His Excellency the Viceroy, in declaring the proceedings open delivered the following address:

President and Gentlemen,—

I would begin by thanking all the members of the Federation for the kind welcome they have given me, and in particular your President, Mr. Birla, for the terms in which he has given expression to it. I need scarcely say that it is a great pleasure to find myself once more taking part in the annual meeting of the Federation of Indian Chambers of Commerce and Industry, and I know that the

same pleasure is felt by the members of my Government, though the occasion has found them in the middle of a busy session of the Assembly and it has therefore been difficult for them to devote as much of their time as they would have wished to your proceedings.

I should like, gentlemen, to associate myself with what your President has said, deploring the death of Mr. B. F. Madon and Mr. Narottam Morarji. The industrial life of Bombay and of India, and perhaps more particularly those enterprises with which they were intimately concerned, have suffered a loss which they will find it hard to fill.

At the beginning of Mr. Birla's interesting address to which we have just had the pleasure of listening, he referred in appreciative terms to the admission of Indian firms to commercial organisations in London, and I would warmly echo the satisfaction he expressed. Such a spirit of co-operation between British and Indian commercial interests is essential to the further development of Indian commerce and industry, and I am glad that I should have been able to play some small part in this matter.

Your President went on to speak of the unsatisfactory position of trade in general throughout the country. A year ago there seemed to be good ground for hope that trade was definitely recovering from the depression it has felt since the Great War, for the figures both of imports and exports in 1928-29, as calculated on the basis of pre-war prices, was for the first time higher than the corresponding figures for 1913-14. Another interesting feature of the trade of the year 1928-29 was that it marked the return to what for all practical purposes may be described as pre-war conditions of the relative general level of prices of India's imports and exports. A discouraging sign of India's post-war trade was that, relative to pre-war prices, the general level of prices for imported articles was considerably higher than that for exported articles; in other words, India was paying more for her imports than she was getting for her exports. Index

Numbers prepared in the Department of Commercial Intelligence and Statistics show that in 1920-21 the general level of prices for imports stood at 237 and for exports at only 140 on the basis of 100 for both import and export prices in 1913-14. This represented a difference of 97 points—a difference which interfered considerably with the overseas trade of India. In 1924-25 the difference still stood at 26 points, but by 1928-29 it had fallen to only 6.

Unfortunately however although the position up to the end of the year 1928-29 gave good ground for sober optimism, the tide of progress has slackened, forces world-wide in character have exercised a depressing effect on trade in general, and the outlook for Indian trade and commerce is at present less favourable than it was a year ago. I can only express the fervent hope that the set-back will prove to be temporary, and that your Federation at its next meeting will be able to record a return to improved conditions of trade and commerce.

There is however one exception to the present somewhat unfavourable outlook. Recently conditions in the coal trade have exhibited a marked improvement and at present the industry is more prosperous than it has been for some years past. The success attained by the Coal Grading Board has probably contributed to this welcome change. The Board was constituted at the beginning of 1926 on the recommendation of Sir Frank Noyce's Committee, and since then the total shipments of coal from Kidderpore Docks for cargo and bunkers have risen steadily from $1\frac{1}{2}$ million tons in 1924-25 to nearly $3\frac{3}{4}$ million tons in 1928-29. It is hoped that the organisation created by the Indian Soft Coke Cess Act, which was passed during the last Simla Session of the Legislature, will also be of value to the coal industry. The Committee will be financed by a cess of 2 annas a ton on soft coke despatched by rail from collieries in Bengal and Bihar and Orissa, and will be charged with the promotion of the sale and improving the methods of the manufacture of soft coke.

I welcome the interest taken by your Federation in the development of an overseas trade organisation as indicated in one of the resolutions on your agenda dealing with the appointment of Trade Commissioners. It will interest you to know that a scheme has been prepared for the appointment of Indian Trade Commissioners at Hamburg, Milan, New York, Durban, Mombasa and Alexandria. As a corollary to the establishment of Trade Commissioners in Africa and the Near East, it is also proposed to appoint a Deputy Director of Commercial Intelligence at Bombay. For it is expected that the work of these Trade Commissioners will centre chiefly round the expansion of India's export trade in cotton piece-goods, and if we are to reap the full benefit of their labour, it is essential that we should have a Commercial Intelligence Officer at Bombay who will be in direct contact both with the exporting houses and the Trade Commissioners. I feel little doubt that this overseas trade organisation will be of material assistance in the development of India's export trade.

