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THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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SEVENTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1934

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LEGISLATIVE ASSEMBLY.

Monday, 12th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

DEATH OF SIR THOMAS RYAN.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, the Members of this House will, I am sure, have heard with profound sorrow the news that Sir Thomas Ryan passed away last night. It was only the day before yesterday that we saw him here seemingly in his usual health and spirits, fighting the motions for cuts in the demands for postal grants in that unmistakable fashion of his. Sir, the tragedy of his sudden death is deepened by the fact that within a few days he would have been leaving the shores of India to enjoy the retirement that he had so well earned. He was one of the oldest and closest friend I had in India. Our friendship had extended for over twenty years. He was the head of the most important Department under my charge, and I have been in daily contact with him for the last two years. During that time I had learnt to admire more and more his great qualities, and my admiration and affection for him had steadily increased. The House will understand that in these circumstances the tribute that I can pay to his memory this morning can only be utterly inadequate. Few words are, however, necessary. The House has learnt, I am sure, during the last two years to appreciate his eminent qualities as an administrator combined as they were with an unusual charm of manner and a humorous outlook on life. It is very difficult for me to say more. I can only say that Sir Thomas was a tower of strength to every Department in which he served, and above all, to the Department over which he presided during the last two years. The House, as I have said, had learnt to appreciate certain aspects of his character. There were others which could only be known to those under whom he served. He was the most utterly farminded man I have ever met. No case, however trivial, failed to receive the attention of his unflagging industry, and I am sure, Sir, that he has left a mark on his Department which will last. The staff, especially the subordinate staff, can never know, will never know, the deep interest he took in their welfare. Sir, for him it has been a good end. For those he has left behind the loss is irreparable, and I would ask you, Sir, to convey the deep sympathy which will, I am sure, be forthcoming from all parts of this House to his family in their tragic bereavement.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, it was truly a shock to every one of us when we heard only just now of the very tragic and sudden death of a faithful, loyal, energetic and persevering servant of Government who happened to be a Member of this Legislature. I came personally in contact with Sir Thomas Ryan for the first time when I had the privilege of going into the Department of which he was the distinguished head, and I need hardly say that I can corroborate, as far as my knowledge goes, every word that has fallen from his Chief, the Honourable Sir Frank Noyce. It is men of the type of Sir Thomas Ryan which enable the British Government to rule in India.

[Sir Cowasji Jehangir.]

Their fairminded judgment, their sincerity of purpose, and above all, their complete impartiality help the British in India to maintain a predominant position and give India the services of men whose record will ever remain. There have been in the past many Thomas Ryans who have laid down their lives in the service of this country, who have passed the major portion of their lives in this country—some of them like Sir Thomas passed away in this country, and I feel sure that this side of the House can never be too grateful to men of this kind and character. Mr. President, this House has suffered a great loss. It was only on last Saturday that we heard Sir Thomas give a long and lucid explanation to every one of the criticisms raised in this House. I was watching that clock opposite to me as Sir Thomas was speaking,—I believe he spoke for an hour and five minutes. Now, Mr. President, that is a considerable effort, and considering that he had merely the lunch hour in which to get his notes together, personally I thought it was a considerable feat even for a Government official with the experience of Sir Thomas Ryan. It is really a matter of deep regret that a British officer should pass away in this country immediately after having made a most lucid exposition and a complete defence of his own Department in reply to criticisms that fell from this side of the House.

Sir, as Sir Frank Noyce has said, perhaps the staff do not realise what they owe to Sir Thomas Ryan, not only as Director-General, but during the whole time of his connection with the Postal and Telegraph Department. I can speak from personal knowledge, I will repeat, of his impartiality and honesty of purpose. I would like, Mr. President, to associate my Party and myself with the great regret that we all feel at this sudden loss, and may I add that our heartfelt condolences should be conveyed to Lady Ryan, Miss Ryan and Mrs. Coburn, his two daughters who are here in Delhi. Their loss is irreparable, but we all trust that Providence will give them courage to bear the loss of what after all to them is their all.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): I desire to associate my friends and myself with all that has fallen from the previous speakers, and I desire to associate wholeheartedly my friends and myself with the tribute that has been so deservedly paid to the memory of such a tried public servant as Sir Thomas Ryan. It was not my good fortune to come into as intimate a contact with him as it was Sir Cowasji Jehangir's, in the domain of administration, but off and on Sir Thomas Ryan has been a Member of this Legislature and we all learnt to appreciate his deep sympathies with the staff that was under him, the indefatigable energy that he always exhibited in the discussions that took place in this House, and above all, the charm of manner that was so characteristic of him. I do not think it is any exaggeration to say that he endeared himself to all with whom he came into contact. There was hardly any Department of any importance in the Government of India with which Sir Thomas Ryan in his long career was not associated in one capacity or another. There have been numerous committees and enquiries with which also he was associated, and he has left his mark everywhere. I would request you to forward a message of condolence from this House to Lady Ryan and her family.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): I have not had the honour of personal acquaintance with the late Sir Thomas Ryan, but from the observation that I had

been making of the way in which he dealt with the several matters that had been brought before him either by way of questions or by way of Resolutions and cut motions, the infallible courtesy with which he treated the Members and the seriousness with which he listened to every argument and tried to meet it as far as he could, appealed to me in a way nothing else could have done, and I entirely agree with what my Honourable friend, Sir Cowasji Jehangir, said, it is men of that type that make the prestige of the British Government go higher and higher. Sir, the last thing that I heard from his lips was when on this side an attack was made on the way the extra departmental agents of the Postal Department were treated, and when Sir Thomas Ryan, although the whole question had been fully and carefully investigated by him, promised that he would again go into that. That, Sir, appealed to me most of all, because that showed that, although the man was perfectly sure of his own decision, yet he did not want to allow a single opportunity to be lost whereby, if possible, he could render justice to the poor employees of his Department. As Sir Frank Noyce said, the officials of the Department never know the great consideration and sympathy with which they were treated by the head of the Department, because he had always to be far and aloof, but, from the practical standpoint of view, I do hope they will all appreciate the great services that he rendered to that Department and the great loss that the country and his Department in particular have suffered by this sudden and tragic end of his career. Sir, I associate myself and my Party with everything that my Honourable friend, Sir Cowasji Jehangir, has said, and I request that our heartfelt sympathy and condolences be conveyed to those near and dear to him whom he has left behind.

Raja Sir Vasudeva Rajah (Madras: Landholders): Mr. President, on behalf of the Nationalist Party and on my own, I wish to join the other Members who have preceded me in the expression of their deep sorrow at the very unfortunate and sudden death of Sir Thomas Ryan. The shock caused to us on account of this tragic event is too much for words, and I need only say that we mourn very deeply the loss that this House and the country has sustained by his sudden death. We all knew him to be a very painstaking and conscientious officer who had a great deal of sympathy with the officers and men who worked under him, and, I am sure, not only the Department, but the whole country will share in the deep sense of sorrow that we all feel at his loss. We all sympathise with his family, and I request you to convey our deep and sincere condolences to them.

Sir Leslie Hudson (Bombay: European): Mr. President, I wish to associate myself and my friends behind me with everything that has fallen from my Honourable friends who have already spoken. Sir Thomas Ryan was a personal friend of most of us, and certainly of mine. We have known of his work for India during the past decades, his qualities of head and heart are well known to us and to the House and, I may say, to a very great part of India. I hope I shall not be considered to be detracting at all from the records of his predecessors when I say that during the time Sir Thomas Ryan was at the head of the Postal and Telegraph and Telephone systems of India, the efficiency of that Department had considerably increased, and we cannot but acknowledge the great personal responsibility that has brought about this in the person of Sir Thomas Ryan. Sir, this sudden and tragic event is a great shock to all of us, and I am sure that the sympathy of the whole of India will go out to Lady Ryan and her family. I hope you will convey with the rest

[Sir Leslie Hudson.]

of the House the sentiments of the European Group—sentiments of sorrow and sympathy at his decease.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): I wish also to join in mourning the loss of one who was one of the greatest sympathisers of the Department to which he belonged. Sir Thomas Ryan's sudden death has made our grief still more severe, and the shock is so much that it is very difficult to express it in words. On Saturday last, when he was addressing this House in the course of the Budget debates, it was never thought that Sir Thomas Ryan was so soon going to leave us for ever. His death, specially on the eve of his retirement, makes it still more shocking. His memory will always be cherished with gratefulness in this country. Our hearts go forth in sympathy to his bereaved wife, Lady Ryan and his daughters, and I wish to associate myself with the desire that our sincere condolences should be conveyed to them.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): I came to know Sir Thomas Ryan and his qualities for the first time when I sat on the Retrenchment Committee on the Posts and Telegraphs Department. It was the Ryan Report which gave us the greatest help in coming to the many conclusions to which the Posts and Telegraphs Retrenchment Committee arrived. After reading that Report, we found what capacity and capability Sir Thomas Ryan had in grasping the facts which came up before him. In social matters, Sir Thomas Ryan was equally a great friend of the people with whom he came in contact. I have known him for a long time, but these sterling qualities had been found only during the last four or five years. I have got great sympathy for Lady Ryan and the daughters of the late Sir Thomas Ryan, and I associate myself with every word that has fallen from other quarters.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair wishes to associate itself with the tribute that has been paid to the memory of our colleague, Sir Thomas Ryan. The tragedy has overtaken us with such a shocking suddenness that it is difficult to give expression to our feelings on an occasion of this nature. It was my privilege to have known Sir Thomas Ryan rather intimately He was one of those few men for whom one always cherished a feeling, not merely of regard, but of the deepest affection. He was an intensely human personality. Even though his membership of this House has been only for short intervals, during those short periods he created in the House an atmosphere of good humour and of affection to him. None of us realised that when he made his valedictory speech in this House only the day before yesterday that he was making his last pronouncement in this world. The tragedy is heightened by reason of the fact that within the next few days he was to have gone back to his native home to live in peaceful retirement. It would be my duty to convey to Lady Ryan and the other members of his family the deep sense of sorrow of every section of this House. I think I shall be acting according to the wishes of every section of the House if, as a mark of respect to his memory, I adjourn the House for today.

I have instructed the Notice Office to find out the time of the funeral, and Honourable Members who would like to attend the funeral would get the information from the Notice Office.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 13th March, 1934.

LEGISLATIVE ASSEMBLY.

Tuesday, 13th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

MEMBERS SWORN.

Mr. Archibald Morven Macmillan, C.I.E., M.L.A. (Bombay: Nominated Official); and

Mr. Sidheshwari Prasad Varma, M.L.A. (Government of India: Nominated Official).

QUESTIONS AND ANSWERS.

EXAMINATIONS HELD FOR PROMOTION OF POSTAL CLERKS TO THE LOWER SELECTION GRADE.

436. *Mr. N. M. Joshi: (*a*) Will Government be pleased to state whether during the years 1929 and 1930 examinations were held for promotion of postal clerks to the lower selection grade of Rs. 160—250?

(*b*) Were appointments to the posts in the lower selection grade, including those of Inspectors of Post Offices and head clerks to the Superintendents of Post Offices, to be made from amongst the passed candidates?

(*c*) Are Government aware that when the examination was introduced, the number of officials permitted to appear at the examination was restricted to ten times the number of likely vacancies in the lower selection grade?

(*d*) Was permission to appear at the examination restricted to only seniormost officials of the time-scale?

(*e*) Will Government be pleased to state whether in 1929 there was no rule allowing junior officials in the ordinary time-scale of pay, who had passed the first efficiency bar and whose age on the date of examination did not exceed 35 years, to appear at the examination?

(*f*) Was such a rule, as stated in part (*f*) above, introduced for the first time, *vide* the Director-General's Special General Circular No. 16, dated the 18th August, 1930?

The Honourable Sir Frank Noyce: (*a*) Yes.

(*b*) Yes, and also from those candidates who passed the old examination for Inspectors of Post Offices and Head Clerks to Superintendents of Post Offices and Inspectors, Railway Mail Service.

(*c*) Yes.

(*d*) The examination was open to the seniormost officials and also to a few selected junior officials.

(*e*) Yes, but as a special case the junior officials who had been already selected and promised permission to appear at the old Inspectors' examination (since abolished) were also allowed to appear in the 1929 examination.

(*f*) Yes, if by "part (*f*)" the Honourable Member means part (*e*).

CATERING CONTRACT FOR CRAIG DHU AND LONGWOOD, SIMLA.

437. ***Diwan Bahadur A. Ramaswami Mudaliar:** (*a*) Will Government be pleased to state if catering for Craig Dhu and Longwood, Simla, has been given on a contract? If so, to whom and from what date did it originally take effect, and when does the existing contract terminate?

(*b*) Do Government propose to consider the advisability of calling for fresh tenders due to fall in prices of commodities?

(*c*) Is it a fact that the caterer charges the Members of the Central Legislature a higher rate than he charges permanent residents in Craig Dhu and Longwood?

(*d*) Has any other catering firm offered to quote the same rates for Members of the Central Legislature as are charged to permanent residents if fresh tenders are called?

(*e*) Do Government propose to consider the desirability of calling for fresh tenders on the condition that the Members of the Legislature are charged the same rates as the permanent residents?

(*f*) Have Government considered the desirability of letting out Craig Dhu and Longwood on a system of rental lease along with catering contract, as is done by the Army authorities?

(*g*) Are Craig Dhu and Longwood insured against fire, and are the insurance charges paid by the caterer? Is it a system in the Army Department to insist on insurance of such buildings by the caterers, at their own expense, and, if so, will the same condition be introduced in the case of Craig Dhu and Longwood?

Sir Lancelot Graham: (*a*) The contract for official residents is made through the Public Works Department and was first given to Mr. Wenger in 1926, and has subsequently been renewed from time to time for periods of two years. The existing contract expires on the 31st March, 1934.

The contract for the portion of Longwood reserved for Members of the Indian Legislature is made separately through the Legislative Department and a fresh contract is executed each year for the period of the Session.

(*b*) No. The rates are carefully scrutinised on the occasion of the renewal or the execution of a fresh contract as the case may be, and rates have been reduced.

(*c*) Yes, owing to the smallness of the numbers and the shortness of the stay of Members of the Indian Legislature.

(*d*) and (*e*). No.

(*f*) The desirability of leasing Longwood was considered in 1924, but the idea was abandoned because it was thought firstly that such an arrangement would not suit Members of the Legislature, and secondly that suitable lessees would not be forthcoming on reasonable terms.

(*g*) No. Under Article 118 of the Central Public Works Department Code insurance is not required in these cases. Under the regulations in force for Army buildings a private individual to whom a building is leased for a period exceeding three months is required to insure. Government see no reasons for changing the Code rules now in force for Craig Dhu and Longwood.

Mr. N. M. Joshi: May I ask whether Government are aware that the smallness of the number of Members of the Legislature who stay at Longwood Hotel is due to the fact that the charges are much more than what are charged to others?

Sir Lancelot Graham: I do not know if the Honourable Member has ever stayed in those quarters, but so far as I can see (I have got the rates for the contract), a gentleman putting up at Longwood is living very cheap.

Mr. N. M. Joshi: Are Government aware that I was staying at Longwood last year and that I have decided not to stay there again? (Laughter)

Sir Lancelot Graham: I am not aware of that fact.

Mr. M. Maswood Ahmad: Is it a fact that the caterers charge from the Members of the Central Legislature a higher rate than they charge from Government servants?

Sir Lancelot Graham: If the Honourable Member had listened to the question carefully, he would have got the answer.

Dr. Ziauddin Ahmad: What is mentioned here is "permanent residents" that is, either they are permanent residents or non-permanent residents; but the caterers charge higher rates from the Members of the Legislature than they do from the Government servants even if the latter stay for a day or two. I want that information.

Sir Lancelot Graham: The answer is in the affirmative.

Mr. M. Maswood Ahmad: Will Government be pleased to state the reasons for that?

Sir Lancelot Graham: That is in accordance with the terms of the contract, Sir.

Mr. Gaya Prasad Singh: May I know why this term in the contract has been inserted—because, if temporary residents are to be charged higher than permanent residents, that rule ought to operate both in the case of officials as well as non-officials equally?

Sir Lancelot Graham: I would suggest, Sir, that it is not quite suitable to answer that sort of question on the floor of the House. Members are fully aware that there is a House Committee for this purpose, and I do suggest that the proper place to discuss a matter of this sort is in the House Committee.

Mr. Gaya Prasad Singh: Is it a fact that this question of different rates was never placed before the House Committee even before the contract was given to the caterers?

Sir Lancelot Graham: The matter has, I believe, been before the House Committee. I have a file supplied to me by the Assembly Department which says that the matter has been before the Assembly House Committee.

Mr. Gaya Prasad Singh: Is it not a fact that if the contract was renewed in consultation with the House Committee, the mistake would not have been repeated? May I ask that if the contract is renewed now in consultation with the House Committee, the mistake may not be repeated?

Sir Lancelot Graham: I do not admit that there was any mistake.

Mr. Gaya Prasad Singh: Will Government take it from me that, as a member of the House Committee, I do not remember this question of contract being decided by the House Committee.

Sir Lancelot Graham: I am not sure whether the Honourable Member remembers aright or not.

The Honourable Sir Frank Noyce: I think my Honourable friend is under some misapprehension. To the best of my belief, there are no temporary official residents at Longwood. I think the official residents are there for the whole season.

CATERING CONTRACT FOR CRAIG DHU AND LONGWOOD, SIMLA.

438. ***Mr. T. N. Ramakrishna Reddi:** Will Government be pleased to state whether it is a fact that the present caterer at Craig Dhu and Longwood, Simla, recently asked for an increase in the catering charges and that another firm offered to cater at a lower rate and the question of calling for fresh tenders was considered, and that the present caterer, seeing that another firm was prepared to tender lower rates than the existing rates, withdrew the proposal for an increase in the rates?

The Honourable Sir Frank Noyce: The present caterer at Craig Dhu and Longwood, Simla, suggested an increase in charges when the question of the renewal of his contract came up recently The question of inviting tenders was considered but no tenders were actually invited. Another caterer intimated that he was prepared to undertake the catering on the present terms. The continuance of the present caterer's contract without change in the terms is now under consideration. The Honourable Member will understand that I am referring to the catering arrangements made for official residents; the arrangements for Members of the Legislature are the subject of a separate contract which extends only to a short period covering the Simla Session.

ABOLITION OF THE POST OF HINDU WATERMAN AT THE LALIAN RAILWAY STATION.

439. ***Bhai Parma Nand:** (*a*) Are Government aware that Lalian (District Jhang) is an important town on the Lyallpur-Khushab Line, and that it has got a population of several thousands, a large number being Hindus, a high school, police station, two girls' schools and two hospitals?

(*b*) Is it a fact that this town has round about it several Hindu and Sikh settlements and *chaks* and that there is no other railway station near it for several miles?

(*c*) Are Government aware that the abolition of the post of Hindu waterman on that station is causing great inconvenience to the Hindu passengers and that their application to the Agent has received no attention?

Mr. P. R. Rau: (*a*) and (*b*). I am not aware of these facts, but I am quite willing to take my Honourable friend's word for it.

(*c*) I am forwarding a copy of the question to the Agent for consideration.

MEMBERS OF THE BOARD FOR RECRUITMENT OF POSTAL CLERKS IN PESHAWAR.

440. ***Bhai Parma Nand:** (*a*) Are Government aware that both the members of the board for recruitment of clerks in the Post Offices in the Peshawar Division and the Peshawar General Post Office are Muslims? Do Government propose to consider the advisability to replace one of them by a non-Muslim?

(*b*) Are Government aware that in the Peshawar General Post Office every responsible post, that is, of postmaster, town inspector, and appointment clerk, is held by a Muslim?

(*c*) Are Government aware that for the last fifteen or sixteen years no Hindu Superintendent of Post Offices has been sent to this Division?

(*d*) Are Government aware that the percentage of Hindus in the Peshawar Division is far below they are entitled to as a Central Department? If so, why?

(*e*) Are Government prepared to protect the rights of the Hindus in this Division?

(*f*) Are Government aware of the fact that all the posts of sub-postmasters and clerks in the Peshawar Division, carrying special pay and compensatory allowance, are held by Muslims?

The Honourable Sir Frank Noyce: (*a*) to (*f*). Information has been called for and will be laid on the table in due course.

AMALGAMATION OF THE OUDH AND ROHILKUND RAILWAY WITH THE EAST INDIAN RAILWAY.

441. ***Pandit Satyendra Nath Sen:** (*a*) Is it a fact that Government informed this House in reply to starred question No. 432 of the 2nd September, 1925, that the Oudh and Rohilkund Railway was amalgamated with the East Indian Railway with effect from the 1st July, 1925? If so, will Government please state whether the Divisional Superintendent, East Indian Railway, Moradabad, under his letter No. 12/15/28-E, dated the 3rd August, 1932, informed the staff that the statement that the Oudh and Rohilkund Railway was amalgamated with the East Indian Railway

from the 1st day of July, 1925, was not correct? If so, which of the two, that is, Government reply or the Divisional Superintendent's letter, is correct?

(*b*) Do the staff recruited between 1st April, 1925, and 1st July, 1925, by the Agency of the Oudh and Rohilkund Railway enjoy the rights, interests and privileges of the said Railway? If not, why not?

(*c*) Is the staff on the roll of the Oudh and Rohilkund Railway on the 30th day of June, 1925, entitled to enjoy the privileges, if elected, laid down in paragraph 12 of the Oudh and Rohilkund Railway Gazette No. 4 of 1931? If not, why not and under what Fundamental Rule?

(*d*) Is the staff paid the privileges mentioned in paragraph 1134 of East Indian Railway Gazette No. 41 of 1930? If so, how and under what Fundamental Rule?

(*e*) Did the staff suffer monetarily through the said incorrect information? If so, to what extent?

(*f*) Do Government propose to compensate the loss by deducting the amount from the pay of the official who infringed the principles of the rules and made the incorrect statement? If not, why not?

Mr. P. R. Rau: (*a*) The answer to the first part of the question is in the affirmative. I am not aware of the circular referred to, but if such a statement was made by the Divisional Superintendent, it is not correct.

(*b*) to (*f*). I have called for certain information and shall lay a reply on the table later.

STATUTORY INDIANS IN THE OFFICERS' GRADE ON STATE RAILWAYS.

442. ***Diwan Bahadur Harbilas Sarda:** (*a*) Is it a fact that in 1925, the percentage of Statutory Indians in the officer's grade on State Railways was 28·02 and in 1931 only 37·68, and that at this rate 50 years will elapse before the 75 per cent. is reached?

(*b*) Do Government propose to issue instructions to completely stop recruitment—either direct or by promotion from subordinate rank of European Officers, until such time as the percentage of Indians has reached the agreed figure of 75 per cent?

Mr. P. R. Rau: The figures for 1925 and 1931 quoted in this question are correct. I am afraid I am unable to say when 75 per cent. will be reached. My Honourable friend is doubtless aware that the arrangement adopted as a result of the recommendations of the Royal Commission on Public Services was that Indians should be recruited up to 75 per cent. of the total number of vacancies in the railway services. Details of the actual recruitment will be found in the administration reports of the Railway Board from time to time. Government do not consider that any change in their policy is called for at present.

Mr. S. C. Mitra: May I ask, Sir, whether the system of recruitment through approved apprentices trained in India and then getting their further training in England on the old system still exists or it has ceased?

Mr. P. R. Rau: It has not ceased, but I think no recruitment was made last year.

Mr. S. C. Mitra: Do Government propose to revive it this year or in the coming year?

Mr. P. R. Rau: The question is under consideration.

Mr. S. C. Mitra: Will Government also consider that, according to their view, when properly qualified Indians are not available, that is the only course to get Indians especially for these important posts?

Mr. P. R. Rau: Government realise that, Sir.

STATUTORY INDIANS IN THE OFFICERS' GRADE ON STATE RAILWAYS.

443. ***Diwan Bahadur Harbilas Sarda:** (*a*) Is it a fact that there are 274 European officers in the Mechanical Department of State Railways while the number of Statutory Indians is only 57?

(*b*) Is it a fact that Indians with necessary qualifications and training are available for the mechanical department, and do Government propose suitably to modify their method of recruitment to absorb the above, and recommend the same to the Company-managed railways as well?

(*c*) Are Government prepared to raise the age limit to allow of the best candidates from those who have been trained at their own expense being taken?

Mr. P. R. Rau: (*a*) The figures given by the Honourable Member relate to the Mechanical Engineering Department of all Class I Railways on the 1st April, 1931. The corresponding figure on the 1st April, 1933, is 264 Europeans and 62 Statutory Indians. The numbers on State-managed Railways on the latter date are 143 and 42, respectively.

(*b*) On account of the difficulty experienced in getting a sufficient number of Indians with the necessary qualifications for the Mechanical Engineering Department the Railway Board introduced in 1927, a system of selecting young men for appointment as Special Class Apprentices for training in India and in England. A sufficient number of candidates has been appointed as apprentices to fill all vacancies that are likely to arise on State-managed Railways in the near future and the question of making other special arrangements for recruitment does not, therefore, arise. Company-managed Railways are being addressed as to the method of recruitment of Indians for this Department.

(*c*) I understand that on the last occasion on which direct recruitment of trained officers was made to this Department on State-managed Railways, no age limit was prescribed.

SENIORITY OF OFFICERS ON STATE RAILWAYS.

444. ***Diwan Bahadur Harbilas Sarda:** (*a*) How is seniority of officers governed on State Railways? Is that the same as on Company Railways?

(*b*) Is it a fact that where an Indian starts as an officer on Rs. 350 per mensem and his European or other subordinate as Foreman getting Rs. 600 is later promoted as an officer, the latter will become senior to the Indian officer by virtue of his higher pay?

Mr. P. R. Rau: (*a*) and (*b*). Seniority on State-managed Railways is generally governed by the initial pay on the date of appointment in the case of officers recruited directly to this service. When two officers enter service on the same pay and on the same date their seniority depends on their age or if they were selected by means of the competitive examination, on their relative rank in the examination. The seniority of officers promoted from subordinate ranks is specially fixed at the time of promotion and depends mainly on the initial pay granted to them on promotion. Racial considerations do not enter into it at all. Government have no information as regards the practice on Company-managed Railways.

MANUFACTURE OF LOCOMOTIVES AND BOILERS IN INDIA.

445. ***Diwan Bahadur Harbilas Sarda:** (*a*) Is it a fact that 100 broad gauge and 100 metre gauge engines per annum are taken in India on renewal and addition accounts since 1927-28? Is it a fact that a broad gauge engine costs Rs. 45,000 to Rs 2,00,000, and metre gauge Rs. 41,000 to one lakh rupees? Is it a fact that more than 50 per cent. constitutes labour charges and "fabrication" in India? Do Government propose to take early steps to manufacture all the required locomotives and boilers in India, utilising to the best the indigenous material and labour?

(*b*) Is it a fact that building engines and boilers in India is cheaper than getting them from England, and are engines manufactured in the Bombay, Baroda and Central India Railway workshops at Ajmer? If so, do Government propose to take necessary action to see that the example of Ajmer is followed to a greater extent so far as the needs of India require? If so, what?

Mr. P. R. Rau: (*a*) The answer to the first part of the question is in the negative. I place on the table a statement showing the number of locomotives on renewal and addition account purchased year by year between 1927-28 and 1933-34, and provided for in the Budget for 1934-35.

The average cost of a broad gauge locomotive is Rs. 90,000, and of a metre gauge locomotive is Rs. 65,000.

The labour charges and fabrication in India come to approximately five per cent. of total cost. The question of the possibility of manufacturing locomotives and boilers in India is being investigated by the Railway Board

(*b*) Only metre gauge locomotives are constructed at the Ajmer workshops of the Bombay, Baroda and Central India Railway. Recent figures of cost of engines constructed at Ajmer do not show that they are cheaper than the current prices for manufacture in England, but, as I have said already, the question of the possibility of manufacturing locomotives in India is being investigated.

Statement showing number of Broad Gauge and Metre Gauge Locomotives provided on Class I Railways during 1927-28 to 1934-35, both on addition and renewal account.

	Broad Gauge.	Metre Gauge.	Total.
1927-28	58	63	121
1928-29	121	101	222
1929-30	110	44	254
1930-31	82	87	169
1931-32	40	58	98
1932-33	..	18	18
1933-34	..	5	5
1934-35	16	25	41
Totals	427	501	928

Mr. K. P. Thampan: May I ask, Sir, whether the Honourable Member will undertake to lay on the table of the House or make otherwise available to the Members the decision of the Government of India in regard to the manufacture of locomotives in India when the inquiry is over?

Mr. P. R. Rau: May I know what is the information my Honourable friend wants?

Mr. K. P. Thampan: The result of the inquiry?

Mr. P. R. Rau: I shall be pleased to do so.

Diwan Bahadur Harbilas Sarda: Do I understand the Honourable Member to say that the manufacture of engines in the Ajmer Workshop is not cheaper than those engines which are imported from England? If so, will he kindly give me the cost per engine of those manufactured in Ajmer and the cost of those imported from England?

Mr. P. R. Rau: I understand that owing to the fact that the prices in England are now low, according to the latest information available to the Railway Board, there is very little difference in the cost of manufacture at Ajmer and the cost of purchase in England, the difference being only Rs. 26, and it is not in favour of construction at Ajmer.

Diwan Bahadur Harbilas Sarda: I should like to know the exact figures. You are expressing an opinion You think that the cost of a certain type of English engines is cheaper. That is all right. But what I want to know is the exact cost of an average engine manufactured at Ajmer in rupees, annas and pies and what is the similar cost of an engine imported from England?

Mr. P. R. Rau: I shall be very pleased to supply the figures to the Honourable Member.

Mr. S. C. Mitra: Apart from the question of costliness, do not Government consider that India should now try at least to manufacture her Locomotives?

Mr. P. R. Rau: That is one of the reasons why an investigation has been undertaken by Government in the matter.

Mr. B. Das: Is it a fact that the construction of locomotives in India is still in an experimental stage and that 40 locomotives were constructed by the G. I. P Railway and some of them were abandoned and some of them are being used on lighter tracks?

Mr. P. R. Rau: Is my Honourable friend referring to any period within the memory of living men? (Laughter.)

Mr. M. Maswood Ahmad: May I ask, Sir, whether the quality of engines made in India and those imported from outside is the same?

Mr. P. R. Rau: Engines are built in India and are purchased from abroad according to certain standard specifications.

Lieut.-Colonel Sir Henry Gidney: May I ask, Sir, where are these engines built?

Mr. P. R. Rau: Certain metre gauge engines are built at Ajmer.

Lieut.-Colonel Sir Henry Gidney: Is it a fact that these metre gauge engines built in Ajmer are repaired at an outlay of 40 per cent. of their original cost?

Mr. P. R. Rau: I have no information to that effect.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member kindly tell us how many locomotive engines there are which have been purchased quite recently and which are now lying idle in the workshops of various State Railways?

Mr. P. R. Rau: That does not seem to arise out of this question, and I cannot carry all that information in my head. If my Honourable friend wants any information on that point, he will no doubt put a question on the paper

Mr. S. C. Mitra: Will the Honourable Member kindly tell us how many engines were made at Ajmer roughly?

Mr. P. R. Rau: I am afraid I must ask for notice of that question. I think the average is about 15 a year.

Mr. M. Maswood Ahmad: Is it not desirable to impose some protective duty on the imported engines to encourage the manufacture of locomotives in India?

Mr. P. R. Rau: Government consider it unnecessary.

Mr. Gaya Prasad Singh: Do I understand the Honourable Member to say that there is very little difference in the cost of manufacturing engines in Ajmer and the cost of importing them from abroad?

Mr. P. R. Rau: There is a certain type of a locomotive which is built at Ajmer. At the present moment, the difference between the construction of that type at Ajmer and the importing of the locomotives of that type from abroad is very little.

Diwan Bahadur Harbilas Sarda: What is the approximate difference in the prices of the two? Is it a very small one?

Mr. P. R. Rau: I was told the difference is Rs. 26 only.

Diwan Bahadur Harbilas Sarda: The Government Member has stated that only a certain type of engine is manufactured at Ajmer. Are Government satisfied that the other types of engines required by Government cannot be manufactured at Ajmer? Have Government made an experiment and found that the engine of other types cannot be manufactured at Ajmer? If not, why has not an order been given to the Ajmer Workshop to manufacture the types of engines required by Government?

Mr. P. R. Rau: The Ajmer Workshops are fitted to manufacture only a certain type of metre gauge engines. As I have told the House, the question whether Government can profitably construct locomotives and boilers for broad gauge in India is at present under consideration.

Diwan Bahadur A. Ramaswami Mudaliar: Will that also be tried at Ajmer?

Mr. P. R. Rau: No, Sir: I do not think so.

Mr. Amar Nath Dutt: Are Government aware that Ajmer has a large factory for social reform legislation?

Mr. President (The Honourable Sir Shanmukham Chetty,: Next question.

PURCHASE OF ENGINES IN THE CHEAPEST MARKET.

446. ***Diwan Bahadur Harbilas Sarda:** (*a*) Is it a fact that English engines cost ten per cent. more than Continental or American ones and that in 1928-29 Swiss Locomotives cost Rs. 78,000 each and English Locomotives cost Rs. 90,000?

(*b*) Do Government propose to see that engines are bought in the cheapest market?

Mr. P. R. Rau: (*a*) Not in all cases. In 1928, Indian State Railways purchased 27 Swiss M. G. Locomotives of the Y. D. type at about Rs. 78,000 each. They purchased no English locomotives of that type during that year. The English locomotives purchased at about the price mentioned by the Honourable Member—actually they were purchased at Rs. 96,000—were broad gauge XA engines of a different type

(*b*) This is the present practice. Locomotives are purchased to standard specifications from the lowest suitable tenders.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform this House what was the total amount paid for the engines purchased in Germany in 1931?

Mr. P. R. Rau: I must ask for notice.

PURCHASE OF LOCOMOTIVES, BOILERS AND OTHER MACHINERY.

447. ***Diwan Bahadur Harbilas Sarda:** Do Government propose to give in their Railway Administration Report, Vol. I, figures to show the country of origin of the locomotives, boilers and other machinery purchased; and where English articles are purchased, give reasons why an English article, though costlier than the others, has been preferred?

Mr. P. R. Rau: In the small number of cases when the lowest tender is not accepted, full reasons for the decision are usually recorded. Government will consider the suggestion of the Honourable Member and will endeavour to make available to the House information regarding cases of importance of this nature in some suitable form.

OFFICERS DEPUTED TO INVESTIGATE INTO THE CAUSES AND EFFECTS OF THE LAST EARTHQUAKE IN NORTH BIHAR.

448. ***Mr. Nabakumar Sing Dudhoria:** Will Government be pleased to state:

(*a*) the names of the officers who have been specially deputed to undertake investigations into the causes and effects of the last earthquake in North Bihar;

(*b*) the Departments of the Government to which those officers belong;

(*c*) their academical qualifications along with their practical training and past experience which befit them to undertake the duties on which they have been deputed;

(*d*) whether they have been instructed to work in co-operation with other private agencies which have also been engaged in the same task; and

(*e*) whether the full reports of their investigations will be published; if so, when?

The Honourable Sir Frank Noyce: (*a*) Dr. J. A. Dunn, Mr. D. N. Wadia, Mr. J. B. Auden and Mr. A. M. N. Ghosh.

(*b*) The Geological Survey of India.

(*c*) Their academic qualifications are given in the "List of Officers in the Department of Industries and Labour, Government of India, including the offices subordinate to it", a copy of which is available in the Library of the House. All the officers are qualified by geological knowledge and experience for the duties on which they have been deputed.

(*d*) Yes.

(*e*) Yes, as soon as possible after the investigations have been completed.

PRECAUTION FOR SAFEGUARDING OF LIFE AND PROPERTY FROM EARTHQUAKES.

449. *Mr. Nabakumar Sing Dudhoria: Will Government be pleased to state:

(a) whether they have knowledge of the existence of some such scientific instrument or invention that can foretell the advent of an earthquake a few hours beforehand;

(b) if so, whether they propose to requisition such an instrument for their use in India; and

(c) whether in view of the magnitude of the disaster they propose in future to take every possible precaution for the safeguard of life and property in time; if so, what are those steps they propose to adopt?

The Honourable Sir Frank Noyce: (a) and (b). No device has yet been invented which could foretell the advent of an earthquake.

(c) As it is impossible to predict when or where the next earthquake will occur, it is not possible to take any special precautionary measures.

HEAD TICKET COLLECTORS IN THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

450. *Bhai Parma Nand: (a) Is it a fact that there were Head Ticket Collectors or Assistant Head Ticket Collectors on Rs. 120 per mensem on the East Indian Railway, Moradabad Division, on the 30th May, 1931?

(b) Is it a fact that on the introduction of the Moody-Ward System on the 1st June, 1931, the incumbents of the said posts of Head or Assistant Head Ticket Collectors were transferred as Ticket Examiners on reduced salary?

(c) Is it a fact that the said incumbents were substantively permanent in their posts on the 30th May, 1931?

(d) Is it a fact that on the restoration of the old scale of pay of the ticket checking staff from December, 1932, the said incumbents were also allowed their old rates of pay?

(e) Is it a fact that the said incumbents are not restored to their old posts of said Head or Assistant Head Ticket Collectors?

(f) If the replies to parts (a) to (e) be in the affirmative, will Government state:

(i) whether the said incumbents on the restoration of their pay are entitled to hold their old posts; if not, why not;

(ii) the circumstances under which junior men are allowed to hold the said posts in preference to the substantively permanent senior incumbents; and

(iii) whether they now propose to permit the old incumbents to hold the old posts? If not, why not?

Mr. P. R. Rau: I have called for information and will lay a reply on the table of the House in due course.

UNIONS OF GOVERNMENT SERVANTS AND RAILWAY EMPLOYEES.

451. *Bhai Parma Nand: (a) Will Government please state the conditions upon which a service Union or Association of Government servants, including State or Company-managed Railway employees, is recognised by the Government of India or Railway Board or Agents of the Railways?

(b) What should be the minimum number of membership of a service Union required for recognition?

The Honourable Sir Harry Haig: (a) Rules governing the recognition of associations of Government servants were issued in 1921, and a copy is in the Library. Government have recently decided to issue separate rules for the recognition of Associations of Government's industrial employees and hope to be able to publish these for general information at an early date. Copies of these new rules will be placed in the Library.

Neither of these sets of rules apply to associations of employees of Company-managed Railways.

(b) The rules do not prescribe a minimum membership.

EXAMINATIONS FOR REFRESHER COURSES IN THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

452. *Bhai Parma Nand: Is it a fact that under rule 29 of Rules for the Recruitment and Training of Subordinate Staff on State-managed Railways, no refresher courses are considered necessary? If so, will Government please enquire and state the authority under which the Divisional Superintendent, East Indian Railway, Moradabad, holds examinations periodically for the personnel of this group and calls upon the permanent incumbents to appear at the examinations?

Mr. P. R. Rau: I have called for information and will lay a reply on the table of the House in due course.

RE-INSTATEMENT OF CERTAIN EMPLOYEES OF THE EAST INDIAN RAILWAY.

453. *Mr. S. G. Jog: (a) Will Government be pleased to enquire and state if it is a fact that the Honourable the Judges of the Court of Enquiry on the representations of certain cases recommended them immediately to the Agent, East Indian Railway, *i.e.*, before the close of the enquiry?

(b) Have such employees been re-instated or re-employed?

(c) If re-employed, on what considerations the benefit of re-instatement was not given to them, specially to those who had not been paid either Provident Fund or Gratuity or granted discharge certificate after their discharge and before their re-appointment?

(d) If a permanent employee of more than ten years' substantive service was discharged due to "Reduction of establishment" and served with a notice in terms of agreement and subsequently taken back on the special recommendations of the Court of Enquiry, is he held to have been re-employed or re-instated?

(e) Is it a fact that by re-appointment he is considered as a new entrant and has to forgo all claims applicable to his substantive post in respect of pay, allowances, leave, etc., whereas an employee who is re-instated claims all the privileges applicable to his substantive post?

(*f*) What are the various considerations on which such men were re-appointed and others re-instated?

Mr. P. R. Rau: (*a*) to (*c*). No such cases are traceable in the Report of the Court of Enquiry.

(*d*) and (*f*). The only recommendation for re-instatement or for further examination as to re-instatement made by the Court of Enquiry that Government are aware of is with respect to the re-instatement of certain employees whose names appear in Lists A and B, in paragraphs 267 to 273 of their Report. This recommendation was generally accepted by Government and the railway administrations were instructed accordingly. In this connection I would invite my Honourable friend's attention to paragraph 8 of the Communiqué dated the 6th June, 1932, a copy of which is in the Library of the House. This paragraph made it clear that the instructions regarding re-instatement would not apply to employees in Lists A and B, who had been discharged otherwise than as a measure of retrenchment.

(*e*) Retrenched staff on re-appointment are governed by orders issued in Railway Board's letter No. 1635-E. G., dated the 30th December, 1932, a copy of which is in the Library of the House.

Mr. Lalchand Navalrai: May I know if the decisions of that Court of Enquiry were incorporated into any book form?

Mr. P. R. Rau: Here is the book; a copy is in the Library.

Mr. S. G. Jog: What is the approximate number still on the waiting list?

Mr. P. R. Rau: I do not remember at present what is the total number on the waiting list, but these people will be employed when vacancies arise.

Mr. S. G. Jog: Is the Honourable Member aware that these people are on the waiting list for a long time and that their grievances are increased on account of their unemployment?

Mr. P. R. Rau: But the possibility of taking them back into the service depends on vacancies.

Re-Instatement of certain Employees in the Dinapur Division of the East Indian Railway.

454. *Mr. S. G. Jog: (*a*) Will Government be pleased to enquire and state if it is a fact that certain employees in the Dinapore Division of the East Indian Railway who held a substantive post for more than 10 years were served with a notice of discharge (24 hours) in 1931 and paid one month's salary in advance since they had no leave at their credit?

(*b*) Is it a fact that others were granted leave due before they were finally discharged from service?

(*c*) Is it a fact that those who were granted leave due, on the representation of their case, were re-instated, whereas those who had no leave due were re-appointed?

(*d*) If the reply to part (*b*) be in the affirmative, are Government prepared to remedy the hardships entailed on such employees who by reappointment have suffered a loss of the various benefits which were applicable in their substantive post in respect of pay, leave, etc.?

Mr. P. R. Rau: (*a*) and (*b*). Government have no information.

(*c*) The Railway Board have recently ruled that persons for whom posts are found before the expiry of their leave would not be considered as having undergone a break in their service.

(*d*) The rules with regard to persons re-appointed are contained in Railway Board's letter No. 1635-E.G., dated the 30th December, 1932, a copy of which is in the Library. Government consider that these rules are adequate.

POSTING OF THE PERSONNEL OF THE DELHI-UMBALLA-KALKA RAILWAY TO THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

455. ***Mr. S. G. Jog:** (*a*) Is it a fact that Government, in reply to question No. 432 of the 2nd September, 1925, informed this House that the Ghaziabad Delhi Section of the East Indian Railway was transferred to the North Western Railway with effect from 1st April, 1925, and that the working of the Delhi-Umballa-Kalka Railway was also transferred to the North Western Railway from the same date?

(*b*) Is it a fact that the Oudh and Rohilkund Railway was amalgamated with the East Indian Railway from 1st July, 1925?

(*c*) If the replies to parts (*a*) and (*b*) are in the affirmative, will Government please state the circumstance under which the personnel of the Delhi-Umballa-Kalka Railway were on return from the North Western Railway posted to Moradabad Division of the Oudh and Rohilkund Section of the East Indian Railway and the number of men posted to other Divisions?

(*d*) Is not the said absorption against the assurance of Mr. P. R. Rau as given on the 30th August, 1933, in answer to starred question No. 997 of the 28th March, 1933? If so, what action has been taken to uphold the said assurance? If not, why not?

Mr. P. R. Rau: (*a*) and (*b*). Yes.

(*c*) Government have no information on this matter, but possibly they were transferred to the Moradabad Division because that was the division nearest to the section on which they were formerly employed.

(*d*) Not so far as I am aware.

PRIVILEGE PASS FOR THE FATHER OF A RAILWAY EMPLOYEE.

456. ***Mr. S. G. Jog:** Will Government please state whether the father of a railway employee, who is dependent on the earnings of his son, is entitled to travel on a privilege pass? If not, why not?

Mr. P. R. Rau: Except on the Great Indian Peninsula Railway where a pass for a father is granted under certain conditions, a railway employee is not entitled to a pass for his father. Government consider that the conditions attaching to the grant of free passes are already sufficiently liberal and they do not see reason to extend the concession further.

DISCUSSION OF INDIVIDUAL CASES WITH THE REPRESENTATIVES OF RECOGNISED UNIONS ON THE EAST INDIAN RAILWAY.

457. *Mr. S. G. Jog: Is it a fact that Government informed this House on the 12th April, 1933, in reply to starred question No. 1219, that it was still under consideration of the Railway Board and the Government of India? If so, will Government please state:

(a) the result of the decision arrived at;

(b) if still under consideration, how long it will take to arrive at a conclusion; and

(c) whether the Railway Board and the Government of India are two different bodies; if so, what is the respective function of each in respect of staff matters concerning Railway administrations?

Mr. P. R. Rau: (a) Yes. Government regret that no decision has yet been reached.

(b) I am not in a position to state at present when a decision may be expected.

(c) The Railway Board are responsible for administering the railways under the instructions of the Government of India to whom major questions of policy are referred by the Board.

NON-RECOGNITION OF SERVICES RENDERED DURING THE GREAT WAR BY THE EAST INDIAN RAILWAY EMPLOYEES.

458. *Mr. S. G. Jog: With reference to the statement laid on the table of this House on the 1st September, 1933, in reply to starred question No. 966 of the 28th March, 1933, will Government please state whether non-employees, who proceeded on War Service without the approval of the Railway Administration but in response to the Call by His Majesty the King-Emperor, are allowed to count their military service for purposes of retiring gratuity, seniority and increment on the East Indian Railway? If not, why not?

Mr. P. R. Rau: I have called for information and will lay a reply on the table of the House in due course.

POSTS OF TICKET COLLECTORS AND TRAVELLING TICKET INSPECTORS ON THE EAST INDIAN RAILWAY.

459. *Mr. S. G. Jog: (a) Is it a fact that before 1st June, 1931, the posts of Ticket Collectors and Travelling Ticket Inspectors on the East Indian Railway were substantively permanent?

(b) Is it a fact that before 1st June, 1931, the posts of Inspectors of Crews, Assistant Inspectors of Crews, Line Inspectors of Crews, Assistant Line Inspectors of Crews, Station Inspectors of Crews, Assistant Station Inspectors of Crews, Crews-in-charge and crewmen were substantively temporary?

(c) Is it a fact that the life of the crew system on the East Indian Railway was for six months at a stretch?

(d) Is it a fact that the life of the crew system was extended from time to time by six months?

(*e*) Is it a fact that the personnel of the crew system before 1st June, 1931, were never confirmed in substantively permanent posts?

(*f*) Is it a fact that the personnel of the crew system were in no wise senior to those substantively permanent confirmed personnel of the Old Ticket Collecting and (Travelling) Examining system?

(*g*) Is it a fact that on the 31st May, 1931, the crew system was abolished and its personnel discharged?

(*h*) Is it a fact that on the 1st June, 1931, some discharged persons of the crew system were recruited for the Ticket Collectors' Group of the Commercial Branch of the East Indian Railway?

(*i*) If the replies to parts (*a*) to (*h*) be in the affirmative, will Government please state whether on the 1st June, 1931 (and subsequent thereto, intervening the period by which the old scale of pay was restored to old personnel), the personnel of the crew system can in any way claim seniority over the personnel of the old Ticket Collecting and Examining (Travelling) system? If so, how and why?

Mr. P. R. Rau: I am collecting information required and will lay a reply on the table of the House in due course.

CIRCULAR LETTER NO. E./23/76/25, BY THE DIVISIONAL SUPERINTENDENT, MORADABAD DIVISION, EAST INDIAN RAILWAY.

460. ***Mr. S. G. Jog:** (*a*) Has the attention of Government been drawn to the Divisional Superintendent, East Indian Railway, Moradabad's Circular letter No. E./23/76/25, dated April 8/9, 1929, reading:

"There are eleven D. U. K. Railway Assistant Station Masters on this Division, who are senior to you in service. They could not avail of the opportunity of passing the Goods Audit Examination as there was no such school as the Chandausi Transportation School on the old East Indian Railway. Your promotion to Station Masters' list will, therefore, pend till the men have appeared for the Goods Audit Examination"?

(*b*) If so, is not the said letter against rule 674 of the Hand Book of General Rules and Regulations of the East Indian (Company-managed) Railway? If so, will Government please state what is the difference between passing an examination earlier and passing an examination later?

(*c*) What encouragement an employee had if he passed an examination in his early service?

(*d*) Are employees sent for examination in turn of their employment or service or when they apply for an examination after preparation?

(*e*) What action has been taken to remove the discontentment caused by the said letter? If no action has been taken, why not?

Mr. P. R. Rau: (*a*) Only by my Honourable friend's question.

(*b*) to (*e*). Full powers have been delegated to the Agents in regard to the matters referred to, and Government do not see any necessity to interfere.

Mr. S. G. Jog: Do the Railway Board in their capacity as Railway Board exercise any powers of superintendence or control over the Agents of the Railways?

Mr. P. R. Rau: Yes, Sir.

Mr. S. G. Jog: Do the Railway Board bring it to the notice of the Agents whenever their orders are disrespected and are not carried out?

Mr. P. R. Rau: How does the Honourable Member make out that the orders of the Railway Board have not been carried out by the Agents?

FREE PASSES TO THE PERSONNEL OF BRITISH ARMY IN INDIA ON THEIR DISCHARGE FROM THE ARMY AND ON APPOINTMENTS TO THE RAILWAYS IN INDIA.

461. ***Mr. S. G. Jog:** (*a*) With reference to the reply given to starred question No. 963 of the 27th March, 1933, will Government be pleased to state whether the personnel of British Army in India on their discharge from the Army in India, and on appointments to the railways in India, having non-Asiatic Domicile, are entitled to free passes? If not, why not?

(*b*) Can the certificate required from the Agent be refused in the case of the said personnel? If so, what is the number of cases in which a certificate has been refused by the Agent, East Indian Railway, during the period 1925—34?

(*c*) What facilities are afforded to the personnel of railways who were recruited before the concession was sanctioned?

(*d*) Is an employee entitled to a free passage if recruited before the grant of such concession? If not, why not?

(*e*) Is an employee at the time of recruitment informed of the condition of the free passage grant? If not, why not?

(*f*) Is an employee on recruitment informed of the fact that he is recruited in India as no Indian or Anglo-Indian could be had for the post? If not, why not?

(*g*) Is not an employee informed of the fact that no Indian or Anglo-Indian was available for the post on which he is recruited entitled to free passage and the Agent is bound to certify? If not, why not?

(*h*) Do Government propose to lay on the table a statement showing the names and dates of appointment of employees and number and date of the refusals by the Agent to grant the said certificate since the extension of the concession to subordinates? If not, why not?

Mr. P. R. Rau: (*a*) and (*d*). I lay on the table a copy of the rules issued in 1930, governing the grant of passages to non-gazetted officers of non-Asiatic domicile.

(*b*) Certificates can and ought to be refused when the conditions are not satisfied. Government have no information as regards the number in which they were so refused.

(*c*) I would refer the Honourable Member to the Passage (Subordinate) Rules, 1925, which will be found on pages 389—392 of Posts and Telegraphs Compilation of Fundamental and Supplementary Rules.

(*e*), (*f*) and (*g*). It is only when an application is made by the employee for the grant of the concession that his eligibility requires to be examined.

(*h*) No. The labour involved in collecting the information is too great.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

No. 3563-E.

Dated Simla, the 9th September, 1930.

To

The Agents, North Western, Eastern Bengal, East Indian, Great Indian Peninsula and Burma Railways

The Senior Government Inspectors of Railways, Circles Nos. 1, 2, 3, 4, 5, 6 and 7; and

Government Inspector of Railways, Circle No. II-A

The Chief Publicity Officer, Indian State Railways.

The Chief Mining Engineer, Railway Board.

Dear Sir,

Extension of passage concessions to non-gazetted Railway Employees of non-Asiatic domicile under the Central Government.

In supersession of all the previous orders on the subject, I am directed to state that the Secretary of State for India in Council has been pleased to sanction the grant with effect from the 1st April, 1930, to non-gazetted Railway Employees of non-Asiatic domicile, recruited outside India, passage benefits for themselves and their families on the lines and conditions laid down in Schedule IV to the Superior Civil Services Rules, but substituting second class B for 1st Class B P. and O. passages.

These benefits will be admissible to the following classes of personnel :

(i) Persons recruited outside India for permanent service in India;

(ii) persons recruited outside India on contract and retained in permanent service on the expiry of the periods of their contracts; and

(iii) persons recruited outside India on contracts for indefinite periods or on contracts for definite periods subsequently extended indefinitely;

and will be in addition to the initial passages granted to them to join their first appointments in India.

2. It is the intention that persons to whom the passage (Subordinate) Rules, 1925, apply during the periods of their original contracts should continue to be entitled to the benefits of these Rules even during the periods of their further service under Government, whether permanent or temporary, and it is proposed to amend the Rules with retrospective effect from the date of their first introduction, *viz.*, the 24th November, 1925, so as to make the intention clear. This being so persons belonging to classes (ii) and (iii) mentioned above, to whom those rules apply, will be given the option between the benefits admissible to them under those rules and the benefits described in this letter. The option once exercised will be final.

3. The Secretary of State has also sanctioned with effect from 1st April, 1930, passage benefits for themselves and their families on the lines and conditions laid down in Schedule IV to the Superior Civil Services Rules, but substituting second class B for 1st class B P. and O. passages to persons of non-Asiatic domicile recruited in India because Indians with the necessary qualifications were not available at the time or it was considered necessary from the administrative point of view to have a certain proportion of Europeans.

Yours faithfully,

(Sd.) K. M. HASSAN,
Deputy Director, Railway Board.

D.A.—*Nil.*

ALLEGATIONS AGAINST AN OFFICIAL OF THE MORADABAD DIVISION, EAST INDIAN RAILWAY.

462. ***Mr. M. Maswood Ahmad:** (*a*) Has the attention of Government been drawn to an article concerning the East Indian Railway (Moradabad Division) Administration published in the *Daily Naujawan*, Lahore, dated the 27th July, 1933?

(*b*) Will Government be pleased to enquire and state:

(i) whether any enquiries were made into the matter; if so, how the enquiries were conducted and with what result;

(ii) who the railway official was against whom these allegations of maltreatment towards an injured passenger during Piran Kalyar *Urs* of Roorkee were brought in the article;

(iii) if it is a fact that this very railway official had been reported by the Ruling Chief of Poonch State for misbehaviour during *Adh* Kumbh Mela at Hardwar last year;

(iv) if it is a fact that sometime back a similar report was made against this very official for misbehaviour towards the Ruling Chief of Terhi State;

(v) if they are prepared to lay copies of the above complaints on the table of this House for the perusal of the Members; and

(vi) what and by whom enquiries were made into each of the above complaints and with what result?

(*c*) Will Government be pleased to enquire and state:

(i) how long this railway official has been in the Moradabad Division; and

(ii) if he has ever been tried in any other Division of the East Indian Railway?

Mr. P. R. Rau: (*a*) A copy of the article in question was received by the Railway Board on the 6th March, 1934, forwarded, I understand, by my Honourable friend.

(*b*) and (*c*). Government have no information regarding the matters referred to in these parts of the question, but I am obtaining information from the Railway Administration and will lay a reply on the table in due course.

RULES FOR THE RECRUITMENT AND TRAINING OF SUBORDINATE STAFF ON STATE RAILWAYS.

463. ***Pandit Satyendra Nath Sen:** Is it a fact that under rule 25 of the Rules for the Recruitment and Training of Subordinate Staff on State-managed Railways, the normal promotion of a Ticket Collector (including Assistant Head or Head Ticket Collector) is to the post of a Travelling Ticket Inspector and not to that of a Junior or Chief Inspector of Ticket? If so, will Government please state:

(*a*) the circumstances under which the Divisional Superintendent, East Indian Railway, Moradabad, transfers or appoints Travelling Ticket Inspectors as Ticket Collectors, and Ticket Collectors (including Assistant Head Ticket Collectors) as Junior Inspectors of Ticket;

(*b*) the date and number of the Agent's decision as required by Rule 64 of the said rules for modifying the provisions of Rule 25 of the said rules;

(*c*) whether Government desire to emphasise the observance of the Rules and Regulations framed by them; if not, why not; and

(*d*) whether any action is proposed to be taken by Government on the infringements against the official concerned? If not, why not?

Mr. P. R. Rau: The general position with regard to these rules was explained by me in reply to Rai Bahadur Lala Brij Kishore's question No. 96 on the 6th February, 1934, to which I would invite my Honourable friend's attention. The circumstances stated in the question do not appear to call for the intervention of Government.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

464. ***Mr. B. V. Jadhav:** Will Government be kindly pleased to state whether the Controller of Military Pensions, Lahore, is now agreeable to assess disability pensions agreeably to Government reply to question No. 592, dated the 4th September, 1933, in this House, copy of which has been forwarded to the Controller, *vide* Government reply to question No. 1263, published at page 32 of the Assembly Debates for Wednesday the 24th January, 1934?

Mr. G. R. F. Tottenham: The attention of the Honourable Member is invited to the answer that I gave on the 6th February, 1934, to unstarred question No. 32 asked by Mr. S. G. Jog.

PROTECTION OF THE INDIAN SALT INDUSTRY AGAINST THE IMPORT OF FOREIGN SALT.

465. ***Mr. D. N. O'Sullivan:** (*a*) Are Government aware that two steamships, the S. S. "Changan" and the S. S. "Sagres", have recently been chartered to convey foreign salt from Rasttafun to Calcutta?

(*b*) Will Government be pleased to state whether they propose in the near future to take such measures as will be adequate to protect the Indian Salt Industry against the import of foreign salt?

The Honourable Sir George Schuster: (*a*) I am prepared to take it from the Honourable Member that the arrangements which he describes have been made.

(*b*) The policy of the Government is that of the majority of the members of the Salt Industry Committee and will be found fully explained in the reports which that Committee has presented from time to time.

ALLOWANCES GRANTED TO A TRAVELLING TICKET EXAMINER.

466. ***Mr. M. Maswood Ahmad:** (*a*) With reference to the reply to starred question No. 1361 (*a*) in this House, dated 11th December, 1933, will Government be pleased to state:

(i) if para. 362 of the State Railway Open Line Code, Volume II, has been amended as per reply of Mr. P. R. Rau to the question; and

(ii) whether sanction was obtained from the Government of India by the Agents, North Western and East Indian Railways, before introducing a new kind of allowance for the old Travelling Ticket Examiners and Inspectors from the 1st June, 1931?

(*b*) If the reply to part (*a*) (*ii*) be in the affirmative, will Government be pleased to lay on the table a copy of the Agents' letter on the subject and a reply of the Government of India to them?

Mr. P. R. Rau: (*a*) (*i*). The question is under consideration.

(*ii*) No. It was unnecessary.

(*b*) Does not arise.

UNSTARRED QUESTIONS AND ANSWERS.

"Buy Post Office Cash Certificates" Date Stamps.

186. **Mr. S. C. Mitra:** Will Government be pleased to state:

(*a*) the number and cost of manufacture of "Buy Post Office Cash Certificates" date stamps supplied to the Head Post Offices in India; and

(*b*) whether the total cost is debited to the Postal Department or it is borne by the Finance Department on whose behalf the Post Office does the Cash Certificate business?

The Honourable Sir Frank Noyce: (*a*) 256 stamps bearing the slogan "Buy Post Office Cash Certificates" were supplied to Head Post Offices throughout India and Burma at a cost of Rs. 1,010-4-7.

(*b*) The cost was met from the payment made to the Posts and Telegraphs Department by the Finance Department for doing Cash Certificate work.

Certain Concessions granted to the Staff in the Office of the Director General, Posts and Telegraphs.

187. **Mr. M. Maswood Ahmad:** (*a*) Is it a fact that the concessions sanctioned under the Industries and Labour Department letter No. 17-P. T. E., dated the 5th August, 1926, were granted to those employees also (i) who were actually employed in Director-General's Camp Office, Simla/Delhi, (ii) who were employed after the issue of the letter, (iii) who were transferred to Director-General's office from some other office after the issue of the letter, (iv) who were temporary on and after the date of the issue of the letter, and (v) who never maintained their homes in or in the neighbourhood of Calcutta?

(*b*) If the reply to part (*a*) above be in the affirmative, will Government be pleased to state who are the employees and how they fulfilled the conditions laid down in the letter, and were declared eligible?

(*c*) Is it a fact that the concessions referred to at part (*a*) above were refused to those (i) who were permanent prior to the issue of the letter, (ii) who maintained homes in or in the neighbourhood of Calcutta, and (iii) who were actually employed in Director-General's Office, Calcutta?

(*d*) If the reply to part (*c*) above be in the negative, will Government be pleased to state how those mentioned in the statement annexed to

starred question No. 134, dated the 4th September, 1929, have been declared not eligible?

(*e*) Will Government be pleased to state the reasons for refusing to certain clerks of the office of the Director-General, Posts and Telegraphs, the concessions sanctioned under the Industries and Labour Department letter No. 17-P. T. E., dated the 5th August, 1926, on account of their transfer from Simla to New Delhi?

The Honourable Sir Frank Noyce: (*a*)The facts are not as stated by the Honourable Member. A copy of the letter referred to is attached.

(*b*) Does not arise.

(*c*) The Honourable Member's attention is invited to the copy of the letter attached to the reply to part (*a*).

(*d*) and (*e*). As regards the reasons for debarring the officials in question from the benefit of the concessions, the Honourable Member's attention is invited to the replies given by the Honourable Sir Bhupendra Nath Mitra to part (*a*) of starred question No. 482 and to part (*b*) of starred question No. 135 in this House on the 19th March, 1928, and the 4th September, 1929, respectively. As these clerks were unaffected by the transfer of the Director-General's main office from Calcutta to Delhi they have no reasonable claim to any concession in connection with that change.

GOVERNMENT OF INDIA.

No 17-P. T. E.

DEPARTMENT OF INDUSTRIES AND LABOUR

POSTS AND TELEGRAPHS BRANCH

Simla, the 5th August 1926.

From

The Hon'ble Mr. A. H. Ley, C.S.I., C.I.E., C.B.E., I.C.S., Secretary to the Government of India.

To

The Director-General of Posts and Telegraphs.

SUBJECT.—*Grant of certain concessions to the non-gazetted staff of the office of the Director-General of Posts and Telegraphs on its transfer from Calcutta to Delhi.*

SIR,

I am directed to convey the sanction of the Government of India to the grant of the following concessions to the non-gazetted staff of your office at Calcutta, who are transferred with that office from Calcutta to Delhi during the current year.

(i) A bonus of two months pay subject to a maximum of Rs. 200;

(ii) Personal pay at the following rates to be absorbed in future increments:

	Rs.
Clerks on pay above Rs. 100	40
Clerks on pay up to Rs. 100	20
Record Suppliers, Duftries and Jamadars	4
Other peons and menials	2

(iii) An advance of two months' pay recoverable in 12 monthly instalments;

(iv) Travelling allowance for family following the men within a year; and

(v) Double third class fare for menials.

2. As regards the staff of your camp office moving between Simla and Delhi, and of the Wireless Branch, I am to say that concessions (i) and (ii) referred to in the previous paragraph will be admissible if they are still maintaining permanent homes in Calcutta or in its neighbourhood on the date of these orders. They will also be entitled to concession (iv) relating to family travelling allowances, provided that the allowance has not already been drawn in respect of the transfer of their families from Calcutta to Simla or Delhi.

3. I am to add that these concessions will be admissible only to men who hold permanent appointments in your office on the date of these orders and will not apply to any future recruits. Nor will they apply to men who have been recruited for service at Simla or Delhi.

4. The Government of India desire that care should be taken to ensure that no unnecessary expenditure is incurred under these orders on account of the transfer of men who are on the verge of retirement or otherwise contemplate quitting the service.

5. The expenditure involved in this sanction should be met from the provision for the purpose made in the budget estimate of the Postal and Telegraph Department for the current year.

I have the honour to be,

SIR,

Your most obedient servant,

A. H. LEY,

Secretary to the Government of India.

CLERKS IN OFFICES UNDER THE AUDITOR GENERAL IN INDIA

188. **Mr. M. Maswood Ahmad:** Will Government be pleased to state the total number of permanent clerks on the 31st December, 1933, employed in all the different offices under the Auditor General in India, and how many of them were Muslims?

The Honourable Sir George Schuster: I would refer the Honourable Member to the reply given on the 24th of February, 1934, to Mr. Muhammad Anwar-ul-Azim's unstarred question No. 84.

NON-PAYMENT OF THE ALLOWANCE TO THE CREW STAFF ON THE EAST INDIAN RAILWAY.

189. **Bhai Parma Nand:** (*a*) Will Government please inquire and state the circumstances under which the allowance sanctioned by the Chief Operating Superintendent, East Indian Railway, under his No. T. E.-65/27-P. I., dated the 12th September, 1933, is not paid to the crew staff by the end of February, 1934?

(*b*) Are Government prepared to take necessary action to see that the said allowance is disbursed to the staff before the close of the financial year? If not, why not?

Mr. P. R. Rau: Government do not consider that their intervention is necessary to ensure that the orders passed by the head of a department on a railway are carried out.

APPEALS FROM THE EMPLOYEES ON THE EAST INDIAN RAILWAY.

190. **Bhai Parma Nand:** With reference to the reply to starred question No. 235 of the 7th February, 1933, will Government please lay on the table a statement showing:

(*a*) the number of appeals during 1932 and 1933 which were received at the offices of (i) Railway Board, (ii) Agent and (iii) Divisional Superintendent from the employees on the East Indian Railway;

(*b*) the name and designation of the officer, who passed the order against which an appeal was preferred;

(*c*) the number of appeals disposed of during the said period by the said officers;

(*d*) the name and designation of the officer, who disposed of the appeal;

(*e*) the number of appeals referred to subordinate officers by the said offices together with reason in each appeal for such references; and

(*f*) the manner under which the appeal was disposed of?

Mr. P. R. Rau: Government regret they are unable to supply the information asked for by the Honourable Member which cannot be collected without an undue expenditure of time and labour.

RULES FOR THE RECRUITMENT AND TRAINING OF SUBORDINATE STAFF ON THE EAST INDIAN RAILWAY.

191. **Mr. S. G. Jog:** Is it a fact that Mr. P. R. Rau, in reply to a supplementary question to question No. 909 of the 24th March, 1933, regarding rules for the recruitment and training of subordinate staff on the East Indian Railway, informed this House that there were certain rules regarding Appeals and Memorials which he believed were in the Library of the House? If so, will Government please state the number and date of the notification under which the said rules were promulgated to the staff, and lay a copy of the same on the table of the House? Are Government aware that the same is not available in the Library of the House?

Mr. P. R. Rau: The rules to which I referred were the rules regulating the discharge and dismissal of the State Railway non-gazetted Government servants and the rules regarding the submission of petitions to the Governor General in Council. A copy of the former was placed in the Library of the House in 1931. The latter were promulgated with Home Department Notification No. F.-472-II-2/23-Public, dated the 21st June, 1924, and published in the Gazette of India.

RULES FOR RECOGNITION BY GOVERNMENT OF ASSOCIATIONS FORMED BY THEIR EMPLOYEES.

192. **Mr. S. G. Jog:** With reference to the statement laid on the table in reply to question No. 104 of the 22nd March, 1933, will Government

please lay on the table a copy of the rules issued in 1921 and amended to date relating to recognition by Government of associations formed by their employees?

The Honourable Sir Harry Haig: A copy of the rules referred to by the Honourable Member is in the Library.

SELECTION OF CANDIDATES FOR THE POSTS OF INSPECTORS IN THE TRANSPORTATION DEPARTMENT, EAST INDIAN RAILWAY.

193. **Mr. S. G. Jog:** With reference to the reply to part (*g*) of starred question No. 909 of the 24th March, 1933, will Government please state (*a*) the number of Selection Boards with the name of their personnel, held during the years 1925—34 to select candidates for the posts of all Inspectors in the Transportation Department, East Indian Railway, and (*b*) the number of vacancies in the said cadres during that period and the manner in which they were recruited or appointed or filled?

Mr. P. R. Rau: Government consider that the collection of the information required will involve expenditure of time and labour which will not be justified by results.

RULES FOR THE RECRUITMENT AND TRAINING OF SUBORDINATE STAFF ON THE EAST INDIAN RAILWAY.

194. **Mr. S. G. Jog:** With reference to the reply to starred question No. 909, part (*b*), dated the 24th March, 1933, regarding rules for the recruitment and training of the subordinate staff on the East Indian Railway, will Government please state the result of the decision arrived at? If no decision has yet been arrived at, when is it likely to be done?

Mr. P. R. Rau: Agents of State-managed Railways have been informed that the Railway Board consider it desirable that Selection Boards should record in writing their reasons for selecting employees for posts in selection grades where such selection involves a departure from normal principles.

STATEMENTS LAID ON THE TABLE.

CASES IN WHICH THE LOWEST TENDERS HAVE NOT BEEN ACCEPTED BY THE HIGH COMMISSIONER FOR INDIA IN PURCHASING STORES FOR THE GOVERNMENT OF INDIA.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table a statement, furnished by the High Commissioner for India, showing all cases in which the lowest tenders have not been accepted by him in purchasing stores for the Government of India, during the half year endng the 31st December, 1933.

HIGH COMMISSIONER

INDIA STORE

ABSTRACT OF CASES in which tenders for stores demanded by the Central Govern
goods demanded, were accepted on the grounds of superior quality,
inspection, quicker

HALF-YEAR ENDING

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.
PART A.—*Cases in which lower foreign tenders, including British tenders for ten*			
			£ s. d.
Zinc sheets. No. 64 . .	P. 1182/1439/31-8-33	London Zinc Mills, Ltd.	18 18 2 (British)
Bright Mild Steel Bars. 25¼ tons.	P. 2009/2966/20-12-33	Brunton's (Musselburgh), Ltd.	348 6 6 (British).
PART B.—*Cases in which the discrimination*			
Bearing plates. No. 2400 .	P. 995/1397/5-8-33.	Barrow Haematite Steel Co., Ltd.	115 5 1 (British).
Moderating glasses. No. 675	P. 1386/2050/29-9-33	W. Ottway & Co., Ltd.	34 5 0 (British).
PART C.—*Cases in which the discrimination*			
Peptone. 20 lbs.	P. 1502/1705/17-10-33	George T. Gurr	12 6 0 (U. S. A.)
PART D.—*Cases in which lower British tenders have*			
Nil.			

FOR INDIA.

DEPARTMENT.

ment, other than the lowest complying with the technical description of the superior trustworthiness of the firm tendering, greater facility of delivery, etc.

31ST DECEMBER, 1933.

Lowest Tender not accepted.	Reason for acceptance.

foreign made goods, have been set aside wholly or partially in favour of British ders.

£ s. d.	
15 17 8 (Belgian).	The accepted tender was the better offer, having regard to the cost of inspection abroad.
308 5 0 (Belgian).	The difference between the two tenders is compensated for partly by the differential tariff on foreign steel (£29 6*s.* 4*d.*) and partly by the higher cost of inspection abroad.

is between British firms only.

93 6 1 (British).	Accepted on the grounds of earlier delivery, as the bearing plates were very urgently required in India.
33 15 0 (British).	The indent stated that the glasses were required in India immediately. The second lowest tender was therefore accepted because of the earlier delivery offered.

is between Foreign firms only.

12 0 0 (Continental).	The order was placed with the higher tenderer on account of the superior quality of the peptone offered, which represented more than the difference in price.

been set aside in favour of foreign tenders.

Nil.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table:

(i) the information promised in reply to parts (*b*) to (*j*) of unstarred question No. 293, asked by Mr. Gaya Prasad Singh on the 11th December, 1933; and

(ii) the information promised in reply to parts (*a*) and (*b*) of starred question No. 66 asked by Mr. K. P. Thampan on the 5th February, 1934.

APPOINTMENT OF CHRISTIAN GIRLS AS TELEPHONE OPERATORS IN THE AGRA TELEGRAPH SUB-DIVISION.

293. (*b*) The fact is not as stated by the Honourable Member. His assumptions that an examination was held in 1930, and that an approved list based on the results of that examination was maintained, are not correct. Ten posts have recently been filled, three by Hindus (males), one by a Muslim (male) and six by Christians (females), all of whom passed an examination held in 1933; all these appointments have been made in an officiating capacity in accordance with the existing ban on making permanent appointments.

(*c*) No. The candidates who had worked in officiating vacancies had not been employed as a result of any examination held in 1930; further the complaints received against the majority of them, shewed that their work could not be regarded as satisfactory.

(*d*) In order to select the best qualified amongst the candidates who had previously worked in officiating capacities, complaints against most of whom had been received, and amongst outside candidates.

(*e*) Does not arise in view of the reply given to parts (*a*) to (*d*).

(*f*) No. As explained in my reply to part (*b*) above, there are no candidates who passed an examination in 1930, and no vacancies are being permanently filled. Further, of the candidates who had worked in officiating vacancies, only four passed the 1933 examination and they have been provided for in four of the ten posts mentioned in that reply. The cases of those candidates who failed to appear at that examination are being examined by the Postmaster-General concerned. The other six posts were given to the six Christian women who also passed the 1933 examination.

(*g*) Government understand that four of the six women had worked in officiating vacancies. They were not, however, senior to all the officiating operators.

(*h*) The Honourable Member is referred to reply given to his own unstarred question No. 292, in this House on the 11th December, last. There has been no change in the position since then.

(*i*) The reply is in the negative, since, as already explained in the reply to parts (*b*) and (*f*) above, no permanent appointments have been made. Further, the appointments were made on the results of an examination and the four old candidates who passed the examination and have been appointed, three of whom are matriculates, have been given seniority over the six Christian women. The latter part of the question does not arise.

(*j*) Does not arise in view of the reply given to parts (*f*) and (*h*) above.

RECRUITMENT OF POSTAL CLERKS IN MADRAS.

*66. (*a*) The reply to the first part is in the affirmative. As regards the second part, 46 candidates were selected.

(*b*) 30.

Mr. P. R. Rau (Financial Commissioner, Railways): Sir, I lay on the table:

(i) the information promised in reply to part (*a*) of starred question No. 1289 asked by Mr. B. R. Puri on the 7th December, 1933;

(ii) the information promised in reply to starred question No. 1426 asked by Mr. S. G. Jog on the 16th December, 1933;

(iii) the information promised in reply to starred question No. 1474 asked by Sardar Sant Singh on the 20th December, 1933;

(iv) the information promised in reply to starred question No. 26 asked by Mr. Jagan Nath Aggarwal on the 24th January, 1934;

(v) the information promised in reply to starred question No. 93 asked by Rai Bahadur Lala Brij Kishore on the 6th February, 1934;

(vi) the information promised in reply to starred question No. 94 asked by Rai Bahadur Lala Brij Kishore on the 6th February, 1934; and

(vii) the information promised in reply to starred question No. 156 asked by Mr. S. G. Jog on the 16th February, 1934.

SALE OF STEEL SCRAP FOR EXPORT TO JAPAN BY THE NORTH WESTERN RAILWAY.

*1289. Steel scrap on the North Western Railway used to be sold in two main classes, miscellaneous light and miscellaneous heavy. This was bought up by dealers who picked out the material in local demand, worth 20 to 80 rupees a ton, and disposed of the balance to exporters who sent it abroad for remelting. Genoa and Hamburg used to be markets, but Japan has always been an important and at present is the main market.

2. In 1931, the major portion of the more valuable scrap was sorted out for separate sale and this was possibly one of the reasons for the very low tender of Rs. 2-7-3 per ton for the miscellaneous scrap. At the suggestion of the Railway Board a lot of 5,000 tons was put up by the East Indian Railway at Calcutta on behalf of the North Western Railway and realised Rs. 5-12-0 per ton. The purchasers were Messrs. Nursing and Co., one of the principal export firms, who booked the material to Karachi for shipment. The Railway material rate to Karachi is Rs. 9 per ton, so that from the Railway point of view this rate was equivalent to Rs 14-12-0 at Karachi

3. In March, 1932, auctions were held at Moghalpura and Karachi and the accompanying extracts from the auction lists (Annexure No. 1) show the prices obtained for some small lots of similar material. Several lots were withdrawn at Moghalpura as the offers were not considered good enough.

4. In October-November, 1932, further auctions were held at Moghalpura and Karachi, at which small lots of material were put up for auction. The rates obtained for a number of lots are shown in Annexure II.

5. In November-December, 1932, several offers were received for material for immediate export. A list of the offers which it was considered to the advantage of the administration to accept are shown in Annexure III, also certain offers which were not accepted.

6. Messrs. Mitsui Bussan Kaisha's offer of Rs 20-6-0 for light steel scrap and Rs. 17-8-0 for heavy was considered a favourable rate for plain export scrap. The offer covered :

Light Scrap.

Light scrap of thickness 3/8" and up, length under 5 feet and width under 2 feet including such items as scrap steel eccentric straps, quadrant links, big and little butt ends, slide bars, brake hangers, wedges, eccentric rods, stay plates. Scrap cast steel axleboxes, axlebox guides, crossheads, brackets for reversing levers, couplers, couplers crosshead motion plates.

Scrap mild steel plate cuttings, pipe cuttings, Gusset plates, rolled sections under 5 feet washers, pins, rivets and rivet heads, bolts and nuts, cotters. Scrap steel cut rail pieces under five feet, fish plates, bearing plates, dog spikes, fishbolts and nuts.

Heavy Steel Scrap.

Skeleton engine wheels, engine frame plates, boiler tube plates and rings, engine domes etc.

The offer was for 6,000 tons more or less to be delivered in approximately 6 months. It was accepted, *firstly* as it was the best offer for this class of material received up to that date; *secondly* by its acceptance a minimum rate for scrap was fixed, but the Railway were free to put up at one of the regular auctions any material which there were grounds for believing would fetch over Rs. 11 at Moghalpura or Rs. 20 at Karachi; *thirdly* it promoted the direct despatch of export material without the Railway having to pay intermediate charges or profits.

ANNEXURE I.

Auction March, 1932, Moghalpura.

Steel axle boxes	Not sold.
Cast steel loco. fittings	30 tons 4 cwts. Rs. 10-4-0—Beli Ram Sita Ram.
Steel buffers with springs	29 tons 11 cwts.—Kharati Ram Rs. 10.
Steel buffers without springs	Not sold.
Brake shafts	Not sold.
Skeleton wheels	19 tons 12 cwts.—Mukand Iron Works Rs. 8-8-0.
Heavy consisting of engine frames, Boiler plates, boiler shells	Not sold.
Buffers with and without springs	66 tons - Kundan Lal Sita Ram Rs. 11.
Buffer sockets.	66 tons Rs. 6-5-0—Allah Din.
Draw bar pieces Steel axle boxes Loco. axle guards, axle keeps, etc.	Not sold.
Engine cylinders	334 tons 6 cwts.—Munshi Ram Rs. 7.
Axle guards	22 tons—Bhagat Singh and Son Rs. 11-4-0.
Buffer sockets	77 tons—Said Allah Din Rs. 6-12-0.
Skeleton wheels, full and broken	20 tons 17 cwts.—Devi Dyal Panna Lall Rs. 7.
Light miscellaneous cut pieces, nuts, bolts, rivets, miscellaneous loco. parts	Not sold.

Auction March, 1932, Karachi.

Mixed light scrap-no details available.

Tons.		Rs.	A.	P.	
1,500		17	0	0	Devi Pershad Ram Chand.
40		15	4	0	Devi Pershad Ram Chand.
160		10	0	0	Devi Pershad Ram Chand.
10	7 cwts.	23	12	0	
654		16	0	0	Noorbhoy Alibhoy.
132	17 cwts.	17	0	0	Noorbhoy Alibhoy.

Skeleton wheels 160 tons 11 cwts. Rs. 11—Mitsui Bussan.
Mixed (no details) 75 tons Rs. 14-12-0—Nursing & Co.
Scrap steel sleepers 130 tons Rs. 13-12-0—Shcri Lal Madan Lal.
Mixed (no detail) two lots 27 tons 17 cwts. Rs. 15—Hasham Mohd.
Mixed (no detail) 13 lots 81 tons Rs. 22-15-0—Haji Ahmed.

ANNEXURE II.

Auction Moghalpura, November 1932.

Quadrant links, big & little butt ends, slide bars, brake hangers, axle boxes, wedges, eccentric rods, stay plates . .	43 tons 6 cwts. Rs. 8 per ton—Tulsi Ram.
Steel axle boxes, axle guides, cross heads, brackets for reversing levers, motion plates	25 tons 8 cwts. Rs. 7-11-0—Bansi Lal.
Couplers, axle boxes, guards plate couplers, cross heads	42 tons 18 cwts.—Rs. 6-8-0 per ton.—Hasham Mohamed.
Axle boxes	320 tons 2 cwts. Rs. 6-2-0 per ton.
A. B. C. Couplers, Rings, Chimneys, Draw bar cradles, pieces of plate . .	56 tons Rs. 10-8-0—Fazal Ellahi.
Scrap cradles, rings, A. B. C. couplers, piston heads, boiler plates, chimneys, etc. .	90 tons Rs. 10—Ragoo Ram.
Skeleton wheels broken	32 tons 9 cwts. Rs. 11-12-0—Ditta Mall.
Skeleton wheels full	26 tons Rs. 7-12-0—Mangal Mal.
Engine skeleton wheels	77 tons Rs. 8-4-0—Ragoo Ram.
Engine and tender frames . . .	38 tons 4 cwts. Rs. 4-8-0—Ghulam Mohamed.
Boiler plates	71 tons 7 cwts. Rs. 4-4-0—Tulsi Ram.
Boiler shells	69 tons 5 cwts. Rs. 6—Mangal Mal.
Engine frame plates and boiler plates and rings	Offer Rs. 2-9-0—Not sold.
Engine Domes	11 tons 17 cwts. Rs. 8-4-0—Mukand Iron Works.
Roof plates	211 tons 2 cwts. Rs. 9-5-0—Jawanda Mal.
Axle boxes	40 tons Rs. 6-4-0—Mukand Iron Works.
Scrap light wrought iron miscellaneous .	330 tons Rs. 7-15-0—Mangal Mal.

Auction Karachi, October 1932.

Mixed heavy scrap steel 150 tons 15 cwts. Rs. 10-12-0—G. M. Thakar.
Skeleton wheels 62 tons 15 cwts. Rs. 14-12-0—Hasham Mohd.
Steel sleepers of sorts 50 tons Rs. 15-4-0—Tulsi Ram.
Axle Guards 19 tons 10 cwts. Rs. 14—Durga Dass Dwarka Dass.
Keeps axles and covers 6 tons Rs. 17-8-0—Jawanda Mal Dhana Mal.

ANNEXURE III.

Material sold as export scrap.

By auction.

January 1932, Nursing & Co., Calcutta .	5,000 tons Moghalpura Rs. 5-12-0. Miscellaneous.

By offer.

November 1932, Punjab Engineers Supply Co., Lahore	335 tons Sukkur Rs. 9-12-0—P. W. material bearing plates fish plates, etc.
November 1932, Nursing & Co., Calcutta .	175 tons F. O. R. Karachi Rs. 17—Bridge scrap.
Ditto ditto .	165 tons Jhelum Rs. 4-15-0—Bridge scrap.
Ditto ditto .	150 tons Jhelum Rs. 4-15-0—Bridge scrap.
Ditto ditto .	150 tons Jhelum Rs. 4-15-0—Bridge scrap.
Ditto ditto .	500 tons Moghalpura Rs. 7-15-0—mixed small.
Ditto ditto . .	40 tons Moghalpura Rs. 6-4-0—Axle boxes.
Ditto ditto . .	134 tons Raewind, Rs. 6—P. W. scrap.
December 1932, Nursing & Co., Calcutta	24 tons Moghalpura Rs. 6-4-0—Axle boxes.
January 1933, Mukand Iron Works through Nursing & Co.	977 tons Moghalpura Rs. 3-4-0—Heavy material requiring to be cut up By purchaser for export.
March 1933, Mitsui Bhusen Kashi . .	6,000 tons F. O. R. Karachi—light, Rs. 20-6-0, heavy, Rs. 17-6-0.

Offers received and not accepted.

