

year 1932, there was an increase. The increase was noticed in every variety and was chiefly due to the suspension of the Non-Co-operation and Civil Disobedience Movements.<sup>110</sup>

During 1933 and 1934, there was an increase of sea-borne trade, Government transactions, foreign trade in private merchandise and treasure, import, export and coasting trade due to large receipts of grain, pulse and flour, metals and ores, cotton twist and yarn, manures, vehicles, instruments, apparatus and appliances, dyeing and tanning substances, spices and artificial silk, partly set off by large decreases in silk, raw and manufactured sugar.<sup>111</sup>

The United Kingdom was the principal supplier in iron and steel and other suppliers were, as usual, Belgium, Sweden and Germany. The United States of America and Canada also increased their supplies of cars.

The aggregate value of the sea-borne trade, government transactions, foreign trade in private merchandise and treasures (excepting coasting trade) during 1935 and 1937 shows a decreased as a result of the fall in receipts of grain, chiefly rice and paddy and consequent on the imposition of duty on broken rice. The United

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<sup>110</sup> Report on the Administration of the Madras Presidency for the years, 1931,1932 and 1933. P. X; P XII, P.

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<sup>111</sup> *Proceedings of the Madras Chamber of Commerce 1933 and 1934 (Madras)* PP 27-29; 33-35;  
*The Swadesamitran*, (Madras), 5<sup>th</sup> May 1934, NNR;  
*The Swathanthrasaneu* (Madras), 8<sup>th</sup> May, 1934, NNR.

Kingdom continued to be the principal supplier in iron and steel and the other suppliers were Belgium, Germany, Sweden, Japan and France. The Swadeshi spirit in India encouraged and helped the expansion of trade. But the tide turned the Presidency along with other countries experienced a reversal of conditions in the course of the year 1937-1938. During this period in the Presidency in respect of sea-borne trade, import and export and coasting trade fell.<sup>112</sup>

The administrative report for the year 1929-30 stated that the seaborne trade of the Presidency had decreased by almost two million rupees during the first eleven months of the year. Surveying the conditions of trade and industries for the year 1929, the President of the South Indian Chamber of Commerce in his annual report observed thus:

“I feel that the conditions of the past year (1929) present a picture of unredeemed gloom in almost all sections of trade, commerce and industry. “.....” A most disappointing circumstance during the past year was the continuous fall in prices all around much more in the case of our export goods than in imported articles”.

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<sup>112</sup> *Report on the administration of the Madras Presidency for the years, 1935, 1936, 1937 and 1938*, Pp. 137-138, 145-147, 150-151, 155-157;  
*The Dhinamani* (Madras) 22<sup>nd</sup> April, 1935, NNR  
*The Hindu*, (Madras), 16<sup>th</sup> July, 1935, NNR.

The administrative report of the Madras Presidency for 1930-31 provides a vivid account of Depression.

“Importers generally suffered a heavy fall in their turn over while European business houses, especially those dealing in piece goods, either suffered heavy losses or fared more than in 1929-30. Exporters of tanned skins and hides were hard hit by the imposition of an import duty of 10 percent by the United States of America without corresponding duty on hides....”

“There was little export trade in rice to Ceylon, owing to the continuous fall in the price of paddy and the competition of Burma and Saigon dealers. Several rice mills remained closed for considerable periods on this account.”

The history of foreign trade of the Presidency from 1929 to 1937 provides sufficient testimony to the fact that it was foreign trade, which acted as the most effective and disastrous channel through which the world slump transmitted its effect to the Madras economy.

Business in cotton, yarn and piece goods suffered severally on account of the big fall in prices and some of the ginning factories also had to be closed. Business in

groundnuts was also not generally profitable. Weaving and other allied industries were severely affected by the economic Depression.

The conditions created by the Depression in the Madras Presidency such as availability of raw materials at low prices, cheap labour and low rates of interest for the money lent by banks, all proved to be conducive to the growth of certain industries. Cotton, sugar and banking industries registered commendable advances during the inter war period.

Though the Presidency witnessed industrial development, handloom, cottage and small-scale sectors had a trying time. The government's taxation policy turned out to be disastrous to those sectors. When the tanners were demanding high export duty on raw skins and hides, the government abolished the duty much against Indian interest. An excise duty levied on matches crippled the industry and the Government's protective tariffs extended to Indian textile mills affected the handloom sector. A large number of weavers in handloom centres and labourers in small industrial establishments lost their jobs. In large factories, the workers had to suffer wage cuts. Instead of taking offence the working class, in face of the acute crisis, remained passive. Even the strikes and struggles launched by the organized labour unions were of short duration, fizzling out in the end.

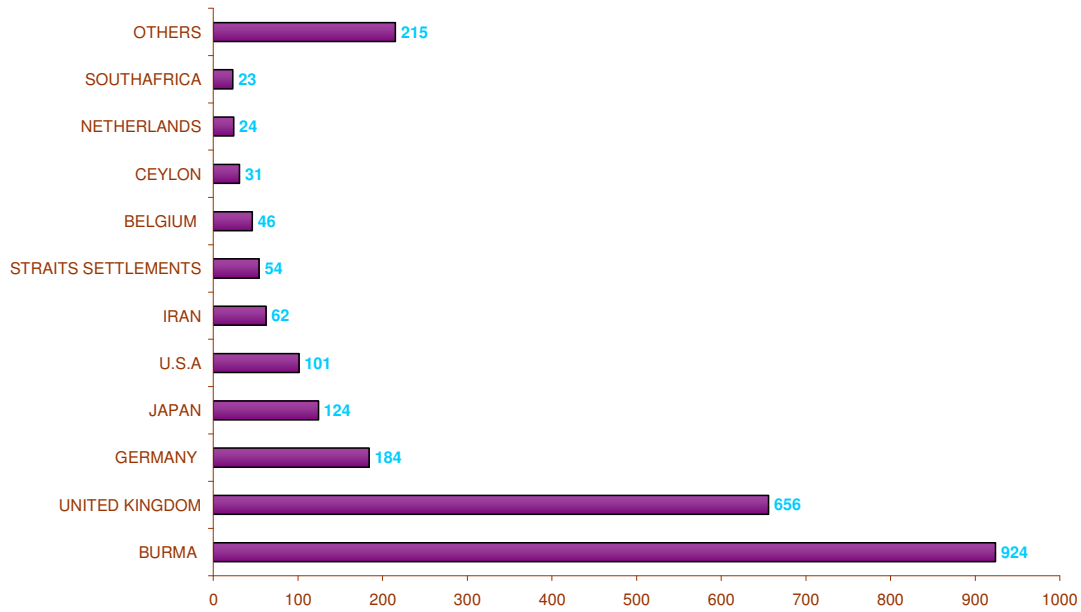
## TRADE STATISTICS (1930-39)

(Rs. In crores)

S.No	Year	Sea-Borne Trade (Crores)	Govt. Transactions	Foreign Trade in private Merchandise (value in Rs.) (Crores)	Import (Crores)	Export (Crores)	Coasting Trade (Crores)
1	1930-31	87.83	10.79 crores	19.56	24.80	32.85	4.45
2	1931-32	71.49	50.19 crores	13.34	43.81	26.83	3.10
3	1932-33	72.00	23.73 crores	0.73	16.10	28.15	27.15
4	1933-34	70.04	22.55 lakhs	14.71	15.31	27.3	1.07
5	1934-35	76.98	19.86 lakhs	44.46	17.75	26.71	32.29
6	1935-36	76.10	21.21 lakhs	43.37	16.08	27.29	32.48
7	1936-37	82.80	22.97 lakhs	52.15	15.64	36.51	30.42
8	1937-38	88.49	44.99 lakhs	54.53	15.61	36.24	14.59
9	1938-39	79.04	45.63 lakhs	61.10	24.87	36.24	17.48

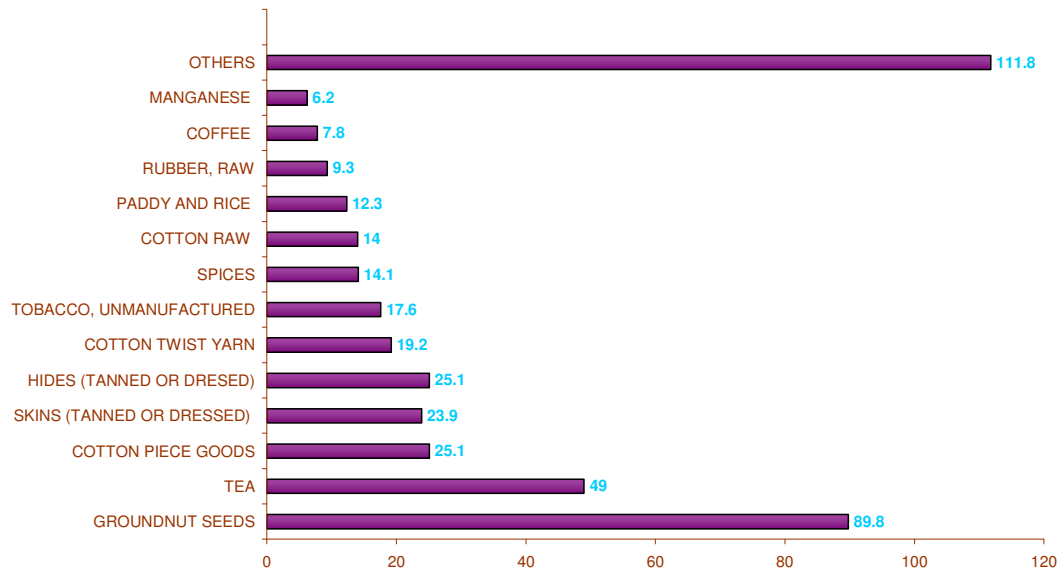
(Source: Report on the Administration of the Presidency for the years 1930-39)

CHART - IX  
TRADE OF THE PROVINCE BY COUNTRIES IMPORTS (1938-39) (VALUE IN LAKHS)



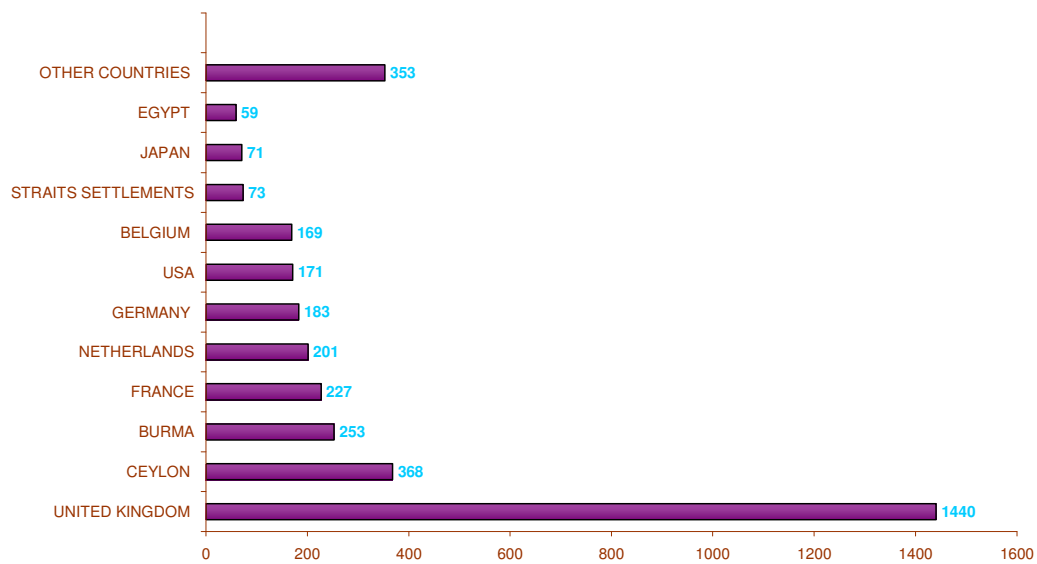
Source: Madras Administration Report for the year, 1938-39, p.144.

**CHART - VI**  
**VALUE OF CHIEF EXPORTS (FOREIGN AND COASTWISE) 1938-39**  
**(VALUE IN MILLIONS)**



Source: Madras Administration Report for the year, 1938-39, p.144.

**CHART - VII**  
**TRADE OF THE PROVINCE BY COUNTRIES EXPORTS (1938-39)**  
**(VALUE IN LAKHS)**



Source: Madras Administration Report for the year, 1938-39, p.144.

## CHAPTER – III

The First World War had left bitter memories in the minds of Germany and her allies, particularly, Germans had a feeling that their army had not been defeated in the First World War, but had been betrayed into a surrender. The military classes resented the “War Guilt” clause of the treaty and other humiliating provisions. Hence, they supported Hitler when he proceeded gradually on the path of aggression. Hitler claimed that Germany was being encircled by Russia, England and France and that her natural aspirations and their development were hindered. Nations like Italy and Japan also felt that they had not got a proper share in the territories of the world to help their economic advancement and that the division of the earth’s surface was unequal, Italy was resentful of the attitude of the Western powers on the Abyssinian questions.<sup>113</sup>

Japan was casting her eyes on the Pacific area which had unlimited supplies of rubber, oil and tin.