In this connection it is gratifying to know that the new India House is now nearing completion, and will I hope be opened in the early summer of this year. The offices of the High Commissioner for India are, as you know, at present situated in inadequate premises and in an inconvenient locality, and the new site in Aldwych, next to Bush House and not far from Australia House and within reasonable distance of the City, is a great improvement on the old arrangements. The new building provides, in addition to the usual office accommodation, a large show-room with exhibition windows for the Trade Commissioner's Department and a Bureau on the Aldwych front for the Railway Department. It is our hope that India House will be treated as a centre in London for visitors from India, and with this object in view it has been equipped with a good reference library and adequate facilities for reading and writing. A feature in which I was greatly interested when I visited the building in September last, is the use that has been made of Indian timber. It has been possible to provide for the dis-

play of a full range of Indian decorative woods by using them for the panelling and flooring of the more important rooms, and Indian utility timber has been used for all the ordinary joinary work. I think that there is every hope that this will have a very considerable advertising value, and will assist the efforts now being made to further the sale of Indian woods in European markets.

You may remember that on the last occasion on which I had the pleasure of addressing your Federation, I referred to the formation of an Indian Accountancy Board, and I hope that during the present session of the Assembly legislation may be passed to give effect to the scheme. The ultimate aim of Government is to build up in India an Associasion or Associations of Accountants of the same standing and reputation as the principal Institutes and Societies of Accountants in the United Kingdom, and it is hoped that the constitution of an Indian Accountancy Board will prepare the way for the establishment of an Association or Associations of this nature.

Another piece of legislation which must be of particular interest to commercial and shipping interests is the Indian Lighthouse Act which, with other legislation aimed at centralising the Mercantile Marine Administration, was brought into force from the last of April 1929. All general lights round the coasts of India are now under the direct control of the Government of India, assisted by a Lighthouse Advisory Committee consisting of representatives of Indian and British shipping and commercial interests. It has for some time been recognised that the lights along the west coast of India are not up to modern requirements, and the first fruits of the centralisation of the administration will be improvement in the lighting of this coast, including the provision of a light of the first order at Vengurla Rocks, an important turning point for ships voyaging along the west coast of India. I would take the opportunity here of acknowledging the great assistance which Government have received from the Advisory Committee both in the preliminary arrangements preceding the

introduction of the Act and in the administration of the Act since it came into force.

On the important question of the relations between employers and labour you have rightly felt, Mr. President, that your position as a member of the Royal Commission on Labour precluded you from dwelling at any length. It is satisfactory to know that in the prosecution of their task the Royal Commission, to whom we confidently look for guidance in helping towards the eradication of some of the causes of present discontent, should have the assistance of your experience and practical knowledge of Indian industrial conditions. If industry is to prosper, not only must labour be happy and contented, but the relations prevailing between employers and employed must be above suspicion. Workmen on their side must recognise the difficulties of their employers and realise that the most effective way of raising their own standards of living is to bring greater efficiency to the performance of their tasks. It is essential on the other hand that the employers should understand and sympathise with all the healthy aspirations of their employees, and should recognise as one of the first charges on industry the payment not merely of a minimum wage but of a wage which will enable a workman to take pride in his work and lead a life which is something fuller than the mere completion of his daily task in mill or workshop. In this way we may hope that the idea of opposition between the claims of employers and their labour will gradually be replaced by a sense of partnership and identity of interest which will ensure the further development and the greater prosperity of India's industry.

You have drawn a picture, Mr. President, of the Report of the Royal Commission on Agriculture which I think is perhaps unduly pessimistic. The statements we have received from Local Governments on the progress they have made in giving effect on the recommendations in that Report show that it has furnished a most valuable stimulus to agricultural development in all directions. The main lesson which the Report strove to impress upon India was that there is no short-

cut to the improvement of agricultural conditions in this country, and that this can only be attained by patient and co-ordinated research into the main problems, by steady development of agricultural propaganda and by the demonstration in the villages of improvements of established value. It also urged that a sustained effort should be made to assist cultivators to organise themselves for the betterment of their conditions of life. It was because the Commission realised the necessity for a comprehensive grasp of these questions that it recommended the establishment of an Imperial Council of Agricultural Research. That recommendation my Government immediately and whole-heartedly accepted. The Council has entered upon its duties with zeal, and it is a most hopeful augury for its future that it should be receiving as it is the warm co-operation of Provincial Governments in matters where Provincial experience and resources can be profitably pooled with those of the Government of India for the common good.