November 1932, Punjab Engineering Supply	500/600 tons engine and wagon wheels at Moghalpura Rs. 4-8-0—auction rate Rs. 8-4-0.
November 1932, Punjab Engineering .	25 tons Sukkur Rs. 12-4-0 about 18 tons was tie bars and it was considered this lot was worth at least Rs. 15 per ton.
November 1932, Punthakoy & Co., Karachi	500 tons cast iron Rs. 21 per ton—miscellaneous light, Rs. 17-8-0 per ton F. O. R. Karachi, miscellaneous heavy, Rs. 14 per ton F. O. R. Karachi—accepted for cast iron only miscellaneous light and heavy not immediately available at Karachi though rates considered reasonable.
March 1933, Sita Ram Agarwal . .	Rs. 11 per ton for all scrap at Sukkur Rs. 8 per ton for all at Raewind for export. The material at Sukkur and Raewind included much material more valuable for local sale.
March, Durga Dass	1,000 tons scrap at Karachi Rs. 19 per ton. Better offer under consideration.
April 1933, Punjab Engineers Supply Co. .	1,000 tons miscellaneous export scrap Moghalpura Rs. 7-8-0. 150 tons Skeleton wheels Rs. 7-10-0. 300 tons Skeleton wheels cut up Rs. 8. 300 tons Boiler plates Rs. 7-11-0.

Rates all lower than Mitsui Bussan Kaisha Karachi offer.

CLASSIFIED LIST OF STATION MASTERS AND ASSISTANT STATION MASTERS ON THE EAST INDIAN RAILWAY.

*1426. (*a*) In April, 1933, the Chief Operating Superintendent, East Indian Railway issued such a list. I may add for the information of the Honourable Member that each division has its own seniority list and promotes staff without reference to the Head Office upto a maximum of Rs. 350 p m.

The Chief Operating Superintendent controls promotions to grades higher than Rs. 350 only. The combined seniority list of staff on grades rising to Rs. 350 was compiled to facilitate reference only.

(*b*) (*i*) The staff in grades rising to Rs. 350 on all six divisions have been combined in one seniority list in their class. Seniority is based on the earliest date of promotion to any grade in that class.

(*ii*) The channel of promotion from the combined seniority list is to higher grade Station Masters and Yard Masters, Inspectors, Deputy Controllers, Deputy Station Superintendents and Station Superintendents according to grade.

SENIORITY OF THE TICKET CHECKING STAFF ON THE EAST INDIAN RAILWAY.

*1474. (*a*) At the time of absorption of staff in the Moody Ward scheme, temporary men of over twelve months service were ranked equally with permanent staff. Seniority was determined by pay, and, if this was equal, by length of service.

(*b*) No. The reduction of the Crew Staff was not part of the economy campaign and would have taken place in any case. As such the special terms contained in Railway Board's letter No. 683-E.G., of 3rd March, 1931, did not apply.

(*c*) Yes.

(*d*) The letter referred to applies only to the fixation of seniority of staff transferred from the East Indian to the Oudh and Rohilkhand section or *vice versa*, and does not refer to the fixation of seniority on a man's own section.

(*e*) Seniority was fixed as detailed in the reply given under item (*a*) above.

(*f*) In December, 1932, the old Travelling Ticket Inspectors of the Accounts Department who were absorbed in the Moody-Ward Scheme, as Travelling Ticket Examiners were allowed the option of retaining the scale of pay applicable to the former permanent posts held substantively by them with the benefit of increments therein. The re-adjustment of their pay on this basis has no doubt in some cases resulted in their being given a higher position of seniority, *vide* answer to part (*a*), than some of the other Travelling Ticket Examiners.

Criterion of Efficiency for Promotion on the North Western Railway.

*26. (*a*) Four Indians, seven Europeans and two Anglo-Indians have been appointed to officiate as Assistant Commercial, Transportation and Personnel Officers on the North Western Railway since August, 1931, in the Lower Gazetted Service.

(*b*) It is not understood what efficiency bar is referred to. Efficiency bars exist at certain stages in many of the incremental grades for subordinates on the North Western Railway beyond which no one can pass without securing the prescribed qualifications.

(*c*) and (*d*). Promotions to officiating rank in the Lower Gazetted Service are made after careful consideration by the Administration of the general efficiency, character and capabilities of recommended subordinates.

Confirmation in the Lower Gazetted Service is made from the officiating subordinates in order of merit giving due consideration to the length of officiating service.

Provision of a School near the Indian Railway Colony at the Goods Marshalling Yard, Cawnpore.

*93. (*a*) (*i*) Agent, E. I. Railway reports that this is not a fact. There is an Upper Primary School on the same side of the Railway line as the staff quarters at the Goods Marshalling Yard in question. There is also a Middle English School 2½ miles from the quarters also on the same side of the line.

(*ii*) The Agent reports that he is aware of only one representation which was made in November, 1931, and the staff were advised to address the Municipality for a Primary School.

(*b*) In view of (*a*) (*i*) above this does not arise.

Provision of Facilities for the Recreation and Exercise of the Railway Staff at Cawnpore.

*94. The Agent, East Indian Railway reports as follows:

(*a*) (*i*) Yes.

(*ii*) This is so.

(*iii*) Though the Institute in question is not a joint one, East Indian Railway employees who are members of the Institute are represented on the committee of management to the extent of 25 per cent. of committee members, by election.

(*iv*) Yes.

(*b*) Owing to the existing financial stringency it is not possible at present to consider the provision of a separate institute.

Non-provision of Free Quarters to the Travelling Ticket Examiners on the East Indian Railway.

*156. (*a*) Government have seen the article in question.

(*b*) (*i*) Under the Old Company Rules certain staff were entitled to rent free quarters or house rent allowance in lieu and other staff were not. The Old Company staff

who were absorbed as Travelling Ticket Examiners in the Ticket Checking Branch continue to be governed by the rent rules which were applicable to them in their permanent substantive appointments, prior to their absorption in the Ticket Checking Branch. Therefore, some of the Travelling Ticket Examiners governed by Company Rules are allowed rent free quarters or house rent allowance in lieu and others are not, in accordance with the rules which were previously applicable to them.

(*ii*) Travelling Ticket Examiners who are old Oudh and Rohilkhand Railway staff and who were entitled to free quarters, when available, under the old O. & R. Railway rules applicable to them are still allowed the same, and are not charged rent. Any Travelling Ticket Examiners who are old O. & R. Railway employees and who were not allowed rent free quarters under the rules applicable to them in their previous substantive posts, are still governed by their old rules and are charged house rent accordingly.

(*iii*) and (*iv*). No staff of the ticket checking branch who were entitled to rent free quarters under the rules prior to 1st August, 1928, have been deprived of this privilege since that date.

(*c*) Does not arise.

ELECTION OF THE STANDING FINANCE COMMITTEE.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That this Assembly do proceed to the election, for the financial year 1934-35, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a Member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee".

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That this Assembly do proceed to the election, for the financial year 1934-35, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a Member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): I may inform Honourable Members that, for the purpose of election of members to the Standing Finance Committee, the Assembly Office will be open to receive nominations upto 12 Noon on Thursday, the 15th March, and that the election, if necessary, will, as usual, be held in the Secretary's Room on Monday, the 19th March, 1934. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

THE SUGAR (EXCISE DUTY) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I move for leave to introduce a Bill to provide for the imposition and collection of an excise duty on sugar.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to provide for the imposition and collection of an excise duty on sugar".

The motion was adopted.

The Honourable Sir George Schuster: Sir, I introduce the Bill.

THE MATCHES (EXCISE DUTY) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I move for leave to introduce a Bill to provide for the imposition and collection of an excise duty on matches.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to provide for the imposition and collection of an excise duty on matches".

The motion was adopted.

The Honourable Sir George Schuster: Sir, I introduce the Bill.

THE SUGAR-CANE BILL.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I move for leave to introduce a Bill to regulate the price of sugar-cane intended for use in sugar factories.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to regulate the price of sugar-cane intended for use in sugar factories."

The motion was adopted.

Mr. G. S. Bajpai: Sir, I introduce the Bill.

THE INDIAN CARRIAGE BY AIR BILL.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I move for leave to introduce a Bill to give effect in British India to a convention for the unification of certain rules relating to international carriage by air.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to give effect in British India to a Convention for the unification of certain rules relating to international carriage by air."

The motion was adopted.

The Honourable Sir Frank Noyce: Sir, I introduce the Bill.

THE INDIAN TARIFF (TEXTILE PROTECTION) AMENDMENT BILL.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways). Sir, I move:

"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection), be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B. Sitaramaraju, Dr. Ziauddin Ahmad Mr. B. Das, Mr. K. P. Thampan, Mr. S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhoria, Mr. C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J. Ramsay Scott, Mr. F. E. James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr. G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five".

Sir, I confess that I have never before been faced by a tariff problem so complex or so refractory as the problem of the Indian cotton textile industry and its claim to protective treatment. If, therefore, lacunæ appear in my presentment of the case, I would ask the House to set my omissions down to the complex nature of the issues involved and the very wide range of problems to be covered.

Happily, however, our task has been greatly lightened by the settlement which has been reached with Japan, and the agreement which has been come to between the Millowners' Association, Bombay, and the Lancashire Delegation. The House will observe that this Bill deals with cotton, silk and artificial silk; and I would like to make it clear that it extends over the whole range covered by the two Reports of the Tariff Board on cotton textile and on the sericultural industry. It is impossible to deal with cotton textiles without considering the case of artificial silk. This has been made clear by the report on the cotton textile industry; and equally, as will appear from the report on the sericultural industry, it is impossible to deal with silk without referring to artificial silk. The connection between these and its consequences must be clearly borne in mind. Comment has been forthcoming in regard to the delay in dealing with these two Reports. Now, Sir, as these two Reports are in the hands of Honourable Members, I think they will realise that there was everything to be gained by dealing with them at the same time, and that the problem of cotton, silk and artificial silk could not have been dealt with while negotiations with Japan were impending or were actually proceeding. I venture to assert, Sir, that we are dealing with these two Reports at the earliest moment at which they could have been dealt with properly, effectively and completely As I have said, Sir, cotton, silk and artificial silk for our present purposes form parts of a connected problem, and I will begin by taking up first what is, after all, the most important section of that problem, namely, cotton textiles and cotton yarn. The two main questions which have to be answered in this connection are: has the industry established its claim to protection; and, secondly, if so, what should be the measure of the protection. It seems to me, Sir, that the first of these questions must depend upon the answer to three other questions, namely,—firstly, has the industry set its house sufficiently in order during the past period of protection to justify its extension for a further period: secondly, has it attained a reasonable standard of efficiency, and, if so, does it still need protection against competition from abroad; and, thirdly, will the continuance of protection so seriously affect

the interests of the consumer as to outweigh the benefits which might accrue to the country from the maintenance and the extension of this industry. Now, Sir, I do not propose to go into any detail in the examination of these questions. I am content to take the findings of the Tariff Board, explicit or implied, on these matters, and I submit that the general effect of its findings on these points is to support the case for continued protection. In Chapter II of its Report, the Tariff Board has considered the progress of the industry. It has pointed out how production has increased, how the quality of Indian goods has improved, and how in certain classes of goods Indian mills can now hold their own on level terms with competition from abroad. In Chapter III, the Tariff Board has considered generally the question whether the industry has set its house sufficiently in order to meet the charges of inefficiency which have been levelled against it from different quarters . . . . .

Mr. N. M. Joshi (Nominated Non-Official): What is the verdict?

The Honourable Sir Joseph Bhore: I am coming to the verdict.

Mr. H. P. Mody (Bombay Millowners' Association. Indian Commerce): Not guilty.

The Honourable Sir Joseph Bhore: That, Sir, is the plea of the prisoner at the bar. It would have been surprising indeed, Sir, if the Tariff Board had been able to record an absolute and unqualified finding on these points. Progress has not been uniform or equally sustained on all fronts, but a careful examination of the record of the progress of the industry leaves the general conclusion that though progress may not have been as much as one might have expected, still in many phases of the industry's work and organization there has been notable development. The industry has a long way to go yet, before it can stand before the bar of Indian public opinion and claim that its house is in perfect order. But, at the same time, a perusal of the Tariff Board's Report makes it absolutely clear that effort has definitely been made and that in many directions that effort has been eminently successful. It is easy to point to failure here and a lack of effort there but, I think that the progress of the industry during the past few years justifies its claim for consideration for a further period of time. In arriving at its conclusions, the Tariff Board has made it clear that it has demanded a standard of reasonable efficiency from the industry, and that, in making its recommendations for protection, it has not been influenced by the case of those mills which have failed to come up to a standard which it regarded as reasonable.

Now, Sir, we come lastly to the question which, I think, it is essential for us to answer, namely, whether continued protection is likely seriously to affect the interests of the consumer. I have on more than one occasion in this House given figures which have shown that even the enhancement of the duty to 75 per cent. has not only had no effect in raising prices appreciably, but that, in the case of certain varieties of cloth, prices have actually fallen despite the enhancement to this high level of duty, namely, 75 per cent. That there may be, as a result of the arrangements that we have entered into, a rise in prices is possible. Indeed, Sir, we hope that such a result may be achieved in certain cases where price levels are uneconomic, but the existence of internal competition is, I think, the

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surest guarantee that the interests of the consumer will be safeguarded. On this point, Sir, I ought to draw the attention of the House to the finding of the Tariff Board, a finding, I think, which will be endorsed by every one who knows the conditions of the Indian cotton textile industry today. In referring to the acute external competition, the Board points out that the industry is subjected to an equally acute internal competition. In paragraph 92 this is what the Board says:

"In the case of the cotton industry, however, not merely is foreign competition unusually severe, but internal competition as regards at any rate the bulk lines of goods has reached a stage which is without parallel among Indian industries".

I venture to submit, Sir, that that is the best justification for the protection given in the past and the surest guarantee that the interests of the consumer will be safe With these facts and findings before us, I do not think that we need be unduly anxious in regard to what may befall the consumer if we extend the period of the present protection.

Now, Sir, I come to the next question, namely, the degree of protection which is required. This is a problem the bearings of which have been entirely altered since the Tariff Board completed its Report. The two factors which have entirely altered this problem are the conclusion of the agreement with Japan and the agreement which has been entered into between the Millowners' Association, Bombay, and Lancashire These factors have rendered largely inapplicable the recommendations of the Tariff Board Why this is the case I will endeavour to explain quite shortly. In making its recommendations, the Tariff Board was compelled by the facts of the case to concentrate its attention on the effects of the competition from the one quarter from which it was most intense and severe, namely, Japan The procedure which it adopted was to compare the fair selling prices of certain lines of Indian products with prices actually obtained by these in the Indian market which according to the Board were conditioned and regulated by foreign competition, the difference between the two being the measure of protection required for the Indian product. Now, Sir, from the figures given by the Board it is perfectly clear that that external competition was competition from Japan. The problem of Japanese competition has now, however, been entirely altered by our arrangements with Japan. Not only has the fixation of a quota definitely set a limit to the inroads which Japan can make upon the internal markets of India, but we believe that the fixation of a quota will result in the elimination, or at any rate, substantial reduction of price cutting from that quarter. It is I think reasonable to argue that so long as it was open to Japan to capture the entire internal market of India by lowering her prices, she would lower her prices hoping to make up for her smaller profits by a larger turnover in her sales. Now that her market in India has been definitely fixed, there should be no inducement to her to reduce her prices unnecessarily. In fact, I think we may reasonably assume that she will only lower her prices so far as to enable her to work up to her quota and that it will be to her interest to make up for the limitation of her sales by appropriating to herself as much benefit as she can by higher prices. That those prices should not be unreasonable I think can be ensured by the maximum tariff rates which have been agreed to by Japan. In fact, such information as is available at the present time goes to show that our assumption is being justified.

Now, Sir, with the elimination or the regulation of Japanese competition, the only substantial remaining competitor in the Indian market is the United Kingdom, and as the Tariff Board's recommendations in regard to tariff rates have clearly been fixed with regard to Japanese competitive prices, we are now left to fix suitable rates to meet the competition from the only other remaining competitor, namely, the United Kingdom. The Tariff Board has admitted that the requisite tariff duties in this case would be lower than the duties necessary against Japan. Were it not for the agreement, we might possibly have found it necessary to have a more or less elaborate enquiry into what rates were necessary to meet a new situation in which the factor of Japanese competition had been regulated and controlled. The agreement, however, furnishes us with the answer to the question what rates we should now impose, at any rate, for the present.

I do not propose at this stage to make any detailed observations as to the merits of the two agreements to which I have referred I will only say that they appear to us to have been conceived in the best interests of the country so far as it is possible for us to judge at present. If the course of our discussion shows criticism of these agreements, I shall endeavour, to the best of my ability, to meet such arguments as may be raised.

Starting from the basis of the two agreements, it becomes a comparatively easy task to build up a protective scheme of duties, so far as cotton textiles are concerned. Honourable Members will observe that these two agreements furnish the basis and the framework of our protective scheme.

Now, Sir, I need only say a very few words at this stage in regard to the agreement between the Millowners' Association, Bombay, and Lancashire. It proceeds on the basis that a much smaller measure of protection is needed against Lancashire than against Japan. There is ample evidence in the pages of the Tariff Board's Report itself to substantiate the position that the duties required against Japan are wholly unnecessary against the United Kingdom Indeed, it is a fact so patent and so generally admitted even by the Indian industry itself that we may safely act upon it. The comparative figures, which have been given by the Tariff Board in the tables at pages 149 and 150 of its Report, afford conclusive evidence on this point if such evidence were really required.

As I have said, once these agreements are accepted, the main duties practically fix themselves. Beginning with the duties on United Kingdom goods embodied in the agreement between the Millowners' Association, Bombay, and Lancashire, and imposing thereupon our agreement with Japan, we can start with a complete scheme of cotton textile duties which in our view may be held fairly to meet the requirements of the industry for the present,—at any rate, until we are in a position, as the result of actual experience, to decide whether any modification of those duties is called for

12 NOON. At this stage I would like to place before the House a few considerations in regard to the agreement between the Millowners' Association, Bombay, and Lancashire. In the first place, we have been asked "Why have you accepted the verdict of this Association and why have you ignored the protests that have been made against it?" The answer is, I submit, a very simple one. The Millowners' Association,

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Bombay, is the most important and the most widespread organisation in the Indian textile industry today. More than half its membership comes from outside Bombay, and there is hardly any part of India which is not represented in the Association. I can say this definitely that, as far as my calculation goes, the protests which we have received from the industry itself, and that is the important point, come from by far the smaller section of the industry Then, secondly, our point is that this agreement will assist, as nothing else could possibly assist, a larger off take of Indian cotton by Lancashire. We believe that the only hope or the future prosperity of the Indian millowners themselves lies in increasing the purchasing power of the masses, and we have no hesitation in coming to the conclusion that any other method of dealing with this problem will fail to reach the real root of the matter. We must remember, of course, that Lancashire will have to re-orientate her attitude towards the use of Indian cotton. That she is already doing this is amply evident, for not only is she making experimental manufacturing tests with Indian cotton on a very extended scale, but she is actually spending large sums of money in preparing the way for a largely increased purchase of Indian cotton. We must recognise the fact that, in view of her very large dependence in the past on foreign cotton, the turnover to Indian cotton cannot be made in a day or a month or perhaps even in a year, but, Sir, there is absolutely no reason to doubt the good faith of Lancashire in this matter. The most patent proofs exist that she is doing everything she possibly can to extend and extend largely her purchase of Indian cotton. If Honourable Members will look into the figures, they will realise that even this year her purchases of Indian cotton are far in excess of what they were in the year previous I would here like to repeat what was said in this House a few days ago, I think, by my Honourable colleague, the Finance Member. You cannot hope to sell to others unless you are prepared to buy something from them in return. For many years to come, it will be absolutely essential for us to find substantial markets abroad for our agricultural products, and unless we do this, thereby rehabilitating the Indian agriculturist and his purchasing ability, in my own view, the mere piling on of protective duties must lead to failure and, I believe, eventually to disaster. Thirdly, I would point out that for some years to come India will not produce or at any rate will not produce, in the quantities required, the special lines of goods which are at present supplied so largely by the United Kingdom, and it will surely be against the interests of the consumer and of the country at large if we either exclude or penalise by unnecessarily high duties what we cannot ourselves produce at the moment in sufficient quantity, more especially, and this is the point, when by buying these goods from the United Kingdom we will incite a greater demand for our own raw cotton. Lastly, while we could not possibly sacrifice the interests of any Indian industry, I would submit that, in the larger interests of this country it is essential for us, wherever this is possible, to try and embark upon a policy of co-operation with the United Kingdom.

Turning now to the duration of the period of protection, I am afraid we must regard the period of ten years as too long. While in no way belittling the considerations which have been set out by the Board in support of their recommendation, we feel that we could not possibly mortgage the interests of the consumer, despite the admitted fact of internal competition,

for a longer period than five years. There are already the plainest possible indications that the industry is re-organising itself by the establishment of up to date factories on a sound basis. To allow an industry, not by any means a new industry, which has already been in possession and enjoyment of protection for nearly four years, to continue to shelter itself behind the certainty of protection for another decade, would, I think, instead of proving a spur to improvement, place a premium upon a "go-easy" policy. We think that five years should be the limit, and that, if the industry feels that it has a case for the continuance of protection beyond this period, it should be prepared to establish that case before a Tariff Board, before the expiry of the period of protection.

I must now refer briefly to the case of cotton yarn, and I would point out that here we are not following the recommendations of the Tariff Board. We quite realise that the interests of the handloom weaver should be borne in mind. We quite appreciate the necessity for considering the interests of that industry and indeed we had more than one consultation with the representatives of that industry who formed part of our non-official body of advisers during the conduct of the Japanese negotiations. What the Tariff Board has recommended is that the existing rate of $1\frac{7}{8}$ annas a pound or an *ad valorem* rate of $6\frac{1}{4}$ per cent. should be substituted by a duty of one anna per pound on counts up to fifties, or the *ad valorem* rate of revenue duty, and that, in regard to counts above fifties, there should be imposed only the *ad valorem* rate of revenue duty. Here, Sir, it is a case of holding the balance between two indigenous industries: and we believe that the proposals that we have made should, in practice, have the effect of meeting the claims of both the indigenous yarn industry and the handloom industry. Our proposals are these. Firstly, in respect of counts up to fifty, we propose the following rates of duty, in the case of United Kingdom goods, a specific duty of $1\frac{1}{4}$ annas per pound, or five per cent. *ad valorem*, whichever may be higher, in the case of foreign yarns, $1\frac{7}{8}$ annas per pound, namely, the existing rate of duty or $6\frac{1}{4}$ per cent. *ad valorem*. Secondly, in the case of yarns above fifty, we propose that the preferential rate should be five per cent *ad valorem*, and the standard rate $6\frac{1}{4}$ per cent *ad valorem*. Now, Sir, I may say that the representatives of the handloom industry with whom we discussed the matter in Simla . . .

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): May I know who they were?

The Honourable Sir Joseph Bhore: There were three gentlemen. I cannot give their names straight off, but I shall be happy to send the names to my Honourable friend later on.

An Honourable Member: Were they Indians or Englishmen?

Another Honourable Member: They were the Directors of Industries of various Provinces.

The Honourable Sir Joseph Bhore: One of them was my friend, Mr. Ramakrishna, at present sitting behind me. I have said that the representatives of the handloom industry advised us that even higher rates than these would not have caused any inconvenience to the handloom industry, provided steps were taken to organize and develop co-operative buying and selling on behalf of the handloom industry. The Government of India have, therefore, decided that they will invite Local Government and Local Administrations to place before them suitable schemes for developing co-operative

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buying and selling on behalf of the handloom weaver, and, generally, for the better organization and improvement of the industry. They propose to make grants-in-aid of such schemes as may appear suitable to them, the grants-in-aid per annum not to exceed, in the aggregate, an amount equal to the amount of the proceeds of an import duty of a quarter anna per pound on yarns up to fifties imported into the country, and to last so long as the protective measures in this Bill are in force. We calculate that we shall have something like Rs. 3½ lakhs per annum to distribute for this purpose. I ought, Sir, at this stage I think to summarise more precisely the attitude of the Government of India on the question of protection and the protective rates of duty so as to remove all possibility of doubt or ambiguity in the future. In the first place, as I have said, we consider five years should be the limit of the period of the protection which we should be prepared to give at the present moment. If the industry, after adequate experience of the next few years, feels that it can make out a case for continued protection, then it should establish that case before the Tariff Board and further protection will depend upon the examination of the Board's recommendations by the Government of India. The tariff rates on British goods will remain in force for two years in accordance with the terms of the agreement between the Lancashire Delegation and the Millowners' Association, Bombay, that is, the present rate of 25 per cent *ad valorem*, or 4⅜ annas a pound on plain, grey goods and 25 per cent *ad valorem* on other goods will, during this period, continue until the second surcharge comes off as a general measure. If and when this happens, the duty will be reduced to 20 per cent *ad valorem* or 3½ annas a pound on plain, grey goods and 20 per cent *ad valorem* on other goods. On the expiry of the two years covered by the agreement, the duties on British goods for the remaining period of protection will have to be decided on a review of the conditions then existing, and, in the light of such experience as may have been gained. I have referred to the second surcharge coming off as a general measure. I mean by that the removal of the surcharge on a reasonably large proportion of, not necessarily all, the items now subject to it. The duties on Japanese goods imposed in accordance with the recent agreement will normally continue for the period of that agreement. Thereafter the Government of India will have to satisfy themselves, on a review of the existing conditions, what rates are, in the interests of the industry, essential. In short, what the Government of India undertake to do is to give adequate protection to the industry for a period of five years.

I come next to the question of silk, and I think the House will agree that the most sympathetic consideration should be given to any proposals which have for their object the rehabilitation of the cottage worker. The sericulture industry is almost entirely a cottage industry and it affords a subsidiary occupation to the agriculturist in the districts in which silk worms are reared. We must, however, be careful to see that indiscriminate protection is avoided, for it may well recoil upon the heads of those for whose ostensible advantage it is given. I can illustrate my meaning by a very simple example. If by a heavy duty on raw silk we raise unduly the price of raw silk, we might be inflicting a real hardship on the handloom weaver. Obviously, the higher price for his finished goods must affect the demand and, with the lowering of the demand for his finished products, the demand for raw silk itself may be affected. Protection is a double-edged weapon and its use must be most carefully scrutinised and regulated. (Hear, hear.) Now, there are certain *prima facie* reasons for not accepting all the recommendations of the Tariff Board in this connection as they stand. So far as

the principle of granting protection is concerned, I think a definite case has been made out in the Tariff Board's report, but I would prefer to accept the Tariff Board's own description of the character of the measures necessary in this case. I would prefer to regard the measures we propose more in the nature of safeguarding duties than of protective duties. I would point out that in arriving at a fair selling price, the Tariff Board has allowed for a price for cocoons which form the largest item in the price of raw silk, far in excess of that prevailing in what is the largest single raw silk producing area in India, namely, Bengal. Bengal produces nearly half the raw silk in India and it is well known that the costs of production there are lower than anywhere else. We find great difficulty in accepting the recommendations of the Tariff Board which take little account of the cost of production in the largest single raw silk producing area in India. For these reasons, we think we should abandon the method adopted by the Board in arriving at its recommendations and proceed upon the lines definitely indicated by the Board's finding in paragraph 192 of its Report. Here it definitely states that the sericultural industry needs more safeguarding than protection. We accept that finding and we have proceeded to assess the safeguarding duties necessary in this case on the lines on which we have assessed similar duties on other goods. We have taken the year 1928, when competitive conditions were more or less normal before the depreciation of the Chinese currency had begun, as our starting point. From the Board's report it is evident that then the condition of the industry was good. From the price then prevailing we have deducted what was necessary to allow for the general depression factor, that it is to say, to allow for the general fall in prices, and we have arrived at a figure which would have given us a fair selling price today if abnormal circumstances had not intervened. That price we compare with the price of imported raw silk, and the difference between the two is the amount of safeguarding we propose. In actual figures it amounts to Rs. 1-7-6 per lb. We propose to give this measure of protection in the shape of an *ad valorem* duty combined with a specific duty as a fair means of taxing goods which have a wide range of quality and which vary considerably in price. Now, Sir, having decided that raw silk is to be protected, it follows that we must continue the chain of protection and extend it to silk yarn and silk piecegoods. If, for instance, we left silk piecegoods untouched, we should be treating the handloom weaver unfairly for we would have raised the price of his raw materials and we should be denying protection to his finished goods against the competition of foreign articles. We accept the period of five years for protection recommended by the Board in this case, though, when I use the word "protection", I want to make it clear that the character of the measures we propose is, as I have already said, rather of the nature of safeguarding than of substantive protection.

We pass on from silk piecegoods to artificial silk piecegoods. Here, of course, it is common knowledge that artificial silk is not an indigenous product. But, as has been pointed out both in the Report of the Cotton Textile Tariff Board and the Report on the sericultural industry, it is an article which enters into the severest competition, both with cotton textiles and with silk fabrics. Obviously our scheme of protection would be open to objection if we failed to safeguard the industry from an attack from this quarter. In dealing with the case of artificial silk piecegoods, we have the recommendations both of the Cotton Textile Tariff Board and the recommendations of the Sericultural Tariff Board. The latter is the later Report and its recommendations are apparently based upon the duty now existing. We propose to maintain that duty which is 50 per cent. *ad valorem* or four

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annas a square yard whichever is higher, because we find that the actual effect of that duty has been very definitely to reduce the imports of artificial silk piecegoods within reasonable limits. We feel, therefore, that any higher duty would be unreasonable and unjustified.

The next article that we turn to is artificial silk yarn, and here we have conflicting recommendations from the two Tariff Boards. The Tariff Board on the sericultural industry recommended a prohibitive duty of one rupee a pound and the Cotton Textile Tariff Board recommended the *ad valorem* rate of revenue duty. Now, it must be remembered that artificial silk is used in this country by the handloom weaver and also in small factories for the manufacture of hosiery and also, I believe, piecegoods. It is, therefore, essential that we should not impose a prohibitive duty upon this article, but at the same time we should see that its import in excessive quantities is prevented. The present rate of duty is 18¾ per cent *ad valorem* and we believe that our object will be served if we increase this rate to 25 per cent *ad valorem*. These, Sir, cover the main recommendations of the two Tariff Boards with which we are now dealing. It is, I think, unnecessary for me to go into any detail in regard to the ancillary proposals. I need only say that we have, as Honourable Members will realise, accepted the majority of them. There is one other matter that I should not omit to mention before I close. Under Article 11 of the Ottawa Agreement, we are committed to giving a preference in respect of the articles shown in Schedule G to that Agreement, that is, ten per cent. in respect of such of the articles in Schedule G as we decide do not need protection after we have considered the recommendations of the Tariff Board. We have implemented that obligation which arises from the fact that we have, so to speak, already received payment in advance through the preferences that have been given to us by the United Kingdom. In respect of certain articles which we have protected, as, for instance, silk cloth, we have given no preference. In respect of others which we are protecting, we have imposed differential rates of duties on British goods in accordance with the Agreement come to between the Millowners' Association, Bombay, and Lancashire. No one, I am sure, in this House, would object to our levying those rates unless they adversely affected the interests of the Indian industry. On that point, I think that the concurrence of the Millowners' Association of Bombay should carry an assurance to all who are assailed by honest doubts. Sir, no one, I hope, in this House will refuse to give a concession to Lancashire simply because it happens to be Lancashire. The interests of this country must undoubtedly come first, but subject to that basic and essential condition, I would ask this House to endorse and endorse emphatically a policy of friendliness towards Lancashire and through Lancashire to the United Kingdom as an earnest of that co-operation which is essential if the coming Constitution is to function satisfactorily. (Cheers.) Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection), be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B. Sitaramaraju, Dr. Ziauddin Ahmad, Mr. B. Das, Mr. K. P. Thampan, Mr. S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhoria, Mr. C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J. Ramsay Scott, Mr. F. E. James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr. G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

Sir, it was my proud privilege and very painful duty in 1930 that I had to oppose the consideration of the Textile Protection Bill when it was introduced that year. If I follow my personal inclination, I would oppose the present Bill tooth and nail, but I feel that, as this Bill affects the interests of the great commercial communities of India, it is but right that this Bill should be circulated to the different Chambers of Commerce and to the public at large, so that we may have their opinion, and, then, when we meet in the Simla Session of the Assembly, we may consider whether the Bill is worth considering or throwing out. When I heard the Honourable the Commerce Member giving his halting explanation as to why he has departed from the time-worn custom of Commerce Members as regards the design of this Bill, that this Bill is not a protective measure as the Honourable the Commerce Member himself admitted, it is a safeguarding Bill. . . .

The Honourable Sir Joseph Bhore: I pointed out that the character of the measure in respect of silk was of the nature of safeguarding.

Mr. B. Das: I will just read the Preambles of the various protective measures passed by this House so far and I hope the House would listen to them:

"Whereas it is expedient in pursuance of the policy of discriminating protection of industries in British India with due regard to the well-being of the community that increased import duties should continue to be levied on certain iron and steel articles, etc., etc., *for the purpose of fostering and developing* the steel industry in British India that the rates of duty, etc., etc., should be increased."

What does the Preamble to this new Textile Bill say:

"Whereas it is expedient further to amend the Indian Tariff Act, 1894, for the purpose of affording protection to the sericultural industry and to the cotton and silk textile industries in British India and for certain other purposes: It is hereby enacted as follows".

This shows that there is a mixture of the two things in the Bill. Although the Honourable the Commerce Member maintains that it is a Safeguarding of Industries Act to a certain extent, I maintain that it is primarily a Safeguarding of Industries Bill giving a little protection here and there throwing a little crumb to my Honourable friends of the Bombay Millowners' Association, headed by my Honourable friend, Mr. Mody. I want this Bill to be circulated for eliciting information and I have seven reasons for that course.

The first reason is that the Indo-Japanese negotiation is incomplete and has not been fully discussed on the floor of the House and has not yet been ratified by this House. The second reason is that the Anglo-Japanese negotiations are going on in England and it has been reported in the Press that it has broken down and it may be that England and Japan may not come to an agreement, and so, if the masters do not come to an agreement, how can a subordinate body like the Government of India enter into a pact with Japan, and, as the Honourable the Commerce Member the other day, with great humiliation to India, admitted that they have got the substance and that I was pleading only for the shadow

[Mr. B. Das.]

when I was pressing that the Honourable Sir Joseph Bhore should put his signature to the Indo-Japanese Agreement and that the same be signed in India. I feel now that the agreement may not be signed at all. My third reason is that the Bombay Island Millowners' Association and the Lancashire Agreement, popularly or vulgarly known as Mody-Lees Pact, is so anti-national and so very humiliating to India, that it requires to be closely studied by the public at large and also by the different mercantile communities all over India The fourth reason is that the Bombay Island Millowners' Association does not represent the majority of millowners in India. It has membership of 101 mills of which only 73 belong to the Bombay City, and, even out of these, forty have collapsed during the recent mill collapse. The Bombay Millowners' Association, which negotiated with Lancashire, are only an infinitesimal part of the large number of millowners, and if the report of the Tariff Board is correct, I find there are 361 mills in India and Mr. Mody only represents 40 mills of the Bombay City which are also tottering like a pack of cards and this measure of protection would not give them any new lease of life.

This measure, in my opinion, is designed purely as an Imperial preference measure. Let my Honourable friend be honest and say that this is protection to Lancashire and I will then meet his point. Sir George Schuster also spoke in similar strain in 1930, and I will come to that point presently. If this Bill does anything at all, it protects Lancashire and it indirectly throws a little crumb to the henchmen of Lancashire, namely, the Bombay millowners. It penalises all the countries barring the British. The Honourable the Commerce Member talked of Japan only. It does not penalise Japan alone, but it penalises also the United States of America, Italy and every other manufacturing country barring Britain. This is not protection to the Bombay millowners, but it is protection to Lancashire. The next reason is that the Ottawa Agreement not only comes in in the matter of Safeguarding of Industries, but it does also come in in the matter of cotton yarn which is a protected article. This measure incorporates the agreement which my Honourable friend, Mr. Mody, after taking a glass of champagne with the representatives of Lancashire, entered into, that the cotton yarn of British manufacture should get a preference. (Interruption.) I had the privilege to dine at one of the tripartite dinners where Mr. Mody and myself were both present. I find a differential tariff, a discrimination between British goods and non-British goods prevails throughout this Bill, and so I cannot be a party to it, and the opinion of the larger section of the public minus the forty mills of Bombay should, therefore, be ascertained in this matter.

The last point is that the handloom weavers' interests have not been protected adequately (Hear, hear), although a certain amount of recognition has been given to their demand that the predecessors of my Honourable friend, the present Commerce Member, failed to recognise, from the year 1926. Therefore, I propose that this should be circulated.

The other day, in reply to a question, my Honourable friend, the Commerce Member, said that the mercantile communities and the Chambers of Commerce voluntarily expressed their views on the Mody-Lees Pact without being asked. When a nation is humiliated and when a nation in anguish expresses its view, and if the representatives of the Ahmedabad millowners and other millowners express their views, that is no excuse for the Government of India not to circulate this Bill. My friend, Mr. Mody, here does not represent the Bombay Millowners' Association.

Rightly that seat belongs to the Ahmedabad Millowners' Association. They non-co-operated at one stage and so, by a fluke, the Bombay Millowners' Association finds representation here: therefore, he is not rightly occupying that seat; and if that is so, what are the views of the Ahmedabad Millowners' Association? They want this Bill to be circulated. They do not agree at all with this Mody-Lees Pact—they want it to be examined; and that is the reason why I want it to be examined. I would quote the views of the Ahmedabad Millowners' Association and also the opinion of the Federation of Indian Chambers of Commerce and Industry—a resolution which they forwarded to the Government of India, and I hope my friends from Bombay island had had time to read it. They say:

"The Committee of the Federation protest against the action of the Government of India in fixing in the recent Indian Tariff (Textile Protection) Amendment Bill on imports from Lancashire a lower rate of duty than that unanimously recommended by the Tariff Board, and in adopting the terms of the Bombay-Lancashire Agreement, despite general protests throughout the country."

—I want the House to recognise that there has been general protest throughout the country, barring the forty mills of Bombay—

"The Committee suggest that Government should take steps to amend the Bill by excluding that portion thereof which relates to duties and other conditions in the terms of the Bombay-Lancashire Agreement, and obtain public opinion thereon, maintaining in the meanwhile at least the present scale of duties on Lancashire Imports."

That is all my motion demands. I want the Bill to be circulated. The Honourable Member the other day came and asked this House to give permission to extend the life of the present scheme of protection to the textile industry for one month. We are quite willing to give him permission to extend the same terms of privilege to the cotton millowners for another six months. Let public views be ascertained in the meantime and then we will know how we stand and whether at all the Bombay island deserves any compassion from this side of the House.

As my Honourable friend, Mr. Mody, does not rightly represent the Ahmedabad millowners on the floor of the House and as that seat rightly belongs to the Ahmedabad Millowners' Association, I would just quote from the opinion of the Ahmedabad Millowners' Association:

"My association therefore respectfully submits that the present Tariff Act be extended for a period of six months and Government be pleased to ascertain the commercial opinion before proceeding with the measure, particularly in view of the opposition from all quarters except Bombay" (Bombay means Bombay Island) "to the uncalled for concessions granted to the United Kingdom by the Bombay-Lancashire pact."

In point of importance, of course, the Indo-Japanese Agreement deserves the first consideration from this House; and opinion was expressed that, whatever this House ratifies, the Government will approve of that. I once again take this opportunity of congratulating the Honourable the Commerce Member and his colleagues—the Members for Industry and Labour and for Education, Health and Lands—on the successful negotiation which they carried out with Japan. It was a very tiresome and difficult negotiation. The difficulties were greatly enhanced by the manipulations and subterfuge of the tactics of the Bombay Island millowners: the Japanese have an international reputation for being astute negotiators; and, in the face of all this, they successfully negotiated and brought out an agreement to a certain extent satisfactory to both countries. After saying that, I will now say which portion of the agreement I am dissatisfied with.

[Mr. B. Das.]

It seems the loud noise which emanated from the Bombay Island and which was inspired through the British, Japanese and Indian Press by the clever tactics of the Bombay Millowners' Association, overshadowed all other bearings except the interest of the textile industry in that Agreement. If we look at the Indo-Japanese Agreement which was published in the press, we find that the first part contains only a reference to the most-favoured-nation treatment. Does India deal in one commodity alone with Japan, in cotton and cotton piecegoods? India deals with various other commodities. I asked before and I did not get a reply, but I ask again today: did the Honourable the Commerce Member, did the Government of India negotiate with the Japanese delegation about the retaliatory policy of Japan against Indian pig iron and Indian rice? It seems, before 1930, Japan used to charge 1·7 yen per ton on Indian pig iron: that went up to six yen per ton and is the same now: I have consulted my friends in Bombay and Calcutta and inquired of them if, after the Indo-Japanese Agreement was initialled by the Honourable the Commerce Member and His Excellency Mr. Sawada in India on the 5th January, Japan had taken off these retaliatory duties that were put on Indian pig iron and Indian rice. My information is—and I speak here subject to correction from the Honourable the Commerce Member who might have received recent cables—that Japan still maintains those retaliatory duties against Indian pig iron and Indian rice and they have not taken steps to reduce them to the old level . . . .

The Honourable Sir Frank Noyce (Member for Industries and Labour): My Honourable friend has referred to retaliatory duties against pig iron levied by Japan: against what were those duties a retaliation?

Mr. B. Das: My friend knows it well that Japan adopted a retaliatory attitude after the Textile Protection Act of 1930 . . . .

An Honourable Member: Against what?

Mr. President (The Honourable Sir Shanmukham Chetty): Does the Honourable Member mean discriminatory duties against Indian pig iron?

Mr. B. Das: Retaliation against Indian goods.

The Honourable Sir Joseph Bhore: Does my Honourable friend suggest that the duty on pig iron was discriminatory as against India?

Mr. B. Das: I think my Honourable friend ought to enlighten me on that, but he knows it well . . . .

The Honourable Sir Joseph Bhore: Sir, I shall be happy to enlighten him on that point. The duties are by no means discriminatory against India.

Mr. A. H. Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): Is my Honourable friend aware that before the ink was dry on that document, India raised by 260 per cent. on hosiery?

Mr. B. Das: My friend can with authority speak of hosiery, but hosiery is a matter of very recent occurrence, but Japan raised the duty from 1·7 yens to 6 yens per ton in 1930, and it is a prohibitive duty.

Then, Sir, there is another thing. Indian shippers, whether they are at Osaka, in Japan or in India, cannot ship Indian cotton, because all Japanese ships are controlled by Japanese shipping interests. Since this Agreement has been signed, no Indian shipper has shipped more than 100 bales of cotton in Japanese bottoms. There is a combine, a sort of monopoly, that is working to shut out Indian shippers and Indian traders and prevent them either from exporting to or importing from Japan goods, unless they are shipped through Japanese firms that are working in India or in Japan. Sir, is that most-favored-nation treatment? There are very few British steamers that go from India to Japan, and so Japan is controlling these cargo freights and she does not allow Indian merchants to export cotton to Japan or import Japanese goods. I want a reply to that from the Honourable the Commerce Member whether this is not a fact.

Now, I shall take this opportunity to reply to my friend, Diwan Bahadur Ramaswami Mudaliar, who, the other day, pointed out that as a responsible Member of this House I should not have said anything about the commercial morality of another nation. I have always believed in placing my political destiny and political career in the hands of righteousness and truth and I am prepared to take a kick and give a kick in return. Sir, ten years ago, I was one of the founders of the Budha Society in Bombay, and, thereafter, in the Congress and outside the Congress, I supported the scheme of Asiatic Federation as against Europe, but what has Japan done now? Since then, Japan's Imperialistic outlook has been more distressing than of any of the other European nations. So if occasionally I speak out a little against the commercial immorality of other nations, and particularly Japan, which is sapping the very backbone of Indian industries, I speak with all the responsibility that I as a Congress nationalist can have, and I do so on the floor of this House and outside this House, and I maintain also that attitude in public platforms . . . .

Mr. S. G. Jog (Berar Representative). The Congress is still having the attitude of Asiatic Federation.

Mr. B. Das: That idea of Asiatic Federation after the conquest of Manchuria is now finished. It can never come now. But I may tell my friend, Diwan Bahadur Mudaliar, that what is loss to Japan is gain to England. I am going to place greater and greater confidence in England than in Japan. Japan has been more Imperialistic in controlling Manchuria than England has been in controlling India.

My friend, Mr. Mody, got a certificate from the *Manchester Guardian* the other day, and it has been given out all over India that the Mody-Lees Pact has not been given effect to in this Bill. I will just quote two lines from the *Manchester Guardian* which gives a little certificate to the Honourable the Commerce Member and then it goes for him. This is what the *Manchester Guardian* said:

"There has been nothing to indicate that the Government of India feels the need for any other basis than that provided by the Bill in so far as it endorses the Indo-Japanese trade agreement and the Lancashire-Bombay pact. It might easily be argued that the new Schedule, by granting British preferential rates for a number of textiles in which there was formerly no discrimination as to the country of origin, fulfils the promise of a reconsideration of the treatment of British goods". Later on it says :— "It is something at any rate, that preferential duties have been applied to a larger number of textiles, even though this has involved an increase in the number of textiles to which alternative specific duties may be applied."

[Mr. B. Das.]

Sir, it is pointed out that the Mody-Lees Pact will not operate before 1935, and this certificate from the *Manchester Guardian*,—and the *Manchester Guardian* is the representative of the Manchester Chamber of Commerce which means the Lancashire cotton mills,—knows what the Lancashire people are looking forward to. Therefore, Sir, this kind of propaganda in the press or in the lobby that the Mody-Lees Pact will not operate before 1935 is all bosh . . . .

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Who said that it would not operate?

Mr. B. Das: Sir Cowasji has no time to come to us, commoners, and know what happens. My friend, Mr. Mody's attitude over the Bombay Island Millowners' Association has been commented by various Chambers of Commerce, and here is a passage:

"As you are aware, the Indian (Tariff Protection) Amendment Bill gives effect among other things, to the Bombay-Lancashire agreement and thus the very features we have been condemning in that pact, will now become legally effective. This reminds me of the disastrous effects of exchanging platitudes even of goodwill and benevolent co-operation although these might be intended only as a gesture."

That is what my friend meant, but the gesture secured national jubilation . . . .

Mr. N. M. Joshi: Whose views are these?

Mr. B. Das: I have now something to say about my friend, Mr. Anklesaria, and this is what the President of the Maharashtra Chamber of Commerce said:

"The Cotton Millowners of Bombay Island started, to use a Sanskrit saying as recently repeated by the Rt. Hon. Mr. Shastri, to make a deity (Vinayak) of Lancashire, but their enthusiastic follower in the person of Mr. Anklesaria out-did them in the fervour of his enthusiasm by developing and practising the 'gesture' a little further and produced instead a monkey (Vanar) in the shape of his Bill or amendment."

—My friend, Mr. Mody, must have read this speech before—

"Will the Bombay Island Millowners now make him their Chairman for the service he is rendering them in the Assembly in the form of his Bill or amendment to somebody else's Bill? This Bill, in principle, seeks to perpetuate the fact that India shall continue to be the supplier of raw material which will be transported to foreign countries, manufactured into cloth and sent back to India to compete with our own industry and particularly the Bombay Island Industry whose only hope now lies in going into finer counts.

Experts like Kasturbhai claim that India with even her present equipment can produce almost all she requires except probably Mr. Mody's tie-collar and other apparel."

(Laughter.)

—I am sure that my Honourable friend, Mr. Mody, is now wearing his Parisian costume today ——

"It does not however seem far distant now to collar and tie Mr. Mody, for the up-to-date Ahmedabad Millowner is equipping himself with the most modern finishing machinery. But the Bombay Island Millowners do not want to put any restriction on the quantity and quality Lancashire will export to India."

Sir, as my Honourable friend, Mr. Joshi, is anxious to know who it is that has said this,—it is the President of the Maharashtra Chamber of Commerce, Mr. Walchand Hirachand, a colleague of Mr. Mody in the Bombay Scindia Steam Navigation Company.

1 P.M.

I shall now make a few observations on the merits of the Bill. The Ahmedabad millowners and others think that the Bill ought to have incorporated what the Tariff Board recommended, namely, 25 per cent. *ad valorem* or six annas for all cotton piece-goods. It is given in the tariff schedule in the Report at pages 195, 196, and 197. The Honourable the Commerce Member said that the Tariff Board had somehow, not in their actual recommendations, but in their descriptions, given a tacit blessing to the differential duties which my Honourable friend had proposed, of course, at the instance and with the support of my Honourable friend, Mr. Mody, from Bombay. But I have read the Tariff Board's Report upside down (Laughter), inside out, ...

Mr. President (The Honourable Sir Shanmukham Chetty): That explains some of the Honourable Member's difficulties!

Mr. B. Das: Mr. Mody has brought us to that frame of mind that we do not want to read the contents of the book, because it is so much coloured and prejudiced. The only reason why this Tariff Board wrote this Report,—and it had as its member one of our ex-colleagues who was a great friend of Mr. Mody and mine too, and a great supporter in the Imperial Preference scheme of 1930, Mr. Fazal Ibrahim Rahimtoola—they say:

"If we ask the rest of the country—as we unhesitatingly do—to take into account in considering the claim of the cotton textile industry to protection the very important place which it holds in the economic and social life of Bombay, we do so in the hope that the burden thrown on the country will not be unnecessarily prolonged or rendered unnecessary heavy by the action of its own citizens."

And the Tariff Board says that the Bombay Island is nothing but Bombay cotton mills, and, without the textile industry, Bombay cannot exist, although 40 of the mills have vanished during the last six months, and when I recently visited Bombay, I understood that mills with capital and block account of Rs. 50 or 60 lakhs each,—there are not buyers for even Rs. 5 or Rs. 6 lakhs, and, therefore, those mills are now going through the process of liquidation. Many a time have I felt since 1927, when the Imperial Preference was first introduced, that Bombay, which was given as a dowry to the Queen of England, should have separation from the rest of India just as we shall have the separation of Burma and the separation of Aden, so that we may not suffer from all the distresses from which we are suffering. (Laughter.) The Honourable the Commerce Member wanted us to bear goodwill and shew spirit of co-operation to Britain in view of Constitutional Changes. His colleague, the Finance Member, in 1930, also expressed a similar sentiment. Sir George Schuster then said:

"It is obvious that any gesture of friendship which India can spontaneously and without compulsion make to the British Government in their present great industrial trouble is bound to strike a responsive note."

I am here to respond, but I have not got a chance to respond.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): But you have got the White Paper. What more do you want?

Mr. B. Das: That is my misfortune, I cannot respond to it. I could not respond in 1930 to the five per cent preference that was given to Lancashire. I can recall to my memory the history of those days when all the nationalists had to fight with the Government for the humiliation that was heaped upon them by the Cotton Textile Bill of those days. If my friends, the millowners' representatives or the millowners that were present in this House, had only been honest and had they accepted only 15 per cent. duty to which the Government were agreeable, my Honourable friend might revise his memory, though he was not here, by going through the files and would find that my friends, the millowners, wanted to have their pound of flesh from the handloom weavers, and thereby they committed this House to Imperial Preference, whereby great leaders like Pandit Malavia, Mr. Jayakar, Pandit Kunzru, Dr. Moonje, Mr. Aney who, after leaving this House, is acting as the President of the Indian National Congress today,—they all left. Those gentlemen had private conference with the Government spokesmen, and what did they do? They got protection on their heavier counts. They wanted to manufacture finer counts of *saris* and thereby they killed the income, the livelihood of the handloom weavers. Today there are two millions and 500 thousand handloom weavers in India . . . .

An Honourable Member: Six millions.

Mr. B. Das: From the Tariff Board figures it is 2½ millions, but I believe Dr. Ziauddin's figures must be more correct than Government statistics—there are six million handlooms which employ at least ten millions of people. Even the Tariff Board, taking into account a family working a whole day, not eight hours as my Honourable friend, Mr. Joshi, wants, but working 14 hours a day, they earn eight annas—husband, wife, daughter, son, four or five people all working the whole day. My friends, the millowners, betrayed the handloom weavers by combining with the Government and giving five per cent. extra preference to certain British articles. For thousands of years we have been having our arts and artistic crafts of handloom weaving and these can never be killed. Yet, Sir, today the handloom weaving industry is going to be killed by sheer mass production of Bombay mills and by other mills and, therefore, certain Directors of Industries and cerain representatives of the weavers on behalf of the handloom industries demanded that the mills should stop manufacture of certain qualities of cloth. If this Bill is meant to give protection to the textile industry, the textile industry is not confined to the 361 mills which manufacture only 3,000 million yards of cloth, but the handloom weavers who, according to the Tariff Board figures, manufacture about 1,500 million yards of cloth,—half of what the mills produce, but my own view is that these figures are incorrect. These Directors of Industries, sitting as they do in Government Secretariats and aloof as they are from the public owing to the Heaven born service to which they belong in most of the Provinces, cannot gauge the real production of the country. So even admitting it is 50 per cent., why is it that the handloom weavers all over the country are starving? If millowners are suffering, they are suffering for their extravagance, for their mismanagement, for their lack of patriotism, for their organised inefficiency. Their

lack of patriotism was explained by my Honourable friend, Sir Frank Noyce, in that admirable report of his on Cotton Textile Industries in 1927. These millowners are insurance agents and they are buying and selling agents too. Some of them are still the insurance agents of foreign companies. The money goes to the foreign countries and the commission goes to the mill agents. And then they happen to be also mill store agents. What have they done to develop the manufacture of these mill stores in India? They supply foreign mill stores to their own mills. Why should they not develop as a subsidiary industry the manufacture of mill stores in India and then there is the buying and selling commission which the Bombay managing agents pocket.

Mr. H. P. Mody: What are you reading from?

Mr. B. Das: I am not reading anything. I am reviewing the position of the maladministration of these cotton mills. I must bow my head to Sir Cowasji Jehangir. His mills are very well organised. I am saying this so that he may not misunderstand me. One reason why the Bill should be circulated is that I have received only this morning a bunch of papers from the Mysore Chambers of Commerce. They want more protection to sericulture and silk yarn and silk cloth. That is one of the reasons why this Bill should be circulated.

Then, Sir, about the protection which has been provided about hosiery. I think that is inadequate. I think the Honourable Member should go back to his original proposition in the Safeguarding Act. It should be Rs. 1-8-0 a pound, but from the opinions expressed by the various Chambers of Commerce one rupee a pound will satisfy me and the different Chambers of Commerce in India.

My friend, Mr. Gaya Prasad Singh, is the father and mother of the Khadi Bill to which my friend, Mr. Mody, took objection. There is that khadi industry which needs protection and spurious khadi should not be manufactured by the millowners, so that honest trade may flourish.

Sir, I would ask my Honourable friend, the Commerce Member, to withdraw this Bill. Thereafter, he should introduce two Bills, one for the cotton textiles and the other for sericulture, so that there will be no controversy on one aspect of the Bill on which most of us agree. I want my Honourable friend to bring out a protective measure for cotton textile and not a Safeguarding Bill. My friend, Mr. Mody, a good many years ago, when he was not here and I was not here, was the Boswell of Sir Phiroze Shah Mehta. I used to feel then that another Sir Phiroze Shah Mehta was rising on the horizon of Bombay, but he took up this lost cause of the tottering millowners of Bombay. He has gone down step by step and taken the whole nation down to depths of humiliation, which the nation is not in a mood either to respond to or to bless. I hope that my Honourable friend, Mr. Mody, after he washes his hands clean of the association of these Bombay millowners, when he joins the firm of Jamshedji Tata—if the press report is to be believed, a month or two hence,—would carry on the principle of Jamshedji Tata who fought clean, who fought hard and established the reputation of his great business house and made it as it is today—as compared with what it was 25 years ago.

One point more and I have finished. I think these Bombay millowners need a little protection. I would suggest that they should be given some little territorial bounty. They should not be given any protection in

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the shape of high tariff. They should be given a certain amount of money and the whole scheme of protection should be based, not on what Bombay needs, but on what India needs. If we devise some such method, then we will find that the recommendations of the Tariff Board, coloured as they are with too much partiality to Bombay, will not stand the test at all.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

The Assembly then adjourned for Lunch till Twenty Minutes Past Two of the Clock.

The Assembly re-assembled after Lunch at Twenty Minutes Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, I regret to have to state that I cannot accept the motion of my Honourable friend, Mr. Das, for circulation of this Bill. In matters of this kind the unsettled conditions which trade and industry have got to face by prolonging this agony, I consider, there is enough justification for not supporting the motion for circulation. The Report of the Tariff Board had been suppressed for over 18 months and that gave rise to a lot of speculation detrimental to business regarding the proposals of the Tariff Board. In all fairness, however, to the Honourable the Commerce Member I must admit that the non-publication of that Report has done one good and that was with reference to the negotiations with Japan, as Honourable Members will be able to realise when they read the actual Report itself. Sir, I am not very much enamoured of this Tariff Board Report. In legal phraseology, I would like to call it as a special pleading on behalf of the mill-industry. If the Tariff Board were to publish Reports of this kind, I must come one day to the House and plead for the abolition of the Tariff Board itself.

Sir, I am very glad, my Honourable friend, the Commerce Member, is today in his seat to pilot this Bill. When my Honourable friend was engaged on the Olympic heights of Simla in negotiating for a great international agreement between this country and Japan, I was, like all the world, watching him. It was the first attempt of this kind to come to amicable settlement in the history of the present economic conflict of the world. I was reading at the time an American newspaper where my Honourable friend, the Commerce Member, was pictured as a young boy cheerfully smoking a cigarette on a cask of gun-powder. It was prophesied that he would be blown to atoms and that he would be setting fire to the whole world but I am very glad to find that my Honourable friend is still healthy and very much alive amidst us, than he ever was, to pilot this Bill. Sir, as the first Indian Commerce Member, he had a very hard task set for

him. He piloted, as Honourable Members are well aware, the Ottawa Agreement through the storm of Indian suspicions in this country. He piloted that agreement successfully, but may I remind the Honourable the Commerce Member that on that occasion he gave us a little promise? He told us that the very beneficial results of that Agreement could be watched by co-opting a committee of this House and evidently because of the seriousness of the deficiency he was making up on the tariff proposals and because of the very arduous task he set before us, he has forgotten . . .

The Honourable Sir Joseph Bhore: No, Sir, I have not forgotten, and I propose before the end of this Session to move for the establishment of such Committees.

Mr. B. Sitaramaraju: I am very thankful my Honourable friend has not yet forgotten, and I hope he will constitute that Committee to watch the beneficial results of not only this Agreement, but of every agreement entered into as a result of which we really do not know where we are.

Sir, turning towards this Indo-Japanese Agreement, I must also make a reference to a certain publication which appeared at the time in an American newspaper. It was said in that American newspaper, while these negotiations were going on, that the Japanese Ambassador in London brought pressure to bear upon His Majesty's Government as a result of which the Secretary of State had had to be in constant communication with the Honourable the Commerce Member on this subject. Sir, I do not wish to attach much importance to newspaper writings excepting, I may say, its advertisement sheets. However, Sir, I would like to know whether the Secretary of State was in touch with the Honourable the Commerce Member during all these negotiations which have been prolonged for such a long time, whether my Honourable friend would be pleased to place any communications that he had received prior to this agreement being arrived at by him from the Secretary of State, and whether he would be pleased to place the same on the table of this House. Sir, I know it must be very embarrassing for my Honourable friend to have to give a reply. Sir, I cannot forget the fact that the so-called fiscal autonomy convention deals with this question and lays down that where the Government of India and this Legislature are in agreement, the Secretary of State would not interfere with such agreements, that is to say, that the Government of India would be a free agent to come, not only to terms with Japan, but to come to an agreement with us before such agreement could be ratified or approved by the Secretary of State. Sir, are the Government of India today in a position to come to an agreement with us, either to alter, modify or even to reject this Agreement? If not, what is that we are asked to do in this matter? It may be pointed out that we have in the case of this Bill the same legislative rights as we have in the case of any other Bill. But having regard to the fact that this Agreement has been entered into by the two Governments and having regard also to the fact that large reserve powers are provided in that Constitution to rectify any interference we may choose to make with these Agreements. I would ask what are we expected to do on this measure? I mean particularly the Agreement with Japan and India. Sir, we have no liberty of action, the foundation of all trade, without which the work is imperfect: the foundation is wanting: trade is not trade. India is a dependency without the benefit of the charter of liberty of action even in trade matters. This House is after all a petty Council without the privileges of a Parliament. Our

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liberty of action, if any, is by stealth, and our trade is only possible by permission. Even for the benefits of legislation we have to depend upon other people. Under these humiliating conditions, what are we expected to do? We are not indifferent to the Agreement that the Honourable the Commerce Member entered into between this country and Japan. On the contrary, we are very glad that friendly relations have been established between this old country and that new country. It may be that my Honourable friend, Mr. B. Das, has changed his affections from young Japan to old England, but probably it was due to the champagne. For the reasons which I have already mentioned on the actual results which have been achieved between this country and Japan, I do not propose to offer my own remarks. The quota system is after all a confession at the most of our impotency, but the encouragement that it would do through the export of raw cotton is the only redeeming feature. Nevertheless, it is too early to say with any assurance on matters of this kind. These Agreements, as is the case with all such agreements, look innocent enough. Like the painless dental operation, whether a bad tooth is taken out or a sound tooth is pulled out by mistake, the operation can be declared to be successful and that by a very painless method, but it is the after effects that do really matter. The after effects can only be judged when the agreements are actually in action. Be that as it may, I am thinking for the moment not of the benefits that may accrue or may not accrue, but I am just thinking of the mere glory of the achievement of establishing friendly relations with Japan and this country.

Japan is today occupying the proudest position in the East. We are not envious of her. We do realise that in the very near future she has got to play a very important part in the development of this part of the world. Consistent with considerations of our own safety and of our own economic welfare, we do desire to do all we can to promote her prosperity and sustain her strength and her activities in all legitimate fields. My Honourable friend, Mr. B Das, was evidently mistaken when he thought of Manchuria. Probably he means the development of Manchuks, and if he cares to come to me, I shall be able to show that after all they are not so bad as he thinks. Young India today looks forward with great hope towards Japan. The recent developments have made her look with great hope and with more than a passing interest in the recent developments in Manchuko than Mr. Churchill and his friends would care to know.

I now turn to the other Agreement, the Agreement entered into between my Honourable friend, Mr Mody, and Sir William Clare-Lees. My Honourable friend, Mr. Mody, ostensibly appears to give something for nothing and that has sent my Honourable friend, Mr. Das, into hysterics. But, I am very much intrigued about this Agreement. Knowing my Honourable friend, Mr. Mody, as I do, it is difficult to believe that he will be giving something for nothing. A gentleman who only the other day invited us to dinner and gave us only tea (Laughter) can be expected to be smart enough to take jolly good care of his pocket. But that does not necessarily mean that he shows the same solicitude for the pockets of others as my Honourable friend, Mr. Thampan, will be able to say when he rises to speak for the great southern Indian industry—cotton yarn—whether he has a respect for the pockets of others or not. My friend, Mr. Mody, with his abilttv and with his vigilance, is quite capable of taking good care of himself and the interests he represents. Of that I have no doubt. That

he played his cards well and played them boldly, none can gainsay. That he faithfully discharged the duties he owes to his interests and that he has got every right to speak for them, I do not question. I do believe that none can question that. If he has not been able to carry with him today the whole body of the millowners, it is his misfortune, a misfortune in which perhaps even a man like myself can sympathise. I knew my Honourable friend to be very clever, but since then I have realised that in his family of millowners in this country there are men who are cleverer than himself. They are as anxious as he himself is to share the fruits of his labours, but not willing to pay up their share of the price which he paid to secure those fruits. They are willing to share the spoils and even accuse him for not getting more, but they refuse to back the penalty he gave. As industrialists, they weep with him, as businessmen, they share the spoils which he secures for them, but as patriots, they hang him. Sir, they must be thinking that we are a very simple people here in this House, so simple as to believe that patriotism can be a business virtue.

Mr. B. Das: Never, never.

Mr. B. Sitaramaraju: This is not the first time that my Honourable friend, Mr. Mody, has accepted Imperial Preference. The first time, when a substantial dose of protection was given to him, was the occasion when I first entered this august Assembly and I knew that with all seriousness the Honourable the predecessor of Sir Joseph Bhore, Sir George Rainy, communicated to this House the considered request of His Majesty's Government that a preference might be given to them. The patriotism of the Honourable Members on this side of the House did get the better of that consideration. Then Sir George Rainy took a pistol in his hand and said: "Well, give this preference as the price you have got to pay for the protection that your industry can have, if you do not do that off goes your head". That is, he would withdraw the Bill. My Honourable friend, Mr. Mody, and those, who sympathise with him, promptly paid that price. All pucca businessmen do that. Some do with a bravado, others with a greater care for their reputation. Imperial preference as a principle to be accepted by this House,—it is not necessary for me to say at any great length that the principle was not accepted by this country as the one suitable for its welfare. Even that Imperialist of Imperialists, Lord Curzon, said that Imperial preference could not be given by this country as she had much to lose and very little to gain. But, Sir, you will excuse me, I hope Honourable Members opposite will excuse me if I say that we are not guided merely by sentiment, it is something more than sentiment. Imperial preference, after all, is a voluntary gift and it must necessarily be so. It is as a voluntary gift we have to give it. We are bound hand and foot, and, at the point of the bayonet, we are asked to give this Imperial Preference or off goes our head That is not a gift. It is robbery. When this morning Sir Joseph Bhore remarked and drew our pointed attention to the fact of our having to receive some Constitutional advance from England, in spite of the very sweet language in which it was delivered, I must say that it was nothing short of a threat. However oppressed, and however helpless we are, we have not lost our manhood so much as to allow ourselves to be dictated either at the point of the bayonet or by any threats regarding Constitutional advance. I, for one, may say that I am prepared to receive their bayonet rather than giving a gift under this condition.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): You are a true Kshatriya.

Mr. B. Sitaramaraju: As for these millowners, from the point of view of the country, whether they come today to us as friends or whether they come to us as foes, we have realised that for forty years their interests have been at variance with the best interests of this country. From the point of view of a large body of my countrymen, who are the consumers in this country, I must lodge my emphatic protest against this proposal for this industry. Sir, for years, if I remember aright, from 1896 to the present day, whether in the shape of a revenue duty or in the shape of protection, pure and simple, they have been receiving small doses, big doses, substantial doses, and doses out of all proportion to the requirements of this industry. All this has been contributed by the distressed poor of this country. For what? To maintain my Honourable friends on the lap of luxury when the whole country is suffering. (Hear, hear.) Not only to maintain them on that lap of luxury, but to eat away the sustenance of this country in idleness, in incompetency and extravagance. The time, therefore, has come for a revision of this policy of protection to this industry. I have no complaint against protection by itself. Protection, after all, is a policy, protection, after all, is an expedient, and, what is more, it is a temporary expedient. You cannot constitute a permanent burden for ever and ever whatever may be the reasons that are advanced from time to time in a country like this, and is there any hope that the country could get rid of these oppressive claims of the millowners? They will come today, they will come tomorrow, and they will come every day of their lives if there is somebody to give them. They are not so foolish as to refuse any help that we are foolish enough to give them. From time to time diverse were the reasons that were advanced to justify continued protection. In 1927, when all other nations had organised themselves and reorganised their industries to suit the requirements of their economic conditions that had come into existence after the War, our friends in this country had neglected to take any steps to organise the industry. They had neglected to reorganise their industry, and that was the reason for giving a substantial dose of protection, on the understanding that it would be temporary. Again, in 1930, a further dose of protection had to be given. Why? For what reason? Was there any enquiry made whether the promises that the millowners held out that, if a temporary shelter was accorded to them, they would reorganise their industry, were fulfilled? Was that enquiry made? No, Sir, on a supposed condition of the labour conditions of the competing countries, further protection was called for. This was the justification then to give that protection. But a subsequent examination did show that those unfair labour conditions did not exist. Then, again, a further increased dose of protection was given. This time the justification for that dose was depreciation of currency by Japan. It is true that Japan had depreciated her currency, but that was estimated by the Tariff Board to be worth only a small percentage, not the 75 per cent. that had been accorded by my Honourable friend, the Commerce Member. For years and years, for nearly 40 years, they have been receiving this protection in some shape or other. After receiving for forty years this shelter, I would like to ask very respectfully the Honourable the Commerce Member whether he will call that period a temporary period. Even assuming for a moment that the period, when substantial protection was given to this industry, should

only be taken into consideration, even then I would like respectfully to ask the Honourable the Commerce Member whether he would call that so small a period as to justify it being called temporary. What is the hope, even the Tariff Board does not say that this protection should only continue to be temporary for a few more years. They said they did not know when these mills could dispense with protection.

At the same time, the Tariff Board was fair enough to admit that there were very many mills in this country which could today dispense with your protection. They were classed as first class mills and they say that the second class mills alone required protection. Why have the second class mills not developed into first class ones? What was it that was keeping them from doing so? Why are they not able to reorganise themselves? What were those conditions which prevented them from attaining that standard of efficiency which was expected of them and for which the country was bled all these years? Was the industry so completely disorganised? It is all very well to say that there was an increase of production. Of course there was bound to be an increase of production when all legitimate competition is shut out. But I would like to ask whether they adopted all the methods for increased efficiency which they were asked to take? No. On the contrary, the Tariff Board says that efficient methods were abandoned. Were the labour conditions, for the improvement of which protection was accorded, rectified? No. The Tariff Board says that the labour conditions still continue to be very bad, particularly in the Province of my friend, Mr. Mody . . . .

Mr. N. M. Joshi: Unemployment and reduction of wages!

Mr. B. Sitaramaraju: Nothing has been done by this industry all these years, in spite of the substantial dose of protection we have been giving them on the condition that they would set their house in order. Were they developing outside markets? On the contrary, they have throttled the home industry, namely, the handloom industry.

Sir, the Government in this country have not been either fair to them or even fair in some cases to the mill industry itself. While they gave substantial protection to these mills at the cost of the consumers, at the same time they were trying their level best to make the cost of production in that industry too costly. How? They have been taxing the very primary constituents of production, namely, machinery. They have imposed heavy taxation on machinery which ought to be on the free list. Machinery was on the free list for a number of years. That is not fair either to mills or the people who have to ultimately pay Imperial Preference, coupled with this protection, has been severely handling the consumers of this country. The consumers are invited to suffer in both cases: in one case, they are invited to suffer in order to line the pockets of the white man; in the other case, they are invited to suffer to line the pockets of the black man. If I am going to be robbed, it makes no difference to me whether the hand which robs me is white or black.

A great deal has been said about this industry being a national industry. I venture to submit that neither is this industry a national industry, nor are the people who run it nationalists . . . .

Mr. R. S. Sarma (Nominated Non-Official): Explain your point please.

Mr. B. Sitaramaraju: If there is any industry in this country which can be called the real national industry, that industry is the handloom industry. I say that, not because I have anything to say against the policy of protection, but because continued protection is not needed for the mill industry. If at all there is to be any protection, the protection which we want is protection for the handloom industry from the mills themselves. I call the handloom industry a national industry, because, while my friend, Mr. Mody's industry gives occupation only to a few thousands of people, no less than ten millions of this country's people are entirely dependent upon the handloom industry. They are not rich people; you do not find them going in Rolls Royces on the highways of life; they are very poor people and we have to find them only in the gutters and bylanes in this country. They are people who cannot invite you for luncheons and dinners, because they have no luncheon, or dinner, for themselves. They have not got the sophisticated oratory of my Honourable friend, Mr. Mody; they have got merely the unsophisticated pleading of the poor and the destitute. They need protection very much. Protection, if it is to be given at all, must be given only to them. The Tariff Board has recommended certain directions in which that protection should be given to the handloom industry. This is what the Tariff Board says:

"We still think that the Bombay and Ahmedabad Millowners Association and also other mills in India should regard it as an essential obligation arising from the grant of protection to refrain from entering into unfair competition with the handloom industry so as to impair its relative position."

I have one quarrel with this recommendation. While I generally agree with the Tariff Board that they should consider it an essential obligation to give protection to this industry, it should not be as a consideration for the protection they may now or hereafter enjoy, but for the protection they have already enjoyed for the last forty years. For that purpose, I ask them to give protection to the handloom industry, because I maintain that the mills do not deserve any longer protection.

The second suggestion we have received is this: it is the cotton mills which stand to benefit chiefly from this policy of protection. A small cess, at any rate, not exceeding three pies a pound, should be levied on their output for the purpose of creating an all-India fund from which contributions may be made to the Provinces in aid of the development of the handloom industry. Here is a suggestion that was made, namely, that an excise duty should be imposed upon all the mills in order to develop the handloom industry in this country with the aid of that fund. When the Tariff Board made this recommendation, they were not aware that the Indian States also could be brought into it. That was considered a difficulty to levy the cess. Since then, when my Honourable friend, the Finance Member, introduced his Bill the other day, he said in his speech that arrangements were being made with Indian States with regard to the match industry. In the same way, I ask the Honourable Sir Joseph Bhore to impose, in consultation with Sir George Schuster, an excise duty upon all these mills out of the proceeds of which assistance could be given to the handloom industry in this country . . . .

The Honourable Sir Joseph Bhore: My Honourable friend has overlooked the fact that I have already stated that it is the intention of Government to make grants in aid of schemes to be applied for the improvement and organisation of the handloom industry.

Mr. B. Sitaramaraju: When you are going to give grants-in-aid to the handloom industry, I should like to say something more. Further, I desire that protection in this form should be stopped for the mills. We have now entered into a quota system with Japan—so far as Japan is concerned, it is definitely fixed that so many yards only will be imported by that country, and, therefore, the competition of Japan is controlled. Our friends say that they do not fear any competition from the United Kingdom. If we dispose of the competition of the United Kingdom like that, where is the justification for giving them any protection at all? As a matter of fact, the Tariff Board itself says that no protection is needed for first class mills: it is only the second class mills that need protection. If, at all, you want to give some help, give some grants-in-aid to the second class mills also, as you propose to do in the case of handlooms. Why do you touch the pockets of the consumers further and why do you not give them the benefit of low prices.

Sir, further, the way in which these mills are being managed is a scandal and a disgrace to this country which has given them protection at such cost. I would particularly like to refer to one aspect of the manner in which they have been managing things. All their accounts are cooked up accounts . . . .

3 P.M.

Mr. B. Das: For income-tax purposes.

Mr. B. Sitaramaraju: . . . . and the lion's share of their profits is eaten up by their managing agents. Sir, the managing agency system is a standing disgrace to the industry itself. This is what is stated in the *Bombay Chronicle*:

"A ghastly net work of inefficiency and corruption has grown round the textile industry and has made it unable to stand on its legs in a period of stress. That there is corruption is an open secret, though it is disguised under the garb of custom.

Firms speculating in cotton on their own account also embark on hedging transactions on behalf of the mill, transferring to the mill account transactions which have resulted in failure. Managing agencies have been hawked about, mortgaged and sold as if they were privileges instead of being recognised as responsibilities . . . . The shareholders are in a most helpless position, continually overruled and only half aware of what is going on."

An Honourable Member: What is that book from which you are reading?

Mr. B. Sitaramaraju: I am reading from a book called "Lancashire and the Far East".

Now this is the condition of the Ahmedabad industry. This is what the Editor of the *Commercial News* says:

"I have to observe that to keep the show running some mills are playing with figures and are distributing dividends improperly which are not warranted or justified by the results—profits. Thus it appears that when the net profits are of Rs. 66,62,592, and which would have been below Rs. 50,00,000, the agents were entitled to a commission of Rs. 48,55,698 and that they have actually drawn a sum of Rs. 40,89,500."

Sir, I make no distinction between my friend, Mr. Mody, and my friend, Mr. B. Das, who speaks for Ahmedabad. When we ask for a restriction on the production of coarse cloth which is competing with handlooms, my friend, Mr. Mody, agrees that he would undertake it, on behalf of the mill industry in Bombay, and that he would not manufacture hereafter certain counts which would compete with the handloom industry, whereas these super-patriots, for whom my friend, Mr. B. Das, speaks, have given no such undertaking.

[Mr. B. Sitaramaraju.]

On this managing agency system, one of the distinguished Members sitting on the Government Benches, who was responsible, I believe, for the prospectus of the India Sugars and Refineries, Ltd., issued at Madras, says this:

"The most noteworthy safeguard",

—says Mr. Ramkrishna, I.C.S.,—

"however, devised in the interests of the shareholders, is the basis of remuneration to the managing agents. The basis of remuneration provided to Messrs. A. Ranganatham and Co."

—Sir, in Madras, they have discovered that the way in which the lion's share of the profits go to the managing agents is bad and vicious in principle, and they have devised a new system—

"The basis of remuneration provided to Messrs. Ranganatham and Co., recognises and co-ordinates the legitimate interests of the management on the one hand and of the investing public and of the shareholders on the other. The managing agents are to be paid no salary, no allowance and no commission on purchase or sales."

They have stated that by giving the managing agents a fixed commission, there is a great chance of their not taking a legitimate interest in the fruits of their labours, and they have devised a scheme by which the managing agents will be compelled to take greater interest to produce more efficiently and more economically the production of which they are in charge. This is what they say again:

"Further, only after the Preference shareholders shall have received the full interest of 7½ per cent per annum on their paid-up capital, and after the ordinary shareholders shall have received a dividend of 9 per cent. on their capital, 20 per cent. of the remaining profits in each year will be paid as remuneration to the Managing Agents."

Thus, the House will observe that there is no incentive to make these people work the industry economically, so long as they get princely salaries, so long as they get their fixed commission. They will have no incentive to work and to see that the industry pays its way and that the people who have financed that industry get a proper return. Once you provide for a proper percentage of dividend to be paid to the shareholders and remuneration be paid only from the nett profits and prevent this managing agency system, the managing agents will take jolly good care to see how they run these industries on proper lines.

Sir, I do not wish to say more on this. All that I would like to say is that this industry has been given protection for a sufficiently long time. It, of course, cries "protection", "protection", as though the very devil is on their heels to fool the Government and oppress the people.

Mr. J. Ramsay Scott (United Provinces: European): Mr. President, this Bill is one of the greatest importance, for it permits of discussions on several subjects of great interest to India,—firstly the Indo-Japanese Trade Agreement, secondly, the agreement between the Millowners, Bombay, and Lancashire, thirdly, the Tariff Board Report, and fourthly, the Bill itself.

With regard to the Indo-Japanese Agreement, I would say that I welcome such an agreement, and that I whole-heartedly congratulate the Government on being able to arrive at an agreement, and I feel sure that the Japanese Government, even though they have not got all that they asked for, are well satisfied that they have been fairly treated and that due consideration has been given to their point of view. On the other hand, a certain section of India's agricultural interests has received considerable

assistance, for, the sale of the one-third of the cotton crop has been provided for. It has been necessary, in the carrying out of these arrangements, to give a *quid pro quo* and the mill industry has had to be sacrificed, but this sacrifice has been made readily and willingly and in the most generous and friendly spirit. The Government of India, by their courageous action, drew on themselves the full brunt of the Japanese attack, for, on the result of these negotiations, depended the action which could be taken by the rest of the British Empire and by the rest of the world. It is easy to blame the Government of India for giving up the right to discriminate, but we, who were not present at the proceedings, cannot understand the difficulties which the Government were up against or the full force of the Japanese arguments. The Government of India alone know,—and the secret has been well kept,—but I do feel that India's interests were in good hands, and I do think that this Assembly and India as a whole ought to thank and congratulate Sir Joseph Bhore, Sir Frank Noyce and Sir Fazl-i-Husain on the good fight they have put up and on the successful issue. This is the first time that India has taken up the cudgels on her own behalf, and as one who was in Simla at the time watching each step of the negotiations, I feel that I can state that these three Members of His Excellency's Council spared themselves no time or trouble in their onerous duties. I hope that India will always remember how much she owes to the ability, tact and pertinacity of her representatives.

Sir, at the beginning of these proceedings in Simla, in September, I was surprised and horrified to find that among the Indian advisers to Government there was no unanimity of agreement, but when finally the cotton grower of the Punjab met the spinner from Madras, and the handloom weaver of Dacca met the millowners of Ahmedabad and thrashed out their grievances, the atmosphere cleared and finally a united front was presented. These Conferences served such a useful purpose that I would like to suggest that they might be continued as yearly Conferences, perhaps under the auspices of the Imperial Council of Agricultural Research. I think I may say that in December, when negotiations were very near a breakdown, the cotton growers told the Government that they were not prepared to see a yard of cloth above the 400 million yards coming in from Japan, and that they realised that the millowners had already made a sufficient sacrifice. India is a large continent, full of divergent interests, and Provinces are up against each other. I do, therefore, think that exchanges of views round a table might help both Government and the interests concerned.

With regard to the duty of 50 per cent. on cotton piecegoods, I feel that if the Tariff Board's recommendations had been acted on earlier, the 75 per cent. duty would have been in existence long before the talk of an abrogation of the treaty and that the Japanese would have then had no cause for complaint that the duty was raised while negotiations were being considered. I maintain that the Government of India should appreciate the necessity for urgent action in these matters. The help given is usually too late and too meagre. I wish that the Commerce Department would adopt the text, "He who gives quickly gives twice". I often feel in my visits to that Department that even that which I have will be taken away. (Laughter.) During the negotiations I had hoped that with the Japanese suggesting a reduction to 41 per cent. from 75 per cent. a halfway house would have been reached of nearer 60 per cent. than 50 per cent, for if the increase of duty to 75 per cent. in June were justified, nothing had since happened to justify a reduction.

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The quota of Japanese goods is on the high side and much above the average of the last ten years, leaving out, of course, the last two abnormal years. I shall have something to say on Japanese yarns at a later stage. I am very glad to see that there is a clause that if the yen depreciates below the rate on December 31st, 1933, then that further depreciation can be adjusted by the raising of all duties. As the yen has been dropping slightly, I hope any such further depreciation will be nullified by action being taken at once.

The very best instance which I can give of the value of this Agreement, as far as the cotton growers are concerned, is that America, according to the Lloyd Bank's Review for January, does not welcome this Agreement as it envisages a decreased Japanese demand for American cotton.

Now, I come to the Indo-Lancashire Agreement, and here I speak with a knowledge of what actually happened, for I was a party to the Simla proceedings. I would like to pay a special tribute to Mr. Mody for the capable way in which he conducted the tripartite Conferences and congratulate him on arriving at any agreement at all. I do not quite agree with all the points of the Agreement, but, on the general principles, and taking a broad view, I consider the Agreement to have been in the best interests of India. My Honourable friend, Mr. Mody, has had many hard things said against him over this Agreement, but Mr. Mody has done his utmost and has never spared himself. It must not be forgotten that, although Japan is an outlet for Indian cotton, Great Britain buys more than four times as much of the agricultural produce of India as Japan does. Why should India be so anxious to conciliate Japan, a country which only consumes one or two of India's commodities, and yet be ready to antagonise another country whose purchases are so very much more and who is making every effort to increase her use of Indian cotton? This, Sir, is a short-sighted policy, and one which cannot do the Indian agriculturist any good at all. I fully believe that the Mody-Clare-Lees Pact will be one of the landmarks in the history of the textile industry. It is pure Swadeshi, conceived and brought to fruition in Bombay. Can nothing good come out of Bombay? (Laughter.) It seems to me that this is a forerunner of other commercial agreements between India and the United Kingdom.

It is pleasing to note that Great Britain is using more Indian cotton and is exploring every avenue to increase the purchase of Indian cotton. The will is there, and I feel sure, a way will soon be found. As my friend, Mr. Kurata, at one of the Conferences said, cotton is a peaceful subject, while iron and steel are warlike ones. Mr. Mody, I hear, like the great fighter that he is, is joining the Iron and Steel Industry, and I feel that the Assembly will wish him the best of luck in his new venture. Our Bombay orphan has at last been adopted. (Laughter.) I feel it is a great pity that the Government of India did not wait to give effect to the whole of this Agreement at one and the same time, as the yarn and the piece-goods industry would then have made an equal sacrifice. I would also like to have seen the Mody-Clare-Lees Agreement on yarn carried out in full and the specific duty of 1¼ annas placed on all yarns coming from the United Kingdom. I hope Government will accept this as being more equitable.

Now, thirdly, I should like to mention the Tariff Board Report. I would suggest to Government that action should be taken within six months

of the Report being presented to Government, either by a Bill or by executive action. Speed is the essence of action in such matters, and Government must remember that a Tariff Board takes four or five months to complete an enquiry and write their Report. I might suggest that perhaps the Tariff Board might at an early stage give Government the trend of their ideas, so that Government could act quickly and take executive action at once. I would urge that Government should realise that, within a few months or even weeks, an industry can be ruined or thoroughly disorganised. Trained labour is dismissed and lost, and when protection finally comes, it is too late. Government's failure to act quickly usually is the cause of a lot of its troubles and many of its difficulties today are caused by its drifting and putting off policy in industrial affairs.

Finally, there is the Bill itself, it is really "much ado about nothing". Hosiery, after a long delay of 15 months more than need be, now enjoys protection after a Tariff Board enquiry. The protection, however, which purports to be worked out on the Tariff Board's Report is entirely inadequate and the manner by which a poundage figure is obtained is one which was never considered by the Tariff Board. The Tariff Board worked out their scheme on the trade custom of selling by the dozen, and stated that, if poundage was considered, certain aspects would have to be given consideration, and I submit that these facts have not been given effect to. Let me read to you the Tariff Board Report,—page 179:

"If the duty is levied on the basis of weight, allowance will have to be made for the difference in weight between comparable qualities of Indian and Japanese goods. We understand that the imported goods often weigh not more than two-thirds of the weight of the Indian manufactures with which they compete. Thus, Indian goods weighing three pounds a dozen have to compete with imported goods whose average weight will not be more than two pounds a dozen. To afford adequate protection it will therefore be necessary to fix the duty per lb. sufficiently high to cover the difference."