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<sup>113</sup> Venkatraman, T.K. – *A Manual of British History, Part II (Recent Times – 1789 – 1945)*, Second edition, 1950, Madras – pp.27-71;  
*The Hindu*, dated 8<sup>th</sup> Sept, 1939



“The primary cause was the failure of the League of Nations to restrain aggressors. The League of Nations had failed to ring about disarmament. It’s weakness against aggression encouraged other aggressors. The failure of the league could be explained by the fact that no state was willing to give up its sovereignty and submit all matters to the decisions of a world organization. So long as this mentality continued, suspicion and insecurity amongst the countries were also bound to continue.”<sup>114</sup>

Mussolini of Italy and Hitler of Germany had practically same objects in view and both formed a close alliance known as the Rome – Berlin Axis. While Germany and Italy were extending their territories, the Allies – England and France made protests, but they did not declare war, probably, they dreaded war and were not prepared for it. But the patience of the Allies was exhausted when, in August 1939, Hitler demanded the restoration of the Corridor (which had been ceded to Poland by the Treaty of Versailles) and Danzig without waiting for a reply invaded Poland on September 1, 1939. War began between Poland and Germany.

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<sup>114</sup> Ibid,p.272;

*The Mail* (Madras), dated 5<sup>th</sup> September 1939, NNR.

Both England and France had given their word to Poland that in case she was invaded, they could come to her help. So they declared war on Germany on September 3, 1939. Thus Poland, England and France were on one side and Germany on the other. A few days before the beginning of the war, Russia also had entered into an agreement with Germany. In the beginning, Italy kept aloof but she declared war on the Allies in June 1940.<sup>115</sup>

World War II was also a global war in which almost all the great countries of the world became involved. When it began, England and France were fighting on behalf of Poland with Germany, Italy and Japan which were on the side of Entente before were now Axis powers, though they did not enter the war at once. But, Italy joined the war as Germany's ally. In the second half of 1940, Germany forced Hungary, Rumania and Bulgaria to join her. In 1941, Germany turned against Russia which hitherto was neutral, as Hitler had concluded a nonaggression pact with her in 1939. In December 1941, Japan joined the war against Britain and the United States. Thus the war took place over the vast areas of the world and over all the oceans. Later China, several Latin American states and Turkey joined against Germany. The whole world felt the effect of the war.<sup>116</sup>

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<sup>115</sup> Ibid, p.273; *The Swadesamitran* (Madras), dated 19 September 1939, NNR.

<sup>116</sup> Ibid, p.274; *The Indian Express* (Madras), dated 20 September 1939, NNR.

War is a mighty upheaval, which violently disturbs the social and economic equilibrium. World War II was bound to have far-reaching consequences, the magnitude of which cannot be foreseen. The war of 1914-18 reduced the conditions and created problems which baffled statesmen. The economic adjustment from which the World War I differed before the World War II was the legacy of the war of 1914-1918.

Close upon the heels of that war came World War II. The latter had been characterized by the colossal destruction of material and human power. Practically the whole of the continent of Europe lay-estate before Hitler, Poland, Belgium, Holland, Norway, Sweden, France and Bal khan countries were all groaning under the unbearable tyranny of Hitlerism. Russia had put up a brave defence. Britain and America remained the only countries to fight with the Axis powers<sup>117</sup>.

Mighty empires had fallen before Hitler and there had been colossal destruction of material and prosperity. The currencies of various countries had been reduced to a chaotic state. Standing crops had been destroyed and industrial towns had been bombed. There was the problem of feeding the people of the

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<sup>117</sup> *The Review*, 1936, Vol. XXXX, p.157;  
*The Andhra Patrika* (Madras), dated 14 October 1939, NNR.

conquered countries. In spite of her economic and military cooperation and collaboration with Germany, France had been compelled to pay an indemnity of 400 million francs every day—a payment which was far in excess of what Germany was even called upon to pay under the Peace Treaty of 1919<sup>118</sup>.

The problem to be solved in the post war period was of far-reaching importance. The huge loss had to be repaired, currency and banking required to be reorganized and the flow of international trade had to be revived. After the war of 1914-18, currency adjustment was brought about with great difficulty in various countries. The problems of industrial reconstruction, war beds and reparation payments proved to be very tough and complicated<sup>119</sup>.

The question of giving employment to the disbanded armies in various countries would prove a very tough one. A number of Industries grew up during the war, e.g. the automobile industry, the aero plane manufacturing industry and the like. They were war-time industries and the conversion of war economy into

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<sup>118</sup> Ibid, pp. 158-160;

*The Mathrubhumi*, (Calicut), dated 17 October, 1939, NNR.

<sup>119</sup> Ibid, p. 79;

*The Tamilmani* (Madras), dated 19 October, 1939, NNR.

peace economy was indeed difficult. It required the shifting of labour and capital from war industries into peace industries<sup>120</sup>.

All this required international cooperation i.e., cooperation between the leading statesmen and central banks of the various countries of the world. Unfortunately, this could not be secured after the war of 1914-18 to an adequate extent and it was still more difficult to secure after the war was over.

Every war leaves behind a series of taxes and loans. The taxes and loans imply transferences of wealth between different classes of people. The problem of repaying these loans would have to be solved and it would, indeed, be very difficult to secure social justice.

The war had brought an end to the economic depression through which the World War passing before 1939. Its end created conditions that might usher in a more formidable economic chaos. There was the trade cycle theory and it was not without historical justification. The problem of the post-war economic depression required international cooperation<sup>121</sup>.

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<sup>120</sup> Ibid, p. 799;

*The Ananda Vikatan* (Madras), dated 3 November 1939, NNR.

<sup>121</sup> Sivasankara Reddy, Y. – *War Time – Public Finance in India – 1939-45*, M.Litt. Thesis (*Unpublished*) University of Madras, 1950, pp. 175-77.

There were world - wide or international problems and consequently they required international cooperation. Hence the establishment of a body styled as International Economic Rehabilitation Commission became necessary. The League of Nations and the International Labour Organization were already in existence. They had now become more or less defunct. Their revival to suit the changed circumstances became necessary<sup>122</sup>.

President Roosevelt and Mr. Winston Churchill had already announced their plan of a future world peace. The terms of their plan applied to all countries, irrespective of their political status and the degree of their economic development<sup>123</sup>.

The damage and dislocation due to the World War II left most countries very short of real capital. They needed imports equipment, raw materials and food stuffs well in excess of their normal peace – time requirements, in order to rehabilitate their industries. The chief source of such imports was the United States, which had emerged from the war with an output much greater than before. But the chief way in which they could earn dollars was by exporting goods to the dollar area. Their

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<sup>122</sup> Ibid, p. 280;

*The Malayal Monorama*(Kottaya), dated 26 January, 1940, NNR.

<sup>123</sup> Ibid, p. 283;

*The Tamilnadu*(Madras), dated 28 January 1940, NNR.

export industries had suffered from the war and most countries could not export anything like as large as volume of goods as they did before the war. They suffered therefore, from an acute shortage of dollars.<sup>124</sup>

The United States of America came to their assistance. Under the Marshall Plan she agreed to provide European countries \$4,875 million (which the U.K. Share was \$1,263 million)<sup>125</sup>. Over four years, mostly by grants and partly by loans. The purpose of the Plan was to hasten the economic recovery of European countries; to enable them to increase their output and exports and eventually to stand on their own feet. The Marshall Plan came to an end about 1951, but it was in effect replaced by “defence aid”, grants given by the United States towards the cost of building up armaments by European countries for the defence of the free world<sup>126</sup>.

The United States had given large grants to other areas also, notably the Far East, during the post-war period and had also made long-term loans and investments in Canada, Latin America and elsewhere. The total amount of dollars she had made available to the rest of the world in these ways had exceeded her

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<sup>124</sup> Frederic Benham, - *Economics – A general Introduction*, Fifth Edition, London, 1955, Chapter XXXVI, p. 504.

<sup>125</sup> Ibid

<sup>126</sup> Ibid, p. 504;

*The Hindu* (Madras) dated 9 February, 1943 NNR.

export surpluses and she had to part with some gold, from her gold reserve, to make up the difference.<sup>127</sup>

The problem of disarmament received due attention. It was embodied also in the Peace Treaty of 1919 but it was not worked in a right spirit, hence the present war. For securing disarmament, a permanent international commission backed up by some sanction or authority was established. In these conditions, the post-war economic reconstruction was established along sound lines.<sup>128</sup>

A few words must now be said about India. Our country had also been affected by war. Exports to the enemy countries had been stopped and our imports had also been reduced on account of the lack of adequate shipping accommodation and the lack of the power of foreign countries to supply goods to us. Insurance premium had also gone up. Our industries had not expanded as much as they could. The currency circulation in the country now stood at about Rs. 280 crores<sup>129</sup>, and the metallic content of the rupee had been reduced and the one rupee inconvertible note had been issued. Control had been exercised over exchange and the imports and exports of foreign currency into and out of India had been brought

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<sup>127</sup> Ibid, p.505.

<sup>128</sup> *The Mail* (Madras) dated 10 February, 1942, NNR.

<sup>129</sup> Ibid, p. 507

*The Indian Express* (Madras) dated 8 March 1942, NNR

<sup>129</sup> G.O. Ms. No. 2361, Development. Dated 28 September, 1940, TNA



under control. The level of the taxation had increased and the excess profits tax had been imposed. A system of price – control had been instituted and certain commodities have been rationed. Thus Indian economy was turned into war economy.<sup>130</sup>

The war opened scope for the development of some of our industries, e.g., the automobile industry, the aeroplane manufacturing industry and the like. But adequate steps had not been taken to bring these industries into existence. Out shipping industry was in a very backward condition. But whatever industries had received the stimulus, they continued after the war.<sup>131</sup>

In the post-war period, the war economy had to be converted into a peace economy. The readjustment caused as little inconvenience as possible. The industries, which grew up during the war were allowed to continue in the post-war period with as little disturbance as possible. Then there were problems of tariff and transport and of international trade agreements. All these became a part and parcel of a plan of post-war economic development or economic reconstruction.<sup>132</sup>

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<sup>130</sup> G.O. Ms. No. 1242, Development, dated 10 May, 1940, TNA.

<sup>131</sup> Ibid

<sup>132</sup> G.O.M.S. No. 2949, Development dated 15 may 1940, TNA.

The government prepared a plan of post-war economic reconstruction in which due importance was given to problems of labour, industries, agriculture, trade, tariffs, finance, transport and the like. Further India was allowed to occupy her due place in the comity of nations by being declared a self-governing Dominion immediately after the war.<sup>133</sup>

The economic activity was completely subservient to political and military demands. The deterioration in international relations and the decline in activity in the United States had a depressing effect on the trade of the primary producing countries including India. In the next six months there was a sharp recovery in the United States and an uncertain movement on a slightly rising trend in the rest of the world. Towards the end for the year the political situations caused a fresh set back and the commodity markets weakened appreciably.<sup>134</sup>

In Madras the Bank rate remained unchanged at 3 percent. The deterioration in the economic position was reflected in the value of Cheques passing through the Madras Clearing House which declined from Rs. 109.90 crores to Rs. 98.91 crores. The gross earnings of the Madras and Southern Mahratta Railway increased from Rs. 749.33 lakhs to Rs. 754.44 lakhs while those of the South Indian Railway fell from

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<sup>133</sup> G.O.Ms.No:1730, Development dated 10 July, 1939, TNA;

Anstey Vera – *The Economic Development of India* (London, 1952) pp. 551-553.

<sup>134</sup> G.O. Ms. No. 2968, Development dated 10 July, 1939, TNA.

Rs. 559.85 lakhs to Rs. 546.74 lakhs. The total value of the sea-borne trade of the Presidency both foreign and coastwise decreased by Rs. 945.25 lakhs or 10.68 percent to Rs. 903.81 lakhs. Imports from foreign countries (excluding Burma) declined by 14.55 percent and exports by 7.26 percent.<sup>135</sup>

An aspect of finance was that attracts much attention and the effort on the part of the government was inflation. In simple terms inflation is a state of affairs where there is an expansion of money income without a corresponding increase in production. In India due to some peculiar circumstances obtaining from during the period of war, the volume of currency went on increasing without any corresponding increase in production. All the war purchases made by the British Government in India were agreed to be financed by India and this was effected to a large extent by the printing of currency notes. Thus the total number of notes in circulation which was Rs. 174.39 crores in 1938-39 rose to Rs. 1138.70 crores in August 1945 while the total deposits, the amount of which stood at Rs. 227 crores in 1938-39 rose to Rs. 384 crores in August 1945<sup>136</sup>. This obviously resulted in an enormous surpluses purchasing power while there was an acute scarcity of goods due to the diversion of all estimated supplies to the

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<sup>135</sup> G.O. Ms. No. 922, Development dated 5 April, 1939, TNA.

