discard it altogether and to embrace industrialism or future goal, or to accept it in terms of self-sufficiency. My Committee considers that in our long term agriculture policy, we should link up the first with the third. So, we should not shrink even to offer direct subsidies if the urgency of the case requires. Nature has endowed our country with variety of climates and soils and we have to utilise these to raise our food and raw materials for our industries. So we have to aim at a class of commercial agriculture creating a price structure depending upon the international market and not on the home market as had been the case in the past. Our present agriculture position has been made so complex by the last Government who dragged our home market into the world market without giving it time for preparation. Our millions died for food to meet the balance of trade in international transactions.

The present day importance of food problem has drawn us into the vertex of world prices and unless we can improve our food position to make us self-sufficient, my Committee thinks that the progress of India in Industrial lines would be stopped for ever. My Committee very painfully points out the need of importing foreign dairy products as our subsistence when we have had sufficient field for producing them within our own country. My Committee therefore suggests that these products should be imported unhampered for the time being as we cannot go on without them unless we intend to injure our health. But sufficient bonuses must be offered to our producers of home so that we might be self-sufficient at the present competitive world market rate. If there be no duty, the Indian production when sufficiently raised would sell at the world rate and still it would be cheaper as it would not have to pay the freight charges.

Granting that our long term objective is self-sufficiency in agricultural production, our next attention is to be directed towards its practical realisation. This problem of agricultural cannot be solved by agricultural alone. The economic life is an organic whole. The ill in one part naturally affects another part. So industry and agriculture are co-related. "Both in turn are dependent upon a well planned and well organised banking and currency system as well as efficient transport and communication facilities." The type of agriculture we aim at to establish in future with the help of State regulation of production is a public utility service. My Committee is quite sure that this arrangement could easily be affected without any unnecessary disturbance in our social life. The planning of agricultural production must be linked up with corresponding industrial production and these two again should depend upon planned currency and credit organisation. The first item in the planning must be the ascertainment of our food requirements of our population on a regional allotment basis neglecting all provincial autonomy considerations. The next aim should be an international marketable, surplus of commercial crops after meeting the needs of home industries. Scientists should be employed to advise the agriculture department regarding erosion, fertilisers, crop diseases and other co-related matters without which agriculture on intensive scale would be an impossibility. State susceptibility in this respect must be fully eschewed in the context of world events. History has conclusively proved that private enterprise in agriculture is a failure. If it was true in America and modern States of Europe, why this truth should remain a taboo in our system of agriculture.

Questions.

1. This has been fully answered in the preamble and the preliminary discussion that follows it.

2. *Production*.—On Public Utility Service basis Field operation will be conducted on co-operative farming lines, Management must be conducted on business enterprise basis with sufficient bank facilities and care must be taken that Production must not be scraped as waste to avoid controls and Income-Taxes.

Consumptions.—The first aim should be national self-sufficiency on minimum cost on utility basis. The surplus amount might be marketed overseas with whatever help it needs from the State. Remembering that agriculture is one which, obeys the law of diminishing returns, its production should be stopped as soon as the least sign of it would be visible. But as regards domestic consumption is concerned, losses should be incurred to attend the standard required by the Nation.

International Trade.—Part of the answer is in the part 'Consumption'. Articles in which we have monopoly must be organised from the view of getting the maximum profit. For the time being, we would admit Cotton, Jute Betel Nut, Red Chillies, duty free. But when we will reach the target, our tariff would be arranged to get the best and largest market.

3. It is not possible to estimate the future at present.

4. *Basic Improvements*.—Full protection to our raw materials till they are fully utilised for our maximum home production. To import raw materials duty free for the same purpose, including betel nut, dairy products, red chillies, Plastic Composition. All Mines should be conducted on not full exploitation basis but they should be worked out in along with other by-products.