Sir, these are the recommendations of the Tariff Board which the Government have paid no attention to, or perhaps have lost sight of, in the intervening fifteen months between the signing and presenting of the Tariff Board's report.

A little earlier in the Report, after careful calculation, the Board stated that Rs. 3-14-0 was a fair selling price for a dozen Indian undervests weighing 3 lbs. 2 oz. while the Japanese undervests weighing 2½ lbs. per dozen cost c.i.f. Rs. 2-6-0 per dozen. Now, Sir, if I turn these figures into a poundage figure, the cost is roughly just about 15 annas 3 pies per lb. The fair selling price is Rs. 3-14-0. This latter rate must be divided by two, which gives us Rs. 1-15-0 per lb. Therefore, the duty that is required is nearly one rupee per lb. A little further on, the Tariff Board Report gives another instance where the fair selling price is Rs. 4-8-0 a dozen against the Japanese garments c.i.f. price of Rs. three per dozen. The Japanese cost c.i.f. is, therefore, Rs. 1-8-0 per lb, while the fair selling price is Rs. 2-4-0 per lb, so that here a duty of 12 annas per lb is necessary. In both cases, the Tariff Board reported at a time when the yen was about 90, while it is now about 75. Therefore, the minimum duty should be at least 14 annas per lb.

In the other House, on the 19th of February, the Honourable Mr. Stewart said that the protective policy of the Government of India was still a policy of discriminatory protection and any industry which could make good its claim under the conditions which governed this policy would be given the necessary protection. Sir, I appeal for this necessary protection. The industry is one which is established in every Province, both in factories and in cottages. At the present moment, it has a large output, and will,

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in the course of a year or two, be able to supply all India's requirements, and the raw material is India's own cotton yarn. I claim that no industry has ever made out a better case for adequate protection. I feel sure that this House will support me in my request that justice should be done to the hosiery industry. Socks and stockings and piecegoods and other knitted goods equally require protection, and I am afraid that, unless the Tariff Classification is comprehensive enough, means of evasion will be found. I ask that the Government should protect the industry properly and leave no loophole. Government are very sure of their machinery, but I have my doubts.

Sir, I remember a story of a famous Scottish divine, who missed no opportunity of telling the Glasgow folk that they were taking the shortest cut to Hell. One Sunday morning, when preaching on this theme, a fly settled on the Holy Book. The learned Doctor pointed at the fly and said: "You have no more hope of getting to Heaven than that fly has of getting away". He brought down his hand heavily with the intention of killing the fly, but the fly escaped. Nothing daunted, the old man exclaimed: "You've one more chance, for I have missed it." Sir, I don't want to allow the Japanese even the one more chance to evade these duties.

Now, I come to the duty on cotton yarn, and I do not consider this duty adequate. The specific duty on cotton yarn should be three annas against foreign countries or the yarn spinner will have to go out of business. The handloom weaver cannot expect to buy his yarn below the economic cost of production and he is protected equally with the millowner by the piecegoods duties. The specific duty on yarns is very small and quite inadequate as compared to that on piecegoods, and I feel sure that it is not the intention of Government to be unfair to one section of the cotton industry. However, Mr. Mody will make a much more eloquent appeal than I can, and I hope, as this may be the last time the Beggar's Bowl is passed round, the response will be generous. Cotton hosiery fabric is a cotton piecegoods and should, therefore, come under the 50 per cent. cotton piecegoods duty and the Japanese quota.

The cotton braid industry is also not satisfied with 6½ annas per lb. and I trust that the Government will put forward a higher duty in the Select Committee.

Lastly, we come to the duty on Flour and Farina. Here, in the long interim between the signing and the issue of the Tariff Board's Report, America has gone off the gold standard and there seems to be a very good case owing to the depreciation of the dollar for an increase in this duty to 25 per cent. I trust that Government will allow the Select Committee to consider whether or not this duty should be 25 per cent.

In conclusion, I would like to draw the attention of Government to Japan's latest legislative act. Japan has just introduced a Bill enacting that an *ad valorem* duty of 100 per cent. can be placed on any article they wish. Sir, there is no need for further comment.

I support the motion that this Bill be referred to a Select Committee.

Mr. N. M. Joshi: The subject which we are discussing this afternoon is a very large one. I would, therefore, confine myself to certain broad aspects of this vast subject.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

The first thing which I would like to say at the very outset is that the cotton textile industry is one of the most important industries of this country. It is an industry for which we are specially equipped. We have the raw material, We have a suitable climate and we have also a very large home market. From the point of view of international trade, our right to develop these industries cannot be challenged. We have a right, therefore, to control the imports. We have a right also to export our cotton goods. This seems to be quite an obvious fact, but I feel that it is better that we should keep this very obvious fact before our mind as a pole star whenever we enter into a discussion on this question.

We are discussing today the Agreements with Japan and Lancashire. In both these countries, the cotton textile industry may be said to be an exotic, but I shall not deal in detail with that aspect. I shall first turn my attention to the Indo-Japanese Pact, and, before I deal with its merits, may I enter my emphatic protest upon the failure of Government to associate with the Advisory Committee which they appointed during the negotiations, a representative of labour along with the representatives of other interests. In this connection, I feel that the angle of vision of the Government of India towards industrial questions requires a radical change. The Government of India feel that it is the man who invests his money into an industry that forms the industry.

Sir Cowasji Jehangir: Oh, no. You form the industry.

Mr. N. M. Joshi: Out of the two factors, capital and labour, which form the industry, I have absolutely no hesitation in saying that it is the workers who form the more important element in the industry. What I feel is that the Government of India should give due importance to the various factors that go to make up an industry. If any one of these two factors is the more important, I feel it is labour. Take the capitalist who invests his money in the cotton textile industry. Suppose my friend, Mr. Mody, and his other friends in Bombay find some other more lucrative investment for their money, say, in Great Britain, will they not send their money to Great Britain and make profits there instead of investing their capital in India? They have done so before, but where will the Indian workers go if there are no industries in India? It is the workers who care more for the industrial development of this country than the capitalists of this country.

Sir Cowasji Jehangir: Does not labour go abroad if it finds more lucrative employment?

Mr. N. M. Joshi: In very small numbers.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Rural): Will not labour leave the textile industry and go to another if better wages are paid?

Sir Cowaji Jehangir: Answer the question.

Mr. N. M. Joshi: My answer to all these questions is this, that it is labour which is more interested, from the point of view of employment, in an industry than the capitalist is, for whom the fields for investment

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abroad are more easily available than for labour to go out for employment. I, therefore, hope that the Government of India will change their angle of vision in this matter.

I would also like to enter a protest against the action of the Government of India in allowing this treaty to be signed in London. This question was discussed on a Motion for Adjournment, and I shall, therefore, not go into the details, but I feel that to allow this treaty to be signed in London is to acquiesce in the theory which some politicians in Great Britain are putting forward that India was never promised Dominion Status, and if India was promised Dominion Status at any time, India was promised only the ceremonial aspects of Dominion Status. I feel, Sir, that by this action the Government of India have shown that they even acquiesced in the ceremonial aspects of this Dominion Status in a matter like the signing of a treaty being taken away from India. I hope that this House will enter a protest against the treaty being signed in London.

I shall now deal with the Indo-Japanese treaty itself. I feel that on the whole that treaty is a good treaty, inasmuch as it is a treaty which provides for the exchange of imports for exports. On the whole, if we allow a certain quantity of Japanese imports into our country, we are securing a certain quantity of exports to Japan. From that point of view, it is a good treaty, although, as I said the other day, for a trade agreement to be good it is always better that we should exchange manufactured goods for manufactured goods instead of importing manufactured goods for exprots of our raw products. Mr. Deputy President, I shall not deal with this Indo-Japanese Pact in greater detail. But I shall express one or two doubts which arise in my mind. India still imports a large quantity of cotton goods, say, about a thousand million yards. We are giving a quota of four hundred million yards to Japan in exchange for a certain quantity of exports of cotton from this country to Japan. I would like to know whether the Government of India are making a similar bargain for the remaining quantity of the imports with some other country, or they propose to allow some other country, say, Lancashire, to import goods into our country without any *quid pro quo* by way of our exports to that country. Similarly, the Government of India have classified the goods to be imported from Japan. Take the case of bleached goods. In spite of the fact that the industry has been going on in India for a long time, we are not yet producing bleached goods in very large quantities. The recommendation which was made by the Tariff Board over which my Honourable friend, Sir Frank Noyce, presided, recommended that in Bombay there should be a joint bleaching and dyeing house started on a large scale. Nothing, however, has been done. Therefore, if we are allowing the bleached goods of Lancashire to come into our country, I should like to know whether we should allow large imports of bleached goods into our country without any *quid pro quo* from Lancashire. Then, you are aware, Mr. Deputy President that this Bill itself gives Lancashire large preferences of say, 25 per cent. *ad valorem* duty. I should like to know what Lancashire is going to give us in return for that preference. These are some of the doubts which arise in my mind as regards this Indo-Japanese Pact.

Mr. Deputy President, I shall now turn to the other Pact made by my Honourable friend, Mr. Mody, with Lancashire. Now, in connection

with this Pact, let me at once state that I do not approve not only of the Pact, but I do not even approve of the manner in which this Pact has been made. (Hear, hear.) I feel, in the first place, that no private organisation should be allowed to enter into a pact as regards matters which are not within the control of that private organisation. The tariff policy of this country is not going to be decided by either the millowners of Bombay or of any other part of India. The tariff policy of this country must be decided by this Legislature and by no other organisation. (Hear, hear.) I, therefore, feel that when my Honourable friend, Mr. Mody, undertook this very difficult and onerous task, he took into his hand a thing which he ought not to have done: and when the Government of India accepted that Pact, I felt that the Government of India were doing a thing which they ought not to have done. No Government in the world would agree to making over their functions to a private organisation, howsoever important that organisation may be. Not only have the Government of India left this important subject in the hands of a private organisation, but they have not even taken care to see that that organisation was representative of the whole industry in this country and not only a section of that industry. My Honourable friend, Mr. Mody, will have to agree that the Pact was signed by the millowners of Bombay and by nobody else, and I feel that it was wrong for a section of an industry to sign any pact with other countries in the world. Moreover, I would suggest to the Government of India and to my friend, Mr. Mody, that if hereafter any pacts are to be made by private industrialists, let them make those pacts as regards things which are within their control. If my friend, Mr. Mody, had made a pact with Lancashire as regards the restriction of production, nobody could have blamed him, and if he had gone to the Government of India to see that effect was given to that pact, I would not have objected to his doing so. But a tariff policy is not a matter on which any private organisation is entitled to make an agreement with another country.

Now, Mr. Deputy President, as regards the terms of the treaty made by my Honourable friend, Mr. Mody, and as regards the policy which the Government of India are following with regard to the trade with Lancashire by way of Imperial preference, I would like to say a few words. In the first place, although I believe that the British Commonwealth is a useful organisation and we should lose nothing by belonging to that organisation, still I feel that, when groups of countries form themselves into a caucus for economic purposes, the history of the world has shown that these economic caucuses have a knack of being turned into political caucuses and also to lead to great wars. I would, therefore, hesitate to enter into an economic pact with a group of countries, but that is not my sole objection to Imperial preference. We all have goodwill towards, and want co-operation with, Great Britain. But Great Britain must be willing to co-operate with us on equal terms. What is happening in the matter of our trade with Lancashire? My friend, Mr. Mody, has made a pact. He has made certain definite promises to the representatives of Lancashire and in return has got the indefinite promises of the sharing of markets and certain other things. Similarly, the Government of India have given a definite preference to Lancashire, and what has Lancashire given in return? Lancashire has given us in return only sweet words and promises of taking cotton and also sharing its markets. I feel that that is not the way of securing co-operation between India and Great Britain.

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I would like the Members of this Assembly also to study what the representatives of Lancashire did after making the Pact with my Honourable friend, Mr. Mody. Soon after the Pact was made, the representatives of Lancashire appeared before the Joint Parliamentary Committee, and what did they say? I shall read out only a few sentences from their evidence. They say:

"It may be taken that the only avenue of action in regard to which provision has not been made is that of tariff policy".

The interpretation of this is that the British Government have provided safeguards for everything except the safeguards for the tariff policy of India. Then, Sir, I shall read out another sentence which runs thus:

"The British industry is, therefore, entitled to say that if independent powers are to be given to an elected government in India, there must be some condition inserted giving the British Government or its representative a right to prevent measures of that kind being put into operation."

And the explanation of the "measures of that kind" is the measures affecting the British trade in India. Therefore, after getting from my Honourable friend, Mr. Mody, a pact, the representatives of Lancashire go before the Joint Parliamentary Committee and tell them that the British Government made a mistake in not insisting upon a safeguard about the tariff policy of India. The Manchester people said: Government have given safeguards for everything, but not about the Fiscal Autonomy Convention.

Mr. R. S. Sarma: Was this evidence given after the signing of the Pact?

Mr. N. M. Joshi: Yes, it was given after the signing of the Pact.

Mr. H. P. Mody: Does my Honourable friend dispute the fact that a great change has come over in the view-point of Lancashire after the signing of the Pact? I should like him to dispute the fact.

Mr. N. M. Joshi: I shall state the change that has come over them. During all the previous Round Table Conferences, there was absolutely no talk of a safeguard as regards the Indian tariff policy. The first mention of that safeguard was made by the representatives of Lancashire when they appeared before the Joint Parliamentary Committee and that was after the signing of the Pact with Mr. Mody. As a result of the recommendations made by the representatives of Manchester, proposals were made to give powers to the Governor General or to the Secretary of State to prevent what is called political tariffs being imposed against Great Britain. Now, I do not understand what a political tariff is or how can the Governor General say what tariff is a political tariff? But let us remember that what we got from Lancashire as a return for a Pact with Mr. Mody was this new proposal for a safeguard against what is called the political tariff. And why should India be prevented from imposing a tariff for political purposes? Is Lancashire against such a thing and is she not trying to make a bargain of political concessions for economic objects? I shall read one more sentence from their evidence:

"A country yielding such powers" (*that is, the powers mentioned in the White Paper*) "is entitled to press for a continuance of the *status quo* in directions vital to her economic life."

What the Manchester representatives said was that if Great Britain was giving to India the Reforms as contained in the White Paper, the British are entitled to ask for certain concessions in the matter of trade. Now, Sir, if the representatives of Lancashire could tell us that we should give Great Britain economic concessions and preserve all their economic interests in this country in return for the Reforms which the Government are giving us, can we not also sometimes say that, if we are not given certain political concessions, we shall not give certain economic concessions? If Lancashire people could tell us that we must give them economic concessions in return for political rights which they are giving us, we are entitled to say that, if certain political rights are not given, we shall certainly not give certain economic concessions. I feel that this safeguard against a political tariff, which has been brought forward by Lancashire, will go against us in many ways. I am not, therefore, prepared to sacrifice my right of what is called economic sanction which has been approved all over the world. The League of Nations' constitution recognises it. Great Britain used economic sanction against Russia for a political object. Mr. Deputy President, I shall deal with this subject no further.

I shall now turn my attention to the proposals of the Tariff Board. In this connection the first thing which I would like to say is that, when a Tariff Board makes an enquiry into the condition of an industry, the first thing which that Tariff Board should do is to give us a balance sheet of the whole of that industry. Going through this Report, I do not see any balance sheet of the whole industry. I do not know whether any one of us can say whether the industry as a whole is losing or making profits. The Tariff Board gives certain figures about the Bombay industry, certain figures about the Ahmedabad industry, but we have not got a balance sheet of the whole cotton textile industry in the country. If we had such a balance sheet, we could have judged whether the industry as a whole is in need of protection or not. On the other hand, when the Tariff Board tried to get information from certain factories, those factories refused to give the Tariff Board the information which the Tariff Board asked for. Under these circumstances, I feel that, before Government enter upon the policy or enter upon a legislation for protecting an industry, Government should insist that that industry should organise itself as one whole. It is in that manner that it will be possible for the Tariff Board and for the Legislature to see whether the industry as a whole, not any section of it, is losing or is making profits. I shall go further, Mr. Deputy President, and I would like the Government of India to accept the principle that, when an industry is to be protected, that industry must not only organise itself properly, but that that industry must see that the weaker members of that industry are protected by the stronger members of that industry. If those millowners who are making huge profits are not going to the assistance of the millowners who are making losses, I do not know why the country should go to the assistance of this industry. (Hear, hear.)

Mr. Deputy President, the other day, I spoke on the question of unemployment, and I pointed out that, as regards the unemployed, the Government have neglected these people, and that the employed workers have the responsibility of maintaining the unemployed workers. May I ask the Government whether they will insist upon such a policy as regards the millowners themselves. If certain millowners are making profits, and

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if certain others are making losses, is it not necessary that we should insist that the whole industry should be so organised that the losses and profits will be equally distributed. Mr. Deputy President, you may remember that, on the recommendation of the Tariff Board, presided over by my Honourable friend, Sir Frank Noyce, the millowners were asked to reorganise themselves . . . .

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): So you want a Federation of the Mill Industries.

Mr. N. M. Joshi: . . . . and a small scheme was proposed by a prominent millowner of Bombay.

The Honourable Sir Frank Noyce: It was not a small scheme.

Mr. N. M. Joshi: That scheme was not accepted by the other millowners. I am not suggesting that I approve of that scheme. What I would insist is that all the millowners in the country should form themselves into one organisation and should form themselves into one amalgamation, so that, in the first place, if there are some weaker members in that industry, they will be supported by the stronger members, and if the industry as a whole gets into difficulties, then they should come to the Government of India for assistance. I feel that there are very good grounds for the proposal which I am making. There are certain places and there are certain provinces which have got some advantages. Certain other parts have not got those advantages. If the industry is to be started in all parts of the country, it is necessary that the advantages and the disadvantages should be amalgamated and there should be one pool. I, therefore, feel that, before any protection is given to an industry, the Government of India should insist that the whole industry first organises itself and that the stronger members of that industry do support the weaker members. Mr. Deputy President, I need not go into the condition of the industry, but we all know that although the millowners in Bombay are making losses, in the neighbouring town of Ahmedabad, they have been making average profits of 32 per cent. from 1916 to 1931 and even in 1932 the industry in Ahmedabad made a profit of 16 per cent. If they organise themselves in one body, they will be in a sound position. Mr. Deputy President, the Tariff Board and even the Government of India have accepted the fact that it is not the whole industry that requires protection. It is really a small section, it is one section of the industry in Bombay especially that requires protection. It is a well known fact that the mill industry in Bombay is at present in a disorganised condition. Is there any hope, if the matter is left to the millowners themselves, that the industry will ever be put in a sound condition? Mr. Deputy President, I have been living in Bombay and I have no hope that if the industry is left to itself, it will ever be in a sound condition. (Hear, hear.) I again say this that I am interested in that industry, I am interested in seeing that every factory in Bombay runs all the hours that are allowed for them. I am anxious for this in the interests of the workers. I would, therefore, suggest to the Government of India that they should take bold steps to control the industry in Bombay. If things are left to me, I would take over the whole industry in the hands of the State. I know quite well that my friends, the millowners in Bombay, would allow the industry

to go to dogs and ruin, but will not agree to hand over the industry to the Government. That is patriotism! If they will let it not go into the hands of the Government, they might manage that industry properly and the workers in the country and in Bombay City might get sufficient employment. I feel that if this question is studied carefully, the Government of India will come to the same conclusion to which I have come; but even if the Government of India will not go to the length to which I would go, I would suggest to the Government of India to consider the question of insisting that the industry in Bombay is placed in the hands of at least a sort of Joint Board consisting of representatives of Government, one or two, or whatever the number, representatives of millowners, and representatives of workers whose interests are also involved.

4 P.M.

I, therefore, suggest to the Government of India that if any good is to be done to this industry in Bombay and if any protection is to be given to that industry the protection should not be given unless the industry is reorganised in the way I am suggesting. The industry has been receiving protection for some years, and what is the result? In Bombay, as my Honourable friend, Mr. B. Das, said, thirty or forty mills are closed; 50,000 workers are idle; nothing has been done by Government by way of relief of the unemployed; the millowners do nothing to give relief to the unemployed. Some of the mills have been rationalised. A recommendation was made by the Fawcett Committee that when workers are thrown out of employment on account of rationalisation, provision should be made for supporting them out of a fund jointly contributed by the workers and the millowners themselves. Has anything been done for the relief of the unemployed? Not only is there unemployment in the City of Bombay, but the wages have gone down by 20 to 25 per cent. It may be said, and it was said in this House that the mill hands in Bombay are inefficient and several other things. But, in my judgment, there is absolutely no justification for any reduction of wages; and, in this connection, I would draw the attention of Honourable Members to a statement made by the Tariff Board itself. The Tariff Board has stated that in Bombay the number of workers has gone down by 13 per cent. The Tariff Board also states that, in Bombay, in spite of the fact that the number of workers has gone down, and in spite of the fact that the number of spindles has gone down, production has increased by 23 per cent. in yarn and by 32 per cent. in cloth. If the number of workers employed in Bombay has gone down by 13 per cent. and if production has increased by 23 per cent. in yarn and 32 per cent. in cloth, it clearly shows that the efficiency of the workers in Bombay has gone up by 30 to 40 per cent. If the efficiency of the workers has gone up by 30 to 40 per cent., is there any the slightest justification for reduction of wages in the City? . . . .

Diwan Bahadur A. Ramaswami Mudaliar: Improved machinery.

Mr. N. M. Joshi: In this connection, let me also draw the attention of my Honourable friend, Mr. Mody, to the fact that Ahmedabad is making profits when the labour costs at Ahmedabad are 53 per cent. of the total cost of production, while in Bombay the labour costs of production are only 49 per cent. of the total cost of production. These are the figures given by the latest Tariff Board. I, therefore, suggest that there is absolutely no justification for the reduction of wages which has been made in the City of Bombay.

[Mr. N. M. Joshi.]

I shall not deal with the other questions in detail: but I shall make this remark: that several Committees—the Royal Commission on Labour and even the Tariff Board presided over by Sir Frank Noyce—had made certain suggestions as regards labour conditions in Bombay. The Tariff Board of my friend, Sir Frank Noyce, suggested that there should be standardisation of wages: are the wages in Bombay standardised? My Honourable friend, Mr. Mody, will say "But we want to standardise in consultation with labour organisations, and there are no labour organisations". If this is his excuse, he should not come to the Legislature for protection at all. It is not necessary for the standardisation of wages that there should be an organisation of workers. Then, the Tariff Board of my Honourable friend, Sir Frank Noyce, suggested that the millowners should stop the practice of handing over spoiled cloth to the weavers and cut from their wages the amount of the price of the cloth. I want to know whether the millowners in Ahmedabad have done that; and, if they have not done it, is it right that we should give protection to the millowners of Ahmedabad? Then there are several other suggestions made by the Tariff Board. The Tariff Board of Sir Frank Noyce also suggested that the millowners of Bombay should have in their mills a sort of reserve for those people who are absent—what in Government service they call a leave reserve. Have the millowners in Bombay given any effect to that recommendation?

Then, the Royal Commission on Labour and, also, I think, the Tariff Board of my friend, Sir Frank Noyce, said that the recruitment of the workers in Bombay should not be left to the jobbers, but should be left to specially appointed officers in factories. Has that recommendation been given effect to? And if these recommendations are not given effect to by the millowners of Bombay and of Ahmedabad and of other places, I want to know why the Government of India should give protection to an industry which refuses to carry out the recommendations made by the Tariff Board.

I, therefore, feel that the Government of India are making a mistake in introducing a Bill at this stage in order to give protection to the industry. The Tariff Board has made certain recommendations—and I have mentioned certain recommendations as regards conditions of labour. The Tariff Board has also made certain other recommendations, and my friend, Mr. Raju, has pointed out the recommendation made by the Tariff Board as regards the improvement of the agency system. The Tariff Board has also suggested that the millowners throughout the country should encourage the industries for making mill stores and also encourage the Indian Insurance Companies: they have also suggested that the Government of India should change the Indian Companies Act—I want to know whether the Government of India have taken any steps to see that these recommendations of the Tariff Board regarding the labour conditions, the agency system, the development of mill stores industries and other matters are being given effect to; and if they are not being given effect to, what steps or what provision the Government of India have made in this Bill to see that at least within the next few years effect will be given to these recommendations? It is quite possible for the Government of India to make such a provision in this Bill.

There was a time when I used to be ridiculed in this House for suggesting that when we give protection to an industry we should insist upon

the Act itself laying down certain conditions. Fortunately for me, time is showing wisdom to the Government of India. The Government of India are now willing, not in this Bill, but in some other Bills, to lay down certain conditions. In one of the Bills, the Government of India are laying down the conditions as regards prices. In the same Bill, the Government of India are seeing that these conditions will be observed by insisting that all factories that will produce sugar or some other articles will have to be licensed. This enforcement of conditions through Tariff Bills is now a principle which the Government of India are accepting. I would, therefore, suggest to the Honourable Member in charge of the Bill and to those Members of the Legislature who will be members of the Select Committee that they should see that some of the conditions which have been recommended by the Tariff Board and some of the conditions which may be suggested by Members like myself should be put down in the Bill itself and provision should be made that these conditions will be carried out by means of a system of licensing. I feel, Sir, that insistence on these conditions is absolutely necessary if the protection, which we are going to give to the industry, is to prove fruitful. I hope, Sir, that the Select Committee will insist on these conditions being embodied in this Bill. Mr. Deputy President, I have done.

Lala Rameshwar Prasad Bagla (Cities of the United Provinces: Non-Muhammadan Urban): Mr. Deputy President, the terms and implications of the new Trade Agreement with Japan, which, among other things, is being given effect to in this Bill, have naturally received a great deal of attention in business circles in this country. It is also natural that some misgiving should be entertained by the cotton textile interests regarding the lowering of import duties on cotton goods according to the terms of the Agreement. But, I believe, Sir, there is a general recognition of the fact that while the need for adequate protection to the cotton industry was imperative, other interests equally important could not be ignored in negotiating a fresh commercial treaty with Japan. After all, the industry does not stand to lose under the Agreement. The fixing of the quota for Japanese import is in itself a valuable protection to the industry. And the linking of the quota to imports of Indian cotton by Japan safeguards the interests of the cotton growers, which were seriously imperilled by the threatened boycott of our cotton by the Japanese manufacturers. I entirely agree with the view that our ultimate objective should be to utilise ourselves all the raw cotton produced in the country by an expansion of our cotton industry for which there is a vast scope. But, even under the most favourable conditions, such expansion must necessarily take a long time. In the meantime, it is a matter of great national importance that our surplus cotton production should find a ready market outside. Japan has been our best customer in that respect, and we cannot easily afford to lose that market. The Agreement concedes to India the right to adopt additional measures in case there is any further depreciation of the yen. I think the Honourable the Commerce Member and his colleagues of the Indian Delegation deserve to be congratulated on their very tactful handling of a highly difficult and complicated situation and for securing an agreement which on the whole is fair and mutually advantageous. (Hear, hear.) The Bill also gives effect to the unofficial Agreement between the Bombay Millowners' Association and the British Textile Mission. This Agreement, which has made my friend, Mr. Mody, very famous, has not been well received by Indian public opinion. Some mercantile associations

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have opposed it. But considering the fact that in recent years the competition from Japan rather than Lancashire has been the real menace to the indigenous industry, there does not seem to be much cause for alarm. Moreover, the British manufacturers seem to be in right earnest this time regarding their promise to use Indian cotton in larger quantities. The duration of the Agreement is only two years. At the end of that period, the position will, no doubt, be revised taking into view the effects of the working of the Agreement during the two years and the extent to which the Lancashire manufacturers actually succeed in redeeming their promise to buy more Indian cotton.

The Indo-Japanese Agreement does not deal with imports of artificial silk fabrics, pure or mixed. The imports of these goods, particularly from Japan, have assumed alarming proportions in recent years. The Tariff Board have pointed out that the imported artificial silk goods severely compete with indigenous coloured piece goods, that they affect equally the mill industry and handloom weavers, and that effective steps should be taken to assist the Indian industry against competition from this source. The Bill provides for a duty of 50 per cent. *ad valorem* or four annas per square yard on fabrics of non-British manufacture, containing 60 per cent. or more of artificial silk and of 50 per cent. *ad valorem* or 3½ annas per square yard on fabrics containing less than 60 per cent. artificial silk. These duties are not likely to prove effective, particularly in view of the fact that the fixing of the quota in respect of imports of Japanese cotton goods is likely to lead to heavier imports of artificial silk goods from that country. In the interest of the mill as well as the handloom industry, this danger must be obviated by raising the specific duty to six annas per square yard.

Sir, one point, which I want particularly to emphasise, is the utter inadequacy of the protection proposed to be extended to the cotton hosiery industry. The Bill provides for a specific duty of six annas on cotton knitted fabrics weighing less than 4½ oz. per square yard, the *ad valorem* duty of 25 per cent. being payable on heavier fabrics. This exposes the hosiery industry to the danger of knitted fabrics, weighing 4½ ounces or more, being imported in large quantities to be made up into undervests and other garments in this country. In para. 187 of their Report, the Tariff Board has said as follows:

"If the duty is levied on the basis of weight, allowance will have to be made for the difference in weight between comparable qualities of Indian and Japanese goods. We understand that the imported goods often weigh not more than two-thirds of the weight of the Indian manufactures with which they compete. Thus Indian goods weighing 3 pounds a dozen have to compete with imported goods whose average weight will not be more than 2 pounds a dozen. To afford adequate protection, it will, therefore, be necessary to fix the duty per pound sufficiently high to cover this difference.

To render any measure of protection effective, it will be necessary to impose a protective duty not only on the imported articles which compete with similar articles manufactured in India, but also on imports of knitted fabrics; otherwise it might well pay the importer to import knitted fabric and arrange for the tailoring to be done in India; and an arrangement of this sort might render any measure of protection nugatory."

Sir, this point seems to have been overlooked in fixing the specific duties. The condition as to weight should be removed and all knitted fabrics, irrespective of weight, should be made subject to the specific duty. The rate of the duty is quite inadequate and should at least be doubled if real protection is to be afforded to the industry. The position regarding the undervests and socks and stockings is similar. The proposed specific duty of nine annas per pound is utterly inadequate.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

I strongly endorse the view that nothing short of a duty of one rupee per pound is necessary to give really effective protection to the hosiery industry This specific duty should be made applicable not only to under-vests, but to knitted garments of all description.

With these remarks, Mr. President, I support the motion for reference of the Bill to a Select Committee.

Mr. M. Maswood Ahmad: Sir, I represent here the consumer and the handloom weaver,—sixty per cent. of my voters are consumers and forty per cent. are weavers,—and as such I think it my duty to tell the House what their view is on this important matter.

Sir, it is my old opinion that protection of all sorts is a kind of robbery. The protection that is now sought to be given to the mill industry is no protection at all, rather a powerful Government wants to rob the people to give benefit to certain millowners who do not deserve any help and whose pockets are already over filled. If Honourable Members will consider this matter carefully, they will realise that this protection is given not to the starving people of India, not to the naked people of India, not to afford relief to the sick, but to enrich the wealthy millowners so that they may spend more on their luxuries.

An Honourable Member: Champagne?

Mr. M. Maswood Ahmad: On champagne, on dancing parties, etc.

Now, Sir, the poor consumers are between the devil and the deep sea. What happens is that, if the consumers want to purchase foreign goods, they have to pay a high price to the British people, and when they go to purchase Indian goods, they have got no alternative but to pay more to my Honourable friend, Mr. Mody, and his friends. So, there is no other alternative for the poor people. These protective duties are a sort of burden on the shoulders of the people of India. This is not only my view but it is the view of the members of the Tariff Board who have admitted that protective duties are a burden, but they say that these burdens are not for a large number of years. At page 107, the Tariff Board says:

"In this way protection will not prove a permanent burden on the country."

It means that they admit that the protective measure which they are suggesting is and will be a burden, but they say it is not of a permanent nature. Sir, it may or may not be a permanent measure, but the burden is a burden and should be removed at once.

In considering these questions, two or three principles should be considered, and they are these. The first principle as regards giving protection is this: whether the industry cannot compete with foreign goods for particular reasons, whether the industry is in an infancy and so cannot compete with foreign goods. The third condition should be whether the industry can be self-supporting in near future or not. These points have not been considered, nor are the points suggested by the Fiscal Commission taken into consideration in the present measure. At page 54—I do not want to read, but I would only refer to paragraph 97 of the Indian Fiscal Commission's report—they lay down certain principles for giving protection to industries. But what has happened in this connection this time? In Chapter 6, you will find that the Tariff Board admits that the terms

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of reference for the present enquiry do not make any mention of these conditions although this is the first time that the Tariff Board has been asked to consider substantive protection to the cotton industry. In the past, when such references were made to the Tariff Board, reference was always made to paragraph 97 of the Fiscal Commission's Report, but, in the present case, the Tariff Board themselves have admitted that there was no such mention. So, that point has not been properly looked into. My Honourable friend, Sir Frank Noyce, is looking at the Tariff Board Report, and so I will quote only one more sentence from it:

"In the case of almost all the enquiries referred to the Tariff Board it was specially stated in the terms of reference that the conditions in paragraph 97 of the Fiscal Commission's report should form part of the Tariff Board's examination of the claim to protection."

So, on this occasion, it has not been properly looked into, or if it has been looked into, it was looked into as a sort of side show.

Another thing that I want to say is, whenever the Government want to impose any protective duties, they should not try to raise prices. If a certain industry cannot compete with foreign goods and if the Government want to check the coming in of foreign goods, it is all right, but it should not raise the prices in this country because the main sufferers will be the consumers. If you protect the industry, protect the consumers as well by fixing the selling price at a reasonable point.

Again, in giving protection, it should be seen that a particular section is not crushed at all. In this case, I do not want to go into details at this stage but will only say that this Bill will crush many sections, like the hosiery importers, and especially the handloom weavers will be crushed by this measure.

Now, Sir, because the Bombay industry is losing, so the Government want to protect them, and it is a bad policy. The Fiscal Commission has said, protection should be given only in those cases when the industry suffers by means of competition, but here this is not the case. The main cause of their loss in Bombay is mismanagement. If one sees page 22, Appendix IV, one will find that in the case of a mill which is in No. 9, their manufacturing and other expenses per lb. of grey cloth is 49·28 pies, while in Bombay, if you see No. 2 in the same list, their manufacturing and other expenses per pound of cloth comes to 89·58 pies per pound, for the same grey cloth. Why should not Bombay manufacture such cloth at a price of 49·28 pies per pound just as the other mills do? If they cannot do that, it is their own fault and why should crores and crores of people in this country be taxed for them? And it is not just for Government to tax crores and crores just to fill the pockets of these men who, on account of their own fault, on account of their mismanagement, are always losing. If you will turn to this Agreement which is called Mody-Lees Agreement,—there was one Lee Report which gave to the I. C. S. people lots of money,—and this is another Lee robbery by which the tax-payers are robbed by my Honourable friends.

An Honourable Member: This is "Lees".

Mr. M. Maswood Ahmad: Whether it is singular or plural, it does not matter. I say that this Agreement is totally against the interests of the consumers and against the majority of the inhabitants of this country.

Why was this Agreement come to and why was it accepted by the Government is a question which requires to be solved. In reply to the question, *i.e.*, why my friends from Bombay accepted it, I say, my friends at Bombay could not make money on account of the great mismanagement and inefficiency, and, therefore, they wanted some sort of protection to make money. In this way, they wanted to raise the prices of imported piece-goods, and for that reason they have supported this. The Lancashire people supported it only for this reason that they wanted some preference which they could not get at the Ottawa Conference. They wanted something more, and as they wanted some more protection and some more preference from other countries, so also they tried in England to insist on the Government to accept this Mody-Lees Agreement. Now comes the attitude of the Indian Government. In my opinion, at the fag end of his tenure of office, my Honourable friend, Sir George Schuster, did not want to have more items in the Finance Bill, and he wanted that his burden should be shared by some one else, and my Honourable friend, Sir Joseph Bhore, came forward to help his colleague, and took his burden and he, for the benefit of the Indian Treasury, is going to support this measure. These trio have joined their hands and they are wanting more money and they want that the consumer should pay more money. They want to rob us. They want for the benefit of England and Lancashire, my friends on my right want for the benefit of the Bombay millowners who are losing money on account of their fault, and Sir Joseph Bhore wanted to help my friend, Sir George Schuster, in his work and get some more money for the Treasury, but in this connection where is the interest of the consumer and the poor agriculturist, may I ask, Sir? No one cares for them at all. Nothing has been done for them. I know that my Honourable friend, at the time of reply, will get up and say that they have done something for wheat. I have heard enough of this song and do not want to hear it again. That is, after all, less than 8 per cent. of the total agricultural produce.

I do not want to raise this question at this juncture, because I am discussing the Indian Tariff Act for protecting the textile industry, but really I want to tell my friend, Mr. Mody, what he should do if he wants to flourish and make profits. They should consider the condition of the consumers and the agriculturists. They should try to raise the purchasing power of the people in India. Unless they do that, they cannot make profit. You can keep us without cloth, no doubt, but you cannot force us to buy cloth when we have not got pice in our pocket to pay for your products. If you want to make profit, then the only course for you is to increase the purchasing power of the agriculturist who forms 95 per cent. of the population. If they do not have it, then who will buy your cloth, whether you sell it at a cheap rate or at a high rate. Feed the cow properly if you want more milk from the cow.

I want to suggest, in this connection, one thing more and that is this. In this Bill, I find that certain things have been wrongly calculated, and that is a very important point to be considered by the Members who are going to the Select Committee. As an example, I quote figures for the grey cloth. You will find that the duty for grey cloth from countries other than the United Kingdom has been proposed as five annas three pies in this Bill, but if you will see the Tariff Board report, they have recommended five annas per pound, but I think they also have committed a mistake, because they have calculated on page 105 that it should be 59 pies per pound. They

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have calculated 59 pies, but they have recommended 60 pies per pound, and Government are fixing the duty at the rate of 63 pies per pound, and that is very hard. This is a point that the Government and the members of the Committee should consider. I have pointed out only one instance, but if you will see other items, you will find the mistakes in other items as well. There is also a mistake in the calculation on page 222. I want to show what would have been the result if calculations would have been made on an average basis. I won't bother my friends about the other articles, but I shall give, as an example, one article, that is, grey cloth. For the grey cloth, you will find that they have given the average rate of 61·77 pies per pound for the cost of cotton and then the average is 62·50 for manufacturing and other expenses per pound of cotton and, after adding these two items, it comes to 124·27 pies per pound and they have fixed 28 pies per pound interest and managing agents' commission and other charges. After adding this, you get 150·27 pies, and then they have fixed the average selling price at 118 pies per pound which, after deducting this 34·27 pies, remains and, if you will add to this 34·27 pies 6 pies for other things, it comes to 41·5 pies, that is, about 3½ annas per pound but, instead of 3½ annas per pound, they have recommended a specific duty of five annas per pound and this is very high. They have calculated about the manufacturing and other charges not at an average rate, but at a higher rate of 80 pies per pound, and this should not be done and at least these figures should be worked at an average rate. If you will calculate the specific duty on the lowest rate, *i.e.*, on the basis of item No. 9 on page 222, it will not go beyond one anna per pound.

On those points, where my Honourable friend has decreased the taxes to give preference to the British people or to Lancashire, I have got no objection to that, because, by reducing the taxes on Lancashire goods, at least certain goods will be sold in India at a cheaper rate, when I find that in certain places my Honourable friend has increased the rate for the foreign goods for giving preference to the British goods. It is certainly objectionable and the consumers will not like it at all.

About the handloom weavers, my Honourable friend has said that a certain amount like 3½ lakhs or something will be spent on these handloom weavers. In this connection, I want to suggest that this is not sufficient. Rather, in that case, I will suggest that if you are giving protection to these Indian industries and if you are giving preference to the British industries, a certain proportion of the income of the mills and of the duty collected should be fixed for the help of the handloom weaving industry. This should be given as a bounty or as a donation or whatever you may call it in the shape of the reduction of the yarn price. Sir, in this way a lump sum of three or two lakhs will not be sufficient at all. I would suggest that at least 25 per cent. of these duties, which they will collect on the basis of this Bill, should be used for the benefit of the handloom weavers. In this connection you will find what they have done in the case of item No. 158—"Cotton Twist and Yarn, and cotton sewing or darning thread—of counts above 50's". They have here fixed for those of British manufacture five per cent., and for non-British manufacture 6¼ per cent. I want to suggest that for the cotton yarn which is imported into India of the lower count as well, there should not be such a duty, because if you will see the condition of the handloom weaver, they generally use the yarn of 15, 20 and 22 counts. They do not use

generally the yarn above 50 counts. So they really require that the rates for thread of low counts like 15 and 20 should be fixed at minimum figures. Further, one point more which I could not understand is this. For cotton twist and yarn and cotton sewing or darning thread of counts 50's and below, for British manufactures they have fixed five per cent. or $1\frac{1}{4}$ annas per pound, whichever is higher, and then they have fixed for non-British manufactures $6\frac{1}{4}$ per cent. or $1\frac{7}{8}$ annas per pound, whichever is higher. Sir, I could not understand the principle here, because on *ad valorem* duty they had given a preference of 25 per cent.. and because 25 per cent. added to five per cent. comes to $6\frac{1}{4}$ per cent. on *ad valorem* duty. They have given 25 per cent. preference, but if you will see to the specific duty of $1\frac{1}{4}$ annas and $1\frac{7}{8}$ annas, you will find they have given 31 per cent. preference for the Lancashire people, and here they are, in my opinion, inconsistent. If they want to give 25 per cent. preference, then they should give only that and the same 25 per cent. preference in specific duty as well, but they have given through specific duty more preference, which is highly objectionable. If they want to give 25 per cent. preference in specific duty under threads, then it comes to $1\frac{9}{16}$ annas per pound for the various yarns, but they have proposed for the various yarns $1\frac{7}{8}$ annas per pound in weight. The preference comes up in a way. to 50 per cent. and I could not understand why a preference of 25 per cent. on *ad valorem* and 50 per cent. on specific duty has been proposed. If they reduce this rate, the natural result will be that the yarns of other countries will come here at a cheaper rate, and if that is so, then the yarns produced in this country by my Honourable friend, Mr. Mody, will come down in price and in that case only the handloom weavers may get something.

Now, I would make four suggestions in conclusion. One or two of the items out of these suggestions may, I hope, be incorporated in this Bill, and, as regards one or two other items, they may bring in another Bill, but without these three or four suggestions, this Bill, as it is, is greatly injurious to the country, and these suggestions are as follows. There must be something in this Bill that at least 80 per cent. of the cotton used in the mills at Bombay and other places should be Indian cotton. There should be a condition that a certain percentage of Indian cotton must be so used by the mills at Bombay and other places. 80 per cent. has been suggested by me; now, that may be considered to be a low figure and my Honourable friends might suggest something more like 90 or 95 per cent., but as figures were not available, so I could not see what percentage would be more reasonable, but I think there must be some provision in this Bill that these mills should be licensed in future and there should be a condition in that license that these mills must use at least 75 or 80 per cent. of the Indian cottons in their mills.

An Honourable Member: 99 per cent.

Another Honourable Member: Cent per cent.

Mr. M. Maswood Ahmad: The other suggestion is that Government should take power for fixing the prices of cotton just as they want to give this power to the Local Government in the case of sugar-cane. (Hear, hear.) They have protected sugar-cane, but now they are bringing in a Bill to give power to the Local Governments to fix the price of the

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sugar-cane. So, in the same way, my Honourable friend must bring in some Bill to fix the price of cotton. Thus, the millowners must purchase these cottons at a particular rate. (Hear, hear.)

The other item I would suggest is that there must be some excise duty on Indian manufactures. (Laughter.) I have no objection to protection being given to the millowners from the foreign imports, but in the same way the handloom weavers must be protected from the mills, and that can only be done in this case by some excise duty being imposed on the manufactures of mills. If these three items are accepted, then I think there can be no objection to accepting this measure, and in that case I can rather go so far as to say that even if they give double the protection they are going to give now, the consumers and the agriculturists will have no objection. These four items must be kept in mind always,—(1) that these mills should be licensed and should use Indian cotton; (2) that the prices of cotton should be fixed; that they must purchase the Indian cotton at a particular rate, (3) that there must be an excise duty on this cotton so that the handloom weavers may flourish, and that this excise duty should be spent for the benefit of the handloom weaving industry; and (4) that they must be responsible for the health and welfare of the labourers who are working in their mills. (Loud Applause.)

Mr. Nabakumar Sing Dudhoria (Calcutta Suburbs: Non-Muhammadan Urban): Sir, the advent of the Japanese Trade Delegation as well as the coming of the British Textile Mission into this country, almost simultaneously of each other, have been followed with the keenest interest throughout the whole country ever since those two Delegations arrived. But since the publication of the contents of the two Agreements—one between our Government and the Japanese Delegation, and the other between the Bombay Millowners' Association and the Lancashire Delegation, the Indian textile industry has been greatly agitated over what is going to happen as a result of those two Agreements. All the Indian Chambers of Commerce, without a single exception, have in no uncertain terms decried the terms arrived at by both the Agreements.

The arguments which the Indian textile industry want to put forward as their case have all been embodied in the very many letters which the different Associations and representative bodies have addressed to the Government of India, copies of which are already in the possession of the Honourable Members. From what I have been able to gather in respect of the Indo-Japanese Agreement, so far as it affects our country's textile industry, I wish to place a few facts for the consideration of the House. The Agreement has left big holes for the Japanese manufacturers to get over the restriction placed on their exports, and while it not only does not afford sufficient protection to our textile industry, but it also seriously cripples our profitable trade with other non-British countries with us. I will now show how it happens. For India to grant the most favoured nation treatment to Japan, under the present circumstances, tantamounts to putting a barrier against the trade of all foreign nations, who cannot be accused of dumping their goods, or against whom even the Indian industries have never had any occasion to complain of unfair competition. Again, as everyone is aware, the Japanese currency at present has been extremely depreciated, whereas the currencies of the Continental countries have

correspondingly appreciated, since Great Britain went off the gold standard. Consequently, their prices have naturally gone up, while the Japanese prices have gone down to an unprecedented level. How can, under such circumstances, the imports from those Continental countries be treated on the same level as those from Japan passes our comprehension. It should also be remembered that notwithstanding the 50 per cent duty on cotton goods that had been in force for almost one year, the condition of the Indian textile industry and piecegoods did not show any sign of prosperity. Naturally, a hue and cry was raised by the industrialists and the traders for adequate protection against uneconomic and aggressive competition from Japan, and the Government were forced to raise the duty to 75 per cent by executive action. How the position has changed since to warrant this reduction appears to me a mystery. Then, as for the quotas fixed, Japan has been allowed to export more than her post-war average of cotton piecegoods, which comes to 113 million yards including fents, without any obligation to buy any cotton from India. During the years 1931 and 1932, Japan's exports to India of cotton piecegoods, including fents. were 320 and 339 million yards, respectively. Of course, during 1932-33, her exports went up considerably, namely, 579 million yards. But it should be noted particularly that during most of this period (1932-33), the 50 per cent duty was being levied instead of 31¼ per cent as in the previous years. Again, notwithstanding the 75 per cent duty since June last, Japan has been able to export during the eight months from April to November, 1933, about 249 million yards, including fents. The figures quoted above include imports of cotton fents, but the quotas fixed do not mention anything about fents, which clearly shows that the quantities fixed do not include fents. This means that Japan can complete her fixed quotas of piecegoods exports, and then. on the top of it, can export any quantity of cotton fents. Then, Sir, the quotas are strictly confined to cotton piecegoods, and nothing has been done to regulate the export of artificial silk piecegoods or artificial silk and cotton mixtures. At the present prices, artificial silk goods are being used in substitution of many varieties of cotton piecegoods. Under the Agreement, Japan can very conveniently get over the restrictions placed on her exports of cotton piecegoods by concentrating still more on making numerous varieties of artificial silk and cotton mixtures and export them to this country without any limit. The only party—as far as India is concerned—that gains anything is the cotton grower. He can now feel consoled that Japan will buy a fixed quota of cotton annually and this fact alone imparts a certainty to the cotton market, which was not in existence so long. Naturally, therefore, the Tariff (Amendment) Bill, as it has come before us, will be a parting gift of the Government of India to the trade of non-British countries. But this action of the Government does not in any way support the statement which the Honourable Sir Joseph Bhore made recently in reply to His Excellency Mr. Sawada in the Conference on the 5th January last. This is what he said on that occasion:

"The Government of India have no intention of prohibiting the importation of any Japanese goods. In the interests of the consumer, they do not wish to place any unnecessary obstacles in the way of imports which do not compete directly or indirectly with the products of the country."

But the new measure affects numerous lines of Continental make, which are not directly or indirectly in competition with the products of the country, such as heavy woollens, made of shoddy wool which have

[Mr. Nabakumar Sing Dudhoria.]

always been the mainstay of the poorer classes in this country against the shivering cold of the north, which have been heavily taxed. The specific duty of Rs. 1-2-0 per pound ranges from 125 per cent. to 175 per cent. on such cheap goods, making the stuff out of the reach of the poor class of consumers. So, to my mind, the one inevitable result of all this would be the unnecessary penalisation of the trade of the Continental countries with this country. In April last year, when the Indian Government gave notice to Japan for the abrogation of the Treaty, those Continental countries expected that, in future, they would not be treated on the same basis as Japan in the matter of their imports to this country, as they were already at a great disadvantage owing to the difference in the standard of currencies. But this Agreement has now shattered all their hopes and they will have to lose most of their trade with this country if there is no modification.

Sir, so far about the Indo-Japanese Agreement. Now, I shall turn to the Agreement on behalf of the Bombay Millowners' Association with the Lancashire Delegation. Whatever implications the country at large might have placed on the status and nature of the British Delegation—whether it was really a formal and official delegation or a non-formal and non-official one, should not, in the interests of time and economy, be raised at this stage, when our Government have already accepted that Agreement with their official *imprimatur*. Lancashire has already been enjoying the advantage of free entry of raw cotton and a depreciated currency, whereas India is handicapped by an import duty on raw cotton, machinery and stores. The protection enjoyed by the Indian textile industry at present against the imports from Lancashire is 25 per cent. But that protection in effect works out at 17½ per cent. when the import duties on cotton, stores and machinery which the Indian textile industry has to bear are set off. The proposed reduction of duty will doubtless enable Lancashire to increase her exports to India with the result that it will severely affect our cotton mills and handlooms. The consumption of Indian cotton by Indian mills has increased from 19,91,203 bales in 1928-29 to 23,45,078 bales in 1931-32. Any hampering, therefore, of the Indian trade by increased imports from Lancashire is bound to affect the consumption of Indian cotton with consequent hardships on our agriculturists. It is indeed regrettable that the well-considered and unanimous verdict of the Tariff Board, which clearly and definitely recommended protection against United Kingdom goods for a period of ten years as absolutely essential for the maintenance and development of the Indian textile industry, should be so summarily rejected by Government in the interest of the Lancashire Delegation.

Then, as regards the inducements which are offered to this country if she becomes a willing party to the Agreement. The bait offered to India of having a share in the foreign market will be of no advantage whatsoever, as this country will not be able to sell her goods outside when she herself needs protection even for her own markets. Then, there appears hardly any prospect of the increased sale of raw cotton in Great Britain. Nothing in the nature of even a promise has been held out by the British Delegation in that way. Thus, even the little interests of the Indian cotton growers have not been secured as it has been done by the other Agreement. I will read out to you, Sir, a few lines from headings 5 and 6 of the Trade Agreement between the Millowners' Association, Bombay,

and the British Textile Mission, to show how far my reading of the inducements offered is correct:

"(5) In so far as the Empire and other overseas markets for piecegoods and yarns are concerned, it is agreed that any advantages which might be arranged for British goods should be extended to Indian goods, and that India, in markets in which she has no independent quota, should participate in any quota which might be allocated to the United Kingdom. In respect of overseas markets in which Indian mills lack established connections, it is agreed that the Manchester Chamber of Commerce should use its good offices to bring about contacts between Indian manufacturers and British houses which are already established in those markets.

(6) In regard to raw cotton, the Indian side strongly emphasised the urgent necessity of further efforts being made in the United Kingdom to popularise and promote the use of the Indian raw material. They welcomed the undertaking that the British Textile Mission would be prepared to recommend effective action being taken and keep the Indian side regularly in touch with developments. It was further agreed that other avenues of co-operation in this field should be explored in the interests of the Indian cotton grower."

Sir, the reason for this guarded language is not far to seek. As an entirely unofficial body, they could not have said or undertaken much more than that, lest they might in any way offend the authorities of their Board of Trade. In fact they did not like to commit themselves in any way which might go counter to the policy of their Home Government in such a matter. Thus we see that the two Agreements have pleased none, whereas they have antagonised many. The objections that have been raised by the Indian textile industry, who are so vitally interested in the matter, cannot be brushed aside quite so easily. If you do so, you will not only set at naught the recommendations of the Tariff Board who have arrived at their conclusions by a regular and systematic study of the whole question, but will also jeopardise the future of the industry as a whole. It, therefore, behoves the Government to refer this important matter to a Select Committee of the Members of this House, who will be charged with weighing all the pros and cons of the situation that have arisen as a result of the agreements, and if possible, to take the help of well-known representatives of the Indian textile industry, of whom there are available so many in this City, in order to arrive at a solution, which will be acceptable both to our Indian textile industry and to the two Delegations. It will not do, Sir, to force the Indian textile industry to anything unacceptable to them and thereby to give them a handle to add to the complications of the political situation, prevailing at the present moment, by setting up a country-wide agitation against any real or supposed high-handedness on the part of this Legislature and the Government. There are also a lot of complicated details in the Tariff Schedule, which will need careful scrutiny and deep consideration before they can be put into operation. The interests of four parties are to be equally borne in mind, namely, that of the Indian textile industry, that of the cotton growers, that of the consumers and that of the piecegoods dealers in deliberating on the results of the two Agreements.

5 P.M.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 14th March, 1934.

LEGISLATIVE ASSEMBLY.

Wednesday, 14th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

MEETINGS OF THE LEGISLATIVE ASSEMBLY AND ATTENDANCE OF MEMBERS.

467. *Sirdar Harbans Singh Brar: Will Government be pleased to state the number of days on which the Legislative Assembly sat, and the number of days each of the elected Members of the Assembly attended it:

(i) during the year 1931,

(ii) during the year 1932,

(iii) during the year 1933, and

(iv) during the year 1934?

The Honourable Sir Brojendra Mitter: The information asked for by the Honourable Member in the first part of his question is as follows:

Year.	Number of days on which the Assembly sat.
1931	84
1932	88
1933	97
1934 (From 24th January to 14th March, 1934)	33

As no provision is made under the Indian Legislative Rules or Standing Orders of the Legislative Assembly for keeping an attendance register, the information asked for in the second part of the question cannot be furnished.

EXPENSES OF THE OAKGROVE EUROPEAN SCHOOL.

468. *Pandit Satyendra Nath Sen: Will Government please refer to Mr. P. R. Rau's answer to my starred question No. 1162 of the 27th November last, and state whether the East Indian Railway pays the

entire expenses of the East Indian Railway Oakgrove European School *minus* the fees and the United Provinces Government grant, and whether it pays only a definite grant to the East Indian Railway Indian Schools? If so, what is the reason for this discrimination?

Mr. P. R. Rau: The reply to the first part of the question is in the affirmative, except that the Government of the United Provinces is I understand not now making a grant. As regards the second part, the question is under consideration.

Pandit Satyendra Nath Sen: May I know the approximate amount that is being spent on the Oakgrove School side by side with the amounts spent on other railway schools?

Mr. P. R. Rau: I think I gave the information with regard to the Oakgrove School some time ago. If my Honourable friend wants the further information, I shall be glad if he would put down a question on the point.

SHORTAGE OF STAFF IN THE MONEY ORDER BRANCH OF THE CALCUTTA GENERAL POST OFFICE.

469. ***Mr. S. C. Mitra:** (*a*) With reference to the reply to part (*c*) of question No. 81, dated the 5th February, 1934, will Government be pleased to state whether the Postmaster General, Bengal and Assam Circle, has since reviewed the work of the Money Order Branch of the Calcutta General Post Office?

(*b*) Will Government please also state whether the two time-scale Supervisors get any special pay or not?

(*c*) With reference to the reply to part (*e*) of the above mentioned question, are Government prepared to sanction additional supervisors? If not, why not?

The Honourable Sir Frank Noyce: (*a*) The review has been taken up but has not yet been completed.

(*b*) The reply is in the negative, but the question as to whether any special pay should be granted to the holders of these posts and as to whether additional supervisory appointments are required is being examined by the Postmaster General.

(*c*) As I have already stated, the question is being examined by the Postmaster General.

RETIREMENT OF THE PRESENT POSTMASTER GENERAL, BENGAL AND ASSAM CIRCLE.

470. ***Mr. S. C. Mitra:** (*a*) Is it a fact that the present Postmaster General, Bengal and Assam Circle, is going to retire very soon?

(*b*) Will Government be pleased to state who will be posted there?

(*c*) Is it a fact that for the last several years officers of the Telegraph Engineering Branch have held charge of this circle and most of them worked there for a very short period?

(*d*) Will Government be pleased to state why the Engineering Officers are all along posted there as Postmaster General?

(*e*) Is it a fact that retrenchment on the postal side has been excessive and very little retrenchment has been made on the telegraph side?

(*f*) Do Government propose to post such an officer as Postmaster General, Bengal and Assam Circle, who is likely to stay there for some years and can study the needs of the Circle? If not, why not?

The Honourable Sir Frank Noyce: (*a*) Yes; about September, 1934.

(*b*) Mr. M. N. Crawford, Officiating Postmaster General, Central Circle.

(*c*) A statement is laid on the table indicating the officers who held charge of the Bengal and Assam Circle since May, 1924, and the duration of their charge.

(*d*) Does not arise in view of the information furnished in reply to part (*c*) of the question.

(*e*) No; retrenchments have been, and are being, made wherever feasible in all branches of the Department.

(*f*) Government are unable to give any undertaking on the point but the desirability of securing continuity is always borne in mind when postings are made.

Statement.

Postal officers	A. J. Hughes, C.I.E.	8-5-24 to 3-1-26.
	R. B. P. N. Bose	4-1-26 to 3-10-26.
	A. J. Hughes, C.I.E.	4-10-26 to 16-11-27.
	R. B. H. K. Raha, C.I.E.	17-11-27 to 7-9-28
Engineering officers	B C. Wienick	8-9-28 to 9-12-28.
	F. T. deMonte	10-12-28 to 10-4-30.
	C. J. E. Clerici, C.I E. (Postal officer)	11-4-30 to 10-3-31.
Engineering officers	N. N. Banerji	11-3-31 to 13-3-31.
	A. Brokenshaw	14-3-31 to 25-3-31.
	Khan Bahadur Syed Niaz Quth (Postal officer).	26-3-31 to 20-3-32.
Engineering officers	W. D. MacGregor, C.I.E.	21-3-32 to 7-7-32.
	J. N. Mukerji, O.B.E.	8-7-32 to 2-1-33.
	M. L. Pasricha, C.I.E.	3-1-33 to ..

STENOGRAPHERS IN THE JUDICIAL DEPARTMENT IN DELHI.

471. ***Maulvi Sayyid Murtuza Saheb Bahadur:** (*a*) Will Government please lay on the table of the House a statement showing the strength of Muhammadan and non-Muhammadan stenographers in the Judicial Department in Delhi, together with their various grades and also the class of the court to which each of them is attached?

(*b*) If attached to the courts of the Senior Sub-Judge and First Class Sub-Judges, are Government aware of the fact that quite apart from the

question of national economy, no stenographer is given to such courts in the Punjab except to the courts of the District Judge and a few selected Senior Sub-Judges?

The Honourable Sir Harry Haig: I have called for the information asked for in questions Nos. 471 and 474 and will lay it on the table when received.

†472-473*

PROMOTIONS IN THE JUDICIAL DEPARTMENT IN DELHI.

†474 ***Maulvi Sayyid Murtuza Saheb Bahadur:** (*a*) Will Government please state which of the two principles, *viz.*, seniority or efficiency, governs generally the rules of promotion in the Judicial Department in Delhi?

(*b*) Will Government please state if there are any selection appointments in the ministerial establishment of the Judicial Department in Delhi?

QUARTERS FOR INFERIOR SERVANTS IN THE POSTS AND TELEGRAPHS DEPARTMENT AT POONA.

475. ***Sardar G. N. Mujumdar:** Will Government be pleased to state:

(*a*) whether, in the Posts and Telegraphs Department, residential quarters have been built by Government and they have been allocated to certain classes of employees;

(*b*) whether these quarters are built in accordance with a certain standard prescribed for each class of employees and, if so, what standard has been fixed for the class of porters and peons in the Railway Mail Service;

(*c*) whether the inferior servants in the Posts and Telegraphs Department stationed at Poona are given a house-rent allowance of Rs 3 per month; and

(*d*) whether one room for each from the out-houses, in the compound of the old Post Office building at Poona, has been allotted as residential quarters to some peons and porters of the Railway Mail Service in lieu of the house-rent allowance sanctioned to them and, if so, what are the dimensions of each room?

The Honourable Sir Frank Noyce: (*a*) Yes, though only in certain places Orders were issued on the 3rd December, 1932, regularising the position in respect of the grant of available quarters of the Posts and Telegraphs Department to certain classes of its employees under certain conditions

(*b*) Certain standards of accommodation have been laid down for certain classes of officials and these are followed as far as practicable. For the lower grade staff including postmen the standard provides for a living room measuring 144 square feet, a small cook shed and a latrine.

(*c*) Yes, when departmental quarters cannot be provided

†These questions were withdrawn by the questioner.

‡For answer to this question, *see* answer to question No 471.

(*d*) Yes, in lieu of the house-rent allowance of Rs. 3 a month. Three of the rooms measure 12′ × 12′ each and one room measures 11′ 9″ × 12′. The assessed rent of each room is Rs. 3-11-0 a month, approximately.

GRANT OF MONEY TO THE ALWAR STATE.

476. ***Mr. S. G. Jog:** (*a*) Is it a fact that Rs. 25 lakhs have been granted to the Alwar State?

(*b*) Has the entire amount been given, or only a portion of it has been transferred to the State? If the latter, how much?

Mr. H. A. F. Metcalfe: (*a*) Yes, as a loan.

(*b*) Rs. 20 lakhs have so far been advanced.

PAYMENT OF SINGLE-PAYMENT STERLING POLICIES OR PREMIUMS BY INSTALMENTS FROM PROVIDENT FUNDS.

477. ***Mr. A. Das** (*a*) How much money from the various Provident Funds, Civil and Military, has gone towards payment of single-payment sterling policies or the payment of premiums by instalments from each Presidency or Province for the last 3½ years ended the 30th September, 1933?

(*b*) What is meant in the circular letter F.-20-VI-R.-11/32, dated the 13th November 1933, issued by Mr. W. Christie, Deputy Secretary to the Government of India, by the words "pure endowment policies"? Do they include endowment assurances payable at a specified age or death, if earlier?

N. B.—In "Pure Endowment Policies" there is no liability in the event of death before maturity.

(*c*) Of which Insurance Offices did with-profit rates come under examination, by which the opinion was formed that a return of four per cent. is not reached? Was the rebate of income-tax taken into account in the calculations?

(*d*) What was the reason for the issue of Mr. Christie's circular letter? Are Government aware of the pamphlets widely circulated by the late Mr. Henderson, I.C.S. (Retired), who belittled Indian and Australian Government Securities and advised the services to take out sterling policies from Provident Fund monies?

(*e*) Were first policies in the Postal Insurance Fund only allowed up to Rs. 4,000, and was the amount raised to Rs. 10,000, and recently to Rs. 20,000? If so, why has this Government competition taken place?

(*f*) Is it a fact that for endowment policies in the Postal Insurance Fund the with-profits added are under one per cent. *i.e.*, ·98, as money is only invested in Government Securities at 3½ per cent.? Was this Postal Insurance Fund taken into the calculations of Mr. Christie?

The Honourable Sir George Schuster: Full information on all the points raised by the Honourable Member is being obtained and will be laid on the table in due course.

INSPECTORS OF POST OFFICES AND HEAD CLERKS TO POSTAL SUPERINTENDENTS.

478. *Mr. D. K. Lahiri Chaudhury: (*a*) Will Government please state whether it is a fact that before December 1919 the minimum pay of Inspectors of Post Offices or Head Clerk to Superintendents was Rs. 60 and they had to pass through grades of Rs. 80, Rs. 100, and Rs. 100—150 to reach the grade of Rs. 150—200?

(*b*) Is it a fact that after entering into the grade of Rs. 150—200, their names were placed along with officials of general line, *i.e.*, other officials of the same grade and they were promoted in the grade of Rs. 200—300 according to seniority in the combined list?

(*c*) Is it a fact that there is now one grade of the Inspectors of Post Offices or Head Clerk to the Superintendents, *viz.*, Rs. 160—250?

(*d*) Is it a fact that junior officials, some of whom with eight or nine years of service, are promoted into the grade and then their names are placed in a combined list with the selection grade officials of the same grade?

(*e*) Is it a fact that in Calcutta officials with 20 years' or more service get promotion in the grade of Rs. 160—250 and if so, they cannot compete with the Inspectors who are very junior officials?

(*f*) Is it a fact that in Calcutta all appointments in the grade of Rs. 250—350 are now being filled up by the Inspectors of Post Offices and in the next ten years not a single official of Calcutta will get promotion into that grade?

(*g*) Is it a fact that before the revision of 1927 two selection grade appointments, *viz.*, Rs. 145—170 and Rs. 175—225 were reserved for Calcutta?

(*h*) Is it a fact that the above grades have now been raised to the grades of Rs. 160—250 and Rs. 250—350?

(*i*) Do Government propose to reserve those two grades for Calcutta, so that officials working there may get a fair chance of promotion? If not, why not?

(*j*) Is it also a fact that up to the year 1916 all appointments up to the grade of Rs 200—300 were reserved for Calcutta?

The Honourable Sir Frank Noyce: (*a*), (*b*), (*g*) and (*j*). Information is being collected and a reply will be laid on the table in due course.

(*c*) Yes.

(*d*) Yes.

(*e*) The fact is substantially as stated by the Honourable Member.

(*f*) The Honourable Member is referred to the reply given to part (*e*) of Mr. S. C. Mitra's starred question No. 78 in this House on the 5th February, 1934.

(*h*) No. The grades of Rs. 145—170 and Rs. 175—225 were raised to the grade of Rs. 160—250 and the grade of Rs. 250—350 which was introduced with effect from the 1st December, 1919, was not altered by the revision of 1927.

(*i*) The grade of Rs. 160—250 in the Calcutta General Post Office group is already reserved for officials of that group. As regards the grade of Rs. 250—350, the reply is in the negative. This grade is open to all men in the postal clerical cadre in the Bengal and Assam Postal Circle, and Government see no reason to make an exception to this rule in favour of the clerks in the Calcutta General Post Office.

BAN ON INDIAN STUDENTS FROM JOINING THE UNIVERSITY TRAINING CORPS IN ENGLAND.

479. ***Mr. S. G. Jog:** (*a*) Is it not a fact that in the English Universities there is an O. T. C. (Officers Training Corps) on the lines of University Training Corps in India?

(*b*) Will Government please state whether Indians in England get admission into it or not?

(*c*) Is it a fact that Indian students are banned from joining the University Training Corps? If so, why?

(*d*) Are Government prepared to get information on this point from the High Commissioner and do they propose to ask the High Commissioner to get the ban, if any, removed?

(*e*) Is it not a fact that some students made complaints in the matter to the High Commissioner?

Mr. G. R. F. Tottenham: (*a*) Yes.

(*b*) No.

(*c*) Yes, as membership is restricted to British subjects of pure European descent.

(*d*) Government have already represented the matter but without success. It is understood that it is the Universities that are opposed to the removal of the restriction.

(*e*) Government have no information.

REPRESENTATION BY A RECOGNISED LABOUR UNION OF THE GRIEVANCES OF ITS MEMBERS TO THE AGENTS OF STATE RAILWAYS.

480. ***Lieut.-Colonel Sir Henry Gidney:** Will Government please state whether a Labour Union which has been recognised as such by the Railway Board is entitled to represent the grievances of its members to the Agents of State Railways? If not, why not?

Mr. P. R. Rau: So far as I know the question raised by the Honourable Member has not previously come up for consideration. His suggestion will now be examined.

Mr. N. M. Joshi: May I know what is exactly the question which has not been considered?

Mr. P. R. Rau: Whether a labour union recognised by the Railway Board is entitled to represent the grievances of its members to the Agents of State Railways.

Mr. N. M. Joshi: Are Government aware that the Royal Commission on Indian Labour has recommended that recognised unions should have the right to represent to the authorities the grievances of individual members of unions?

Mr. P. R. Rau: So far as I understand it, the question that my Honourable and gallant friend put is not with regard to labour unions which are recognised by individual administrations, but with regard to labour unions which represent the employees of more than one railway.

Mr. M. Maswood Ahmad: Will Government be pleased to state whether labour unions registered under the Trade Unions Act have got the right to appeal or send representations to Agents of the State-managed Railways?

Mr. P. R. Rau: Labour Unions recognised by the railway have the right of sending representations to the Administrations.

Mr. M. Maswood Ahmad: My question was whether a labour union registered under the Trade Unions Act has got this right or not.

Mr. P. R. Rau: The mere fact that it is registered under the Trade Unions Act does not confer any rights on it.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform the House whether the Railway Board or the Government of India in the Railway Board recognises the Railwaymen's Federation as a whole?

Mr. P. R. Rau: They have periodical meetings with the Federation.

Lieut.-Colonel Sir Henry Gidney: Does that *ipso facto* connote recognition? If so, does the Railway Board accept or recognise individual railway unions who go to form that Federation?

Mr. P. R. Rau: The individual unions are not recognised as such by the Railway Board. As a matter of fact, the unions are recognised by the Railway Administrations themselves. The Railway Board have not accorded formal recognition to any union, but the fact that they meet the All-India Railwaymen's Federation twice a year may be taken as, for all practical purposes, recognising them.

Lieut.-Colonel Sir Henry Gidney: Then, will the Honourable Member kindly issue instructions to the Railway Agents to recognise those unions that are incorporated in the Railwaymen's Federation?

Mr. P. R. Rau: No, Sir. Government have left it to individual Railway Administrations to examine the particulars of every union and to recognise it or not as it seems fit to them.

Lieut.-Colonel Sir Henry Gidney: But if the Railway Board recognise a Federation consisting of unions, is it the right of any Agent to deny or question such recognition?

Mr. P. R. Rau: The Government of India have decided that this is a matter which should be left to the individual Railway Administrations.

Mr. M. Maswood Ahmad: Will Government be pleased to state whether their employees are at liberty to be members of registered trade unions?

Mr. P. R. Rau: I think, Sir, this question was answered yesterday.

Mr. M. Maswood Ahmad: I want to know today whether Government employees are entitled to become members of trade unions which are registered.

Mr. P. R. Rau: I suggest, Sir, that the Honourable Member should not expect that every question of his should be answered every day on the floor of this House. (Laughter.)

Mr. M. Maswood Ahmad: Will my Honourable friend state to what question that reply was given yesterday?

Mr. P. R. Rau: The question was replied to by the Honourable the Home Member yesterday. I do not exactly remember the number of the question, but it was probably No. 451.

Mr. B. V. Jadhav: Do I correctly understand the Honourable Member to say that the Government of India have decided to recognise the labour unions, but that they are leaving the Agents of the various Companies free to recognise them or not as they like?

Mr. P. R. Rau: They have left it to the Agents of Railways, whether State-managed or Company-managed, to examine the particulars of membership, etc., of each union and accord or refuse to accord such recognition as seems fit to them.

Mr. B. V. Jadhav: Have they not themselves examined the particulars of these things when they decided to recognise labour unions?

Mr. P. R. Rau: As I have told the House already, Government have not recognised any railway union as such.

Dr. Ziauddin Ahmad: In view of the fact that the number of employees directly under the Railway Board is very few and most of the servants are employed under the Agents, is it or is it not a fact that the Railway Board have given the entire power of recognition to the Agents and that they have washed their hands of the question of the recognition of the unions?

Mr. P. R. Rau: My Honourable friend has expressed the reasons quite correctly.

Dr. Ziauddin Ahmed: Then, may I know whether they have got the right to issue an order that a certain union should not be recognised by the Agent, and, if so, under what authority?

Mr. P. R. Rau: It is an academic question, but they have not exercised that right.

Dr. Ziauddin Ahmad: When my Honourable friend cannot answer a question, he avoids giving an answer by saying it is academic, but I want to know if it is a fact or not whether they have got the right to issue such instructions not to recognise certain unions.

Mr. P. R. Rau: I have already told my Honourable friend that they have not exercised that right.

Dr. Ziauddin Ahmad: Is it right to say that they issued orders to Agents not to recognise certain communal unions?

Mr. P. R. Rau: That is not an order of the Railway Board: it is an order of the Government of India.

Mr. S. C. Mitra: May I take it that it is the position of the Government that the mere fact of registration will not lead to recognition by Government?

Mr. P. R. Rau: Not necessarily, Sir.

Lieut.-Colonel Sir Henry Gidney: Arising out of this question, will the Honourable Member state whether in the event of an Agent refusing recognition of a labour union, the Railway Board will consider an appeal if one is made to them on the matter by a union?

Mr. P. R. Rau: I do not think the Railway Board have considered that question, and I should like to have notice of that before giving any reply.

RETRENCHMENT ON STATE RAILWAYS.

481. ***Lieut.-Colonel Sir Henry Gidney:** (*a*) Will Government please state whether or not all temporary subordinates and those with short service, were discharged by the Great Indian Peninsula Railway during the recent economic campaign?

(*b*) Will Government please state whether the same principle was applied in the case of officers?

(*c*) Will Government please state how many temporary engineers and officers were discharged as a measure of retrenchment from all the five State Railways?

(*d*) Will Government be pleased to lay on the table a statement showing, railway by railway, how many of such retrenched temporary engineers and officers have been absorbed by the various State Railways subsequent to retrenchment and how many have been absorbed in the lower gazetted service?

Mr. P. R. Rau: (*a*) and (*b*). Government have no information but will obtain it for the Honourable Member and will lay it on the table in due course.

(*c*) According to the information available, 43 temporary engineers in all were discharged on the five State-managed Railways. Similar information is not at present available with regard to temporary officers of other departments but will be collected and laid on the table in due course.

(*d*) From the information available it appears that only one discharged temporary officer has been re-appointed but I am obtaining precise information as to this.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member state whether it is not a fact that when the lower gazetted service was created, there existed a certain number of surplus officers in the superior railway staff?

Mr. P. R. Rau: I should like to know what my Honourable friend means by surplus before attempting to reply to that question.

Lieut.-Colonel Sir Henry Gidney: In the campaign for retrenchment or economy, call it what you like, is it or is it not a fact that when the lower gazetted service was created, there was a large number of officers surplus to requirements?

Mr. P. R. Rau: The lower gazetted service was created, to the best of my recollection, before the economy campaign started.

Lieut.-Colonel Sir Henry Gidney: Will you answer my question? Is it or is it not a fact that at the time when the lower gazetted service was created, there was a number of surplus officers?

Mr. P. R. Rau: I am afraid my Honourable friend has entirely misunderstood the word "surplus": the position was that when the lower gazetted service was created, it was decided that a certain number of posts, which were formerly in the superior service, should be transferred to the lower gazetted service, and it was intended to give effect to this as circumstances allowed. It was not intended that by this transfer, officers actually holding the posts should be discharged and subordinates promoted.

Lieut.-Colonel Sir Henry Gidney: Arising out of that, will the Honourable Member inform this House whether or not it is a fact that the policy adopted by the Railway Board in regard to the retrenchment of railway officials was on the one hand to show their retrenchment and on the other hand, instead of getting rid of these officers as they dealt with retrenched subordinates, to demote them by inserting all such officials into the lower gazetted service, a service which was originally created "essentially", to use the words of the Railway Board Circular, for the benefit of deserving subordinates, and thus denying to them opportunities of entering this service?

Mr. President (The Honourable Sir Shanmukham Chetty): That question is out of order, because it contains inferences and arguments.

Lieut.-Colonel Sir Henry Gidney: Let me ask it in another way. Are the Government of India aware of the fact that by demoting surplus officials in the lower gazetted service, instead of retrenching them, they have gone contrary to the very essentials and intentions underlying the formation of that service?

Mr. P. R. Rau: No officers have been demoted and appointed to the lower gazetted service. My Honourable friend is misunderstanding the whole position. As I have already explained, the position was that it was decided that when vacancies arose, instead of filling those vacancies in the superior service, they would be filled by promotion of subordinates to the lower gazetted service: there was no question of demoting people from the officer's grade to this service.

Lieut.-Colonel Sir Henry Gidney: With your permission, Sir, I desire on the floor of this House to challenge the accuracy of that statement, and I quote the Railway Board Circular in support of my statement. Again, I ask, is it or is it not a fact that the lower gazetted service is "essentially" a subordinate service?

Mr. P. R. Rau: My Honourable friend is quite correct in stating that the lower gazetted service was intended to be recruited mainly by promotion from the subordinate ranks.

Lieut.-Colonel Sir Henry Gidney: At the time the service was created, was there a single Class I officer in it?

Mr. P. R. Rau: There were certain members of the local traffic and provincial engineering services who were transferred to the lower gazetted service when it was formed.

Lieut.-Colonel Sir Henry Gidney: Is it or is it not a fact that, when the Secretary of State ordered the abolition of the local traffic service and provincial engineering service in or about 1914, it consisted of the promoted subordinates and no Class I officers were in these services?

Mr. P. R. Rau: My Honourable friend is quite incorrect.

Lieut.-Colonel Sir Henry Gidney: On the floor of this House I challenge the accuracy of that statement. I say that these services were intended for and manned only by promoted subordinates.

Mr. P. R. Rau: I know of many people who were appointed direct to the local traffic service.

Mr. N. M. Joshi: May I ask whether it is not a fact that some superior officers were demoted by way of retrenchment and were absorbed in this lower gazetted service? I want an answer to that question.

Mr. P. R. Rau: I have already answered that question, but I shall repeat the answer. The position is that no officer was demoted: but certain officers were retained against vacancies left unfilled in the cadre fixed for the lower gazetted service.

Dr. Ziauddin Ahmad: Sir, this is a very serious matter. An Honourable Member has challenged the statement of the Government on the floor of the House, and I think there should be some kind of note from the Honourable Member to justify his statement.

Mr. P. R. Rau: I suggest, Sir, that I may claim to know a little bit more of this subject than my Honourable friend over there.

Lieut.-Colonel Sir Henry Gidney: I challenge that statement, Sir. I would ask another supplementary question. Is it or is it not a fact that fifty per cent of the lower gazetted service today consists of demoted Class I officers, *i.e.*, officers, who were drawing higher salaries and who are now drawing a lower salary, and that only eight per cent of subordinates are permanently employed in this service today.

Mr. P. R. Rau: I think, Sir, I must despair of conveying the accurate facts to the Honourable Member. As I have already stated, there are no officers who are demoted and appointed to the lower gazetted service.

Certain vacancies in the lower gazetted service, that is, vacancies which would have existed if the whole scheme had been given effect to, have not been filled, because the number of superior officers is in excess of the number in the final scheme which would be ultimately given effect to. But I think, Sir, this is not a subject which can be discussed by means of question and answer in this House, and my friend has, I think, the option of bringing forward a Resolution in this House.

Lieut.-Colonel Sir Henry Gidney: Sir, I would ask the Honourable Member, with your permission, for a definite answer to a definite question. Is it or is it not a fact that fifty per cent of the personnel of the lower gazetted staff today were originally Class I officials or temporary engineers, eleven in number, surplus to requirements? Is this or is this not a fact?

Mr. P. R. Rau: I have already given an answer to that question about three times, and I would ask my Honourable friend to wait till the debates are printed and examine them at leisure.

Mr. M. Maswood Ahmad: Is it a fact that at the time when this service was constituted, 198 posts were sanctioned for the lower gazetted service and 123 posts of the provincial engineering service and the local traffic service were abolished?

Mr. P. R. Rau: That, I believe, is correct.

Mr. M. Maswood Ahmad: Against these latter 123 posts, there were only 38 permanent incumbents and they were transferred to the lower gazetted service or promoted to the superior service, is that a fact?

Mr. P. R. Rau: My information is that on all the railways taken together, there are at present 58 permanent officers in the lower gazetted service and 69 subordinates officiating in the lower gazetted service making a total of 127 officers.

Sir Cowasji Jehangir: Is it not a fact that some of the officers, who are retrenched, are Indians holding European qualifications and they have now been appointed to the lower gazetted service thus rendering considerable assistance to some of the retrenched officers?

Mr. P. R. Rau: I believe, Sir, in the G. I. P. Railway, there are four or five temporary engineers who have been retained in service against vacancies in the lower gazetted service.

Mr. S. C. Mitra: Is it not a fact that the same thing, more or less, has happened in the other Departments of the Government of India that retrenched officers have, as far as possible, been provided in lower posts and thus helped them to a certain extent from unemployment?

Mr. P. R. Rau: I believe that is so. I must also add that the only alternative to the action taken by the Railway Board was to discharge a large number of officers recruited within the last four or five years and practically cancel all the efforts of the Railway Department towards Indianisation.

Sir Cowasji Jehangir: Will the Honourable Member tell us whether Government will continue the policy of employing well qualified Indians who have been retrenched in the lower gazetted service? Will they continue that policy?

Mr. P. R. Rau: The policy of the Government with regard to the lower gazetted service is to recruit that service mainly by promotion from the subordinate ranks.

Lieut.-Colonel Sir Henry Gidney: With your permission, Sir, one more supplementary question. Is it a fact that whereas originally the cadre of the lower gazetted service was 197, today the cadre is 232 to make room for those retrenched officers, or temporary engineers? If it is a fact, is it not an absolute camouflage of your policy of retrenchment?

Mr. P. R. Rau: My Honourable friend's figures are incorrect as usual. The actual number of posts in the lower gazetted service at present sanctioned is 191.

Lieut.-Colonel Sir Henry Gidney: I have got the figures with me as supplied from the Railway Board The Honourable Member's figures are incorrect.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Honourable Member should ask the next question.

Lieut.-Colonel Sir Henry Gidney: Sir, I have got the figures from the Railway Board, and I can produce them.

Mr. President (The Honourable Sir Shanmukham Chetty): Next question.

DISCHARGE OF TEMPORARY ENGINEERS ON STATE RAILWAYS.

482. ***Lieut.-Colonel Sir Henry Gidney:** (*a*) With reference to the assurance given by the Honourable Member in charge of the Railway Department in reply to the supplementary questions to question No. 496 of the 25th February, 1933, will Government please state the form in which the "understanding to renew the contract of temporary Engineers" is embodied in the original agreement?

(*b*) In view of this understanding, will Government please state the reasons why they discharged many temporary engineers on the various State Railways, whose services had been found uniformly satisfactory, and why their contracts were not renewed?

(*c*) Is it a fact that only on the Great Indian Peninsula Railway temporary engineers were absorbed into the lower gazetted service and that the other State Railways have not done so?

Mr. P. R. Rau: (*a*) The question referred to by my Honourable friend was with regard to recruitment of covenanted officers in the Signal Department of State Railways; it had no bearing on the question of temporary engineers.

(*b*) The discharge of certain temporary engineers was unfortunately necessitated by the curtailment of the construction programme of railways.

(c) As I have already stated, a few temporary engineers have been retained on the G. I. P., North Western and Burma Railways against vacancies in the lower gazetted service. The question of their further retention is under re-examination at present.

Lieut.-Colonel Sir Henry Gidney: One supplementary question, Sir. Is it a fact that whereas, in the G. I. P. Railway, five temporary engineers were discharged and re-engaged in terms of this agreement, temporary engineers discharged on other railways such as the E. I. R., North Western and E. B. Railways, have not been re-engaged even in the lower gazetted service?

Mr. P. R. Rau: My Honourable friend is anticipating a question which he is going to ask the day after tomorrow, but I have no objection to give him a reply. The position with regard to temporary engineers is that a large number were discharged, but it was considered desirable to retain a few on account of their qualifications and experience. Some 20 officers were specially selected by a Committee of senior Engineers of the different State-managed Railways and two Members of the Railway Board, and the Railway Administrations were authorised to employ temporary engineers in this list against vacancies in lower gazetted service. At present there are ten such on all State-managed Railways, five on the G. I. P., two on the North Western Railway and three on the E. I. R.

Lieut.-Colonel Sir Henry Gidney: Is it a fact that the Railway Board intimated Railway Agents *vide* their Circular Letter No. 3931, that 15 of these discharged men should be re-employed? Regarding his figures, the Honourable Member is, as usual, inaccurate.