<sup>136</sup> *Reserve Bank of India Bulletin by Reserve Bank of India* – Basic statistics Indian Economy, 1938 and 1939m pp. 147-51.

demands of war. Consequent inflation set in and prices scored up to abnormal level. Taking the base year 1939 at 100, the index number of wholesale prices gradually went up to 244.9 in 1945-46. As regards the cost of living as reflected in the Bombay Presidency the index number was reckoned at 100 in 1939 rose up to 238 in 1945-46.<sup>137</sup>

In contrast with the high prices obtaining in India, we find in U.K and U.S.A prices always were kept under control in the war period. In these two countries inflation was cautiously avoided in spite of large expenditure.<sup>138</sup> Taxation was pitched at a high level from the beginning. All avenues were explored to encourage and increase savings and to direct them to government in the form of war loans. Rationing and price control were strictly enforced. Thus it was by diverting and increasing part of the national annual income that was financed without inflation.<sup>139</sup>

The war had an appreciable effect on the foreign trade of the Presidency which we can distinctly notice in all directions. On account of war, the balance of trade of the Presidency soon moved in its favour. As

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<sup>137</sup> Ibid

<sup>138</sup> Ibid

<sup>139</sup> Malathi Vartharajan, - *Foreign Trade of India Since 1939, M.Litt, Thesis*, University of Madras, 1955, Pp.217-19.

regards the quantum of trade there was an increase in exports of materials needed by the Allies for the war. Both imports and exports fell during the war period but the exports increased more than the fall in imports.<sup>140</sup>

As a result of the war, the European markets were lost to Presidency. The oil seeds market was very much affected and we could not find out an alternative market in the United States of America since it was also a large producer of peanuts. The Presidency market for seed oil was strongly completed by Argentina and substitutes were used in U.S.A for jute. In regard to the Presidency trade with the British Nation, there was not much of a definite increase or decrease in imports while there had been a steady increase in the export. Trade with the Middle East Countries, Australia and Canada also increased.<sup>141</sup>

War and Agriculture: The cultivator had been benefited by the new situation since the real burden of his debt had been reduced and he was able to pay his money obligations by the money released by the rise in prices. But this advantage could not be availed of by many people, since a majority of the cultivators in the Presidency did not have any surplus at all to reap the advantages of higher prices but they were only subsistence farmers and even those benefited by the higher

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<sup>140</sup> Varshney R.L. - India's foreign trade During and After the war, Delhi, 1949, pp. 304-305.

<sup>141</sup> Sir Rowland over senior U.K - *Trade Commission in 1947 "India" an overseas economic survey*, Pp. 35-36.

prices had to buy other manufactured goods at increased prices. But, on the whole, it must be said, that the lot of the farmers of the Presidency had to some extent improved during the war due to the appreciated land values and the increase in prices for their products.<sup>142</sup>

The food situation in the Presidency during the war gave some anxious moments to the people and the authorities concerned. There were serious shortages of food grains due to some exports purchases made by the defence services and due to the lower production.<sup>143</sup>

Consequent upon the failure of monsoons, cyclones and other factors, this had necessitated apart from the "grow more food" campaign introducing, many measures such as stopping of exports, increased imports of food materials, the setting up of the procurement machinery, a wide rationing system, statutory price control and various other measures. Besides, price control there were innumerable economic controls instituted during the war which were comprehensive of almost all economic activities of the Presidency. These were meant to divert resources to

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<sup>142</sup> *Fort Nightly Reports* (Confdl) II Half of Dec. 1941

<sup>143</sup> *Ibid*

the war purposes and to distribute the scarce supplies equitably among the larger number of purchasers.<sup>144</sup>

War and Presidency: The industry of the Presidency during the war stood on a different footing from that of agriculture. The Presidency trade had to face many problems in stepping up production to meet the various increased demands. The Presidency did not possess the chemical or the engineering industry workers employed in factories were only a few thousands.<sup>145</sup>

Presidency war economy: Thus the Presidency had to depend upon foreign imports of manufactured goods, machinery, spare parts and machine tools for manufacturing production. During the war, due to the shortage of shipping space, the imports of machinery were not possible and due to the export locomotives to the Middle East and the shortage of coal, the inland transport system was also put to severe strain.

Trade unions: Trade union, according to Webbes, "is a continuous association of wage earners for the purpose of improving conditions of employment". This narrow conception of the trade union has often been criticised. The predominant

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<sup>144</sup> Sivasankara Reddy, Y., - *War Time, Public Finance in India -1939-45*, M.Litt. Thesis University of Madras, 1950, Pp. 135-137

<sup>145</sup> *Fort Nightly reports* (Confdl). II Half of Dec 1942

view, however, is that the concerns of trade unions extend beyond 'bread and butter' issues. Trade unions are considered not merely as economic organisation, but also as political institutions directed towards wresting control over managerial authority. The political character of the unions has been exemplified by Karl Marx and his followers who visualized trade unions as harbingers of social revolution to change the whole structure of class domination. Thus the political roles of the union range from job regulation at workplace to bringing about a social revolution.<sup>146</sup>

Until the middle of the nineteenth century, except coal mining, there was no industrial activity in the country in the modern sense. The setting up of textiles and jute mills and laying of railways since 1850 paved the way for the emergence of labour movement in India.<sup>147</sup>

The origin of the movement can be traced to the sporadic labour unrest dating back to 1877 when the workers of the Empress Mills at Nagpur struck work following wage cut. In 1884, Bombay textile workers demanded improvement in wages and working conditions. It was estimated that there were 25 strikes between 1882 and 1890.<sup>148</sup>

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<sup>146</sup> Crouch, H., *Trade Unions and Politics in India*, Bombay, 1996, pp. 112-114.

<sup>147</sup> Gosh, G. *Indian Trade Union Movement*, Calcutta, 1976, P.57.

<sup>148</sup> Dalai and Company, *Textile Industry in South India*, Madras, 1955, P.63



The earliest organizations to be formed on the lines of modern trade unions were: (i). The Textile Labour Association at Ahmedabad (movement started in 1917 with a strike for wage rise, but the association was formed in 1920) led by Anasuyaben Sarabhai and (ii). The Madras Labour Union (1918) led by B.P. Wadia.<sup>149</sup>

The Nationalist Home Rule Movement and the difficult conditions after World War I led to the growth of union movement in early 1920's. The political leaders of that time, philanthropists and social workers took the initiative in organising industrial workers at major centers either for political reasons or because they were moved by the wretched conditions of the workers.<sup>150</sup>

In 1920, The All India Trade Union Congress (AITUC) was formed because of the need to have a national center of labour to depute delegates to the International Labour Organisations (ILO) formed in 1919. By 1924, there were 167 trade unions with a quarter million members.<sup>151</sup>

The conditions after the war, the growing unrest in unionism and the spate of strikes led the government to consider legal initiatives in 1920s. The Indian factories

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<sup>149</sup> Wadia, B.P. *Labour in Madras*. Madras. 1991, Pp. 210-15.

<sup>150</sup> N.N. Mitra (ed), *The Indian quarterly Register*, Vol.1, January - June 1926, Pp. 164-174.

<sup>151</sup> Murphy, E., *Unions in conflict: A comparative study of four south Indian Textile Centres, 1918-1939*, New Delhi, 1981, pp. 64-65.

Act, 1922, enforced a 10-hour day. The Indian Trade union Act of 1926 made it legal for workers to organize and to protest and exempted actions following out of legitimate trade union activity from the purview of civil and criminal proceedings. This Act still continues to be the basic law governing trade unions in the country.<sup>152</sup>

Ideological differences within AITUC led to a three-way split between communists led by M.N. Roy and Dange, nationalists led by Mahatma Gandhi and Nehru and the moderates led by N.M. Joshi and V.V. Giri. While party ideology was supreme for the communists, the main preoccupation of the nationalists was independence. The moderates however wanted to pursue trade unionism in its own right and not subjugate it completely to broader political aims or interests. The moderates and the communists broke away from the AITUC in 1920 and 1930s but rejoined AITUC by 1940.<sup>153</sup>

The industrial workers of the Presidency confronted an extremely difficult situation after 1930. The mill owners tried to pass the burden of trade crisis on the

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<sup>152</sup> Venkatramayya, - *Report on an enquiry into conditions of Labour in Cotton Mill Industries, in India*, Simla, 1946, p. 57.

<sup>153</sup> Ramasamy, E.A - *The worker and his union: A study in South India*, New Delhi, 1977, P. 16; Giri, V. V. - *My life and Times, Vol.1* 1976, P. 109.

shoulders of the workers by way of wage cuts and retrenchments. During the period, the workers did not achieve any new concession; rather they had to engage into resolute struggle to retain not only whatever they had already gained but their very jobs. Yet, there was a rival in the trade union movement after 1933. It was mainly due to the rivalry of leftist forces, the constitutional reforms introduced by the Government and the recovery of economy after the Great Depression (1929-33).<sup>154</sup>

The trade union spirit in the year 1929 and the British government's offensive against labour unions which culminated in the Meerat Conspiracy case had put the working class on the defensive position. The Indian National Congress which was developing into a mass organisation under the leadership of M.K.Gandhi capitalized the situation to win over the working class.<sup>155</sup> The workers also began to realize that the remedy lay in the liberation of the country from the foreign yoke. Therefore there was a meeting point for the congress and the labour. The congress evolved a labour programme which included recognition to union and the right to strike for the workers. When the Congress decided to lift its ban on entry into legislature and contest elections in the year 1937, it used an election

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<sup>154</sup> Singh, V.B (ed). - *Industrial Labour in India*; Chapter XX VII; Punekar, S.D. - *Trade Union Movement in India*. Asia Publishing House, New Delhi, 1960, Ppp.442-453.

<sup>155</sup> Lokanathan, P.S. - *Industrial Welfare in India*, Madras, 1929,pp. 107-109.

manifesto which contained an elaborate labour programme, Madras Labour Union which commanded the support of the majority of workers in the Madras Province totally identified with the Indian National Congress. In the election, Congress was voted to power and formed the ministry in July 14<sup>th</sup> 1937 with C. Rajagopalachari as Prime Minister<sup>156</sup>.

When the Congress was installed in office, there was a lot of expectations on the part of the workers, when the Labour Union Leader, V.V.Giri was appointed as labour minister the workers rejoiced at his appointment. In the context of the World Wide Economic Depression which hit the Madras Presidency also, the wages of the workers in factories had been cut down<sup>157</sup>. The Economic Depression led to large scale unemployment and the fear of unemployment prevented the workers from launching a stiff resistance to restore the wages. By 1937 the Depression had ended and there was recovery. But the managements were not prepared to lift the wage-cut inflicted in the outbreak of strikes in a number of factories. It was also a coincidence that the congress had come to power at that time. The labourers in view of the Congress policy looked

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<sup>156</sup> G.O.No.810, Public (Elections), dated 26<sup>th</sup> April, 1937 TNA; Government of Madras, Madras Labour, July 1937 to October, 1938, p. 154;

Lakhman, P. - *Congress and Labour Movement in India*, Allahabad, 1947, Pp.215-217.

<sup>157</sup> Ibid

to the Congress Government for support. The congress refused to intervene directly to deal with the situation arising out of strikes. The Congress Government led by Rajaji treated the question of strike as dispute between two parties and hence favoured only internal settlement. Whenever there was no scope for internal settlement the government only preferred to institute Courts of Enquiry to give settlement awards. The government appointed arbitrators to implement the awards of the Courts of Enquiry. In some cases the Court of Enquiry gave findings which were unfortunate to the workers. In a few cases the factory management refused to comply with the recommendations of the court. The Government in such cases did not act decisively and forced the management to enforce the settlement awards. In consequence, strikes prolonged in a number of factories and the workers had to exhaust all forms of struggles before compelling the Government to intervene<sup>158</sup>.

There were instances wherein the government had treated a simple labour dispute as a problem of law and order. Invariably we see Government involving Criminal Procedure Code to handle the situation in a number of labour disputes. Even the Congress labour union leaders like Muthu Ramalinga Thevar was put behind bars by the Government. The statement of labour minister and the opinion expressed by

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<sup>158</sup> G.O. No. 448, Development, dated 21 February, 1938, T.N.A ; Ramasamy, E.A., - op.cit., pp. 313-14.

the Prime Minister of the Madras Presidency in certain instances of labour disputes clearly indicates that the policy of the Congress Government towards labour was not helpful. The workers were thoroughly disillusioned with the performance of the Congress Ministry and this was probably the starting point for alienation between the Indian National Congress and the All Indian Trade Union Congress that eventually paved the way for the congress starting the separate All Indian Federation of Workers called INTUC in the year 1947<sup>159</sup>.