Another canvas you have painted in sombre colours today is that of the general financial situation in India. I do not propose to examine in detail the figures which Mr. Birla has put forward, but I would take this opportunity of correcting what I believe to be certain misapprehensions on his part. No one can deny that India has large foreign liabilities, but such foreign liabilities are no evidence of weakness in the financial position of a country in the early stages of development. With the assistance of imported capital India has acquired assets in the shape of railways, irrigation works, factories and other enterprises, of which the value is considerably in excess of her liabilities. I am convinced that, if it were possible to draw up a balance sheet exhibiting the financial condition of India, it would show that, as a result of the development which has taken place during the last hundred years, there is an enormous surplus of assets, representing the gain to India which has accrued on account of developments made possible by the use of foreign capital, I will mention only one fact to

indicate that the real resources of India are not so inadequate as has been suggested by your President. Since 1900 the value of India's net imports of gold has been nearly 400 million pounds and of silver 350 million pounds, and India is still importing gold at the rate of about 15 million pounds per annum and silver at the rate of 7½ million pounds. It is surely unreasonable to suggest that a country which has an enormous stock of gold and silver and which is still drawing gold and silver in considerable quantities from the rest of the world, is in so weak a financial position as to be unable to meet its foreign liabilities. In the President's view our failure to discharge our annual obligations is having the effect of causing India's debt to increase at an undesirable rate. So far as I can learn this conclusion is not supported by statistical data, and on all available evidence appears to be contrary to the actual facts. There is, I believe, no evidence that a large amount of capital is at present being brought into India by private agencies; in fact, the indications are that a certain amount of private capital is being exported. The external borrowings of Government were examined in detail by Sir George Schuster in his last budget speech in which he stated that during the six years ending the 31st March 1929 the Government capital expenditure abroad amounted to £60 millions, whereas the amount of foreign money which India had to raise to finance this expenditure amounted to £17 millions. In other words, the surplus resources available for meeting India's foreign liabilities amounted to £43 millions, and it was possible to invest this surplus in further enterprises which will increase the productivity of India. I would maintain therefore that the financial position of India is sound, and that there are no substantial grounds for the President's anxiety.

I would go further and appeal to all those who hold responsible public positions in India to endeavour to allay, rather than to use language which may have the effect of encouraging, feelings, of disquiet at a time when she especially needs the confidence of the rest of the world. It is right that Indians should strive to make their country, as it can be

made. economically strong and independent. But I believe that the leaders of economic opinion in India can best do this, and can best encourage productive enterprise, not by exaggerating difficulties but by witnessing to the solid grounds which exist for reasonable optimism.

It remains only to declare your proceedings open. In doing so I thank you once more for having given me this opportunity of inaugurating your deliberations, and of assuring you again of the interest and concern with which I shall continue to watch the development of India's trade and commerce. (Applause).

Lala Shri Ram Vice-President of the Federation in moving a vote of thanks to His Excellency the Viceroy remarked :—

Your Excellency and Gentlemen, it is my happy privilege and pleasant duty to thank Your Excellency for having taken the trouble to come here and open the deliberations of this Federation. Gentlemen, as you all know, His Excellency is a very busy person, and that is all the more reason why we should be very grateful to him for the trouble he has taken in coming over here, but the time he has spent in opening our deliberations this year is well spent on a laudable object. This Federation is, I think, the most representative body of the commercial, industrial and economic interests of the country. Last year we had 29 bodies affiliated to the Federation, and this year we have 39, which shows that the Commercial Organisations in the country consider this institution as a really representative body. I hope some day this institution will be the only Federation representing the other Bodies in the country.

Your Excellency, I will not take much of your time except to request you to continue to take interest as you have done during the past two years,in our institution, and I would request you all, Gentlemen, to join me in thanking His Excellency by acclamation for the great trouble he has taken to come here for opening the deliberations of this Federation. (Applause).