Mr. P. R. Rau: No, Sir; so far as I am aware, the facts are as I have stated.

Sir Cowasji Jehangir: Will Government continue this policy further and re-employ more and more of these retrenched officers in the lower gazetted service?

Mr. P. R. Rau: I do not think, Sir, that Government can promise to take more retrenched officers against vacancies in the lower gazetted service.

Sir Cowasji Jehangir: You have been doing that, is it not so?

Mr. P. R. Rau: Only in special cases.

Sir Cowasji Jehangir: Will Government consider the desirability of increasing such special cases instead of the policy advocated by Sir Henry Gidney?

Mr. P. R. Rau: That question is under our examination at present, that is to say, whether the people who have been retained should be further retained or not.

Sir Cowasji Jehangir: Does the Honourable Member realise that there is great dissatisfaction amongst the officers who have been retrenched, and that it is the duty of the Government to find employment for them as soon as possible?

Mr. P. R. Rau: Government must balance the dissatisfaction felt by these officers against the dissatisfaction felt by the subordinates whom my friend, Sir Henry Gidney, speaks for.

Lieut.-Colonel Sir Henry Gidney: Is it a fact that of the officers who have been insinuated into the lower gazetted service, the majority of them are Europeans?

Mr. P. R. Rau: I have not got their names before me. I should like to have notice of that question.

OFFICERS OF THE LOWER GAZETTED SERVICE ON STATE RAILWAYS.

483. ***Lieut.-Colonel Sir Henry Gidney:** Will Government please state:

(*a*) whether an officer of the lower gazetted service, officiating or permanent, is an official or not;

(*b*) whether he has the right of appeal to the Railway Board in regard to supersession, etc.;

(*c*) whether a State Railway official, temporary or surplus, who has been absorbed into the lower gazetted service, has a right of appeal to the Railway Board; and

(*d*) whether a State Railway official, other than a lower gazetted service officer, has a right of appeal to the Railway Board?

Mr. P. R. Rau: (*a*) I presume the Honourable Member wants to know whether an officer of the lower gazetted service is considered a gazetted officer. If so, the answer is in the affirmative.

(*b*) to (*d*). A permanent gazetted officer has the right of appeal to the Railway Board in regard to supersession and certain other matters. For further particulars, I would refer the Honourable Member to the Railway Sevices (Classification, Control and Appeal) Rules, contained in Railway Board's Notification No. 3352-E. of 28th April, 1932, copies of which are in the Library of the House. These rules do not apply to subordinates officiating in the lower gazetted service, who are governed by the rules applicable to them as subordinates.

Lieut.-Colonel Sir Henry Gidney: Does the same distinction exist between lower gazetted service officers promoted from subordinate ranks, permanent or temporary, and officers who are surplus to the staff and who are now employed in the lower gazetted service? In other words, have those, who were once superior officers, a right of appeal to the Railway Board, and subordinates, even though temporary, have no such right?

Mr. P. R. Rau: A permanent gazetted officer has a right of appeal to the Railway Board under certain conditions Lower gazetted service officers are considered as Class II Railway service officers.

Lieut.-Colonel Sir Henry Gidney: What is the difference between the duties of the temporary lower gazetted officers and a permanent lower gazetted officer, and why is this difference in the right of appeal to the Railway Board.

Mr. P. R. Rau: The rules provide only for permanent gazetted officers. They provide for a right of appeal for a railway servant holding a permanent gazetted post in a substantive capacity.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member answer my question? Will he inform this House whether an officer, who was surplus to the staff or who has since then been employed in the lower gazetted service (not a subordinate), has a right of appeal to the Railway Board?

Mr. P. R. Rau: In the first place, I do not recognise that there is any surplus officer employed in the lower gazetted service

Lieut.-Colonel Sir Henry Gidney: What! Of course you had any number of surplus officers at one time. They may not be surplus now.

UNSTARRED QUESTIONS AND ANSWERS.

One Dr. Bhagat Ram, Homœopath of Simla.

195. **Bhagat Chandi Mal Gola:** (*a*) Are Government aware that a Homœopathic Dispensary has been opened by the Arya Samaj, Gurukul Section, Simla, and it is attended by one Dr. Bhagat Ram, Homœopath, for two hours daily?

(*b*) Are Government aware that the said Dr. Bhagat Ram is holding a permanent appointment as Head Clerk in the Translation Section of the General Staff Branch, Army Headquarters?

(*c*) Is it also a fact that the said doctor is attending patients during the office hours? If so, will Government please state whether there is not enough work for him in office?

(*d*) Will Government be pleased to state whether Dr. Bhagat Ram took permission of the Head of the Department before he started practising homœopathy and if so whether the Home Department was duly consulted?

(*e*) Are Government aware that Dr. Bhagat Ram is charging fee for visiting patients at their residences and that such fees are not even included in his income for purposes of income-tax?

Mr. G. R. F. Tottenham: (*a*) Yes.

(*b*) Yes.

(*c*) The reply to the first portion of the question is in the negative. The second portion does not arise.

(*d*) Mr. Bhagat Ram did not apply for permission, because he practises out of office hours as an act of charity.

(*e*) Government are informed that he charges no fees.

Interpretation of Army Pension Regulations.

196. **Mr. S. G. Jog:** (*a*) Will Government be pleased to mention the particular section of the Indian Army Act, or of any other enactment, under which the Army Department and the Adjutant General in India discharge

the two-fold function, *i.e.*, (i) of composing the Pension Regulations and (ii) of interpreting them?

(*b*) Is it not a fact that the function of interpreting the rules is restricted to the Audit Offices, *vide* paragraph 4 of the Financial Regulations for the Army in India, which says that "in applying these rules audit officers may assume that all the provisions of Civil Service Regulations, the Army Regulations, India, Fundamental Rules and any other authorised code have received the sanction of the Secretary of State in Council, in all cases in which that sanction is necessary. They may therefore admit without requiring the sanction of the Secretary of State in Council, any pensions acting allowances or other allowances, which are admissible under the rules of those codes"?

(*c*) Is this function of the Audit Officers mentioned in (*b*) above being shared, or monopolised by the two offices mentioned in (*a*) above? If so, from what date and under what orders? Will Government please lay a copy of those orders on the table?

Mr. G. R. F. Tottenham: (*a*), (*b*) and (*c*). The Honourable Member appears to be labouring under a misapprehension. The Pension Regulations are issued with the authority of the Government of India with whom rests the ultimate responsibility for interpreting them. The paragraph of Financial Regulations quoted in the question does not, as the Honourable Member implies, delegate to audit officers a monopoly in the matter of interpreting these regulations. It merely authorises them in the course of their duties to assume that the provisions contained in certain codes have received the sanction of the Secretary of State in Council in all cases in which that sanction is necessary.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

197. **Mr. S. G. Jog:** (*a*) Will Government be pleased to lay on the table a copy of letter of the Audit Officers, and of the concurrence by the Government of India thereto, deciding the point that disability contracted on field and foreign service in Regimental Matches, convened under authority is not covered either under the 1915 rules or under 1922 rules and that the participation in such matches did not constitute "military service", as it does now, after the issue of India Army Order 945 of 1924?

(*b*) Is it a fact that the Army Department, Government of India, *vide* their letter No. B./19835-I(A.G.14), dated 24th January, 1934, have concurred in with the views of Headquarters, Southern Command, stating that a disability contracted on field or foreign service, in Regimental Matches, during the War, is excluded from the domain of Recommendation No. V of the War Pensions Committee laying down "applicants for Great War disability pension should get the general benefit of the 1922 rules, and their claims should be dealt with under those rules, but Government should accept the presumption that *all disabilities contracted on field or foreign service during the War*, were, in fact, 'attributable to military service', unless there is sufficient evidence clearly to rebut such a presumption"?

(c) What disabilities do Government contemplate to regard as "privilege", so as to be not affected by the phrase "all disabilities contracted on field or foreign service . . . . ", occurring in the Recommendation and accepted by the Government?

Mr. G. R. F. Tottenham: The question is being examined and a reply will be laid on the table as soon as possible.

FIXATION OF SENIORITY IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

198. **Mr. S. G. Jog:** With reference to part (c) of unstarred question No. 360 asked by Lt. Nawab Muhammad Ibrahim Ali Khan on the 20th December, 1933, regarding fixation of seniority in the Government of India Press, New Delhi, will Government be pleased to state whether rule 27 of the Press Hand Book is followed in testing the qualifications of a reader when promoting them to higher grades? If not, why is the said rule kept in the Press Hand Book?

The Honourable Sir Frank Noyce: Rule 27 leaves it open to the Manager to hold a test if he considers it necessary. In promoting a reader from a lower to a higher grade his capacity can be tested without any examination; but such an examination may be held where there is a doubt as to the proficiency of the candidate.

READERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

199. **Mr. S. G. Jog:** With reference to unstarred question No. 370 asked by Mr. S. G. Jog on the 22nd December, 1933, regarding readers in the Government of India Press, New Delhi, will Government be pleased to state which are the grades of senior readers in the five grades of readers in the Government of India Press, New Delhi, and whether those are according to Press Hand Book?

The Honourable Sir Frank Noyce: There is no grade of senior readers in the New Delhi Press.

ALLEGED PREPONDERANCE OF BENGALIS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

200. **Mr. S. G. Jog:** (a) With reference to unstarred question No. 356 asked by Lt. Nawab Muhammad Ibrahim Ali Khan regarding alleged preponderance of Bengalis in certain branches of the Government of India Press, New Delhi, will Government be pleased to state whether vacancies which occur in the Departments of the Central Government are filled by persons from all provinces or a particular province?

(b) Will Government be also pleased to state whether the Government of India Press, New Delhi, is under the Provincial Government or Central Government? If under Provincial Government are the persons from Delhi Province debarred from the services? If so, why? If under Central Government why the preponderance of only Bengali community is allowed?

(c) Will Government be pleased to point out any rules in support of such preponderance of one community in the Department of Central Government as in the Government of India Press, New Delhi?

(*d*) If the answer to the last part of (*c*) be in the affirmative, will Government be pleased to state what steps they propose to take to regulate future recruitment so that men of one class or community do not preponderate in Government of India Press, New Delhi?

The Honourable Sir Frank Noyce: (*a*) Vacancies are not filled on a provincial basis.

(*b*) The Press belongs to the Government of India. The second part does not arise. The answer to the last part is that recruitment is not restricted to persons from any particular province.

(*c*) and (*d*) Do not arise.

QUARTERS ALLOTTED TO THE EMPLOYEES OF THE GOVERNMENT OF INDIA PRESS, SIMLA.

201. **Mr. S. G. Jog:** With reference to unstarred question No. 378, dated the 22nd December, 1933, will Government please state the number of Government clerks' quarters allotted to the employees of the Government of India Press, Simla, drawing less than Rs. 60 per mensem and drawing above Rs. 60 per mensem, separately?

The Honourable Sir Frank Noyce: Five quarters are allotted to men drawing less than Rs. 60 per mensem, one to a man drawing Rs 60 per mensem and 15 to men drawing more than Rs 60 per mensem.

RESTRICTIONS IMPOSED ON THE EMPLOYEES OF THE GOVERNMENT OF INDIA PRESS, SIMLA, TO SEE THE DOCTORS IN HOSPITALS.

202. **Mr. S. G. Jog:** With reference to unstarred question No. 380, dated the 22nd December, 1933, will Government please state if it is a fact that the employees of the Government of India Secretariat and Army Headquarters are permitted to see the doctors in the hospital without any letter of authority? If so, will Government please state how the said doctors identify them whether they are employees of the Government of India or not?

Mr. G. S. Bajpai: The answer to the first part is in the affirmative. The doctors are apparently satisfied that there is no false personation.

HOURS IN THE GOVERNMENT OF INDIA PRESS, SIMLA.

203. **Mr. S. G. Jog:** (*a*) With reference to unstarred question No. 381, answered on the 22nd December, 1933, will Government please state if it is a fact that according to the Hand Book of the Government of India Presses (page 2 fifth line from bottom), the Government of India Press, Simla, is situated at a distance of about two miles away from the town in the site of Tutikandi?

(*b*) Is it a fact that in the Calcutta and New Delhi Presses fifteen minutes of grace time and six lates during each month are allowed? If so, will Government please state whether they are in their respective Municipal limits or not?

(*c*) Is it also a fact that in the Simla Press only ten minutes of grace time and five lates during each month are permissible? (Hand Book page 27 and paragraph 28).

(*d*) If the replies to parts (*b*) and (*c*) be in the affirmative, will Government please state the reasons for this differential treatment?

The Honourable Sir Frank Noyce: (*a*) This is stated in the handbook, but the Press is within municipal limits.

(*b*) and (*c*). The facts are as stated.

(*d*) The point has already been noticed and the rules are being revised.

CASUAL LEAVE ADMISSIBLE TO THE EMPLOYEES OF THE GOVERNMENT OF INDIA PRESSES.

204. **Mr. S. G. Jog:** (*a*) Is it a fact that according to Hand Book Rules (Page 32 and paragraph 34) ten days' casual leave is admissible to the Simla and Delhi Government of India Presses employees?

(*b*) Is it also a fact that under the same rules employees of the Calcutta and Aligarh Presses are entitled to 15 and 12 days' casual leave, respectively?

(*c*) If the replies to parts (*a*) and (*b*) be in the affirmative, do Government propose to state the reasons for this differential treatment?

The Honourable Sir Frank Noyce: (*a*) and (*b*). Yes.

(*c*) The attention of the Honourable Member is invited to the reply given by me on the 7th April, 1933, to part (*a*) of starred question No. 1154, asked by Maulvi Sayyid Murtuza Saheb Bahadur

CREATION OF CERTAIN APPOINTMENTS IN THE GOVERNMENT OF INDIA PRESS, SIMLA.

205. **Mr. S. G. Jog:** (*a*) Is it a fact that in the Government of India Press, Simla, there is no accountant, assistant accountant and head computor and estimater?

(*b*) Is it a fact that in other Government of India Presses the said appointments are on their establishments?

(*c*) Is it also a fact that according to the Hand Book of the Presses the following duties are to be performed by the incumbents of the said posts:

(1) Preparation of Establishment Pay Bills.

(2) Preparation of Absentee statement.

(3) Preparation of Revised and Supplementary Absentee statement.

(4) Preparation of statement No. II.

(5) To prepare Estimates and to work out Cost of Production for the various Departments.

(6) To prepare weekly and monthly returns to the C. P. O.

(7) To prepare monthly statement of debit to be raised against various Departments and supply the same to the Accountant General, Central Revenues and the Controller.

(8) To prepare bills for the work done on cash payments?

(*d*) Is it also a fact that all the above noted duties in the Government of India Press, Simla, are carried out by the computing staff in addition to their legitimate duties without any remuneration?

(*e*) If the answer to part (*d*) be in the affirmative, will Government please state if they are aware that the computing staff are so much overburdened with the work that some of them have to stay late in the evening, some of them have to come early in the morning and some of them have to work in tiffin time?

(*f*) If the replies to above parts be in the affirmative, do Government propose to accord their sanction for the creation of the said appointments? If not, why not?

The Honourable Sir Frank Noyce: (*a*) and (*b*). There are no appointments with the designations stated in the Government of India Press, Simla. The clerks in that Press are required to perform various classes of duties. There are separate posts of accountant in the other three Presses. The post of Head Computor exists in the Calcutta and New Delhi Presses and that of the Estimater only in the Calcutta Press.

(*c*) Yes, except that the Central Printing Office does not exist now as a separate entity.

(*d*) No; they are carried out by the clerical staff; computing is a part of their duties.

(*e*) and (*f*) Do not arise.

STATEMENTS LAID ON THE TABLE

The Honourable Sir George Schuster (Finance Member): Sir, I lay on the table the information promised in reply to starred question No. 210 asked by Haji Chaudhury Muhammad Ismail Khan on the 21st February, 1934.

ABSENCE OF MUSLIM EMPLOYEES OF THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, CALCUTTA, ON THE ID DAY.

*210. (*a*) (*i*). Yes. As the 17th of January, 1934, was not a holiday (the holidays being the 18th and 19th), those among the Muhammadan employees who absented themselves without report or previous permission were asked to explain.

(*ii*) No.

(*iii*) No. The late attendance was excused as a matter of course.

(*iv*) Information with regard to all other offices is not readily available. The action taken by the Deputy Accountant-General, Posts and Telegraphs, was against an infringement of office discipline and Government do not, therefore, consider that it was irregular.

(*b*) Does not arise.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table:

(i) the information promised in reply to starred question No. 30 asked by Mr. Gaya Prasad Singh on the 23rd August, 1933; and

(ii) the information promised in reply to part (*b*) of starred question No. 1391 asked by Pandit Satyendra Nath Sen on the 12th December, 1933.

TELEPHONE CONNECTION OF INDIA WITH LONDON, ETC.

	Rs.
*30. Estimated annual cost incurred by the Indian Posts and Telegraphs Department in connection with the provision of the overseas wireless telephone service, including interest, depreciation and operating costs and making full allowance for the cost of existing staff and plant utilised	16,000.
Indian Posts and Telegraphs Department's share of the annual revenue, estimated on the basis of the earnings for the first seven months during which the service has been open ..	17,000
Estimated profit per annum ..	1,000

On a commercial system of accounting, there will thus be a small estimated profit, allowance being made for the fact that the service is a new one to which the public have yet to become fully accustomed. The estimated working charges include allowance for existing staff and charges for lines which are jointly used for the overseas service the full cost of which would otherwise have to be borne by other Branches of the Posts and Telegraphs Department.

PAYMENT OF THE LATE FEE CHARGES IN RESPECT OF WEATHER TELEGRAMS TO THE TELEGRAPHISTS.

*1391. (*b*) It is reported by the Postmaster-General, Punjab and North-West Frontier Circle, that there were no cases of payment of late fees on weather messages to the staff of the New Delhi Central Telegraph Office during the last summer months. It has also been ascertained that only eight offices in other parts of India paid late fees on weather messages without the amounts having previously been passed by the Meteorological Department: it is improbable, however, that the Posts and Telegraphs Department will incur any loss on this account as in some of the cases the amounts have already been realised and in accordance with normal procedure steps are being taken to obtain the balance from the Meteorological Department.

Mr. G. R. F. Tottenham (Army Secretary): Sir, I lay on the table:

(*i*) the information promised in reply to unstarred question No. 325 asked by Mr. S. G. Jog on the 14th December, 1933;

(*ii*) the information promised in reply to unstarred question No. 329 asked by Mr. S. G. Jog on the 14th December, 1933; and

(*iii*) the information promised in reply to unstarred question No. 99 asked by Mr. S. G. Jog on the 26th February, 1934.

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

325. (*a*) Not previously.

(*b*) No.

(*c*) No. It is obvious that all relevant documents, whatever their date, must be taken into consideration in deciding an appeal. For instance, recommendation V, itself says that Government should accept a certain presumption *unless there is sufficient evidence to rebut it.* Previous decisions given on the strength of previous Medical Boards may clearly constitute such evidence in certain cases.

(*d*) Does not arise.

(*e*) The disability in question was Asthma and a medical board held in 1916, had come to the conclusion that the man was a chronic sufferer from this disease, that it had *not* been contracted on Field Service, and that it was *not* aggravated by such service. This opinion was confirmed by a subsequent medical board held in 1929. The proceedings of these boards clearly provided sufficient evidence to rebut the presumption that the disability was "contracted on field or foreign service during the war": the whole case had been most exhaustively examined before the War Pensions

Committee took place; and no new facts of any kind have been brought to light which would warrant a reconsideration of the case in the light of the recommendations of that Committee—see, especially Note (ii) to the orders on Recommendation XXI. The appeal was therefore rightly rejected in accordance with the penultimate sentence of the orders on Recommendation XXI.

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

329. (*a*) Not before this question was asked.

(*b*) The orders on Recommendations No. VI and VII are certainly intended to apply to claims already disposed of by the Government of India, provided that representations with regard to such claims comply with the orders on Recommendation No. XXI.

(*c*) and (*d*). There is nothing to show that the petitioner in the case did prove that "special reasons existed why arrears should be granted for a longer period than that actually allowed", as required by note (*iii*) to the orders on Recommendation No XXI. In the absence of such reasons, the Deputy Controller was justified in rejecting the claim, but in order that the position may be quite clear to that authority a copy of this Question and Answer will be sent to him.

RECOMMENDATIONS OF THE WAR PENSIONS COMMITTEE.

99. Pneumonia cases, like all other disability cases, are considered on their merits. There is no hard and fast rule that Pneumonia is never to be regarded as attributable to military service.

Mr. H. A. F. Metcalfe (Foreign Secretary): Sir, I lay on the table the information promised in reply to starred question No. 264 asked by Seth Haji Abdoola Haroon regarding the arrest of Mir Abdul Aziz Khan Kurd, and Abdul Samad Khan Achakzai.

ARREST OF MIR ABDUL AZIZ KHAN KURD AND KHAN ABDUL SAMAD KHAN ACHAKZAI.

*264. (*a*) Mir Abdul Aziz Kurd was arrested and tried by the Kalat State Jirga for interference in the administration of that State. Abdul Samad Khan was arrested for the purpose of an enquiry under section 40 Frontier Crimes Regulation, a report having been made that he was disseminating sedition. As the result of this enquiry sanction has been applied for and given to his trial under section 124(*a*) Indian Penal Code.

(*b*) Abdul Aziz Kurd has already been tried by the Kalat State Jirga while Abdul Samad Khan will, as an Achakzai tribesman, be put before a local Jirga in Pishin in accordance with the established law and procedure of Baluchistan. Pleaders are not permitted to appear before Jirgas in Baluchistan.

Mr. P. R. Rau (Financial Commissioner, Railways): Sir, I lay on the table:

(*i*) the information promised in reply to unstarred question No. 186 asked by Mr M. Maswood Ahmad on the 5th April, 1933;

(*ii*) the information promised in reply to part (*b*) of starred question No. 76 asked by Mr. G. Morgan on the 5th February, 1934;

(*iii*) the information promised in reply to unstarred question No. 30 asked by Rai Bahadur Lala Brij Kishore on the 6th February, 1934; and

(*iv*) the information promised in reply to starred question No. 252 asked by Mr. S. G. Jog on the 24th February, 1934.

INADEQUATE REPRESENTATION OF MUSLIMS IN THE PERSONNEL BRANCHES OF CERTAIN OFFICES OF THE NORTH WESTERN RAILWAY.

186. (*b*) and (*c*). The Agent, North Western Railway, reports that he had already sent copies of the speeches referred to to the Divisional Superintendents and other officers concerned for guidance.

(*b*) There is no information in the Agent's office to show whether applications had been made by Muslim employees for transfer to the Personnel Branch. If any such applications were made they would be considered on their merits.

PURCHASE OF COAL BY STATE RAILWAYS

*76 Messrs Agabeg Brothers, Balmer Lawrie and Company, Kusunda-Nyadee Colliery Company and Industry Colliery Company, whose tenders for the supply of coal to State Railways were accepted for the year 1932-33, were in arrears with their supplies at the end of March, 1933. These arrears accrued owing to the inability of the East Indian and North Western Railways to take the full contracted quantity within the contract period

Similar particulars for the 1933-34 contracts cannot be furnished, until the end of the contract period, *viz.*, 31st March, 1934 I shall lay a further statement regarding this on the table later.

RULES GOVERNING THE PROMOTION OF THE STAFF ON THE EAST INDIAN RAILWAY.

30. Agent East Indian Railway reports:

"(*i*) Employees who had become surplus in their regular line of employment as the result of the economy campaign might in some instances have been found suitable employment in another spheres of work as an alternative to being discharged. They would in that case be eligible for promotion according to the grades in the new sphere to which they were appointed.

(*ii*) Employees filling posts in an establishment which is reorganised are normally faced with the prospect of being discharged unless they are suitable and can be accommodated in posts in the reorganised establishment. The avenue of promotion which existed in the establishment that has been replaced automatically disappears and the employees retained in the new establishment are eligible for promotion in the ordinary course within the revised organisation.

(*iii*) Employees who are selected for posts outside their regular line of advancement usually derive a benefit in the shape of better pay and prospects than those available to them in their ordinary line. If such betterment is not ultimately realised the case would be treated on its merits."

CLOSING OF THE IRON BRIDGE OVER THE RAMGANGA RIVER NEAR MORADABAD.

*252. (*a*) I am informed that the Ramganga Bridge is closed to road traffic whenever repairs become necessary either to the roadway or the bridge, but this is done only after a bridge of boats has been constructed in the vicinity and due notice has been given to the public.

(*b*) A bridge of boats is constructed regularly every year by a contractor, who secures the contract from the Public Works Department.

(*c*) The contractor charges a toll from all kinds of traffic using the bridge of boats, even when the railway bridge is open to road traffic.

(*d*) No.

(*e*) No royalty is paid to the railway.

(*f*) No.

(*g*) The Honourable Member is under a misapprehension in assuming that any employee of the railway has anything to do with this.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the motion* moved by the Honourable Sir Joseph Bhore for referring the Bill to Select Committee and the amendment† moved thereon by Mr. B. Das.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): Once again I have to plead before the House the cause of the textile industry. It was four years ago that this Assembly first approved of a measure of modest relief to the industry after a debate which proved to be one of the most memorable in the history of the Legislature. Since then a great deal of water has flown under the Jumna bridge. The citadel of free trade has been stormed in every country and cobdenism has been swept away by the rising tide of economic nationalism. The Act of 1930 was merely intended to provide a temporary shelter to the industry, and the substantive measure of protection was left to be determined by a Tariff Board enquiry. That enquiry was held at the proper time, its report was issued a few weeks ago, and it is now before the country. Unfortunately for the industry, unfortunately for India generally, the plight of the industry has become even worse than that from which the measure of 1930 sought to rescue it. Figures have been quoted in this House by my Honourable friend, Sir George Schuster, for the purpose of showing how the industry has developed and expanded. That may be, but production last year has shown a substantial decline, a decline of, I think, as many as 250 million yards; but I do not lay much stress on these figures which in my opinion do not tell by any means the whole tale. A much better index of the prosperity or otherwise of the industry is to be furnished by the general price level, and as my Honourable friend, the Commerce Member, has repeatedly pointed out, as he pointed out also yesterday, the prices realised by the manufacturer are even lower than in the days when protection was of an absolutely negligible character. That, I admit, is partly due to the depression which has overtaken the world, but it is also in my opinion very largely due to foreign competition.

Now, Sir, that being the case and with these figures before us, I cannot understand how any Honourable Member can get up in his seat and place the consumer's argument before us. Mr. Maswood Ahmad attempted the task yesterday. He said he was a consumer. He looks the part all right. (Laughter.) And if there are more such consumers, both growers and manufacturers would be very happy indeed. (Laughter.) But, Sir, what do his arguments really amount to? He says in effect: "Never mind whether I am paying less for my cloth than I did even before 1930; I am entitled to get my cloth at the cheapest possible rate and I do not want

*"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection) be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B. Sitaramaraju, Dr. Ziauddin Ahmad, Mr. B. Das, Mr. K. P. Thampan, Mr. S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhoria, Mr. C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J. Ramsay Scott, Mr. F. E. James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr. G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

†"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

any protection whatever". That is really tantamount to saying that we do not want in this country any industries at all, and that we shall continue to be producers and suppliers of raw materials to the rest of the world. What would happen if my Honourable friend's logic were carried a little further? Is my Honourable friend prepared to admit Japanese rice and Australian wheat into this country in order to benefit the consumer? Sir, I venture to submit to my Honourable friends that the consumer's argument can be pushed too far. All that the House needs is an assurance, which has been officially given and can be supported by facts and figures, that the price of cloth today is even less than what it was when there was no protection of any sort. In this connection I would like to quote the testimony of the Tariff Board itself. They say:

"In the case of every important class of piecegoods manufactured in India the majority of the mills will find it impossible without the aid of protection to realise any return on capital or to find adequate sums for depreciation and in several cases to meet even the whole of their out of pocket expenses."

Now Sir, what I would like the House to bear in mind is that this examination by the Tariff Board is based, not upon what are labelled as inefficient mills, but upon what are described in the Tariff Board's report as mills which are run with a reasonable degree of efficiency. Sir, it is ununderstandable how in the face of all that the Tariff Board has stated, Member after Member should get up and repeat the parrot cry of inefficiency.

My Honourable friend, Mr. B. Das, went round and round the subject and could only come to one point, namely, the inefficiency of the millowners in the Bombay "Island". I do not know whether the term "Island" was intended as a sort of reproach. There is a small Island somewhere which rules the world, and Bombay is not ashamed of being an island. (Hear, hear.) The other day I read the case of a man who went through life with only one set of clothes, probably he was a Scotsman. (Laughter.) My Honourable friend, Mr. Das, is much too popular a figure in society to allow him to have only one set of clothes, but I do feel that he is certainly going through life with only one set of ideas. (Laughter.) He cannot get away from the Bombay millowners and their inefficiency. You have only to open the speech which he made in 1930 to realise what a paraphrase he has placed before us yesterday.

Mr. B. Das (Orissa Division: Non-Muhammadan): Quite a different speech I made.

Mr. H. P. Mody: I challenge Mr. Das, I challenge every single Member of this House, I challenge every single member of the public to prove by facts and figures that the industry as a whole is run inefficiently.

Mr. N. M. Joshi (Nominated Non-Official): Is it Bombay?

Mr. H. P. Mody: Bombay knows its business just as well as any others.

My Honourable friend, Sir Joseph Bhore, put the whole case very correctly and very fairly. I entirely agree with his presentation of this particular point. We do not say that we are the most efficient people in the world. We do not say that we have carried out every single recommendation which has been made to us by the Noyce Committee. We do

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not say that improvements in equipment and in organisation have been carried out to the utmost limits possible. All that we say is that at a time of unexampled difficulty we have done our best, and from the Report of the Tariff Board one can see that that best is good enough. Do not forget, Sir, that, before the Tariff Board, evidence was led by a most clamant association. I do not criticise that association; it is doing good work. It put up a most formidable indictment before the Tariff Board, attacking every single phase of the managing agency system, and, in spite of that, the Tariff Board after investigation have come to the conclusions which are to be found in their Report. Sir, the managing agency system came in, because of the peculiar conditions of India. Industry in India was undeveloped Capital was shy The managing agent came forward, supplied the enterprise, the energy and the capital. He pioneered many enterprises; he financed them, and he goes on financing them today. That, Sir, is sufficient justification of the managing agency system, and it is a curious circumstance that even when new industries are growing up, like the sugar industry, they are unable to do without the managing agency system. From the figures supplied to the Tariff Board, I pointed out, taking the case of Bombay, that during the last five years the average commission drawn by a managing agent per month did not amount to more than Rs. 2,500. I would like to know whether you can get a Managing Director for that amount who would be worth his salt This talk of fat commissions drawn by managing agents is a pure myth. Unhappily for Bombay, not only are the commissions very modest, but several managing agents, out of their own pockets, have dropped enormous sums of money.

Sir, I cannot possibly understand why there is all this hostility to Bombay amidst a certain section of this House, amidst a certain section of the public. Is it because Bombay's purse strings are always opened for every good cause? Is it because Bombay knows how to spend money even more than she knows how to make it? Is it because Bombay has produced some of the greatest sons of this country, whose contributions to the national cause in every sphere of national activity, political, social and economic, have been very solid? Sir, it pained me to read yesterday the report of a meeting which was held in Bengal to protest against certain things which are being said in Bombay over the budget proposals of my Honourable friend, the Finance Member. I would tell my friends from Bengal that this charge of Bombay having exploited the Swadeshi movement is based on an entire misconception.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Nothing of the kind.

Mr. H. P. Mody: It is certainly nothing of the kind if mere emphasis is going to make it so.

Mr. K. C. Neogy: You will hear the facts.

Mr. H. P. Mody: I am a man for facts. I will answer my friend presently. I cannot understand why he should take exception to my remarks. I was not criticising Bengal. I was not condemning Bengal. All I was saying was that this charge of having exploited the Swadeshi movement is based on a misconception, and I repeat that.

Mr. K. C. Neogy: That is what I dispute.

Mr. H. P. Mody: After all, the law of supply and demand will always prevail, but to say that we in Bombay, and I am now talking of the City of Bombay, exploited Bengal is a misconception. For goodness' sake, if you want to lay a charge of exploitation at the door of anybody, do not lay it at the door of the Bombay City.

An Honourable Member: Is it Ahmedabad?

Mr. H. P. Mody: I am not going to say a word about that. I am merely pleading for exoneration from the charge so far as my own City is concerned.

Sir, the Tariff Board Report has been issued, but, so far as its main recommendations are concerned, the situation has wholly changed. Owing to the denunciation of the Indo-Japanese Trade Agreement, a Japanese Delegation came out to this country to try and negotiate with the Government of India a Trade Agreement in place of the one which had been denounced by the Government. There also came to this country a Lancashire Delegation which in many senses arose out of the projected visit of the Japanese Delegation. The result of these visits have been two Pacts, first the Indo-Japanese Pact, and secondly, the Indo-Lancashire Agreement, that unhappy offspring of mine which has caused me so much trouble and worry!

Now, taking the first, the Indo-Japanese Agreement, I will only say this, that it is not much use criticising it at any length in view of the fact that it is very nearly concluded. It is about as useful as telling a hair raising story to my Honourable friend, the Leader of the House. (Laughter.) I have on many occasions, during the last few months, placed the view point of the industry before the Government of India on the questions arising out of the Indo-Japanese Agreement. I must say a few words, however, on the only public occasion on which it is possible for me to do so. I will say at the outset that we welcome the Agreement with Japan. We want to live at peace, not only with Japan, but with every Power—great or small. The industralists of this country want an economic peace as much as any section of the people, but the caveat I would lay is that any Agreement which may be entered into must safeguard essential national interests, and I regret to have to say that the textile interests of this country have not been adequately safeguarded by this Agreement. Take, Sir, the main item, the quota of piecegoods which has been fixed at a maximum of 400 million yards. The unofficial advisers to Government, hailing from all parts of India, placed before Government a figure which was much less, a figure which they felt was justified from what has happened during the last ten years. Their figure was in the neighbourhood of 250 million yards. Now, Sir, if we were convinced that it was essential, in the interests of the grower of cotton, that the textile industry should be asked to make a sacrifice, we certainly would not cavil at the settlement. We would say: "Well, if it is really in the interest of the agriculturist that the quota of Japanese piecegoods should be fixed at this high figure, we shall not object". But holding as we do the opinion that Japanese dependence on India for cotton must continue for some years to come at any rate, that Japan does not buy Indian cotton out of any motives of philanthropy, but because she must, holding that opinion, we feel that a better bargain could have been struck in the matter of the quota of piecegoods. Now, how was this decision of Government influenced? By the employment of a weapon of a most unfriendly and wanton character—I refer to the boycott practised

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by Japan against the Indian agriculturist during those months in which it was a matter of great importance to the agriculturist, but was of no moment whatsoever to Japan. What was the reason for the boycott? What was the offence of the Government of India? They felt that, owing to the imports of cheap Japanese products, many of the smaller industries which have sprung up in this country were threatened with extinction. Therefore, they found it necessary to denounce the Anglo-Japanese Trade Convention. The answer was a boycott, a method of coercion unworthy of a great nation.

In this connection I would like to draw the serious attention of the Government and of the public to the way in which Japan is trying to live up to the spirit of the Agreement which has been concluded. Sir, for several years past an arrangement has come into being by agreement between the Japan Cotton Spinners' Association and the Conference lines by which the allocation of freight space is controlled by a representative of the Japan Cotton Spinners' Association It worked well all these years. What happened immediately the boycott was lifted? The Japan Cotton Spinners' Association took control of the proceedings at the other end, upset the whole basis of the arrangement, and, in the result, allotted an overwhelmingly large space to the three exporting houses in India. Indian and British traders alike, who had bought cotton for shipment to Japan, found that they could only get space for a fraction of the quantity which they had contracted to sell, and Japanese boats actually sailed with a lot of cargo space available, while all this cotton was waiting to be shipped. What was the result, apart from the very serious dislocation of the market and injury to a large class of people engaged in the trade? Prices have sagged; it could not have been otherwise. I do not wish to be offensive, but I am bound to say that the game seems to be to manipulate prices to the advantage of the Japanese industrialist and to the great detriment of the Indian cotton grower and trader.

I come to another aspect of the Indo-Japanese Agreement, namely, the reduction of the duty from 75 per cent to 50 per cent. What was the object with which the industry approached the Government of India in July, 1932, and asked them to raise the duty? The object was not merely to check the flow of Japanese imports, but also to raise their price to a level which would be remunerative to the Indian manufacturer. Now, if the duty, which was for a few months 75 per cent, is pushed back again to 50 per cent, it stands to reason that the threat of price-cutting which existed before would recur. It has always been the claim of the Japanese industrialists that they have sold their manufactures at economic rates. If that be so, then it would pay them to reduce the prices which were in existence a couple of months ago, and which even were not sufficient for the purpose of giving the industry a reasonable margin.

Mr. N. M. Joshi: How would it pay them to cut the prices?

Mr. H. P. Mody: In this connection I would like to tell my Honourable friends that the handloom interests are equally affected with the manufacturing interests in securing that the price level should be remunerative. The Tariff Board has said:

"The reports which we have received from Directors of Industries throughout the country emphasise the danger to the handloom industry from the severe competition of imported piecegoods."

There is one other point about which I wish to say a few words and that is with regard to the most-favoured-nation treatment clause. I would not have any grievance whatsoever about the retention of this clause in the new Agreement were it not for the fact that the Government of India have interpreted it very rigidly in the past, and have not followed the example of other countries in repudiating the most-favoured-nation clause when abnormal circumstances justified that course. France, in 1930, as soon as she found that currencies throughout the world had depreciated, immediately by a Presidential degree, gave the go-by to the most-favoured-nation clause, and raised the duty against at least a dozen countries. I admit, Sir, that the code of honour of the Government of India is very high, but it is precisely because of that that I say that the retention of a clause of this character is likely to be very prejudicial to Indian interests. I am glad that any further depreciation of the yen has been provided for. But, I would very much wish that not only if any further depreciation of the yen took place, but if any other abnormal circumstances rendering inoperative the scale of protection which has been given to the industries supervened, the Government of India would take the necessary action. I also wish that the system of specific duties which has been applied to grey piecegoods should also be applied to other classes, if and when the occasion arises; otherwise we may find, for example that bleached goods are selling cheaper than plain grey goods. I urge my Honourable friends on the Government Benches to keep a watchful eye on the situation; and if they feel that the interests of the industry require the extension of the principle of specific duties, I trust they will take the necessary action. I have made these criticisms not in any carping spirit. I realise, as few other people in this House realise, because I saw quite a great deal behind the scenes, the difficulties which my Honourable friends of the Government Delegation were confronted with, and I desire to pay a most willing tribute to the ability, thoroughness and devotion with which they tried to safeguard the interests of this country in the Agreement (Loud Applause.) To my Honourable friend, Sir Joseph Bhore, I desire to pay a special tribute; and I can say no more than this that his elevation as the first Indian to the high and responsible office of Commerce Member has been brilliantly justified. (Loud and prolonged Cheers.)

12 NOON. There are two other items which I shall deal with as briefly as I can before I come to the subject which is uppermost in my mind and which is probably uppermost in the minds of my Honourable friends also. I will say something about the yarn duties. They are hopelessly inadequate.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): They are very high.

Mr. H. P. Mody: I recognise that Government have gone a little beyond the recommendations of the Board in order to help the industry, but the recommendations of the Board were based upon certain misleading data as I shall try to show to the Select Committee. They were obsessed by what they conceived to be the interests of the handloom industry. My submission is that it cannot possibly be in the interests of the handloom industry that the power industry should find its occupation increasingly unremunerative and should turn more and more to the production of cloth. The last state of the handloom industry is bound to be a great

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deal worse than the first if such a process was carried on, and if the handloom weaver was placed entirely at the mercy of foreign yarns. My Honourable friend, Mr. Raju, yesterday in a speech which, I think, we all greatly appreciated, spoke up for the interests of the handloom industry, and tried to argue that it was being killed by the competition of the power industry and also by the protection which that industry was receiving. Might I point out to my Honourable friend that there is no other country in the world which can provide the same strange phenomenon which is to be witnessed today here, namely, that side by side with a rapidly growing power industry, the handloom industry also is expanding and producing more and more of the requirements of the country? I do not think that there is any country in the world where this very happy phenomenon can be said to exist. One would have thought that with the rapidly expanding production of the industry—it went up by 800 million yards in the course of a few years—the handloom industry should have been snuffed out of existence as so many like industries have been snuffed out of existence in every industrialised country. That happily is not the case, and we find today that side by side with the growth of the power industry, the handloom industry is also advancing.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): The percentage is being diminished though the volume is increasing

Mr. H. P. Mody: Now, Sir, what are the recommendations of the representatives of the handloom industry? They are the people who put up a strong fight for the handloom industry in their capacity as unofficial advisers to Government. They said that they would have no objection to the retention of the present duty, that is to say, 1¼ annas. They were even willing to increase it on all counts up to and including 60's to enable the mill industry to compete with China and Japan. Sir, this is the opinion of people like my Honourable friend, Mr. Ramakrishna, who put up a strong fight, and with whom I had, in the course of the Simla negotiations, many arguments. They have no objection to an adequate duty which safeguards the industry against the inroads of China and Japan. Arising out of that, is a small point which I would like to place before the House. Our agreement with Lancashire in respect of yarn was that the duty should be five per cent. and an anna and a quarter specific on all counts. Taking the view which the Government of India did with regard to counts above 50's, they have removed the specific duty and in this one particular they have departed from the recommendations of the Indo-Lancashire Agreement. In the Select Committee I shall press for the incorporation of this specific duty as against Lancashire. There is one circumstance which I might as well mention in this connection. It is applicable to more things than yarn, and that is the impending reduction of the working day to nine hours. It is going to make things very difficult for the yarn industry and it is also going to make things difficult for every other section. The Factories Bill was before a Select Committee only a few weeks ago, and owing to the persuasiveness of my Honourable friend, Sir Frank Noyce, who piloted that Bill, I gave in on that question. I induced my Association to give in also. I have induced also other organisations, representing practically 95 per cent of industrial labour in this country, to give up their opposition. We have agreed to the 9-hour day, though it is going

to make things difficult for us. I should have thought that my Honourable friend, Mr Joshi, would be bubbling with enthusiasm and with affection for us after that generous gesture that we made, but, as usual, he indulged in a tirade against the mill industry, particularly in Bombay, and entered into a philosophic discussion on the rights of labour and capital which in Mr. Joshi's philosophy mean only the rights of labour. I would ask my Honourable friend what *he* has done for labour. What has he done to help Capital on which labour exists? Everyone knows that a rationalisation scheme was recommended by an authoritative body in 1928. Did labour respond to it in any sense? And if it did not, what were the efforts of my Honourable friend, Mr. Joshi, to induce labour to accept the scheme which has both in its own interests as well as in the interests of the industry? Mr. Joshi did nothing, for the simple reason that Mr. Joshi has no time between his peregrinations from Delhi to London and London to Geneva and Geneva to Simla and back again to London. These peregrinations, which are provided by an obliging Government, leave Mr. Joshi no time to look into the ordinary problems of labour and capital, which seem to be beneath his notice. I hope that when my Honourable friend, Mr. Joshi, next gets up on his feet, he will make a useful contribution, a real contribution, to the problems of the industry.

Another question which arises is with regard to the artificial silk duty. All that I want to say is that it is perfectly true, as my Honourable friend has contended, that imports have been reduced in the last few months. But the reason is that imports have been reduced all round, and that it is just a reflex of the general depression. Otherwise, I cannot understand how it is that the handloom industry, which consumes an enormous quantity of artificial silk yarn, suddenly dropped its requirements to a very low figure in the course of a year. There is another circumstance. I am not at all sure that the published figures are an absolute gospel. I am not sure at all that these figures are not coloured by what is happening in the Kathiawar States. I promised my Honourable friend, the Finance Member, a return to the charge which I made the other day. I am going to support that charge with more facts and figures. For my purpose today, I am only going to tell him of one incident which has come to my notice. A telegram was sent about a week ago to somebody from somebody from some place. (*Voices*: "And to some place.") It stated:

"Whites," (that is to say, bleached goods) "cannot ship March shipments. Could we ship to any non-Indian Ports, say, Baluchistan or Cutch."

I shall deal with Baluchistan and Cutch and many other places besides, when I have an opportunity to speak on the Finance Bill, but for the time being my object is merely to draw the attention of the Government to the circumstance that there is a possibility of stuff getting in which does not find its way into the Trade Returns. It is noteworthy, when we are considering the duties on artificial silk goods, that the price level of these classes of goods has not risen in spite of the increased duties which were imposed against them very recently. The Tariff Board recommend that the duties should be high enough to discourage the import of artificial silk goods, the extraordinary cheapness of which is having a marked effect on the demand for the finer classes of handloom products. It is of interest in this connection to know that in Japan the duty on particular types of artificial silk piecegoods is as high as 300 per cent, and even 400 per cent. Sir, there are many other items, hosiery, for instance,

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in which my sympathies are entirely with my Honourable friend, Mr. Ramsay Scott, artificial silk yarn, farina and the like, on all of which I will make my submissions to the Select Committee.

I come now to the Indo-Lancashire Agreement, the much maligned, little understood, grossly misrepresented "Mody-Lees Pact". What is the genesis of this Pact?

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Your visit to Manchester.

Mr. H. P. Mody: But something came before that.

Mr. K. C. Neogy: Sir Ness Wadia's mission.

Mr. H. P. Mody: What happened was this. I was asked to proceed to England in connection with the deliberations of the Reserve Bank Committee. My arrival seemed to have been known to a few people there, and through the good offices of some mutual friends, within a very few days, contact was established between me and some of the leaders of the Lancashire industry in London where they had come for the purpose of meeting me. This meeting was followed by a great many more with other people representing the industry, and I also had the opportunity of expounding my point of view before the larger public in a series of interviews which I gave from time to time to the Press, which seemed to be very keenly interested in the matter. I had discussions besides, with many people connected with the Government. The object of all my negotiations was first of all to establish a better understanding between the two countries in the field of the industry which counts for so much in the life of both. The activities of the Millowners' Association, Bombay, and myself in particular had created a great deal of suspicion and resentment in Lancashire. Equally also some of the things said in Lancashire had been strongly resented by me. I remember now with some amusement that when a very important person in Lancashire made a provocative speech, I gave *Reuter* an interview which began "Lancashire seems to be in danger of losing her head as well as her trade". This was the atmosphere which existed when I went to England. My object was to try and bring about a better understanding, and that better understanding could only come about by a free and frank exchange of views, by a proper understanding of each other's position and by the realisation of the cardinal fact that the industry in India had come to stay, and would pursue its natural development to its utmost limits. There was another matter which had to be set right When I went, I found that the stage has been set for discussions between the Japanese and the British industrialists in London. I found that was more or less a *fait accompli*. I pointed out to my friends—I would ask the House to forgive me if in talking of these matters I sound a personal note, and perhaps sound it a little too often; I cannot help it, I cannot make the narrative impersonal—I tried to convey to my friends in England that any attempt on their part to settle with Japan or with any other power the problems of the Indian market would be strongly resented. I do not with to deal with all the difficulties which I encountered with the people whom I had to meet; all that I would say is that, as a result of dozens of interviews and discussions and the invitation which was finally extended to me by Manchester and my talks with

the various organisations in Manchester, it was finally arranged that a tripartite conference of industrialists should be held in India. I submit, Sir, without claiming anything for myself, but purely because this circumstance has received very little notice, it was of some historic importance that delegations from two such powerful countries should come to this country and seek the hand of friendship of the Indian industrialists and attempt to solve economic problems by mutual adjustments. (Cheers)

The two Delegations arrived; we started first with the Lancashire Delegation and had a number of meetings. Nothing very definite was decided, but there was one important principle which was decided in our first conversations, and that was that under present conditions, and I want to emphasise the words "under present conditions", the Indian industry requires a larger measure of protection against Japan than against Lancashire. That principle was accepted, not only by me, but also by my friends from every part of India who were in Bombay, some of whom later on broke away from me on other issues. We had a meeting with the Japanese Delegation as well, and then we all came to Simla. Our friends from Japan did not seem at first to be keen about meeting us, but a series of meetings was ultimately brought about. It appeared from the very start that our Japanese friends felt that they could get more change out of the Government of India than out of us, and so the discussions became absolutely unreal and we parted with an exchange of courtesies. (Laughter.) Then, Sir, the question of resuming negotiations with Lancashire arose, and here most unfortunate differences developed between me and my three other colleagues who hailed from other parts of India. I did my very best to bring about some sort of agreement, and from one position I went to another and tried to put before them various formulæ designed to secure their acceptance, and when finally I found that no agreement was possible, then, during the very last week of the stay of the Lancashire Delegation, I returned to Bombay and put the whole position before my Committee. Sir, my Committee, after a very prolonged discussion, accepted my view of things . . . .

Mr. B. Das: Did they accept unanimously?

Mr. H. P. Mody: Unanimously, and the whole agreement which was reached at the committee meetings was endorsed by the general body of members by an overwhelming majority, with, in fact, only one dissentient, and that dissentient was one of my colleagues who had disagreed with me all throughout at Simla. In other words, representatives of every centre agreed to endorse the Pact which I had asked my Committee to accept. What does this endorsement mean? My Honourable friend, Mr. Das, with that cheerful disregard of facts which he usually betrays, and which makes him so delightful a speaker, said, "Oh, these are fellows who are all more or less on the verge of bankruptcy. Whom do they represent? About 40 mills in the Bombay Island". Mr. Das could not have misrepresented the position more thoroughly. The facts are that my organisation is the leading organisation in this country, that it represents fully 50 per cent. of the spindles and looms in this country, that there is not a single centre of the industry which does not owe allegiance to it, and that the record of work of this Association of an all-India character is one to which tributes by the score have been paid, not only by Government, but by the public all these years.

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Now, Sir, ever since I appended my signature to the Pact, I have not ceased to hear about it. I should accordingly like to tell the House what the Pact really means. I am afraid, I have seen very few criticisms which seem to show an appreciation of its true meaning. The central feature of the Pact is the provision with regard to the duty on piecegoods. So far as the yarn and art silk duties are concerned, nobody seems to have worried about them at all. If we had agreed to admit them duty free, some of my critics would not have raised any voice at all. But when it came to the question of the duties on piecegoods, then the howl went up from the country that I had sold its interests, that I had sold the industry. Now, what is the nature of the Agreement recorded on this question? To understand that, it is necessary to go back just a little. In 1930, when the first measure of protection was given, the duties against Lancashire were 15 per cent., and the duties against Japan and other countries were fixed at 20 per cent. I heard some one say that in 1930 the Nationalist Party were trying actually to help the country by reducing the duties. On the contrary, what they were trying to do was not to bring down the 20 per cent. to 15 per cent., but to raise the 15 per cent. to 20 per cent.

Mr. B. Das: They opposed Imperial Preference.

Mr. H. P. Mody: I am coming to that presently. Now, this duty of 15 per cent. was raised by two successive surcharges to 20 per cent. and 25 per cent. What does the Pact do? The Pact merely says, keep this duty at the figure at which it exists today, but if the Government of India remove the general surcharge of five per cent. which was imposed in October, 1931, then, and then alone, the industry will not raise any objection to the equivalent relief being given to Lancashire. Now, what is the measure of that concession? In the first place, it is not I who am making a present of five per cent.; it will be the Government of India who will remove the surcharge if and when the occasion arises. And then, too, what do we give up? We give up merely the right to talk, the right to demand from the Government of India that there shall be an equivalent protective duty because of the removal of the surcharge. Sir, I am leaving it to you to say whether that is a concession which can, by any stretch of imagination, be regarded as being in the nature of a complete surrender of the country's interests. What does the Tariff Board's own recommendation amount to? Many of my friends who disagreed with me were banking on the supposition that the Tariff Board would not recommend Imperial Preference. But while the same scale of duties is recommended, the Tariff Board's own figures are a condemnation of that recommendation. I am very sorry to have to say so, because I have the greatest possible respect for the Board and for its very able Chairman. If Honourable Members will turn to page 149 of the Report, the Tariff Board have given figures which carry their own refutation. Lancashire grey *dhotis* of 37 counts selling at 16·85 annas; the approximate Japanese cloth of 35½ counts is selling at 13·2 annas. Mark the difference in the prices of the two products. White *nainsooks*, counts of 34½ from Lancashire, 15·45 annas; counts of 33½ from Japan, 12·20 annas. There is another little circumstance also to be noted, and that is that the Tariff Board's own recommendations amount to a differential duty. Refer to page

210 and the summary which they have given. This is what the Tariff Board say in paragraph 120:

"In cloth of medium counts 25s to 40s the specific duties will at first average 33⅓ per cent. *ad valorem* on British goods and considerably more on Japanese goods. It is anticipated that within a year or two the prices of these goods will be determined mainly by internal competition . . . .

In cloth of counts 40s to 50s the specific duties will represent a general *ad valorem* rate of 25 per cent.; and in cloth of counts above 50s they will not exceed 20 per cent."

Now, is the Agreement which we have reached very different in substance from what the Tariff Board themselves have supported? While the specific duty may be the same against Lancashire as against Japan, its incidence on these two classes of goods will be very different. Sir, I leave it to you to consider whether an arrangement of this character can be said to be a surrender of the industry's interests. Now, Sir, who approved of this arrangement? People seem to imagine that it was I alone who entered into this arrangement, that it was I who forced it through. They forget that it received the endorsement of an organisation of an all-India character. And, who are the leaders of that organisation? Some of them are amongst the most successful mill-agents in India, men who have grown grey in the service of the industry, men who fought its battles when many of its present-day critics were not even born, or had not emerged out of the nursery. Sir, in this connection permit me also to say that when people charge me with having betrayed the industry's interests, they forget that I too have fought the battles of the industry for many years, and not without a measure of success, I hope. One of our critics is the Indian Merchants' Chamber. Far be it from me to criticise that body even though it passed a resolution against the Pact. All that I am trying to do is to point out that this Pact which the Indian Merchants' Chamber condemn was not only entered into by one of its past Presidents, that is to say, myself, who had the privilege of being its President in 1928, but it was actively supported, whether before or after, by four other past Presidents, including, if you please, the very founder of that body.

Sir, some of the critics are the very people who fought tooth and nail on the floor of this very House against the five per cent. differential duty which came about in 1930. If their efforts had succeeded, the industry would have been extinguished; there would have been no protection to be had against Japan, I shall tell you why.

The section of the Indian Tariff Act, under which the industry received two successive rises of duty, namely, in the first instance to 50 per cent. and secondly to 75 per cent., that section is only applicable to cases where a differential duty exists. There is no other weapon in the armoury of the law which would have enabled Government, even if they had been convinced that the industry was being driven to extinction, to help it, and it is only by the fortuitous circumstance that in 1930 there was a measure which established a differential duty that made all these increases against Japan in later years possible. I ask my friend, Mr. Das, and my other friends what would have happened if they had carried their point of view in 1930.

Amongst my critics are also those who condemn the Ottawa Pact and the part which I took at that time in getting it ratified by this Legislature. I have every confidence that the Ottawa Pact is going to justify

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itself. Already in certain classes of commodities, rice, linseed and others, enormous expansion has taken place in the United Kingdom market, and the time is coming—and the Legislature will soon have an opportunity of seeing it for itself—when we shall find that the Ottawa Agreement has reacted to the benefit of both countries. My Honourable friend, Mr. Raju, reminded me yesterday that this was not the first time I had expressed my belief in Imperial Preference. Most certainly I believe in trading arrangements mutually beneficial in character, but my Imperial Preference is not of the variety practised by the sailor, who, on being asked whether he had a wife in every port, indignantly replied "Certainly not: only ports within the British Empire". In the same way in which the Ottawa Pact is justifying itself, I venture to submit that the Indo-Lancashire Pact is going to justify itself. Already Lancashire's takings of Indian cotton in this country have been double of what they were in the corresponding period of last year. I have every confidence that, within a very few years, if this present atmosphere continues, Lancashire will play a very important part as a customer of Indian cotton. When that day arrives, then those who have been subjected to so much vilification and abuse day in and day out for all these months, will have the satisfaction of feeling that it is they, and not their clamant critics, who are the true friends of the agriculturists.

I shall say very little about the political gains which have flowed in my opinion from this Agreement. My friend, Mr. Joshi, has challenged that. I would only like to tell him that my Honourable friend, Mr. Ghuznavi, on his return from his labours on the Joint Select Committee, gave an interview to the Press in which he gave his own view of what he thought had been accomplished by this Pact. Probably he will, in the course of this debate, give expression to his views at greater length. My friend, Sir Phiroze Sethna, another delegate to the Joint Select Committee, also gave an interview in which he endorsed what my friend, Mr. Ghuznavi, had stated. There are other members of the Joint Select Committee who have expressed to me personally their appreciation of the change which had been brought about in the mentality of Lancashire; and, after all, do not forget that Lancashire counts a great deal in the politics of Great Britain, commanding as it does a solid block of 70 members in the House of Commons. I say I shall not deal with this aspect of the case, because I know that some of my friends are going to deal with it, and I will leave it in their competent hands. All that I shall say is that I hope this Agreement, this much abused and much maligned Agreement, may be the forerunner of many arrangements of a reciprocal character between Great Britain and India. Our Pact has provided a great opportunity to Great Britain to seek the hand of friendship of this country, not only in the economic sphere, but also in the political, relying upon the assurance that there are people in this country who are always ready to approach these problems in a spirit of mutual goodwill, free from all political prejudices. If England lets go this opportunity, she will have otherthrown the work which began with Ottawa, which was merely continued by us, and which will go on developing, if the right spirit is preserved in the counsels of both countries.

There is only one thing more which I want to say, I have always claimed that the textile industry of this country is national in every sense of the word. The Tariff Board have stated "there can be no doubt

that the cotton textile industry has an exceptional claim to public support in view of the important national interests which it represents". The industry employs hundreds of housands of people—altogether a million and a half people at least are dependent upon it. Indian capital, to the tune of something like 80 crores has been sunk in it; and it consumes practically half the cotton crop of India. Surely, when I plead before this House that this industry is national, that it subserves the interests not only of a small body of manufacturers, but also of agricultural interests and of every conceivable Indian interest, surely I am not pleading in vain. Surely my Honourable friends will realise the great, the enormous importance of this industry; I plead with them and with the various provinces of India also, who for some reason or other have found it necessary to oppose the protection given to this industry, on the basis of the national character of the industry, and I say that if this industry, which is the pioneer of all industries in India, were to be blotted out of existence, India will be thrown back a century and will just be for all time a producer and supplier of raw materials. I have said enough. I hope none of my Honourable friends will take amiss anything I have said on this occasion. I have put the point of view of the industry in perhaps very forcible terms, but it is a subject close to my heart, something with which I have been intimately connected for many years. All that I ask my Honourable friends to do is to view the issue dispassionately, and when they do so, I feel certain of their verdict. (Applause.)

Mr. V. Ramakrishna (Madras: Nominated Official): Mr. President, I am glad to be given this opportunity for making my first contribution to the debates of this House upon a subject of which I may claim some knowledge. As the head of a Provincial Department of Industries and more recently as one associated with the Indo-Japanese negotiations to represent the interests of the handloom weaving industry, I have had special opportunities for studying the problems dealt with in the Bill now before the House. The proposals of Government mark a distinct departure in our industrial policy in several respects. In the first place, they provide special protection for the weaker section of the Indian textile industry, the handloom weaving industry, by way of grants-in-aid. In the second place, they provide protection for an essentially agricultural and cottage industry like sericulture. It may be mentioned here that sericulture is more an industry of the Indian States than of British India. In the third place, they set the seal of approval upon the trade negotiations entered into between the representatives of Lancashire and of India. And, lastly, they give partial effect to the Trade Agreement negotiated on the soil of this country between the representatives of Japan and of India, a fact which ought to appeal greatly to Honourable Members in all parts of this House.

In dealing with our industrial problems and framing our economic policies, I venture to submit that certain conditions peculiar to our country have to be borne in mind. Honourable Members are no doubt aware of those conditions, but I venture to remind them of those, because they have an intimate bearing upon what I am going to say later. The first and the most important factor is our unlimited resources in man power. The second feature is the peculiar condition of our agricultural industry which provides employment for only a part of the year. The third feature is the low standard of living of the great majority of the people of our country; and, finally, there is the fact that most of our

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people live in villages. These conditions, I venture to submit, indicate that cottage industries and industries which provide employment to the agriculturist during the periods of his enforced idleness ought to receive the special protection of Government and the sympathetic consideration of this Honourable House. Rationalisation of industries has resulted in increased unemployment in countries like Europe and America, because the media of exchange and the instruments of distribution and consumption have not been able to keep pace with the changing requirements of rationalised industries. Therefore, I venture to submit that, so far as our country is concerned, man power must be preferred to machine power, wherever such use provides the worker with an income which is at least equal to what he could obtain from the only other competing source of employment, namely, agriculture.

Next to agriculture, the handloom weaving industry is the most important rural industry. Its importance has been recognised by all the Committees and Commissions which had anything to do with the economic life of the people of this country, beginning with the Famine Commission of 1888 and ending with the Banking Inquiry Committee of 1929. The Tariff Board have reiterated its great importance in the economic life of the country. In paragraph 160 of their Report, they have estimated the number of handlooms in the country at about 2½ millions, and the number of people supported by the industry, either wholly or partly, at about ten millions; while, on the other hand, the Indian mill industry provides employment for about four lakhs of people and supports about a million persons. In paragraph 69 of his Budget speech, the Honourable the Finance Member estimated the handloom production of piecegoods in the year 1933 at about 17,00 million yards and put the value at about 37·40 crores. In the same year, the Indian mill industry produced about 28,99 million yards of piecegoods valued at about 65·76 crores. It is, therefore, clear, I submit, that the handloom industry is at least half as important as the power loom industry both in respect of production and of value and many times more important in respect of the employment which it provides.

Sir, Honourable Members may ask whether the handloom weaving industry is economically sound. I venture to submit that it is economically sound and can withstand competition even with the power loom, provided certain defects in its organization are rectified. The duties on imported cloth are sufficiently high to give the handloom weaver a fair wage on the days on which he gets work. It will be seen from the figures already given that the average production of cloth per handloom in 1933 was about 680 yards. If we take 7½ yards as the daily average production per handloom, the figure adopted by the Tariff Board, the handlooms had work in 1933 for about 90 days. The handloom weaver has, therefore, to manage for four days on the earnings of a single day. What he, therefore, lacks is continuity in employment. Secondly, he has to borrow money for the purchase of yarn at exhorbitant rates of interest. Thirdly, as pointed out by the Tariff Board, the price which the handloom weaver has to pay for his yarn in up country centres exceeds the price of yarn in, and the freight from, Bombay to those centres by anything up to about 25 per cent. The weighted average excess in price of the cases examined by the Tariff Board works out to about 6¼ per cent. Fourthly, as he has no marketing organization, he

has to sell his goods through middlemen who charge heavy commissions. Lastly, as his appliances are crude and his designs out-of-date, he is unable to meet the changing needs and fashions of the consumers of his products. He is, therefore, in need of co-operative organizations which will purchase his yarn and sell his cloth, provide him with cheap credit, supply him with improved tools and up-to-date designs and secure for him continuity in employment as far as possible. These were the considerations which led the Government of Madras, which I have the honour to represent here, to place before the Tariff Board and the Government of India the case for the handloom weaving industry and press for the provision of funds for organising the industry; and these were the considerations which induced my colleagues and myself, when we represented the interests of the handloom weaving industry as unofficial advisers to the Indian Delegation at the Indo-Japanese negotiations, to press for financial assistance for the development of the handloom weaving industry. The grants-in-aid, Sir, which the Honourable the Commerce Member has so generously promised will enable the Provincial Departments of Industries to organise the handloom weaving industry. Though industries is a provincial transferred subject, and though, in common with all Governments in the world, the Government of India are faced with acute financial stringency, yet they have made a generous gesture for which the handloom weavers in particular and the country in general have ample reason to be thankful.

Before leaving this subject, I beg to answer the charge levelled against the Directors of Industries by my Honourable friend, Mr. B. Das. Handloom weavers, as Honourable Members are fully aware, are unorganised, and, therefore, practically voiceless. The Director of Industries in each Province is charged, amongst other things, with the duty of safeguarding the interests of the handloom weaver. I do not think any better testimony is needed to prove the devotion of the Directors of Industries to the cause of the people committed to their charge than the grants-in-aid promised by the Government of India.

Now, I may be permitted to consider the objections raised against the Indo-Lancashire Agreement. My Honourable friend, Mr. Joshi, questioned the propriety of permitting private persons or bodies to negotiate trade agreements. This policy is, I submit, in pursuance of the recommendations of the Imperial Economic Committee on Imperial Industrial Co-operation, subsequently endorsed by the Ottawa Conference, of which, you, Mr. President, were such a distinguished member. The Conference announced its conclusions on the subject of Industrial Co-operation in these terms:

"It should, in the opinion of the Conference, be the object of any policy of Industrial Co-operation within the Commonwealth to secure the best division of industrial activities among the several parts of the Commonwealth and the ordered economic development of each part, with a view to ensuring the maximum efficiency and economy of production and distribution.

It is further the view of the Conference that the precise nature and extent of the co-operation to be achieved in any particular industry must largely depend upon effective consultation between those engaged or proposing to engage, in that industry in any two or more parts of the Commonwealth.

The Conference therefore recommends to the various industries in which conditions are suitable for the purpose, the desirability of making arrangements for such

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consultation at the earliest possible date; but it records its belief that such consultation, to be fully effective, should be conducted between responsible persons or bodies adequately representative of the industry in each part of the Commonwealth concerned.

The Conference further recommends that the Governments concerned facilitate and assist such consultations by all available means."

Mr. President, the only point for consideration is, whether the consultations in this particular case were conducted between responsible persons or bodies adequately representative of the cotton textile industries of the United Kingdom and of India. None, so far as I am aware, either in this House or outside has questioned the representative character of Sir William Clare-Lees and his colleagues to represent the British cotton textile industry. My Honourable friend, Mr. Mody, in an eloquent speech, has established his representative character.

I am glad that my Honourable friend, Mr. B. Das, admitted that Mr. Mody represented at least the cotton mill industry of the Bombay Island. It is a well known fact that the costs of production of the Bombay mill industry are much higher than those of the other parts of India. This fact was brought to the notice of this Honourable House by my Honourable friend, Mr. Joshi, when he spoke on the subject yesterday. If the cotton mill industry of Bombay consider the rates provided in the Agreement sufficient to give them a fair return, why should those millowners, who are better placed in regard to their costs of production, complain about this Agreement? (Hear, hear.) This single fact, I submit, is sufficient justification for the Government to give effect to this Agreement. By accepting this Agreement, Government are giving effect to the principle of industrial co-operation between representatives of great and important industries of two parts of the British Commonwealth of Nations—a principle advocated by the Ottawa Conference and endorsed by this House when it ratified the Trade Agreement between the United Kingdom and this country.

Honourable Members will thus observe that the proposals of Government are conceived in the best interests of the country and are clearly intended to advance its industrial and economic development. I, therefore, appeal to the House to strengthen the hands of Government by accepting the proposals now placed before it. (Applause.)

Mr. A. H. Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): Sir, unless we understand the implications of this Bill, and unless we have a clear conception of certain fundamental factors in this connection, it will not be possible to do full justice to the measure under consideration before this House. What are those fundamental factors? I will take India first.

India grows more cotton than she can turn into yarn and cloth for her teeming population which will soon increase to about 400 millions. She, therefore, has to seek profitable markets for her surplus cotton. That is the first factor. The second factor is that textiles are next to agriculture in importance in the case of India, and that is India's biggest national industry. As such, it requires safeguarding and protection by a proper regulation of tariffs. Thirdly, India is not yet in a position to meet her requirements in yarn and piecegoods, which, therefore, come in part from Japan and Great Britain. And, fourth, there is India's

political relations with the United Kingdom when she is aspiring at the present moment for a new Constitution more in consonance with India's self-respect. These are the four fundamental factors which we have to bear in mind in considering this question. I will now take Japan. Japan is not a grower of cotton, but a large manufacturer of cotton goods, a large importer of Indian cotton and an enterprising exporter of finished commodities to India, a rival of the United Kingdom in this respect. Let me take now the United Kingdom. She imports cotton, and is, therefore, in a position under certain circumstances to relieve India of a portion of her surplus cotton. She is naturally, therefore, desirous of having a reasonable share of Indian requirements of yarn and piecegoods. Now, looking at the problem from a more practical standpoint, India has much more surplus cotton for disposal than she can consume in India. As for piecegoods required for Indian consumption, about 1,000 million yards still have to come in from outside, and that is supplied by Japan and the United Kingdom. It is, therefore, a very difficult and complex question. It is not easy to reconcile these apparently conflicting and complex interests We are apt to forget at times that India's economic relations with countries, both within and outside the British Empire, have got to be regulated in her best interests. I welcome this Bill, because it is an attempt at reconciliation so far as our textiles are concerned. There are three interests to be reconciled, the interests of the cotton grower, the interests of the Indian manufacturers and the interests of the manufacturers overseas,—in the United Kingdom and Japan. I welcome generally the proposals in this Bill because I find there is an honest attempt to reconcile all these three apparently conflicting interests, although it may be temporarily. After all, Mr. President, hardly anything is final in political and commercial relations amongst nations.

1 P.M.

As I said the other day, I repeat my humble tribute to the Honourable the Commerce Member for the admirable way in which he has conducted these negotiations and brought them to a successful conclusion, and, I repeat, his name will go down in history. No scheme of tariffs should, in my humble opinion, be the result of dictation from outside. It should not involve any relaxation of the policy of protection introduced for the purpose of fostering industries. It should not create any misunderstanding between India on one hand and the United Kingdom on the other, particularly at a time when the two countries are engaged in parleying for vast and wide national interests and fourthly it should not provoke international ill-will but should promote friendly economic understandings. I find all these four conditions are fulfilled in this Bill. It is far from any dictation from outside. It is the result of a wise and statesmanlike policy adopted by the Bombay Millowners Association, represented by my Honourable friend, Mr. Mody, and here I pay my humble tribute to Mr. Mody I have listened to his speech with great interest, with rapt attention I thank him from the bottom of my heart for the manner in which he carried out the negotiations in spite of opposition and arrived at a Pact which had an admirable effect in London when we were engaged in the deliberations in the Joint Select Committee. His name will go down in history as the man who brought about peace and harmony between the two nations.

An Honourable Member: It will come.

Mr. A. H. Ghuznavi: It is bound to come. Secondly, the proposals also honour the protectionist policy on which India has embarked, and,

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thirdly, the proposals by removing misunderstandings between India and Lancashire have made the prospects of the coming Constitution brighter than before. Dealing with this political aspect of this question as to how far this Agreement will help us and replying to my Honourable friend, Mr. Joshi, who, I find, is sleeping . . . . . .

Mr. N. M. Joshi: I am not sleeping.

Mr. A. H. Ghuznavi: I made every attempt yesterday to find out from the proceedings of the Joint Parliamentary Committee what question he was referring to and from which page in regard to the Manchester Chamber of Commerce, he was reading from. He would not give me any information on the floor of the House. He went on reading and reading a few sentences here and here.

Mr. N. M. Joshi: May I inform the Honourable Member . . . .

Mr. A. H. Ghuznavi: It is now too late to inform me. It would have helped me if the Honourable Member had said it yesterday.

Mr. N. M. Joshi: I am not responsible for the Honourable Member's ignorance.

Mr. A. H. Ghuznavi: I must go into the details of this matter for the simple reason that there has been considerable misunderstanding about the Mody Pact. It has a great political bearing. I shall tell you how.

Mr. N. M. Joshi: I shall be delighted if the Honourable Member can show what he wants to show.

Mr. A. H. Ghuznavi: There are two die-hards in Delhi today. They are here. They are listening to what we are saying here. They are staying at the Maiden's Hotel. They have come here to examine the position as to how the Indian Legislative Assembly is taking up this matter. What happened in London was this. I have been one of the members of the Joint Select Committee who attended the meetings, day in and day out, without absence. I followed everything very carefully. I was the only Muslim Member in the Delegation who knew something about business. The Manchester Chamber of Commerce submitted a memorandum which was very annoying. I do not know why the President, Lord Linlithgow, postponed their examination from month to month, because in the agenda we found that they were to have been examined in July, but it was postponed till after the recess.

Mr. F. E. James (Madras: European): The Manchester Chamber of Commerce asked for it.

Mr. A. H. Ghuznavi: They were negotiating in July and that was the reason why they asked for a postponement, and I am sure, that it will be borne out by every member of the Joint Select Committee who is present here today.

Mr. N. M. Joshi: They are in the written records which are here in my hand.

Mr. A. H. Ghuznavi: And I have got it as well. I will read only a few passages to convince the House what a great change has taken place after this.

An Honourable Member: Let us hear that.

Mr. A. H. Ghuznavi: This is the prefatory statement, because they had submitted their annoying memorandum in June; after this Pact, they submitted this at the beginning of November:

"The evidence which is herewith submitted to the Joint Select Committee was prepared some months ago. Subsequent developments which have a significant bearing on the future of trade relations between India and Lancashire have encouraged the organization to add this prefatory and supplementary statement."

That is the language. And they say:

"In July last the Chairman of the Bombay Millowners Association, Mr. H. P. Mody, had a series of conferences with the representatives of the Lancashire cotton industry and in August a delegation comprising the representatives of the British cotton and artificial silk industries left for India where they have since been participating in discussions with the Indian Government and the Indian millowners."

I will read only one more passage from this and then I will come to the evidence.

Mr. N. M. Joshi: Read paragraph 5.

Mr. A. H. Ghuznavi: You can read that afterwards.

Mr. N. M. Joshi: I ask you to read, because you are challenging my statement.

Mr. A. H. Ghuznavi: I am reading from the supplementary memorandum:

"The Lancashire organizations are gratified to learn that discussions have been proceeding in an atmosphere of cordiality and friendliness. They accept this as significant Lancashire's own desire to bring about a mutually satisfactory understanding is shared in that country. The Lancashire organization give their complete moral support to these efforts at exploring the field of co-operation. They do not hesitate to express an emphatic preference, before all other methods, for the practical solution of the trade problems by a genuine demonstration of reciprocal goodwill."

That is what they said. I will read now what they said in their memorandum. I think on hearing that, the whole House will be up in arms. They say:

"Believing that reciprocal interest is the best and most permanent basis of international trade, the organization have welcomed the opportunity of sending a delegation to India. They trust that the work of this mission will be the forerunner of a new and fruitful basis of mutual co-operation in which all misunderstandings and differences may be forgotten and that as a result of the joint discussions, a new era of long-term agreement is at hand."

Mr. President (The Honourable Sir Shanmukham Chetty): How long will the Honourable Member take?

Mr. A. H. Ghuznavi: I will take one hour more.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now stand adjourned and meet again at a quarter past two. The Chair will once again remind Honourable Members that if this debate

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is to be comprehensive, there must be a little more co-ordination. If, for example, a particular point of view has been strongly put forward by one Honourable Member, another Honourable Member need not repeat the same argument at length. It is more important in a debate of this nature that the various points of view should be given expression to, and that is only possible if each Honourable Member takes not more than a reasonable time.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. A. H. Ghuznavi: Mr. President, referring to the evidence of the representatives of the Manchester Chamber of Commerce, I will read out, with your permission, a few other passages. The Lord Chairman remarked.

"Do you desire to make any statement apart from the memorandum and the preface?—We should just like to say that since we composed this evidence, we sent out a mission to India to confer with Indian millowners and the Government of India and we have an emphatic preference" (My Honourable friend, Mr. Joshi, may mark these words) "for solution by co-operation as being preferable to solution by some of the arguments that we have advanced perhaps in the joint evidence."

Mr. N. M. Joshi: Have they withdrawn their demand for a safeguard?

Mr. A. H. Ghuznavi: He was present there when they gave that evidence. Surely he must have noticed that they gave away the whole of their case, and, I am sure, he must have heard what the die-hards had said about this. They said that if that was their evidence, what was the use of their coming there and taking up their time? They gave away all their case in preference to a solution by co-operation and they did not insist on these safeguards as they insisted in their first memorandum.

Mr. N. M. Joshi: May I ask where they withdrew their demand for safeguards?

Mr. A. H. Ghuznavi: It is difficult to make a gentleman understand who will not understand. I will not take up the time of the House by answering these interruptions, because I found that you, Sir, also expressed the desire that I should not take them up. So, I shall shorten my speech as much as possible. Lord Chairman says:

"You have been impressed by the results of that Delegation?—We have."

One of the die-hards now asked them the question. This was Mr. Rodier, who was giving the evidence:

"I hope I may be permitted to begin my few questions by offering you my congratulations on what seems to me, at any rate, so far as we know of it, the very successful result of the negotiations which have taken place. I understand you to say that the procedure of friendly negotiations which has been followed in this case is the one which you would always prefer and which you think is most conducive to the interests both of this country and of India?—Yes."

Mr. N. M. Joshi: At the same time, retain the safeguards.

Mr. A. H. Ghuznavi: They have not insisted on these safeguards

Mr. N. M. Joshi: Why did you sign the Joint Memorandum, paragraphs 11 and 12?

Mr. A. H. Ghuznavi: It is much better to answer these questions outside this House.

I will now read the cross-examination of Mr. M. R. Jayakar. Surely Mr. Jayakar has defended the Bombay interests to the best of his ability, and what did he say? His question was this:

"Before I begin, may I congratulate you on the spirit of your preface?—Thank you Sir

I suppose you are satisfied that the method of co-operation and good-will is the right method in such matters, as you said in your previous answer?—Yes.

But do you not think that you will get better terms from India by adoption of this method rather than by having strict provisions in the Constitution?—I think we have said so in the evidence."

Will that satisfy my Honourable friend, Mr. Joshi?

Mr. N. M. Joshi: No.

Mr. A. H. Ghuznavi: Another question:

"You agree that you will get better terms by the adoption of this method than by having strict provisions in the Constitution?—Yes. I think you realise that whatever rules there may be in the Constitution their working will have to depend on the good-will of the Indian people?—Certainly."

I will now take the cross-examination of Sir Phiroze Sethna. It is a long cross-examination and I will read out only a few lines just to give an idea to this House as to what extent they are now trying to buy Indian cotton:

"In para. 7 and also in para. 29 you refer to the Ottawa Agreement when Lancashire promised to help India by endeavouring to get more Indian cotton consumed. May we know what efforts have been made in that direction so far, or has any success been achieved or is likely to be achieved?—(Mr. Rodier) The matter engaged our attention and the attention of Lancashire as soon as the Ottawa Agreement was reached and at once before we arrived at Ottawa a Committee was set up to inquire into this matter and since then the Chamber of Commerce has formulated a Committee of merchants to inquire into it. The British Cotton Growing Association have been communicated with to do all that they can to foster it and also special meetings have been held by the Chamber of Commerce in Manchester."

He goes on saying what they have done and they have asked the President's permission if Mr. Gray would follow and give a detailed account and how far they have succeeded. It is all a very interesting statement. Mr. Gray says:

"My Lord Chairman, we are using every endeavour in Lancashire to encourage as far as possible the use of the Indian cotton. As Mr. Rodier has pointed out no doubt you are familiar with the fact that there is a great deal of Indian cotton that can only be used in relatively low qualities of yarns and fabrics and in the main these are not Lancashire production, but I might say here as a Director of the Lancashire Cotton Corporation that we are using ourselves between 20,000 and 30,000 bales of Indian Cotton every year and that use we are endeavouring to extend and to encourage its extension among all our spinners and our weavers."

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I shall take up no more of the time of the House in saying what he said further. I shall only make a statement from this book. He said:

"By putting up machineries to utilise the short staple cotton, which is grown in India, we will do all in our power, every cotton industry in Lancashire will use more and more Indian cotton than any other cotton."

This is in short what he says. He also said:

"There are many difficulties in our way, but we shall make every attempt to get over those difficulties and take over as much of Indian cotton as possible."

One more passage, Mr. President, and I shall finish with this evidence. Sir Hari Singh Gour said:

"Gentlemen, I also congratulate you on the tone of your memorandum and the preface."

Sir, after all, this Agreement with Lancashire expires in 1935. Surely you do not mean to say that the Indian cotton industry is going to give us all our cloths in these two years. What is all this noise about? Look at the effect which that Agreement had over the deliberation of the Committee in London. Whatever may be the reason, their examination was postponed from day to day. To my mind, it struck me that the Lord Chairman was very unwilling that anything said or anything expressed before the Committee might hurt the Indian Delegation. That was one of the causes which made him think twice before he asked the Lancashire people to give their evidence. It was fortunate that my Honourable friend, Mr. Mody, intervened and we got over that trouble They came before us with their supplementary memorandum and the story was changed. They were friends and they wanted to negotiate as friends. If I had time, I could show that they expressed in their evidence their desire that India must make her own cloths, and that they had the utmost sympathy with the Indian industry.

Now, I come to Japan. Let us not forget that to a great extent we grow cotton in this country and that Japan is one of our biggest buyers. Our best attention must, therefore, be given to Japan. Surely there must be *quid pro quo* without which you cannot expect Japan to go on buying our cotton. I do not agree with my Honourable friend, Mr. Mody, when he said that Japan must buy Indian cotton. They said they would not, and you had to come down on your knees to bring about an Agreement. Therefore, you cannot offend that nation. We have to look to the interests of the agriculturists first and the industrialists afterwards. As I already said, look at the achievement of the Honourable the Commerce Member. I wish he could do something, so far as I am concerned, about jute in Bengal. He has made an Agreement with Japan that they are bound to buy 15 lakhs of bales of cotton The cotton growers in India are assured to that extent and if Japan want to buy more, of course they are at liberty to do so provided also they can export to a certain extent.

I shall now come to the fourth point, and it is this, prevention of economic and political misunderstandings of an international character. I submit that the Indo-Japanese Agreement, which is embodied in this Bill, is a clear recognition of the international aspect of our economic life and

is an illustration of peaceful adjustment of international commercial hostilities. In this connection, it is probably not out of place to mention that the non-fulfilment of this condition, as well as the interest of the consumers which were effected by the imposition of the prohibitive duty on the Japanese hosiery, compelled me to raise my voice of protest against the former Bill which was recently passed in this House, and, therefore, I would again appeal to the Honourable the Commerce Member to reconsider the drastic character of the imposition of the duty on imported hosiery which puts practically a ban on the imports from Japan. We cannot afford to offend Japan, because they are our biggest buyers of cotton. I would also respectfully invite him to consider several classes of hosiery goods which are not as yet manufactured in India yet. Their exemption is justified on the same ground as was taken in 1930 for the exclusion of Lancashire goods from the protective duty then imposed. I will read a passage from the speech of Sir George Rainy:

"On the top of this a special protective duty of five per cent. was imposed The scope of this duty however is limited to non-British goods, the Government's contention being that if the scope of the duty was not limited in this manner a vast range of goods in which at the moment Bombay was not interested would be affected to the needless detriment of the consumer, and that excluding British goods from the scope of the duty meant excluding just that class of goods which was not in direct competition with Bombay."

Therefore, I say, it is not fair to impose a high duty on those hosieries which we do not manufacture now You laid down that policy yourself in 1930. If it can be shown that those classes are not made now, no case has been made out to put on such a high tariff even on those goods.

I was very sorry to see my Honourable friend, Mr. Mody, referring to the Bengal agitation I wish he did not bring in that controversial point. It is very unfortunate that he did so. Coming as I do from Bengal, I have to tell him the real facts He said that Bombay never exploited Bengal. Sir, the position in 1905 was this. We were agitating against the Partition of Bengal, and I was one of those who were against the Partition

Sir Cowasji Jehangir (Bombay City Non-Muhammadan Urban): But Mr. Mody was then in the nursery (Laughter.)

Mr. A H. Ghuznavi: Therefore, it is all the more regrettable that he referred to an incident of 1905 of which he has no knowledge whatever. Sir, in a public meeting held on the 3rd of August, 1905, ten lakhs of Bengal citizens assembled in the Federation Hall grounds . . . .

Sir Cowasji Jehangir: Ten lakhs?

Mr. A. H. Ghuznavi: If the Honourable Member wants to question that figure, I will give him the copy of the *Englishman* of that date which I possess.

Sir Cowasji Jehangir: Most probably my Honourable friend only exaggerates by one cipher.

Mr. A. H. Ghuznavi: Just as my Honourable friend always does. (Laughter.) I was the President of that meeting. (Hear, hear.) I have not that speech in my possession, but we passed a Resolution boycotting British goods That was the first time in the history of India when we used the boycott movement as a political weapon. What was the result? We said we will not buy British goods; and thanks to my Honourable

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friend, Mr. Joshi, they have been reduced to the position of orphans in Bombay on account of his labour unions, and so on. The whole of the Bombay trouble has been due to my Honourable friend, Mr. Joshi. (Laughter.) But, I will come to that later on.