While the British blamed the Congress for the explosive labour situation as the Congress had given a number of pledges on the eve of election, Congress on the other hand blamed the communists who according to them were creating trouble to the government. As the British government used to attribute motives to a strike, the Congress government also placed on a record that, most of the strikes broke out during the period were engineered by socialists or communists. But the hard reality was that the workers had legitimate grievances when the Congress Government made it a policy to appoint them only on the basis of conciliation.

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<sup>159</sup> G.ONo. 297 - Development, dated 8<sup>th</sup> February, 1940, TNA ;

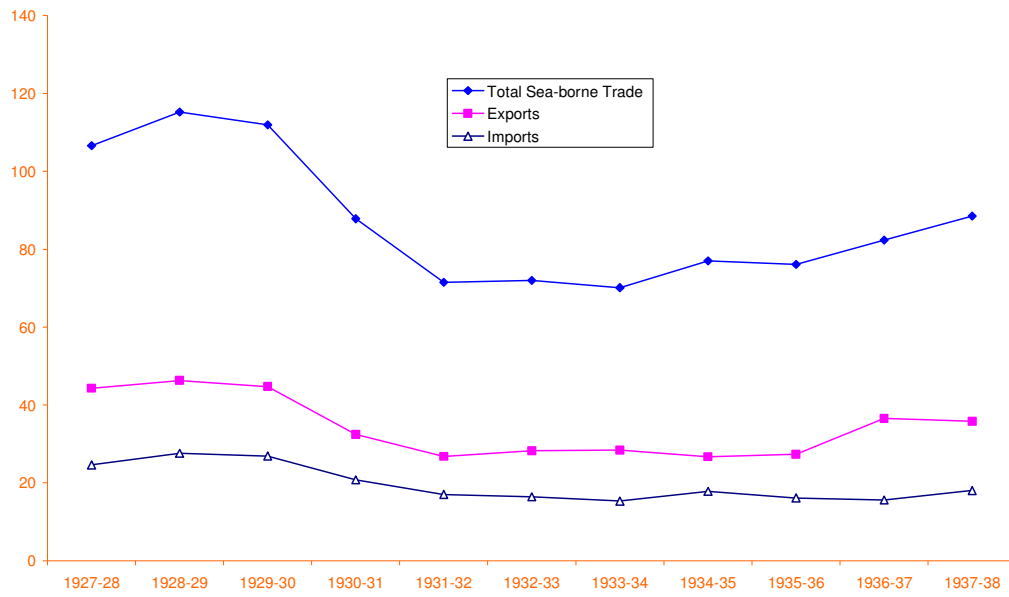
Shanta, M.C. - *State and Industry in Madras 1800-1940*. PhD Thesis, University of Madras, 1966, pp 146-148.

The Board of Arbitrators, to bring out a settlement, the Workers who were not favourable to the policy of the Congress Government. But even for the appointment of conciliation or arbitrators, the workers had to precipitate matters. The Congress Government could not have made use of the situation to extract legislation to the interests of workers. But this was sadly absent during the Congress regime. Thus the Congress government's two generation of office in Madras achieved nothing for the protection of workers' rights. This was probably because of the continuous approach of the congress not antagonizing the employers or factory's owners while intervening in a labour dispute<sup>160</sup>.

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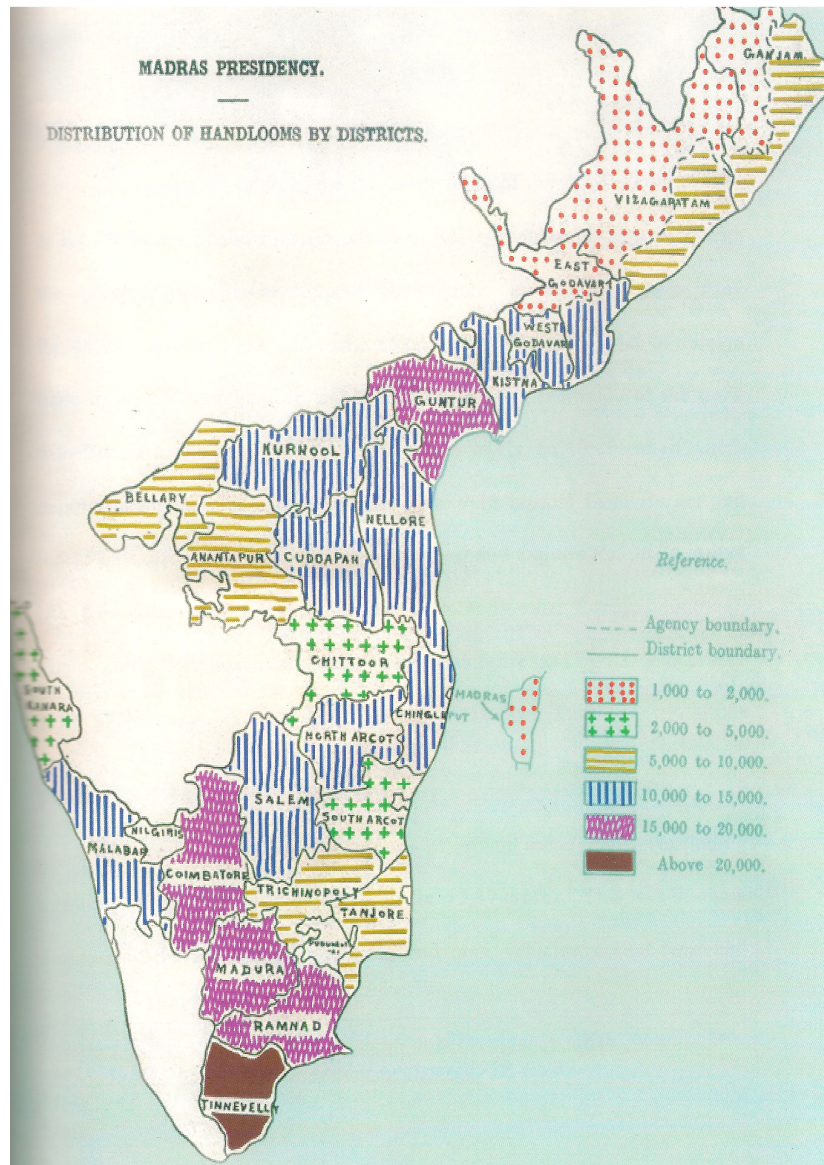
<sup>160</sup> *Report on the Administration of the Madras Presidency for the year 1941-42*, pp. 307-309.

**CHART - XIII**  
**SEA - BORNE TRADE 1927 -28 TO 1937-38**



Source : Madras Administration Report for the year 1944-45





## CHAPTER – IV

### PART – I

The aggregate value of the sea-borne trade of the province of Madras was Rs. 79.04 crores showing a decrease of Rs. 9.45 crores as compared with the previous year<sup>161</sup>. Government transactions increased slightly from Rs. 44.99 Lakhs in 1973 38 to Rs. 45.63 Lakhs. The total value of foreign trade in private merchandise and treasure (including the value of the trade with Burma to the extent of Rs. 11.79 crores to Rs. 61.10 crores of which imports accounted for Rs. 24.87 crores (Rs.9.26 crores) from Burma and Rs. 15.61 crores from other foreign countries) and exports Rs. 36.24 crores (Rs. 2.53 crores to Burma and Rs. 33.71 crores to other foreign countries). The coasting trade excluding trade with Burma decreased by Rs. 2.89 crores to Rs. 17.48 crores.<sup>162</sup>

### FOREIGN TRADE IMPORTS

The total value of foreign imports of private merchandise (excluding treasure) dropped by Rs. 2.62 crores to Rs. 15.37 crores.<sup>163</sup> This was due to a decrease in the imports of oils, melts and ores, vehicles, cotton twist and yarn,

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<sup>161</sup> *Report of the Administration of the Madras Presidency for the year 1938 – 39, P128; The Indian Annual Register*, 1939, P.239.

<sup>162</sup> *Ibid.*

<sup>163</sup> *Ibid.*

cotton manufactures, paper and pasteboard, dyeing and tanning substances, hardware, artificial silk, rubber and silk, raw and manufactured. It was, however, set off to some extent by increases in machinery and millwork, grain, pulse and flour, tobacco, manures and sugar as shown below.

	<b>DECREASE</b>	
	1937-38 (Rs in lakhs)	1938 – 39 (Rs. In lakhs)
Oils	163.92	130.58
Metals and ores	144.65	123.79
Vehicles	107.20	72.36
Cotton, twist and yarn	72.31	56.00
Other manufactures of cotton	92.90	72.12
Paper and pasteboard	70.97	50.62
Dyeing and tanning substances	64.77	51.75
Hardware	47.31	35.48
Artificial silk	48.05	12.09
Rubber	38.21	25.09
Silk, raw and manufactured	36.66	18.02
	<b>INCREASE</b>	
Machinery and mill work	240.86	269.36
Grain, pulse and flour	2.84	14.96
Tobacco	16.07	27.68
Manures	44.29	51.65
Sugar	0.25	5.70

(Source: Report on the Administration of the Madras Presidency for the year 1938 – 39)

## **Oils**

Imports of diesel and other fuel oils rose from 21.17 million gallons valued at Rs. 33.35 lakhs to 23.43 million gallons of the value of Rs. 46.07 lakhs. Supplies of kerosene oil declined from 11.74 million gallons valued at Rs. 56.42 lakhs to 11.10 million gallon valued at Rs. 40.27 lakhs. Imports of petrol dropped from 5.70 million gallons valued at Rs. 50.93 lakh to 5.30 million gallons valued at Rs. 25.70 lakhs, reduced prices being primarily responsible for the steep fall in value, Sumatra, which supplied 4.66 million gallons worth Rs. 45.30 lakhs in 1937-38, was practically out of the market in 1938-39<sup>164</sup>.

## **METALS AND ORES**

Imports of iron and steel dropped from Rs. 95.28 lakhs to Rs. 78.95 lakhs. Supplies from the United Kingdom and Belgium fell by nearly Rs. 3 lakhs each, those from Germany by Rs. 5 lakhs and from Japan by about Rs. 3 *Vi* lakhs. Receipts of brass from the United Kingdom and Germany rose from Rs. 9.11 lakhs to Rs. 7.60 lakhs to Rs. 11.4 lakhs and 11.66 lakhs respectively. Supplies of copper from the United Kingdom and Germany increased from Rs.

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<sup>164</sup> Op cit., P.129

4.51 lakhs to Rs. 1.85 lakhs, to Rs. 5.07 lakhs and Rs. 3.02 lakhs respectively, while imports of tin from the Straits Settlements fell from Rs. 8.21 lakhs to Rs. 3.38 lakhs. Imports of quicksilver diminished from Rs. 3.34 lakhs to Rs. 1.48 lakhs.<sup>165</sup>

## VEHICLES

Imports of motor cars fell to 1,352 valued at Rs. 26.13 lakhs as compared with 2,312 valued at Rs. 42.22 lakhs in the previous year. The United Kingdom and the United States of America mainly imported to the decrease, their supplies falling from 1,04 lakhs, 455 cars to 677 and 227 respectively. The number of motor omnibuses and lorries imported was 639 against 1,302 in the previous year, the value declining from Rs. 19.64 lakhs to Rs. 11.48 lakhs. Shipments from Canada and the United States of America decreased by Rs. 2.49 lakhs and Rs. 6.13 lakhs respectively. The United Kingdom sent 26,916 cycles worth Rs. 9.58 lakhs as against 33,076 valued at Rs. 10.91 lakhs in 1937-38.<sup>166</sup>

## COTTON, TWIST AND YARN

Imports of cotton, twist and yarn declined from Rs. 72.31 lakhs to Rs. 56.00 lakhs. The heavy fall may be attributed to the increased production of twist and yarn in the Indian cotton mills. Supplies from the United Kingdom contracted from Rs.