5. Since 1922, a complete disintegration of old economic system has taken place. The changes which India experienced during this period is commercial rather than industrial. Large amounts of British Capital were attracted to India. The leading cotton mills of Bombay paid 120 per cent. by way of dividends. The reports of 41 British controlled jute mills with a total capital of £6 million showed profits of nearly £23 million, in addition to £19 million carried to reserve fund. (Kate Mitchell—p-284). From 1922, the predominant character of Indian Tariff Problem has been Imperial Preference. This gave British products an advantage over both non-British and Indian products in the Indian market. In 1932, under the Ottawa Agreements, Imperial Preference was thrust upon India in the face of adverse vote in the Assembly. During the period of 1929-33, the value of Indian exports fell from 339 to 135 crores; the value of imports 260 to 135 crores. Miss Kate Mitchell remarks, "this gold drain from the past savings of the masses of Indian peasantry meant a still further impoverishment of the Indian market and a corresponding depression of Indian industry."

6. (i) Paper, specially in newsprint; dairy products, Heavy chemicals, and soap industry.

The capital must not be mercantile capital. A certain provision be made for the Insurance Companies to lend the Industries.

7. So far the present outset is concerned, India is specially fitted for small industries. Every village in pre-British days was a self-sufficient economic unit. Indian exports consisted of fashionable fabrics and wares. The importation of cheap machine-made goods from the middle of the last century created a full economic disintegration. Indian agriculture lost its balance in village industries. Her agriculture conducted on subsistence basis drove the country to verge of slavery. Even to-day Indian labour employed on large scale industry is only 10 per cent. against 90 per cent. engaged in cottage or in small scale industries. Another important feature is that indigenous Indian capital is limited. This small domestic capital naturally seeks employment in within the villages in small scale industries. Our Indian peasantry has ample leisure.

Small scale industries thus can profitably employ farm hands in their off-period by which both the industries might help each other. The transport charges may be minimised if our villages can supply all the agricultural implements locally and be in position to mend them too when out of order. Moreover, machines in India are costly, but labour is cheap, this consideration

is alone strong enough to support cottage industry. Present day exchange difficulty can easily be passed over if we can make ourselves industrially self-sufficient within our own boundaries. We give a list of cottage industries hereunder which can profitably be undertaken at once.

Builder and Domestic.—Hinges, Door Bolts, handles, screws, bolts and nuts, locks, hasper, staples, nails, cooking utensils of aluminium, brass, copper or iron, razor, blades, knives, forks, pen, scissors.

There should be a perfect protection under a strong protective tariff.

Small Tools.—This is a sphere, development of which is essential. The items are :—Hand saws, Pincers, spanners, Wrenches, and the like Metal Working Tools : The Ordnance factories should be re-organised to undertake this class of work and sufficient protection must be accorded to make the country self-sufficient under this head.

Asbestos.—Asbestos rope and asbestos boiler lining compound.

Glass Ware and Abrasives.—Glass Ware particularly for glazing dwellings and domestic drinking glasses.

During the last century, uneconomic urbanisation has taken place and excessive ruralisation has made the agriculture situation grave rendering the whole country malarious and uneconomic.

It is to be remembered that the craftsmen and the artisans had their place in village economy where they exchanged their products for food and raw materials. The restoration of cottage industries would relieve the pressure of population on land and capital bringing back the balanced economic position in our body politic.

8. The interdependence of the two would increase the efficiency of each other. Where large industries are established, small scale industries might meet the domestic needs or be engaged in by-products.

A(II)

9. All the three as the circumstances would warrant. This has been argued.

10. Ready made cloths, Indian curious, Indian arts and toys, Indian silk, Indian paints and Indian brass wares, ceramic goods, cutlery, wire-netting, expanded metal, scales etc.

11. This should be considered from another view-point. Our member-firms, who get supply from big iron industries for small tools etc., are needlessly suffering. The big industries themselves enjoying the benefit of protection demand fantastic prices and fantastic conditions which are hampering the small scale industries. So, my Committee considers that big iron industries should produce rails, fish plates and so on but they should produce sufficient raw materials for cottage industries as enumerated above.

12. (a) For raw material, the Government should take particular care.

(b) The Government technical Schools should supply the technicians. In the matter of recruitment for training technical Schools boys of the Particular Craftsmen should be given preference as has been done in the School at Jhargam.

(c) On Guild basis.

(d) Small and locally conducted under the supervision of the matter-craftsmen.

(e) Locally, if possible and supplemented by village co-operative Banks and block capital of Insurance Companies.

(f) Co-operative basis with Government help. If it be of international market, through our foreign consuls.

As for any other assistance, the industries themselves would apply and special eye should be kept that there must not be any competition between it and the large-scale industries.