Now, what happened in 1905? Sir, I have the authority of Sir P. C. Ray for saying that the Bombay mills were then tottering and we came to their rescue. We told them we would buy their goods only and of nobody else; and the first thing that they did was to raise their prices by 400 per cent. (*A Voice*: "Ahmedabad did that.") Most of the Ahmedabad mills were not in existence then. There were only a few in existence in 1904 or 1905 and, excepting perhaps one or two mills, they were only dealing in yarns and not in *dhotis* and *saris*. I have been myself in the trade, and so I know all about this business. Sir, an Honourable friend the other day complimented me as being an expert salesman. That is perfectly true; I was an expert salesman He complimented me again as the Member for Japan in this House: that is also perfectly true, because I defend Japan as I have a great admiration for that country, not only now, but from many years ago when I was a boy. It is they who showed us the light, not the West but the East; and probably tomorrow my Honourable friend from Cuttack will tell me that I represent the Lancashire interests in this House. Sir, what happened? Not being satisfied with making 400 per cent profits, they went on to do another thing at which you will be surprised. This is a statement which I am not making now for the first time. I have made this statement in 1927, in 1930, in 1931, in 1932 and now in 1934, I am making it again; and I have got documentary evidence, criminal Court records, which will prove, if I am challenged, that what I am saying is correct. And what is that? They bought up all the British goods that were in India. Of course it was not the mills that did it, but the managing agents and they made the profit. They never gave the profit to the mills They bought up this cloth, sent it to the mills, tore off one yard containing the words "Made in England" and gave it a little rougher finish, brought it back and sold it as swadeshi at 400 per cent more profit. They did the same thing with Japanese goods. Not being content with that they placed orders with Lancashire and Japan to send out unfinished goods And I have got records to prove that. A case was made out in the Calcutta Police Court that they were selling these goods as made in India,—all done by the managing agents. What was the result? They took the cloth to their mills, put the label "Made in India" or "Made in Jehangir Mills" (Laughter), sold it to Bengal, and then, Sir, as you are aware, Bengal absorbs 40 per cent of the piece-goods in India as Mr. Hardy has shown in his report.

Mr. President (The Honourable Sir Shanmukham Chetty): Did they sell it through expert salesmen? (Laughter.)

Mr. A. H. Ghuznavi: It is the same thing today. They are now shedding crocodile tears about hosieries. Do I not know what they did with the Japanese hosieries that used to come to Calcutta? They passed it on as "Made in Jehangir Mills". (Laughter.) And what was the result? The result was that they made tons of money,—the mananging agents, not the mills,—and they squandered that in France in buying Villas and smoking expensive cigars (Laughter.)

This was in 1905, and this went on till 1911 when Lord Hardinge annulled the Partition of Bengal, and we ceased to buy Bombay goods. The boycott movement was withdrawn. But they were again in trouble; there was no Legislative Assembly in those days before which they could come with a beggar's bowl. What happened was a stroke of luck. The War came in, and that enabled them again to make piles of money. Neither Manchester nor Japan could come; they speculated in cornering all the cotton in the world, but in doing so they lost all their money. The result was that after the War they were again in trouble and from that day they became the spoilt children of the Government of India, coming here year in and year out with a beggar's bowl.

Sir, at the moment we have no desire to go into all that and I would not have mentioned a single word about it if my Honourable friend, Mr. Mody, had not mentioned Bengal. If they had kept a reserve for the rainy day, their position today would have been different. They never kept a reserve; they speculated and here is the Tariff Report of my Honourable friend, Sir Frank Noyce. It is an illuminating report. The inefficiency disclosed is colossal; the hereditary managing agency with their relations auditing the accounts has been exposed, and they need not come and tell us here that they are very good and efficient people But, nevertheless, so far as Bengal is concerned, let me tell my Bombay friends that we consider your industry as a national industry and every support that you ask us in this House we will give to you. You may have made mistakes, but you did not make them deliberately and your troubles are partly due to my Honourable friend over there (Mr N M Joshi). Every time you come for some protection he says "Raise your wages". Poor fellows, how are they to pay? The protection was given to enable them to compete with others, not to raise the wages. That was the trouble in London. How did Lancashire lose its business in India? In the first place, of course, it was their own folly, which they now admit, in not taking a bit of Indian cotton. Japan took advantage of that and they have got the sympathy of India with them. The next difficulty was that of labour unions, and in this connection I will read just a few lines which a London friend of mine gave me when I was there last. What was their trouble? I had also seen these gentlemen of Lancashire and had a long and friendly discussion with them as to how to improve their trade with India, and so on. What my friend said was this: that in England cotton spinning and weaving were basic industries and were subject to an extremely large measure of protection For this reason they were often utilised for political purposes. The British cotton industry developed on this account and it was now declining for the same reason—too much protection caused loss of force in the competition with foreign rivals The British spinning workers nowadays complained of misdirected measures of the Government causing difficulty in their lives, although their work was as hard as their ancestors who used to live in comfort. No researches were conducted and no improvement was made The British spinning industry since the European War had been completely under the sway of trade unionism,—my friend, Mr. Joshi. Owners of factories were in charge of purchase of materials and the sale of products only and all the management of the mills was under the control of trade unions. Those unions had refused to use the automatic weaving machines in order not to increase unemployment: they were not using automatic looms, which saved money

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because of unemployment. They would not also consent to use Indian cotton for sanitary reasons The factory owners wanted to follow the example of Japan, but the workers would not listen to them and prefer to blame the Government for their loss of prosperity, which was due to their own obstruction and their employers' lack of enterprise. In Japan, one man was in charge of 20 weaving machines, while in England, one man had only six machines to take care of . . . .

Mr. N. M. Joshi: 20 automatic looms: it is quite a different matter.

Mr. A. H. Ghuznavi: Yes, these are automatic looms. Four years ago, one man had only four machines to look after, and it took four years after a hard struggle between capital and labour to increase the number to six

Sir, I have almost concluded and I shall now say just a few words in regard to the two Agreements, one with the United Kingdom and the other with Japan. Firstly, after all, their operation is confined to two and three years respectively. It is only for two or three years. Secondly, you have to bear in mind that India has to find a market for nearly four million bales of surplus cotton. You must be friendly with these two countries. England can buy our cotton and she has promised to buy Indian cotton more and more Thirdly, it will be some years before India will be able to manufacture enough to clothe her entire population. As I said, in matters textile we must think nationally, and, if we do so, Bombay will be able to assert her rightful position. India refuses to recognise inter-provincial jealousies in this connection.

I shall also point out another matter to my Honourable friend, Sir Joseph Bhore, that a trial should be given to the rather belated experiment of securing and developing foreign markets for Indian products through the help of British agencies. This Bill takes a wider and mutual recognition of the needs, rights and conditions in India, the United Kingdom and Japan, where the textile industries make an essential contribution to national prosperity, and, therefore, they have to be preserved in all the three countries: I support the motion.

Mr. K. C. Neogy: Sir, I am as conscious as my Honourable friend, who has just sat down, of the very complex character and the great importance of the measure now before us; but I am also conscious of the fact that, having regard to the limitations of time, we cannot expect to deal with all the various aspects of this measure at such great length as perhaps one would desire.

There are two different industries concerned in this measure, one,— the largest organized industry next only to agriculture, and the other,— a cottage industry of very great importance, particularly to certain areas of this country. Then, there are two different agreements, one of an official character, the other of a non-official character. And I propose to confine myself to the question of the textile industry on the present occasion.

Sir, the present occasion is of very great importance to the textile industry, because, although in 1927 and 1930 we had two substantive measures dealing with this industry for a similar purpose, they were, as has already been pointed out, intended to give a kind of temporary shelter to the industry. In the case of the measure of 1927, it was almost exclusively designed for the benefit of the section of the industry situated

in Bombay, because that was subject to certain very special disadvantages on that occasion. In 1930, the entire cotton textile industry of the country was affected by unfair competitive conditions, but this is the first time when this industry, as a result of the Tariff Board inquiry, has satisfied all the conditions that the Fiscal Commission laid down for substantive protection being given to any industry. From that point of view, this measure is of very great importance, not only to the textile industry, but also to this House, and deserves our very closest consideration.

Now, Sir, during these few years, the cotton textile industry has passed through various stages of development in various parts of India, and it has been admitted by the Tariff Board itself, and it is also a patent fact, that Bombay does no longer enjoy the predominant position that she used to in this industry a few years back. That is a factor of very great importance that has to be borne in mind when particularly we come to deal with the non-official Agreement between certain textile interests of this country and of Lancashire. Now, Sir, another tendency that we find is that mills are growing up nearer local centres of consumption; places like Bengal, for instance, are going in more and more for the cotton textile industry. There are several mills already in working order in my Province, and there is one well established mill in my own constituency. And anybody who knows anything about Bengal knows that, in order to cater for the local taste, these local mills have to go in more and more for the higher counts in respect of which the competition from Lancashire is greater than in respect of the lower counts.

Now, Sir, my Honourable friend, Sir Joseph Bhore, said that, so far as the case for protection goes, he accepts the finding of the Tariff Board, namely, that this is an industry which deserves to be protected by legislative enactment. As for the definite tariffs to be imposed, he said his task had been very much lightened by the two Agreements. So far as the Lancashire Agreement goes, he practically, though not in so many words, admitted that he had abdicated his functions in favour of the representatives of the two industries who are parties to that Pact. With regard to the Japanese Agreement, this must be said in its favour that it was the result of negotiations between two Governments, and not between the representatives of private interests. Now, Sir, the Tariff Board is good enough for the purpose of making out a case for protection, but when we come to deal with the question of duties to be imposed for the purpose of carrying out that recommendation, well, then, there is Mr. Mody to dictate as to what the duties are to be. My friend said that the facts of the situation have been altered. My friend perhaps did not realise that there are other facts also which have altered. For instance, as stated by Mr. B. Das, when you look up the list of membership of the Bombay Association and you find 100 and odd mills as members of that body, you have also to take into consideration the fact that a large percentage of those concerns are no longer in existence for all practical purposes . . . .

Mr. H P. Mody: No, no, they are actually working.

Mr. K. C. Neogy: They are closed down.

Mr. H. P. Mody: No, no, over 100 are working.

Mr. K. C. Neogy: Then, again, my friend, Mr. Mody, said that all the various centres of this industry are represented on that Association and it is in that sense a widely representative body. I am not going to dispute

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the fact that there are certain concerns belonging to different parts of India which are members of this particular body. But, Sir, when we are talking of competition with Lancashire, we have got to bear in mind what are the classes of goods in respect of which our own products enter into competition with Lancashire and we have then to find out as to which organization represents the interests that are more vitally concerned in the manufacture of those very goods.

Now, Sir, I took the trouble of looking into the figures that are available on this subject, apart from what appears in the Tariff Board Report, and here is a publication, a Government publication, dealing with the production of cotton yarn and cotton piecegoods throughout India, and I find,—and here I must apologise to my friend, Mr. Mody, because I have to refer to the Bombay Island separately from the other centres of production, because that is exactly what I find as being one of the distinct heads under which statistics have been published by the Government themselves,—when we look into these statistics I find that in respect of yarns between 31's and 40's and yarns above 40's, the Bombay proportion, that is to say, the proportion of the outturn of the mills in Bombay Island to their total production, is about $\frac{1}{8}$th, that is to say, the counts in respect of which the competition is likely to be keener from Lancashire form about $\frac{1}{8}$th of the total production of Bombay Island. Now, come to Ahmedabad, the next largest centre of production. There I find that counts between 31's and 40's and above 40's together form about $\frac{1}{4}$th of the total quantities of yarn manufactured in that centre. If, again, you take into account the output of yarns of these counts of the mills in other centres of the country, mills which are members of the Bombay Millowners' Association, the proportion would be materially reduced, that is to say, if you take into account the production of counts between 31's and 40's and above 40's of all the mills that are members of the Bombay Millowners' Association, you will find that that production is of a negligible character compared to their total production. Now, Sir, it is very easy for my friend to be charitable at the expense of others. My friend enters into a pact which admittedly is designed to give some amount of advantage, comparative advantage, to Lancashire in the Indian market, and I do not think even my friend would dispute this proposition that the members of the Bombay Millowners' Association are not as interested in the manufacture of counts of those numbers as, for instance, the mills in Ahmedabad. Not merely that. I have referred to the fact that there is one mill, a well established mill, in my own constituency, a mill of not very long standing, a mill which has succeeded in establishing itself only through the advantage of the protective measures that have been in operation during these years. Now, Sir, a few questions were sent down to the agents of that mill, and the reply, which I have in my hand, shows that in that particular mill the coarser counts in 1933 accounted for 14 lakhs of pounds as compared to 11 lakhs of pounds of finer counts, which is a very high percentage for any mill in India . . . .

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An Honourable Member: Where is this mill situated.

Mr. K. C. Neogy: It is in Dacca, in my own native place. Then, again, they have given us their programme for 1934, and they point out that, as compared to 15 lakhs of pounds in coarser counts, they expect to have about 20 lakhs of pounds in finer counts, and they point out that,

if this Bill is passed into law, they will sustain a loss of at least Rs. 1,48,000 by reason of the fact that they will have to reduce their prices by at least five per cent.

Mr. H. P. Mody: Will you kindly say what they mean by finer counts?

Mr. K. C. Neogy: 31's to 40's and above.

Mr. H. P. Mody: Will my Honourable friend just allow me to point out that in coarser counts of 40's to 50's the Tariff Board proposed a duty of 25 per cent, and in counts above 50's 20 per cent. My agreement is more liberal than that.

Mr. K. C. Neogy: They deal with 31's to 40's and above 40's and it is not merely coarse counts that are involved in this. Therefore, we must remember that it is not merely Bombay, it is not merely Ahmedabad, but there are other growing centres of this industry which are vitally affected by this measure. While on this point, I also want to refer to the fact that the newly started Bengal Cotton Mills Association have protested against this particular measure, as reported in the *Indian Textile Journal*, a journal which is friendly to my Honourable friend, Mr. Mody's cause.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): It is about yarn.

Mr. K. C. Neogy: Yarn goes with cotton piecegoods which are woven out of those yarns.

Mr. B. Das: Mr. Mody has also the support of the Banga Lakshmi Cotton Mills. Does that mill join the Bengal protest?

Mr. K. C. Neogy: It is not, therefore, correct on the part of my Honourable friend, Mr. Mody, to say that when the Bombay Millowners' Association agrees to this Pact, every centre of this industry must be taken to have agreed. My Honourable friend, Mr. Mody, towards the conclusion of his speech, expressed the hope that the Agreement, which will go down in history as the Mody Agreement, will be followed up by similar other trade agreements. I do not know about that, but one thing about which I should like to know something from my Honourable friend, Sir Joseph Bhore, is this, as to whether there is anything up his sleeves at the present moment, as to whether we have got the full picture before us, so far as the Agreement with Lancashire is concerned. There were certain questions in this House which my Honourable friend tried to parry, but the fact remains that when the Lancashire Delegation was here, it made certain representations officially to the Government apart from carrying on negotiations with the Bombay mill industry. This is what the press communiqué itself says, the press communiqué dated the 17th August 1933:

"They (the Government of India) note also that it is desired to take advantage of the presence of these representatives in India to make representations to the Government of India in respect of trade relations generally with particular reference to arrangements best suited to serve at the same time Indian and the United Kingdom textile interests."

Then, again, they give a promise to consider most carefully any representation that the Lancashire delegates might wish to make. At the conclusion of their labours in India, when the Delegation were about to

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leave the shores of India, Sir Joseph Bhore addressed a letter to the Head of that Delegation, and there he says this:

"You have made certain representations to the Government of India on behalf of the United Kingdom cotton and artificial silk industry. I can assure you that these representations will be carefully and sympathetically considered."

And so on. Now, Sir, I dare say, my Honourable friend's attention has been drawn to what has appeared in the *Manchester Guardian* with reference to this particular measure. The *Manchester Guardian* refers to the assurance that my Honourable friend conveyed in that letter to the Head of the Manchester Delegation, and is evidently not quite satisfied with the present Bill. This is what I find in a commercial journal which quotes the *Manchester Guardian* on this particular point. I have no desire to give any lengthy extract, but this is what I find to be particularly important:

"A new cause of anxiety has arisen in the Tariff Bill introduced into the Indian Legislative Assembly on the 6th February which completes a revision of the duties on textiles and which makes many changes which may do considerable damage to British trade."

And it refers to the expectation that this particular measure will be followed up by further negotiations between the Government of India and the British interests for something more than the Bill provides. A question was asked on this particular point in the House of Commons on the 5th February, 1934 Mr. Hammersley asked the Secretary of State for India:

"Whether negotiations have yet been commenced between the Government of Great Britain and the Government of India for a comprehensive trade agreement extending the principles of the Ottawa Agreement to include all textiles"

The Secretary of State's answer was this

"The matter is under consideration. As a first step the Government of India are seeking to obtain legislative authority for the Bombay-Lancashire agreement"

And so on. What is the next step that is contemplated at the present moment, that is what I want to know from my Honourable friend. My Honourable friend, Mr Mody, while dealing with the Lancashire Pact, was careful enough to omit to point out to the House as to what substantial gain this country can expect from that Agreement. We are asked to make some definite concessions by way of a Statutory enactment in favour of the United Kingdom industry What is the *quid pro quo* in this particular case? Some vague assurances of more cotton purchases, some more vague assurances about finding a place in the quota which the United Kingdom may secure in respect of her textile industry in other countries! So far as the assurance about cotton purchases goes, it is well known that that was a condition which was expected of the Lancashire industry to satisfy as a result of the Ottawa Agreement. If you will look at the evidence given by the Lancashire witnesses before the Joint Parliamentary Committee, their written statement, which was composed many months before the Delegation came out to India, many months before even Mr. Mody imagined that there could be such an Agreement, before even the conversations were initiated in England—there they pointed out that . . . . .

Mr. F. E. James: What is the date of that?

Mr. K. C. Neogy: The date is not given here, the evidence was given on the 3rd November, and it is stated that this memorandum was prepared some months ago—that is what I find from the preface to the memorandum itself. There they point out that they had been trying to carry into effect that understanding which was arrived at Ottawa in respect of larger cotton purchases. It is not, therefore, fair on the part of my Honourable friend, Mr. Mody, to trot that out in justification for this particular Trade Agreement.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): But will the Honourable Member read further what they said after the Agreement was reached or when the Agreement was about to be reached, for I distinctly remember that Mr. Jayakar congratulated the Lancashire people on their magnificent response to this economic agreement?

Mr. K. C. Neogy: My Honourable friend need not have interrupted me on that point, because I am going to deal with that evidence. What I was about to say is this. This was a consideration for the Ottawa Agreement, and it cannot be trotted out as a consideration for the Mody Agreement also. Now, my Honourable friend, Mr. Ranga Iyer, wants to know something about the change in the attitude of Lancashire brought about by this Agreement. So far as the purchases of cotton go, it may have given them a greater impetus in the matter of carrying out the understanding which they entered into at Ottawa, but nothing more than that.

An Honourable Member: Still it is something.

Mr. K. C. Neogy: Now, Sir, a reference has been made to the preface in the Lancashire statement before the Parliamentary Committee, the preface which is supposed to have directly resulted from the Mody Pact Now, if my Honourable friend, Mr Ghuznavi, had cared to read out a few lines from paragraph 5 of that preface as also from paragraphs 6 and 7, the House would have seen that the Manchester witnesses did not give up any single point which they had made in their previous memorandum with regard to the safeguards which they wanted. What they did was this and this is the result of Mr. Mody's conversation and the Agreement that was reached:

> "It seems to the organisations that their wish for the inclusion of safeguards in the Constitution should not be regarded other than as a desire for a form of insurance against contingencies which, although possibly unlikely to arise, cannot be overlooked."

Having said that, the organisations would add "they believe that the Indian statesmen ought, of their own free will, to agree to safeguards in the Constitution". "Look at the splendid result that we had in India—free agreement on the part of Indians to what we wanted. Why should not the Indian statesmen similarly freely agree to what we want in respect of the safeguards to be provided in the constitution?" This is the splendid transformation that took place in the attitude of Lancashire witnesses as a result of the Mody Pact. "Why wrangle about it? Why not accept the safeguards?" That is what they say in effect. Now, Sir, they go on to express the hope in that very preface that the channels of trade between the United Kingdom and India are of equal importance to both and shall

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be preserved for all times. Now, the significance of this will be apparent when we come to the substantive memorandum where in paragraph 4 they express the hope that the Government of India would do nothing to encourage the expansion of the Indian cotton textile industry at too rapid a pace. This is what they say about the matter: "A far-seeing Government of India—(I do not know whether that term applies to my Honourable friends whom I see before me)—would have good cause to hesitate from saddling India with too rapid a growth of its cotton industry . . . .".

Now, reference has been made to the testimony that Sir Phiroze Sethna paid to the change in the attitude of the Manchester witnesses, which was brought about by Mr. Mody's Agreement. Now, let Sir Phiroze Sethna say what interpretation he puts upon this particular clause. Sir Phiroze Sethna, in the course of his examination, invited the witness to withdraw this particular statement. This is what he said:

"Would you not think it advisable to withdraw that paragraph, because the implication of that paragraph amounts to this, that you would like India to continue in perpetuity to supply the markets for British manufactured goods and not attempt to develop her indigenous industries."

"No we do not agree to that."

Sir Phiroze Sethna:

"That is the clear implication of that paragraph as I read it."

I leave it to Sir Phiroze Sethna to say whether he sticks to this particular interpretation of his today or whether he has changed his mind. Now, Sir, what does Lancashire think about the fiscal autonomy convention? Mr. Isaac Foot, it was, who put the question:

"Does your Delegation ask for any greater power in dealing with India than we have at present in dealing with Australia in regard to the fiscal independence which we are supposed to have under the convention at the present moment?"

Now, this is the reply:

"We ask for the power that has been brought out and formulated in the discussions this morning, which is rather different from Australia."

Here may I point out that it was Mr. Jayakar who obligingly stated that, in so far as it would lie in the hands of the Governor General to veto all legislation, and in so far as the Governor General acting at his discretion in this matter would be under the orders of the Secretary of State, the Secretary of State could be expected to contol the veto of the Governor General in such a fashion as to regulate this fiscal convention, this so-called fiscal independence that India has got and it was to that among other things that the witness referred to when he said: "Yes, that is the situation which will arise in India and which certainly is different from Australia". Now, about the right on the part of the Indian manufacturers to participate in any quota that may be secured by Lancashire in other countries. I remember to have read a particular clause in the Ottawa Agreement itself where certain colonies are referred to, and the expectation is held out that Indians will be qualified to send their goods on preferential rates. Now, I would like very much my Honourable friend, Mr. Mody, or any one else who may speak in support of his Agreement to explain the real value of this particular undertaking in regard to quotas that Great

Britain may secure in foreign countries. I have already referred to the Lancashire opinion which certainly looks with disfavour upon the chance of expansion of the Indian industry, and you are expecting that particular industry in Lancashire to allow you to share with it any quota that may be assigned for its own benefit. A good deal has been said about the political gain which we might secure by agreeing to ratify this particular Agreement. It was you, Sir, who stated in 1930, as far as I remember, that we should be perfectly ready and willing to exchange an economic benefit for an economic benefit granted by another country. I personally would not like to purchase what are our fundamental rights, the right that we claim we have got inherently in the matter of governing our own country. I do not like the idea of purchasing those inherent rights of ours in this fashion by making economic concessions of this character. Sir, I realise how dangerous it is to promote a policy of preference in favour of an interest which rules this subordinate country. Now, if it were any other country, the risk would not be so great.

Reference has been made to the fact that these Agreements will have only a very short life, but ten to one the chances are that these Agreements will be continued, if not in their present form, perhaps to the greater advantage of the ruling country: and once you agree to the creation of vested economic interests of that character in favour of a dominant partner—if we can call England at all a partner in the British Empire—then, supposing it is possible for Lancashire at any time in future to come into severe competition with the Indian industry, then all chances of our being able to safeguard the interests of that industry as against the interests of the United Kingdom will be absolutely gone. (Hear, hear.) I, therefore, think that it is setting up a very bad precedent to establish a system of preferential tariffs on political grounds. As a matter of fact, the political risk involved in this is so very great that I for myself am not prepared to take the responsibility of assenting to such a discriminatory tariff system. Sir, I do not desire to take any more time of this House, but I should like to make the position of myself and my friends very clear. If we have agreed to include the names of some of our Members in the proposed Select Committee, it is on the understanding that the principle to which we will be asked to assent by agreeing to this motion to refer the Bill to a Select Committee is the broad principle, that the Indian cotton textile and silk industries deserve to be protected. If it is intended by Government, or if it follows as a matter of order under the rules of this House, that we agree to anything more than that, namely, to the principle of preferential tariffs, then we will have to oppose this motion and divide the House on that issue. Otherwise, so far as we are concerned, we are in favour of giving adequate protection to our own home industry subject to the condition that there shall be no preferential tariffs in favour of any country. (Loud Applause.)

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The only principle to which this House will be committed by agreeing to refer this Bill to a Select Committee is that the Indian cotton textile industry and the Indian silk industry deserve to be protected. (Loud Applause.)

Sir Leslie Hudson (Bombay: European): Sir, I shall not occupy the time of the House very long. I desire to express the support of the European Group to the Bill now before the House, though there are certain

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directions in which we should like to see it amended or improved. To mention one particular instance, we think that the specific duty of 1¼ annas on yarns should be extended to all counts and not limited to 50's and under. My friend, Mr. Mody, has pointed out that this was included in the Agreement made with the Lancashire representatives and we do not see why it should now be cut out if it was one of the items agreed upon in the discussion at Simla last autumn; and I understand that the delegates from Lancashire agreed to that at the time, as they recognised that the mills in India were spinning finer and finer and they realised that this protection to a developing industry was to be desired, and that it will, or it should, give an incentive to India for further progress along the lines of efficiency in spinning higher counts. We support the point that my Honourable friend, Mr. Mody, made in regard to the artificial silk goods. We consider that the duty on artificial silk goods at four annas a yard is too low and that it should be increased to six annas. The House knows, we all know, that there has been a tremendous increase in the importation of artificial silk piecegoods from Japan in recent years, and it is evident that there is a very considerable danger of these goods coming into India from Japan and ousting cotton goods made in India and getting round the quota which has been arranged between the Indian and Japanese Delegations. This increase to six annas a yard can hardly be cavilled at by Japan. Japan's own import tariff is an exceedingly high one, as has already been mentioned, going up to as high as four hundred per cent on artificial silk piecegoods imported into Japan.

My Honourable friend, Mr. Ramsay Scott, has referred to certain other matters which will be taken up before the Select Committee—for instance, the question of hosiery in regard to which there is a desire in many parts of the country that the duty, as at present fixed in the Bill, should be raised. As Mr. Ramsay Scott observed yesterday, we have recently seen in the press telegrams that Japan has announced her intention of taking powers to prohibit the import of certain goods altogether and to increase the duties on certain other goods up to 100 per cent. *ad valorem* and, incidentally, in the same press telegram we read that Japan is also taking powers by legislation to protect trade marks. There is similar legislation in this country, but it requires to be overhauled and to be put into effect. Japan is also, in the same press telegram, stated to be going in for legislation to prevent unfair competition, which is surely exactly what this Bill is intended for.

This brings me to the matter of the Indo-Japanese Agreement, and here I should like to join in the congratulations, which many in the House have already extended, to Sir Joseph and to all his colleagues in the Indian Delegation on the success with which their labours over so many months were attended. (Hear, hear.) There has been considerable criticism of the re-inclusion in the present Agreement of the most-favoured-nation clause. This clause, as the House knows, was originally designed for and under entirely different world trade conditions than exist at present. It was essentially intended to assist the scope of free trade between nations, and there are many people who consider that this clause, whether unconditional and even in its conditional form, is out of date when every nation is building up tariff walls for the protection of its own industries. But the more one goes into the subject, I must admit, the more complicated it becomes and on the whole I believe that the Government of India

have done the best that could be looked for under the circumstances. At the same time, I do not think it can be denied that the most favoured-nation clause in trade agreements must be a handicap to present day trade treaties. Then, there is the matter of the rupee value of the yen which has been taken in arriving at the Agreement. The advantage which Japan will derive from the fixation of the basic point of the yen at the rate ruling last year instead of the par value of 137 seems to be necessarily generous even after allowing for the depreciation of sterling in terms of gold. As regards the quota, my Honourable friend, Mr Mody, has already referred to the size of the figures which has been agreed upon. I think we have to realise that Sir Joseph Bhore and his colleagues did their best in this matter for India's interests, but I must admit that a great many of us feel that the figure is very high and that the greatest watchfulness will have to be exercised.

I turn to the Lancashire Agreement. We wish to express our admiration for the patience and the tact with which Mr. Mody conducted the negotiations last time with Sir William Clare-Lees and his Delegation.

Mr. B. Das: Hear, hear.

Sir Leslie Hudson: I thought you would say "Hear, hear" Mr. Das.

After all, Mr. Mody has unfortunately been *badnamed* all over the country.

Mr. Gaya Prasad Singh: You admit that he has been *badnamed*.

Sir Leslie Hudson: Wrongly, I think.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Does he not deserve it?

Sir Leslie Hudson: But I am perfectly certain that Mr Mody was working at that time in the interests of India, not in the interests of any particular corner of India, but in the interests of India as a whole. I am glad to say that there are many in this House who believe as firmly as I do that the interests of India are bound up with those of Great Britain. We have heard several of them say so in the course of recent weeks In the matter of trade, the interests of India with Great Britain must be inter-dependent. The Honourable the Commerce Member said yesterday—and it cannot be stressed too strongly—that trade between all countries and nations must be mutual. It is axiomatic. If you want to sell your goods or if you want to sell your agricultural products, you must buy from the man that you will sell it to. We are merely going back to the original form of barter. Whatever may have been the origin of the determination of Lancashire to buy more Indian cotton, whether it was before Mr. Mody undertook his negotiations or whether it was during those negotiations that the necessity for Lancashire taking more Indian cotton was stressed, I do not know. But we do know that the Customs returns show that already more cotton is going to Lancashire than it has done in previous years. We do know that Lancashire has two qualified men in India at the present time going round the country ascertaining the qualities of cotton that India has to offer which will suit the Lancashire mills. We do know that one of these experts is to remain in India to assist in carrying out the intention of Lancashire to buy more Indian cotton.

Mr. Gaya Prasad Singh: Why was it not entered in the Pact?

Sir Leslie Hudson: I really think that if some of my Honourable friends would realise, as Lancashire has done, that inter-dependence of trade is a necessity, and would abandon some of their antagonism to everything British, it would be better for India, better for all of us. This view, I find, is growing. I will, with your permission, Sir, read an extract from the *Hindustan Times*. It is the statement by Mr. Chunilal Mehta, President of the Bombay Shroff Association and a Director of the East India Cotton Association, in which he says:

"The Japanese tactics of restrictions in allocating freight to non-Japanese shippers has brought about a serious situation in the Bombay cotton market to the great detriment of the Indian cotton-growers. Cotton, he pointed out, was being sold at distress prices that is considerably below parity. He did not think even the Government of India could effectively interfere with the Japanese tactics in this matter. At this juncture it is necessary and essential for the Lancashire spinners to come forward and take advantage of the very low prices of Indian cotton by buying a substantial quantity of Indian cotton. Lancashire spinners are much brought in front nowadays showing their very keen desire and great efforts to increase the use of Indian cotton. This is the time for them for practical demonstration of that desire by buying a good volume of Indian cotton and that too at a very cheap and advantageous rate. Otherwise the result will be that when they awaken to buy Indian cotton, they may find that it is dearer in parity and hence they cannot buy."

That shows that it is realised by the East India Cotton Association of Bombay, which is a very powerful body, that Lancashire is here to buy cotton and they realise that it is to be for the benefit of India that she should buy more and more.

Sir, I will not detain the House. There are other speakers who want to follow me and, as I have said before, there are certain matters which, we hope, will be very carefully considered by the Select Committee and we should like them to be amended according to our view-point. I, therefore, oppose the motion for circulation and support the Honourable the Commerce Member's motion for reference to Select Committee.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I shall be very brief in accordance with your ruling, but I must, in the first place, congratulate my Honourable friend, Mr. Ramakrishna, on his maiden speech and on the great interest he took on behalf of the handloom industry. I knew that, as a member of the I.C.S., he is fit to do any work that he puts his hands on. If he is the Diwan of Jaipur or if he is the Collector, or if he is an officiating Somebody in order to saddle upon us as much land revenue as he possibly can in the Tanjore district, I know he would have done it efficiently. And today we have got an instance as to how, after all these days of dabbling with land revenue in the State of Jaipur, he has taken on hand the interest of the handloom industry. He has fought for it, won its cause to some extent and will continue to do so, because I know that he is a young man with a great deal of energy. I have watched his activities in the Northern Circars, pushing up the Registrars of Co-operative Credit Societies and pushing up the growers of sugar-cane and other persons in order to enable them to make more money.

That said, Sir, I must thank you for your ruling, because otherwise I was going to take a great deal more time than I would, in order exactly to find out what the effect of this motion would be. I was particularly anxious for it for this reason that, so far as I remember, certain questions

were put in connection with this Mody-Lees Pact as well as the Indo-Japanese Agreement that we should have an opportunity here on the floor of the House to discuss the same. My Honourable friend, Sir Joseph Bhore, at that time I remember, I hope I am right, said that a full opportunity would arise when the decisions contained in those Pacts or Agreements, or whatever you call them, would be embodied in a Bill. The reason why I was going to raise this question was that in the Statements of Objects and Reasons, it is stated that the Government of India have accepted both these Agreements and, as a result, have embodied the terms of those Agreements in one case in modification of the Tariff Board's recommendations in this Bill I have no doubt, in accordance with your ruling, we shall have every opportunity to discuss the principles contained in both these Agreements as well as the details, but though I am not a pessimist generally, I think I can place two and two together and can say, without the slightest fear of contradiction, that when the Government of India have accepted these and when they have come to the conclusion that it is good for our country and when they have embodied it in the Bill, I shall be greatly surprised at the powers of persuasion of all the Honourable Members on this side of the House who would go and sit in that Select Committee to alter any portion even in the dashing of the 't's and the dotting of the 'i's. That is past experience, but past experience may prove useless, and I do venture to appeal to the Honourable Sir Joseph Bhore, who, Sir, beneath a very very soft and quiet and nice appearance, is very strong, and when he takes up a position, he knows exactly where he is and he would not budge an inch, I would ask him to view it from our stand point and then take up that strong attitude and support us in the Select Committee in order to amend it in the best interests of our country

An Honourable Member: Mend it or end it.

Raja Bahadur G. Krishnamachariar: No, you must go on with the protection, there is no use saying that you should end it.

I propose mostly to confine myself to the silk industry and I shall just pass in review the Mody-Lees Pact. There are two paragraphs with which the Pact begins. I do not know if ever you, Sir, have come across or if you have had occasion to study treaties that are generally made between high contracting powers, "the friends and enemies of the one shall be the friends and enemies of the other", that is always the *mantram* that they recite. Similar to that, there are two paragraphs here which say "that the parties wish to record their conviction that general benefit has been derived by all concerned from the full and frank exchange of views" and, in the next paragraph, they say "they are agreed that it would be in the best interests of the industries they represent to maintain and develop in the future the contracts which have been established and it will become a practice for views to be exchanged whenever circumstances render it desirable". I entirely agree with the spirit of the expressions contained in these two paragraphs I have said already and I repeat it again that I do not think it is anybody's desire on this side of the House to show a hostile front towards Britain and British interests. We do not want to do that. We shall go on with them as long as they like that we shall go on with them, but there is only one condition. I do not want to hear about the rivers of blood which my Honourable friend, Sir Henry Gidney, said the other day in spite of his anxiety to be one of us. I say, treat us as equals, do not enter into secret agreements and say all these

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things that you have said in the evidence before the Joint Parliamentary Committee. We are your men, we do no want to part from you, we want to remain with you, we shall deal with you. We want that you should deal with us, but not on your terms, but upon equal terms. That is what I would submit with regard to this.

The first clause, as is in the Agreement, is very good so far as that goes. They say that it is agreed that, under the existing condition, India is entitled to protection against the imports of the United Kingdom yarns and piecegoods, and then they say about the Government of India removing the surcharge and then that they will not ask for any duty. I confess that, so far as that is concerned, I believe my Honourable friends who have already spoken have dealt with it. There is only one point and that is clause 4 I should deal with this in detail when I am coming to the silk industry. But it says here that at present the duties are respectively 50 per cent and 35 per cent and they have reduced the duty to 30 per cent in both cases as referred to in paragraph 4. I should very much like to know, I am asking for information, I do not criticise, I want to know how many members of this Bombay Millowners' Association represent the manufacturers of silk piecegoods or those who deal in silk. How many of them represent the interests of those large growers of silk, those consumers of silk and then have come to the conclusion that the duty should be reduced from 50 per cent and 35 per cent to 30 per cent all round. I hope my Honourable friend, Mr. Mody, will enlighten me on that point.

Mr. H. P. Mody: We have not dealt with silk generally, but only with artificial silk and silk industry.

Raja Bahadur G. Krishnamachariar: I shall come to that. I know this deals with artificial silk. The reason why I put silk and not artificial silk is, as I shall show presently, that artificial silk has practically killed the local industry. When I will read certain extracts and give figures that have been submitted by the Mysore Silk Association to the Honourable Sir Joseph Bhore, I will show the effects of the artificial silk on the silk industry in India.

Mr. K. C. Neogy: There is a good deal of competition as regards silk.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

Raja Bahadur G. Krishnamachariar: The Tariff Board having supported protection, unfortunately have become soft-hearted or soft in another part of their anatomy, and they do not agree to the full protection.

Mr. K. C. Neogy: The Tariff Board recommended a specific duty of one rupee per pound on artificial silk yarn, whereas the Government propose three annas

Raja Bahadur G. Krishnamachariar: The Government have gone one step further, and I shall presently deal with the reason why they did so when I shall come to that The most important thing in the Bill, as my Honourable friend, Mr. Neogy, has pointed out with such great force and

logic which I am sorry, I cannot command, I do not intend to repeat all that he said, is only one thing. I ask, what these Lancashire gentlemen are going to do hereafter is not specifically and clearly put forward in black and white in this Article VI. I tell you why. My Honourable friend, Mr. Ghuznavi, either as the salesman of the Japanese hosiery or the only Muslim who understood business among the members of the Joint Parliamentary Committee, I am sorry for my Honourable friend, Sir Abdur Rahim, I am more sorry for His Highness the Aga Khan, because these other members, who were members of the Joint Parliamentary Committee, none of them knew anything about this business, except my Honourable friend, Mr. Ghuznavi, and what did our friend do there?

Mr. A. H. Ghuznavi: I was the only businessman.

Raja Bahadur G Krishnamachariar: Sir, I thought Mr. Ghuznavi had some other profession also. However, there is no harm in having two strings to your bow. But the trouble is this. If he was a businessman, I am afraid he overshot his mark. The greatest thing in an argument is to know where you should stop, and not where you should begin. My friend read something in great triumph for the edification of this House expecting that both his name and that of Mr. Mody will go down in history. By way of parenthesis, I may say that I am not going to read that history and God save our country from reading that history in which the names of these gentlemen will go down. I am not going to be alive when that history is going to be written, but I greatly pity the coming generation which would read the history of this subject where the thing is recorded that both Mr. Mody and Mr. Ghuznavi will go down to posterity. But that is only by the way. Sir, reading an extract from the evidence, he triumphantly pointed out the answer of those Lancashire people. What did they say?:

"We have appointed Committees. The other Associations have also joined in appointing Committees and we will do our very best."

But what is that best? It is that that I want to know. The question was if nothing has been done and, if so, how far what was done was successful. The answer is that Committees have been held and something will be done. I heard through the courtesy of my Honourable friend, Sir Joseph Bhore, ...

Mr. A. H. Ghuznavi: Will my Honourable friend read the evidence? It is not that something will be done, but something has been done.

Mr. K. C. Neogy: As a result of the Ottawa Agreement.

Raja Bahadur G. Krishnamachariar: I deny that, so far as the evidence placed before the House was concerned. My Honourable friend flourished something in the face of this House. He said he was going to read a portion of that evidence. The first gentleman said something and the next gentleman said something more, and my Honourable friend, Mr. Ghuznavi, probably thought he had given himself away too much and said: "You read the rest of the evidence; it is very interesting". I have no doubt it is. After dinner today, when I feel sleepy, I shall keep that book in my hands and quietly go to sleep. But we are now more seriously inclined in this House. You wanted to place certain evidence before this

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House. These gentlemen from Lancashire, who have been showered with congratulations for all that they did,—what did these gentlemen do? That is the question that you proposed yourself to answer. And the answer is: "You go home and read it." Sir, according to all rules of pleading, when you make a statement and you are not able to prove it, I say that statement is not correct until you are able to prove it. But I learn from Sir Leslie Hudson and Sir Joseph Bhore, the two gentlemen are here, that they are investigating, that they have got to adjust their machinery and all that and, therefore, it will take some time. But in the meanwhile we will buy such cotton as we possibly can. There is no such direct statement in this, and the reason why I want it is this. We are always told that the Indian mind is highly technical and they always want everything to be recorded in writing, whereas the habit of the English people is to allow everything to adjust itself and to muddle through, as Lord Rosebery said. But the reason why I want it is this. We have all heard of a document called the Queen's Proclamation. I thought it was a sufficiently important document as not to be whittled away, but a certain gentleman, called Mr. H. S. Thomas, who, I am sorry to say, came from my district to represent the Madras Government in the old Imperial Council when the Marquis of Ripon was the Viceroy, and when there was great agitation over the Ilbert Bill, pointed out the words "so far as may be" in one of the clauses of the Proclamation. Then, up rose the Marquis of Ripon and pulled himself to his full height and said that it was a calumny upon his country and its sovereign to read that solemn document in the way in which a quibbling lawyer would do; and the Marquis of Ripon said that he hoped that what he had read in a book which he considered as authoritative would apply to the Government of India, namely, that righteousness exalteth a nation. Sir, that is the result even when you have everything in writing; and when you want a certain thing not to be done, you refer to what you have said and say "This is all that we have said". But we people do not understand English; we do not know what the involutions and the convolutions of the English language are, and when they are confronted with a certain position which they took up, they say that is a settled fact. Sir, I suppose some day even Mr. Mody will leave this world, but this Agreement will last as long as the sun and the moon will last and whoever comes hereafter will have to read it and interpret it. That is the reason why I ask that this thing should have been entered in the form of a document.

Sir, there is only one point to which I will refer with reference to the rates that have been introduced. It is pointed out in the letter from the Joint Secretary of the U. P. Chamber of Commerce, Cawnpore, which is circulated to us along with this document:

4 P.M.

"The protection enjoyed by the textile industry at present against the imports from Lancashire is 25 per cent. The protection in effect works out at 17½ per cent when the import duties on cotton stores and machinery which the Indian textile industry has to bear are offset."

Then the result of this five per cent. decrease they point out in this way:

"The Lancashire-Bombay agreement aims at the reduction of the protection from 17½ per cent in effect to 12½ per cent which is bound to encourage larger imports from Lancashire to the detriment of the Indian industry."

Now, what is the *quid pro quo?* Some day they say they will buy such cotton from us as they possibly can. That is all right, but if you put it as a business proposition, I say there ought to be a *quid pro quo* and what you have got is not a *quid pro quo.*

Now, Sir, I proceed to this silk industry I do not intend to speak on the Indo-Japanese Agreement, because everybody who knew more about it than myself has already spoken, and there is no use wasting the time of the House by repeating what others have said. As regards the silk industry, my point is that the recommendations of the Tariff Board in connection with the sericulture industry has also been lugged in in this Bill as if it was a very subsidiary matter. The silk industry is a very important thing and, viewed from the agriculturists' standpoint, it confers today one of the subsidiary occupations for the agriculturist. The sericultural industry in India including the handloom weaving industry provides occupation to about two million people. Silk-worm rearing is of great economic importance to the agriculturist in the Provinces of India where it is being practised. About ten lakhs of families are eking out a decent livelihood by employing themselves in the several branches of the silk industry. About four crores of rupees have been invested in the industry by the poor agriculturists. In rural economy, sericulture plays a very important part. The cultivation of mulberry and the rearing of silk-worm afford a subsidiary occupation which enables the family of the agriculturist to turn its waste time to account by earning a return which in many cases makes all the difference between a half-starved life without any hope of improvement and a self-respecting confidence:

"Persons who cannot participate in production on account of health, age or social custom, can pursue the silk industry to considerable advantage."

That is the position of the sericulture industry, and I say a separate Bill ought to have been brought in in order to embody the recommendations of the Tariff Board in respect of the protection granted to it, so that we might have greater opportunities to discuss that, and that alone upon its merits.

Now, the silk industry has got a long story, but there is one thing which I would say as a prelude to it, that so long as the East India Company was in existence, they encouraged it to a very great extent in Bengal at the instance of the Court of Directors by offering bounties to the producers and all those who manufactured silk. But since the transfer of the Government to the Crown, the industry began to dwindle even in Bengal; and the Government appointed two gentlemen, named Maxwell Lefroy and Ansorge; these gentlemen have submitted a report which, if it had been given effect to, would have found the silk industry very strong. The Government of India have not done that. On the contrary, the sad plight, to which this industry has been reduced by allowing large quantities of imports from abroad, is shown by this position—I am taking the export figures of silk from India—that in the year 1860-61, the quantity of our exports of raw silk was 1,955,656 lbs. while in 1932-33, it was only 5,432 lbs. The cause of the decline in the export of raw silk is due entirely to the foreign competition and lack of assistance from the Government. When the competition from abroad gets the better of our production, our production naturally goes down and here are some figures which might probably interest the House which will show how much the production has gone down.

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While on this subject, I may point out that the imports of silk yarn, noils and warps into India from China and Japan increased—in the case of China from 307,799 lbs. in 1931-32 to 504,247 lbs. in 1933-34, while, in the case of Japan, it increased from 105,072 lbs. in 1931-32 to 580,884 lbs. in 1933-34. The Indian production, in consequence of this foreign competition, has gone down from 22·79 lakhs of lbs. in 1923-24 to 15 lakhs of lbs. in 1932-33. Similarly, in all kinds of industries, that we have got in silk, there has been a reduction, and, as has been pointed out here, the decline is due to want of Government assistance. Now, it is the fashion to say that in this country we look to Government alone for everything, and, whenever we do not get anything, we blame the Government for not taking care of us. That is not so in the case of silk. There is a gentleman of the name of Mr. Norton Breton, a great London authority on silk, and this is what he said before the Royal Society of Arts:

"Why should the Governments of these countries be so concerned in the establishment of sericulture and why should not private enterprise do it? I am all out for as little Government interference as possible but in the case of sericulture it is necessary to have the most stringent rules and regulations in regard to the industry if it is to prove successful. Silk worms are prone to infectious diseases and the reproduction of eggs has to be very strictly controlled. However careful private enterprise, in its own interests, might be to keep these diseases at bay, if there is no control, any Tom, Dick or Harry could start the business of egg production and start disease in the country. I think it is better that Governments should encourage the inhabitants to start the industry and exercise the necessary supervision in its early stages."

Sir, how important it is for the Government to render substantial assistance to the silk industry is very well illustrated from the following extracts taken from the Tariff Board Report (*vide* para. 205):

"In no part of the world has the industry flourished without such assistance. The history of the sericultural industry in France is practically the history of the bounties paid to it from time to time by the French Government to enable it to make necessary improvement and enhance its competing power. Italian practice in this respect has not been dissimilar. The amounts which the Japanese Imperial Government and each prefectural unit spends on the industry are about 90 lakhs a year at the current rate of exchange. These financial sacrifices have been more than justified by the enormous incomes which these countries obtain from their respective silk industries. We believe that any expenditure incurred on this Indian silk industry will be returned many times over in the shape of increased wealth and prosperity."

Now, I respectfully ask what has the Indian Government done as most of these other countries are doing? As regards China, we are in the habit of laughing at China and her ways—that it is all useless there and everything is in confusion and nothing is going to come out of China. What happened there was that last year the Banks had made advances on mortgage of the production of silk: and, as the prices of silk went down, all these dealers declined to redeem the mortgage, and what did the Government do? The Government came forward to help the silk owners by paying so much for a certain quantity of silk and in that way they relieved the owners of silk from their debt due to the Banks and enabled them to trade in silk without any difficulty whatsoever.

Now, Sir, if I had the time—I do not want to take up more of the time of the House than I would like to—I could show you that Chinese imports into India have increased to a very alarming extent. The table of imports of silk piecegoods shows that while in 1928-29 the number of yards imported was 21,872,848, in 1932-33 it went up to 34,957,931 yards,

and in 1933-34, during the first ten months alone, the figure was 32,875,168 yards. That is the position to which our silk industry has been reduced. Then, what about the import of artificial silk yarn into India? The imports of artificial silk yarn into India were only 5·77 million pounds in 1926-27 but these increased to 11 million pounds in 1933-34. For the first ten months of 1933-34, the imports are 7·5 million pounds. Sir, that is the position of this unprotected and yet very important industry.

Then, the Tariff Board at page 207 recommends the duty which could be imposed, but unfortunately the Government of India have reduced that duty and have made the following proposals As against Rs. 2-6-0 per pound proposed by the Tariff Board and Rs 3-3-0 as required at the present juncture, anticipated by Tariff Board, the Government have imposed a duty of Rs. 0-11-6 per pound, that is, Rs. 1-7-0 in all. That, Sir, is absolutely unfair to this industry, and I submit that, in view of the fact that this industry is handicapped in so many ways, the country is being flooded by foreign imports, while, at the same time, internal competition is increased, because there is no way of exporting the production from India, the protection that is afforded to this industry in this Bill is not at all sufficient.

Then, lastly, I want to say only one word with regard to the period for which this protection is to last The Tariff Board has recommended five years. What they say is that if, within these five years, the silk industry people behave like good boys, if they alter their mode of manufacture, if they reduce their cost and become more efficient, then they would inquire at the end of the five years whether these people require this protection at all, or whether they require more or less. But look at what they did with the cotton textile industry. My Honourable friend Sir Joseph Bhore, laid down three propositions as conditions precedent to the giving of protection to the cotton textile industry All three of them, in one way or other, related to efficiency, and what is the reply? My friend, Mr Mody, said "Not guilty". Yes, the reply was "not guilty",—but don't do that again.—that is what the Government of India said So far as the Tariff Board Report is concerned, if I had the time, I could bring to the notice of this House that the efficiency on which they had insisted in their last Report is yet very far away, and one of the reasons why they have given ten years is that by that time they would make up for lost time, they would increase their efficiency and deserve the protection granted to them. Now, I quite admit that nothing is perfect in this world. I do not want absolute mathematical perfection. My point is that, if in the face of this inefficient industry like the cotton textile industry,—I admit of course it is a national industry, but it has no right to be inefficient,—if for that inefficient industry you can recommend a ten years' protection, what is the reason for giving only five years protection to this silk industry?

My friend, Mr. Mody, talked about managing agents and the great deal of obligation that they conferred upon these mills. Now, Sir, I am not a millowner in Bombay, nor do I know anything about . . . .

Sir Cowasji Jehangir: Go and buy some mills.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

Raja Bahadur G. Krishnamachariar: I will do that but in the meantime, I am only troubled about what has recently happened to a group of

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mills in Bombay and about one mill of that group,—I think I read some report of the auditors which appeared in one of the papers. After reading that report, would Sir Cowasji, as my friend, advise me to go and buy a mill? No, Sir, I will never go and buy a mill.

Mr. H. P. Mody: Your accounts should be quite alright.

Raja Bahadur G. Krishnamachariar: My friend, Mr. Mody, said that the managing agency system was so nice and it was so absolutely necessary that even in the newly started sugar industry they had got a managing agency. The reason is this. Professor Marshall, the great economist, says that mankind which is generally foolish in its affairs does not become all of a sudden wise when it deals with economic questions. What has the cotton textile industry done? They have a managing agency system, and when somebody comes into trouble, then each one will come into trouble. I am not speculating. I am giving my friend the instance of this huge combine which has come to grief, and the story that the auditors give of the tactics of these managing agents is absolutely true,—Borrow plenty of money, use it for their own purposes, when the half-yearly period comes, borrow money from somewhere else and anyhow balance all their accounts and show, say, Rs. 13-4-6 to their credit. Then, on the 2nd of July, you find the whole of the amount is withdrawn. That, Sir, is the managing agents' efficiency, and I know that for want of money the managing agents of this huge combine went to an Indian State across and borrowed six lakhs of rupees over the mortgage of their managing agency. I did not know anything about it until I read the report of the case in the *Indian Law Reports* in which the question was raised as to whether the transaction connected with these six lakhs should be assessed to income-tax or not. That is how the whole story came up. So, what I submit is, that sort of managing agency does not do any credit to anybody. The Tariff Board was quite prepared to give a longer period of ten years of protection, but they would not recommend this period of protection to the poor silk industry which is tottering now, which would very soon cease to exist, if the Government do not, as the foreign Governments have done in regard to their own silk industry, come and help this industry. Why should the Government give only five years protection, Sir? I cannot understand the position I, therefore, respectfully appeal to my Honourable friend, Sir Joseph Bhore, that in the Select Committee he should give most careful consideration to this question and do his very best to aid this industry in the light of what the foreign Governments have done to their own industries, and thus rehabilitate the industry which, but for such aid, I am afraid, would cease to exist, and which is more national than the cotton textile industry. Sir, that is all I have to say

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair thinks today the House ought to sit till half-past five. Will that suit the convenience of every one?

Several Honourable Members: Yes, yes.

Dr. Ziauddin Ahmad: In a debate the Government Member has always the last word, and we can only reply from this side whenever a chance comes on a similar other debate. Last time, when we were discussing the Indian

Tariff (Amendment) Bill, my Honourable friend, Sir Joseph Bhore, in his speech, which is in my hand, brought out three very important points. I attended a course of lectures on the 'art of debates' in a school in London, and the lecturer pointed out three very important ways of meeting one's opponent. Whenever your opponent brings forward a very strong argument, you say that it is irrelevant. The second is that if he brings forward any other argument, say that you will give it the best consideration, but never think of it afterwards. The third is that when you expect any kind of reproach from your opponent, then begin to reproach him first And I dare say, my Honourable friend, Sir Joseph Bhore, attended the same school at a different time. (Laughter.)

Mr. President (The Honourable Sir Shanmukham Chetty): Does that tumbler of water indicate the time that the Honourable Member will take? (Laughter.)

Dr. Ziauddin Ahmad: He said:

"I think that it would be a futile task for me to attempt to answer my Honourable friend, Dr. Ziauddin, because no answer that has ever been given to him from this side is ever taken on its merits."

I brought forward, in the course of that debate, four important points, and this was the reply that he gave. I myself was to point out that "our arguments are not tested on their merits", but he began to reproach first.

Again he said there:

"I think that that is due very largely to the fact that like so many great minds he is afflicted possibly with absent-mindedness."

I say, though my Honourable friend may not admit it on account of his modesty, that he has a greater mind, and, therefore, he must be afflicted with a greater amount of forgetfulness, and I have also got a story to corroborate what I say. One day, when my Honourable friend, Sir Joseph Bhore, was exceedingly busy with his discussions with the Japanese Delegation and was settling a question of great importance, he and Lady Bhore were invited by some of their friends in Old Delhi for the same afternoon—Lady Bhore, knowing the habit of her husband, who was very busy that afternoon, went herself to the Secretariat to fetch Sir Joseph Bhore, but as Sir Joseph Bhore was very busy with his discussions with the Japanese Delegation, he asked her to wait in the waiting room. In the meantime, the discussions were over, Sir Joseph Bhore, forgetting that Lady Bhore was waiting in the waiting room, went home and there waited for Lady Bhore, while Lady Bhore was waiting in the waiting room in the Secretariat and their friends were waiting for both of them in Old Delhi. (Laughter.)

An Honourable Member: Is that true?

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): I must congratulate my Honourable friend on his flight of imagination. (Laughter.)

Dr. Ziauddin Ahmad: And so do I in his story of stick and corner.

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Sir, the next point which he said, in the course of the same debate, was:

"He has the utmost contempt for figures when they are produced by others than himself."

I have great respect for those figures which are printed and whose accuracy I can test myself, but I do not have any respect for figures which are not at our disposal and which my Honourable friend, on the authority of information which he may have received otherwise, quotes. For example, here, he says:

"I have it on absolute authoritative information that one single contract which has been placed in Japan, and which, I take it, would be effected if we granted such exemption, amounted to no less than 1½ million dozen pairs."

Such figures are misleading and actions taken on them are unjust.

About that the Japanese Delegation has brought to the attention of the Government the following:

"In cotton hosiery alone, the quantity that was cancelled is estimated to have amounted to 1½ million dozens."

The same figure was quoted in connection with two entirely different statements, in one case the order was placed for such an amount, but the fact is that this was cancelled by the whole of India, and these two are quite different statements. When figures are quoted, they must be quoted from printed statements, so that we may verify for ourselves. I have great respect for figures which are available to me and I have great disrespect for figures which are not available to me and whose correctness I cannot verify for myself. There is one remark about Mr. Mody. I call it an accident, that whenever there is a Textile Bill, there is always an "At Home" by Mr. Mody. There is absolutely no question of finding the cause or effect. This is an accident, but what logicians call an inseparable accident. Whenever there is such a Bill, there is an "At Home" simple or accompanied by cinema or *nautch*. (Laughter.)

Leaving out these stories, I come to the serious side of the question. There is a great difference between the position of India and England, so far as textiles are concerned. England is not a cotton producing country; we are cotton producers. England has got no cottage industry; we have got an established cottage industry. In England, the whole of the textile industry is concentrated in one particular place; in India, it is scattered all over the country. Though Lancashire could speak for the entire textile industry in England, nobody could speak on behalf of the entire cotton textile industry except the Government. What is the position of the Bombay millowners in this? Out of 100 persons, who are engaged in textile industry, I can say that 70 persons are engaged in cotton growing and 30 persons are engaged in the textile manufacture. How many in cottage industry, I can quote figures here:

"By 1911 the total number of persons supported by cotton spinning, sizing and weaving had declined by 6·1 per cent but was still nearly 6,000,000, of whom only 237,000 were factory workers."

According to these figures, the percentage of factory workers to total persons engaged in weaving comes to less than five per cent., but the figures quoted today by my Honourable friend, Mr Ramakrishna, show that the percentage is about ten per cent. So, I take his figures and consider that the number of factory workers compared with the entire

workers engaged in spinning and weaving is only ten per cent. Therefore, the millowners represent only three per cent of the entire textile interests in this country, and the Bombay millowners, representing half the mill industry, cannot possibly claim to speak for more than 1½ per cent of the textile industry in this country.

Mr. H. P. Mody: Who represents the other 97 per cent?

Dr. Ziauddin Ahmad: 70 per cent are cotton growers, and, out of 30 per cent, 27 per cent to handloom industry,—and Mr. Mody can claim only half of the remaining three per cent.

Mr. H. P. Mody: How is that?

Dr. Ziauddin Ahmad: Mr. Mody has got a very good head for calculation and he wants me to explain it once again. Out of 100 persons, 70 are cotton growers, and 30 are left . . .

The Honourable Sir Joseph Bhore: Will my Honourable friend produce the printed figures?

Dr. Ziauddin Ahmad: Yes, I am quoting from the census report.

Supposing the textile industry is represented by 100, from the census report you will find that 70 per cent of the population of this country is engaged in agriculture Therefore, if it is 100, then 70 represents cotton growers and 30 is represented by manufacturers of textile.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): What about paddy?

Dr. Ziauddin Ahmad: And since the share of the millowners—the number of the hands in the mills is only ten per cent of the total, therefore the mills represent only ten per cent of 30, that is three per cent only of the total textile interests.

Mr. Mody has repeatedly said that he represents only half of the mill industry According to my calculation, he represents only 1½ per cent of the textile industry. When we come to discuss this question, we will see how far Mr. Mody is authorised to speak on behalf of the textile industry.

Now, we have got three things before us, the Tariff Board Report, the Japanese Agreement and the Pact between Lancashire and the Bombay millowners. I have read the Tariff Board Report very carefully. From the point of view of the millowners of Bombay, I respect it, and put it over my head, but, from the point of view of the handloom weavers, I throw it in the waste paper basket. It is practically nothing. They never made any local inquiries. They collected reports from the Directors of Industries and from various Governments, and from those they compiled their own report, and I am sure, had this duty been entrusted to Dr. Meek, he would have produced a better chapter on the handloom industry than the one given to us by the Tariff Board, because their conclusions are not supported by their own arguments.

When we come to the cottage industry, my friend, Mr. Ramakrishna, pointed out the importance of this, and I think time has come when a Tariff Board inquiry is needed for this particular industry. Here we find that this contest between the handloom industry and the mill industry

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is a long standing one. In 1894, a five per cent *ad valorem* duty was levied on cotton yarn, but it was found to effect adversely the cottage industry; so, in the year 1896, the duty on cotton yarn was abolished and an *ad valorem* excise duty of 3½ per cent was levied on the mill industry and this particular duty continued till it was abolished in 1926. This is a question which should be considered by a Tariff Board on the cottage industry, whether we should or should not reimpose this excise duty which was levied in the year 1896, in order to protect the cottage industry

I now come to the Agreement with Japan. I take this opportunity to express my appreciation and the appreciation of the Assembly and of the country of the able manner in which Sir Joseph Bhore carried on the negotiations on behalf of the country and on behalf of the Government of India Till we actually saw the Agreement, we never expected such an achievement, and I assure him that he has got the entire country behind him in this particular negotiation. We have given to Japan a quota of 325 million yards on the understanding that she takes one million bales of our cotton. We have given her 18 per cent of our entire import We have further promised an additional quota and the maximum will never exceed 22 per cent of our entire import. It will come to about 20 per cent, that is, one fifth of the entire import There is one small omission to which Mr Mody also drew attention It was said that we have made no provision for the manner in which cotton will be taken from India to Japan. At present this export is entirely in the hands of the Japanese shipping companies and they could so regulate their conditions as to dictate the price of cotton in this country The price of cotton is a very fluctuating element in the country, and unless we sell cotton at a reasonable price, it will not be possible for us to continue its cultivation. I notice that the value of cotton was 19·23*d.* per pound in the year 1919-20. and now it has fallen to 4·32*d.*, that is, about one fifth. This is an uneconomic price for the cotton grower, and unless we have some understanding with the Japanese Delegation about the export of this one million cotton bales, I apprehend that the transit may be so regulated that in practice they will dictate the price of cotton I do not like to dilate on this This has been discussed very carefully by my friend, Mr Mody, and I hope, that in future discussions, this particular point will be looked into.

The next thing I would like to emphasize is that once we have fixed the quota for Japan, then I do not see any necessity for a system of specific duties We had better agree to what Japan has herself said in her terms, that is, put on 50 per cent *ad valorem* duty or 5½ annas per pound. Take up her condition and remove the specific duty altogether The specific duty was necessary for the protection of the home industry, but a quota has already protected them. Japan can no longer compete with us and in that case I do not see any necessity for introducing any specific duty and add unnecessarily to the burden of the consumers. My friend, Mr Mody, pointed out that the price was rather uneconomic and then he said that he did not consider about the volume or the prices. He said that the only point he would consider was the price index, and that is just what I quote to him I notice that the price index of the manufactured cotton has not fallen to the same extent as it has fallen in cotton itself. The people who purchase the cloth do so by selling their cotton, and we find that the index price of cotton has fallen much more than of the manufactured article. Here I have got a printed book

'A Review of the Trade of India in 1932-33", and, on page 8, I find that the price index of cotton manufactured in June, 1933, was 150, while the price index of cotton was only 87. The price index of rice was only 65 and the price index of wheat was 86. Therefore, the price index of wheat, rice and cotton is much lower than the price index of manufactured cotton.

Mr. H. P. Mody: I will explain it to you afterwards.

Dr. Ziauddin Ahmad: Now, Sir, coming to the Lancashire Agreement, and here we have got three points of view, first the Agreement itself, second the manner of doing it and the third the effect on the Ottawa Agreement. As regards the benefit which India has given to Lancashire, the terms of the Agreement are very definite They are giving this particular preference which is quoted in this Agreement and which is put out in this Bill, but as regards the benefit to our own country, that is something very indefinite and it merely says that "it was further agreed that other avenues of co-operation in this field should be explored in the interests of the Indian cotton grower" That is really the whole of the benefit, and even my friend, the Honourable the Commerce Member, when he advocated the acceptance of this particular Agreement, had no other argument but one and he said: "We ought to keep up friendly relations with Lancashire and with England" Of course, there is no question on this side of any unfriendly relations with either Lancashire or with England. We never questioned it. We are really proud of being part of the British Empire, but when you have a kind of Trade Agreement, it must be to the mutual advantage of both, and it must not be one-sided. Sir, we had the discussion on the question of Imperial Preference in 1930. I was at that time a member of the Independent Party, and my Party decided to remain neutral.

Mr. H. P. Mody: No, the whole of the Party supported it. (Laughter.)

Dr. Ziauddin Ahmad: All right, at any rate I supported it at that time. When we came to the Ottawa Agreement, there was a good balance sheet before me, and, in spite of the opposition from some members of my own Party (*An Honourable Member*: "Most members"), very well, I supported it, because I saw very clearly the advantages and disadvantages on either side and I was convinced that the advantages outweighed the disadvantages and the balance sheet was in our favour. But, in this particular case, the balance sheet is entirely against us. On the credit side, it is zero, and on the debit side, there are all those preferences which are given here. Therefore, in this particular case, I do not reconcile myself, however well-inclined I may be towards Lancashire and towards England, to agree to this particular trade convention, because it is only one-sided. It gives everything to Lancashire, it gives nothing to us except expressions of goodwill which are mere platitudes and pious hopes. Sir, some of our friends raised this question that if we accept this particular Agreement, it will be exceedingly good for our future political reforms. Now, if they can guarantee to give us Dominion Status, with all the powers which Canada, Australia and South Africa enjoy, I tell you that we will sacrifice the entire mill industry in this country, we will wear nothing but Lancashire and cottage goods (Hear, hear),—and this is a good bargain—we will wear nothing but either Lancashire goods or our cottage goods made in our own

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country, and we will sacrifice two hundred Modis and three hundred Scotts, and other millowners in favour of Lancashire (Loud Applause), provided, of course, that our hopes on the constitutional side may prove something tangible. But if there are only vague platitudes and expressions of pious indefinite hopes, at least we would not agree. The debit is very high, but the credit side consists only in mere expressions of pious hopes of Mr. Mody—from which possibly he himself may have benefited. (Laughter.)

Sir, here I had better relate one more story. There was a magistrate who wanted to help a particular advocate A. Whenever any case came up before him, he asked his reader, "On which side is Mr. A—for the plaintiff or for the defendant?" Not being satisfied when he was on neither side, he sent for advocate A and said: "Though I know you are not appearing in this case, there is a law point which I want you to explain to me." And, afterwards, the value of that advocate grew up so high that he was always engaged and he was always paid a retention fee by many even if he was not engaged on either side. Now, I do not want to enter into these things, but certainly, whenever any protection is required anywhere, Mr. Mody will be always in demand.

Sir, I really think that this particular Agreement is really against the spirit of the Ottawa Agreement and it is really a repudiation of that Agreement. I will just give you a little story about that, to illustrate my point. There was a man who hired a *dagh*—that is, a very big kettle in which one can cook several maunds of rice. Next day, he returned it along with a small kettle. He said that that big kettle gave birth to the smaller one. The owner accepted the small kettle thinking that his client was a fool. The story was repeated half a dozen times. The seventh time, however, he came weeping, saying the big kettle died. He was seriously questioned and the client replied that anything which produces a child must also die. He was sorry for the death of big kettle. (Laughter.) Sir, we accepted the Ottawa Agreement and we gave ten per cent preference to British goods. If it is now desired to change this ten per cent to twenty per cent and twenty-five per cent, it is repudiation of the Ottawa Agreement. If we are entitled to change this figure by *plus* ten and *plus* fifteen, we are equally entitled change it to *minus* ten and *minus* fifteen. If we are entitled to discuss that the figure ten ought to be changed to twenty-five in the Ottawa Agreement, we are equally entited to say, if we so desire, that the change should be *minus* ten in all items which are given in the Ottawa Agreement,—and a change by *minus* ten would restore the normal position. Therefore, I consider that this change of ten per cent to any other figure is really a sort of repudiation of the Ottawa Agreement: and if you seek to change it to a higher figure, we are also authorised to change it to a lower figure; and I think that is not a very desirable thing to do. Sir, I lay very great emphasis on the fact that this Agreement ought to have been taken up by the Government themselves. But Government have shrunk from their responsibilities in not taking prompt action and leaving it in the hands of persons who represent only 1·5 per cent of the textile industry in this country. Sir, the Government are the Government of the people, the Government are not the Government of the mill industry of Bombay. (Hear, hear.) Had the Government conducted the negotiations in connection with this particular Agreement, they would not have overlooked 75 per cent of our cotton-growing people, they would have put down in

the Agreement what quota they are going to have, what preference they are giving to our own cotton, and so forth, in order that they may come to the country with a good conscience. The case, Sir, that my friend, Mr. Mody, represented, was only a one-sided case. He really left the whole matter to be disposed of on the assurance of mere platitudes and pious wishes which the Government of a country could never have allowed to be done.

Now, the next point I take up is the question of cotton growing, which I will not dilate very long upon, because that has already been done by my Honourable friend, Mr. Ghuznavi. As I find from the book, India produced in 1931-32 about 4¾ million bales, but I find from the figures of the previous years that India could produce six million bales if there was demand for it. This year also, I am told by my friend, Seth Abdoola Haroon, that six million bales have been produced, but the report is not before me. The home consumption is about 2¼ million bales, and there we have to find a market for about four million bales somewhere else. Out of these four million bales, the Honourable the Commerce Member has already provided a market for one million bales. Therefore, it is but just and reasonable that we ought to provide a market for the remaining 3½ million bales as well and sell them at an economic price. By economic price I mean that our cotton should be sold at six pence per lb. at Liverpool and that, I think, is the modest price in this particular case.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Is my Honourable friend talking about six million bales as the current crop or as the crop the country can produce in the most favourable circumstances?

Dr. Ziauddin Ahmad: I quoted only 4¾ million bales according to the figure of 1931-32 and the highest figure of six million bales was in 1929.

The Honourable Sir Frank Noyce: That is correct.

Dr. Ziauddin Ahmad: The figures of this year I have not got before me, but my Honourable friend, Seth Abdoola Haroon, has got more information, and he says that it is about six million bales this year. Even the Tariff Board on page 220, No. 45, accuses the Government for not doing anything for the export of cotton from this country and they have said that their recommendations have not been carried out *in toto* on account of the financial stringency. Therefore, very little has been done to find market for our cotton industry and also to fix up the prices at a really good level.

Now, the next thing that I wish to take up is the question of the cottage industry. I do not wish to go into detailed figures as they have been very ably produced by my Honourable friend, Mr. Ramakrishna, and I would just like to take them up where he left them. He has made out a case that the cottage industry requires very great support and I agree with him. I would, first of all, like to take up the report of the Tariff Board. They say that very little imported yarn is used in the Indian mills. They go on to say:

"And most of the yarn which is now imported is used by the handloom industry either for special purposes for which suitable Indian yarn cannot be obtained or because of a definite preference for its regularity and even quality."

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The Tariff Board, therefore, says that the imported yarn is used only by the cottage industry and not by the mill industry. Now, I have got another quotation from a book called "The Lancashire and the Far East". On page 281, they say:

"The imposition of a 5 per cent import duty on yarns in 1922 was a blow at the native handloom industry and the further change in the tariff in 1927 making the duty 5 per cent or 1½ anna per lb, whichever is higher, will mean that the Indian Millowners will soon be in a position to keep up the yarn prices sufficiently high to drive the handloom weavers out of existence."

If the price of this yarn is kept up very high, then these handlooms will never be able to compete with the mill industry and will be driven out altogether. I have got some figures, and I would request the Honourable the Commerce Member to follow them carefully.

The Honourable Sir Joseph Bhore: If the Honourable Member refers me to the printed document, that will be sufficient.

Dr. Ziauddin Ahmad: These figures are all from printed documents except that I have copied them. The cottage industry weaves 13,012 million yards. This supports from six million to ten million persons. So really speaking, one person is to be supported by the income of 220 yards which he can weave all the year round. Since four yards of cloth is produced in one pound, therefore, his entire yearly income is the profit which he gains by weaving 55 pounds of yarn in the whole year.

5 P.M.

My Honourable friend, Mr. Scott, gave me to understand that, it was in the interests of the handloom weavers, to raise the specific import duty from 1½ anna to four annas and he said that the strongest argument that he could produce in favour was that I did not agree with him. That is really the argument that he brought forward in support of his raising the duty from 1½ anna to four annas.

Mr. J. Ramsay Scott (United Provinces: European): I never said four annas. I said three annas.

Dr. Ziauddin Ahmad: You said three to four annas.

Mr. J. Ramsay Scott: Three or four annas, that does not matter: it is all the same.

Dr. Ziauddin Ahmad: I only took his maximum number.

Now, my friend, Mr. Mody, also tried to make me believe that the increase of duty on cotton yarns would be for the benefit of the cottage industry. Unfortunately, I could not follow the logic of this chain of argument. He said clearly that the whole of this yarn was to be used by handloom industry, and if you increase the price by putting a special duty by four annas a pound, then it would take away a fairly big morsel from the profit which they would earn throughout the year and the margin of profit would be very small indeed.

Sir Cowasji Jehangir: What about the mills that manufacture yarn out of Indian cotton?

Dr. Ziauddin Ahmad: I can sacrifice all these mills. I am in favour of the cottage industry, and I do not care for the mills. I have got with me the figures showing the price of yarn also. In the year 1932-33, the price of the yarn was 13½ annas per pound In the previous year, it was 15½ annas, and then it was one rupee. This year we imported 45·1 million yards from outside and the Indian production was 10,16 million yards all the year round. Now, a cottage weaver has to live on a profit of 55 pounds, and they pay 13½ annas per pound for the purchase of yarn. So, by a small calculation, you can find out how much is left as a profit for maintaining them all the year round. It comes to about eight annas a month, because there are certain other charges This is a very small profit. If it is an established fact that the imported yarn is used exclusively by the cottage industry, then I see no justification whatsoever to take a portion of the profits of these very poor people by putting a specific duty or any duty whatsoever, and we ought to go back to the conditions which existed before when there was no duty on yarn. That is really one of the most important points for the cottage industry. Sir, if we continue on this particular line and allow the mill industry to develop in their own way and to compete with our cottage industry, then the time will soon come when we will have to protect the cottage industry against our own mill industry and a special Tariff Board would be necessary and I will be a very strong advocate of it.

There is one point about protection. So much has been said about the management of the mills in Bombay. I have neither prejudice nor anything against them, but unfortunately any book that I open, and I have several of them before me, they have always got a para. on the mismanagement of the Bombay mills. My Honourable friend, Mr. Sitaramaraju, quoted yesterday from Mr. Utley's book, and I have got another book before me and that is the "Cotton Industry of India" by Mr. Pearse, and on page 12 of his book, in comparing the administration of the Indian mills with Japan, he writes:

"India is the only country where most of the mills are run on a system of 'managing agents'; instead of one managing director there is a firm of managers."

—just as you have a firm of auditors—

"Principal duty is to finance the mill; this firm has frequently too many kinds of business to attend to besides the mills. Mills in Bombay left largely in care of men trained to look after machinery of one department, but not in possession of organizing or commercial ability. Lack of intimate contact between Head Office, in the city of Bombay and mill at the outskirts. Mill agents employ selling brokers, and are not in direct touch with client"

Then he gives details for Japan in a parallel column. The Tariff Board also recognised the importance of appointment of a Committee to look into this. Though I do not speak with authority on this question, it appears to me to be a chronic disease and any one, who writes on the textile industry in India, has got a para. against the administration of these managing agents in Bombay and I think the time has come that if we want to give them protection, we should see that they have got a certain amount of efficiency, and to secure this efficiency, I think we should follow the recommendations of this Tariff Board and appoint a special Committee to look after this particular problem.

As regards protection, I need not go into the details, because the principles have already been laid down by the Honourable the Commerce Member and I entirely agree with them. But I add one more condition.

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There ought to be some kind of periodical report which should be printed and circulated among the Members of the Assembly about the progress made by that particular industry. This is only one more suggestion that I want to add to the five suggestions which he himself made in the opening speech about protection.

Before coming to the general remarks, there is one more point to which I should like to make some reference. We have just finished discussions on the Tariff (Amendment) Bill, and unfortunately we did not agree with the Government on certain points. We on this side said that the data from which the conclusions were drawn were not complete, and we did not believe in the temporary shelter, because the temporary shelter really was a kind of burden on the consumers, and it was removed immediately. It cannot stand long, and cannot face the storm or the floods. Sir, we did not agree to the principle of raising the price level of manufactured articles. At any rate, these were the differences of opinions and we thought we had finished with them. We had honest difference of opinion, we were defeated from this side after a big fight and we thought that the whole thing was over. But unfortunately the hosiery, on which we had so much talk, reappears again in this particular Bill, and the whole controversy which we thought was closed and buried now reappears in this particular shape. I cannot see any argument for bringing forward again in another shape the same old question about hosiery which we discussed in such great detail some time ago. Of course, in this particular case, it is part of the textile industry. No doubt hosiery and other things form an essential feature of the textile industry and they are rightly dealt with here. But to take it as a measure by itself was not justifiable when it was to be treated along with other textile articles on this occasion. Here I would also suggest that we ought to have followed the principles that were laid down in the Agreement with Japan. We give them a little quota, whatever the quota may be, and it should be determined by considering the amount of our consumption, the amount of our manufacture and the amount of imported articles from various other countries. You give them a quota and, after fixing that quota, follow your own recommendations and put a duty of 5½ annas per pound and, in that case, our home people will be able to compete favourably, because there will not be an enormous influx of the articles in this country and there will be a limited number of articles with which they can compete. Everybody has said that we cannot produce the entire amount of hosiery in a year. If we take two or three years to produce them, you can give Japan a little quota and diminish that quota year after year, so that, within three years time, you might altogether remove that quota and we might be able then to manufacture the entire requirements of India, so far as hosiery is concerned. This was really the best way of dealing with this subject instead of putting a very heavy duty. At the present moment, as has been repeatedly said on the floor of this House, that the duty proposed is not sufficiently a protective duty, it is neither a protective duty, nor is it a revenue duty for the purpose of raising money and so it is a duty to provide a temporary shelter, and I do not believe in this temporary shelter. We ought to decide definitely whether we want to protect the industry or not. If we decide to protect it, then do it in the proper manner. Call the spade a spade. I am in favour of protection, provided it satisfies all the conditions laid down for protection. I say that unless we can produce the entire amount immediately required, in this country, we must provide the quota system which would gradually diminish within three years time and then altogether vanish.

Mr. J. Ramsay Scott: We can supply about 75 per cent. of the Indian requirements at the present moment.

Dr. Ziauddin Ahmad: If the Government are satisfied that Mr. Scott can supply 75 per cent. of India's requirements, then out of the balance of 25 per cent. which are left, I would give a quota of ten per cent. to Japan and the remaining 15 per cent. to the United Kingdom and other countries. I submit that the mere statement of my Honourable friend, Mr. Ramsay Scott, is not sufficient. I want authoritative figures from the Government on this particular point.

There are several points to which I want answers from the Honourable the Commerce Member when he gets up to reply next time. I will now give the Honourable the Commerce Member only four points and I hope he will note them down and give answers when he gets up to reply. The first point is this. Will the Honourable Member please tell me why the report of the Tariff Board dealing with hosiery was not placed in our hands while we were discussing the first Bill about hosiery industry and why it was given to us on the very day we deposited our report and our minutes of dissent? The second point is, why did the Honourable Member introduce hosiery twice over in two different Bills and why was he not able to make up his mind definitely and put forward his proposals in one Bill and not two Bills? Why is he specially unkind to this item? The third point is this. Does hosiery form or does it not form part of the cotton textiles? If it does, why was it separated and why was it not included in the Japanese Agreement? In the Japanese Agreement, the Honourable Member could have fixed a quota just as much as for the other things. Some of my Honourable friends say that it was not possible. But I should like to be told on the floor of the House by the Government as to why it was not possible and whether an attempt was made and, if so, why it failed. If these things could be divulged without violating the confidential nature of the negotiations, I should like to have a reply on this point. The fourth point is this. Have you not decided to give protection to this particular industry, and please let us know what is the total amount of consumption in this country and what is the amount which is produced and manufactured, Province by Province, and, if possible, the details of size and quality should be given, and unless these figures are given, it is impossible for us to make out whether protection is needed or not. These are the four points on which, I hope, my Honourable friend would give me suitable answers and I hope he would not have the recourse to those tactics which my Honourable friend must also have learnt in schools in the art of debate, namely, to avoid the good arguments put forward by the opponents.

Before I sit down, I wish to draw attention of the Government to another point. The time that is given for the Select Committee is very short. We will be discussing the Finance Bill throughout this week and the next, but if we have complete holidays we can no doubt finish this Select Committee in four or five days. But since we will be fully engaged in the discussions on the Finance Bill, I think it will not be possible for us to submit our Report within the time allowed. We can only go through the Bill in a cursory manner and it will not be possible for us to go into details of the figures which our colleagues expect them to. The second thing is that before taking votes on that day, I should like to have your ruling whether it is right for persons who are financially interested in a particular industry to serve on the Select Committee which deals with this matter. It may be at least established by convention that if any person

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has got financial interests in a certain thing, either as manager or manufacturer, or anything else, he should not be a member of these Committees.

Mr. M. Maswood Ahmad: Consumers also should not be there. (Laughter.)

Dr. Ziauddin Ahmad: No, their interests have to be safeguarded. This is a point which I should like to represent.

Dr. F. X. DeSouza (Nominated Non-Official): Sir, I rise to support the motion that this Bill be referred to Select Committee, and, in doing so, I should like to make certain observations arising from the Report of the Tariff Board.

The first observation I should like to make is that the Tariff Board's Report makes its recommendation for protection dependent upon the fulfilment of certain conditions, and this Bill, while it accepts the recommendation, ignores those conditions In reviewing the conditions, under which the cotton textile industry works in India, the Tariff Board's Report makes special mention of the managing agency system which, it says, is unsuited to modern conditions, is vicious in principle and while enriching the managing agent prevents the investor from sharing the full benefit of protection to the great detriment of the shareholder himself as well as of the tax-payer who has to foot the bill to the extent of protection. The Tariff Board, therefore, recommended, as a condition precedent to protection being granted, that an immediate scrutiny should be instituted for the purpose of investigating the conditions under which this managing agency system works in India so that early legislative action may be taken to amend the Companies law. That, Sir, as I understand the Report of the Tariff Board, is the first condition it imposes upon protection being granted to the industry.

The second condition is regarding labour. The Tariff Board in a careful summary notices the disparity of labour between India and her principal competitor, Japan, and they say that, notwithstanding any protection that may be granted, it will be not only very difficult for the cotton industry to maintain itself, but its very existence will be precarious in competition with the Japanese industry. The Tariff Board mention that, in order to equalise labour conditions with competing countries, the efficiency system was tried by the Bombay millowners in 1929, but it was opposed by organised labour by wholesale strikes. Therefore, the efficiency system had to be scrapped. In order to improve the condition of labour, therefore, the Tariff Board recommends that the Government should take in hand, as the Government of Japan had taken in hand, a general diffusion of the right sort of education amongst the millhands, the encouragement of a sympathetic attitude towards labour on the part of subordinate employees, and generally Government should take steps to see that the conditions under which labour has thrived to such a remarkable extent in Japan may be introduced so far as possible in Indian mills. That is the second condition subject to which the Tariff Board recommends the grant of protection.

The third observation the Tariff Board makes is this that, while ordinarily protection should be granted and can only be granted to infant industries struggling for existence, yet in the case of an industry like the cotton industry which has attained its maturity, protection may be granted in consequence of what they call a temporary deterioration or atrophy. They say the temporary deterioration of the cotton industry today is due to the general economic depression and to the depreciation of the yen. But,

reading between the lines of their Report, it is clear that they have a suspicion that what they regard as a temporary deterioration may become a permanent deterioration and that what they call an atrophy may become a paralysis. Then, again, they maintain in a closely reasoned argument that there is very little chance or prospect of the cotton industry being able to dispense with protection in the near future whatever amount of protection may be granted.

But, in spite of those counter-indications, the Tariff Board recommend that protection should be granted to this industry on the following grounds. They say that it is a national industry employing nearly 1½ million labourers in the textile industry worked by power and nearly ten millions of workmen employed in the handloom industry. They say it employs capital to the extent of 80 crores of rupees in power alone, that it furnishes an outlet for Indian cotton and that the employment of labour in Bombay and other large centres is closely connected with questions of public order. Lastly, they conclude by saying that the prosperity of the City of Bombay and the Presidency of Bombay, as well as the maintenance of law and order among the large working population of that City, can only be maintained if the existence of the industry is guaranteed by continued protection. It comes to this then that every man, woman and child in this country, who wears any kind of clothing, should be taxed in order to find employment for the millhands in the City of Bombay to prevent them from breaking the law, and, secondly in order to enable the millowners to keep up the amenities of their beautiful City.