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<sup>165</sup> G.OMSNo, 146Development, dated 19 January 1939, TNA

<sup>166</sup> G.OMSNo, 2515 Development, dated 14 October 1939, TNA

36.94 lakhs to Rs. 20.02 lakhs and those from Japan from Rs. 35.13 lakhs to Rs. 30.90 lakhs.<sup>167</sup>

### **OTHER MANUFACTURES OF COTTON**

Imports of cotton pieces goods dropped from Rs. 83.92 lakhs to Rs. 64.07 lakhs. White and coloured piece goods from the United Kingdom recorded on steep fall from Rs. 63.58 lakhs to 40.19 lakhs. Coloured piece goods from Japan declined from Rs. 7.56 lakhs to Rs. 5.99 lakhs, while there was a noticeable increase in Japanese plain gray piece goods from Rs. 3.95 lakhs to Rs. 9.28 lakhs.<sup>168</sup>

### **PAPER AND PASTEBOARD**

There was a marked decline in the imports of all the categories of paper except straw board and manufactures of pasteboard, millboard and cardboard. Imports of packing paper fell from Rs. 11.19 lakhs to Rs. 5.87 lakhs, Germany, Sweden and Czechoslovakia mainly accounting for the decrease. Printing paper decreased in value from Rs. 29.30 lakhs to Rs. 17.95 lakhs, Germany and Austria contributing to the fall. Writing paper increased in quantity from 29,808 cwts to 31,351 cwts. But declined in value from 7.26 lakhs to Rs. 6.72 lakhs. Imports from the United Kingdom fell from Rs. 2.98 lakhs to Rs. 2.52 lakhs, while imports

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<sup>167</sup> G.O. MS. No. 1845, Development, dated 21 July, 1939, TNA

<sup>168</sup> GO. MS. No. 1926, Development, dated 18 November, 1939, TNA

from Austria advanced from Rs. 0.71 lakhs to Rs. 1.49 lakhs. Old newspapers registered an increase in quantity, from 243,741 cwts to 279,931 cwts. But declined in value from Rs. 12.77 lakhs to Rs. 11.57 lakhs, the share of the United Kingdom being 271,299 cwts, worth Rs. 11.20 lakhs.<sup>169</sup>

## **DYEING AND TANNING SUBSTANCES**

Imports of dyeing and tanning substances decreased from Rs. 64.77 lakhs to Rs. 51.75 lakhs. The union of South Africa supplied 323,180 cwts of wattle bark valued at Rs. 22.06 lakhs as compared with 342,968 cwts worth Rs. 20.75 lakhs in 1937-38. Despite the fall in quantity, the value rose as a result of higher prices. Shipments of aniline dyes from Germany declined from 1.68 million lbs. Valued at Rs. 34.03 lakhs to 0.81 million lbs, worth Rs. 22.37 lakhs and of alizarin dyes from 0.23 million lbs, worth Rs. 1.57 lakhs to 0.16 million lbs, of the value of Rs. 1.17 lakhs. Shipments of aniline dyes from the United Kingdom increased in value from Rs. 1.69 lakhs to Rs. 1.80 lakhs in spite of a decrease in quantity from 0.17 million lbs to 0.11 million lbs.<sup>170</sup>

## **HARDWARE**

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<sup>169</sup> Commissioner of Labour and Chief Inspector of Factories — *Report of the working of Indian factories in the Madras Presidency*, 1939, PP-102-104.

<sup>170</sup> *Ibid*, PP105-107.

Imports of hardware dropped from Rs. 47.31 lakhs to Rs. 35.48 lakhs. They were mainly drawn from the United Kingdom and Germany, which accounted for Rs. 13.52 lakhs and Rs. 10.73 lakhs as against Rs. 15.51 lakhs and Rs. 17.18 lakhs. The other sources of supply were Japan (Rs. 2.75 lakhs), Sweden (Rs. 2.26 lakhs) and the United States of America (Rs. 3.41 lakhs).<sup>171</sup>

### **ARTIFICIAL SILK**

The total value of imports of artificial silk yarn and piece goods fell from Rs. 47.92 lakhs to Rs. 12.83 lakhs. The supply of artificial silk yarn from Japan decreased from Rs. 35.58 lakhs to Rs. 7.18 lakhs and of artificial silk piece goods from Rs. 10.00 lakhs to Rs. 3.67 lakhs. Imports of artificial silk yarn from the United Kingdom perceptibly declined from Rs. 1.21 lakhs to Rs. 632 lakhs.<sup>172</sup>

### **RUBBER**

The chief supplies of rubber manufactures in order of importance were the United Kingdom Rs. 16.06 lakhs (Rs. 23.17 lakhs), Germany Rs. 6.78 lakhs (Rs. 6.16 lakhs), the United States of America Rs. 1.39 lakhs (Rs. 3.32 lakhs) and Japan Rs. 10.01 lakhs (Rs. 2.16 lakhs). Imports of pneumatic tyre covers and tubes from the United Kingdom were worth Rs. 14.49 lakhs (Rs. 20.18 lakhs), from Germany

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<sup>171</sup> Ibid, PP-110-112.

<sup>172</sup> Ibid, PP-114-115.



Rs. 4.83 lakhs (Rs. 5.07 lakhs), from Japan Rs. 0.84 lakhs (Rs. 1.60 lakhs) and from the United States of America Rs. 1.16 lakhs (Rs. 3.97 lakhs).<sup>173</sup>

## **SILK, RAW AND MANUFACTURED**

Imports of raw silk fell from Rs. 26.67 lakhs to Rs. 14.78 lakhs, silk yarn from Rs. 2.37 lakhs to Rs. 0.95 lakhs and silk piece goods from Rs. 6.90 lakhs to Rs. 2.62 lakhs. Supplies of raw silk from Japan, the principal suppliers, fell heavily from Rs. 19.55 lakhs to Rs. 5.45 lakhs, while imports from China advanced from Rs. 5.455 lakhs to Rs. 9.34 lakhs Japan sent silk piece goods to the value of Rs. 2.51 lakhs as against Rs. 6.61 lakhs in 1937-38.<sup>174</sup>

## **MACHINERY AND MILLWORK**

Imports of machinery have been steadily on the increase during the past five years and rose from Rs. 240.36 lakhs in 1937-38 to Rs. 269.18 lakhs. As usual, the United Kingdom supplied the bulk of the imports and accounted for Rs. 164.64 lakhs or 61 percent as against Rs. 169.91 lakhs or 71 percent in 1937-38. Next came Germany (Rs. 47.95 lakhs) followed by the United States of America (Rs. 17.92 lakhs) and Denmark (Rs.11.24 lakhs). Belgium increased her

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<sup>173</sup> Ibid, PP-117-119.

<sup>174</sup> *Report of the Department of Industries and Commerce for the year ending 31<sup>st</sup> March. 1939,* PP-177-119.

share from Rs. 6.83 lakhs to 8.59 lakhs and Switzerland from Rs. 1.92 lakhs to Rs. 8.17 lakhs.<sup>175</sup>

## **GRAIN, PULSE AND FLOUR**

The total imports of grain, pulse and flour advanced from Rs. 2.84 lakhs to Rs. 14.96 lakhs in 1938 - 39. Indo-China increased her supply of paddy from 2,824 tons valued at Rs. 1.77 lakhs to 16,134 tons worth Rs. 8.97 lakhs. Siam was out of the market in 1937-38 but contributed 7,142 tons valued at R. 3.97 lakhs in 1938-39.<sup>176</sup>

## **TOBACCO**

Imports of unmanufactured tobacco from the United States of America increased from 0.82 million lbs worth Rs. 13.71 lakhs to 1 million lbs valued at Rs. 17.25 lakhs. In 1938-39 the United Kingdom contributed 0.74 million lbs of cigarettes valued Rs. 1.84 lakhs as against 0.04 million lbs worth Rs. 1.28 lakhs.<sup>177</sup>

## **MANURES**

The United Kingdom was the main suppliers of sulphate of ammonia with 28,862 tons worth Rs. 31.99 lakhs. Imports from other countries totalled Rs.

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<sup>175</sup> Ibid, PP-121-123.

<sup>176</sup> Ibid, PP-125-127

<sup>177</sup> Ibid, PP-130-131

39.15 lakhs. Imports of super phosphates from Japan fell by 2,880 tons to 875 tons worth Rs. 1.03 lakhs while supplied from the Netherlands and Belgium rose by 1,769 tons and 1,546 tons to 2,675 tons worth Rs. 1.42 lakhs and 1,722 tons worth Rs. 1.61 lakhs.<sup>178</sup>

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<sup>178</sup> Ibid, PP-132-133

## **SUGAR**

There was a noticeable expansion in the imports of sugar, from Rs. 0.25 lakhs to Rs. 5.70 lakhs, mainly due to the failure of the Indian sugarcane crop and the consequent rise in the prices of Indian sugar.<sup>179</sup>

## **FOREIGN TRADE - EXPORTS**

Total exports (including re-exports) fell from Rs. 3579.90 lakhs to Rs. 3,315.50 lakhs. The decrease was mainly due to reduced shipment of leather, cotton, raw and manufactured, metals and ores, rubbers, spices and hides and skins. There was, however a marked increase in the despatches of tobacco, raw and manufactured, seeds, coffee and tea

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<sup>179</sup> Baliga, B.S *Compendium on History of Handloom Industry in Madras*, 1960, PP-117-119

(Rs. In lakhs)

	DECREASE	
	1937-38	1938-39
Leather	665.80	479.73
Cotton raw	207.37	107.58
Cotton manufactures	221.30	142.22
Metals and ores	138.00	69.05
Rubber	83.85	71.65
Spices	47.27	37.55
Hides and skins (raw)	41.70	22.52
Tobacco raw and manufactured	91.25	174.93
Seeds	841.22	902.58
Coffee	51.90	72.02
Tea	453.26	491.59

(Source: Report of the Administration of the Madras Presidency for the year, 1938-39).

## LEATHER

Exports of hides tanned or dressed to the United Kingdom declined from Rs. 302.91 lakhs to Rs. 213.33 lakhs and of skins tanned or dressed from Rs. 277.63 lakhs to Rs. 219.26 lakhs.

## COTTON, RAW

The total exports of raw cotton contracted by nearly 50 per cent from Rs. 207.37 lakhs to Rs. 107.58 lakhs. Japan diminished her demand from Rs. 110.79

lakhs to Rs. 40.45 lakhs in consequence of her policy of restriction in the import of raw materials.<sup>180</sup>

## **COTTON MANUFACTURES**

Shipments of cotton handkerchiefs and shawls to the United Kingdom fell steeply from Rs. 17.86 lakhs to Rs. 1.53 lakhs and those to Nigeria from Rs. 30.34 lakhs to Rs. 13.57 lakhs. Ceylon reduced her purchase of coloured cotton piece goods from Rs. 71.33 lakhs to Rs. 54.40 lakhs and the Straits Settlements from Rs. 40.68 lakhs to Rs. 28.16 lakhs.

## **METALS AND ORES**

Japan, the chief buyer of "iron ore, for remanufactured" diminished her takings from Rs. 4.72 lakhs to Rs. 1.17 lakhs. Exports of manganese ore dropped steeply from Rs. 128.22 lakhs to Rs. 61.59 lakhs, i.e. by over 50 percent. Germany took 4,500 tons of Chromate or chrome ore valued at Rs 1.78 lakhs as compared with 3,000 tons worth Rs. 1.13 lakhs in 1937-38.

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<sup>180</sup> *Monthly Digest of Economics and Statistics Madras state*, January, 1939.

## **RUBBER**

The United Kingdom and the United States of America curtailed their demand for rubber by about Rs.3 lakhs each to Rs. 35.95 lakhs and Rs. 11.13 lakhs respectively, and Czechoslovakia and France by about Rs. 4 lakhs each to Rs. 5.54 lakhs and Rs. 0.85 lakhs. Germany was the only country, which increased her purchases by Rs. 2 lakhs to Rs, 8.11 lakhs.<sup>181</sup>

## **SPICES**

The demand for cardamoms decreased noticeably from Rs. 23.66 lakhs to Rs. 15.83 lakhs, for chilies from Rs. 16.95 lakhs to Rs. 15.26 lakhs and for pepper from Rs. 2.12 lakhs to Rs. 1.73 lakhs; but exports of ginger improved slightly from Rs. 3.41 lakhs to Rs. 3.63 lakhs. The principal markets for cardamoms in order of importance were Sweden (Rs. 5.43 lakhs), Germany (Rs. 1.76 lakhs), the United States of America (Rs. 1.80 lakhs) and the United Kingdom (Rs. 1.79 lakhs).

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<sup>181</sup> Vengatraman, K.S. - *The Handloom Industry in South India, Madras*, 1940, PP-210-212.

## **HIDES AND SKINS, RAW**

Shipments of raw goatskins to the United Kingdom and the Commonwealth of Australia declined from 526 tons (Rs. 12.7 lakhs), and 378 tons (Rs. 12.7 lakhs), and 378 tons (Rs. 13.81 lakhs) to 187 tons (Rs. 3.31 lakhs) and 352 tons (Rs. 11.14 lakhs) respectively. The United States of America increased her purchases from 148 tons (Rs. 2.34 lakhs) to 376 tons (Rs. 5.56 lakhs).<sup>182</sup>

## **TOBACCO, RAW AND MANUFACTURED**

Exports of raw tobacco expanded from 25.91 million lbs, valued at Rs. 87.19 lakhs to 43.19 million lbs, valued at Rs. 87.19 lakhs to 43.19 million lbs valued at Rs. 172.38 lakhs. Shipments to the United Kingdom more than doubled in value and amounted to Rs. 149.74 lakhs, China which had not trade in raw tobacco in 1937-38, purchased 4.01 million lbs of the value of Rs. 11.63 lakhs, Ceylon took cigarettes including beedies to the extent of Rs. 0.94 lakh as against Rs. 2.79 lakhs last year.<sup>183</sup>

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<sup>182</sup> *South Indian Chamber of Commerce*, Golden Jubilee, 1910-1960, (Madras, 1961) PP315-317).

<sup>183</sup> *Ibid*, PP 317-320.