SECTION B.

My Committee here gives a general statement of conditions under the recommendations of the Fiscal Commission of 1922 and points out the effects produced under some major industrial heads. The only sound basis on which India can demand protection is the claim for self-sufficiency. It is to be remembered that international commerce between nations that are equal in status, enjoy equal opportunities of making contracts, that exchange raw materials for finished goods. Protection is the assertion of the principle that the State is not for mere policy work, it exists to improve the living conditions of individuals. If so, my Committee points out that undiluted patriotic protection given to some Indian industries has not been of any fruitful result; rather they are now proving a menace, and it must either be modified or hedged in by conditions so that its utility might be felt.

India has two specialities. It is a country which possessed its balanced economy agriculture versus cottage industry which rendered the country totally self-sufficient, as would be quite evident from the early despatches of the East Indian Company who failed to dump any English article in exchange for the products of the country. The second special feature is that it is a country of small capitalists. I mean Industrial capital of India was never very big. Its merchant capital or finance capital were of considerable amount. That is why Indian merchants whenever they invest any capital, they always expect big turn over per hundred and not big turn over on the gross amount. As we have noted above that after the first World War, India was fully supplied with both Indian and foreign capital, because the returns were fabulous. After the second War, Indian industrial capital is not forthcoming only because the capital is either mercantile or finance which expects big percentage and failing to get that amount it is coiling under horizontal trust on monopolistic basis to get the greatest profit at the cost of the country. My Committee gives some instances below.

Sugar Industry.—The sugar industry applied for protection in 1930-31. The second sugar tariff board stressed the need of manufacturing power alcohol and also rationalisation. Within five years, from the date of protection, the industry made immense progress and became self-sufficient. In order to stop competition, due to the fall of prices in sugar, the Indian Sugar Syndicate was formed in 1937 among 90 Mills. The Syndicate approached the Government to curtail production to overcome internal competition. The Governments of U.P. and Bihar made it compulsory for every mill to have a certificate by the Sugar Factory Control Acts and this license was issued only to the members of the Syndicate forever stopping competition. The enviable position of the industry stands to-day as a menace to the country. My Committee thinks that sugar now must be produced along with power alcohol on competitive basis including external market not only for home market but also for overseas.

The Cement Industry.—The industry has made phenomenal progress since 1925, when its output was 360,000 tons and in 1937-38, it became 1,16,91,000 tons. The various cement companies merged into "Associated Cement Company Ltd." in 1936. In the boom of 1936-37, several new companies were floated, the biggest being the Dalmia Cement Company Ltd. Then A.C.C. and the Dalmia Cement Company came to an agreement preventing competition. In order to run the industry on monopolistic basis, Cement Manufacturer's Association was formed. The Cement Marketing Company was formed to regulate sale on a quota basis for the member companies. Thus protection enabled them to put on a clog to increasing returns and competition.

Cottage Textiles.—Buchanan states—"India ranks fifth in the number of spindles, fourth in the quantity of raw cotton, third in the number of persons employed." A large amount of capital has been employed in the cotton than in any other factory industry. This industry now stands in a dominating position due to the sacrifices of the masses since the days of Swadeshi 1905. It

is now desirable that this industry should meet the demand of the home market receiving a reasonable amount of profit which must be considered from industrial outlook and not from financial point of view. Failing this, partial opening of Port is needed.

Salt.—Port must be opened, otherwise it would also result in trust.

Iron and Steel Industry.—The iron and steel industry was the first to claim protection. The principles on which duties were imposed the difference between the C.I.F. rate and the Indian manufacturing cost. Since the outbreak of the Second World War, the iron and steel industry, being the key industry, has received enormous favouritism from the Government. The industry must be asked to rationalise in such a way that it would increase its product not only to make the country self-sufficient but for overseas market also. But as we have stated above that the industry must restrain its activity which is to give factory maximum output; it should not confine itself to goods which we have named before.

The Paper Industry.—Protection is still needed so far newsprint is concerned.

The Match Industry.—Taking advantage of the protection, a gigantic Swedish Combine has now established itself in India. This Trust has established itself solidly and it dominated the match industry in India. The Western India Match Company is merely the Swedish Company under a new name working as a public limited Company. In ten years, about 30 Indian factories had to be closed down, and 17 of them being in Bengal. My Committee thinks that protection for this industry should at once be withdrawn, because the Indian producers, who wanted it, being not in existence.