When the proposition is put in this way, it seems to be somewhat startling that a recommendation of this kind should be made. Persons with a historical sense will recall the later days of Imperial Rome when the Emperors kept the turbulent urban population in good humour by doles of bread and by public games. The Government of India apparently are recommended by the Tariff Board to keep the turbulent population of Bombay in order and the millowners in good humour by giving them doles by way of subsidies, grants and protection. But they forget that, in the days of Rome, the granaries of Egypt were inexhaustible for the supply of bread and that the manhood of the Danubian principalities were at the beck and call of the Emperors to furnish a number of gladiators ready to shed their blood to make a Roman holiday. But today the condition of the masses in India is such that it is impossible that they can bear an extra penny of taxation. In a most thoughtful speech made by my Honourable friend, Sir Leslie Hudson, during the last Budget debate, the Leader of the European Group stated that the condition of the agricultural masses in this country had, owing to the depression, become desperate. He suggested that any further taxation might bring about an awful catastrophe, an agrarian revolution. To the same effect comes a cable today from London where Mr. Calvert, an eminent Punjab Civilian, who knows all that is to be known about the conditions of agriculture in this country, maintains that the condition of the agricultural masses is so bad, that their credit has been reduced and exhausted and that under the Reforms the urban population, who are more vocal, are taking full advantage of the rural population . . . .

Mr. B. Das: Blame the ratio and the Finance Member.

Dr. F. X. DeSouza: He makes this statement and he makes a gloomy prophecy that, as a consequence of these conditions, between the years 1941 and 1945, there is bound to be a grave famine throughout India.

[Dr. F. X. DeSouza.]

In this state of the country, is it advisable, I ask most respectfully, that any further taxation should be imposed upon the agricultural masses by way of further protection? It seems to me that it is no answer to say, as my Honourable friend, the Commerce Member, has said, that in spite of the heavy protection, in spite of the 75 per cent. protective duty which he has levied, there has been no rise in prices. True. I accept his figures; there has been no rise in prices. But cheapness and dearness are relative terms. What will be cheap to you, Sir, with your enormous wealth, is very dear to me with my moderate means; and the agriculturist who three years ago sold his rice at Rs. 8 a bag in our part of the country cannot get Rs. 3 for the same quantity today; and is it right to say to that man that the same price is maintained as it was three years ago and that clothing is no dearer? No. It seems to me that every penny of taxation by way of protection makes the condition of the agricultural masses more and more grave and difficult.

In pursuing this line of argument, I do not say that I am not in favour of protection. I am in favour of protection. I prefer it, because I know what the dangers of not giving protection in Bombay just now are; and I prefer to face the evils that I know rather than the evils of which I know nothing. What I wish to ask this Government to do is to prevent the appetite of the capitalist and the millowner grow on what they feed, to prevent them, like Oliver Twist, always asking for more; and that can be done by laying down certain principles subject to which the protection now granted will be continued. I, therefore, most respectfully ask the Government and the Honourable the Commerce Member to make a statement of policy in this House as a condition precedent to protection being granted, that, as recommended by the Tariff Board, he will immediately institute an inquiry as to the working of the managing agency system, so that the Company Law could be amended accordingly: secondly, that, as recommended by the Tariff Board, he will take steps to improve the condition of labour in the manner suggested in that Report; thirdly, that he will establish an agency for the management of the mills in such a manner as to conduce to the best interests of the industry, such as providing for a dividend equalisation fund and other reserves which really make in the long run for economy in the management of mills and industrial concerns.

It may be asked, what right has the State to interfere in the management of private industrial concerns But where the State grants a protection of this nature, the State has a right to see to the allocation of every penny that it votes. But even otherwise, in these days of democracy, with regard to industry generally, the era of individualism and *laissez faire* has gone for ever, and the era of democratic control over industries will have to be ushered in. Otherwise, the result will be socialisation of these concerns such as we see in Russia. The lines which I have suggested indicate the need for planned economy and unity of control in the manner described by my Honourable friend, Mr. James, in the Resolution he moved the other day. It is not a case for the isolated efforts of one Government Department. It is a matter involving legislation, education, sanitation and agriculture. It should be disposed of by a Committee of the big three of the Executive Council, and then I think the collective wisdom of the Committee will be able to evolve a national policy which, while coordinating the several agencies of production to work at maximum efficiency, will minimise the need for protection and when that protection is necessary, make the consumer feel that it is in his own interest to keep unemployment at its minimum.

I shall not weary the House—I shall not take more than three or four minutes more. However, there is one silver lining in the cloud from the point of view of the agricultural masses in this Bill, and that is the promise given by the Honourable the Commerce Member of a grant-in-aid of 3½ lakhs for co-ordination of the handloom industry. Sir, I have always considered the handloom industry in this country, especially in the part of the country from where I come, as really a national industry, because it is an industry which employs, as I have said, ten million souls. It is not only a national industry because of the large number of operatives employed in it but I call it a nation-building industry, because, Sir, it finds work for the unemployed agriculturist during six to nine months in the year, and though this work is not highly paid, still the poor agriculturist is able to earn something which prevents him from being pauperised as the unemployed are in European countries. It prevents him from that horrible lowering of morale which the recipients of doles in England and other countries are exposed to. I feel, Sir, it is a nation-building industry,—nay I go further and say, it is a nation saving industry, an insurance against unemployment, a most effective substitute for the unemployment dole. Sir, it is in this sense that I consider that the spinning wheel, the Charkha and Khaddar, as is held by a certain section of politicians of this country, will lead to the salvation of this country, and I say that, not by way of defiance to any other country, but by way simply of defence of this country's interests.

Sir, I was surprised to hear my friend, Mr. Mody, this morning, when he said that this was the only country in the world where the handloom industry flourished side by side with the powerloom industry and was not snuffed out. It is nothing to be proud of. It is rather an indication of the extreme poverty of the masses of this country; it is an indication of the readiness with which some sort of employment, however poorly paid, is accepted by the people in order to keep starvation off. Sir, that is all I have got to say.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 15th March, 1934.

LEGISLATIVE ASSEMBLY.

Thursday, 15th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

RULING *RE* PROCEDURE OF SELECT COMMITTEES.

Mr. President (The Honourable Sir Shanmukham Chetty): On the 15th of February, 1934, the Honourable Member, Mr. N. M. Joshi, requested that the Chair might have some directions about the procedure to be followed in Select Committees, especially with reference to making available to the House the documents and information placed before Select Committees. The Chair has examined this matter carefully and gives the following direction for the guidance of all Select Committees of this House.

Unless otherwise specifically directed by the Assembly, the meetings of Select Committees should be held within the precincts of the House. The sittings of all Select Committees should be private and no strangers or representatives of the Press can be admitted to meetings of the Committees. Under Standing Order 40, sub-section (*4*), a Select Committee may hear expert evidence and representatives of special interests affected by the measure before them. While this Standing Order empowers the Select Committee to hear expert evidence *suo moto*, it is silent as regards the powers of Select Committees to send for papers and records or to compel the attendance of witnesses. A Select Committee of this House cannot have greater powers than what the House itself enjoys under the Constitution. Under the existing Constitution, this House has not got the right to compel either the Government or any other person to produce documents and papers or to compel persons to appear as witnesses. It follows, therefore, that Government have the right to place before a Select Committee only such papers and records as they are prepared to place before that Committee. All material placed by Government before a Select Committee should, however, be available to the Members of the House. In other words, a Committee of this House cannot have any information which cannot be disclosed to the House as a whole. The House, therefore, has a right to examine all the papers and records which are made available to any Select Committee. Similarly, all evidence tendered before a Committee should also be available to the House. As a matter of practical convenience, however, each Select Committee should decide what relevant documents and information, which were available to them, should necessarily be made available to all the Members of the House, so that the discussion in the House of the report of the Committee may be complete. Such documents and information will be printed and made available to the Members of the House along with the report of the Select Committee. No document or report placed before

[Mr. President.]

a Select Committee should be published until it has been presented to the House.

When witnesses are summoned by a Select Committee, it must be made clear to the witnesses that their evidence would be treated as public and is liable to be published, unless the witnesses specifically desire that all or any part of the evidence tendered by them is to be treated as confidential. It must, however, be explained to the witnesses that, even when evidence is tendered in camera, such evidence is liable to be made available to the Legislative Assembly.

The members of a Select Committee are at liberty to refer on the floor of the House to all documents and information given to the Committee. A member of a Select Committee cannot, however, refer to remarks made by other members of the Committee during the course of the discussion in the Committee or to any negotiations that took place amongst the members in the course of the sittings of the Committee.

The Chair hopes that this ruling will make clear the procedure of Select Committees.

The Honourable Sir Brojendra Mitter (Leader of the House): You said that evidence given before a Select Committee must be available to the House. I understand that, but there is no machinery for recording evidence in the Select Committee. How is it to be made available to the House?

Mr. President (The Honourable Sir Shanmukham Chetty): What does the Honourable Member mean by saying that no machinery is available for recording that evidence?

The Honourable Sir Brojendra Mitter: In Courts, there are short-hand-writers, who take down evidence in shorthand; but there is no such machinery for Select Committees. Evidence may be oral or may be documentary. So far as the evidence is documentary, there is no difficulty, but for oral evidence, there is no machinery for recording it.

Mr. President (The Honourable Sir Shanmukham Chetty): Whenever a witness is summoned before a Select Committee, the Select Committee must see that Reporters are made available to the Committee to take down the evidence in shorthand. The Chair thinks that that practice has been followed in the past. When witnesses were summoned before the Joint Committee on the Reserve Bank Bill, evidence was taken in shorthand.

The Honourable Sir George Schuster (Finance Member): An exact note was not taken, because the discussion was rather conversational. A summary was taken.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Whatever evidence is given and recorded must be available to the House.

THE INDIAN TARIFF (TEXTILE PROTECTION) AMENDMENT BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the motion* moved by the Honourable Sir Joseph Bhore for referring the Bill to Select Committee and the amendment† moved thereon by Mr. B. Das.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Normally the course of discussion on a measure like this in this House would have been confined purely to an examination of the merits of the various proposals that have been placed before it by the Honourable Member for Commerce, but it is obvious, in the course of this debate, that many extraneous circumstances have been referred to, and if I were to begin my discussion this morning by an advertence to some of those circumstances, I crave the indulgence of you, Mr. President, and of the House.

There are two Agreements which have been embodied, broadly speaking, in the proposals of the Commerce Member, the first, an Agreement to which he himself and some of his colleagues on behalf of the Government of India were parties with the Japanese Delegation, and the second, an Agreement between the Bombay Millowners' Association and the Lancashire Delegation. It is obvious, in the first place, that these two Agreements do not stand on the same footing, that the sanctity attached to the one cannot obviously be attached to the other, and there is no use of any Member of this House suggesting that the private Agreement between the Millowners' Association and the Lancashire Delegation is as sacrosanct and ought to be examined in the same spirit as the Indo-Japanese Agreement. One concerns two Governmental Delegations; the honour and the confidence which each Government enjoy at the hands of their Legislature and people is involved in the acceptance of one of the Agreements, whereas these considerations are not present in the case of the other. In fact, the Honourable the Commerce Member has realised this essential aspect of it, because he has ventured to make changes in the Bombay Millowners' Association's agreement with Lancashire, whereas no changes have been proposed, and I believe all attempts at modification will be strenuously opposed by the Commerce Member so far as any proposals with reference to the Agreement with Japan are concerned. I want to make that perfectly clear to this House, because there has been a great deal of misunderstanding over the relative positions of these two Agreements. Mr. President, it has been suggested that these Agreements have been made—I am referring now to the Agreement for which the Bombay Millowners' Association is responsible—this Agreement has been made having regard to political

*"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection) be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B. Sitaramaraju, Dr. Ziauddin Ahmad, Mr. B. Das, Mr. K. P. Thampan, Mr. S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhoria, Mr. C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J. Ramsay Scott, Mr. F. E. James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr. G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

†"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

[Diwan Bahadur A. Ramaswami Mudaliar.]

motives and that in coming to conclusions, the Bombay Millowners' Association did not have the interests of the industry at heart, but had some extraneous considerations relating to the political status and reforms for this country. Normally speaking, where an industry has come to an agreement with another industry and has accepted the amount of tariff that is necessary for the protection of that industry, men like myself who are not concerned in the industry would have only one duty to perform, not to propose an increase in the tariff, because *a fortiori* the industry itself does not require it, but if possible to lower the tariff because from the consumer's point of view and from the point of view of the general public a lowering of the tariff might be necessary. If, therefore, the Bombay Millowners' Association comprehending the entire group of millowners in this country had come to an agreement with the Lancashire Delegation that a certain percentage of protective duty was necessary for them, I venture to state very broadly that there would have been no Member in this House who could have with any justification got up and suggested that a higher duty was necessary. A complication has arisen from the fact that a section of the millowners have not accepted that Agreement and have gone about suggesting that that Agreement provides much less protection than what they require. Not only that. They have tried to make capital of the fact that in this Agreement the principle of Imperial Preference is involved and that they will not be parties to the Agreement because of this assumption of the principle of Imperial Preference. Now, I want to examine that fact broadly and to place before the House the point of view of these dissentient millowners, at any rate of some of them, how far are they consistent in their point of view, in their opposition to Imperial Preference and what is the remedy that they really require. My Honourable friend, Mr. B. Das, took upon himself the task, may I say the thankless task, of advocating the cause of the dissentient millowners and opposing the principle of Imperial Preference.

Mr. B. Das (Orissa Division: Non-Muhammadan): It is my proud privilege as a nationalist.

Diwan Bahadur A. Ramaswami Mudaliar: My friend was a party to several Imperial Preference Bills in this House.

Mr. B. Das: I have always opposed them.

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend opposed what he considered to be Imperial Preference in 1930, but he did not choose to walk out.

An Honourable Member: You approve of that policy of walking out?

Diwan Bahadur A. Ramaswami Mudaliar: No, but I am entitled to show his inconsistency, because he quotes leaders, he quotes gentlemen with approval who carried their conviction to the extent of leaving this Assembly on that famous occasion. My Honourable friend has suggested that Mr. Mody represents only the Bombay Millowners' Association. He is returned from Bombay and he cannot speak on behalf of the Ahmedabad millowners. Now, I ask my friend, Mr. B. Das, whether it is doing justice to himself in espousing the cause of a set of people who do not care to be represented in this Assembly, who will not enjoy the franchise that has been given to

them, who refused to exercise that franchise, but by back door methods want to have their point of view expressed on the floor of this House. Is it the fault of my friend, Mr. Mody, that he represents the millowners, both of Bombay and Ahmedabad to the best of his ability? Is it his fault that he tries to help them when the franchise was extended to these gentlemen and they declined to exercise their right of electing a Member, in spite of reminders from the Government of India? I venture to say that if gentlemen or associations do not want to co-operate with this House, decline to look at this House and do not want to enjoy the franchise that has been given for sending a representative to this Assembly, then this House should show some hesitation in accepting at its face value, I do not wish to put it more emphatically, the suggestions, recommendations or protests that have been sent up by such associations or bodies.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran · Non-Muhammadan): What logic is this?

Diwan Bahadur A. Ramaswami Mudaliar: I will explain to my friend what the logic of the statement is. Here is an association which does not send its representative to this House. To this day, the seat of the Indian Chamber of Commerce in Bombay is vacant in this House, and yet what do they do? I can understand an honest straight-forward policy of non-co-operation. I respect my Congress friends who have got out of this Assembly, who refuse to come to this Assembly, who will have nothing to do with it, but when I see gentlemen filling the galleries of this House, waiting in the corridors of this Assembly, going to the Honourable the Commerce Member in scores and dozens in deputations time after time, putting him to all the trouble and the travail of going through their interminable quotations and interminable working out of costs, then, I say, it is a dishonest form of non-co-operation, and the sooner this House expresses its disapproval of that dishonest form of non-co-operation, the better it will be for all concerned.

Mr. Gaya Prasad Singh: Do you call the representatives of the Congress dishonest, because some of them came to watch the proceedings in the gallery in connection with the Temple Entry Bill?

Diwan Bahadur A. Ramaswami Mudaliar: That was entirely different, because they only approached the Non-Official Members. They did not approach the Government. They did not claim any protection from the Government. They did not claim the assistance of the Honourable Members sitting on the Treasury Benches, and, I repeat again, I have got respect for that attitude, but I have no respect for the attitude shown by these gentlemen. (Interruption by Mr. Lalchand Navalrai.) I do not want to give way to my friend. Mr. Lalchand Navalrai. I say, this is a dishonest form of non-co-operation and I say so, because of the very reason that my friend, Mr. Raju, put forward. He said "I can understand a set of people who are in one camp or the other, but we cannot understand a set of people who have got one foot in one camp and another foot in another camp, who want to have the pleasantest things of both the worlds, men who want to be nationalists, pose as super-patriots, and, therefore, keep out of all this open discussion, but when they are really interested in getting all the

[Diwan Bahadur A. Ramaswami Mudaliar.]

advantage that this Government and this Assembly can give, they come in behind the screens and get all the protection they can out of the Government and the Assembly". I shall show how, in the course of these discussions in the last few months, their attitude has been thoroughly inconsistent.

Now, let us further examine this subject. These gentlemen say that they are opposed to Imperial Preference. Quite right. All honour to them, whether it is based on an economic argument or a political argument, if it is a sincere opinion. Whether as a commercial organisation, dealing only with commercial questions, they are entitled to express these political opinions, I shall examine later. But what has been the history of their antipathy to Imperial Preference, Mr. President? Were not these gentlemen parties to an agitation before the Honourable the Commerce Member, at the time, to increase the duties on Japan to 50 per cent? Were they not parties to the agitation? Did they not later form groups of deputationists, wait on the Honourable the Commerce Member and ask for a 75 per cent. duty on Japanese goods, and were they not aware that they could not have that duty only on Japan but must have it also on goods that came from outside the British Empire? These gentlemen having swallowed a 50 per cent. duty and then a 75 per cent. duty on non-British goods, is it not somewhat too late in the day for them now to boggle at what they term Imperial Preference especially when the difference in the respective duties now is smaller than it was when they asked for a 75 per cent. duty on non-British goods? It seems to me that there must be a protest against this sort of attitude. If you want to deal with these things on the high platform of politics, do so by all means, but if you want to deal with it purely as an economic question on its merits, let it be so examined. Come forward with a straightforward economic scheme, whereby your legitimate interests can be protected, but to get the advantage of the negotiations by the millowners on the one hand, and to hold out that you are super-patriots who will not at any time be parties to an agreement which involves Imperial Preference, is, I venture to repeat again, not playing the game. Politics seems to be the last refuge of a few of these dissentient millowners. I do not wish to say anything more.

Mr. President, there has been a good deal of criticism in the Press that while the Indo-Japanese Agreement is unexceptionable, the millowners' Agreement is wrong for a variety of reasons. Now, it seems to me somewhat curious that gentlemen, who only the other day insisted on a 75 per cent. duty and urged the executive to put that 75 per cent. duty, have now changed their attitude and accept that 50 per cent. duty is sufficient for their purposes. They are blessing the Indo-Japanese Agreement. I am thankful that it is so, because I do not want these duties to be unnecessarily increased. Let us take the Bombay millowners' Agreement now. What is the main criticism that has been launched against it apart from the criticism of Imperial Preference? They say that there is no *quid pro quo*. The Indo-Japanese Agreement can be defended on the ground that there is *quid pro quo*, but not the Lancashire Agreement. I was sorry to see that my Honourable friend, the Leader of the Democratic Party, fell into that trap. It is a very clever trap and it requires very great caution before we can escape the clever traps

which the millowners, whether they belong to the Bombay Millowners' Association or to the Ahmedabad Millowners' Association, often lay for some of us. The trail of the serpent is over them all. Now, what is the *quid pro quo* of the Indo-Japanese Agreement and what is the lack of a *quid pro quo* in the millowners' Agreement which is alleged. The *quid pro quo* in the Indo-Japanese Agreement is supposed to be that Japan has agreed to take a certain amount of raw cotton. Sir, I have an inconvenient memory for Press agitation particularly carried on by Bombay or Ahmedabad millowners, and I remember that, in the months of November and December, when some of us in the House were exercised over the fact that Japan might continue the boycott of our raw cotton, these gentlemen—and I now speak for all of them whether they are dissentient millowners or the other section of millowners—all of them said it was a myth to talk of the continued Japanese boycott of raw cotton. They said that Japan could not do without Indian cotton, that she must use this short staple cotton for its industries and, therefore, all this talk of boycott of Indian cotton was moonshine, and that Japan is bound to come to the Indian market, that India produces a monopoly of the short staple raw cotton, the sort of cotton that is required by the Japanese mills, and that there is, therefore, no force in the boycott threat. Was not that the position which they took on this point? I ask my friend, where is the *quid pro quo*? If Japan is obliged to buy Indian raw cotton and is obliged to buy Indian raw cotton for manufacturing those very goods that she is sending to us, then, I ask, what is the *quid pro quo* which Japan has given us for our taking a certain quota of her goods? And the same gentleman retorts that there is no *quid pro quo* so far as England is concerned. By hypothesis, if Mr. Khaitan says in the *Hindustan Times* of November 3rd that Japan is bound to buy raw cotton and that this idea of a boycott is moonshine, I say by hypothesis there is no *quid pro quo* for the Indo-Japanese Agreement any more than there is a *quid pro quo* or lack of it for the Bombay millowners' Agreement. But the fact does not exactly stand in that light. We have come to an Agreement as regards the quantity of raw cotton that Japan will take. I think it is a good thing for our agriculturists. I believe that it is a substantial help to the agriculturists Sir, I shall not blow hot and cold like the millowners. Sir, has not England done something in this direction? It is not in the Agreement. My Honourable friend suggests that that is not so. It is true that it is not in the Agreement.

Mr. N. M. Joshi (Nominated Non-Official): That is the complaint.

Diwan Bahadur A. Ramaswami Mudaliar: I am coming to the complaint. My Honourable friend, Mr. Neogy, referred to the Ottawa Pact and said that that Pact decided that Lancashire should buy our cotton and, therefore, he asked what was the additional help that we might get even with the vague promises and general assurances that had been extended to us by this Delegation? Now, let me read the actual clause of the Ottawa Agreement, so that Honourable Members may know what exactly was promised by His Majesty's Government at that stage:

"His Majesty's Government in the United Kingdom undertake that they will co-operate in any practicable schemes that may be agreed upon between the manufacturing, trading and producing interests in the United Kingdom and India for promoting, whether by resort to propaganda or improved marketing, the greater use of Indian cotton in the United Kingdom."

[Diwan Bahadur A. Ramaswami Mudaliar.]

In the first place, it is to be the result of an Agreement between the trading and manufacturing interests, and that is exactly what was attempted to be done—what has been done by the Bombay Millowners' Association.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Will my Honourable friend oblige the House by reading out clause 29 of the memorandum submitted by the Manchester witnesses before the Joint Parliamentary Committee in which they stated what they understood by the arrangement? I never said that the Ottawa Agreement made anything compulsory for them, but this is what they say they understood the Agreement to be. What more, I ask, has been achieved under Mr. Mody's Pact? That is what I want to hear from my Honourable friend.

Diwan Bahadur A. Ramaswami Mudaliar: I am, of course, coming to the Manchester Millowners' Association and to the evidence of Mr. Rodieur. I have not forgotten the Honourable Member's very strong criticism on that, and I should like to present my own view.

Now, as I was saying, through the Ottawa Agreement His Majesty's Government said that they would co-operate if an Agreement were arrived at between these two parties. No agreement was arrived at before the Bombay Millowners' Association met the Lancashire Deputation and it seems to me they have been carrying out the terms of the Ottawa Agreement, when this particular Agreement was attempted and has been successfully completed. Take, again, the question whether England is using more, or less, cotton. I venture to suggest that within one year after the Ottawa Agreement itself, apart from this Trade Agreement, the United Kingdom has tried to use more cotton, and that is exactly what the Manchester Merchants' Chamber of Commerce has tried to say in their memorandum. Apart from this Trade Agreement, and apart from any conclusions that may be arrived at between the industrial and manufacturing interests in the two countries and the Government in England, attempts have been made in England for the greater use of Indian cotton. My Honourable friend, Raja Bahadur Krishnamachariar,—I am glad he is here—asked what has been done by Great Britain to promote the greater consumption of raw cotton. The United Kingdom has tried, during the last year, during the last ten months particularly, to stimulate the consumption of raw cotton from India. Let me give my Honourable friend the figures. In the ten months ending the 31st January, 1932, the total value of raw cotton consumed by the United Kingdom was Rs. 1,26,00,000. In the first ten months, ending the 31st January, 1933, the total value was Rs. 1,20,00,000. In the first ten months, ending the 31st January, 1934, that is to say, from the 1st April, 1933, to the 1st February, 1934, the total value of raw cotton consumed by the United Kingdom was Rs. 2,30,00,000—that is, more than double the consumption for the corresponding period of last year.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): May I ask my Honourable friend what specific steps the United Kingdom Government have taken to encourage the greater use of Indian cotton?

Diwan Bahadur A. Ramaswami Mudaliar: I shall leave that to the Honourable gentleman who had the advantage of discussions with the Manchester and Lancashire representatives.

Now, take the quantities. Perhaps Honourable Members might think that the "value" is not a correct appreciation. The corresponding quantities are:

	Tons.
In 1931-32	24,000
In 1932-33	20,000
In 1933-34	42,000

for these ten months,—the value reflecting more or less the quantities that have been consumed, namely, more than double.

Mr. N. N. Anklesaria: May I ask my Honourable friend what specific steps the United Kingdom Government have taken to encourage the greater use of Indian cotton?

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member does not know.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): I can answer my Honourable friend.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Will my Honourable friend tell me what is the proportion of imports into England of Indian cotton after October 1933, when this Pact was, I understand, completed?

Mr. H. P. Mody: I gave the figures yesterday. I would like to say that, within the last five months, the quantities taken by Lancashire are exactly double of what they were for the corresponding period of the previous year.

Raja Bahadur G. Krishnamachariar: My friend, Mr. Mody, is of course all right. He is perfectly enthusiastic over it, and it is not always good that a man should be an advocate of his own cause. He has got an estimable person on the other side, but I would ask my Honourable friend, the Diwan Bahadur, who is a careful student of statistics, if he can tell me, if he has no objection, what is the total quantity or total value or both of Indian raw cotton that went into the United Kingdom after October, 1933, when this Pact was entered into.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I have not got the figures for every month, but I will give to my Honourable friend the figures for January of this year after the Bombay millowners' Pact. In January, 1933, the total quantity exported to the United Kingdom, was 3,800 tons, and in January, 1934, the total quantity was 7,200 tons. My Honourable friend ought to be satisfied that even after, as he thought, the inhibiting influence of the Bombay millowners' Pact with Lancashire, the use of raw cotton in the United Kingdom has gone up by nearly cent per cent.

Mr. K. C. Neogy: Is it not a fact that, in the case of Germany, the figure has gone up by 100 per cent if you compare the figures of January, 1932, and January, 1934?

Diwan Bahadur A. Ramaswami Mudaliar: It may be a fact, but it is a very irrelevant fact . . . .

Some Honourable Members: Why?

Diwan Bahadur A. Ramaswami Mudaliar: . . . . and I hope that Honourable Members of his Party who follow Mr. Neogy will try to show how it is relevant.

Mr. K. C. Neogy: Do I understand that there was a pact between Mr. Mody and Germany also?

Mr. H. P. Mody: There might be a little later.

Diwan Bahadur A. Ramaswami Mudaliar: Mr. President, I was pointing out that, apart from this Agreement, the United Kingdom was encouraging the use of cotton and that these vague generalisations were not so vague as all that, and that, since the Agreement, that process of encouragement has also gone on. One has only to follow the newspaper reports from time to time to find that sincere and very earnest efforts are being made by the Lancashire industry to try to use more of Indian cotton than they were using before. I am sure, they realise the extreme importance of such a step. But anyone who knows the conditions of the industry knows the difficulty of the situation. In the mills, as Lancashire has them at present, raw cotton from India cannot be used easily. Certain changes have to be undertaken and certain modifications have to be arrived at before it can be accepted. And that is exactly what is being tried and tested at the present moment. As my friend reminds me and as it was stated in the newspapers this morning, a permanent Commissioner has come out; the Chairman of the Cotton Committee is also here, and they are both in collaboration with the Executive Committee of the Bombay Millowners' Association. I cite these facts, because those who are interested in agriculture and those who are interested in the greater use of raw cotton will take note of them and will use them properly.

Now, I come to the evidence of the Manchester Chamber of Commerce, about which great play has been made by some of my friends, and I was surprised to find that so careful a student as Mr. Joshi of these proceedings should have fallen into the mistake of stating before this House that greater safeguards and double safeguards had been asked by the Manchester Chamber of Commerce after the millowners' Pact than they asked for before. I hope that, at any rate, that part of his statement he will retract as an unjustifiable exaggeration. (Interruption by Mr. N. M. Joshi.) My Honourable friend's statement is that, after the millowners' Pact with Lancashire, the safeguards have been doubled.

Mr. N. M. Joshi: I did not say anything about their being doubled or quadrupled. I simply said that after the Pact the Lancashire Delegation gave evidence and asked for a safeguard which was never mentioned before in the Round Table Conference proceedings.

Diwan Bahadur A. Ramaswami Mudaliar: May I know what that safeguard is?

Mr. N. M. Joshi: That safeguard is about the fiscal autonomy of India. India should not use fiscal autonomy in a way as to injure the interests of Lancashire.

Diwan Bahadur A. Ramaswami Mudaliar: Now, Sir, the Manchester Association sent in a memorandum some months back. Later, the Lancashire Delegation came over to India and met the Millowners' Association with whom an Agreement was arrived at. At the time when evidence was being given in London, they had just a scrappy idea of this Pact. A cable report had gone to England that an Agreement had after all been arrived at. Immediately afterwards, the Association sent in another note, what it called a preface, and it is emphasis on the preface that is important. That emphasis has been laid by Mr. Jayakar, Sir Phiroze Sethna and by my Honourable friend. (Interruption by Mr. B. Das.) That preface suggested that they cannot withdraw and will not withdraw their case for safeguards so long as there are friends like Mr. B. Das in this House and also friends of the Millowners' Association outside who show so keen anti-British spirit and who show that they mean to hurt Britain and not to help themselves. So long as that spirit is in this country and so long as any section of the people want to show an anti-British attitude, merely because it is anti-British and not because it helps the industry, how can any honest man and a man with commonsense expect these people to withdraw the safeguards that they have asked for. (Applause from the European Group.)

(Interruption by Mr. C. S. Ranga Iyer to which the speaker did not give way.)

Mr. President, I want to speak out my mind this morning and I realise that I cannot do so if there are shouts from all sides of the House. I am glad that I have got this opportunity and it is time that people in this country should know that there is another side of the case. It is time that people elsewhere should know that there is another side of the case. Therefore, I beg of my Honourable colleagues not to treat me as discourteous if I do not give way, and I beg of you, Mr. President, to see that by mere shouting or by interruptions my speech is not seriously affected so far as the listening of it by the Honourable Members of this House is concerned.

I said that this preface showed a change of importance so far as the Delegation is concerned. They show that they believe in the settlement of these problems by mutual goodwill and by nothing else. They show that the trade of Lancashire can depend not on Statutory safeguards or on the powers that a Viceroy or a Governor may have, but on the goodwill and the cordial relationship that must exist between the people of India and the people of Great Britain. That is the point of this preface and this preface had been especially prepared and put forward before that Committee, because of the Agreement that had been arrived at between the Millowners' Association, Bombay, and the Lancashire Delegation. That Agreement gave them a hope that there was a change in the angle of vision; that Agreement gave them an assurance that there were people in this country who were prepared to be fair to them and at the same time safeguard their own industry; that Agreement showed to them that India was not full of people who were chauvinists and who were

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Jingoes and who were out to be aggressive without any purpose and who were out to make their exuberant energy felt only in the dircetion of hostile demonstrations doing no good to themselves and to their country and certainly not promoting the interests of the industry which they are supposed to own. It was on account of that that this preface was given to the Joint Parliamentary Committee. And, in the course of the evidence, what did they say? My Honourable friend, Mr. Joshi, has gone out of the House quite disgusted with the line of argument that I am following. I do not envy him. It goes against the whole grain of what he is accustomed to. But I am out this morning to speak things which Members of some sections of the House are not accustomed to hear. Let me read the very interesting answer that this Delegation gave to the Chairman:

"Do you desire to make any statement apart from the memorandum and the preface?"

—Mr. Rodieur answered on behalf of the Delegation—

"We should just like to say that since we composed this evidence we sent out a Mission to India to confer with Indian Millowners and the Government of India and we have an emphatic preference for solution by co-operation as being preferable to some of the arguments that we have advanced perhaps in the joint evidence."

That is a statement which can only have been possible if they were assured that there was some section in this country, however small it may be, and I trust it is a very large section, who are prepared to examine this question on the merits and are not out merely to have their names featured in broad streamers and headlines in some of the newspapers in this country. Take, again, the evidence they gave when Mr. Jayakar asked some questions:

"*Q.* May I just put a few questions because before I begin may I congratulate you on the spirit of your preface?

A. Thank you, Sir.

Q I suppose you are satisfied that the method of co-operation and goodwill is the right method in such matters as you said in a previous answer?

A. Yes, Sir.

Q. But do you not think that you will get better terms from India by the adoption of this method rather than by having strict provisions in the constitution?

A. I think we have said so in the evidence.

Q. You agree that you will get better terms by the adoption of the method than by having strict provisions in the constitution?

A. In the main, yes."

Then follow their demand for strict provisions in the Constitution also. Why? Exactly because there is still a section in this country who wants to put forward these difficulties, who wants to give the impression that there is an anti-British feeling in this House regarding trade, that they will not have any kind of fair method of assessment of the difficulties of the trade in these matters. I want to say that anyone, who has followed the discussions either regarding these commercial discrimination clauses or safeguards, knows how from time to time the position has been worsened by this sort of agitation. Many Honourable Members have been telling us stories, but let me tell what is a fact. At the first Session of the Round Table Conference, some of my Honourable friends, who were keenly interested in trade and commerce, entered into

an agreement with some of the British interests there and some of the members of the Joint Select Committee, who are Britishers, Lord Reading notably, and came to an understanding about the sort of discrimination that should be avoided. That is embodied in the Federal Structure Committee Report and it forms part of an appendix there. The exact terms having been come to by agreement, what happened? That great body, the Federated Chamber of Commerce, on the executive body of which my Honourable friend, Mr. B. Das, is so distinguished and Honourable a Member, immediately had a conference and tore that agreement into pieces; it attacked it in a thousand ways and it said the same thing of that agreement as it is now saying of my Honourable friend, Mr. Mody, that they were all traitors who were there and they were all people who had sold the country and were treacherous to the cause. The result was that, at the Second Round Table Conference, when some of the elite of the Federated Chamber of Commerce were present as delegates, an agreement was arrived at which is at least cent. per cent. worse from the Indian point of view than the agreement which was arrived at at the First Round Table Conference. My Honourable friend took the names of very great men indeed yesterday. Sir Phirozeshah Mehta! Who can think of Sir Phirozeshah Mehta, who can mention that name without awe and without reverence and without a feeling that here was a man who had stood by his country, who was practical, who did not suffer any nonsense and who was determined to see that the interests of his country was the first and foremost consideration whether those interests were threatened by Britishers or whether these were worse threatened by a coterie and a clique of his own countrymen. Who are those in charge of these matters? My Honourable friend, after referring to Sir Phirozeshah Mehta, talked of the Chairman of the Maharashtra Chamber of Commerce. Times have indeed changed A vulture indeed rules where once an eagle reigned. That is the sort of fall that has come in the commercial community of this country.

Sardar Sant Singh (West Punjab: Sikh): So has the fall come in this Assembly.

Diwan Bahadur A. Ramaswami Mudaliar: I entirely agree with my Honourable friend, and so in this Assembly. Unfortunately tapers and tadpoles of some Parties are filling the places where once the leaders were. I am aware of that, most acutely aware of that.

Sardar Sant Singh: So we both agree on that point.

Diwan Bahadur A. Ramaswami Mudaliar: We shall agree on many more points as we proceed with this debate.

My Honourable friend talked of the Federated Chamber of Commerce, and you know, Sir, that that Federated Chamber of Commerce, immediately after this Agreement, had passed a resolution condemning, as I said, the whole Pact. Mr. President, let me be forgiven for referring to a personal matter at this stage. There are only two occasions when I have sent congratulatory messages to an Honourable Member sitting on the Treasury Benches. One was on the occasion when the Indo-Japanese Agreement was signed and the other was on the occasion when even this Government declined to appear before the Federated Chamber of Commerce after the attitude that it had taken up, an attitude of hostility, an attitude of non-co-operation to this House and an attitude suggesting that they will have nothing to do with the Government.

Mr. B. Das: But the Federation is not represented here in this House.

Diwan Bahadur A. Ramaswami Mudaliar: That was an attitude which I resented. I was glad that Honourable Members on the Treasury Benches had the temerity to take up that attitude in spite of the fact that some Honourable Members on this side of the House are overwhelmed by the dignity and the greatness of the Federated Chamber of Commerce. Let me not be understood to say anything about the members of that Chamber. There are many who are distinguished men, there are many who are patriots of the first order, there are many who have done their best for this country in commerce, and, therefore, if I am using that phrase in a rather composite form, let it be clealry understood that I am making no reflection on the large majority of the members that are in that Chamber. But I am complaining against a small clique which is dominating the decisions of that Chamber, I am complaining against a small clique which is dominating the decisions of the Indian Chamber of Commerce of which my Honourable friend and co-leader is an honoured member; I am complaining against these cliques and I am complaining, because, being commercial bodies, they throw aside all considerations of commerce and enter into the political arena which they have no business to do and thereby ruin the progress and prosperity and hamper the political freedom of this country. On the one hand, they come out as men who want protection on the sly by the backdoor method, and on the other hand, they pose as super-patriots who will not flinch and who will even give up their industrial concerns for the sake of this country. That is the attitude which I am going to complain of. That is the attitude which I think has done more harm to this country than anything else, for if you examine the evidence of Mr. Rodieur, you will find it is against men like these that he wants safeguards, because he thinks that they will be in power in the Federation tomorrow.

Mr. N. M. Joshi: It will be for the good of the country.

Diwan Bahadur A. Ramaswami Mudaliar: The Honourable Member may lay the flattering unction to his soul that that kind of people will ever be in the majority in the future Federal Government.

Sardar Sant Singh: Then why are you afraid of them?

Mr. N. M. Joshi: Why do they want safeguards?

Diwan Bahadur A. Ramaswami Mudaliar: I am not afraid of them and I am prepared to meet them not by the scores, but by the hundreds, if you like, I have met such men in the past and I am willing to do so in the future. Sir, I am not afraid but Mr. Rodieur is afraid, and he thinks much of these men, he thinks of them as much bigger men than they really are, and I am here today to demonstrate that they are a very small section of the people, a microscopic section, small in number, small in influence, small in intellect, small in patriotism and small in commercial intelligence. I want this message to go forth to the Manchester Chamber that they are laying too much stress on these people, that there is in this country a large volume and a large body; an overwhelming proportion of people with goodwill to everybody. Do you not remember, Sir, how, when these gentlemen were dancing to the Congress tune in those days,

there was a party formed or attempted to be formed in Northern India which wanted to have fair trade with Great Britain. Is that a lesson which can easily be forgotten? Are not my Honourable friends aware that very serious attempts were made to incorporate a company which will do fair business with Great Britain and which recognised that for good or for ill the company of these two countries was an inevitable combination and that in friendliness, toleration, goodwill, side by side with taking every care of one's own industries and one's own financial affairs, trade should be established between these two countries? Therefore, I say, Sir, that there is a revulsion of feeling coming over in this country against this small clique, men are disgusted with it, men are saying that this sort of thing cannot go on for ever and men are saying that you cannot go behind the *purdah* and ask for protection and then say in the open that you are against all these Agreements.

Mr. President, I have got a small suggestion to make. You are against Imperial Preference, you will not touch it with a pair of tongs, the very idea is abhorrent to you, not because it is economically wrong. I say that economically it is the most correct thing to do, but politically it is wrong. May I ask my Honourable friend, will you accept that the Japanese import duties should be reduced to the British level? Will you accept that 25 per cent. *ad valorem* duties will be levied all round. Will you get the Federated Chamber of Commerce, which is meeting the week after next, before the deliberations of the Select Committee are over, before this Bill comes to this House, that the Japanese duty of 50 per cent. should be brought into line and on a level with the duty on the United Kingdom goods so that you may prove that you are honest and that you are *bonâ fide* in your contention, that all that you object to is Imperial Preference and nothing more. This is a fair challenge and my Honourable friend, Mr. B. Das, who is going to play such an important part in the deliberations of that Chamber, will be there in his capacity as an executive committee member, and, if he could convert them, I for my part promise that if you accept the suggestion, I will myself give an amendment and throw all my influence on the side of that amendment and see that that amendment is carried and the duty lowered and equalled. For, let my friend remember that we have got the power in this House to lower the duty, but we have not got the power to increase that duty.

Mr. B. Das: I will convey your message to the Federation and also to the Indian National Congress outside.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I am very fortunate in having such a fine messenger to convey my message, and I thank him. (Laughter.)

Now, Sir, it is a fair test as to the *bonâ fide* of these gentlemen and their patriotism which they say is much higher than their industrial interests. I should like to see how their patriotism responds to the suggestion that I have made, because that suggestion is in time.

Now, Sir, if you look at the protests that have come about the Mill-owners' Association Pact, you find in every line of them political protests. I have no objection to a political association dealing with the political aspect of the question. It is its legitimate duty. If the Liberal Association, the Non-Brahmin Association, the Indian National Congress, any political association, that deals with these questions, puts forward the

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political argument and says that it is not proper that there should be Imperial Preference, I can understand that, and I welcome it. But I cannot understand a commercial association, formed purely for the purpose of economic interests, trespassing into these political things. I have no objection to a commercialist or industrialist joining a political body and in his capacity as a politician making political statements or putting forward political criticisms. But I think it will be disastrous to the economic interests of this country, it will be disastrous to the industrial progress of this country, if these associations, which are merely commercial associations, trespass into the political sphere. Take the case of the Federated Chamber of Commerce. It has sent in a series of resolutions about this Indo-Japanese Agreement, and we have all received copies. What is the most serious charge there? The last resolution—which is supposed to have the sting—the last resolution says that this Indo-Japanese Agreement is acceptable, but it protests against its being signed in London? What a colossal fact for the Federated Chamber of Commerce! What a discovery that these commercial gentlemen, after putting all their heads together, have made!—that the greatest commercial injury to this country is the fact that this Agreement is going to be signed in England. Sir, as a politician, I agree that this Agreement should be signed here, and, if I were present on the occasion of Mr. Das's adjournment motion, I would have taken up the same line of criticism and tried to put forward the view that this Agreement should have been signed in this country. That was what was done by the various dominions, and long before the Statute of Westminster was passed, when they had merely the fiscal autonomy convention and the right to make commercial agreements, dominion after dominion exercised that right and had the Agreements signed in their own country by their own Delegations and not through the Foreign Office and not in England. But I object to a Federated Chamber of Commerce pursuing a purely political question which has nothing to do with commercial interests and which should really be tackled by a political body.

Mr. K. C. Neogy: What about the British Chambers of Commerce in India? Do your observations apply to them also?

Raja Bahadur G. Krishnamachariar: What about the Manchester Chamber of Commerce?

Diwan Bahadur A. Ramaswami Mudaliar: I am not here to defend or to criticise all the Chambers of Commerce all over the world, but if . . . .

Mr. K. C. Neogy: You will condemn only your own countrymen and not your friends over there.

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend's cheap jokes are somewhat stale in this House. My Honourable friend may refer to Mr. Ranga Iyer being in questionable company and Mr. Ranga Iyer will probably retort. But I have as good a political record as my Honourable friend, Mr. Neogy.

Mr. K. C. Neogy: I hope so.

Diwan Bahadur A. Ramaswami Mudaliar: I have been as long in politics and have suffered criticism as long at least as my Honourable friend, Mr. Neogy, and, therefore, these stale jokes leave me utterly cold. My Honourable friend, Mr. Neogy, I am sure, is as good a friend of some at least of the Europeans as I hope I am of a great many Europeans, and I am proud of that fact.

Mr. K. C. Neogy: What is the relevancy of that?

Diwan Bahadur A. Ramaswami Mudaliar: The relevancy of this lies in the fact that my friend, Mr. Neogy, thought that my friendship with those gentlemen was a questionable commodity.

Mr. K. C. Neogy: We call ourselves friends in this House, all of us, don't we?

Diwan Bahadur A. Ramaswami Mudaliar: Now, Sir, let me leave these political issues and political controversies.

I would like to address myself for a very few minutes to the two Agreements. Let me take the Indo-Japanese Agreement first. The difficult clause that I find there is, of course, the clause which relates to the most-favoured-nation treatment. I can understand the difficulties of my Honourable friend. Perhaps he will tell us that on no other basis could that Agreement have been carried out. But the difficulty that I feel is this, that, on account of that, we are necessarily placed in the position of putting on goods of all other foreign countries the same amount of duty which is necessary for goods from Japan. If that most-favoured-nation clause had not been there, it would have been possible to discriminate against Japan, and some Members at least had hoped that when the Anglo-Japanese commercial treaty was denounced, we would have the privilege of segregating Japan, if I may say so, which is the serious competitor in the market. But, as I have said, very probably my Honourable friend's defence will be that on no other basis could that Agreement have been arrived at. Now, I said that in regard to this discrimination I shall show that it is inevitable that there should be a difference between Great Britain and Japan in many of these things. What would you do, Mr. President, if you are faced with a position like this? An article which is sent from Japan costs five annas, the same article sent from the United Kingdom costs eight annas and the same article produced in this country costs ten annas. What would you do? And I ask my mathematician friend, Dr. Ziauddin. Would you put a duty of five annas? It is obvious that as against Japan the Indian article requires a five annas duty. It is equally obvious that as against the United Kingdom it requires only a two annas duty. Would you put a five annas duty all round? If that is so, where is the consumer's case considered? A prohibitive duty, so far as the United Kingdom is concerned, will make it impossible for the United Kingdom to import any articles and for the consumer here to get any article. Have a differential duty for Japan and the United Kingdom, just to equate competing conditions in this country. And that is exactly the difficulty. I regret that the Tariff Board have not straightforwardly faced

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this difficulty. I have a complaint against this Tariff Board notwithstanding my admiration of its Chairman, Mr. John Mathai. In this particular Report, they have gone about it and have not tackled the straightforward issue. They show that the values from Japan and the United Kingdom are entirely different. The logic of that should be that the amount of duty which is required for the Japanese article is not necessary for the United Kingdom article. But that would land them in the abhorred thing called Imperial Preference of which they seem to have been as much afraid as the Federated Chamber of Commerce, and, therefore, they go about in a roundabout manner putting what they call for the first time in the history of tariffs a uniform substantive duty. I do not suggest that this substantive duty was never there before, but I say that they do away with the principle of *ad valorem* duty and now put a substantive duty. Now, let us look at the thing from the position of the substantive duty. Is there not a discriminating duty here? The Federated Chamber of Commerce, the Marwari Chamber of Commerce, the Maharashtra Chamber of Commerce the Indian Chambers of Commerce—all think that, if only the Tariff Board's proposal had been accepted, there would have been no reason for complaint at all But what does the Tariff Board's proposal amount to? Is there not solid Imperial Preference there? Take, again, the illustration that I have given, five annas for the Japanese article, eight annas for the United Kingdom article. You put a substantive duty of 1½ annas. Will my Honourable friend, Dr. Ziauddin, help me in arriving at the percentage which 1½ annas bears to five annas and which it bears to eight annas? Is it not obvious that, taking the percentage, the Japanese goods are taxed heavier than the United Kingdom goods, that it is somethink like 25 per cent. so far as Japan is concerned, and probably 15 per cent. so far as the United Kingdom is concerned? Is there not Imperial Preference there and is that not exactly what the Tariff Board has done? Then, why speak of Imperial Preference? Then, why not straightforwardly admit that not because we want to give certain advantages to the United Kingdom, but because of the basic fact that the values of the goods between these two countries are such that as against one we require a greater amount of protection than as against another, a greater amount of tariff than on another, we have come to the conclusion that differential tariffs are justified?

I should like to refer now only to one or two minor points—I am afraid I have taken more time than is justifiable. Let me refer only to two minor things. I promised my friend, the Commerce Member, on a previous occasion, that I will place facts and figures to show that, so far as the hosiery industry is concerned, the protection given under this Bill is utterly inadequate. In fact, in some respects, the duty by the pound has made it much worse than the duty by the dozen which was proposed in the original Report and in the last Bill. But I do not wish to go into all the detailed figures at the present moment—I shall have an opportunity of placing the case in the Select Committee before my Honourable friend, and I hope he will, as he said, have the same open mind to the question.

12 NOON.

Take the much more difficult question of yarn. This question of yarn is really a difficult question—yarn of higher counts—and it is here that my Honourable friend has gone behind the Agreement which the millowners have arrived at with the Lancashire Delegation, and reduced the duty, not

increased the duty, to the benefit of the United Kingdom. What is the position about higher counts of yarn? My Honourable friend, Sir Frank Noyce, when he presided over the first Textile Tariff Board, in a report, which is full of valuable suggestions, exhorted the industry to turn their attention towards spinning finer counts of yarn and towards producing cloth made of finer counts of yarn. Some of his colleagues were prepared to go further and they even suggested that a bounty should be given for that purpose. My Honourable friend was against that; but it is undeniable that by exhortations and admonitions my Honourable friend and his colleagues wanted the industry to advance the development of finer counts of yarn. Since then that advancement has been going on. It is suggested that there is a difficulty in giving protection to yarns because of handlooms: it is perfectly true that handlooms require finer counts of yarn; but handlooms get it partially at least from the mills in this country, and my complaint with this Textile Board is a complaint which I made on a previous occasion, that in its peregrinations, beyond sitting in the pleasant heights of Ootacamund for the purpose of writing its Report, it has not really understood or cared to investigate the conditions prevailing in South Indian mills. They have not tried to find out that there are purely spinning mills alone and spinning mills, some of them the largest in the world, existing in South India. They have not tried to understand that, so far as the duty that they have proposed for yarn is concerned, there is a difference between the costs in a spinning mill, and the costs in a spinning and weaving mill. They have taken into consideration the cost of yarn only in a weaving mill and that lands them in an absurd position. The cost of yarn in a weaving mill is different from the cost of yarn in a purely spinning mill. What happens is that the yarn that is spun in a spinning and weaving mill goes straight into the machinery for the purpose of making cloth: but there are several kinds of charges that are involved in a purely spinning mill before the yarn is ready for sale to the handloom weaver, which do not exist in the case of a spinning and weaving mill. There are charges, for instance, with relation to reeling, with relation to bundling, with relation to baling, which do not arise in the case of a weaving and spinning mill where you take the yarn straight from the spinning machine and put it into the machinery for the purpose of weaving. These things increase the cost of production, so far as purely spinning mills are concerned. It seems to me, therefore, that it is necessary to revise the whole basis on which this thing has been worked out by the Tariff Board, so that yarn merchants may have fair treatment. I am aware that the handloom industry is very important: I want that the industry should have every assistance possible; but the yarn produced in this country will be of the greatest assistance to them. At present they are consuming it in ever-increasing quantities and we want that yarn to be produced in more liberal quantities, so that this handloom industry may have something on the spot and may not have to rely on foreign yarn for its purposes.

A great deal has been said about agricultural interests and about the necessity for promoting those interests and about their having the first place in the consideration of the Government. I wholeheartedly subscribe to that proposition, and though I do not have the honour of being a member of the rural party, because I want to be a monogamist in my political adhesives as in other respects, I still venture to hope that my Honourable friend, Raja Bahadur Krishnamachariar, will believe me when I say that I have at least as much interest in the agricultural people as any of the members of his Party. This raw cotton production is very

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important, and raw cotton is consumed, more than fifty per cent of it, in the Indian mills. There have been various aspersions cast on the mill industry in this country, and it has been questioned whether it is a national industry or not; but when we consider the fact that it is an industry which consumes half of our own agricultural produce, we have a better realisation of the basis of that industry and of the part that it plays in the economic structure of Indian society.

I do not want to refer to the somewhat minute criticisms that have been made about this industry and about the managing agency system. I would only like to say one thing, that, on this question of managing agency system, there has been a great deal of misunderstanding, and people seem to think that this managing agency system is an unmitigated vice, and the sooner it is abolished, the better. There is one aspect of the matter which I would like the Honourable Members of this House to understand. The banking system in this country has forced the coming into existence of the managing agency system. The banking system is conducted in such a manner that no mill, whatsoever its capital may be, whatsoever its assets may be, can get for temporary purposes of accommodation, which every concern requires in the country, any advance from any bank at all, unless there is the collateral security of the managing agent. It is that that has brought into existence the managing agency system in this country. It is absolutely absent in any concern in Great Britain. What is the use, therefore, of criticising our industry when it is handicapped in a dozen ways like this? In England, they do not require the managing agency system, because the bank does not insist on a collateral security, a personal security, to back up the security of the industry concerned, and that is why the managing agency system has still continued to exist in spite of all the opprobrium that has been cast on it and all the criticisms that have been levelled against it.

There is one aspect of it which I think I have to press on the attention of the Honourable the Commerce Member, an aspect which was referred to by my Honourable friend, Dr DeSouza, in his speech late last evening. The Tariff Board suggested that legislation is desirable in order to define the extent and nature of the control and supervision to be exercised by the Directors and shareholders of the Company over the managing agents. A Committee should be appointed to report on the manner in which the Company Law should be amended. Sir, I trust that my Honourable friend will see to it that that recommendation is acted upon at a very early date and that the criticisms about the managing agency system will not continue to exist

As I have said, I believe that this is a national industry, national owing to the extent to which it serves the country, national owing to the extent to which agricultural produce is utilised in this country. I want to see the time when the various conflicting interests will coalesce together. For my part, I wish to see the agriculture and commerce and manufacture of this country, not as adversaries, but as co-mates and partners and rivals only in the ardour of their patriotism and in the activity of their public spirit. Sir, I thank you. (Hear, hear.)

Sardar Sant Singh: Sir, there are some traditions at the bar which are jealously guarded by its members. One of such traditions is that when you have got a weak case, begin to abuse your adversary. My friend, the

Diwan Bahadur, just now got on his legs and, in order to prove his loyalty to his patrons which he seems to carry on his forehead, showered abuses upon all those who belong to different schools of politics. He called a certain section of the political opinion in the country as dishonest, he characterised it as treacherous, because that section tried to meddle in the affairs of the country as discussed in this House. As a matter of fact, that section of the political opinion, which my friend reviled came to deserve his wrath, because it chose to boycott the Legislatures. The section referred to is quite able to defend itself. There was one point in his speech which sounded self-contradictory, and that was when he characterised that section as very small in number, still smaller in influence, and in intellect. After having thus characterised that section, he advocated that Britishers should never give up their demands for protection and safeguards against commercial discrimination so long as this section remained in the country. May I ask my friend, Sir, one simple question? If such a claim is really a fact, as he thinks it is a fact, why should the Britishers want safeguards at all? If the majority in this country consists of that class of people to which my friend has the honour to belong, can't the Britishers place their trust in that majority? If he thinks that the next elections will return only those people who are endowed with the mentality which regards Government as *Ma-Bap*, the mentality with which Diwan Bahadur Mudaliar is amply endowed, why bother about safeguards? If my friend holds the opinion that his school of thought is really in the majority, there is no logic in his plea for justifying the demand of Britishers for safeguards against a small microscopic minority. The fact is, and, in his heart of hearts, my friend realises that in the next elections if the Swarajist Party decides to capture the Legislatures, people of the mentality of my friend, the Diwan Bahadur, will have absolutely no chance to be returned. Having that feeling in mind, he wants to get as much advantage from this Assembly as he possibly can during its lifetime.

Now, Sir, I should have liked my friend, the Diwan Bahadur, to throw some light as to why this preference has been extended to Great Britain against all the countries of the world. That was the main point at issue between those who differed from Mr. Mody and Mr. Mody himself. No reasons have been advanced as to why preferential treatment should be given to the United Kingdom against France, against Italy, against Germany and against other countries. The reason given by my friend, so far as I could follow him, was that it was for a political reason that the Agreement between Lancashire and Mr. Mody was arrived at, it is a political agreement, and not a commercial agreement . . . .

An Honourable Member: Who said that?

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): May I interrupt my Honourable friend, Sir? What is the harm in entering into a political agreement? After all, we can get political concessions by political agreements.

Sardar Sant Singh: My friend, Mr. Ranga Iyer, asks what is the harm in entering into a political agreement? I don't think there is any harm in it, provided the agreement is entered into under the same garb and in its true colours, and not under a false colour of a commercial agreement. I don't think my friend, Mr. Mody, will thank the Diwan Bahadur for calling this Agreement a political agreement . . . .

Diwan Bahadur A. Ramaswami Mudaliar: Does my friend mean to imply after listening to me for an hour that he thinks that I said it was a political agreement? Surely, he is doing less than justice to himself.

Sardar Sant Singh: Sir, if I may be permitted to quote the words used by my friend in his speech, when referring to this Agreement, he said that this Agreement has been made with political motives . . . .

Diwan Bahadur A. Ramaswami Mudaliar: No, no, I never said anything of the sort.

Mr. H. P. Mody: It is an economic agreement from which political gains may flow.

Sardar Sant Singh: My friend has cleared the position now.

Mr. H. P. Mody: It is an economic agreement first and foremost.

Diwan Bahadur A. Ramaswami Mudaliar: It is an agreement to which I am not a party.

Sardar Sant Singh: Well, Sir, the position has been cleared that it is expected that political gains may flow from this Agreement. Then, the position is reduced to this, that there are certain political motives behind the minds of those who got this Agreement entered into. If that is the reason, then, Sir, it is but right and proper that we should examine this Agreement with greater scrutiny and with greater care. Private individuals however highly placed they may be, however eminent they may be, whatever position of influence they may occupy in this country, have no right to enter into a political agreement or into any agreement from which you expect that political gains should flow,—to use the phrase of my friend. It is left . . . . .

Mr. C. S. Ranga Iyer: Is it not an advantage for two industrial groups first to come to an agreement before it is ratified by the Government?

Sardar Sant Singh: There, again, I respectfully differ from my friend, Mr. Ranga Iyer. According to my humble view, private individuals should not enter into an agreement behind which there are political motives, an agreement which may later on be ratified by the Government which is shortly to be replaced by a popular Government.

However, the position, as I was submitting to you, is this. The advocacy by Mr. Mudaliar on behalf of Mr. Mody has, I think, done the latter's cause more harm than was done by any other opponent of his who opposed this motion on this side of the House. The reason is very obvious. We are willing to examine a commercial agreement on its merits, but we are certainly not willing to examine an agreement behind which there is the least suspicion of a political motive which may lead to some other complication in the constitutional position of the whole country. As the Honourable Sir Joseph Bhore in his speech said, the foremost consideration in all these commercial agreements is the interest of the country. This phrase "interest of the country" may have different meanings for different people. Some may be inclined to make a sacrifice for the purpose of gaining a few concessions from England in the sphere of political advance. Some may be inclined to stand on their own legs and demand political

rights by advocating the justness of their cause. England has been enjoying a privileged position in India for a very long time, and we know that during the days when countervailing excise duties were levied on the cotton textile industry in India, England did not confer any political advantage on this country. So, we are not sure that by paying this price to England we shall be getting any political advantage out of her. The position is this. The commercial needs of the country have been carefully examined by a competent expert body like the Tariff Board. The Tariff Board should be our guide in this respect. We depend upon the conclusions arrived at by this expert body, and we say that when an expert body like the Tariff Board does not recommend any preferential treatment to Lancashire, there is no reason why Government should go behind the Tariff Board's recommendations and give this preference in the field of protective duties. In the matter of the textile industry, we are willing to grant protection against Japan, and against any other country which happens to dump cheap goods in India at the expense of the local industry. But we are not willing to sacrifice the interests of the country for any other country, whether it be the United Kingdom or any other. The agriculturist grower of cotton has a right to expect that he will gain some advantage when there is a commercial agreement. In the case of the United Kingdom, we do not find that any quota has been agreed to by which the United Kingdom is compelled to buy our cotton in return for selling their goods in India.

Mr. R. S. Sarma (Nominated Non-official): They are buying. What are you talking?

Sardar Sant Singh: I do not agree that we can depend upon a mere promise that they will buy a certain amount of cotton from India. Therefore, so far as this portion of the Bill is concerned, I am opposed to it.

Mr. N. N. Anklesaria: Sir, I am sorry my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, is not in his place. I put him a specific question to let the House know what specific steps the British Government, in fulfilment of the promise they made at Ottawa, had taken to encourage the use of Indian cotton by Lancashire mills. My Honourable friend said that he would give a reply, and he was interrupted by Mr. Mody who said that he (Mr. Mody) would give a reply. I am sorry both the gentlemen are not in their places. From my place in this House, I say that the British Government have up till now taken absolutely no specific steps to encourage the use of Indian cotton by Lancashire mills. There has been talk, and talk and talk interminable, but nothing practical done. (Hear, hear.) Sir, the other day, Major Proctor, one of the Lancashire M. P.'s asked a question in the House of Commons whether the British Government were going to take any practical steps to encourage Indian cotton and he suggested certain practical steps. Mr. Runciman replied that the Government did not intend to take any such steps. These are allegations, Mr. President, which ought to be answered by Honourable Members who say that the British Government have so far taken specific steps in the direction of encouraging the use of Indian cotton. Mr. Mody has come back, and I am prepared to give way to him if he will kindly explain what specific steps the British Government have taken till now to encourage the use of Indian cotton in Lancashire mills.

Mr. H. P. Mody: My agreement has nothing to do with the British Government. My Agreement was with a body of industrialists in Lancashire who, during the last few months, have done their very best to

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implement their undertaking about the use of more Indian cotton, and this is borne out by figures which ought to be known to my Honourable friend.

Mr. Gaya Prasad Singh: Then why should it be ratified by our Government?

Mr. H. P. Mody: Ask Sir Joseph Bhore.

Mr. N. N. Anklesaria: My Honourable friend has not given the information which he promised. He said he had nothing to do with the British Government. I quite agree. But he ought not to have undertaken to mention the specific steps taken by the British Government.

Mr. R. S. Sarma: Where do the British Government come in?

Mr. Gaya Prasad Singh: Then why should the Indian Government come in?

Mr. R. S. Sarma: They are not coming.

Mr. Gaya Prasad Singh: Then ask Sir Joseph Bhore to withdraw the Bill.

Mr. N. N. Anklesaria: At the outset, I must congratulate the Honourable the Commerce Member on his name being associated with a measure which would advance India a step further in acquiring an international status.

Mr. Gaya Prasad Singh: You mean the Indo-Japanese Agreement?

Mr. N. N. Anklesaria: Yes. I must also congratulate my Honourable friend, Mr. Mody, on the part which he took in bringing about better trade relations between Lancashire and this country.

Mr. R. S. Sarma: You admit that!

Mr. N. N. Anklesaria: I know that Mr. Mody himself has stated that he has given nothing more to the Lancashire people than merely his right to come to this House and ask for an increase of tariff when the tariff question would be next discussed. I quite agree with him. My Honourable friend has shown an ability, an astuteness and a capacity for business bargaining which ought to reflect great credit on him and I am sure they do reflect great credit on him. But when I contrast that astuteness with the simple-hearted generosity of my Honourable friend, the Commerce Member, I realise the distinction between a bargainer and a bargainee.

My Honourable friend, Mr. Mody, talked of economic nationalism. The foundations of economic nationalism were laid by that famous Commission in India in 1921. I refer to the Fiscal Commission, which may appropriately be called the Bombay Millowners' Commission. Anybody who has looked at the personnel of that Commission will find that there is a good deal of truth in what I have just stated. Sir, that Commission inspired by the prevailing political prejudices and influenced by crude

mercantile theories of the old days of Cromwell and Colbert produced a report about which I say the less said the better. I will only say that that report has been the guiding principle of the fiscal policy of the present Indian Government, much to the detriment of the vital interests of this country, as I hope to show on a future occasion on the floor of the House. I hope to show the absolutely superficial and one sided character of the arguments contained in the Fiscal Commission's report and I will confine myself to citing a quotation from a writer on economics I refer to Mr. Dey's book, and the quotation I read is from page 28:

"It is necessary to inquire whether, in this presentation of the case for industrial protection by the Indian Fiscal Commission, we are not once again confronted with the old, crude, and dangerous economic fallacies that can be traced as far back as the era of mercantilism (A. D. 1500—1750) and that have been trotted out again and again for over a century now by pseudo-economic thinkers, nationalist *cum* militarist politicians and journalists, and last, though not least, by the numerous agents and supporters of industrial plutocrats who in many countries wield almost unlimited power to buy opinions as well as votes. Careful students of tariff literature must have observed, in the case of practically every country where protectionism has been adopted as a definite state policy, how intense emotions and sentiments of a nationalistic type are generated by wars and rumours of wars, how these outbursts of mass emotions and sentiments are exploited by the organised forces of powerful vested interests for the popularisation of state economic policies that are calculated first and foremost to increase their own gains at the expense of the nation at large and how, last of all, these very policies receive the blessings of plausible but ill-founded economic theories."

Sir, Mr. Dey talks of "industrial plutocrats who in many countries will always have unlimited power to buy opinions as well as votes". Look at my Honourable friend, Mr. Mody, the delightful debating representative of the "exploiters" sitting side by side with my Honourable friend, Mr. Lahiri Chaudhury, the defender of "the exploited", in whose amble bosom the poor agriculturist seeks for safety which he does not find. Then look at the capitalist Cowasji, the owner of the Jehangir Mills as alleged by my friend, Mr. Ghuznavi, acting as the chief lieutenant of Sir Abdur Rahim, the champion of the 300 starving millions of India, and, lastly, look at my Honourable friend, Mr. Das, who always prates about labour and the poor man, but always sides with and votes for the rich man. . . . . .

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Do you want a looking glass to look at yourself?

Mr. N. N. Anklesaria: *You* make an allegation and I will reply to you. There is no need for a looking glass here. Sir, even this Fiscal Commission report shows that, in judging any tariff proposals with regard to India, two paramount considerations must be kept in sight. Firstly, it must always be remembered that agriculture is and must remain the foundation and basis of the economic life and structure of India, not only because the agricultural industry is the industry pursued by a majority of the people of India, but because, without the prosperity of agriculture, the industry that is sought to be bolstered up by a protectionist policy will have no cheap raw product to develop itself with. Secondly, India being an agriculturist country any fiscal proposal which is put forward must show that it is going to increase the purchasing power of the agriculturists and the producer. Unless and until the vast majority of India's

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population have the necessaries of life obtained as cheaply as possible and unless they are in a position to dispose of their raw product in increasingly extended markets, there can possibly be no hope for the industrial development of this country. The protection which the mill industry demands may also be demanded by the cotton cultivators' industry. You know that India was a land which produced the best long staple finer count cottons, which produced the most beautiful muslins and all other higher counts of cloth. What is the position of that cotton cultivators' industry today? We have got to import our long staple cotton from Egypt and other foreign countries. Why is that so? Because the cotton cultivator's interests have been neglected both by the people as well as by the Government of India, and, in support of that statement, I will recite a short paragraph from a bulletin of Indian Industries and Labour by Mr. Coubrough. Talking of a greater offender than the Bombay millowner in this connection, Mr. Coubrough, whose words I shall adopt in our reply to the Bombay millowner, says as follows:

"If, instead of instigating what amounts to a commercial war on all countries supplying piece-goods to India, the Bombay millowner were to direct his energies towards improving the quality of raw cotton produced in India and bringing it back nearer to the level at which it once stood in bye-gone days, he will be acting as a true servant and helper of the Indian people The Indian cultivator has not progressed with the times. He has allowed unscientific methods of cultivation, which seem to bring greater immediate returns, to dominate his position. He has lost the art of producing the finer qualities of cotton which enabled India to produce fine yarns and muslins which were the wonder of the world. If he were to start a propaganda for a more intensive cultivation of cotton"—(instead of coming every year here in this House with a beggar's bowl) (Hear, hear) "and particularly for the production of longer staple cotton, his influence will be felt not only at the present day but for generations to come."

Sir, the Indian cultivator of cotton is the man who should excite our solicitude and our anxiety, for on him depends the prosperity of this country and I would ask, what have the Government done? And I also say, Sir, that any tariff measure which does not show to me how the cotton cultivator is going to benefit by that measure shall not receive my support.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): What are you doing—opposing, or supporting?

Mr. N. N. Anklesaria: Wait and see.

Sir Cowasji Jehangir: It is rather important that after a quarter of an hour we should know whether you are supporting or opposing the motion.

Mr. N. N. Anklesaria: My Honourable friend ought to have been here to answer me.

Sir Cowasji Jehangir: Are you opposing, or supporting the motion?—let us know.

Mr. N. N. Anklesaria: Sir, the present tariff proposals purport to be based on two Agreements (*Mr. S. C. Mitra*: "Make a third agreement"), and I propose to deal with them as shortly as possible. Firstly, as regards the Mody-Lees Agreement, I say that it does nothing for the Indian cultivator of cotton. (Hear, hear.) In fact the very first paragraph shows

that the interests of the cotton cultivator of India have got to be sacrificed to the greed of the Bombay millowner, whom my Honourable friend, Mr. Mody, represents. Sir, the whole Agreement is based, as the two high contracting parties stipulate, on the assumption that the duty on imported raw cotton, which was imposed in 1932, and which helps the Indian cotton cultivator at least in my Province, shall not be increased. It is well-known that it is a very very small duty—two pice per pound—and attempts are being made to bring to the notice of the Government the justice of the Guzerat cultivators' demand for an increase in that duty. I say, the very first paragraph of the Mody-Lees Agreement absolutely rules out that hope of the Indian cultivator of cotton. . . . . .

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Shame, shame.

Mr. N. N. Anklesaria: . . . .and, as regards their promise of encouraging the use of Indian cotton by the Lancashire mills, I have already stated that no practical steps have been taken by the British Government. . . . . .

Mr. H. P. Mody: Why should the British Government take such action?

Mr. N. N. Anklesaria: . . . . .though I am in a position to assert that individual shippers of Lancashire are genuinely anxious to give increased trial to Indian cotton. So far, Mr. President, nothing practical has been done, and, as I have said, the British Government refuse the help which they promised to render at Ottawa. Sir, as regards the Indo-Japanese Agreement, my Honourable friend, the Commerce Member, said that the institution of the quota system would safeguard the interests of the Indian consumer. I am afraid I cannot look at the matter in that way. If A goes to B and says: "Mr. B, here's a rupee, I want a meal", and B says: "You want a meal, but how much do you want? You might eat ten maunds". A says: "Well, I want a meal, just as much as a man can eat". B says: "No, don't be indefinite. You might require ten maunds". A clinches the matter and says: "Give me then only ten pounds and I shall be satisfied", and both are delighted at the bargain. Both congratulate themselves—but who congratulates to better purpose it is for the House to judge. Sir, the Japanese quota figures are so fixed that it appears from the statistics that the Japanese have got not only everything they wanted, but they have got a small margin over what they wanted.

Then, again, the provision about the most-favoured-nation treatment is also a thing which was very worth bargaining for with the Japanese. Perhaps the Honourable Member's difficulties were such as we, who do not pretend to be behind the scenes as my Honourable friend, Mr. Mody, did, are not in a position to realise. But that should not prevent me from telling the House what I think of the Agreement. Sir, my Honourable friend, the Commerce Member, stated that 75 per cent duty on Japanese goods had not increased the price to the consumer, but he did not tell the House if 75 per cent duty had prevented the lowering of that price further than it was when the duty was imposed. Sir, the internal competition may work as a guarantee to the consumer, but it will work as such only if that competition is left unfettered by protection. My Honourable friend, the Commerce Member, in support of his tariff proposals, referred to the

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arguments of the Tariff Board. It was very discreet of him to have refrained from specifying the particular arguments which are embodied in the Tariff Board's Report, because, without casting any reflection on the personnel of the Tariff Board, I say that a bolder attempt at a special pleading in the interests of the Bombay millowners is hard to find anywhere outside this Report. So far as I am able to follow that Report, the most important paragraph in the whole of that Report is paragraph 119 in which the signatories give their reason for justifying their proposal of protection to the mill industry. Now, Sir, it is a very long paragraph and it is a very involved paragraph and I do not think the House will be wiser by my reading it. But the substance of that paragraph is that freedom from foreign competition is necessary to enable efficient mills to compete with and weed out inefficient mills. This is a proposition which sums up their recommendation in the present connection. Now, they admit that the object to be attained is competition for weeding out inefficient mills, but they say the weeding out shall not be done by foreign competition. Ahmedabad may kill off the Bombay inefficient industry, but Japan shall not be allowed to kill off the Bombay inefficient industry. Now, Sir, as regards this distinction between foreign and internal competition, I say that that distinction is a distinction which neither commonsense nor common experience will justify. If Ahmedabad can be allowed legitimately to compete with Bombay, what difference, I ask, does it make if you draw an imaginery line as the frontier between two areas of Ahmedabad and Bombay? I say, it makes absolutely no difference. And as regards common experience, I will give you one instance from the economic history of England. Before 1870, the sugar industry of England was allowed to develop without being affected by any external competition and the result was that sugar factories sprang up both efficient as well as inefficient. But after 1870, France, feeling jealous, began to dump her bounty fed . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order; Members must have a sense of proportion now at this late stage in debate.

Mr. N. N. Anklesaria: Mr. President, Honourable Members have been allowed more than 45 minutes and I do not see any reason why I should not be allowed the same latitude.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member should not claim to speak for 45 minutes simply because some other Honourable Members have spoken for 45 minutes.

Mr. N. N. Anklesaria: I do claim, Sir. I propose to speak for two hours, and if you can prevent me I am prepared to take your ruling. (*Voices*: "One must be relevant also.")

Mr. C. S. Ranga Iyer: May I just tell my friend, Mr. Anklesaria, that there are several other Honourable Members who want to speak. Though he is perfectly entitled to speak for two hours, I hope he will not carry out his threat.

Mr. N. N. Anklesaria: This is what Mrs. Fawcett says about the English sugar industry:

"The number of sugar refineries in England after the French competition dwindled from 60 in 1864 to 30 in 1882 and to 15 in 1902, but the consumption of sugar had been so extraordinarily stimulated in England by its cheapness that the 15 refineries in 1903 out of 60 that remained were doing far more business than the 60 in 1864."

That illustrates, Sir, the efficacy of foreign competition to weed out inefficient industrial concerns. I say, Sir if anything is wanted to rehabilitate and re-establish the mill industry in the Bombay City, it is competition, for competition alone can weed out the inefficient mills. Sir, the Tariff Board have postulated the existence of at least some mills in Bombay itself which can function without any help from the protective duty. That shows there is nothing inherently impossible for the Bombay City mill industry to stand against foreign competition without protective duties. So far as I can see, the Tariff Board Report gives no substantial reason why the Bombay industry—when I am referring to the inefficient mill industry in Bombay, I am always referring to the Bombay City mill industry, because, so far as the up country mills are concerned, I do not think the demand for protection is in any way or in any degree so very intensive as it is from the Bombay City mills—as I said the Tariff Board gives me no substantial reason for recommending protection to the mill industry of India. But my Honourable friend, Mr. Mody, on the last occasion that he came for help from this House, gave some reasons, I am sorry, however, to tell him that those reasons have been turned down by the Tariff Board of 1927 and the Tariff Board of 1932 also. My Honourable friend said in 1930 that the mill industry in Bombay was not able to prosper, because there was unfair competition from Japan on account of the Japanese industry receiving help from the Japanese State. That allegation has been completely disproved and even not taken notice of by the Tariff Board. Secondly, my Honourable friend said that Japan was competing with Bombay on account of its ignoring the labour convention of Washington. That reason also does not hold good today, because the labour conditions in Japan are as good or as bad as they are in India.

* 1 P.M.

An Honourable Member: Question.

Mr. N. N. Anklesaria: You may question as much as you like, but you ought to read Mr. Pearse's book on Japanese cotton industry, and you will find that the labour conditions in Japan are much better than they are in Bombay.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Certainly.

Mr. N. N. Anklesaria: My Honourable friend relied for his third support on the exchange depreciation as regards Japan. The Tariff Board of 1932 has ruled that there should be no protection based on depreciation of currency in Japan, because they find that the effect of a depreciated currency has already worked itself out. Sir, these are the three arguments which my Honourable friend, Mr. Mody, advanced when he last came to this House for relief and he also said that if relief were granted to him, he would get a breathing space to organise the industry and put his house in order and he also stated that all conceivable things, I lay stress on the word conceivable, had been done by the Bombay millowners to effect internal reorganisation. I say, Sir, if all these things have happened, is not this House entitled to ask Mr. Mody, why do you come again for help from this House at the expense of the tax-payer.

The last argument on which the millowner of Bombay based his claim for protection was his allegation that the industry which he was representing was a national industry. I ask, him, why do you call it a national industry? In what sense can you call the mill industry of Bombay a national industry?

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Is it national in the sense, say, of national army, is it national in the sense say, of national dress or custom? In what sense is it national? Or is it national because 200 millowners like the super-patriots of which you spoke while talking of the Ottawa Agreement, who identify their own interests with the interests of the country.

Mr. H. P. Mody: We are super-national?

Mr. N. N. Anklesaria: My Honourable friend says that the mill industry is super-national and I agree.

Sir Cowasji Jehangir: Whom do you represent?

Mr. N. N. Anklesaria: I represent the agriculturists of Guzerat.

Sir Cowasji Jehangir: You grow pappayas.

Mr. N. N. Anklesaria: Cotton.

Mr. Gaya Prasad Singh: And spin yarn in this House.

Mr. N. N. Anklesaria: How do the Tariff Board make out a case that this industry is national? They simply follow the easy process of lumping together the handloom industry of India with the mill industry of India.

Mr. H. P. Mody: Certainly not.

Mr. N. N. Anklesaria: They do.

Mr. H. P. Mody: No.

Mr. N. N. Anklesaria: I ask my Honourable friend to read the Report and try to understand it before he interrupts me. It must be noticed, Sir, that the mill industry and the handloom industry are both competitive industries. If the mill industry develops to anything like the extent which its friends hope for it, that development will be fatal to the handloom industry. Sir, I think I have said enough about the national character of the mill industry of Bombay, and I will conclude by warmly supporting my Honourable friend, the Commerce Member's appeal for cultivating a better feeling for Lancashire.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. Bhuput Sing (Bihar and Orissa: Landholders): Sir, I want to move my amendment first. I beg to move:

"That in the motion moved, for the words 'ten days' the words 'three weeks' be substituted."

The amendment I have just moved requires very little explanation. The Bill is one of the most important pieces of legislation which is expected to play an important part in the national industrial life of the country. It is proposed to send such a Bill to Select Committee with a direction to submit its report within ten days' time. The time given in itself is not a small period, provided . . . .

Mr. Goswami M. R. Puri (Central Provinces: Landholders): I do not want to interrupt my Honourable friend, but we want to know this: we have got one amendment by Mr. B. Das before us, and Mr. Bhuput Sing's amendment is quite a different thing: what will be the position as regards voting on these?

Mr. President (The Honourable Sir Shanmukham Chetty): That will be made clear at the time of putting it to the vote.

Mr. Bhuput Sing: The time is not small provided the members of the Committee are not engaged in Assembly work during the period. But, on the contrary, the Assembly is meeting every day in the week, including Saturdays, from 11 till 5, and the only time that the members of the Committee can find to work on such a Committee is in the morning and in the evening. But how can Government expect the Members to slog from morning till night without any respite? This is not the first time that Government are being accused of hustling a Select Committee. The whole trouble arises out of the wrong chalking out of the Government programme of business of a Session, and I do not know whether you, Sir, are also taken into confidence in this matter, as in that case I am positive you would have taken into consideration the question of conveniences and inconveniences of the Members. In future, the Officer, whoever is responsible, should be asked to draw up the whole programme of a Session in a more rational way. We always find that instead of the beginning of a Session, the end of it is always crowded with important legislative measures, which are then rushed through for being finished before the Government of India move to and from Simla. I wonder whether these are deliberate or a mere accident in every Session, and it is rather a very queer coincidence of accidents. For the last few years, special Sessions have been a regular feature of the Indian Legislature, and practically we have had three Sessions in a year. I think if the whole work is divided in such a way and the time for holding the Sessions is chosen in such a way that the work of the Government is divided between all of them, then this difficulty of shortage of time may, to a great extent, be avoided. Let us see how the Sessions are divided and the periods chosen for such Sessions by which a Session practically begins . . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair does not think the Honourable Member should go into the bigger question now: he should confine himself to the amendment he has moved.

Mr. Bhuput Sing: All right, Sir. At the present moment, the tin gods of the Government of India are afraid of the Delhi heat and they must finish everything by the middle of April when they propose to leave for Simla. In achieving that object, the Assembly and its Committees must be goaded to finish the Select Committee work on such important Bills like the present one within a period of ten days, or, in other words,

[Mr. Bhuput Sing.]

within a few hours, which, with great difficulty, may be made available to them for such work. Had the Bill incorporated the recommendations of the Tariff Board *in toto*, the Select Committee might not have to go through it so very minutely and carefully. But important variations have been made in the form of Imperial Preference in the matter of textile protection on the basis of the Mody-Lees Pact and the Indo-Japanese Agreement. The Pact made by the Bombay Millowners' Association was never unanimous and a very strong and influential body of Indian mills are against the Pact, and it is the duty of the Select Committee to hear the other side of the case by taking oral evidence if they so desire and to examine the question thoroughly. Even the Federated Chambers of Commerce are against it.

Coming to the Pact itself, I think it is a Pact between a lion and a jackal or a pact between a beast of prey and its objective kill. The Indian textile market was so long being exploited by three carnivorous animals, namely, the Manchester lion, the Tokio tiger and the Bombay jackal. At first the lion and the tiger by turn wanted to deprive the jackal of all its food and thereby to starve him, but the jackal has now made a pact with the lion to drive the tiger out of the market. Manchester has supported Bombay to fight, so that, once his stronger rival is out, it will not take long for him to kill Bombay. Here I predict today that Manchester will kill Bombay later on by making a pact with the cotton growers of India, by which Manchester would be prepared to purchase more Indian cotton and export coarser cloth to India a few years hence. (Interruption.) They are going to make a pact with the cotton growers to exploit the masses of India. However, the pact of the exploiters, be they white or brown, can never be sanctioned by the exploited. The net result of the Bill will not be protection to our industry, but will be an achievement of some hidden objective. The finer textiles that are being produced by the up-to-date Indian mills outside the Bombay Island are to be crippled first, so that Manchester may exploit better the upper middle classes and the rich who are the users of finer articles. On the other hand, Bombay will be allowed to exploit the masses as much as they like for the time being with their coarser production. Bombay millowners will further be saved the trouble of replacing their old antiquated machinaries which are unfit for producing any other kind of articles except the coarser cloth used by the masses. Mr. Mody, as Chairman of the Bombay Millowners' Association, took only into consideration as to how best to save the Bombay mills by finding out some market for their coarser goods and to save the owners of such mills from further investment for replacing old machinaries by improved new ones. He did serve the Association to the best of his ability and is now stepping forward to join the premier steel industry of India . . . .

Mr. R. S. Sarma: He has not joined the steel industry.

Mr. Bhuput Sing: He is joining the Tatas.

Mr. R. S. Sarma: Yes, he is joining the Tata and Sons.

Mr. Bhuput Sing: Sir, the Government of India in the Statement of Objects and Reasons to the Bill stated that they could not accept the Tariff Board's recommendations without modifications due to the Indo-Japanese

Agreement, and, secondly, the Mody-Lees Pact. The Indo-Japanese Agreement has not much affected the Government's position in levying the duty suggested by the Tariff Board against all others excepting the United Kingdom, but why the Government have shown undue concern to the Mody-Lees Pact, I do not know. There appears to be no justification for giving an unofficial pact a Statutory recognition. In the whole history of the principle of protection, the economists of the past and the present would never imagine such a picture like the present measure when an indigenous industry will be protected if the import duty on articles from some particular countries competing with indigenous manufacture is reduced, as is being suggested in this measure. From a perusal of the Tariff Board's Report, it is apparent that, ever since the last protection, the Government of India were all along very solicitous about the interests of such classes of articles as are imported from the United Kingdom. It appears that they took special care to prepare statistics of different textile articles imported from the United Kingdom which, according to them, do not compete with Indian mill made goods The Board in considering such materials placed by the Government stated amongst other things as follows

"In a matter of this kind we are very much in the region of conjecture but we feel that, in respect of this also, the Government of India as well as Mr. Hardy under-estimated the extent of competition from the United Kingdom"

Even in spite of all this, the Tariff Board definitely concluded that the tariff wall must be raised against the United Kingdom goods as well for protecting effectively the indigenous goods. They have expressed their views in as strong a language as they could, and I quote only a few lines to show how they felt over this question

"We have come across several recent cases in the Calcutta market of British goods of medium counts selling at prices which are not higher than the ruling Japanese prices"

Further on, they say:

"Since the specific duties which we have proposed are based mainly on the costs of manufacturing goods of medium counts and the prices realised by Indian mills for these goods, it seems to us essential, in order to safeguard the Indian industry, that these duties should be equally applicable to such goods when imported from the United Kingdom."