## SEEDS

Exports of groundnuts, which formed 97.38 percent of the trade in seeds and 26.58 percent of the total foreign export trade of the province, increased by Rs. 86.18 lakhs to Rs. 879.72 lakhs in the year under review. Shipments to the Netherlands doubled in value from Rs. 80.60 lakhs to Rs. 170.40 lakhs. France took Rs. 165.99 lakhs (Rs. 101.44 lakhs), the United Kingdom Rs. 126.52 lakhs (Rs. 87.92 lakhs) Belgium Rs. 120.61 lakhs (Rs. 59.33 lakhs) and Denmark Rs. 26.94 lakhs (Rs. 5.18 lakhs) purchase by Germany declined from Rs. 134.42 lakhs to Rs. 106.78 lakhs and those by Italy from Rs. 170.11 lakhs to 35.39 lakhs. Exports of castor seeds contracted from Rs. 25.40 lakhs to Rs. 6.24 lakhs, the share of the United Kingdom being Rs. 1.24 lakhs, as against exports worth Rs. 13.50 lakhs in the previous year. Italy and Japan took no castor seeds during the year as against exports worth Rs. 3.50 lakhs and Rs. 5.61 lakhs respectively in the previous year.<sup>184</sup>

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<sup>184</sup> G.O. MS. No 2515, Trade dated 14<sup>th</sup> October, 1939, TNA.

## **COFFEE**

Shipments of coffee advanced substantially from Rs. 51.90 lakhs to Rs. 72.02 lakhs. The United Kingdom took 60,905 cwts. (Rs. 33.87 lakhs) Belgium 9,924 cwts.(Rs. 3.76 lakhs) (Rs. 33.87 lakhs), Belgium 9,924 cwts (Rs. 3.76 lakhs) and the Commonwealth of Australia 5,859 cwts (Rs. 2.12 lakhs). The other principal consumers were France (87,926 cwts, valued at Rs. 11.98 lakhs), Norway (22,501 cwts Rs. 8.25 lakhs), Iraq (7,230 cwts worth Rs. 2.79 lakhs) and Germany 91,130 cwt worth Rs. 0.43 lakhs.).

## **TEA**

Shipments of tea improved from Rs. 453.26 lakhs to Rs. 491.59 lakhs, the chief consumer being the United Kingdom, which increased her purchases from Rs. 423.17 lakhs to Rs. 458.20 lakhs.

## **TREASURES**

Imports of gold showed a marked improvement from Rs. 14.84 lakhs to 23.43 lakhs of which Ceylon contributed Rs. 22.80 lakhs worth of billion and Burma Rs. 0.62 lakhs. Exports of gold, on the other hand, fell from Rs. 1.10 lakhs to Rs. 0.14

lakhs. Supplies of silver fell heavily from Rs. 3.95 lakhs to Rs. 0.80 lakhs of which Rs. 0.71 lakh came from the United Kingdom.<sup>185</sup>

### **COASTING TRADE**

The aggregate value of coasting trade excluding trade with Burma declined from Rs. 20.37 crores to Rs 17.48 crores i.e by 14.19 percent, imports decreasing by 18.63 percent and exports by 8.24 percent. The trade with Bombay (Rs. 830.51 lakhs) Bengal (Rs. 463.63 lakhs) and Sind (Rs. 249.60 lakhs) declined, while that Orissa improved from Rs. 3.02 lakhs to Rs. 4.26 lakhs.)

### **TRADE BY COUNTRIES - BRITISH EMPIRE**

The total import and export trade of the British Empire (including Burma) with the province of Madras amounted to Rs. 3,987.93 lakhs as against Rs. 4,339.06 lakhs in 1937- 38. Imports decreased by 13 percent and exports by 4 percent. The trade with the British Empire formed 66.14 percent of the total foreign trade as against 64.60 percent in the previous year. The trade with foreign countries contracted by Rs. 336.42 lakhs to Rs. 2,041.60 lakhs of which imports accounted for a fall of Rs. 163.83 lakhs and exports Rs. 172.59 lakhs.<sup>186</sup>

### **TRADE BY PORTS**

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<sup>185</sup> *Census Handbook* 1939. PP 237-239.

<sup>186</sup> G.O. MS. No 1845, Trade dated 17<sup>th</sup> June, 1939, TN.

The value of the total trade of the port of Madras amounted to Rs. 29.63 crores as against Rs. 34.03 crores in 1937 - 38. This trade formed 38 percent of the total trade of the Province. The decrease in foreign trade was 19.1 percent and in the coasting trade 5.6 percent, the relative importance of the subordinate ports continued unchanged; Cochin stood first, followed by Tuticorin and Calicut.<sup>187</sup>

## SHIPPING

There was a decrease in the number of ships (from 1,298 to 1,273) participating in the foreign trade of the Province<sup>188</sup>. Of these 986 were British, 69 British Indian, 54 German, 40 Italian, 33 Japanese, 24 French, 19 Dutch, 17 Norwegian, 16 Greek, 5 Swedish, 4 American and 6 of other nations. Six hundred and ninety six ships of a total net tonnage of 2,642,866 entered the port of Madras as against 684 of a burthen of 2,578,186 tons in 1937-38 of these 321 were engaged in the foreign run and 375 in the coasting.

## TRADE WITH BURMA

From 1<sup>st</sup> April 1937, when Burma was separated from India, the trade with Burma is treated as foreign. Total imports from Burma amounted to Rs. 924.39

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<sup>187</sup> *Administration Report of the Department of Industries and Commerce for 1939 - 40*. PP 227-229.

<sup>188</sup> *Ibid.*

lakhs as against Rs. 1,086.35 lakhs in 1937 - 38. The chief items of import were rice (Rs. 499.31 lakhs), petroleum (Rs. 101.89 lakhs), Kerosene (Rs. 127.98 lakhs), Teakwood (Rs. 47.89 lakhs) Pulse (Rs. 29.11 lakhs) and Paddy (Rs. 29.10 lakhs). Exports to Burma decreased by Rs. 3.43 lakhs to Rs. 224.64 lakhs Shipments of coloured piece goods advanced from Rs. 76.23 lakhs to Rs. 80.12 lakhs, and of groundnut oil from Rs. 20.77 lakhs to Rs. 34.17 lakhs while exports of cigarettes declined from Rs. 41.22 lakhs to Rs. 21.90 lakhs.<sup>189</sup>

## **EXPORTS AND IMPORT**

The aggregate value of private foreign and coastwise trade of the province, excluding treasure, in the first eleven months of the year showed a decrease of Rs. 31.12 lakhs as compared with the corresponding period of 1939. Foreign imports dropped by Rs . 266.71 lakhs, owing to smaller receipts under sugar, machinery and mill work, cotton twist and yarn, cotton piecegoods, metals and ores, grain, pulses and flour, manures, soap, hardware and vehicles other than locomotives; there were, however, increases under chemicals, seeds, artificial silk and oils. Foreign exports, including re - exports rose by Rs. 296.53 lakhs owing to larger shipments of tanned cow hides, castor seeds, cotton coloured piece goods, raw rubber, fruits and vegetables, rice and black tea;

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<sup>189</sup> Op cit P -146.

shipments of groundnut seeds on the other hand recorded a steep fall of Rs. 196 lakhs. The total value of the import trade with British Empire declined by Rs. 6.60 lakhs, while that export trade rose by Rs. 679.38 lakhs; imports from Burma dropped by Rs. 356.74 lakhs while exports rose by Rs. 77.50 lakhs.<sup>190</sup>

The total import revenue amounted to Rs. 561.55 lakhs, a decrease of Rs. 107.00 lakhs attributable chiefly to smaller arrivals of tobacco, cotton fabrics, machinery, and metals other than iron and steel, the revenue from artificial silk yarn and kerosene oil, however, recorded an increase. The total export revenue improved by Rs. 4.43 lakhs of which Rs. 3.15 lakhs were realized from the cess collected under the Indian Agricultural Produce Cess Act.<sup>191</sup>

The war had naturally affected the everyday life of the people. As compared with the previous years, the prices of food grains were considerably higher while those of commercial products were more or less the same and showed an improvement only in the latter years. The index numbers of average prices during the period of World War II were as follows.<sup>192</sup>

(Base - - Price in week ended 21<sup>st</sup> August 1939= 100)

<b>Portol</b>	<b>Food grains</b>	<b>Commercial products</b>	<b>All commodities</b>
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<sup>190</sup> *The Indian Annual Register, 1939, P 114.*

<sup>191</sup> *Ibid, P.115.*

<sup>192</sup> G.O.MS. No. 236, Trade dated 14<sup>th</sup> January, 1939, TNA

Quarter ending			
December 1939	106	117	112
March 1940	104	124	114
June 1940	169	117	112
September 1940	112	100	166
December 1940	119	<b>96</b>	107
March 1941	118	94	105
June 1941	122	<b>95</b>	108
September 1941	133	111	122
December 1941	104	114	126

(Source: Report of the Administration of the Madras Presidency for the years-1939-1941)

The principal factors which contributed to the rise in prices were the partial failure of the rice crops in parts of India in the previous years and the shortage of shipping for imports from Burma in the early part of the war period, the broadening of export demand for raw products like cotton and groundnut. The speculative rise in commodity markets consequent on the freezing order against Japan and the irregular behaviour of the monsoon. The accelerated rise in prices reached the climax in December following Japan's entry into the war. The markets were for a while unsteady and disorderly elements in a few places such as Madura and Bezwada took advantage of the situation to loot shops, but with the advent of the

new crop in the middle of the month the situation became normal. The prices of grains, commercial products and all commodities were respectively 44 percent, 15 percent and 29 percent above the pre-war prices.<sup>193</sup> The price advisory committees set up by the Government continued to function and they helped to keep retail profiteering in check. A tendency of some price advisory committee to adopt bazaar prices as fair prices was checked and prices were fixed on their relation to wholesale prices and other factors such as cost of transport, etc. the number of articles for which committees determined and published fair retail prices was increased by the inclusion of charcoal and firewood. The news of declaration of hostilities by Japan occurred at a time when the prices usually rose just before the harvest. To control the upswing in prices the government ordered the local authorities to give wider publicity than before to the fair prices published by the Advisory Committees by means of leaflets and also to open retail shops wherever necessary and with the help of merchants on the committee to sell at fair prices such of the articles in which profiteering persisted. Grain depots under non official management were opened in several districts in which rice was sold to the poor people at a rate more favourable than bazaar prices. Rather than prohibit exports of rice, as recommended by one or two collectors, the Government ordered that where necessary Price Advisory

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<sup>193</sup> Ibid.



Committees should open retail deposit. To check nay hoarding the government called for weekly returns of stocks of paddy and rice from wholesale dealers. The committees did not however interfere with the normal economic factors and their activities did not affect the prices, which the agriculturists got for their produce. The government also prepared schemes for the organisation of food supplies in the Madras city and ten other important coastal towns.<sup>194</sup>

The government considered the question as to what prices the cultivator was getting for his produce; whether the rise in prices was such as to bring it up to the pre-depression level and whether the merchants were putting on too big a margin over the agriculturist's prices. Accordingly it was decided to constitute a small committee in the beginning of January 1942 to report on the question whether the government should attempt to limit the primary prices of standard food grains.<sup>195</sup>

The groundnut situation, which caused anxiety in the previous year, improved. There was no carry-over from the previous crop and as a result of the steps taken by the government to advise ryots to restrict cultivation to some extent.

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<sup>194</sup> *Report of the Administration of the Madras Presidency for the year 1940-41*. PP 57-58.

<sup>195</sup> Ibid P.260

The British Food Ministry continued to make its purchases in India. Its purchase price was increased from the minimum rate of £ 10 for, Indian port to £ 12, The Madras government agreed to contribute to and participate in the fund constituted by the Government of India with the shippers rebate on their purchase passed on by British Government for the benefit of the Groundnut cultivators. The prices of cotton continued to show improvement, but the closure of the Japanese market affected the prices.

The control of prices of the German drugs worked smoothly. The control of prices of other essential medical supplies was under the consideration of the government. In view of the excessive prices of firewood in Madras city and Chengalpat district towards the end of the year, the Government fixed under the Defence of India Rules, the maximum prices for this commodity.<sup>196</sup>

The price of the dye stuffs was on the whole steady. The price of yarn began to rise from April 1941 and there was an abnormal increase in July, the price having reached 50 to 160 percent over the price in April 1941.<sup>197</sup> The matter was at once taken up by the State Government with the Government of India and powers obtained for the control of the retail prices of yarn. They also arranged through the

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<sup>196</sup> *Report on the Administration of the Madras Presidency for the year, 1940-41*, PP. 57-58.

<sup>197</sup> *Ibid*, PP 63-65.

register of Co-operative societies for supplies of yarn by the Madras Mills for the requirements of Weavers Co -operative Societies in the Province. Fixing of fair prices for yarn by price advisory committees was however discontinued as being unworkable as a result of difficulties such as the absence of control of mill prices and the Government directed all persons having stocks of yarn over 400 lb. To furnish periodical returns to district collectors, prices however began to weaken in December owing to the fear of the loss of foreign markets in the east and of insecurity of stocks, in the coastal towns.

