The manufacture of pencils in India goes back to the Swadeshi movement as far back as 1905. Since then, the industry had to face very hard competition from countries such as the UK, Germany, Japan, USA, etc., and the progress of the industry has been a chequered one. Even before World War I, India had to meet her requirements of pencils from imports, the bulk of which came from the UK, Japan, Czechoslovakia and Germany. The average imports in the pre-war period were of the order of 50,00,000 dozens per annum. The following figures will clearly exhibit the position:

Before the war there were only three pencil factories in operation but their production statistics are not available.

The industry, however, made considerable progress during the war years. Imports declined immediately after the outbreak of the war, but recovered in 1941-42. During the next two years there was again a fall in imports and the lowest figure was recorded in the year 1943-44 when only 92,061 dozens of pencils, valued at Rs. 58,206 were imported into the country. The detailed trends of imports are shown in Table I.

Owing to stoppage of imports, several new units came into existence and took advantage of the favourable situation created by the war. Another characteristic of the industry during the war was that it supplied all the requirements of the Defence and other Government departments.

But after the war was over, import restrictions were relaxed and the market was flooded with imported pencils and imports reached their peak in 1947-48. During this year about 1,19,23,207 dozens of pencils valued at Rs. 107,76,782 were imported of which the share of USA was Rs. 93 lakhs. The indigenous manufacturers began to feel the impact of foreign competition and two representations by the leading manufacturers were made to the Government for protection and State assistance, e.g., for procurement of up-to-date machinery and raw materials, provision of technical advice and research facilities and encouragement to the industry by the States Purchase Departments. They also demanded a 100 per cent. tariff protection.

It would not be irrelevant to mention here that due to the tightening of import control during the last two years, imports of pencils were drastically curtailed and the indigenous manufacturers were able to establish their market. The trends of post-war imports are shown in Table II.

The total imports of pencils during the nine months period ended December 1950 was 86,527 dozens valued at Rs. 91,118.

At present there are ten leading pencil manufacturers in India, mostly concentrated in Calcutta, Bombay and Madras. Moreover, there is a large number of concerns manufacturing pencils on more or less a cottage industry scale. No accurate statistics of installed capacity and actual production of these concerns are available. Neither are the requirements of the country for pencil known even roughly. The annual demand has been estimated at a minimum of 4,50,000 gross. On the other hand, though the rated capacity of the leading ten units is put at 3,85,000 gross per annum, the actual production of eight of them was only 1,17,220 gross in 1946, 98,000 gross in 1947 and 81,000 gross in 1948. Even from these rough figures, the gap...
between production and annual requirements appear to be very wide.

Graphite, wood, clay, shellac, spirit, glue, etc., are the main raw materials used in the industry. Besides these, there are other minor raw materials such as glycerine, wax, oil, lacquer paint, silver foils, etc. The indigenous manufacturers have no difficulty in obtaining the main raw materials except graphite and wood of requisite quality as they are available from indigenous sources.

Graphite is available either from Ceylon or the USA. Ceylon graphite, however, is of inferior quality and if good quality pencils are to be manufactured, graphite has to be imported from the USA. This is not possible today because of the restrictions imposed by the Government of India on the import of graphite from USA.

Cedar wood is the most suitable for the manufacture of good quality pencils, and can be obtained either from California or East Africa. As all the best quality cedar wood of East Africa is reserved for the British manufacturers, only bad quality wood is available to the Indian manufacturers. The import of California! wood is also banned. The wood available within the country is not suitable for the manufacture of high quality pencils. But certain species of the indigenous deodar and Cyprus found in certain parts of Northern India possess all the qualities necessary for the manufacture of first-grade pencils. The Forest Research Institute, Dehra Dun, have shown that these, woods could be used as a good substitute for the imported cedar wood. During the last world war the indigenous manufacturers had to use Indian wood. But they now prefer to use foreign wood, because of the superiority of the latter. If there is sufficient demand for the indigenous wood and due encouragement is given to the industry in the form of subsidies or otherwise, there is sufficient reason to believe that India will be self-sufficient within a reasonable time. Our manufacturers should therefore consume indigenous raw materials as far as practicable.

The efficiency of labour engaged in the indigenous pencil industry, both skilled and unskilled, can be as high as in any other country though there are no doubt some handicaps to be overcome. The major handicap is the need for practical training which can be imported only if the industry is organised on sound lines and has adequate resources.

The consumers complain that the quality of indigenous pencils is much inferior to that of imported ones and that the defect lies in the inferior quality of the lead and wood. It has also been complained that pencils made in India are either too hard or too soft. This is, however, not always the case with all the brands. It is known that the quality of the finished goods depends on the raw materials used and on the efficiency of the labour employed. The bad quality of the raw materials at present is no doubt responsible for the bad quality of the pencils. Moreover, there being no standard specification for pencils, quality suffers in consequence.

There is also a general complaint that the price of the indigenous pencils is higher compared to that of imported ones. The main reason for this is the price of raw materials which constitutes about Go per cent. of the total cost. The rates of duty on certain imported raw materials are given below:

<table>
<thead>
<tr>
<th>Material</th>
<th>Duty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graphite</td>
<td>30 per cent</td>
</tr>
<tr>
<td>Lacquer paints</td>
<td>24 per cent</td>
</tr>
<tr>
<td>Silver foils</td>
<td>30 per cent</td>
</tr>
<tr>
<td>Dyes &amp; paints</td>
<td>12 per cent</td>
</tr>
</tbody>
</table>

The per capita consumption of pencils in India is less than one pencil per annum. Now only 14 per cent, of the population is literate. A sharp rise in the percentage of literacy will raise the demand for pencils and it has been estimated that the demand for pencils in the next three years will be 500,000 gross.

The claim of the industry to protection or State assistance was referred to the Tariff Board for investigation in April 1949 and the enquiry covered all varieties of black lead, coloured and copying pencils. The Tariff Board recommended that the existing revenue duty, viz., 25 per cent, ad valorem or one anna per dozen whichever was higher, plus 1/5th of the total duty for black lead pencils and 37 per cent, for coloured and copying pencils - should be converted into protective duties which should remain in force up to December 31, 1953. The rate of alternative specific duty on lead pencils should be revised to Ru. 0-3-6 per dozen in order to bring it into conformity with the current c.i.f. prices of imported pencils.

The Government of India have accepted this recommendation in principle but have decided that protection should initially be given only for a period of two years, i.e., up to December 31, 1952 as production was far below the installed capacity. It has also been decided that the continuance of protection should depend on the progress made by the industry during the first year.

**UK Ships For India**

Britain had chartered 40 food ships for India over the period January-June, the Secretary of State for Commonwealth Relations, Mr. P. C. Gordon-Walker, told the House of Commons.

Mr. Gordon-Walker said: "Shipping is no less necessary than supplies of food. Although the tonnage at our disposal was already seriously strained, we have been able to charter for India about 40 ships over the period January-June, most or all of which would otherwise have been available for our own import programme."

**Final Jute Estimate**

The all-India final estimate of jute 1950-51 puts the current year's acreage and production at 1,448,944 acres and 3,292,221 bales as against the partially revised estimates of 1,162,603 acres and 3,089,216 bales during 1949-50. This shows an increase of 24 per cent in acreage and 6.6 per cent increase in production.

This increase in area and production, which has been reported in all States except Bihar is attributed to the special efforts made for the cultivation of jute. The decline in production in Bihar is explained by the abnormal rainfall, especially in June, which led to the suspension of breeding operations for a considerable period.

For the first time UP has been included for this estimate and accounts for an area of 23,850 acres and a production of 49,963 bales.