In the face of all these conclusions by no less an authoritative body than the Tariff Board, to come forward with different rates of duties for the United Kingdom and other countries is most objectionable, if not criminal, on the part of the Government of India. Here, again, it appears that once again the Honourable the Commerce Member belonging to the Heaven-born service has been dictated to by Whitehall and the City of London. This is a vivid example as to why the Secretary of State desired to maintain the same control over the services in future. At this stage, I do not want to go into more detail as most of the speakers have already dwelt on them.

Sir, one more word I should like to say. I must say that there is a great deal of competition between indigenous silk industry and the imported artificial silk goods, and it is surprising to find that the Government of India could not find their way to accept the recommendation of the Tariff Board as regards the import duties on those articles, and I hope the Select Committee will thoroughly examine the question and enhance the duties properly.

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[Mr. Bhuput Sing.]

Sir, before I conclude, I would like to express my satisfaction that, after all, the silk industry has been given protection, though not to the same extent as that recommended by the Tariff Board. It will, I hope, revive our once famous industry, and the handloom weaver will more and more use Indian silk yarn. It will sound like stories from the epics if I say that the silks of Murshidabad, even in the days of the East India Company, used to go to many parts of the world, but unfortunately this industry is not in a flourishing condition today. I hope this protection will bring the industry to prosperity in course of time. With these words, I support the motion.

Mr. President (The Honourable Sir Shanmukham Chetty): Further amendment moved:

"That in the motion moved, for the words 'ten days' the words 'three weeks' be substituted."

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor Non-Muhammadan Rural): Sir, the gravamen of the charge against the Bill that is now before the House is with regard to those clauses which give effect to what is called the Mody-Lees Pact. Mr. Mody, with an expert knowledge of the textile industry and with his great facility of expression, has defended himself very well, and the textile industry could not have found a better defender of their cause. Today my friend, Diwan Bahadur Mudaliar, in a most brilliant and at the same time a fighting speech, lent his support to my friend, Mr. Mody, and so I must congratulate him on this accession to his side.

Sir, yesterday you gave a ruling that by allowing this Bill to go to the Select Committee, we would not be committing to any policy of Imperial Preference, but we would accept only the principle of protection to the industry. With regard to that, I do not think there will be great opposition in this House to grant protection to this industry. Sir, the industry has had a peculiar hold on the affections of the people of this country. Its importance is not merely because of its historical antecedents,—because we were told that the mummies of Egypt were wrapped in the best Dacca muslins—but because of the fact that the textile industry has occupied a place in India next only to agriculture in the national economy of India, and, therefore, we have no hesitation in extending protection to this industry. But, Sir, there is also another reason why we should extend protection to this industry. This industry is consuming a large amount of cotton that is grown in India. Nearly thirty lakhs of bales out of the 47 lakhs of bales produced in this country are being consumed by the mills in India, and the price of cotton mostly depends upon the amount of consumption of cotton by these mills. Therefore, Sir, it is to the interest of the agriculturist to see that the industry thrives, and that cotton is consumed in this country in larger and larger quantities. In saying so, however, Sir, I am very jealous of any foreign cotton coming into this country. It is said that we want long staple cotton, and hence we require to import Egyptian, Kenya and Tanganyika cotton. I have no objection to this long staple cotton coming into this country for some time more, but then Government must make every effort to see that India produces long staple cotton in as short a time as possible and make India become self-sufficing. With regard to the imports of other cotton which comes

in competition with Indian grown cotton, I take objection to. We find from the Tariff Board Report that large quantities of American cotton are imported into this country. This is what they say:

"Of the American cotton imported between September, 1929, and May, 1932, we are informed that 75 per cent had the staple length of an inch and below and may thus be said to compete with Indian cotton."

Sir, the Government of India should take every possible step to prevent the importation of this American cotton which competes with Indian cotton. The millowners cannot have the pudding and eat it at the same time. They cannot have protection and, at the same time, buy cotton elsewhere. The reason urged is that the millowners get the American cotton at a cheaper rate, but, however, they must show a patriotic spirit and purchase as much of Indian cotton as possible.

Coming to the Bill itself, it has two parts, as has been pointed by the Honourable the Commerce Member. It gives effect to the Indo-Japanese Agreement that has been recently arrived at. It also gives effect to what is known as the Mody-Clare-Lees Pact. With regard to the Indo-Japanese Agreement, I give it my whole-hearted support. I join in the chorus of congratulations that have been showered upon the Honourable the Commerce Member for arriving at this Agreement. In the beginning, we, representing the agricultural interests, had some doubts whether the Commerce Member would press the point of view of the agriculturists very prominently as opposed to the interests of the millowners and whether he would be carried away by the weight of the representation of the millowners and not so much of the agriculturists who had no organisation of their own. But, Sir, we find that the Honourable the Commerce Member has all along presented the standpoint of the agriculturists very prominently, and we are thankful to him for arriving at this Agreement which sometimes reached even the breaking point. So far we have absolutely no objection to implementing the terms of this Agreement in the present Bill. Coming to the Mody-Clare-Lees Pact, I have very great objection to giving effect to it. Whatever might be the economic effect of the proposals, they commit us to a tariff policy which the Government themselves consistently opposed till 1931. In effect, the proposals, if accepted, would commit us, irrevocably and for the first time, to the policy of Imperial Preference.

An Honourable Member: What about Ottawa?

Mr. T. N. Ramakrishna Reddi: I am dealing with the Ottawa Agreement presently. This question of Imperial Preference came to very great prominence in the year 1930 when the Cotton Tariff (Amendment) Bill was under discussion. At that time, the Government proposed 20 per cent protection on foreign goods and 15 per cent on the British goods. At that time, we opposed the Bill on the ground that the question of Imperial Preference was involved. But, at that time, Sir George Rainy explained by stating that there was no question of Imperial Preference, and that we were giving preference to English goods, because those goods were of a finer variety and they were not directly competing with Indian goods, and, by imposing a uniform duty of 20 per cent, it would unnecessarily burden the consumer without any proportionate advantage to him. That was the ground which was urged in 1930. But in the teeth of opposition, no doubt, the Bill was passed and it became law. Now, I come to the Ottawa

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Agreement. The second time when this question came into prominence was at the time of the Ottawa Agreement. Then, also, the Opposition took very strong objection saying that we should not accept a policy of Imperial Preference by giving preference to many of the British goods. You, Sir, who spoke on behalf of the Ottawa Agreement, stated clearly, during the course of discussions, that it was a clear misunderstanding of the facts of the situation, that the Ottawa Agreement did not involve any question of Imperial Preference, and that the agreements were only reciprocal preferences for which India got benefit for the privileges which were extended to the United Kingdom. This is what you said at that time:

"The Government of India from the year 1903 to the year 1930, have always maintained that India cannot participate in any general scheme of Imperial preference; and, in this declaration of policy, the Government of India had the wholehearted support of the Indian public The last time when this question was raised, was in the Imperial Conference of 1930, and, even in that Conference, Sir Geoffrey Corbett, who was the spokesman of the Government of India, declared in no uncertain terms that in view of the policy of discriminating protection to which the Government of India was committed, India could not subscribe to a general policy of Imperial Preference, but that the Government of India were prepared to consider the merits of particular cases as and when they arose Now, Sir, the Indian Delegation at Ottawa has been accused of having committed India to a policy of Imperial Preference. But I maintain that we have not departed in the least from the announcement of the attitude of the Government of India as was made by Sir Geoffrey Corbett in the year 1930; in other words, we have not committed India to a policy of Imperial Preference. I might go further and say that the policy of Imperial Preference today is as dead as Queen Anne"

At that time, for the preference we gave to the United Kingdom India got preferences for her agricultural products, such as ground nuts, rice, and so on But, Sir, for the first time this Mody-Clare-Lees Pact requires that we should give preference without any *quid pro quo*. That is why I oppose it I have absolutely no objection to giving any benefit to the United Kingdom. It is not for mere opposition's sake, as has been pointed out by Diwan Bahadur Ramaswami Mudaliar and Mr. Mody, that we are opposing this Agreement. As against the Report of the Tariff Board, which has considered these points and given its considered findings, we are not prepared to accept the proposals of the Government of India which seek to give effect to the Mody-Clare-Lees Pact The Tariff Board clearly says that, in order to develop indigenous textile industries, no distinction can be shown between United Kingdom and other countries. It says that the conditions that obtained in 1928 in India did not hold good in the year 1932. In the year 1928, India was not producing finer counts to any great extent, but, in the year 1932 or when the Tariff Board's Report was published, we find that India was producing finer variety of goods to a very great extent It says that, with regard to goods of counts 40's India produced about 765 million yards in 1932 which is equal to the total of imports from other countries Hence it says in paragraph 149:

"We consider it of the greatest importance for the future of the industry that this rate of progress should be maintained, and for this reason we are of opinion that protection should be granted to the Indian industry against goods imported from the United Kingdom as well as from other countries."

Sir, in paragraph 147 also they give the reasons why a duty should be levied on the British goods equally with other foreign goods. As against this considered opinion, the Bill incorporates provisions to give preferences to the United Kingdom goods. We have now to examine

the grounds which have been alleged by the Honourable the Commerce Member and to see whether those grounds are really very valid. If the grounds are not very valid, Sir, then we have to oppose them. The Honourable the Commerce Member has based his arguments on five grounds. The first ground is that the Millowners' Association is a widespread organisation and the Agreement arrived at by the Millowners' Association should be given effect to. For this I have got one chief objection. For the first time the Government of India are introducing a very vicious principle, because these Agreements are arrived at by an individual of an individual organisation however high or efficient he or it may be, and if the Government, without even considering the effect of these Agreements on India, are to give full effect to those Agreements, then, I repeat, it is introducing a very vicious principle. Next year, the Ahmedabad millowners, in order to spite the Bombay Millowners' Association, might come independently into some agreement with the Lancashire people and then want the Government to implement those agreements in the form of a Bill. The Government of India cannot say "No". Now, what is the representative character of the Bombay Millowners' Association? On one side, Mr. Das says it is not a representative body of more than 60 tottering mills. On the other side Mr. Mody defends himself by saying that he represents an organisation whose mills produce nearly half of the total textile products of India. The truth must be somewhere midway However, there have been lot of objection to this Pact in the country. We come to the second reason. With regard to the orientation of outlook of Lancashire which has been referred to by the Honourable the Commerce Member, His Majesty's Government have already undertaken, under the Ottawa Pact, to give effect to arrangements by which they would take every step to increase the consumption of Indian cotton. We find that they have not yet given effect to it, so far to any great measure, and, if at all in recent times more of the Indian cotton is used, it is only in continuation of that undertaking. This is what I find from an article in the *Textile Journal* for January, 1934, which is very favourable to Mr. Mody:

"Frankly, after the closure of the Ottawa gathering, nothing practical was attempted by Lancashire manufacturers to stand by their promises to the great dissatisfaction of the cotton-growing interests in India who expected a larger movement of cotton to mills in the United Kingdom"

That article is written in connection with the work done by the Indian Central Cotton Committee. If in recent times, there has been increase in the consumption of cotton, it is only in pursuance of the Agreement arrived at at Ottawa, but that fact cannot again be urged as consideration for preferences to be given to the United Kingdom under the Mody-Clare-Lees Pact. Then, Sir, the third point urged by the Commerce Member is that we cannot send goods to other countries unless we are prepared to purchase from others. It is a very good principle in normal time, but in these extraordinary times, when there has been any amount of economic nationalism going on in foreign countries, it is a very dangerous and harmful principle to be adopted by India India is in a peculiar position as compared with other European countries. European countries are very small in area with small population. They are highly industrialised and they cannot produce all the raw materials that are required for their mills, and hence they have to sell their goods in other countries and purchase raw materials from them. India, with her great area and with her teeming millions of population, is more in a position of

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self-dependency, because she produces any amount of agricultural products and she requires industry to develop and to consume those products. I do not mean to say that India must stand by herself hermetically sealed. I only emphasize the peculiar circumstances of this country.

Another point that the Honourable Member has stressed is that India at this time does not produce long staple cotton which competes with British goods and hence we must show this preference to Britain. But from the Tariff Board Report which I just quoted, in para. 149, they have clearly stated that Indian mills are producing finer counts of yarn and piecegoods which compete with British goods to a larger and larger extent, and hence, in order to protect and promote that healthy development of the Indian textile industry, the Tariff Board proposed protection even as against United Kingdom goods. Sir, the Honourable the Commerce Member has stated that new circumstances have intervened after the publication of the Tariff Board Report which make the Government feel that they cannot accept the recommendations contained in the Tariff Board Report to treat both the United Kingdom goods as well as the foreign goods on the same footing. That consideration is the Agreement with Japan, known as the Indo-Japanese Agreement. He said, now that a certain quota of piecegoods has been assured to the Japanese Government in the Indian market, they will not be over-anxious to sell their goods at a cheaper rate. What they lose in quantity they will make up by increasing the level of prices on their goods. If that be the case, then it follows that even the difference in the duties which exists at present must be narrowed, if not completely eliminated. This circumstance goes more in support of the proposals of the Tariff Board than can be urged against the recommendations of the Board. It is on these grounds that I have to oppose that portion of the Bill which embodies the provisions of the Mody-Clare-Lees Pact. I had doubts yesterday whether, by accepting this Bill to go to Select Committee, we are committing ourselves to the principle of Imperial Preference which even the Government themselves were opposed to till 1931. After your ruling that that question was not at all involved, I have no objection for the Bill going to Select Committee for any modifications that are necessary to be made and not for Mody-fication as proposed in this Bill.

Mr. Muhammad Azhar Ali: Sir, I do not consider myself competent enough to examine the contents of the Indo-Japanese Agreement or the Mody-Lees Agreement, as other friends here are competent to do, but as I come from the United Provinces, there are only two considerations which have made me to stand on my feet to express my views here. I hold in my hand a paper which gives the views, either expressed by telegrams or letters of different places, opposing this Mody-Lees Pact. Amongst them, I find that there is one, from the Mohini Mills, Calcutta. Another is from the Indian Chamber of Commerce, Calcutta.

An Honourable Member: We have got all of them.

Mr. Muhammad Azhar Ali: The other is from the Marwari Trades Association, Calcutta. Then, another from the Juggilal Kamlapat Spinning and Weaving Mills, Cawnpore. There is one other from the Joint Secretary of the United Provinces Chamber of Commerce (Hear, hear), and

so forth. I would just like to read two or three sentences from the arguments that have been advanced by the United Provinces Chamber of Commerce. They say:

"Lancashire is already enjoying a special treatment in the matter of the export of its piecegoods to India inasmuch as the import duty levied on its piecegoods is lower than that imposed on other countries by fifty per cent. Lancashire is a competitor of Indian piecegoods in the finer qualities which are manufactured here in limited quantities only at present. There are, however, clear prospects of its development in the near future Thus, any further reduction in the import duty would benefit the Lancashire industrialists at the expense of the Indian industry. Lancashire gets its supply of raw material, that is cotton, free of duty and gets no less impetus from the depreciated currency of its country since it has left the gold standard. India, on the other hand has to pay a duty on the raw cotton, machinery etc. If a further reduction in the import duty is allowed on Lancashire goods, my Committee have no doubt that India's fine qualities of piecegoods will be ousted from its own country by Lancashire and the result will be that the textile industry, which has appreciably improved during recent years, will have a definite set-back."

Sir, if the conditions, as have been portrayed by the United Provinces Chamber of Commerce, are true, I am sure, very few Indians would like to give support to any pact, whether it comes from Bombay or it comes from Calcutta or any other place.

3 P.M.

The second point I would like to urge before this House today is about the silk industry and especially the industry as it is carried on in Bengal, the United Provinces, Mysore and Kashmir. Sir, we have all heard the history of how the silk industry was started—how it was helped by the East India Company, but, Sir what is the position today? I find that this table gives the approximate production of silk in various parts of India and its decline. In Mysore, in 1915-16, it was Rs. 11,52,000. In 1929-30, it came down to Rs. 8,80,000. In 1931-32, it came down to Rs. 7,40,000. In Madras, from Rs four lakhs in 1915-16, it came down in 1930-31 to Rs 1,25,000, and in 1931-32, it came down to Rs. 90,000. In Bengal from Rs six lakhs, it went up at first to Rs. 7,20,000; then, in 1931-32, it came down to Rs. 5,40,000. I am not so concerned with Burma or Assam or with the Punjab at the present moment. In Kashmir, it went up from Rs one lakh to Rs. 2,17,000 in 1915-16, and then to Rs. 2,30,000. So it is only in Kashmir that the production of silk has gone up; otherwise, everywhere it has much gone down. Then, I find from the figures from 1932-33 that the imports of yarn, noils and warps, have nearly doubled, while, in the case of mixed goods, the imports were nine times the war average. Raw silk and yarn imports doubled and silk goods trebled between the years 1931-33. So, Sir, what appears to me, is this, that this silk industry, which is being assisted by this 50 per cent tariff, is much going down and the present tariff of 50 per cent will not be enough. From the Tariff Board Report also, Sir, I see on page 31 that:

"The main defect of the Indian industry is not want of natural resources, but want of organisation and failure to change its methods. Mulberry is still largely cultivated and silkworms are reared in the old primitive fashion without any adequate research into the best yielding varieties. In some parts of the country, disease levies a heavy toll on the worm population. Reeling is almost exclusively carried on with the most primitive appliances ranging from the Central Provinces *tikli* and the Assamese *hir* which do not cost more than 8 annas, to the Mysore *charkha* and the Bengal *ghai*. The modern power-driven filatures of Kashmir are the exception rather than the rule. There is nothing like marketing organization in India. For these reasons the Indian industry must find it difficult to compete with French, Italian and Japanese methods, assisted as they are by State measures and scientific research."

Sir, after this finding of the Tariff Board, we are, in possession of the fact that these silk industries are being subsidised and helped by the State

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elsewhere, but we do not find any help from the State here in British India—there may be some Indian States where this is done, but not at least in British India. Therefore, my submission, after this Report of the Tariff Board, is that, without State measures and scientific researches, it is impossible to develop this silk industry. Then, Sir, the Report also says that "there should be a sufficient organization in India". Sir, unless the State comes forward to help in the organization of this industry, my submission is that it will be very difficult for the people alone, if left to themselves, to increase and to develop this silk industry in India. Sir, the Government of India themselves appointed this Tariff Board, and if they are not going to respect the Report of the Tariff Board and to accept their recommendations, I think it will be very difficult in the future to do anything much to the good of this industry. The Tariff Board has also pointed out on page 101 of their Report:

"The handloom weaver is the main consumer of the raw silk produced by the sericultural industry in India". (Further on it also says that) "the silk weaver is found in all parts of India",

—and—

"How widely distributed and of what immense value to the country is the silk weaving industry."

It was pointed out the other day by one of my friends—I think it was Raja Bahadur Krishnamachariar—that the Government have brought along with the silk question in this Tariff Board Report the question of the protective duty for the textile industry too. If such is the importance as is mentioned by the Tariff Board in its own Report, my submission is that the Government of India ought to think of this industry and ought to bring a Tariff Bill according to the Report of the Tariff Board to consider this silk quesion entirely as a separate one and try their best to encourage and organise the silk industry in India. We all know, Sir, that these questions of finer counts and finer silk are of great importance to the handloom industry, at least in Benares. It is as important there as the textile industry is to the handloom industry elsewhere, as was pointed out by my friend, Mr. Bhuput Sing. Therefore, my submission is that if the silk industry is to survive and if it is to live as a living industry, it should be helped by the State and not depend only on the help of the public. My submission before this House today is that Government ought to take very great steps to improve this silk industry, not only in India, but also in Indian States.

Mr. Gaya Prasad Singh: Sir, I am sorry that the even tenor of the debate has been interrupted by the needlessly provocative speech of my Honourable friend, Diwan Bahadur "Mody-liar". (Laughter) Sir, in my opinion, my Honourable friend introduced an unnecessary amount of heat into a controversy which, on merits, does not admit of any heat at all. We were considering a Tariff Bill, and he was quite at liberty to express his opinion one way or the other but I do not know what possessed him over-night, or what mysterious influence was brought to bear on him, that he should have for once departed from his usual good humour and introduced expressions into his speech which in calmer moments he will find to be unjustifiable. He was unnecessarily hard on those gentlemen, the members of the Ahmedabad and other Associations, who had

boycotted this Assembly, and at the same time were interested in watching the result of the debate in this House. At that time, I ventured to interrupt him by saying that there was the Indian National Congress, for instance, which had boycotted the Legislature, but at the same time, when an important piece of legislation was pending in this House—I mean the Temple Entry Bill—some distinguished members of the Congress organisation, who had promoted the Bill, came to Delhi and visited us and were even watching with interest the progress of that legislation from the galleries of this Chamber. Now, at the same time, I might have added that while the Indian National Congress maintained an attitude of boycott, so far as the Legislature was concerned, Mahatma Gandhi was holding a series of conversations some years ago with His Excellency Lord Irwin and other high officials of the Government of India with regard to the question of the Constitutional Advance and other political topics which were then engaging our attention I am not here to defend or condemn the action of those bodies or individuals who have refused to come into this House, but I may say that the mere fact that they have not allowed themselves to be represented in this House should not have been referred to in the way in which my friend, Diwan Bahadur "Mody-liar" represented their attitude to be. Sir, he went out of his way in characterising the attitude of those Members as dishonest and treacherous I think in calmer moments he will come to realise that these expressions are not justifiable. Sir, I cannot congratulate my Honourable friend, Mr. Mody, on getting the Diwan Bahadur to champion his cause If he wanted to damn his case, he could not have done worse than by choosing the Diwan Bahadur to champion his cause My Honourable friend referred to the attitude of non-co-operation of certain commercial bodies and condemned it He will reflect that he should be the last man to condemn the attitude of non-co-operation. Had it not been for the policy of non co-operation maintained by the Indian National Congress, the appearance of my friend in this House would not have been possible, and his subsequent pleasure trips to England and to Canada would have been only in the realms of dreams

Mr. H. P. Mody: Question

Mr. Gaya Prasad Singh: My Honourable friend, the Diwan Bahadur, must be aware that when he was speaking, he received very little applause from the Non-Official Members of this House, and I noticed that very few Members of his own Party cheered him. Certainly, the distinguished Leader of his Party, who is sitting in front of him, never cheered him But the applause which he received was from his patrons, I mean from his friends of the European Group. I remember, Sir, Mr Charles Bradlaugh once said in Parliament that if the *Times* newspaper abused him, he thought that he was right; but if the *Times* praised him, he thought he was wrong.

The Honourable Sir Brojendra Mitter (Leader of the House): It was Cobden.

Mr. Gaya Prasad Singh: I stand corrected I am thankful to the Leader of the House whose peaceful slumber I have interrupted by this mis-statement. (Laughter.)

[Mr. Gaya Prasad Singh.]

Now, Sir, my Honourable friend has also referred to the hot and cold attitude of certain millowners. I do not understand what he meant by that? Does he forget the hot and cold attitude which he himself has had taken when he went to England in connection with the Reserve Bank? Remember what he signed there, and how difficult it was for him to explain away some of the commitments to which he had subscribed, when the Reserve Bank Bill was under discussion on the floor of this House. So it does not lie in his mouth to accuse all and sundry on that ground, and really his attitude and his vehement denunciation looked like the behaviour of a mad bull in a China shop. (Laughter.)

Mr. F. E. James (Madras: European): In a textile shop .

Mr. Gaya Prasad Singh: My Honourable friend referred somewhat vehemently to the safeguards which were sought to be introduced in the Reforms proposals and to the anti-British feeling in this country. I am glad he recognises that the anti-British feeling in this country was confined to a handful of men if I remember rightly as to what he said. If this is so, if the anti-British feeling, so far as the trade relations with England are concerned, was confined only to a handful of men, why should the people in England be anxious to introduce safeguards in the Constitution which we are going to have?

Mr. C. S. Ranga Iyer: My Honourable friend knows that Mahatma Gandhi has always stated that he is not anti-British, but pro-Indian

Mr. Gaya Prasad Singh: I do not know how my Honourable friend has corrected any misstatement that I may have made.

Mr. C. S. Ranga Iyer: I am only helping you.

Mr. Gaya Prasad Singh: I am thankful to the Honourable Member for correctly describing the attitude of Mahatma Gandhi.

However,, my Honourable friend, Mr. Mudaliar, seems to have forgotten the history of England, and how the trade of this country was smothered deliberately by the policy of the British people and of the British Government.

Mr. K. C. Neogy: Particularly the textile industry.

Mr. Gaya Prasad Singh: I am referring only to the textile industry at present. For the education of my Honourable friend, I should like to refer to the condition of things obtaining in India at that time and the testimony of the historians how the textile industry of the country was killed and smothered. Professor Hamilton pointed out that before the coming of the Portuguese into India, three well-recognised routes, two by sea and one by land, were mapped out by Indian traders for carrying on their export trade. The first was by sea to the Arabian coast at Aden, and thence to Cairo and Alexandria; the second was by sea to the Persian Gulf and thence by land to Alleppo and on to the Lavantine ports; the third lay overland by Kandahar to the cities of Persia and Turkey. A

flourishing trade was carried on through the agency of the Indian mercantile marine with Greece, Rome and Venice in the earlier periods and with Holland and England later on.

Now, what were the steps—I am not going to enter into a long discussion on this subject, because I know that my time is limited, but still, by way of a rejoinder to my Honourable friend, I hope you will permit me to refer to some of the historians whose testimony I am going to quote on the floor of the House. Professor Sir Jadunath Sircar enumerates a long list of manufactured articles for which India was famous. The Mughal Emperors encouraged this production by the grant of subsidies, etc., Dacca muslin is particularly referred to by all writers. Sir, with regard to the steps taken by the Government of England, I should like to adduce the evidence of Mr. Taylor who, in his "History of India", has this striking passage:

"The arrival in the port of London of Indian produce in Indian built ships created a sensation among the monopolists which could not be exceeded if a hostile fleet had appeared on the Thames. The ship builders of the port of London took the lead in raising the cry of alarm. They declared that their business was in danger and that the families of all the shipwrights in England were certain to be reduced to starvation."

That was the condition of things when our ships arrived on the waters of the Thames. Then, Sir, historian Lecky says:

"The woollen and silk manufacturers (of England) were seriously alarmed. This led to the passing of the Acts of Parliament in 1700 and 1721 absolutely prohibiting, with a very few specified exceptions, the employment of printed or dyed calicoes in England either in dress or in furniture and the use of printed or dyed goods of which cotton formed any part."

That was the step taken by the Government in England in keeping down the flourishing industry of this country and, with all respects, I want my Honourable friends of the European Group, whose forefathers were responsible for this state of things, to make a note of this.

Mr. B. Das: Mr. Mudaliar will say that that was pro-Indian.

Mr. Gaya Prasad Singh: Another eminent historian, Romesh Chunder Dutt, says:

"A deliberate endeavour was now made to use the political power obtained by the East India Company to discourage the manufacturers in India. In their letter to Bengal dated 17th March, 1769, the Company desired that the manufacture of raw silk should be encouraged in Bengal and that the manufacture of silk fabrics should be discouraged. They also recommended that the silk winders should be forced to work in the Company's factories and prohibited from working in their own homes."

I will now end this portion of my speech by making one little quotation from another historian, Mr. Wilson. This is what he says, and I hope my Honourable friend, Mr. Mudaliar, is within the reach of my voice and is making a note of what I have said on the steps taken by the people and Government in England for which he appears to be gushing with enthusiasm. This is what Wilson says:

"Had India been independent she would have retaliated, would have imposed prohibitive duties upon the British goods and would thus have preserved her own productive industry from annihilation. This act of self-defence was not permitted her. She was at the mercy of the stranger. British goods were forced upon her without paying any duty and the foreign manufacturer employed the arm of political injustice to keep down and ultimately strangle the competitor with whom he could not have contended on equal terms."

[Mr. Gaya Prasad Singh.]

My Honourable friend will see how the commercial and political factors are intermingled with each other

Mr. C. S. Ranga Iyer: Why don't you let the dead past bury its dead and open a new chapter.

Mr. Gaya Prasad Singh: I am thankful to my Honourable friend for suggesting that we should let the dead past bury its dead and open a new chapter. But may I remind him that, before a new chapter is opened, we must pass a sponge over the past and write on a clean slate You must first let the trade of India revert to that flourishing condition in which it was before it was strangled by the policy of the British Government of that time Are my Honourable friends on the other side prepared to take a position like that? Are those gentlemen, who are members of the European Group, in whose fraternity my Honourable friend, Mr. Ranga Iyer, has got a very genial companionship, will my Honourable friends sitting over there allow our industries to regain their position before they were so ruthlessly trampled down by the attempts of the people and the Government in England?

Raja Bahadur G. Krishnamachariar: Why are they clamouring for safeguards?

Mr. Gaya Prasad Singh: My Honourable friend asks why they are clamouring for safeguards It is the guilty conscience that makes them cowards. They know that if political power is placed into the hands of the Indians, probably at least some of the steps which the British Government in England took at that time might possibly be taken by some of our politicians when they will be sitting on the Benches opposite That is why they are anxious to introduce safeguards into the coming Constitution. However, Sir, I dismiss that part of my friend's argument with these words

Now, coming to the Bill itself, I find that it is divided into two parts, first, in which it asks us to ratify the Indo-Japanese Agreement, and the second, when it asks us to ratify the Mody-Lees Pact. With regard to the principle of the Bill, namely, that we should give protection to the textile cotton industry of this country, I am whole-heartedly at one with it. Sir, the report of the Indian Fiscal Commission, which is a very important document on this question, has discussed at length the conditions under which a system of protective duties could be imposed for the benefit of the national industries of this country. I am not going to read out or to set forth the three conditions laid down in the Fiscal Commission's report in this connection So far as the Japanese Agreement is concerned, I fully endorse the view that it should be ratified, and here I unhesitatingly and with my whole heart express my warm congratulations to my two Honourable friends who are in charge of the Departments of Commerce and of Industries and Labour, who represent the economic interests of this country and whom I may describe as Sir Frank Bhore and Sir Joseph Noyce as indicating the inseparable character of the duties of the two distinguished gentlemen who have very ably conducted the negotiations with Japan and brought their labours to a successful termination.

Mr. F. E. James: Also Sir Fazl-i-Husain

Mr. Gaya Prasad Singh: Yes also Sir Fazl-i-Husain, I am glad to acknowledge, though I did not mention his name as he is not a Member of this House, but he none the less deserves our congratulations.

Now, Sir, in the Statement of Objects and Reasons, I find it is stated as follows:

"The denunciation of the Indo-Japanese Trade Convention and the subsequent conclusion of a new trade agreement with Japan together with the unofficial agreement between representatives of the Indian and United Kingdom textile industries have introduced entirely new factors into the situation The present Bill gives statutory effect to the aforementioned agreements". . . etc

I should like to correct one little misstatement which seems to have crept into this statement. This unofficial Agreement was not between the representatives of the Indian and the United Kingdom textile industries, but only between the Millowners' Association of Bombay and the Lancashire Delegation. Sir, much has been said about the part played by the Bombay Millowners' Association, and the competency of my Honourable friend, Mr. Mody, to speak on behalf of the textile industry of this country. I will not take the House into the rather subtle mathematical calculation of our distinguished mathematician colleague, Dr. Ziauddin Ahmad, who tried to prove that my Honourable friend, Mr Mody, represents only $1\frac{1}{2}$ per cent of the textile industry of this country. But, Sir, it goes without saying that at any rate Mr. Mody's Association represents less than a half of the textile industry of this country and this is borne out by the statement made in the Report of the Indian Tariff Board. It is stated as follows in paragraph (1) of the Chapter containing the summary of the conclusions and recommendations (page 199):

"The number of mills at work in India has risen from 274 in 1925 to 312 in 1931. Bombay and Ahmedabad together contain just under half the mills at work"

Now, Sir, Bombay and Ahmedabad contain half the mills at work. Ahmedabad has broken loose from Bombay in this Agreement, and, therefore, Bombay must contain less than half. This is my plain arithmetic as I see it In any case, the opinions of the other Millowners' Associations, for instance, of Ahmedabad and Cawnpore, Calcutta and Delhi, Northern India and other places, have not been taken into consideration. There is one point which I should like to mention. Here I should like to ask my Honourable friend, the Commerce Member, why he is at pains to implement a private non-official Agreement arrived at between two private individuals, I mean Mr. Mody, representing some section of the cotton textile industry in this country, and the Manchester Delegation that came here. I can very well understand the representatives of two Governments, the Government of India and the Government of Japan entering into some sort of a Trade Agreement and asking this House to ratify that Trade Agreement But I do not know why we should be asked to give our concurrence to an Agreement which was arrived at by two non-official parties. The Government in England is not in these negotiations at all, then why should the Government of India go out . . . . .

Mr. C. S. Ranga Iyer: May I ask my Honourable friend whether it is not far better for the two non-official parties to come to an agreement instead of Whitehall manipulating a subordinate branch of the administration, namely, the Government of India?

Mr. Gaya Prasad Singh: In his anxiety to interrupt me, my Honourable friend seems to have missed my point. My point was only this, that there were two Trade Agreements, one was conducted officially between two Governments, the Government of India and the Government of Japan. They came to certain conclusions, and the Government of India now ask us to ratify that Agreement, and we have to consider the point whether that Agreement is to be ratified or not, and come to whatever conclusion we like. But the other Agreement was arrived at between two private parties I do not know what authority those gentlemen who came from England had in influencing the trade conditions and the trade agreements of their country and how far they are in a position to give any undertaking on behalf of their Government. My position will be made clear when I say that in the Japanese Trade Agreement, the Japanese Government have specifically undertaken to purchase a certain quota of cotton in return for a certain quantity of their goods being allowed to enter into this country at some specified rates of duty. Whereas, these gentlemen, who came from Lancashire, have not laid down, and are not in a position to lay down in this Agreement, that they undertake to purchase any fixed quota of our cotton in return for whatever preferential treatment we may be willing to accord to their goods coming into this country.

Mr. C S. Ranga Iyer: Why not make this gesture to enable the Government of India to negotiate successfully with the support of this Legislature, to insist upon Lancashire taking a certain amount to cotton through the interference of the Government of Great Britain?

Mr. Gaya Prasad Singh: I do not know whether the suggestion which my Honourable friend has thrown out is feasible and can be introduced in this Bill

Mr. C. S. Ranga Iyer: It is not introduction in the Bill, but preparing the road for a successful negotiation.

Mr. K. C. Neogy: Why not hold up the Bill till then?

Mr. Gaya Prasad Singh: I am very glad to have the suggestion of my Honourable friend, but if his suggestion is to be accepted, the only thing that should be done is that this Bill should be postponed till the result of that negotiation, to which reference has been made by my Honourable friend, is indicated to us. Government are asking this House to commit itself to a position that British goods should be allowed to come to this country at preferential rates, whereas these gentlemen of the Lancashire Delegation have given us no guarantee that they are in a position to or that they will purchase a fixed quantity of our cotton. It is only a pious hope which they have expressed. Why not let them take a leaf out of Japan who has given us a definite assurance that she is willing to buy a certain quantity of our cotton, why not let the Government in England, for instance, give us a similar undertaking that they or their people will be willing to buy a fixed quota of cotton from India in return for which we would be willing to give them whatever rates of duties may be found feasible? Sir, I am reminded that my Honourable friend, Mr. Mudaliar, said that the Government in England were not in this matter at all, in this Mody-Lees Agreement, and I do not know why the Government of

India should be soiling their hands by mixing themselves up in a transaction which to an outsider like myself appears to be somewhat shady. I should also like to know why it is that the mills operating on the Island of Bombay clamour so much for protection while the mills in Ahmedabad, Delhi, Cawnpore, Calcutta and other places do not stand so much in need of protection.

An Honourable Member: They all want it.

Mr. Gaya Prasad Singh: Yes, they all want it, but not in the way in which my Honourable friend, Mr. Mody, comes periodically with his begging bowl in this House and pursues us, not only on the floor of this House, but also in the lobbies with importunate solicitations. (Laughter.) I should like the members of the Bombay Millowners' Association to look more closely into the system under which their mills are working.

Reference has already been made to the managing agency system under which the mills are allowed to work and to the injurious effect which is sometimes produced. The Report of the Tariff Board on the cotton textile industry has also recommended that this system should be looked into and appropriate legislation brought before this House as soon as possible. My Honourable friend, Mr. Mudaliar, made one reference to which I should like to reply He triumphantly pointed out to the fact that, since this Agreement with Lancashire was entered into, England has purchased an increasing quantity of cotton. But it was pointed out then and there by my Honourable friend, Mr. Neogy, that the import into Germany during the same period from India had also shown a phenomenal increase. How is it then that special credit should be given to England for having consumed more cotton in the same period during which Germany and possibly some other countries also consumed an increasing quantity of our goods?

As I am pressed for time, I will not enter into the details of this Bill I will merely sum up my views in two or three sentences. In the first place, I am of opinion that protection should be given to the cotton textile industry of this country. At the same time, I am opposed to the policy of Imperial Preference which is introduced into this Bill, as it will ultimately recoil upon our nascent industries. Secondly, I am of opinion that this protection should be given on certain conditions, namely, that it should be limited to a definite period within which the textile industry should be asked to put its house in order, so as to be able to dispense with protection at no distant date, and that it should make itself efficient and be able to withstand world competition without this policy of protection. That is all I have got to say on the present motion. I wholeheartedly support, as I said before, the Indo-Japanese Agreement, but I oppose that part of the Bill where the policy of differential tariff is sought to be introduced.

Mr. F. E. James: My Honourable friend, Mr. Gaya Prasad Singh, has trailed his coat in our direction, and I wish, in the first place, to assure him that I have no intention of treading on it He seems to be very nervous as to the effect which our proximity to Mr. Ranga Iyer is having upon his political complexity.

Mr. Gaya Prasad Singh: He has now receded a safe distance from you.

Mr. F. E. James: It is rather the other way. We find that the result of my friend, the Whip of the Nationalist Party's proximity has tended to make us more nationalist than we ever dreamt of being a few years ago. Perhaps at least Mr Gaya Prasad Singh will in future give Mr. Ranga Iyer credit for greater soul force that he at present suspects him capable of. I am not going into the somewhat acrimonious discussions that have been raised by various speakers on the floor of the House in regard to certain political aspects which have been mentioned in regard to this Bill I think, as a matter of fact, that enough has been said on the point, and personally I would prefer that the remaining hours of this discussion should be directed to the importance of the economic aspect of the Agreements and their general political results.

Now, Sir, I am going to deal, first of all, with certain economic aspects of the Agreements I cannot agree with my Honourable friend, Mr. Ramakrishna Reddi, that there is anything vicious in the principle of two great industries belonging to two different countries coming to an agreement in regard to the field of their operations. In fact, I think that that particular method of approach to the economic problem is a method of approach which is being increasingly followed in different parts of the world and will be increasingly followed in the near future. But I do agree that such agreements, when they are concluded between representatives of industries of two countries, must be scrutinised very carefully by the Government and must be scrutinised as carefully by the Legislature when the Legislature is asked to ratify them I suggest to my Honourable friend, Mr. Ramakrishna Reddi, that, subject to those two conditions, there is nothing inherently wrong in the method of negotiation direct between representatives of the industries who are intimately concerned with economic developments. Sir, I would point out that in regard to both these Agreements the principle that we laid down recently in the debate on economic planning, namely, that all these agreements should be short term agreements, has been followed. In regard to the Lancashire Agreement that expires in 1935 That Agreement is, as a matter of fact, a tentative agreement which ultimately may be followed by something of a more official character between the Governments. But, in the meantime, it is obviously a tentative agreement which covers only a short period of years within which certain adjustments may be made As far as the Japanese Agreement is concerned, that operates for a period of three years, and, there, again, I suggest that the Government have, in the interests of the country, at this time of uncertainty, been very wise indeed in not entering into an agreement covering a longer period. A third point I wish to make is this. As has already been said by two previous speakers from this Group, we believe that the textile industry, which is a national industry and must be regarded as such, has made out a good case for protection, and that justifies our support to sending this Bill to a Select Committee. There is, however, one matter to which I should like to make a reference, as I think that sufficient emphasis has not been given to it; and that is in regard to the difficult but extremely important question of the handloom industry.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

I would here like to congratulate my Honourable friend from Madras, Mr. Ramakrishna, on his excellent maiden speech which was made

yesterday. Sir, the charge has been made in the past—quite unjustifiably in my view—that mills put up the price of yarn against the handloom weaver while making the yarn for their own use at considerably lower costs than the price at which they sell to the latter. Now, that statement was made in a communiqué addressed by the Director of Industries, Madras, to the Tariff Board. It was a statement based upon no evidence which was given to us, and I suggest that that statement has really no foundation whatever in fact. The position is this: purely spinning mills ultimately rely almost entirely for their sales on the handloom weaver and their sales to him are regulated both in price and quantity according to the usual laws of supply and demand. Prices quoted by Indian spinners in the face of competition must compare favourably with those of corresponding imported qualities if sales are to continue; therefore, it cannot be argued that the Indian spinning mills will restrict their own sales or deliberately put up the price of yarn against the handloom weaver upon whom after all they depend for the consumption of their production. As far as the spinning and weaving mills are concerned, they sell only what may be described as their emergency surplus, usually about 12 per cent of their total spinning production. For this reason, sales are irregular; their markets are not established, nor is there the same continuous demand as there is in the case of the purely spinning mills. In fact, it is almost equivalent to disposing of job lots, and the inevitable result is that the prices obtainable by weaving mills for their emergency surplus of yarn is regulated almost entirely by the prices ruling for the production of purely spinning mills; and quality for quality, the former are, say, about three to four per cent less than the latter. I suggest, therefore, that the charge which has been made in that respect against the mills cannot really be sustained.

As far as the handloom industry is concerned, at the present moment I think we can say with some confidence that their yarn supplies today are cheaper than they have been within living memory. And yet, the weavers have not benefited thereby, and the factors in bringing down the price of yarn have been the tremendous amount of yarn placed on the market and the low prices of Japanese and Chinese yarns. In seeking to dispose of the abnormal amount of cloth, the handloom weavers have been in competition with millmade cloth, and with themselves; with the result that their realised prices have been very low. A limitation in the imports would have a beneficial effect on yarn prices and also on handloom cloths. That, I think, will be generally admitted.

Now, in the matter of fine counts, I believe that the Directors of Industries themselves admitted in Simla, that weavers of fine counts were doing better than those on coarser counts. That is not to be wondered at as their customers are, generally speaking, the people from the middle and higher classes in the country who can afford to buy superior goods produced from the finer yarns. That being the case, having regard to the fact that the removal of the specific duties would preclude the very necessary development of the industry in this country, we suggest that Government should reconsider their attittude in regard to fine counts of 50's and above.

The Honourable the Commerce Member spoke of holding the balance between the spinning industry and the handloom weavers. I quite agree and everybody agrees that maintaining the balance is most important, but I would submit that there is a third factor which must also be taken

[Mr. F. E. James.]

into account, namely, the cotton grower. If the scale is weighted too heavily against the spinning industry, the spinning industry, unable to bear the whole burden, will undoubtedly have to share it with the cotton growers in the form of lower cotton price. That is inevitable, and I believe we would all agree in this House that it is most undesirable, as the cotton grower is economically in a worse position than the handloom weaver.

We welcome the proposal of the Honourable the Commerce Member in his suggestion that an attempt should be made to help the handloom weaver in the shape of facilities for co-operative buying of yarn and selling of cloth. We would only suggest that side by side with that scheme there should be a more thorough inquiry, if possible on an all-India scale, into the whole question of the handloom weavers. We are not satisfied with the statistics that have been obtained: we think that many of those statistics are based on insufficient premises and are, therefore, inaccurate. Conditions vary enormously from Province to Province, the machinery for collecting statistics varies tremendously from Province to Province; and even the Tariff Board found themselves in this difficulty. We suggest that, if organised help is to be given to this industry, it must also be accompanied by a thorough inquiry into the number of handloom weavers, the number of looms, into their production and into all the information that is possible as to their present economic condition.

I turn now from comments on the economic side of these two Agreements to two observations upon the political side of the Agreements themselves. I have been interested in observing, during the course of the debate, that the only political aspect that has been dealt with on the floor of this House has been the political results of the tentative agreement with Lancashire. I also claim that the Agreement with Japan is a political event of first class importance. We should congratulate the Commerce Member, not only on account of the economic side of the Agreement, but also on his great statesmanship in piloting through an agreement which, to my mind, will have profound political reactions. Every one knows the position of Japan today in the East. Every one knows the position of Japan with regard to the Empire to which we belong. Every one knows Japan's determination to live and her determination, if she is not allowed to live, to fight. We have to deal with facts as they are. We have to deal with a great country, a great Empire which has made itself what it is by its own efforts. Whether we like her policy or not—and I am very sorry indeed that some Honourable Members have referred to Japan in a disparaging way,—Japan in the next generation is going to count as no other country in the world is going to count, as far as India is concerned; and that is why the Agreement, which has been reached, which has immediate economic consequences, is to my mind an agreement which has also far-reaching and wide political consequences. I hope personally, and I am sure every one in this House hopes that, as a result of this piece of statesmanship on the part of the first Indian Commerce Member of the Indian Empire, the political relations between Japan and India and between Japan and the British Empire may be laid down on lines that are harmonious and in directions which will lead to increasing co-operation between these great powers. I believe that unless Japan and the British Empire in the far east can find a way of walking side by side in co-operation, catastrophe may overtake the world.

Then, there is the political significance of the Lancashire Agreement. I am not going into the details as to the evidence which was given by the Manchester Chamber of Commerce before the Joint Select Committee, except to say this: that in dealing with that evidence, three things must be borne in mind. The first is the great influence which Lancashire has politically in England. That is the first point. Secondly, the tradition of Lancashire with regard to this country and with regard to this country's fiscal autonomy. I am not going into the past. I am not here to apologise in the least degree for what has happened in the past as between the economic interests of Britain and the economic interests of this country. I know there are many pages in history that some of us do not care to read. I ask that Members should study the present position and should not dwell too much upon the past. The House will realise that, if they study Lancashire's past history and Lancashire's present attitude within the last few months,—I do not want to exaggerate it,—but I think they will find that within the last few months a revolution has taken place in regard to their attitude to this country. Now, Sir, it is perfectly easy to say that it has nothing to do whatever with Mr. Mody's efforts in London. I leave him to defend that position. He has already defended it. But I will say this that there is absolutely no doubt that Lancashire has, to a degree unknown in her past history, awakened to the enormous economic advantages to her and to the Empire generally of friendly relations and understanding with this country. Whatever may be said about the Mody-Clare-Lees Pact, whether you like it or whether you don't, whether you agree with all its clauses or whether you don't, I can say this from personal knowledge that, throughout those negotiations, my Honourable friend, Mr. Mody, had one thing in mind, and that was the presentation of India's case without any faltering and without any ambiguity. May I give one small piece of personal history which will serve to prove what I have said? I was in England before Mr. Mody arrived. I think it is no secret to many Members of this House that some of us were interested in asking the Lancashire representatives to meet Mr. Mody, because we were anxious that Lancashire should appreciate to a fuller extent the point of view of India. We had no economic axe to grind; we had no political axe to grind, except that we wanted a fuller appreciation of India's point of view in Lancashire. I was, as a matter of fact, present as an observer at the very first meeting that took place between the delegates from Lancashire and Mr. Mody himself. We sat there in a small room in Queen Anne's Street for nearly two hours and a half, and most of that time was occupied by my friend, Mr. Mody, in stating India's case in such forcible terms as would have brought resounding applause even on the floor of this House. In fact, I was at one time nervous of the effect of the statement of that case. I felt that it had perhaps been a little too brutal, a little too frank. And yet, after that meeting, the impression left upon the minds of the Lancashire Delegation was such that they came to the deliberate conclusion, not after great cogitation amongst themselves, that they had better change their tune and come back to London and carry on these conversations.

Now, Sir, you talk about the political significance of this Agreement. Perhaps the Agreement in itself may have no political significance, but I do believe as sincerely as possible that the conversations that were held there, the negotiations that went on between the Lancashire representatives and Mr. Mody and other Honourable Members of this

4 P.M.

[Mr. F. E. James.]

House in Lancashire and in London, had the effect of modifying the attitude of Lancashire towards India's political aspirations to an extent that I never dreamt was possible when I first went to London. You may say that the Agreement is not satisfactory here, or it is not satisfactory there. The Bill is not through. You send the Bill to the Select Committee. If you want modifications, work for those modifications, but let the House not forget that, in regard to this Bill, the eyes of the whole country in India, the eyes of the whole country in the United Kingdom are upon the negotiations and the outcome of those negotiations. This is no place to sell the interests of India, but this is no place either to create an unfriendly atmosphere for the future, and I hope that if we in the Select Committee, while defending to the fullest what we conceive to be the interests of India, —and I stand there with my Indian colleagues on the interests of India first,—if in the Select Committee we can do that, and at the same time pave the way for co-operation between India and Great Britain. these debates, these agreements and this Bill will have a lasting result which will redound to the credit and the great interests of this great country and the Empire.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Mr. President, at this stage of the debate which has gone on for two days, it is not expected of me to dwell at any length on the details of the Bill before us. I must focus the attention of the House on the main general features of the Bill and of the two documents which have been discussed so much in different parts of the House.

My friend, Mr. James, made a very eloquent appeal to us on the political effects of the Agreement which has been entered into by my friend, Mr. Mody, and the Textile British Mission from Lancashire. If this Agreement brought about tangible political effects, so far as the future Constitution of the country is concerned, as one of the Honourable speakers on this side of the House pointed out, I would join with him wholeheartedly in welcoming this measure, even though it be at some economic sacrifice of the country, a country so poor that it cannot bear much sacrifice. Sir, we are all anxious that the political relations between the two countries should be established on a firm and friendly footing. In London where I was staying for six or seven months last year, and was watching the movements of political opinion in Britain as regards the proposed new Constitution, I was very glad to find that Mr. Baldwin, the great Leader of the great Conservative Party of Britain, time after time emphasised the necessity of establishing friendly relations between the two countries in the interest at least of the trade of Great Britain with India. Sir, it should be obvious to every Englishman, and I hope it is, that what Mr. Baldwin has so repeatedly tried to impress upon his Conservative audiences in Britain is an absolutely correct estimate of the Indian position. I was a member of the British Delegation. I heard all the evidence that was adduced before it, and I admit that, after this Pact was entered into here, the evidence that was given by the representatives of Lancashire before had undergone considerable modification in tone. The expressions which were used by those representatives were of a far more friendly character than they were in their original memorandum. But as regards the substance of their representation they remained adamant. Before the last batch of witnesses from Lancashire, the representatives of the British Chamber of Commerce had given their evidence and I had put a question to the leader of those witnesses suggesting to the effect that it was better in the interests

of British trade with India that there should be a friendly understanding and a proper agreement with the consent of the representatives of the people of India rather than any legislative provisions, but I got a somewhat vague reply. But when the representatives of Lancashire were examined after the Pact had been entered into, a pointed question was put by Sir Phiroze Sethna on this point, and I shall read that question and the answer that was given. On page 1894 of Volume II-C of the Minutes of Evidence, the question that was put by Sir Phiroze Sethna was this:

"I have only one more question to ask, and that is in relation to paragraph 27. Mr. Rodier, I join with Mr. Jayakar, and I am sure every Indian Delegate is at one with us, in what you said in regard to the negotiations which have so happily started, and we trust that they will be the beginning of more cordial relations in the future. In view of that, and in view of what you yourself said, that co-operation and federations are better than arguments, would you not think it advisable to withdraw that paragraph, because the implication of that paragraph amounts to this, that you would like India to continue in perpetuity to supply the markets for British manufactured goods and not attempt to develop her indigenous industries."

The answer was:

"No; we do not agree to that"

"*Sir Phiroze Sethna*: That is the clear implication of that paragraph as I read it."

There was no answer to that.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

Sir, this was one of the most important questions that exercised our minds in the Joint Select Committee, that is, the question of commercial discrimination. No formula was suggested which could be accepted by us and the formula that was adopted in the White Paper and was supported by the representatives of British commercial interests was so wide that we felt, each one of us felt, that even the fiscal autonomy convention that exists at present was in considerable jeopardy. We know that the fiscal autonomy convention is not worth as much as we would like it to be. We want full fiscal autonomy for India, and that was the position we took up before the Joint Select Committee and we adhered to it, but even after the change in the atmosphere which has been alluded to by my Honourable friend, Mr. James, the British representatives of commerce, especially of Lancashire, were not prepared to give in on that point. They insisted on rigid legislative provisions in the Constitution Act. They are not going to trust India and Indian opinion. The distrust was not on our part. The distrust was on their part, and so long as the feeling of distrust remains and is going to be embodied in the form of a Statute, I put it to the House that it will not be our fault if peaceful commercial relations between the two countries happen to be disturbed. Sir, that is the position as regards the political effect of this Agreement.

Then, as regards this Agreement, I wish to put one or two questions to my Honourable friend opposite. Was this Agreement entered into with the countenance and sanction of the Government of India or was it left entirely to the private parties to come to any arrangement they liked. If it was left entirely to two commercial bodies to arrive at whatever agreements or arrangement they could, and it was left for the Government of India to decide as is their duty to do as how much of it should be accepted or not or whether they should at all countenance such an Agreement, then I have no quarrel with them.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): May I say at once that that was the position?

Sir Abdur Rahim: I do not know whether my Honourable friend means that the Agreement was not entered into with their sanction and approval

The Honourable Sir Joseph Bhore: No, Sir. My Honourable friend asked whether it was the parties themselves that concluded the Agreement between themselves. I want to assure my Honourable friend that the Government had absolutely nothing whatsoever to do with that Agreement in any shape or form.

Sir Abdur Rahim: I am very glad to be assured on that point. Then, the next point, one of some constitutional importance that arises is this—how far should Government countenance agreements of this sort, how far they should allow themselves to be influenced by any agreement entered into by one commercial body with a commercial body of another country. I can quite understand if the commercial interests as a whole of our country entered into relations and arrived at an arrangement with similar commercial interests of another country as a whole and then went up to the Government and said: "This we think is in the best interests of our own country, will you sanction it?" I could quite understand that position and I do not wish to cast the least reflection either on the *bonâ fides* or the competence of my Honourable friend, Mr. Mody, for whom every one of us has great admiration and respect. I am dealing with it as a purely abstract question, and that is this. When one section of a particular commercial interest enters into an agreement with the commercial interest of a foreign country or a country within the Empire, then, in that case, as things are in India, and indeed as they would be in any other country, the other sections of that interest are likely to resent it, unless they have been previously consulted and their consent also has been obtained. Sir, an agreement of this character, instead of smoothing matters, is likely to create greater friction and greater difficulties (Hear, hear), and that is exactly what has happened, and that is why my Honourable friend, Mr. Mody, has been subjected to so much criticism, apart from the merits or demerits of the Agreement itself. I, therefore, put it to the Government that, instead of encouraging such agreements, they should do their best to discourage them on future occasions. (Hear, hear.) Sir, when the question of bilateral agreements was brought up before the House the other day, I thought that the matter was not so simple as it was presented to us. I knew that there were other sides to the question and that great difficulties and complexities might arise if you accepted the principle of bilateral agreements without considerable qualification. It has been suggested, during the course of this very debate, that there may be further agreements forthcoming upon the same basis. I think it was my friend, the Honourable Mr. Neogy, who asked what other agreements did the Honourable Member opposite have up his sleeves? I believe that was the sort of question that was put by my Honourable friend, Mr. Neogy. Now, I for one do not suggest any sort of scheming on the part of Government and, I am perfectly sure, my Honourable friend, Sir Joseph Bhore, is incapable of any such thing. But I could quite conceive that a similar agreement may be arrived at again between one section of a particular industry in India and the representatives of a similar industry in another country. Now, take, for instance, our own iron and steel industry. An inquiry is

going on as regards that. Now, is it the fact that some particular section of that industry is likely to enter into an agreement like this, and then the Government will come before us and say: "Well here is this agreement which has been concluded". I wish particularly to draw the attention of the Government to the fact, of which indeed they must be fully aware, that not only there are the industries concerned that have to be taken into consideration, but there is the general public, the interests of the general public which have to be safeguarded. There are so many interests involved, —among others the interests of the consumers which some Members in this House are apt to laugh at. Sir, it is not a matter to be laughed at. It is ultimately the interests of the consumer that have to be kept constantly in view in dealing with the sort of questions that we are dealing with. (Hear, hear.) We have to see what is in the best interests of the country in the long run—that is, of the general public. We must not concentrate our attention entirely upon certain particular interests at a particular moment of time. Take, for instance, this Textile Industry Bill. It is not only the textile industry, the power-loom industry, but also the handloom industry, the interests of agriculture and the interests of the general body of consumers, the general public, which have all to be considered. All these are interests which the Government of the country alone, even though that Government are not responsible to the people or their representatives, have to take into consideration. I do say and I say it emphatically and without hesitation that it would be narrowing the vision of the Government if attention was directed only to the interests of a particular section of an industry as voiced by their representatives. They have to take a broad view of the whole position and to see whether at present and in the near future the policy that is to be pursued in respect of a particular industry is in the best interests of the country as a whole.

Sir, I do not wish to say anything more as regards the general aspect of this Agreement. As regards the Indo-Japanese Agreement, I entirely agree with my Honourable friend, Mr. James, that it is a matter on which the Government of India, and especially my Honourable friend opposite, Sir Joseph Bhore, deserves every congratulation. (Hear, hear.) Sir, the advantages of such a Trade Agreement with a great country like Japan is of great political value to us, and, also, to the British Empire. Sir, I am unreservedly glad that Sir Joseph Bhore, with great ability and great skill, was able to bring these negotiations to a successful termination. I may here mention that we have not yet been supplied with a draft of the Agreement; I believe it must have been drawn up by this time; we have got only the minutes of the proceedings; I do not know whether my Honourable friend is in a position to supply us with a copy of the draft Agreement.

The Honourable Sir Joseph Bhore: No, Sir. I regret I am not in a position to do so, because the final wording of the draft has not yet been agreed upon by the Japanese Delegation and ourselves; but we hope to be in a position to make available to the House at the earliest opportunity those Agreements when completed.

Sir Abdur Rahim: I accept that statement, of course, but I thought from what we could gather from the newspapers that the Agreement was only awaiting signature by His Majesty's Government. Apparently that is not a correct version of the situation and, of course, what Sir Joseph Bhore has told us must be correct.

[Sir Abdur Rahim.]

As regards the merits of the Indo-Japanese Agreement, it is very difficult for us to estimate the exact effect of its provisions, but there can be no doubt that the basis of the Agreement is the exchange of mutual benefits. To that, no one can take exception. Whether the quota of piecegoods imports that has been granted to Japan is too liberal or not I cannot say and I can well understand that the representatives of the mill industry of our country would like to reduce that quota. There is this fact and on this point I am not inclined to agree with my Honourable friend, Diwan Bahadur Mudaliar, that Japan consenting to buy so much cotton in exchange for a quota of piece-goods imports is really of no value to us, because Japan has to depend upon short-staple cotton from India for her own industry.

Diwan Bahadur A. Ramaswami Mudaliar: May I point out that that was not my statement. I was only quoting a critic who said that, and I do not agree with him.

Sir Abdur Rahim: I am very glad to hear that that was merely a quotation from somebody and that my friend does not agree with it. My own view is that it is of great value to us. As a matter of fact, the Indian growers of cotton for a long time have been suffering from low prices and from an inability to dispose of their products. I think it must be a great relief to the agricultural community of India that Japan has definitely agreed to buy one million bales of cotton during a year.

I now revert to the merits of the Agreement with Lancashire. The important part of that Agreement is that Lancashire should get certain preference for her goods, and if the revenue surcharge happens to be reduced, then in that case fresh proposals would not be made by the Indian industry for a higher protective duty. That is so far, a benefit to the Lancashire industry. When you come to what Lancashire proposes to give to us, that is in the region, as has been pointed out by more than one speaker on this side of the House, of promises. Sir, I, for one, do not doubt the good faith of Lancashire, and I do believe from the evidence that we heard in London that the Lancashire merchants and manufacturers are engaged in experimenting as to how best they can utilise Indian cotton for their manufacture. But so far as I have been able to gather, the whole thing is still in an experimental stage and no one can be sure whether the experiment is going to be successful or not. It has been pointed out that, as a matter of fact, this year there has been a much larger export of cotton to Britain than previously, about double the quantity.

Mr. K. C. Neogy: Yes, if you compare this year's figure with the figures of the previous two years. But if you compare 1930-31, the increase is not much.

Diwan Bahadur A. Ramaswami Mudaliar: You have to take the imports also for those years.

Sir Abdur Rahim: I am not a businessman at all. The point of view which strikes one, who has had dealings with businessmen, is that they will look to their business and to their profit first. They do not maintain benevolent institutions. The industries, either of my Honourable friend,

Mr. Mody, or of Lancashire, try to make as much profit as they can out of their business. That is obvious, and I, for one, would never be convinced that Lancashire will alter that cardinal principle of commercial business in order to suit the convenience of any other country even though it may be a country within the Empire or in order to establish friendly relations with us. If cotton in larger quantities has gone to Lancashire this year, it does not follow that this will be kept up in the future. On the other hand, in the case of Japan, we have a definite undertaking that they will take so much Indian cotton in lieu of the quota which they are receiving from us. I should like to know from my Honourable friend, the Commerce Member, when he speaks in reply, why was it not possible to enter into a similar agreement with Lancashire? When you are giving preference to Lancashire and when Lancashire is so willing to buy more and more of Indian cotton and help the Indian producers of cotton, why could you not enter into an agreement to that effect? If the increase in the import of cotton by Lancashire from India has, as a matter of fact, increased so much and if that has been in pursuance of a new policy as is suggested, then where was the difficulty on the part of Lancashire to give us an assurance of quota of our own?

Mr. C. S. Ranga Iyer: Perhaps Mr. Mody forced the pace.

Sir Abdur Rahim: I do not know what happened between my Honourable friend, Mr. Mody, and the representatives of the Lancashire Textile Mission, but that is a point which has been puzzling me, and I am perfectly sure, my Honourable friend, the Commerce Member, will be able to throw light upon it. Now, if we had an agreement of that character with Lancashire, then all the criticisms that have been levelled against the agreement, political or economic, would have been fully met, and I suggest that in the world-competition, in the midst of which India also has to struggle, the only way—if we are to enter into agreements with other countries—would, perhaps, be on the basis of quotas. Sir, so far as preference is concerned, if it does not hurt the industry of India, I, for one, would not object to it. But if it is likely to hurt the interests of my country, I would certainly object to it If you leave a matter like this in an uncertain state, naturally many Members on this side of the House and the public generally will apprehend that the preference given to Lancashire, without enforcing a quota from them for our cotton, is likely to injure our trade without benefiting the producers. That is the fear and apprehension which has been freely given vent to on this side of the House, and I do hope, the Honourable the Commerce Member will bear this in mind in the deliberations of the Select Committee.

I now come to the main question at issue, the need for protection. Sir, so far as I can gather from the speeches and the facts and figures that have been cited and from the Report of the Tariff Board, there seems to be general agreement that the textile industry of India still needs protection. I think my Honourable friends opposite may take it that we on this side of the House will concede generally that the textile industry does deserve protection. But that is not the only question that has to be considered. Sir, your ruling has made the position quite clear, and even if the principle is conceded that the sudden withdrawal of protection from the Indian textile industry is likely to injure its growth, there are still other questions which have to be considered. For instance, what is the measure of protection that is needed, the period of protection and

[Sir Abdur Rahim.]

whether the protection is going to be unconditional or there are to be any conditions which ought to be attached to it. These vital questions still remain, and I take it that under your ruling it will be open to the Select Committee to consider these questions and come to proper conclusion upon such facts as the Honourable the Commerce Member will be in a position to supply to the Committee. I should be the last person to suggest any reflection on the mill industry, either of Bombay or of Ahmedabad or of any other part of India, but I will ask the Government to take into serious consideration the findings of fact of the Tariff Board upon that point. I do not think it can fairly be said, and, in fact, I do not think anything has been said, as I followed the Honourable Members who spoke on this subject, that the findings of the Tariff Board in this respect are wrong or exaggerated I refer mainly to the system which prevails in many of these concerns and which in its later developments does not seem to have secured the approval of the Members of the Tariff Board. They point out that the managing agency system which had done valuable pioneering work in the textile industry is not quite sound in certain important respects, so much so that they have made a definite recommendation that legislative provisions are necessary in order to ensure control over this system This is a very important matter. I do not know whether the attention of my Honourable friend, Sir Joseph Bhore, was drawn to this matter when he made his speech in moving for a Select Committee, but, so far as I followed his speech, there was no allusion in it to the need for seeing that the textile industry is run on proper and efficient lines. What I feel is and I believe many Honourable Members on this side of the House also feel is that our textile industry has now to face world competition. Its two great competitors are Japan and Great Britain. It has been able, in spite of this competition, to hold its own to a very large extent. But, all the same, it is absolutely clear from the Report of the Tariff Board that unless the industry is able to put its house in order and to remove some of those shortcomings which have developed in it, then in that case, it will become more and more difficult for the textile industry of India to hold its own even in the home market.

I lay great stress on the labour question to which naturally my friend, Mr. Joshi, has drawn the attention of the House so pointedly. I take it, it is an axiomatic fact which no one can deny that the success of an industry depends largely upon the efficiency of labour. Judging from the Report of the Tariff Board, that question, though it was attempted to be tackled, has been practically left in an unsatisfactory condition. I wish to draw special attention of the Government to the fact that, unless labour is educated and trained, our industry will not be able to hold its ground for very long I would ask the Honourable the Commerce Member to consider very seriously whether it is not possible for them to take any steps in this direction Then, there are other matters on which the efficiency of labour depends. Housing conditions, organisation of labour, all these are matters with which my Honourable friend, Sir Frank Noyce, must be familiar, and it is up to him and to the rest of the Government to see that before long steps are taken which would put the labour conditions of India on a proper footing.

Now, Sir, as regards the agency system, it had been pointed out that certain practices are of extremely unsound and questionable character. For instance, inter-investments of funds in companies under the same

managements, which is bound to lead to a conflict of interests. Short term funds is another difficulty, and there are other defects in that system which have been pointed out in the Tariff Board's Report. I do hope that the Select Committee will take all these matters into consideration and the Government will take steps in order to carry out the recommendation of the Tariff Board.

The question of the period of protection is also another matter which has to be taken into consideration by the Select Committee. I believe the Tariff Board recommended ten years, and the Honourable the Commerce Member very rightly reduced it to five years. I believe there is a feeling amongst some Members of this House that even that period may be too long (Hear, hear), and that it ought to be possible during the period, that may be laid down, to hold an inquiry from time to time to see how the industry is running and whether the industry is reorganising itself on a better basis.

Sir, there is a very vexed question which I for one, and, I am sure, many other Members cannot quite decide for themselves, and that is the holding of a proper balance, as it has been put, between the factory textile industry and the handloom or cottage industry. It may be, as I believe has been pointed out, that India is the one place where such a large handloom industry exists side by side with factory textile industry. That may be so, but there is also the fact that the handloom industry of India is one of vital importance to a very large number of people, so much so, that it is said that no less than ten million people are dependent upon that industry; and any serious dislocation of such an industry would be disastrous to this country. I think, so far as this Bill is concerned, the only way in which Government can come to the rescue of the handloom industry is to see that there is no unfair competition between that industry and the power industry, that the handloom industry gets its yarn as cheap as possible and that an excessive duty on yarn is bound to tell upon the prosperity of this industry. This also is a matter of very great importance which I do hope the Select Committee will take very carefully into their consideration.

Sir, there is another indigenous industry of which India used once to be very proud and that is the silk industry. We in Bengal thought a great deal of this industry at one time, but for some time it has been languishing. Murshidabad silk used to be famous all over the world, and now it is in a very bad way indeed. Some small spasmodic efforts have been made from time to time to help this industry, but nothing on any systematic or organised scale. It has been pointed out in the Tariff Board Report that it is eminently an industry for a poor country and for a poor people. If that is so, I think India ought to be the real home of this industry. Sir, the Tariff Board has suggested certain measures which Government ought to be in a position to take in order to safeguard the silk industry. I do not remember whether my Honourable friend, Sir Joseph Bhore, in his speech mentioned any particular measure which his Government would be prepared to take in order to help this industry. It might be a mere inadvertent omission, but it is a matter which I hope will engage the very serious attention of Government, and I do hope also that the Select Committee will insist upon measures being taken in order to help this industry. Sir, we have heard a great deal about the disorganisation and chaos that prevails in China, but, from what is stated in the Report of the Tariff Board, they do not seem to be merely engaged in mutual warfare, but they are able to take care of their indus-

[Sir Abdur Rahim.]

tries; and we know, as a matter of fact, that Chinese silk is competing in our home market. Sir, if it be possible for the Chinese Government, such as it is, to take steps to help her industries, surely it should be quite easy for this Government to take similar steps in India.

Sir, I do not wish to take any more time of the House. The whole matter will be before the Select Committee, and I do hope that the suggestions which have been made by so many Members on this side of the House will be seriously considered in the Committee and that the Bill will come before us in an improved form. I should like, in the end, to allude to the peroration of my Honourable friend, Sir Joseph Bhore's speech. He has appealed to us, not for the first time or even the second time, for co-operation and friendliness. Sir, I must say that I have always felt pained and humiliated in being always asked for friendliness and co-operation with Britain. Situated as we are, the need for India is for more kindness and friendliness on the part of Britain, not friendliness and co-operation on our part. Friendliness and co-operation on our part, situated as we are, will be readily and generously forthcoming if the first real gesture is made, not *by* us, but *to* us. (Applause.)

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural:) Sir, I had no idea of referring to the two Agreements on which such severe comments have been made in the course of the debate on this motion. The acrimonious manner it was dealt with by those Honourable Members who spoke in support of them and the heat that was imported into it, give me no alternative but to take up the other side of the question. If the Honourable the Commerce Member had not made the categorical statement in reply to a specific question by the Honourable Sir Abdur Rahim that Government had no hands in the Lancashire-Bombay Agreement or, for that matter, they were not instrumental in bringing about the two Delegations or the decisions arrived at by them, I would have thought that the whole scene was stage-managed by the Government. If you look at the date of the Report of the Tariff Board, you will find that it was dated so long ago as the 10th November, 1932. Sir, you might remember that several Members on this side of the House asked Government, times without number, as to when they were going to publish the Report They said, they were marking time; the psychological time had not arrived. Another peculiar procedure that I found with regard to this Report was that no Resolution of the Government was issued in connection with the publication of this Report. If I remember aright, the usual procedure is to issue a Resolution also along with the Reports of the Tariff Board, in which the decisions of the Government and the reasons which actuate them are generally given. Sir, the one distinguishing feature of this Bill is that the Tariff Board proposes discrimination against British goods. The position is this: here we have the British Government and the Secretary of State holding the key to the situation. The proposals contained in the Tariff Board's Report are in conflict with the interests of Great Britain. Is it unlikely under the present circumstances that the Secretary of State has not brought his influence to bear upon the Government of India to delay the publication of the Report pending the results of the negotiations of the Lancashire Delegation purposely sent out. The fact that, the proposals of their Agreement have been adopted in preference to the findings of the

Tariff Board, certainly lends colour to that view. The Tariff Board is a judicial body. That the proposals of a Trade Agreement between a body of which the most that can be said is that it represents only a section of that particular trade in this country and a section in England should be given preference to the proposals of a judicial body like the Tariff Board, even after knowing that they have roused a storm of controversy, is not a matter which we on this side can calmly consider.

My Honourable friend, Mr. James, glibly put the question to us that if the Opposition wanted to effect changes in the proposals of the Government, why not do so in the Select Committee. I put the question the other way about and ask: why should not Government adopt the proposals of the Tariff Board and leave it to Mr. Mody, and his friends like Mr. James who support him, to effect changes in Select Committee? That would have been more honest and more fair to the Tariff Board and to this House and to the country at large. These things lead me to suspect that the Government are at the bottom of the whole mischief. I do not want to criticise the speech of my Honourable friend, Mr. Mudaliar, who seems over-enthusiastic about it. (Laughter.) Mr. Mody said that, on account of the results of his exertions, the exports from India to England had perceptibly improved, and on that account claimed justification of the agreement he brought about. I would like to point out to the House that in the accounts of the Sea-borne Trade and Navigation of British India (page 220), dealing with exports of cotton, it is stated, that the exports of cotton during the last three years, 1932 to 1934, increased, in the case of the United Kingdom, from 587 to 7,289 bales, in the case of Germany from 1,852 to 4,222 bales, in the case of France, from 672 to 3,106 bales, in the case of Spain, from 312 to 992 bales, and in the case of Italy, from 1,087 to 5,020 bales. May I respectfully ask, were there any agreements with these countries also? Was it owing to any agreements with all these countries that their exports have increased during this period? No, Sir, there has been a general revival of trade in the whole world since the last two years and it is as the outcome of that revival that the exports from India have increased. (Hear, hear.) If the supporters of the Lancashire-Bombay Agreement can come forward with figures showing the increase in exports after that Agreement was entered into, increase that would not have happened otherwise, I would have paid some attention to that. Another thing we must bear in mind is that comparisons should be made only with the increase already brought about after the full effects of the Ottawa Agreement began to operate. I will collect statistics from the Library and place them before the Select Committee when the time comes; I do not propose to deal with them here.

I remember, Mr. Mody said that political advantages will flow from this Indo-Lancashire Agreement. Sir, I have lived in this
5 P.M. world for fifty years—I am little more than fifty years old now—and, as a student, I have read that there was the Queen's Proclamation after the Mutiny in 1857 (Interruption)—I will not yield—I learned it by heart then, but have forgotten now,—and that Proclamation was treated as the Magna Charta of this country. Since then, proclamations after proclamations have been made by crowned heads, the last of which was the Proclamation of our beloved Majesty, King George V, on the opening of this Legislative Assembly in the year 1921. What did His Majesty say then? That India will be given Swaraj or equal status with the dominions. What is our position now? The British Government can

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whittle down not only their pronouncements but also those of the crowned heads. When that can be done, is anybody in this House fool enough to attach any value to this kind of Agreement between a section of an industry here and a section of the mercantile community in England? Businessmen are businessmen everywhere without any exception, including Englishmen. They care only for profits and are entirely unreliable. My friend, Diwan Bahadur Ramaswami Mudaliar, approved the policy of the Bombay millowners and condemned severely the Ahmedabad millowners. . . . .

Diwan Bahadur A. Ramaswami Mudaliar: I do not remember to have given any such certificate to my Honourable friend here.

Mr. K. P. Thampan: I distinctly remember his saying that the Ahmedabad millowners, while keeping out of the negotiations, are not ashamed to take advantage of the position that has been brought about. I have no sympathy with either the Ahmedabad or the Bombay millowners; my sympathies are entirely with the handloom weavers and cotton spinners and the agriculturists of my Presidency. My sympathies do not extend outside this limited sphere. Each man in this House has his own interests and duty to serve, and, if everybody looked after his own responsibility, the well-being of this country is ensured. Mr. Mody also referred to the improvement in cotton . . . (Interruption)—Sir, I am proud to claim Mr. Mody as a friend; it requires enormous strength of character, courage of conviction and stoutness of heart to go ahead with negotiations for an agreement like this, knowing as he did all the time the opprobrium that it will bring on his head and Mr. Mody has to be congratulated on that, quite apart from other considerations.

I will now invite the House to the report of the Joint Select Committee—the memorandum submitted by the Manchester Chamber of Commerce. The first paragraph of the memorandum submitted by the Manchester Chamber of Commerce says this:

"The evidence which is herewith submitted to the Joint Select Committee was prepared some months ago."

That means that the genesis of this memorandum did not originate after the Agreement between the Lancashire Delegation and the Bombay millowners. In the last paragraph of that memorandum, to which my revered leader, Mr Neogy, referred and wanted Mr. Mudaliar to read this morning, it is stated thus:

"In the special case of Indian cotton under the arrangement entered into with Ottawa, steps have already been taken to promote a larger consumption in Lancashire. The measures under contemplation and others which will be devised offer every prospect of a suitable outlet within the Empire for a much larger volume of trade... . ...".

Then, Sir, there is also another thing to which I desire to draw the attention of this House, and that is the Resolution which was moved by Mr. Birt, the Agricultural Expert, at the Central Cotton Committee meeting, which was held at Karachi in February 1933. I need not weary the House by reading it. It is a published document and every one can read. I maintain, Sir, that the increase in export of cotton is entirely due to the implementing of the terms of the Ottawa Agreement and the exertions of the Government than to anything else. It is all bunkum to

say that that is the result of the Agreement between my friend, Mr. Mody, and Lancashire. The Tariff Board categorically states their findings in paragraph 153 of their Report. I shall not weary the House by reading out that portion of the Report. It says that protection against England is absolutely necessary in order to safeguard the interests of the Indian textile industry Sir, I ask the Government to say whether they were justified in going back upon the finding of the Tariff Board and to propose a preference in favour of England? My Honourable friend, Diwan Bahadur Mudaliar, said this morning that there was a difference in the cost of production in England and Japan. He asked, in case the cost of production of one pound of yarn, for instance, in Japan is Re. 0-5-0 in England Re. 0-8-0, in India it is Re. 0-10-0; whether it was proper to levy the same and a uniform duty on articles that cost Re. 0-5-0 and Re. 0-8-0 for their manufacture? It was a very pertinent question, I agree; but, Sir, there are other compensating factors which we have to consider and which ought to weigh with this House. As against India, England has got a benefit of half an anna of export duty in one pound of cotton. Then, we must also take into account the cost of machinery, and the import duty on machinery which was lately introduced in this country, and all these factors go to counterbalance whatever difference there is between the cost of producing yarn in Japan and in England.

Now, Sir, I shall say only one word with regard to the Japanese Agreement. I am not competent to enter into the merits of that Agreement, but as a layman I hope that it will be for the benefit of this country. That is all I can say about the Indo-Japanese Agreement. My friend, Mr. B. Das, raised the question of discrimination against certain Indian goods including Indian pig iron by Japan, and my friend, the Honourable Sir Joseph Bhore, categorically denied it Since then, I have received a telegram, which, with your permission, I propose to read to the House. It is from the Indian Chamber of Commerce, Bombay:

"Reference Bhore's reply that Japan does not discriminate against India. The following telegram has been received from Bombay: 'Japanese import duty against Indian rice and pig iron certainly discriminatory. Indian rice prohibited. Japanese rice allowed Japan raised import duty against pig iron; her import from India transcended all imports. Illustration: as soon as Indian pig iron received bounty, America raised import duty against Indian pig iron pleading bounty adversely affected bulk of her dealings therefore where greater bulk was affected and thus there was discrimination. Sarabhai, care Indian Chamber'."

The Honourable Sir Joseph Bhore: May I point out that, so far as pig iron is concerned, with which I was dealing at the time, it is absolutely false to say that there is any discriminating duty imposed by Japan against Indian pig iron.

Mr. K. P. Thampan: What about other things? Sir, I do not know much about it. I am only reading a telegram I received. I have not got the resources the Commerce Member has, nor am I acquainted with those details.

Sir Cowasji Jehangir: The telegram does not say so either. I have got a similar telegram.

Mr. S. G. Jog (Berar Representative): In the case of rice, it may be discriminatory, but not in the case of pig iron.

Mr. C. S. Ranga Iyer: But, Sir, is it not a fact that Japan does not take our pig iron as she used to take at one time?

Sir Cowasji Jehangir: So far as I understand this telegram, what it says is that as soon as pig iron began to be exported from India in large quantities, Japan put a prohibitive duty so as to prevent it from going into the country. They put the duty on all countries, and not merely on India; but the pig iron that they did import was only from India. That is, what I believe, the telegram says.

The Honourable Sir Joseph Bhore: I do not know what the meaning of that telegram is, but with reference to what my friend says, may I point out that he is perfectly right in saying that the same duty was imposed against pig iron from India as against pig iron from every other country. At the present moment, the incidence of that duty is about 22 per cent *ad valorem*.

Mr. K. P. Thampan: It is already quarter past five, and I want to know, Sir, whether you will allow me to continue my speech today. . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): If it suits the convenience of the House, in view of the expression of the view this morning that a great many people want to speak, the Chair is prepared to sit until Mr. Thampan finishes.

Mr. K. P. Thampan: I shall take another half an hour more, Sir.

Mr President (The Honourable Sir Shanmukham Chetty): Mr. Thampan will continue now.

Mr. K. P. Thampan: With your permission, I shall proceed to say a few words about the proposals before the House.

Sir, during the past four years that I have been in this House, I do not think a more important subject than the one under discussion was ever brought forward in this House. This matter deals with various interests, such as agriculture, capital, labour, wages and a very large number of connected things. India grows cotton on about 23 million acres of land, and as such it is second in the whole world. The output of cotton in this country is in the neighbourhood of five million bales, and there again India stands second in the whole world. India is peculiarly situated in this matter, in that she grows cotton, turns it into manufactured articles, and also sells those articles to a vast population in the country. I do not think any other country in the whole world has got all these three natural advantages. England only manufactures cotton goods, but does not grow one ounce of cotton, nor does it consume any appreciable quantity of it. It is confined to manufacturing and selling to other countries. I think the condition of affairs in Japan is also more or less the same, but I am not sure At any rate, Japan has not got all the three advantages combined. It does not grow any cotton. In India, we consume internally 60 per cent of the cotton grown in this country, and, of the remaining 40 20 per cent is taken by Japan and the rest by the other countries of the world including Great Britain From that you can understand the quantity taken by the United Kingdom. We have entered into an Agreement with Japan entirely for the purpose of safeguarding the

export of cotton to Japan. That is only one-fifth of the output of our cotton. India, as I said, consumes three-fifths. Is it not proper then that adequate steps should be taken to safeguard the three-fifths of our output? If the industry goes to dogs, then agriculture must also go to dogs. One is so closely inter-dependent on the other

Then, with regard to the cotton industry itself, I find from the Report of the Tariff Board that as much as 80 crores of rupees is invested on the spinning and weaving mills of this country and it contributes a substantial sum of four crores of rupees every year to the national income, and, judged by the results of the protection that we have given during the last three years, I make no hesitation to say that a case for extension of the protection has been made out. Let alone the inefficiency and other things of the Bombay mills. Last month, when the Safeguarding Bill was considered in this Assembly, I protested against the inefficiency of the Bombay mills and said that the country would not tolerate such things any longer and that unless the millowners of Bombay satisfy certain conditions of efficiency and other things, there will be a large outcry in the country against the continuation of protection. Of course, it is only the fittest that can survive, and that is consolation enough in matters of this kind. So far as the handloom industry is concerned, it is not an economic proposition to depend entirely upon that pious wish. The handloom industry cannot compete with the improved machinery, however much we may wish it to flourish in the interests of the poor handloom weavers It is only by bringing about a co-relation, a kind of adjustment between the handloom industry and the weaving mills that the interests of the handloom weavers may be safeguarded. I want you to see what proportion of the cloths consumed in this country are made by the handloom weavers. The quantity imported in a normal year is only 776 million yards of cloth. The mills produce about 3,000 million yards and the hand looms about 1,500 million yards. On the whole, the normal consumption of this country is about 5,275 million yards of cloth. The country wants under normal conditions 2½ times the production of the handlooms. It is a very complicated question, and, therefore, I believe the only solution is to co-ordinate both and arrive at a satisfactory arrangement between the two interests. When I deal with the question of protection to the handloom weavers, I shall deal with that in a more detailed manner.

I shall now come to the yarn industry. Going through the Report of the Tariff Board, one comes to the irresistible conclusion that the case of the spinning mills has gone by default and in the list of witnesses that have appeared before the Tariff Board, we do not find a single one representing a spinning mill. Of course, mills that have both spinning and weaving have made their representations. My friend, Mr. Mudaliar, said that the Tariff Board went to the salubrious climate of Ootacamund to write their Report. I do not find any fault with my friend, Dr. Mathai, the Chairman of the Tariff Board. In South India, there are large weaving mills which confine themselves solely to spinning and yet they did not take any evidence from them. Even if the spinning mills did not come forward, it was the duty of the Tariff Board to have sent for them and got their evidence. Of course, I know that they have got the machinery to summon these people to appear before them, but they could have been induced, if the Board wanted to give evidence. I maintain that the cotton spinning industry as such has been totally ignored and the calculations and findings of the Tariff Board in regard to yarns are wrong, to say the least. My friend, Mr. Ramaswami Mudaliar, referred to certain items of

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additional expense which the mills had to meet in connection with spinning. I do not propose to traverse that ground, but on two points, namely, the complement of labour for a thousand spindles and the standard of efficiency of a spindle, there has been gross miscalculations. In the Report, they say that the minimum standard of efficiency of a spindle is 3·85 ounce. Though I am not connected with any spinning mill at present, I know, as a matter of fact, the average production of yarn of a spindle is only 2·85. That is so in Coimbatore, in Madura, in Tinnevelly and in Malabar. I have made inquiries of all these people, and I can authoritatively state that the output of yarn in a spindle is in the neighbourhood of 2·85 and not 3·85 as you find in the Tariff Board Report.