The Chemical Industries.—The question of protection was referred to in 1928-29. In the interests of Imperial Chemicals Ltd., the protective tariff is not necessary. Of course, the present war has opened up vast opportunities for the development of our chemical industries. For this view, foreign internal competition must be eliminated. Our heavy chemical industry is only in its infancy. Its development needs a planned policy. It is desirable to develop an all round chemical industry, even if we have to import some of the raw materials from abroad.

The Cinematograph.—Recently, the industry has made immense progress. It is high time for our Government that they should altogether put sufficient protection so that no foreign picture films be imported to be shown in our show houses. In the meantime, the Government should try to produce raw materials within the country and so long not possible to admit them duty free. The other industries which require protection are Cycle, Tanning, Motor and Airplanes.

SECTION—D

My Committee fully agrees with the Government Policy that a prudential control must exist so long we can not go back to Gold basis in external transactions. So my Committee suggests that we must aim at self-sufficiency. Our International Trade must be conducted, whether uni-lateral or multi-lateral, on Gold exchange basis. This will serve to stabilise our currency both internally and externally on parity prices basis, removing forever the fear of securing foreign currency. To do this, we have to open our Ports to receive gold and to conserve our own gold production.

So long as the system of granting quotas would remain in vogue, my Committee thinks the Government should take into consideration of the unbalanced traders, uprooted due to the partition of the country. They should not be treated as strangers to trade, if they could prove that they had sufficient experience in the line or lines they apply for.

As to export control policy, my Committee thinks that the Government must keep a vigilant eye. The only one thing my Committee wants to point out here is the injustice which is being done to the Port of Calcutta, the first one, being in kind. In the name of giving to some, chance, it would not be

prudent to divert Bengal Jute to other Ports, and if new hands are to be favoured over the old Shippers, many new firms with sufficient guarantee of business must be given preference over others who deal in many commodities. Our member-firms in Jute suffer because they are new, though financially very sound and on mere technical ground their contracts were refused. Sufficient protection and care are needed in this direction.

PART II

We have submitted our answers on the questions. Still my Committee desire to point the following facts for the remembrance of the Commission.

The Bretton Woods Conference held in July 1944 suggested United Nations organisation in Banking and monetary affairs after the war.

The United Nations Charter, June, 1945 in chapter IX—Suggested International Economic and Social co-operation. "With a view to the creation of stability and well being, the United Nations shall promote higher standards of living, full employment and conditions of economic and social progress and development. In the White paper of the Department of State Washington, proposals for consideration by an international Conference were drafted, in November, 1945.

Havana Trade Conference in 1948 only ratifies the schemes. My Committee only suggest that these should not be another snare to tie us with the economic wheels of Anglo-American economic imperialism.

Replies to Part II of the Questionnaire by the Hindustan Chamber of Commerce, 14/2, Clive Row, Calcutta.

Question 89.—In the present day economic set-up, when there is no free movement of gold and no fixed international monetary market, it is the only ideal condition under which an equilibrium monetary market, it is the only ment can be brought about, is the considered view of the Chamber.

The Committee further add that it is a bitter experience that U.N.O. is failing properly to safeguard the interests of the weaker nations and this also being a bye-product of the same, the Committee only suggest that proper and rational working out must be provided for.

Question 90.—Chapter III if sincerely executed would be able to promote world wide economic development, not on the basis of Riscardian Theory of Free Trade, but it must be construed more on the basis of scientific protection and national efficiency and maintenance of parity of prices internally.

In case of India, full scope should be given to article 14.

Question 92.—The terms so far laid down are not disadvantageous, but a very liberal and friendly view must be taken if India is to be well equiposed in her international trade relations.

Question 93.—The Committee could not subscribe to all the policies. The whole system of preference, trade agreements etc., have been dealt with in a very rigorous way. Undeveloped countries like India and others might very often feel hampered if all the conditions laid down here be carried out with precision.

Question 95.—The Committee consider that it is impossible to guess any. Practical working out would be real test.

Question 96.—The Committee think that general provisions are alright.