## **EXPORT AND IMPORTS**

The total value of the private trade, foreign and coastal, during the first eleven months of the year fell by Rs. 560 lakhs as compared to the corresponding period of last year.

Foreign imports increased by Rs. 44 lakhs as the result of larger arrivals of vehicles, machinery and millwork, seeds, spices, silks, metals and ores. There was a fall in the imports of grain, manures, chemicals, dyeing and tanning substances,

artificial silk, oils, cotton piece goods, cotton twist and yarn and instruments, apparatus and appliances.<sup>198</sup>

Foreign exports, including re-exports dropped by Rs. 545 lakhs as a result of smaller shipments of groundnut and castor seeds, tanned hides and skins, raw cotton, rubber and coffee. There was however an increase in the exports of rice, fruits and vegetables, coloured cotton piece goods and raw tobacco.<sup>199</sup>

While imports from the British Empire, increased by Rs. 39 lakhs exports dropped by Rs. 2.82 lakhs, imports from Burma, however, increased by Rs. 370 lakhs while exports only increased by Rs. 19 lakhs. The total import revenue was Rs. 571 lakhs, an increase of Rs. 9 lakhs on the previous year; kerosene oil, tobacco, spirits and liquors and raw silk being primarily responsible for the increase. There was a fall in the revenue from imports of motor cars, pneumatic rubber tyres and tubes, artificial silk yarn and cotton fabrics.

The export revenue of the Presidency increased by Rs. 2 lakhs, of which the Cess collected under the Indian Agricultural Produce Cess Act accounted for over Rs. IV2 lakhs.<sup>200</sup>

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<sup>198</sup> Ibid P-273

<sup>199</sup> Ibid P -275

<sup>200</sup> Ibid P -276

## **EXPORTS AND IMPORTS**

The total value of the private trade, both foreign and coasting, during the year fell by Rs. 13.99 crores as compared with corresponding period of last year. Foreign imports dropped by Rs. 12.95 Crores.<sup>201</sup> There was a marked fall in the imports of vehicles, metals and ores, oils machinery and mill work, seeds, paper and pasteboard, provisions and oilman stores, chemicals, silk raw, and artificial silk. Supplies of drugs and medicines recorded an increase. Foreign exports including re-exports declined by Rs. 4.70 crores. Shipments of coffee, castor seeds, chillies, coir manufacture and tea increased, while those of groundnut seeds, cotton raw, cotton coloured piece goods, tanned cow hides, rubber raw, fruits, vegetables and tobacco unmanufactured showed a reduction.

The import trade with the British Empire diminished by Rs. 9.91 crores and the export trade by 2.20 crores. The total import revenue fell from Rs. 570.56 lakhs in 1941 to Rs. 321.58 lakhs in 1942. Motor spirit, kerosene oil, tobacco, machinery, betel nuts, raw silk, iron and steel, artificial silk yarn and artificial silk fabrics were mainly responsible for the steep decline.

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<sup>201</sup> Ibid P -279

Export revenue improved slightly from Rs. 10.48 lakhs in 1941 to Rs. 10.95 lakhs in 1942. The Cess collected under the Indian Agricultural Produce Cess Act amounted to Rs. 4.37 lakhs.<sup>202</sup>

## **INDUSTRIES AND COMMERCE**

The Bureau of Industrial and Commercial Intelligence continued to provide general and technical information on industrial and commercial subjects. Applications for capital issues were scrutinized and forwarded to the Government of India for sanction. One meeting of the Board of Industries was held and the subscription of shares worth Rs. 22 lakhs on behalf of the Government were sanctioned in two concerns.<sup>203</sup> During the year the scheme of District Industries Officers was introduced and nine officers were appointed after a short period of training. These officers helped the director to answer enquires regarding the financial standing of firms and names of manufacture of various articles and to report on the condition of the existing industries and on the possibilities of starting new ones. They were also expected to supervise and guide the existing cottage industries and help demobilized soldiers to set up new cottage industries.<sup>204</sup>

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<sup>202</sup> G.O. MS No, Trade, dated 7, March 1942; Krishna Rao., V.R *War and Our Foreign Trade in the Indian Review 1942*, (May, 1942) PP 213 -214.

<sup>203</sup> G.O. MSNo2296, Development dated 20 September, 1940, TNA.

<sup>204</sup> Ibid

Spare parts required by the rice mills were not easily available and as it was imperative that the mill should continue to produce rice, a scheme was worked out to manufacture fabricated parts in various firms and workshops. Further, whenever necessary, imported stores were requisitioned. During the period under review the coal quota under the Provincial Distribution scheme was increased from 67 to 150 wagons per month. The Iron and Steel section that was inaugurated in 1944 met the demands of the manufacturers of consumer goods and other industrialists of the province. During the year about 2700 tons of Standard Steel and about equal quantity of usable defectives were distributed. With effect from 1<sup>st</sup> November 1945 the control on the acquisition of defectives was relaxed. The distribution of sole leather and grindery was released by the Footwear Controller.

Delhi was also entrusted to the provincial Government. Regarding paper, the permissible quota under the Economy Order was raised by 40 percent on account of a general improvement in the supply position.<sup>205</sup>

In pursuance of the Government policy of rapid industrialization of the province this department organized a chemical laboratory where analysis and investigations of various minerals could be carried out in order to collect fundamental

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<sup>205</sup> Op cit PP -44-46.

data regarding their utilization for different industries. The department initiated a scheme for the investigation of alkaline earth deposits for the manufacture of soda ash and caustic soda. A special officer was appointed to prepare plans for a vegetable ghee factory and in October 1945, Government sanctioned the establishment of a factory at Calicut capable of producing 10 tons of vegetable ghee and 5 tons of refined oil per day. Under a scheme for the expansion of vegetable ghee industry, the Government of India allotted to this province the production of 21.00 tons per annum and it was decided to permit private industrialists to set up 7 factories each with a capacity of 3,000 tons. Government sanctioned a scheme for the manufacture of coir and its products and Mangalore and Calicut were selected for the erection of factories. Government granted Rs. 6,617 to a public body in Tadpatri for the development of hand spinning in the famine areas of ceded districts.<sup>206</sup>

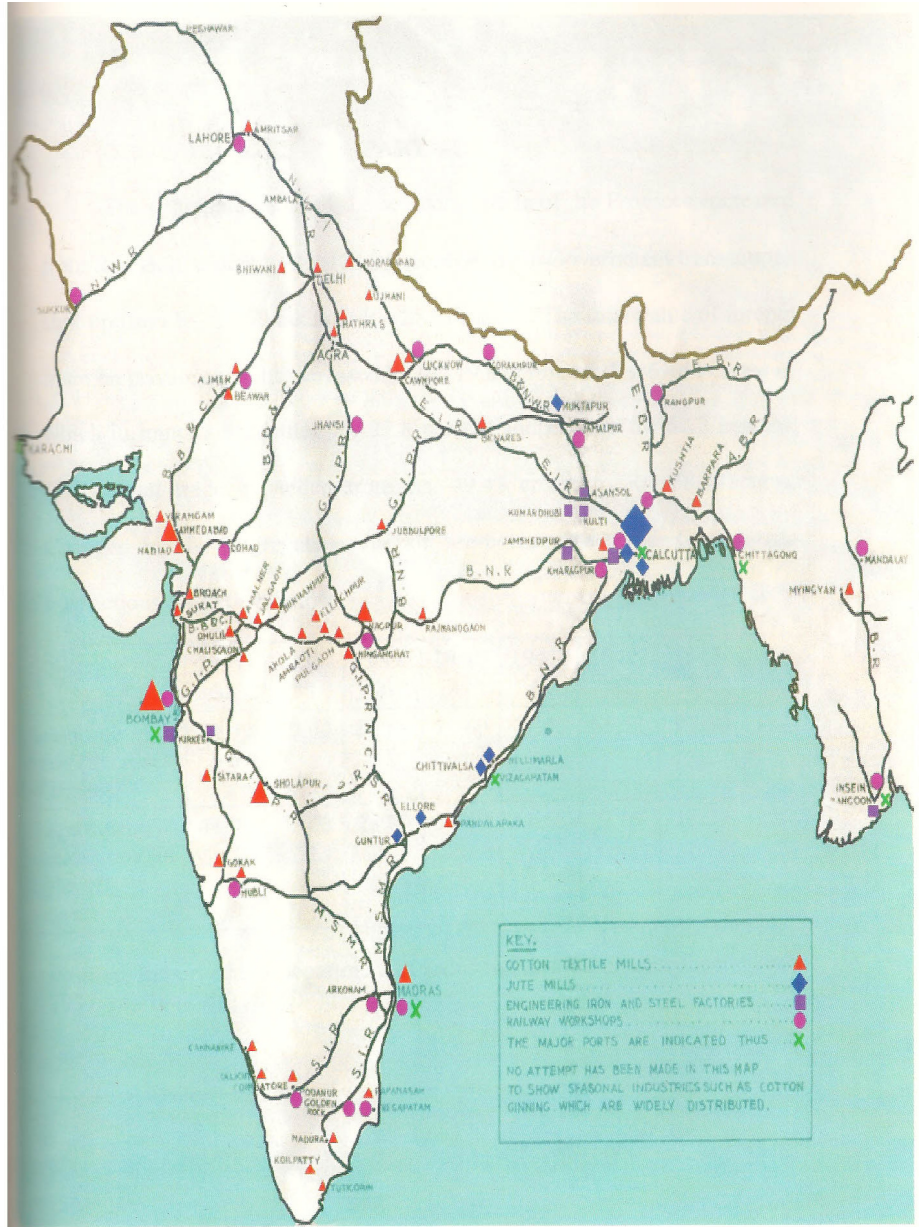
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<sup>206</sup> Ibid, PP-47-49



**SKETCH MAP**  
**SHOWING DISTRIBUTION OF**  
**CHIEF FACTORY INDUSTRIES**  
**IN**  
**BIRITISH INDIA**  
**WITH THE MAIN RAILWAY LINE**  
**SCALE**





## CHAPTER – IV

### PART - II

The aggregate value of the sea-borne trade of the Province increased from Rs. 93.30 crores to Rs. 134.75 crores and the Government transactions shot up from Rs. 11.39 lakhs to Rs. 257.11 lakhs. The total value of foreign trade on private account increased by Rs. 19.88 crores to Rs. 63.64 crores of which in imports accounted for 37.8 percent and exports for 62.2 percent. The coastal trade expanded from Rs. 49.43 crores to Rs. 68.54 cores. Changes in the aggregate value of sea-borne trade and Government transactions are shown below: -

	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45
Sea-borne trade (in crores of rupees)	88.49	79.04	82.89	75.60	77.00	65.51	93.30	134.75
Government transactions (in lakhs of rupees)	44.99	45.63	28.89	75.60	11.63	9.16	11.39	257.44

(Source: Report of the Department of Industries and Commerce for the years 1937-38-1944-45)

Compared to pre-war years, the aggregate value of the sea borne trade expanded considerably. The government transactions slumped sharply after 1938-39, but the trend was suddenly reversed in 1944-45 when the value of such transactions exceeded a total of the seven previous years.<sup>207</sup>

The total value of foreign trade on private account and the imports and exports are shown below for the years 1937-1945.

### FOREIGN TRADE

	<b>Total foreign trade Rs. in crores</b>	<b>Imports Rs. in crores</b>	<b>Exports Rs. in crores</b>	<b>Percentage of export to total</b>
1937-38	67.7	29.1	38.6	57.1
1938-39	61.1	24.9	36.2	59.3
1939-40	66.4	27.5	38.9	58.6
1940-41	<b>59.0</b>	22.6	36.4	61.7
1941-42	60.9	24.3	36.6	60.1
1942-43	40.9	10.2	30.7	76.8
1943-44	43.8	10.1	33.7	77.3
1944-45	63.7	24.1	39.6	62.7

<sup>207</sup> G.O. M. SNo. 146 Trade, dated 12.01.1944, T.N.A. *Annual Statement of the sea-borne trade of British India in the British Empire and Foreign Countries,* 937-38—1944-45.

Total foreign trade and imports tended to decline throughout the war period. The imports were lowest in 1943-44, when the trade balance in favour of Madras Province was the highest in the last eight years. On the other hand, exports were fairly well kept up. It was satisfactory to note that already in 1944-45 the first post-war year, imports and exports compared very favourably to the corresponding figures for 1939-40. This is reflected in the graph given below:

### **IMPORTS Increase**

	<b>1943-44 Rs. In</b>	<b>1944-45 Rs. In lakhs</b>
Machinery and mill work	96.29	180.01
Manures	-	180.91
Asphalt	4.22	35.85
Chemicals	49.97	70.74
Instruments	17.73	37.59
Paper	8.51	23.99
Drugs and Medicines	8.68	20.64
Vehicles	4.58	13.88

(Source: Report on the Administration of the Madras Presidency for the years 1943-44-1944-45)

## Decrease

	1943-44 (Rs. in lakhs)	1944.45 (Rs. in lakhs)
Wool (new)	52.28	2.77
Dyeing and tanning substances	62.19	33.39

(Source: Report on the Administration of Madras Presidency for the years 1943-44, 1944-45)

## Machinery and mill works

Consignments of electrical machinery from the United Kingdom rose from Rs. 36.13 lakhs to Rs. 74.07 lakhs and those from the United States of America from Rs. 0.17 lakhs to Rs. 8.04. Supplies of other sorts of machinery from the United Kingdom increased from Rs. 6.50 lakhs to Rs. 33.03 lakhs.

## Manures

Imports of manures, which previous year amounted to Rs. 70.00 lakhs, to which the United Kingdom contributed Rs. 43.16 lakhs and Canada Rs. 24.40 lakhs.

## Asphalt

Arrivals of asphalt from Iran went up from Rs. 4.22 lakhs to Rs. 30.81

lakhs. Egypt, which had no trade in this commodity in the preceding year, supplied to the value of Rs. 5.04 lakhs in the year under review.<sup>208</sup>

### **Chemicals**

The United Kingdom enhanced the shipments from Rs. 35.03 lakhs to Rs. 42.94 lakhs and Canada from Rs. 0.14 lakhs to Rs. 13.54 lakhs. Imports of ammonia and its salts from the United Kingdom increased from Rs. 0.68 lakhs to Rs. 2.96 lakhs, of sodium carbonate from Rs. 3.55 lakhs to Rs. 8.96 lakhs. Copper Sulphate from Egypt accounted for Rs. 3.74 lakhs as against nil dispatches in the previous year. Calcium compounds with Rs. 1.94 lakhs and other chemicals valued at Rs. 11.20 lakhs arrived from Canada, which had no share in this line last year<sup>209</sup>

### **Instruments**

Receipts from the United Kingdom registered a rise from Rs. 16.36 lakhs to Rs. 33.19 lakhs. Imports of electric wires and cables from the United Kingdom expanded from Rs. 2.52 lakhs to Rs. 9.63 lakhs; of electric bulbs from Rs. 1.10 lakhs to Rs. 2.74 lakhs; of the photographic instrument from Rs. 0.74 lakhs to Rs. 2.83 lakhs; of cinema films (raw) from Rs. 3.94 lakhs to Rs. 6.11 lakhs and to expose cinema film for Ceylon, from Rs. 0.94 lakhs to Rs. 1.78 lakhs.<sup>210</sup>

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<sup>208</sup> *Indian Annual Register*, Calcutta, 1944, PP -117-121.

<sup>209</sup> *Ibid*, PP -123-125

<sup>210</sup> *Indian Review*, Madras, 1944.

## **Paper**

Shipments of printing paper advanced from Rs. 3.89 lakhs to Rs. 13.07 lakhs mainly due to larger arrivals from Canada amounting to Rs. 10.09 lakhs as compared to Rs. 2.32 lakhs in the preceding years. The United Kingdom increased her supplies of writing paper from Rs. 0.44 lakhs to Rs. 2.16 lakhs and of other kinds of paper from Rs. 1.84 lakhs to Rs. 5.98 lakhs.

## **Drugs and medicines**

Proprietary and patent medicines from the United Kingdom recorded an improvement from Rs. 0.94 lakhs to Rs. 2.58 lakhs and other drugs and medicines from that country from Rs. 3.53 lakhs to Rs. 9.29 lakhs. The United States of America supplied drugs and medicines valued at Rs. 6.23 lakhs as compared to Rs. 0.72 lakhs in the previous year.

## **Vehicles**

Arrivals of carriages and parts for railways from the United Kingdom registered an increase from Rs. 0.13 lakhs to Rs. 1.27 lakhs and those of wagons and parts for railways, from the low figure of Rs. 498 to Rs. 1.03 lakhs. The United



Kingdom enhanced her dispatched of cycles and parts of cycles, from Rs. 2.92 lakhs to Rs. 6.82 lakhs.<sup>211</sup>

### **Dyeing and tanning substances**

The Union of South Africa reduced her shipments of wattle bark from Rs. 32.77 lakhs to Rs. 26.71 lakhs. Supplies of coal-tar dyes other than alizarine from the United Kingdom diminished from Rs. 9.96 lakhs to Rs. 2.13 lakhs. There were no imports from Switzerland, which accounted for Rs. 14.62 lakhs last year.

### **Exports**

The total value of exports of private merchandise (including reexports but excluding treasure) increased by Rs. 1.88 crores. The chief export from the Province of Madras to foreign countries and their proportion are shown in diagram earlier.

The chief articles whose exports expanded or fell notably are given below:-

### **Increase**

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<sup>211</sup> Berna, James L. - *Industrial Entrepreneurs hip in Madras state*, New York, Asia publishing House, 1950 PP - 212-14

	<b>1943-44 Rs. In lakhs</b>	<b>1944-45 Rs. In lakhs</b>
Cotton manufactures	453.64	750.97
Cashew Kernels	128.34	306.81
Coir manufactured	91.87	187.65
Fish	139.28	187.73
Rubber, raw	9.64	51.10
Tobacco unmanufactured	19.26	58.04
Lemongrass oil	8.17	32.02
Leather	274.15	303.37
Onion	38.00	58.02

#### **Decrease**

Groundnuts	812.68	630.16
Castor seeds	18.49	2.42
Tea	691.41	632.36
Manganese Ore	48.81	1.95
Coffee	51.81	22.87
Pepper	34.82	19.80

(Source: Report on the Administration of the Madras Presidency for the years 1943-44 to 1944 - 45)

### **Cotton manufactures**

While shipments of cotton twist and yarn declined from Rs. 58.77 lakhs to Rs. 36.82 lakhs, those of cotton piece goods shot up from Rs. 385.56 lakhs to Rs. 682.94 lakhs. Ceylon enhanced her demand for cotton piece goods from Rs. 355.95 lakhs to Rs. 643.77 lakhs.<sup>212</sup>

### **Cashew kernels**

The requirements of the United States of America went up to Rs. 297.91 (110.40) lakhs while those of the United Kingdom diminished from Rs. 14.45 lakhs to Rs. 8.39 lakhs.<sup>213</sup>

### **Coir manufactured**

Supplies to the United Kingdom increased from Rs. 58.98 lakhs to Rs. 97.87 lakhs and to the United States of America from Rs. 17.16 lakhs to Rs. 51.61 lakhs. The contribution of the Union of South Africa improved from Rs. 4.55 lakhs to Rs. 7.31 lakhs of the commonwealth of Australia from Rs. 2.08 lakhs to

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<sup>212</sup> Commissioner of Labour and Chief Inspector of Factories - *Report on the working of the Indian Factories* PP -211 - 213.

<sup>213</sup> Ibid, PP 214-215.

Rs. 6.55 lakhs, and of New Zealand, from Rs. 2.64 lakhs to Rs. 7.29 lakhs. Portugal entered the market with a demand for Rs. 5.89 lakhs worth of coir.<sup>214</sup>

## **Fish**

The trade under this head rose from Rs. 139.28 lakhs to Rs. 187.73 lakhs, of which Ceylon accounted for Rs. 187.66 lakhs.<sup>215</sup>

## **Rubber, Raw**

Exports of rubber, raw, advanced from Rs. 9.64 lakhs to Rs. 51.10 lakhs, the United Kingdom being the sole purchaser.<sup>216</sup>

## **Tobacco, unmanufactured**

The United Kingdom and Ceylon increased their off-take considerably from Rs. 12.89 lakhs and Rs. 6.35 lakhs to Rs. 31.98 lakhs and Rs. 11.98 lakhs, respectively. The Union of Soviet Socialist Republics, which did not buy these goods last year observed unmanufactured tobacco to the value of Rs. 10.05 lakhs in the present year.<sup>217</sup>

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<sup>214</sup> Ibid, PP 221-22.

<sup>215</sup> *Report on the Administration of the Madras Presidency for the year 1944-45*, PP 232-36.

<sup>216</sup> Ibid -PP 237-239.

<sup>217</sup> *Modern Review*. Calcutta, 1945, PP 107-109

## **Leather**

The United Kingdom reduced her takings from Rs. 242.52 lakhs to Rs. 233.51 lakhs. The share of the Union of South Africa rose from Rs. 16.97 lakhs to Rs. 46.65 lakhs, of the United States of America from Rs. 7.49 lakhs to Rs. 12.51 lakhs and of Ceylon from Rs. 5.56 lakhs to Rs. 8.76 lakhs.<sup>218</sup>

## **Groundnuts**

Exports to the United Kingdom declined by nearly 50 percent from Rs. 619.97 lakhs to Rs. 311.74 lakhs. The requirements of Ceylon and the commonwealth of Australia also decreased from Rs. 12.38 and Rs. 16.16 lakhs to Rs. 5.76 lakhs and Rs. 5.78 lakhs respectively. But Egypt increased her consumption from Rs. 66.39 lakhs to Rs. 140.84 lakhs. Canada, Kenya Colony, Palestine and Turkey entered the market with purchases to the value of Rs. 47.17 lakhs, and those to Ceylon from Rs. 2.68 lakhs to Rs. 4.91 lakhs.<sup>219</sup>

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<sup>218</sup> *Annual Report of the South Indian Chamber of Commerce*, J 944-45, Annual Re PP, 87-89

<sup>219</sup> *Ibid*, PP 89-91

## Manganese Ore

The United States of America cut down her requirements from Rs.43.87 lakhs to Rs. 1.25; also there were no shipments to the commonwealth of Australia, which absorbed Rs. 2.98 lakhs last year.<sup>220</sup>

## Coffee

Supplies to Ceylon dropped from Rs. 35.59 lakhs to Rs. 9.50 lakhs but the United Kingdom absorbed almost half the exports.<sup>221</sup>

## Coastal Trade

It is seen from the figures given below that the value of coastal trade in 1944-45 was nearly three and a half times what it was in 1937-38 and indicates the growing importance of coastal service:

	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45
Value of coastal trade in crores of rupees	20.37	17.48	16.18	16.32	15.58	25.54	49.43	28.54

(Source: Statistical Abstract of the British India- 1937-38 -1944-45)

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<sup>220</sup> *Ibid*, PP 91-93

<sup>221</sup> G.O. Ms No. 527, Trade, dated 8<sup>th</sup> February, 1944, TNA

During the year 1944, imports rose from Rs. 26.79 crores to Rs. 35.02 crores and exports from Rs. 22.64 to Rs. 33.52 crores. Trade with Bombay amounted to Rs. 17.35 crores, with Bengal Rs. 27.33 crores and with Sind Rs. 13.76 crores.<sup>222</sup>

	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45
Trade with British Empire countries (in crores of rupees)	30.01	39.88	44.94	45.38	48.65	34.55	33.36	42.60
Percentage of the foreign trade	55.8	66.14	68.86	77.18	80.00	84.55	76.36	67.45

(Source: Annual Statement of the sea-borne trade British India in the British Empire and Foreign Countries- 1937-38-1944 - 45.)

The aggregate value of the sea - borne of the Province of Madras decreased by Rs. 3.23 crores to Rs. 131. 52 (134.75 crores) during the year 1945-46. This consisted of:

	Rs.
Imports on Private account	24.23 (24.05) crores
Exports on Private account	44.68 (39.59) crores
Coasting Trade	62.50 (68.54) crores

Government transactions dropped very heavily to Rs. 95.00 (257.11) lakhs.

<sup>222</sup> Ibid

## Foreign Trade Imports

The total imports increased to Rs. 24.34 (24.05) crores, the contributions from the different commodities being:

	1944- 45 Rs. in Lakhs	1945-46 Rs. in Lakhs	Increases Rs. in Lakhs
Machinery	180.01	201.03	21.02
Iron and Steel	19.98	41.17	21.19
Vehicles	13.88	26.66	12.78
Instruments	37.59	58.08	20.49
Chemicals	70.74	96.00	25.26
Liquors	12.48	19.22	6.74
	1944.45 Rs. In lakhs	1945-46 Rs. in Lakhs	Decreases Rs. in Lakhs
Grain, Pulses and flour	409.33	191.85	217.48
Manures	70.00	57.76	12.24
Cotton Price goods	31.73	6.92	24.81

(Source : Indian Annual Register, Madras, 1944-45, 1945-46)

Imports from the United Kingdom of textile, sewing and knitting, sugar and tea machinery increased, but there was a sharp fall in the imports of other sorts of machinery from Rs.33.03 lakhs to Rs.10.78 lakhs, and electrical machinery from Rs.74.70 lakhs to Rs. 53.86 lakhs. There were increases under all categories of machinery imported from the United States of America. Electrical machinery increased from Rs.8.04 to Rs. 16.03 lakhs.