Then, Sir, with regard to the complement of labour per thousand spindles, the Tariff Board has stated that it is only 15 labourers. As a matter of fact, it is 30. Nothing less than 30 labourers will do for a thousand spindles. I do not know how the Tariff Board have arrived at this figure. Then, again, there is another thing in which they are equally wrong and I cannot understand how they failed in arriving at the right figure. The duty-free price which they have put down for the year 1931-32 is absolutely wrong. They say that the duty-free price for one pound of yarn was 130 pies for China and Japan. You know the Chinese War in Manchuria and the price of cotton, which was very high at that time, were the ruling factors operating towards a higher cost. They have taken into calculation the month of July, 1932, when 40's were selling at 11 annas which is equivalent to a duty-free price of 114 pies. In September, it was 108 pies duty-free price. In the same month, the United Kingdom 40's were sold at one anna less than the Japanese. That is a point which Mr. Mody and Mr. Ramaswami Mudaliar ought to remember. What has been the effect of this keen competition? A thorough deterioration.

In this connection, I would invite the attention of the House to the figures of exports and imports of yarn during the last few years. In the year 1929, the export was 29 million pounds. In the year 1933, it was only 17 million, while the imports were steadily increasing. In the year 1931-32, they were 31·6 million pounds of yarn. Last year, that is, in 1932-33, they were 45·1 million pounds of yarn. So we have had a steady decrease in the exports, and a steady increase in the imports. Sir, the Tariff Board has gone wrong again in arriving at the fair rate of duties proposed. The cost of one pound of cotton, including a wastage of ten per cent, is at present 7·55 annas. The cost of manufacture is 5·65 annas,—so both these together come to 13·25. The price of one pound of 40's in Madras this month is 10·5 annas which is equal to a duty-free price of 8·65 annas. Therefore, the difference is 4·6 annas, and that is the duty which should, strictly speaking, be levied. But, Sir, considering the abnormal conditions that we are passing through and the fact that internal competition among these mills will bring down the prices to the normal level, one can easily put forward a claim to a three annas a pound duty on yarns.

Sir, last January, during the debates on the Safeguarding Bill, when I referred to the dividends of some of the Companies which were engaged in the spinning business, my friend, Sir Joseph Bhore, read out extracts from the *Capital* and said that the Madura Company and other concerns in South India were paying very good dividends. Sir, I have pursued my inquiries further into the matter, and I can state the present position. From a more recent issue of the *Capital*, I have extracted the following

information. Kaleeswarars of Coimbatore, Buckingham and Carnatic of Madras, Madura Mills at Madura, Tuticorin and Ambasamudram and the Malabar Mills may be said, from the dividend paying point of view, to be the most successful in our Presidency. In recent years, their dividends have been as follows:

	1929.	1930.	1931.	1932.
	Per cent.	Per cent.	Per cent.	Per cent.
Kaleeswarar	25	15	30	30
Buckingham and Carnatic . . .	10	10	10	10
Madura	24	10	10	10
Malabar	10	*Nil*	5	6

The 1933 figures are not available, but in all probability will show very substantial reductions.

Now, I would like the House to pay particular attention to what these dividends really mean. Taking Reserves and Capital together, the real return to the shareholders is as follows:

	1929.	1930.	1931.	1932.
	Per cent.	Per cent.	Per cent.	Per cent.
Kaleeswarar	4	2·8	4·8	4·8
Buckingham and Carnatic . . .	2·6	2·6	2·6	2·6
Madura	4·1	1·7	1·7	1·7
Malabar	3·2	*Nil*	1·6	1·9

Not one has paid even five per cent, and the return has been in the majority of cases under three per cent

Mr. N. M. Joshi: What is the use of Reserves if they are not to be utilised for paying dividends?

Mr. K. P. Thampan: That is quite a different question. The Tariff Board speaks of a return of eight per cent on the capital invested in the business. Surely that is sufficient proof that the Southern Mills, advantageously placed though they are in close proximity to good quality cotton, are not making reasonable profits on the present scale of duties, and that, if Government insist on carrying out the present proposals, mills workers, ryots and handloom weavers will suffer severely, as can now be seen. Wage-cuts have been put into operation and the standard of life of the whole Presidency is going down

Sir, my Honourable friend, Mr. Mody, referred to the reduction of hours contemplated in the Factories Bill. When that is also adopted by this House and an eight hour or nine hour working day becomes the law of the

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land, then, I am afraid, the costs will rise much more, and in framing legislation for yarns, it will be the duty of the House to take that aspect also into consideration. Sir, what I have said will indeed more than convince the House that the data supplied by the Tariff Board and the conclusions they have arrived at on those bases are wrong, and, therefore, it is up to the Select Committee and the House to reconsider the whole question in the light of these facts and arrive at a figure that will be not only acceptable to the interests concerned, but will also be fair to the consumer.

Sir, I will now deal with the handloom industry. I find in the report . . .

Mr. President (The Honourable Sir Shanmukham Chetty): If the Honourable Member wants to speak for another half an hour from now, the Chair will have to adjourn the House. He has got ten minutes more according to the time he gave the Chair half an hour ago.

Mr. K. P. Thampan: If the House is not pleased to hear me . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair did not interfere with the Honourable Member. The Honourable Member told the Chair at quarter past five that he would speak for half an hour more, which means that he has to conclude at 5-45.

Mr. K. P. Thampan: I will try to conclude my speech within that time. There are 2½ million handlooms in this country, and there are about ten million people who depend upon that industry for their sustenance. So far as the handloom weavers are concerned, I do not think half of them are in a position to find the wherewithal to purchase the yarn and to have sufficient resources to maintain them during the time they have to go through the process of manufacture and then to keep the manufactured articles in stock until they are disposed of. That requires a certain amount of capital. So far as Malabar is concerned, the cottage weavers are all indebted and they have not got the resources to find the required money, with the result that a situation has arisen by which a large body of middlemen have come into the scene. In Taliparamba, Calicut, Lakkidi and other places in Malabar, of which I know, it is the middleman who purchases the yarn. He gives them eight or ten pounds of yarn and insists on some specified quantity being returned to him in the shape of some woven articles. He gives ten days' time to manufacture these articles. The only advantage in this system is that the weaver has not got to find the money for purchasing the yarn, nor has he got to find a purchaser or to hawk about the articles. The whole cream is taken away by the middleman or the *mahajan*, with the result that the weavers get a bare pittance for their labours and are thrown out of their employment and seek new avocations. In my own estate, I have got half a dozen families of weavers. They are given lands to cultivate during the season time and afterwards they go back to the looms. Their main avocation is weaving, and they take to cultivation only as a kind of subsidiary employment. The other day I was surprised to find some of these people engaged in sawing timber. They told me that they were earning only six annas a day by employing themselves in weaving, but, when they employ themselves

in sawing timber, they earn as much as one rupee a day. So, weaving is not paying, and it is not worth while for any man to take to it. It is our duty to find out the cause for this unsatisfactory state of things and to remedy it. If this Bill attempts to do it, one must be under obligation to Government. Sir, my own considered opinion is that the salvation of the handloom weaver lies in the organisation of the co-operative societies which should help them with yarn or money to purchase it and take back and dispose of their finished goods Until that is done, the Indian handloom weaver, poor as he is, will not be able to meet the competition Whether we raise the protective duty on yarn or whether we lower it does not concern him at all. The findings of the Tariff Board, so far as I have been able to understand them, are entirely in the wrong in that respect They say that the duty on yarn has entirely handicapped the handloom weavers. I repeat, the weavers are not concerned with the duty at all. What price they have to pay for the yarn does not concern them at all for the simple reason that they themselves do not purchase it, but other people purchase it for them They only get their wages for the work they turn out.

Sir, I want to put one aspect of the question before the House. It is said and rightly said that the mills compete with the handlooms. I want to ask this question Supposing you make it impossible on account of the foreign competition for the spinning to continue as such They will have either to close or engage themselves otherwise What would be the position if the spinning mills take to weaving? I understand that in Coimbatore one particular mill has installed or is going to instal as many as 150 weaving looms, because they are not in a position to dispose of their yarn. If all these spinning mills take to weaving, to what despicable condition the handloom weaver would be reduced? This is an aspect which the House will have seriously to consider. There is another aspect also to be considered Supposing the foreign yarn were to sell cheaper in this country than the indigenous yarn and all the spinning mills were driven to give up spinning and take to weaving, may I ask, what the position of the weavers will be? You know, Sir, something of this industry The position, I dare say, will be hopeless. The whole handloom industry will be driven out The ancient cottage industry of this land will be strangled Therefore, millions of people, who depend on it, will have to starve. I maintain that it is in the interests of the handloom weaver that the yarn industry should be protected It is only when the yarn manufacturers can supply adequate quantity for the handloom industry that it will thrive. One is ancillary to and interdependent on the other. I find from the Report that 85·2 per cent of the yarn they use is mill yarn and use only 8·2 per cent foreign yarn for the handlooms 6·6 per cent being hand spun. A better case cannot be made out for the protection of the yarn industry in the interests of the handloom weavers viewed from this angle of vision.

Sir, before I conclude, I will refer to one more aspect of the question. The Tariff Board has stated in paragraph 171 that the imposition of a specific duty on piecegoods has been of immense help to the handloom weaver. Then, Sir, there only remains the question of the duty on the yarn. They say in paragraph 176 that the bulk of the handloom industry consists of cloth made of 20's and below which it is not uneconomical. In higher counts, there is no competition at all—para. 170—and, in the case of medium counts, it is only a small proportion of the handloom weavers'

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work and they can withstand the competition. In other words, in the superior counts, there is no competition and in the smaller counts below 20, the competition is on level terms. So, it is only between the counts of 20 and 50 that there is competition between the handloom weavers and the mills and, according to the Report of the Tariff Board, the weaver is able to meet it if his work is organised—*vide* para. 169. Therefore, the output of the handloom industry in those counts is infinitely small. Then, how does it lie in the mouth of the Tariff Board to say that this duty on yarn handicaps the weavers. That is a point which I wish the House to consider. As I already said, Sir, the remedy to ameliorate their lot lies not in doing away with the duty above counts 50 and reducing that on others, but in other directions.

I have a good deal more to say on this point; but I do not wish to weary the House at this late hour with my concrete suggestions on these lines. I would invite the attention of the Select Committee to these points and put forward my concrete proposals before them, and if I fail in my attempt to make the Select Committee adopt the proposals that I suggest, then I shall have to put forward those proposals before the House at the next reading of the Bill. Sir, I have done and am grateful to the House for its indulgence.

The Assembly then adjourned till Eleven of the Clock on Friday, the 16th March, 1934.

LEGISLATIVE ASSEMBLY.

Friday, 16th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

FOREIGN MAIL WORK AND REDUCTION IN EXPENDITURE.

484. ***Mr. S. C. Mitra:** Will Government be pleased to state:

(*a*) whether their attention has been drawn to the articles appearing in the issues of *The Indian Post* for the months of September—October, 1933, and November, 1933, under the captions "Foreign Mail Work and Reduction in Expenditure" and "Foreign Mail Work—Another Big Saving", respectively, in connection with the probable huge savings that will be effected without loss of any efficiency if the scheme is tried;

(*b*) whether it is a fact that the Superintendent, Foreign Post, has opposed the scheme; and

(*c*) whether in consideration of huge expected savings, Government propose to bring the scheme into effect at least, as an experimental measure for six months, with the help of supervising officers like the Sorting Inspectors not directly under the control or influence of the Superintendent, Foreign Post?

The Honourable Sir Frank Noyce: (*a*) Government have seen the articles.

(*b*) Yes.

(*c*) No. The suggestions contained in both the articles referred to in part (*a*) were carefully examined by the Postmaster General, Bombay, and were rejected as impracticable. There has not been any change in the circumstances since then which would justify the adoption of the schemes in question, even as an experiment.

Mr. Lalchand Navalrai: May I know if there has been any reduction in the expenses of the foreign mail work?

The Honourable Sir Frank Noyce: I should have to ask for notice of that question.

LOWER GAZETTED SERVICE APPOINTMENTS SANCTIONED FOR THE ENGINEERING DEPARTMENT OF THE GREAT INDIAN PENINSULA RAILWAY.

485. ***Lieut.-Colonel Sir Henry Gidney:** (*a*) Will Government please state the number of lower gazetted service appointments sanctioned for the Engineering Department of the Great Indian Peninsula Railway?

(*b*) Will Government please state how many of these appointments are today held:

(i) permanently by selected subordinates,

(ii) in an officiating capacity by selected subordinates, and

(iii) by temporary engineers and other superior service officers declared surplus to requirements during the recent retrenchment period?

Mr. P. R. Rau: (*a*) Sixteen.

(*b*) (i) One.

(ii) and (iii). I have called for information and will lay a reply on the table of the House in due course.

Mr. Lalchand Navalrai: May I know if the number of lower gazetted service appointments were created for new entrants or for those that were already in existence also in the Department?

Mr. P. R. Rau: The lower gazetted service was created to be filled mainly by promotion from selected subordinates.

LOWER GAZETTED SERVICE ON RAILWAYS.

456. ***Lieut.-Colonel Sir Henry Gidney:** (*a*) Will Government please place on the table the original order issued by the Railway Board inaugurating the lower gazetted service in accordance with the recommendations of the Central Advisory Council for Railways appointed by this House?

(*b*) Will Government please state the particular rule under which temporary engineers and surplus officers were absorbed into the lower gazetted service?

Mr. P. R. Rau: (*a*) I am placing in the Library of the House a copy of a memorandum, sent to Agents of State-managed Railways in July, 1930, on the reorganization of cadres, which explains fully the details of the scheme.

(*b*) It was stated in the memorandum placed before the Central Advisory Council for Railways on the creation of the new lower gazetted service that this would include not only the posts in the Provincial Engineering and Local Traffic Services, which were abolished, but also certain other working posts of minor importance which were previously included in the superior service. It was made clear that the change would be introduced in such a manner that the status and prospects of existing officers are not impaired. Consequently, it was only in so far as vacancies occurred in the superior services that the posts could be relegated to the lower gazetted service and filled by promotion of selected subordinates.

As regards temporary engineers, the position is that a large number were discharged. It was considered desirable to retain a few on account of their qualifications and experience. Some twenty officers were specially selected by a committee of senior Engineers of the different State-managed Railways and two Members of the Railway Board and railway administrations were authorized to employ temporary Engineers in this list against vacancies in the lower gazetted service. At present there are ten such on all the State-managed Railways.

Lieut.-Colonel Sir Henry Gidney: Are Government aware that the Central Railway Advisory Council gave its approval to the introduction of the lower gazetted service only because Government led them to believe that it was reserved mainly for subordinates?

Mr. P. R. Rau: It was made clear to the Central Advisory Council that the lower gazetted service would include posts in the Provincial Engineering and Local Traffic Services which were abolished and in due course also certain other posts which were then included within the superior service, but which it was intended ultimately to relegate to the lower gazetted service. My Honourable friend is quite right in the idea that, when these posts were filled, they would be filled mainly by promotion of subordinates.

Lieut.-Colonel Sir Henry Gidney: Are Government aware that the words in the pamphlet which the Honourable Member has placed on the table and which very few will ever read, "in such a manner that the status and prospects of existing officers are not impaired" have been interpreted by the members of the Central Advisory Council as referring to the existing officers of the Local Traffic Service and Provincial Engineering Service which were being replaced by the lower gazetted service?

Mr. P. R. Rau: I cannot obviously say how the words were interpreted by members of the Central Advisory Council.

Lieut.-Colonel Sir Henry Gidney: Is it a fact that, according to the Railway Board's memorandum on the subject, the lower gazetted service will consist of "working posts of minor importance which are not included in the superior services"? I emphasise the words "superior services" for the Honourable Member's information as a direct and distinct contradiction to what he has just stated.

Mr. P. R. Rau: I do not see how it contradicts what I have stated.

Lieut.-Colonel Sir Henry Gidney: These "other posts" do not include the superior service and you have despite this insinuated Class I superior service into the lower gazetted service.

Mr. P. R. Rau: The position was, as I have already explained more than once here, that it was intended that a certain number of posts which were in the superior service would ultimately be transferred to the lower gazetted service. There was no question at the time of discharging officers who were already in the superior service and replacing them by promoted subordinates.

Illness of Mr. Obeidullah Khan of Peshawar.

487. ***Mr. M. Maswood Ahmad:** (*a*) Has any correspondence passed between the Government of India and the Government of the North-West Frontier Province in connection with the illness of Mr. Obeidullah Khan of Peshawar, a political prisoner now confined in the new Central Jail, Multan?

(*b*) In view of his serious illness, do Government propose to take up with the Government of the North-West Frontier Province the question of his early release? If not, why not?

The Honourable Sir Harry Haig: (*a*) The Government of the North West Frontier Province reported to the Government of India the facts which were subsequently published in a communiqué.

(*b*) No. The prisoner is undergoing imprisonment in default of giving security under section 40 of the Frontier Crimes Regulation and the Government of India are not prepared to interfere in the matter of his release, which is the concern of the North-West Frontier Province Government.

Mr. M. Maswood Ahmad: Is it a fact that Mr. Obeidullah Khan is suffering from tuberculosis?

The Honourable Sir Harry Haig: I understand that that is so.

Mr. M. Maswood Ahmad: Is it a fact that he got this disease at Multan Jail?

The Honourable Sir Harry Haig: I have no information as to where or when it developed.

Mr. Lalchand Navalrai: Am I to understand that even if the prisoner's condition is very serious and the Government of the Province does not take any steps in it, the Government of India will not interfere?

The Honourable Sir Harry Haig: Certainly, Sir. I have no particular information as to the present state of health of this prisoner, but it is not the business, in my judgment, of the Government of India to interfere in every case in which a prisoner indulges in a hunger strike throughout India.

Mr. M. Maswood Ahmad: Are Government aware that his case has become peculiar on account of the fact that he has been sent to jail by the North-West Frontier Province Government and that the responsibility for his health is now on the Punjab Government, and so his case is a fit one for interference by the Government of India?

The Honourable Sir Harry Haig: I do not think there is any serious complication in the matter. The responsibility for his release or non-release rests plainly with the North-West Frontier Province Government.

Mr. D. K. Lahiri Chaudhury: Has the Honourable Member inquired as to the reason for his hunger strike?

The Honourable Sir Harry Haig: I have only the information which has already been given at full length in the North-West Frontier Province communiqué. They say:

"It was shortly afterwards reported that he had resorted once more, actually for the fifth occasion, to hunger strike, apparently as a protest against his retransfer to Multan"

Dr. Ziauddin Ahmad: Is it not a fact that he first contracted this disease at Multan and then he was transferred, but brought back again to Multan, the climate of which city does not suit him?

The Honourable Sir Harry Haig: I can only repeat for the information of the House the information already given in the North-West Frontier Province communiqué. They say:

"At the end of January this year, it was decided, in consultation with the Punjab Government, to send him back to Multan as a tuberculosis patient, on the ground that there exists a special tubercular ward in the new Central Jail at that place."

So that the transfer was made directly in what the Government considered to be the interests of the health of the prisoner

Mr. D. K. Lahiri Chaudhury: Who will be responsible for the death of this prisoner?

The Honourable Sir Harry Haig: If a man indulges in a hunger strike and dies, the responsibility is plainly on him.

Mr. Gaya Prasad Singh: May I know the nature of the reply which was sent by the Government of India when the North-West Frontier Province Government reported to them the condition of this prisoner?

The Honourable Sir Harry Haig: No reply was sent, because no reply was required

Mr. Gaya Prasad Singh: Are Government aware that the mother of Obeidullah Khan sent telegrams to me and many Members of the Legislative Assembly in which his condition was reported to be very serious?

The Honourable Sir Harry Haig: I am quite well aware that pressure of various sorts has been brought to bear on a number of Members of this House in connection with this particular case.

Mr. Gaya Prasad Singh: May I know how a telegram of sympathy is regarded by the Honourable Member as pressure being brought to bear upon the Members? It was only an appeal for justice, sympathy and humanity.

The Honourable Sir Harry Haig: The Honourable Member assumes that certain action ought to be taken: there, I am afraid, I must differ from him.

Mr. M. Maswood Ahmad: Is it a fact that on previous similar occasions the Government of India have intervened? Do they ever intervene in such matters?

The Honourable Sir Harry Haig: I have no recollection, except in a case which the Government of India regard as peculiarly their own, namely, the case of Mr. Gandhi.

Dr. Ziauddin Ahmad: If a prisoner goes on hunger strike on account of certain violation of any jail rules, I can understand, but in this particular case the climate of Multan does not suit him: is it essential that he should be brought or kept in a place where the climate does not suit him?

The Honourable Sir Harry Haig: I have already informed the House that he was sent to Multan in accordance with what the Government considered to be the interests of his health.

Mr. M. Maswood Ahmad: Do Government propose to inquire from the Punjab Government whether this man got tuberculosis at Multan first?

The Honourable Sir Harry Haig: No: I do not propose to make any further inquiries at all from the Government of the Punjab or from the Government of the North-West Frontier Province.

Mr. M. Maswood Ahmad: If Government propose to get rid of this man for ever, why do they not give him some poison?

The Honourable Sir Harry Haig: I do not think that is a reasonable way of looking at a hunger strike. If a prisoner chooses to try and force his will on the Government by means of a hunger strike and the results are unfortunately fatal, it cannot be said that Government have taken steps to get rid of the man. it is entirely a voluntary action on his part.

EFFICIENCY OF RAILWAY SERVANTS.

488. ***Sardar Sant Singh:** Will Government please state how the least efficiency of the Railway servants employed on the State-managed Railways is judged? Is it judged by the last one or two years adverse report of the employee?

Mr. P. R. Rau: The Court of Enquiry took the term "least efficient" to mean "not as efficient as others doing similar work" or "below the average". I cannot improve on that definition. No rules were laid down by the Railway Board to determine how this was to be judged. Since this test has been given up in subsequent retrenchments, the question of defining it does not now arise.

Mr. Lalchand Navalrai: May I know from the Honourable Member how the Agents find out the "least efficient"?

Mr. P. R. Rau: They must judge the man's work in comparison with that of others doing similar work.

Mr. Lalchand Navalrai: May I know if the Honourable Member himself does not know how they do it actually?

Mr. P. R. Rau: As a matter of fact, this happened two years ago, and there is no question of their doing it now.

Sardar Sant Singh: May I know if a man, who has been reported as being inefficient, is given any chance to put up his defence against that charge?

Mr. P. R. Rau: Is my Honourable friend now talking of people who were discharged as inefficient or as least efficient?

Sardar Sant Singh: I am dealing with those who were discharged as inefficient.

Mr. P. R. Rau: I believe that certain special cases were considered by the Court of Enquiry and they made certain specific recommendations. But I have no detailed information at present about the procedure adopted.

Sardar Sant Singh: My question is if any charge is framed against the man discharged, is he given any chance to defend himself?

Mr. P. R. Rau: As a matter of fact, I have no information as regards the procedure at present, but if my Honourable friend puts a question on the paper, I shall endeavour to obtain it for him.

VACANT POSTS OF COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

489. ***Sardar Sant Singh:** (*a*) Is it a fact that several posts of copyholders are vacant in the Government of India Press, New Delhi? If so, do Government propose to take steps for the representation of Sikhs in the Reading Branch? If not, why not?

(*b*) Is it a fact that posts of copyholders are being filled by bringing Bengali candidates from Calcutta?

(*c*) Is it also a fact that the remaining vacancies are proposed to be filled by Bengalis available locally? If so, what steps do Government propose to take to prevent the preponderance of Bengalis in the Government of India Press, New Delhi?

The Honourable Sir Frank Noyce: (*a*) Four posts are vacant. As regards the latter parts of the question the attention of the Honourable Member is invited to the reply given by me on the 24th February, 1934, to part (*c*) of his starred question No. 249.

(*b*) Three Bengali copyholders whose services were terminated in the Government of India Press, Calcutta, have been re-employed.

(*c*) No. The second part does not arise.

READERS AND REVISERS APPOINTED IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

490. ***Sardar Sant Singh:** (*a*) How many vacancies of proof readers and revisers were filled in the Government of India Press, New Delhi, since the 1st December, 1933?

(*b*) How many applications were received in the office for these vacancies?

(*c*) Was any departmental examination held to fill these posts? If so, were the applicants permitted to join the departmental examination? If not, why not?

(*d*) Is it a fact that only copyholders already working in the Press were allowed to appear at the examination? Is it a fact that applicants for the posts possessed much higher university qualifications than those copyholders, some of them being graduates? If so, what were the reasons for not permitting them to sit in the departmental examination?

(*e*) Is it a fact that the Press would have saved some money by appointing these new applicants, because they would have been given new scales of pay?

The Honourable Sir Frank Noyce: (*a*) Ten of proof-readers and one of reviser.

(*b*), (*c*) and (*d*). A qualifying examination was held in December, 1933, to test the proficiency of copyholders and revisers to work as junior readers. A large number of applications was received for the posts from outsiders many of whom possessed university qualifications. A departmental examination is intended to test the proficiency of men already working in a department and outsiders are not allowed to sit in such examinations.

(*e*) Possibly.

READERS AND REVISERS APPOINTED IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

491. ***Sardar Sant Singh:** (*a*) What is the total strength of the Government of India Press, New Delhi? How many of them are Hindus, Muslims, Sikhs, Christians, and Europeans, and to what province do they belong?

(*b*) Is it a fact that since December, 1933, all new appointments of proof readers and revisers have gone to Christians and Bengalis? If so, why, and is it a fact that the Manager of the Press is a Christian and the Assistant Manager a Bengali? What are the university qualifications of those Christians and Bengalis who were appointed as readers and revisers from amongst the copyholders of the office?

(*c*) How many applicants for these posts belonged to the Sikh community? What were their university qualifications and were their applications considered? If not, why not?

The Honourable Sir Frank Noyce: (*a*) The strength of the Press on the 31st December, 1933, was 407 made up as follows:

Hindus 185, Muslims 184, Sikhs 8, Christians 27 and Anglo-Indians 3.

Recruitment is not made on a provincial basis and I am not in possession of the information asked for in the last part of the question.

(*b*) Yes. The appointments were filled by departmental promotion. The Manager is a Christian and the Assistant Manager a Bengalee. As regards the last part six copyholders were promoted as revisers and readers. Two of them are matriculates and the remaining four have not passed any university examination.

(*c*) I understand that a large number of applications was received, but Government have no particulars of the communities or qualifications of the candidates.

DISCHARGE FOR INEFFICIENCY IN THE INDIAN ARMY SERVICE CORPS.

492. ***Sardar Sant Singh:** (*a*) Will Government be pleased to state if a permanent hand in the Indian Army Service Corps (M. T. Branch) can be discharged for inefficiency? If so, under what rule of the Army Act of India?

(*b*) Is it obligatory on the part of the authority ordering discharge to frame a charge and give an opportunity to the person charged to meet the charge before any order of discharge is made?

(*c*) Is it a fact that the Officer-in-Charge, Indian Army Service Corps Records, issued an order No. 73 of 1922 by which he made it clear to all officers commanding that inefficiency in itself was not an offence and no charge be framed on that ground alone?

(*d*) Is it a fact that one Mohan Lal, No. 119221, permanent lower division clerk, was discharged on the 5th November, 1932, on the ground of inefficiency? If so, was any charge framed against him and was he given any opportunity to meet that charge? If not, why not?

(*e*) Was the said Mohan Lal brought under retrenchment (for which he was recommended by the Officer Commanding once before his discharge)? If so, were the retrenchment benefits given to him? Has he been given any pension? If not, why not?

(*f*) Is it a fact that one Ram Singh Anand, a clerk in the Vehicle Reception Depot Chaklala (Rawalpindi), was discharged under similar circumstances and was given retrenchment benefits? If so, what is the reason for this distinction?

Mr. G. R. F. Tottenham: (*a*) By "permanent hand" the Honourable Member presumably means an enrolled clerk of the Indian Army Service Corps, (Mechanical Transport). If so, the reply to his question is in the affirmative. The discharge is carried out under item (xx) of the Table appended to Rule 13, Indian Army Act, 1911.

(*b*) No.

(*c*) The order in question states "It should be noted that inefficiency in itself should not be framed as a charge, but rather its effects and results". The object of the order is clearly to ensure that charges are made as concrete as possible.

(*d*) Mohan Lal was discharged under the rule quoted because he was inefficient and also because he bore an indifferent character As he was an enrolled clerk, it was not necessary to frame a formal charge against him. I can however assure the Honourable Member that he has been given every possible opportunity of representing his case and that it has already been carefully and repeatedly examined.

(*e*) Mohan Lal was discharged because his record of service was not good, and the circumstances were not such as to warrant the grant of the retrenchment concessions. He had not earned a pension.

(*f*) The circumstances were not similar. *Ex*-clerk Ram Singh Anand's record of service was more satisfactory than that of Mohan Lal and he was, therefore, given the retrenchment concessions.

Mr. B. V. Jadhav: With reference to part (*b*) of the question, is it the policy of the Government to condemn a man unheard without giving him an opportunity to explain his conduct?

Mr. G. R. F. Tottenham: It is not the policy of Government to condemn a man unheard.

Mr. B. V. Jadhav: But the reply to the question implies that: it is not obligatory on the part of the authorities ordering the discharge to frame a charge and give him an opportunity to meet the charge before an order of discharge is made.

Mr. G. R. F. Tottenham: That is a question of procedure. Those who are subject to the discipline of the Army Act are subject to a different procedure from those who are employed under the Civil Government.

The mere fact that a formal charge is not framed against a man does not mean that he is given no opportunity to make his defence.

Sardar Sant Singh: May I know what the Honourable Member means by the words "indifferent character"?

Mr. G. R. F. Tottenham: Well, Sir, I meant that he was not of very good character.

Sardar Sant Singh: Does the Honourable Member mean to refer to his moral character or his official character as a clerk?

Mr. G. R. F. Tottenham: No, Sir, I believe that, in addition to his inefficiency, he was also guilty of insubordination and things of that kind.

Sardar Sant Singh: May I know if the Honourable Member is aware that the same Officer, who reported against this man, officially wrote to him on the 18th of May in the same year, that his work was quite good?

Mr. G. R. F. Tottenham: No Sir, I was not aware of that fact. I am very surprised to hear it.

Sardar Sant Singh: Then, Sir, may I pass on this note in the handwriting of that Officer himself for the information of the Honourable Member?

Mr. G. R. F. Tottenham: Yes, Sir.

Sardar Sant Singh: If the Honourable Member finds after reading through this chit that the man bears a good character, will he be pleased to look into the matter once more?

Mr. G. R. F. Tottenham: Yes, Sir, I will certainly do so.

Sardar Sant Singh: May I at the same time ask the Honourable Member to reconsider the case and look into the matter further if he finds that the same Officer gave in writing "My mistake, very sorry, tell Mohanlal"?

Mr. G. R. F. Tottenham: I am quite prepared to examine the case further. I would only suggest that if the Honourable Member wishes the case to be looked into, he would be better advised to come and see me in my room rather than carry on a cross-examination on the floor of the House.

RUMOURED SUPERSESSION OF THE AJMER MUNICIPALITY.

493. *Mr. M. Maswood Ahmad: (*a*) Has the attention of Government been drawn to a note headed "Ajmer Municipality to be Superseded" published in the *National Call*, dated the 10th February, 1934?

(*b*) If so, will Government please state;

(i) whether it is a fact that the Ajmer Municipality is going to be superseded, and

(ii) whether it is a fact that the gentleman mentioned in the note is to be appointed to take charge of the Municipal Administration of Ajmer?

(*c*) If the reply to part (*b*) (ii) above be in the affirmative, will Government please state:

(i) the age of the gentleman, and

(ii) the salary which is proposed to be offered to him?

Mr. H. A. F. Metcalfe: (*a*) Yes

(*b*), (i) and (ii). Government cannot commit themselves to any line of action before they receive the report of the Enquiry Committee.

(*c*) Does not arise.

Mr. Gaya Prasad Singh: May I know, Sir, if the Committee which was appointed has completed its labours?

Mr. H. A. F. Metcalfe: No.

PROVISION OF CHAIRS IN THE OFFICE OF THE PROTECTOR OF PILGRIMS, BOMBAY.

494. ***Mr. M. Maswood Ahmad:** (*a*) Is it a fact that no chairs or benches have been provided in the office of the Protector of Pilgrims, Bombay, for those who go there in connection with any business and that those people are made to stand for hours together?

(*b*) If so, do Government propose to consider the desirability of providing chairs to sit in that office?

Mr. G. S. Bajpai: Sir, with your permission, I shall answer questions Nos 494, 495 and 496 together.

Enquiries have been made and a reply will be furnished as soon as possible.

LATE OPENING OF THE DOOR OF THE PILGRIM-SHIP "JEHANGIR".

†495. ***Mr. M. Maswood Ahmad:** Is it a fact that the door of the Pilgrim-ship "Jehangir" was opened half an hour late after the notified time at Bombay on the 19th February, 1934?

ALLEGED BEATING OF HAJ PILGRIMS BY A EUROPEAN AT BOMBAY.

†496. ***Mr. M. Maswood Ahmad:** Are Government aware, and if not will they enquire and state, that in Bombay on the 19th February, 1934, at about 2-50 P.M., when the door of the pilgrim-Ship "Jehangir" was opened for the purpose of loading the luggage of the pilgrims, a certain European beat and injured several pilgrims with a cane? If so, do they propose to consider the desirability of instituting an enquiry into the allegation and lay the result of it on the table of this House?

†For answer to this question, *see* answer to question No. 494.

FREIGHT ON WHEAT AND RICE BETWEEN LYALLPUR AND CALCUTTA.

497. ***Mr. M. Maswood Ahmad:** Will Government please state:

(i) the distance from Lyallpur to Calcutta,

(ii) the freight on wheat per maund from Lyallpur to Calcutta, and

(iii) the freight on rice per maund from Calcutta to Lyallpur?

Mr. P. R. Rau: (i) 1,266 miles.

(ii) Rs. 1-0-4.

(iii) Rs. 1-3-4.

Mr. M. Maswood Ahmad: Will the Honourable Member please repeat the answer?

Mr. P. R. Rau: (i) 1,266 miles.

(ii) Rs. 1-0-4.

(iii) Rs. 1-3-4.

Mr. Lalchand Navalrai: May I know, Sir, why there is so much difference in the rate of freight?

Mr. P. R. Rau: The rate of wheat from Lyallpur to Calcutta was previously the same as the rate for rice from Calcutta to Lyallpur, but it was reduced by Re. 0-3-0 from the 1st May, 1933, to encourage the movement of wheat to Calcutta by rail instead of by the rail-*cum*-sea route *via* Karachi.

Mr. M. Maswood Ahmad: Do Government propose to reduce the freight on rice from Calcutta to Lyallpur as well to encourage the movement of rice from Calcutta to the western part of the country?

Mr. P. R. Rau: I am not sure, Sir, that rice is particularly popular among the people of Lyallpur.

Mr. M. Maswood Ahmad: Do Government propose to make a reduction in the freight of rice as an experimental measure?

Sardar Sant Singh: May I inform the Honourable Member that Lyallpur people are not rice eating people?

Dr. Ziauddin Ahmad: In view of the fact that rice is very necessary for the intellectual development of the people, will Government consider the question of the reduction of freight on rice from Calcutta to the Punjab?

Mr. P. R. Rau: I am not going to interfere in these disputes between Provinces.

Diwan Bahadur Harbilas Sarda: May I know, Sir, if Government have ascertained the relative food values of rice and wheat in India? Have Government heard a famous proverb in Rajputana which says:

"Bati kahe main jawoon anwoon,
Roti kahe main pohchanwoon,
Chanwal kahe main chokha khana,
Mere bharose kaheen naheen jana."

It gives the relative food value of wheat and rice. *Bati* is made of best wheat. *Bati* says: "If you eat me, I will give you sufficient strength to go to your destination and come back". The *Roti* (*chappati*), which is also made of wheat, says: "If you eat me, I will give you sufficient sustenance to take you to your destination". But rice says: "I am very good to eat, but for Heaven's sake do not go anywhere on the strength of eating me: I cannot give you strength to go anywhere". Since this is the state of affairs, do Government propose for the upkeep of the physical vigour of the people of India to encourage the use and consumption of rice more than that of wheat?

Mr. Gaya Prasad Singh: Is this a supplementary question?

FREIGHT ON RICE FROM PATNA TO DELHI.

498. ***Mr. M. Maswood Ahmad:** Will Government please state:

(i) the distance from Patna to Delhi,

(ii) the freight on rice calculated according to the lowest rate from Patna to Delhi; and

(iii) the freight on rice calculated according to the present rate from Patna to Delhi?

Mr. P. R. Rau: (i) 616 miles.

(ii) The minimum rate is five annas two pies per maund.

(iii) Nine annas per maund.

Mr. M. Maswood Ahmad: Are Government aware that the price of rice in Delhi is abnormally high in comparison with the price in Bengal and in Bihar and Orissa?

Mr. P. R. Rau: I was not aware that the price of rice in Delhi was very high at present.

Mr. M. Maswood Ahmad: Do Government propose to make any inquiries in this matter?

Mr. G. S. Bajpai: I think, Sir, I should answer that question. No inquiry is necessary, because the quality of the rice consumed in Delhi is much superior to what is produced in Bihar and Orissa.

Mr. M. Maswood Ahmad: Have Government ever made any inquiry before they make this statement on the floor of the House?

Mr. G. S. Bajpai: I can testify to that from my personal experience.

Mr. M. Maswood Ahmad: Will Government be pleased to make inquiries into this matter instead of relying on the personal experience of one Honourable Member in that Department?

Mr. G. S. Bajpai: It is not a question of the Department; it is a question of commonsense.

Mr. Gaya Prasad Singh: Do Government propose to consider the question of lowering the freight on rice from Patna to Delhi with a view, as is said, to encouraging the movement of rice to this side?

Mr. P. R. Rau: This question was probably considered by the E. I. R., but I shall ask the Agent of the E. I. R. again to consider it.

Mr. M. Maswood Ahmad: Will the Honourable Member kindly lay on the table the information which he will obtain from the Agent of the E. I. R. on this matter?

Mr. P. R. Rau: In due course.

RECESS ALLOWED TO MUSLIM POSTAL EMPLOYEES TO OFFER FRIDAY PRAYERS.

499. ***Pandit Satyendra Nath Sen:** (*a*) Is it a fact that Muslim employees of Post Offices are allowed some recess on Fridays to offer their prayer?

(*b*) Is it a fact that for this reason they are not put to work in the Money Order or Savings Counter, Treasury or in Insurance Branch?

(*c*) Is it also a fact that during the absence of the Muslim officials, non-Muhammadan clerks perform their duties?

(*d*) If so, what compensation is paid to them for their extra work?

(*e*) Is it a fact that in the office of the Director General of Posts and Telegraphs the Muslim clerks are allowed to leave office for two hours on Fridays to offer their prayer?

(*f*) Is there any time limit to offer prayer or can they go out on this plea at any time and for any length of time they wish?

(*g*) Will Government please further state how a Muslim sub-postmaster of a single handed no-delivery post office can go out to offer prayer?

(*h*) Will Government please also lay on the table a statement showing the number of Muslim clerks in the following offices and how many of the work in the Departments mentioned in part (*b*):

Quetta, Kohat, Rawalpindi, Srinagar, Lahore, Delhi, Peshawar?

(*i*) Is it a fact that during Muhammadan holidays all the Muslim officials are allowed leave and non-Muhammadan officials are required to work in their place, and that during Hindu holidays too they are allowed leave but all the Hindus are not allowed leave?

The Honourable Sir Frank Noyce: (*a*) Yes. An hour's leave on Fridays is allowed to Muslim employees as far as possible subject to the condition that the arrangement does not interfere with public business or cause extra expense to Government.

(*b*) and (*c*). Government have no information. The matter is within the competence of Postmasters in charge of post offices.

(*d*) No question of compensation arises in view of the condition referred to in the reply to part (*a*) above.

(*e*) No. According to the orders of the Government of India only one hour's leave is permissible.

(*f*) Does not arise in view of reply to part (*e*).

(*g*) According to existing orders a Muslim Postmaster in charge of a single-handed post office can avail himself of the concessional leave on Fridays provided that his absence does not interfere with public business.

(*h*) Government regret that the information is not readily available, nor do they consider it necessary to call for it in view of the reply to parts (*b*) and (*c*) above.

(*i*) Government have no information. The Head of each Postal Circle is competent to make suitable arrangements for the disposal of urgent work in post offices on post office holidays.

Composition of the All-India Posts and Telegraphs Union.

500. ***Pandit Satyendra Nath Sen:** (*a*) Is it a fact that All-India Posts and Telegraphs Union is composed of Muhammadans and non-Muhammadans?

(*b*) If so, will Government please lay on the table a list showing how many Hindu and other non-Muhammadan members there are in the above union? What are the names of office bearers and members of the executive council of the above union?

The Honourable Sir Frank Noyce: (*a*) It is presumed that the Honourable Member refers to the Indian Posts and Telegraphs Union which was given official recognition in December last. According to the Rules and Regulations of the Union, its membership is open to the non-gazetted staff of the Posts and Telegraphs Department in all its branches without restriction of caste or creed.

(*b*) Information is being obtained and a reply will be laid on the table in due course.

UNSTARRED QUESTIONS AND ANSWERS.

Amount of Unpaid Money Orders.

206. **Mr. S. C. Mitra:** (*a*) Will Government be pleased to furnish a statement showing the total amount of unpaid money orders up to the year 1932-33?

(*b*) Will Government please further state how the money is invested and who gets interest of the accumulated amount?

The Honourable Sir Frank Noyce: (*a*) and (*b*). The system is that money orders which remain unpaid after the end of the second year in which they were issued are credited to the revenue of the Department. I have figures available for ten years only, and they show that during the ten years from 1923-24 to 1932-33 a total amount of Rs. 9,39 lakhs was so credited to the Department. A statement showing the amounts which lapsed year by year is given below. I should add that any subsequent payments are adjusted against this credit.

Statement of lapses on account of unpaid money orders.

(Rupees in thousands.)

1923-24	1,50
1924-25	1,70
1925-26	1,13
1926-27	93
1927-28	83
1928-29	77
1929-30	80
1930-31	54
1931-32	68
1932-33	51
Total	9,39

APPOINTMENT OF SIKHS AS THIRD DIVISION CLERKS IN THE OFFICE OF THE MILITARY ACCOUNTANT GENERAL.

207. **Sardar Sant Singh:** (*a*) What is the total number of permanent posts of Third Division clerks in the office of the Military Accountant General? How many of them are held by Hindus, Muhammadans and Sikhs?

(*b*) How many vacancies occurred in the above cadre during 1932 and 1933 and how many of them were given to Sikhs in accordance with the Home Department orders regarding the recruitment of minority communities?

(*c*) Is it a fact that some permanent Third Division vacancies exist in that office and that temporary hands not qualified by the Public Service Commission have been entertained against them? If so, why have the unqualified individuals not been replaced by the qualified ones, as is done in all the offices of the Government of India, and the vacancies filled permanently?

(*d*) Do Government propose to order the appointment of Sikhs who have qualified themselves in the Public Service Commission examination,

against the permanent vacancies mentioned above, so as to give the Sikh community its due share? If not, why not?

The Honourable Sir George Schuster: (*a*) Presumably the Honourable Member refers to the routine grade clerks. If so, the information is as follows:

Number of posts	19	
These are filled by	13	Hindus.
	5	Muslims and
	1	Sikh.

(*b*) In 1932 there was one vacancy carried forward from 1931 and one fresh vacancy occurred. Two vacancies occurred in 1933. One Sikh was appointed in January 1932.

(*c*) The answer to the first part of the question is in the affirmative. As the post-retrenchment cadre of the Military Accounts Department is under consideration, permanent appointments have not been made in these posts.

(*d*) Government are not prepared to take the action suggested. The Honourable Member will see from the reply to (*a*) above that the Sikh community has a representation in this grade of over 5 per cent.

APPOINTMENT OF AN ADMINISTRATOR OF THE AJMER MUNICIPAL COMMITTEE

208. **Mr. M. Masood Ahmad:** (*a*) Is it a fact that the present Excise Commissioner, Jaipur, and formerly an Income-tax Officer, Ajmer, is going to be appointed to take charge of the Municipal Administration of Ajmer?

(*b*) If so, will Government please state whether they are aware:

(*i*) that during his time the Muslim community was deprived of adequate representation in the department under his control as Income-tax Officer, Ajmer-Merwara; and

(*ii*) that the news of his recall as administrator of the Ajmer Municipal Committee has caused considerable alarm among the Muslim citizens of Ajmer?

Mr. H. A. F. Metcalfe: (*a*) Government are not in a position to state whether the gentleman referred to will be so appointed.

(*b*) Does not arise.

APPOINTMENT OF AN ADMINISTRATOR OF THE AJMER MUNICIPAL COMMITTEE.

209. **Mr. M. Maswood Ahmad:** (*a*) Is it a fact that the Muslims form about half the population of the city of Ajmer?

(*b*) Are Government aware that owing to the presence of the Dargah of the Khwaja Sahib at Ajmer, the affairs of the Ajmer Municipality are linked with the interests of the Muslims of the whole of India?

(c) If the replies to parts (a) and (b) be in the affirmative, will Government please state why they have selected a superannuated officer, to take charge of the Municipal administration in Ajmer?

Mr. H. A. F. Metcalfe: (a) No.

(b) Government are prepared to take it from the Honourable Member that the Muslim Community are interested in the affairs of the Ajmer Municipality.

(c) No such selection has yet been made.

DIRECT RECRUITMENT IN THE SUBORDINATE ACCOUNTS SERVICE.

210. **Mr. M. Maswood Ahmad:** (a) Will Government be pleased to state how many direct recruits have been taken in the Subordinate Accounts Service since 1929?

(b) What are the qualifications required for a direct recruit? Did the persons so recruited fulfil those conditions?

(c) How many of them have so far been confirmed? If none why not?

(d) What has been the percentage of successful candidates in the Subordinate Accounts Service examination before the recruitment of these recruits, say between 1925 and 1929, and afterwards between 1930 and 1933? What is the reason for the decrease in the pass percentage since 1930?

(e) Do Government propose to take some action whereby these young men may not be thrown out of the Department after wasting about four or five valuable years of their lives?

The Honourable Sir George Schuster: (a) and (c). Attention is invited to the statement contained in part (c) of the final reply (laid on the table on the 7th of April, 1933) to Mr. M. Maswood Ahmad's unstarred question No. 61. Since then five more direct recruits have been taken in the Subordinate Accounts Service. None of them has been confirmed as no one has qualified for confirmation by passing the Subordinate Accounts Service Examination.

(b) Direct recruits should be young men with fine University records, and, whenever possible, men who have appeared in the Indian Audit and Accounts Service Examination and have obtained high places in the list of unsuccessful candidates. There is no reason to believe that the Accountants-General have not exercised their discretion properly in selecting the best available candidates.

(d) I would refer the Honourable Member to the final reply (laid on the table on the 7th of April 1933) to Shaikh Fazal Haq Piracha's starred question No. 651. The percentage of passes in 1933 was eight.

(e) Extra chances and facilities for training are given to deserving candidates to enable them to pass the examination. The question of the future of direct recruits who have been unable to pass the examination is at present under consideration.

THE INDIAN TARIFF (TEXTILE PROTECTION) AMENDMENT BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the motion* moved by the Honourable Sir Joseph Bhore for referring the Bill to Select Committee and the amendments moved thereon by Mr. B. Das† and Mr. Bhuput Sing‡.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I must at the very outset congratulate my friend, Mr. James, who spoke for the European Group yesterday . . .

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Yes, yes.

Mr. C. S. Ranga Iyer: My friend, Mr. Gaya Prasad Singh, says "Yes, yes". He is too impatient even to permit me to complete my sentence.—I congratulate my friend, Mr. James because he did not take mean advantage of the troubled waters. He did not fish in them. He tried to pour oil over them. It was the Deputy Leader of the Independent Party who troubled the waters. There was no necessity to trouble the waters when my friend, Mr. Neogy, the Leader of the most radical Party in this House, spoke with moderation and spoke like a statesman. It was for him to assault the Government, as Mr. Mudaliar assaulted men not present in this House, hitting them savagely behind their back. He insinuated that they were scoundrels. Sir, I read in the newspaper this morning: "The discussion on the Textile Protection Bill was resumed yesterday. Diwan Bahadur Ramaswami Mudaliar spoke for over an hour during which the proceedings became very lively". It was unnecessary in an economic discussion for an opposition Member who supports a Government Bill to make the proceedings more lively than the Honourable Member in charge of the Bill was prepared to make them. Sir, Mr. Mudaliar further said "Politics seems to be the last refuge of some of those dissentient millowners". He had not the courage to call them scoundrels. "Politics is the last refuge of scoundrels". He parodying it instead of calling them scoundrels said that they were millowners, and it is the opinion of those millowners that the Government have submitted to us. If they came under the description of Mr. Mudaliar, who would sacrifice for a phrase the harmony in this House, surely the Government would not have taken the trouble to give us the opinion of that class of people. Do you know what they are saying about Mr. Mudaliar's speech after his having delivered it, in and outside this

*"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection) be referred to a Select Committee, consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B. Sitaramaraju, Dr. Ziauddin Ahmad, Mr. B. Das, Mr. K. P. Thampan, Mr. S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhoria, Mr. C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J. Ramsay Scott, Mr. F. E. James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr. G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

†"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

‡"That in the motion moved, for the words 'ten days' the words 'three weeks' be substituted."

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House? They also are capable of parodying well-known maxims, and they say "Mudaliar rushed in where Mody feared to tread" (Hear, hear), not that Mody is an angel. (Laughter.) But Mr. Mudaliar's speech has made Mr. Mody an angel and, to that extent, Mr. Mudaliar has done Mr Mody good, though not the cause Mr. Mody has espoused.

Sir, I admit, my friends, Mr. Gaya Prasad Singh, Mr. B. Das and Mr. Neogy and others, who have spoken on this subject, are perfectly justified in approaching this question with all the suspicion with which they have approached. There is a discredited and inglorious history, unfortunately "inglorious", so far as Lancashire's trade with India is concerned. Mr. Gaya Prasad Singh was perfectly justified on an occasion like this to recall the opinion of Sir Horace Wilson, an authority who had condemned the Government of the last century, using the political arm of injustice to destroy our cottage industries, which could not contend on equal terms with these foreign machine made manufactures. The late Romesh Chunder Dutt, a Member of the distinguished Civil Service, to which the Honourable the Commerce Member has the honour to belong, in his numerous authoritative writings had talked of the miserable clothing of the miserable Indian labourer earning less than 2½ pence a day taxed by a jealous Government. And now we come to the 19th century and I shall quote the language of a great writer who was not an enemy of Lancashire, I mean Sir Valentine Chirol. The late Sir Valentine Chirol, in his last book, published some time in 1926, "India", said:

"Free trade was a British creed imposed on India, as she was repeatedly assured, for her own good."

It was not for our good. India resembles the United States of America in the wealth of her industrial resources in the multitude of her thrifty people. Protection suited us but because England was committed to free trade, as Sir Valentine Chirol truly said, it was *imposed* upon us:

"All the greater was Indian resentment",

he goes on to say,—

"when England herself imposed upon India a departure from the sacred principles of free trade as soon as Lancashire began to feel the pinch of Indian competition. *At the behest of Whitehall*" (Mind you it is not Mr Neogy or Mr. B. Das, but Sir Valentine Chirol who wrote this) "the Government of India imposed an excise duty on Indian cotton manufactures equal to the customs duty on British imports of similar goods."

And young Mody was denouncing it from a hundred platforms in Bombay and elsewhere. Fortunately, on this particular occasion, we cannot say that Sir Joseph Bhore introduced this Bill or produced this Agreement "at the behest of Whitehall". Better is the behest of one of our men, an industrial patriot, representing less than but nearly as much as 50 per cent. of the active looms and spindles in this country. That is why I say that it is always better in these industrial negotiations to trust to the industrial patriots. The best platform on which to stand for these Agreements is the platform of self-interest. The Manchester people are interested in this matter and so are the Bombay and the Indian mill-owners. Mody's head has been asked for in a charger out in the country

and he has braved his opponents. He has faced the music; he has talked with a certain amount of emphasis which is inevitable when you are denounced up and down the country. And what is Mr. Mody's fault? Mr. Mody, representing as he has been for several years a number of industries all over the country, went to England and, in the spare hours that he had after Committee work, he went to Manchester. He met his rivals and, interested as he undoubtedly is in the development of our country, not only economically, but politically, he talked to them, because they are an obstacle in our way. At any rate, he felt that they were obstacles, and my friends, Mr. Gaya Prasad Singh and Mr. B. Das, still believe that they are obstacles. They are entitled to that opinion, but Mr. Mody is also entitled to his opinion. His is an opinion which is drawn from personal contact and conversations with them. Their's is an opinion which is based on ancient prejudice. Prejudice dies hard and I do not for a moment say that prejudice should die all too quickly. All that I say is that the time has come to open a new chapter in our relations. I do not for a moment say that you must help Manchester or Liverpool or Lancashire, because they are giving you the White Paper scheme. No. I am not satisfied with the White Paper scheme. It is riddled with safeguards. But I am anxious that these safeguards should not be used or abused and, if possible, should not come into existence. Mr. Mudaliar said, when there are Dases and Joshis, surely how can you help there being safeguards in the Constitution. Sir, I remember Winston Churchill using the same language, but not with the emphasis of Mr. Mudaliar for he left out both Mr. Das and Mr. Joshi. Surely Mr. Das and Mr. Joshi can retort to Winston Churchill, if not to Mr. Mudaliar: "So long as you have your Modies and Mudaliars in this country, why do you want safeguards?" (Hear, hear.) Fortunately, the Manchester people have conceded that the best safeguard is the goodwill of the people. If you read the answers of the witnesses representing the Manchester Chamber of Commerce, who appeared before the Joint Select Committee, when our Indian friends examined them, including my friend and Leader, Sir Hari Singh Gour, they admitted that the best safeguard is the goodwill of the people. Manchester, I shall presently prove to you, is fast changing her angle of vision. Who could have imagined in the 19th century the representatives of Lancashire speaking as they have spoken. This is what they said:

"In the very first place, the Chamber wishes to make it clear that nothing in the policy which it supports is in any way inspired by her desire to disregard the legitimate interests in their domestic market of the Indian cotton mills or of the handloom industry."

Could Mr. Mody have imagined, when he was condemning the excise duties, Manchester using this language:

"The Chamber recognises to the full that no matter what form of Government there might be in India, it would be nothing less than the obvious duty of those responsible for that Government to promote the well-being of the Indian industry in every way."

It looks like an extract from the speech of Mahatma Gandhi. I could not have imagined the Lancashire people going so far as they have gone in their memorandum submitted to the Joint Select Committee. I do not know how much further they have gone in their conversations with Mr. Mody to tempt him to go so far by way of rapproachement as he has gone. I do not know. It is not on record. He is a very careful man. He will

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rather be abused than open himself out for attack than disclose private assurances and private conversations, but I shall not refer to private assurances and private conversations.

Mr. Neogy is perfectly entitled to demand, if Japan agrees to buy a certain quantity of our cotton, why should not Manchester also likewise agree to buy a certain quantity. That is the position of Mr. B. Das, when he flared up, as he ought to flare up, in this House. This is not a wedding house. It is a debating society, though when you flare up you should not call your opponents "treacherous and dishonest", especially when you are on trial. That was the mistake that Mr. Mudaliar made, making it very difficult for us to carry our friends with us in this matter, but he cannot arrogate to himself the position of a super patriot and call his opponents names. He ought to study his subject and speak on it, instead of relying on his love of rhetoric and power of oratory. The position of Manchester and Lancashire in regard to the purchase of our cotton as justly demanded by Mr. B. Das and Mr. Thampan, whose names, I note, are among the Select Committee members, their position has got to be clarified, and I now see in the newspapers that the President of the Board of Trade, whom I always approach with a certain amount of suspicion, is changing. I approach him with a certain amount of suspicion, because at heart he is a free trader, and it is his class of politicians that forced India,—whose conditions were unsuited and are unsuitable for free trade purposes of exploitation,—into a free trade policy, much against India's wish. I approach Runciman and his class with a good deal of suspicion. In fact, I do not believe, probably Mr. Mody, if he reveals some secrets, might agree with me, that he could rely very much on these liberal politicians. They are wedded still to Cobdenism, even though the War and world conditions have hammered nails into the coffin of Cobdenism, but they are still relying on it. They are still hoping that some day free trade will develop in England over again. They are still imagining that they can force on us that free trade against our wish.

Now, Sir, I am glad that Lancashire has agreed to and supported in their memorandum our policy of protection for this country. It is a great gain for us. But even Walter Runciman is changing as he must change, for the good thing about Englishmen is they are not immovable like puddles on the public road. They move with the times, and even Mr. Runciman, when he sees that there are B. Dases and Neogies in this House,—a small party comparatively speaking—we can overwhelm them with our vote, but whose supporters out in the country are not small, not at any rate so insignificant as to be denounced as treacherous or unpatriotic, when Mr. Runciman knows that there is this opinion in this country to face, he is changing so that they may also change. I never understood Mr. Neogy as so obstinate or Mr. Das as so stupid as being incapable of change. I never understood him to be anti-British, an attitude of stupidity attributed to him, the most charming member of my old Party. He was its Whip. Going further back, when I was anti-British—I am not ashamed to confess that—when I was absolutely incorrigible, perhaps stupidly anti-British, when I was a member of the Swaraj Party out to obstruct, and a very good obstructor too as this House knows, when I was deliberately willing to embarrass the Government, Mr. B. Das from the Nationalist Benches was a sucking dove. (Laughter.) He was almost as I once told him, and I apologised to him later on, licking the boots of our foreign bureaucracy. Of course, it was unkind language to use in a drawing room. I never did it

on the floor of this House, but in a great discussion I went for him. I never said that he was dishonest or that he was treacherous or that he was intransigent. I was trying to convert him in a drawing room debate. I wanted him to go the whole hog with me, for we were playing at the same game. In those good old days, Mr. Das was not anti-British. Has he developed any anti-British attitude as attributed by Mr. Mudaliar to him to our great disadvantage in the Committee, for surely if he is anti-British, he is entitled to write a political note of dissent which he will never write. I hope he will never do it even though goaded by oratory. Economic questions have to be approached from an economic point of view. The moment you introduce politics, economics goes by the board.

I was saying that the attitude of Walter Runciman is changing. This leads me to a question put by Mr. K. C. Neogy himself. He said he was entitled to know if the Government had anything up their sleeve. If you read this report, the evidence of the Manchester people before the Joint Select Committee, you will find that there is a reference to a long term Agreement. I do not want to go into long quotations unless absolutely necessary. The Government of India have dealt at present with a short term Agreement. This short term Agreement may be a prelude to a long term Agreement. Therefore, Mr. Neogy is perfectly justified in asking what is up the sleeve of the Government, and, before Sir Joseph Bhore could answer it, it has been answered from Whitehall by the President of the Board of Trade. The answer is this: "Our intention is that Indian raw cotton should be used more and more in Lancashire" and the President of the Board of Trade said so on an important occasion, according to the London Correspondent of the *Times of India*. In a recent issue of that paper, in a letter dated the 2nd March, the following note appears—it is a very eventful thing:

"Although formal negotiations between the British and Indian Governments concerning Indian tariffs on British textiles have not yet begun"

—They are going to begin and Mr. Neogy was entitled to know how are you going to conduct those negotiations. He was entitled to know—are you going to put it to the British Government to take more of our cotton—

"the President of the Board of Trade whose special task is the negotiation of reciprocal trade treaties, made one pronouncement in the course of his speech at the British Industries Fair."

A forecast of this already appeared in the cables which appeared in the Press and we know briefly what Mr. Runciman had said. "Britain will become the largest buyer of Indian raw cotton in the world." Sir, what more do we want? We want to make a gesture. Sir Abdur Rahim brushed aside rather carelessly Mr. Neogy's suggestion what is up the sleeve of the Government. He thought that it was a sinister suggestion, but surely we want to know and we know that the Government have to take up this question of Britain's purchasing our cotton, for India is an agricultural country. India will always remain an agricultural country, though (*Mr. N. M. Joshi*: "Why?") Mr. Joshi says, "why?" I expected that question, because India is a large country and it should not import foreign rice or foreign wheat. It has to feed 350 million people and, in the matter of food, we have been self-dependent, and if we become dependent in the matter of food, India will cease to be an agricultural country. I hope Mr. Joshi is satisfied. I was saying that India will always remain an agricultural country: and dependent as we are on the monsoon, and anxious as we are to be saved from over-production, we will not altogether stick to the

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rice crop or the paddy crop and the wheat crop: we would like to increase our cotton crop. Therefore, from the agriculturist's point of view, we would like to increase our cotton crop, and we would like to have more markets for our cotton; and, from a revenue point of view, it will also be necessary, for if India is to produce all the cotton products necessary to clothe her entire population, you will have to build such a big tariff wall that the poor country will have to be taxed and excise duties will have to be revived. Therefore, we are sure to leave a margin for foreign imports. So far as the countries within the Empire are concerned—and here it directly leads me to the question of Dominion Status—we have got to give them better treatment than countries outside the Empire. I am not thinking of independence. If you want independence, if you want to declare war on Great Britain, if you want association with non-British or non-Imperial nations, then surely you need not think of economic alliances within the empire. I am thinking of Dominion Status for my country, and Dominion Status will suit her the most, because she has a large seaboard; she has a vulnerable frontier; I do not want history to repeat itself, for we cannot forget that the latest invader of India came from across the seas—or shall I say, also the last, and the most stable, Great Britain, invaded India from the sea. And then, our vulnerable frontier tells its own story—that it should not be vulnerable. India needs Britain to fight a foreign menace, the Mongolian menace. Britain needs India, as we proved during the last year that in times of need India was necessary, and, therefore, an Indo-British Trade Agreement will be worthy of the first Indian Commerce Member. (Hear, hear.) God grant that the foundation that he has laid will be the unshakeable foundation for all time to time! Political freedom does not go *pari passu* with economic thraldom. It is of equality that we are thinking. I was saying that the angle of vision of Manchester has changed, for you will find that the Bradford Dyers' Association has made the following statement:

"It would have added to the effectiveness of this assurance "

—referring to the Clare-Lees Delegation's assurance that Lancashire would utilise more Indian cotton—

"if the Delegation had been able to convey the message that, say, one million bales of Indian cotton would be bought this season by somebody for whom they were entitled to speak and that this would be conveyed immediately to Liverpool and put on the market by auction so that the spinners who had adapted themselves to the spinning of the Indian growth might be attracted by supplies possibly at a lower rate than the market purchase price,"

—and Mr. Douglas went on to say that—

"If we are to expect India to go to the extent we desire in favouring our manufactures, we must reciprocate to the fullest extent and without reserve in enlarging our purchases from her."

"Unhappily "

—says the *Times of India* correspondent—

"The Lancashire industry is composed of so many warring atoms, divided in interest and outlook, that a transaction on this scale is impossible, and it will therefore be necessary for Government to step in, basing its assistance on the interests of the industry and indeed of the nation, as a whole. The British Government is subsidising a large number of minor industries, including sugar beet, coal oil, etc.; there is therefore no reason why it should, at any rate on grounds of principle, withhold financial assistance from cotton manufacture which, despite heavy losses, still remains our largest exporting industry, as raw cotton is, or has been and should be again, India's largest exporting industry."

Sir, before the Joint Parliamentary Committee also Mr. Grey, one of the Manchester witnesses, showed the interest that Manchester is taking.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): I do not want to interrupt the Honourable Member, but I simply want to inquire whether he is speaking as a Nationalist or not.

Mr. C. S. Ranga Iyer: Will the Honourable Member please repeat his question?

Mr. D. K. Lahiri Chaudhury: I simply wanted to inquire if my friend was speaking as a Nationalist or not.

Mr. C. S. Ranga Iyer: I think the Honourable Member wanted really to inquire whether I would leave some more time for speakers of his Party,—for such a representation has been made to me. Sir, I am the only speaker on this question from my Party. I never pretended to speak for my Party as a whole, for pretention is not in my line. Four Honourable Members of his Party have spoken (*A Voice*: "More."), and each of them has taken one hour—and my friend, Mr. Mitra, says more than four Members have spoken. I hope there will not be the impatience that Mr. Lahiri Chaudhury has exhibited in asking whether I am talking as a Nationalist or not. I say, yes, and as a Nationalist who wants to promote the export of my country's cotton to a country which will be a stable, and not a precarious, consumer of our products, for I will place before you the facts in regard to pig iron. Then you will know what it is to have a precarious purchaser of your cotton!

Sir, in 1929, the United Kingdom took in tons only 5,522 of our pig iron. Japan then took 3,53,581. But, in 1932-33, Japan took 71,371, while the United Kingdom took 75,802—more than Japan—while she was only taking 5,000 odd from us in 1929. When Japan ceased to take our pig iron, when our people were going to starve, when there was going to be a great deal of unemployment, when, Sir, the pig iron industry was going to be killed outright, who, I ask, came to our help? Great Britain. (Hear, hear.) And why? Because Great Britain is a part of the British Commonwealth. (Hear, hear.) I find the Honourable Member laughing. Probably my arithmetic, my friend, Dr. Ziauddin Ahmad, may consider is incorrect, but so long as he does not dispute these facts and these figures, those facts and figures must stand. And when the Government were starting negotiations with Great Britain, when the Government were thinking of giving some preference, may be a five per cent relief to Great Britain, what did Japan do? Japan resumed an attitude of friendship; and, in 1933-34, Japan has once again begun to take 1,65,724 tons of pig iron. It is nowhere the 1929 figure. And my friend, Mr. Lahiri Chaudhury, asked me again whether I was speaking as a Nationalist. Agricultural interests are a part of nationalism even though Independents may be independent of it. (Laughter.) Sir, I know that when Japan protested in voice of thunder and proposed a form of boycott, Japan was not talking through her hat. Japan was basing her protest on certain facts and realities which she was prepared to carry through. On the continent of Asia this little island has large lands and is growing cotton. If Japanese rice is considered to be a menace today, Japanese cotton will be a menace tomorrow (Hear, hear), and we want every help that Great Britain

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can give us, not only by taking our cotton, but also by making others take our cotton, for London is one of the greatest markets of the world. And what is the help that Great Britain is thinking of giving? Mr. Grey made this statement before the Joint Parliamentary Committee. I do not want that we should wallow in ancient prejudices. I do not condemn Members who approach this question with suspicion. Suspicion dies hard. I know it is so very difficult to open a new chapter, but when Manchester is willing to approach this problem from a new angle of vision, let it not be said of us that we were a stick in the mud. Mr. Grey said:

"We are using every endeavour in Lancashire to encourage the use of Indian cotton. As Mr. Rodier has pointed out, no doubt you are familiar with the fact that there is a great deal of Indian cotton that can only be used in relatively low qualities of yarns and fabrics, and in the main these are not Lancashire productions. But I might say here as a Director of the Lancashire Cotton Corporation that we are using ourselves between twenty and thirty thousand bales of Indian cotton every year, and that use we are endeavouring to extend and to encourage its extension, amongst all our spinners and our weavers Of course, we realise this, that India will judge the question as to how many bales eventually are you able to take."

12 NOON.

As Mr. Neogy, as Mr. Gaya Prasad Singh, as Mr. B. Das have repeatedly emphasised in their speeches, an emphasis which Manchester has anticipated, we want a business relation, not the relation of a helot of the Empire and a boss of the Empire, but of two economic equals, and that is where the advantage of the Mody-Lees negotiations comes up before us. They are dealing as two equals, not a subordinate branch of the British administration, not an agency of Whitehall, but two independent interests whose reciprocal interests have been taken into consideration by the parties concerned. Mr. Grey says:

"Of course, we realise this, that India will judge the question as to how many bales eventually are you able to take We are not only pushing it by way of propaganda . "

Manchester doing propaganda for us! Who could have imagined it 20 years ago? Who could have imagined it even 10 years ago? India is launched on a new road. India is marching in the direction of responsible government. You will have tomorrow a Minister for Commerce responsible to this House. Manchester fears that England's intransigent opponents will come and be in the Government as De Valera is in Ireland, and, in order to avoid De Valera tactics, they say, have safeguards. But as Mr. Joshi has said, no safeguards, no guard will be safe enough except the goodwill of the people. And they are recognising it. They are doing propaganda for us, and they are producing a machine, they are trying to invent a machine,—the invention is almost a success—to clean our cotton, so that our cotton will be as good as the best cotton in the world, so that it will not only have a London market, it will have a continental market, a world market. Manchester people are experts, and surely we want their brain to help India to produce the right kind of machinery to clean our cotton, and here is an undertaking that he (Mr. Grey) has given to the Joint Parliamentary Committee. I am reading his words:

"We are not only pushing it by way of propaganda, but at the Shirley Institute the British Cotton Research Association are bending all their endeavours to devise machinery for the cleaning of Indian cotton to make it much more extensively usable for Lancashire productions. I might say that they are meeting with a very considerable measure of success, and that success will not possibly apply or be applicable to

Lancashire alone. Any invention which improves the use or facilitates the use of Indian cotton will immediately become world wide, and any mechanical device which makes it possible for Indian cotton to substitute American cotton will be very speedily available not only to Lancashire producers but to Indian producers, to Continental producers, and producers all over the world."

That looks like Pandit Jawahar Lal Nehru's oration in a cotton growing area to find markets abroad! Such being the case, may I not enquire why we should hug the carcass of ancient prejudice? I do not for a moment say that we should walk into Sir Joseph trap, for I recognise that there are two Sir Josephs. There is Sir Joseph Bhore whom we see, there is also a Sir Joseph whom we do not see. (Laughter.) I know the Honourable Member is getting embarrassed. Embarrassment sits upon his brow, but it is a fact. There are two Sir Josephs, Sir Joseph the patriot who wants to see that Indian industries flourish and agricultural products, such as cotton, find a market here and abroad. But there is also a Sir Joseph, a great enemy of India and Indian aspirations, and I find that he has put up a fight as a member of the Joint Select Committee, I believe, that not only should there be safeguards, but also a clause that the Indian Government should not be in a position to give bounties to Indian industries. This is what Sir Joseph Nall says. (Laughter.) Sir Joseph Nall, not Sir Joseph Bhore. (Loud Laughter.) This is what Sir Joseph Nall says . . . .

The Honourable Sir Joseph Bhore: (Member for Commerce and Railways): I am sorry that my Christian name has caused so much embarrassment to my Honourable friend. (Laughter.)

Mr. C. S. Ranga Iyer: I wanted to embarrass the Honourable gentleman a little bit, for it should not always be smooth sailing. In this House, he has been embarrassed with so much applause that I thought I might produce this little ruffle.

There is at this end a Sir Joseph who loves this country with the passionate and profound love of a patriot, and there is at the other end the other Sir Joseph, an Imperialist of Imperialists, a die-hard who is not satisfied by the safeguard clause who says that the Government must be prevented for all time to come from getting rid of that safeguard by giving bounties to the industry. He says:

"Therefore, the constitution should be such that it would not enable the trade agreement to be over-ridden by further Government action. The constitution should contain provisions which would prevent further Government action frustrating the trade agreement."

Mr. N. M. Joshi (Nominated Non-official): A safeguard to a safeguard.

Mr. C. S. Ranga Iyer: As my friend says, it is a safer safeguard. Sir Joseph Nall says:

"It will be entirely fallacious to ignore the possibilities of bounties being used for the ultimate frustration of the Trade Agreement."

It is fortunate in this connection to mention that the Honourable Sir Joseph Bhore has seen to it that Sir Samuel Hoare does not walk into his namesake's net. It is a great credit again when we have an Indian Commerce Member here that the Tory Secretary of State should have given a bit of his mind to Sir Joseph on the other side of the ocean. He said:

"I am sure this must be a matter for discussion by the Committee afterwards and I would only say now that I do not accept Sir Joseph Nall's view."

[Mr. C. S. Ranga Iyer.]

I am glad he did not say by mistake Sir Joseph Bhore's view, because I am pretty certain that Sir Joseph Bhore has had to put up a fearful fight with the British Government to get us what he has got just as Mr. Mody who is fighting us here had to face the music there. I know it, but I am not speaking about it, because flattery is not in my line, and it is just as well that Mr. Mody faces the music for a while, for he is opening a new line.

Lastly, I must refer to my friend, Mr. B. Das's light motion for circulation. For the last ten years or more, Mr. Das always headed a debate with a motion for circulation. (Laughter.) It was sometimes a trick of his, sometimes it was a necessity, as on this occasion a trick to get the first place and give the right lead, a legitimate ambition, because I myself have competed with him and successfully in regard to the Railway Board debate. He came five minutes too late even though the newspapers had given out that I had come to an agreement with Sir George Rainy to have a simultaneous discussion in this House when the Federal Structure Committee was discussing the Railway Board question in the Viceroy's House. My Honourable friend, Mr. Das, was the tortoise and I was the hare, and I won, because I ran quicker than he. (Laughter.) This time, my Honourable friend, Mr. Das, had the field free to him and led us into a formidable discussion. He was entitled to do so, but he knows more than anybody else that circulation motions are not invariably meant to be pressed to a division, and my Honourable friend, Mr. Neogy, also made it very clear in the course of his speech. My Honourable friend, Mr. Das, knows that "afterwits are dearly bought", but I will tell him "let thy forewits guide thy thought".

As for my Honourable friend, Sir Joseph Bhore, I can only say in conclusion that he follows up and lives up to the principles of Napoleon Bonaparte when Napoleon said that a statesman's heart must always be in his head, and often times the heart of our Commerce Member is in his head and it is pretty clear as the Committee will know that, throughout the discussions, throughout the negotiations with Japan and throughout the framing of this Bill, he has got India's interests in his heart as well as in his head. Sir, it is not necessary for me to applaud him on the triumphant settlement which he has almost made with Japan; only verbal transactions have yet to be concluded in regard to which word should be used or which word should be taken out; the substance is there.

When I delivered a speech 20 years ago, as a delegate of the All-India Industrial Conference in Bombay, presided over by Sir Dorab Tata, on the question of protection, I little imagined that within my lifetime the excise duties would have gone and Manchester would come on bended knees before India and invent a machine to improve our cotton and find us a market to take our cotton in larger quantities. If that is going to be Imperial Preference, I do not mind that Imperial Preference. But if by Imperial Preference is meant that India should be a hewer of wood and drawer of water seeking some kind of Imperial isolation, I am not for that Imperial Preference. I know the present preference is of a protective kind and we have to examine all the points that Mr. Das and Mr. Neogy and the Opposition have made in regard to the Bill in Committee, and if the Committee thinks that the Bill is worth accepting, it should be accepted.

If it thinks that it should be modified, it should be modified, but there is no case now for circulation as my Honourable friend, Mr. Das, himself recognises and as he has told me so.

Lastly, Sir, I must conclude with this tribute to the first Indian Commerce Member who handled this question as the first Indian Minister of the Federation in a popular House would have done. He is a statesman,

"Who makes by force his merit known
And lives to clutch the golden keys,
To mould a mighty State's decrees,
And shape the whisper of the throne."

(Applause.)

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Sir, I would like to bring the House down to realities and to the Bill that we are discussing. While I cannot be over-enthusiastic over the Indo-Japanese Agreement, I would like to add my congratulations to those, of others to my Honourable friend, the Commerce Member, and his colleagues, for having been allowed in the first time in the history of India to be the real Government of this country on an important matter, without the interference of their lord and master several thousands of miles away; for I am given to understand that the Honourable the Commerce Member was given a free hand in these negotiations and he and his colleagues were allowed to do the best they could in the interests of India.

Sir, while not being able to be enthusiastic about a reduction of the protective duty from 75 per cent to 50 per cent, the House must realise and I am sure it has realised that the interests of the textile industry and the interests of the producers of the soil are linked together for ever. It is the prosperity of the agriculturists which makes the prosperity of industry and especially the textile industry, and, therefore, if this Agreement attempts to secure for the cotton grower a certain market for a certain percentage of his produce, the textile industry must be prepared to have a lower percentage of protection against its most powerful competitor, the Japanese. But I do want to raise a voice of warning as to whether this Agreement is going to give the agriculturists what they have a right to demand, namely, a fair price for their cotton. I am given to understand and I know it to be true that the price of cotton today is lower, compared to American cotton, than it was when the boycott was in full swing. How is that possible? It is possible through the manœuvres of the Japanese Cotton Spinners' Association who have a control over freight. I am given to understand that they have refused the proper share of freight to Indian exporters of cotton. They have gone further. I understand that ships have actually left India since 22nd January with space available rather than give it to Indian exporters of cotton. I understand, Sir, that discriminatory restrictions have been placed upon non-Japanese exporters, and whereas, before the boycott, it was competent to non-Japanese exporters to ship cotton to Japan without, at the date of shipment, having entered into any contracts for the sale of that cotton, now that the boycott has been lifted, it is absolutely impossible to obtain a permit to export cotton unless the contract has in fact been entered into and the cotton is shipped under that contract, and what is more, that contract has to be with a mill in Japan. Sir, under these circumstances, it is not surprising to find that cotton is today 25 to 30 rupees a bale lower than it ordinarily ought to have been; and, therefore,

[Sir Cowasji Jehangir.]

these facts bring me to that very important clause in the Indo-Japanese Agreement, namely, the most-favoured-nation treatment clause. Sir, I should like the Honourable the Commerce Member to tell us a little more about this most-favoured-nation treatment clause. As my friend, Sir Leslie Hudson, said, these clauses are now out of date. It was, I believe, in August 1904 that a Convention between India and Japan respecting commercial relations was signed at Tokio. I should like some information from the Commerce Member as to whether the most-favoured-nation treatment clause is going to be on the lines of the 1904 Convention and whether he does not think that the time has come when some further provisions should be embodied so as to ensure that the most-favoured-nation treatment should not only apply to the Japanese, but also to Indians trading with Japan. It might be an action of the Japanese Government, it might be an action of a private association; but if that action has the effect of discriminating against non-Japanese traders in this country, I contend that it is the duty of Government to see that in this clause there must be provision to prevent this discrimination taking place in the future. Sir, I fully realise that due to the Agreement, which forces the Japanese to buy a certain quantity of cotton, machinery will be necessary to enable them to do so. But surely that machinery should not be taken advantage of for the purposes of discrimination. It is impossible for them to carry out their Agreement with India if they have not got the necessary machinery. Give them all facilities by all means to have such machinery both in India and in Japan. I have no objection to it; all credit to them that they have been able to bring such machinery into existence and work it so successfully,—an object lesson to this country. But I do think that there are limits to which such machinery should be used.

Mr. President, I will just mention the question of quotas. My Honourable friend, Sir Joseph Bhore, stated that the quota that he had embodied in the Agreement was a guarantee against dumping. Well, Sir, 400 million yards is no small quantity to be imported into this country. Only in the two years, 1929 and 1932, has that figure been exceeded; and if the Japanese can import 400 million yards, I do not see the justification for the statement that it will be a safeguard against dumping.

Sir, I have nothing further to say The Honourable the Commerce Member and his Government have agreed and we shall have to loyally carry out the Agreement he has entered into with Japan. But I do have apprehensions that there is a risk of dumping continuing Mr. President, specially do I desire to draw the attention of my Honourable friend to the fact that when there is a quota for textiles, there should be no loophole left for the undue export to this country of artificial silk at cut throat prices. It has been stated here by more than one Honourable Member that the protective duty on artificial silk is low. I agree, and I would make an appeal to the members of the Select Committee to examine this question very carefully indeed and to see that the import duty on artificial silk from Japan is of a character which would be effective and that it will not very greatly add to this quota of 400 million yards of textiles. It is a duty which this House imposes upon the Select Committee, and I trust that the Select Committee will see to it that no injustice is done to the industry by this unfair competition of artificial silk.

Now, Sir, I will just come to the Agreement between the Millowners' Association and the Lancashire industry. My Honourable friend, Sir

Abdur Rahim, laid down a principle with which I am in complete agreement. He stated that if an industry in a country enters into an agreement with a similar industry in another country and if there is complete unanimity in both countries, there is justification for Government to give that agreement Statutory effect. But if there is a difference of opinion amongst the industrialists of a country and if only a section of the industry enters into an agreement with the industry of another country, there is not that justification for Government to give it Statutory effect. He went further and said that it was the duty of Government to see that such agreements did not adversely affect any other interests. I am in complete agreement with that principle, but, I am afraid, Sir, that the Agreement between the Millowners' Association and the Lancashire industry has suffered on account of the name that has been given to it and a considerable amount of injustice has been done personally to my friend, Mr. Mody, due to this Agreement commonly having been called the Mody-Lees Agreement. It was an agreement between the Millowners' Association of Bombay and the Textile Mission that came out to India. Mr. Mody, who is the paid Chairman of the Millowners' Association, was in constant touch with the most influential members of his Committee during those negotiations, and Mr. Mody would not have encouraged those negotiations if he had not the support of the most influential members of that Committee throughout those negotiations: and who are the members of that Committee? They are men like Sir Ness Wadia, Sir Naoroji Saklatwala, Sir Manmohandas Ramji, Sir Chunilal Mehta—and may I ask if Mr. Mody is to be called a traitor, a man who has sold the interests of his country, why is it that my Honourable friends will confine those complimentary terms merely to the Chairman of the Association and not to Sir Chunilal Mehta, Sir Manmohandas Ramji, Sir Ness Wadia and Sir Naoraji Saklatwala, who were just as much responsible for this Agreement as their Chairman? I consider this unfair; if this Agreement is not in the interests of India and if you are not in agreement with it, if you think that it has been the act of a traitor, then be fair and call all those men, whom I have named and whom you dare not face, traitors as well.

I now come to another very important point: and that is the cross-examination to which our attention has been drawn of the representatives of the Manchester Chamber before the Select Committee in London. My Honourable friend, Sir Abdur Rahim, and I think Mr. Neogy, read out questions and answers: they were perfectly correct: the tone has changed, but the substance has not. (Hear, hear.) A deliberate question was asked whether the safeguard, which can be interpreted to mean that Indian industries should not be allowed to expand lest they compete with British industries, was insisted on. The answer was "yes". Now, I desire to bring to the pointed attention of this House, in connection with those answers and those questions, the Agreement entered into by the Millowners' Association of Bombay and the representatives, the authorised representatives, of those very gentlemen who gave evidence. In my humble opinion, the most important point in this Agreement is laid down in the following words:

"It was agreed that the Indian cotton textile industry is entitled for its progressive development to a reasonable measure of protection against the imports of the United Kingdom, yarns and piecegoods."

I consider that that admission, made by the mission that was sent out to India by the Lancashire interests, is the most important admission in the whole of this document. What does it mean? It means that "we

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from Lancashire agree that the Indian Government have a right to impose upon the imports from the United Kingdom such reasonable duties as they consider are necessary to protect the interests of the textile industry in India, and the growing textile industry of the country. . . . .

Mr. N. M. Joshi: Who is to decide the reasonableness of the duties?

Sir Cowasji Jehangir: The Government of India are to decide. I consider that if you place upon the answer given before the Select Committee the interpretation that has been placed upon it in this House, that these words that I have quoted are a contradiction of that answer and are inconsistent with it; and I would prefer a written and signed document of this sort to any questions or answers before the Select Committee. This is a document in which undertaking is given that Lancashire admits our right to develop our industry, for it says "progressive development". You are in a position to develop your industry so as to spin finer counts and make finer cloth; and then you are in a position, according to this Agreement, to so tax imports from the United Kingdom as to protect that industry. I do admit that there are certain concessions in this agreement. With regard to textiles, personally I see no great concession—the duty remains in the Bill what it was and what it is today: there is an undertaking that, if the surcharges are removed, no claim will be made for further protection; but I admit that in yarns there is a reduction; but my Honourable friend, the Commerce Member, has gone further; it will be left to the Select Committee to examine that and to see how far the reductions suggested in this agreement and the further reduction suggested by my Honourable friend are justified. I admit that on artificial silk. . . .

Mr. B. Das (Orissa Division: Non-Muhammadan): May I ask if we have got the power in the Select Committee to raise the duties that are put in the Bill and whether we have got a right to suggest an alteration of the duties?

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): Surely it is open to the Select Committee to try and convince the Government and get the Government to agree to a higher scale of duties.

Mr. President (The Honourable Sir Shanmukham Chetty): So far as the technical point, as to whether a Non-Official Member has got a right to move an amendment increasing the duties, is concerned, Non-Official Members cannot have a right in Select Committee that is denied to them in the Assembly: they cannot have a right to move an amendment for increasing the duty; but the Select Committee offers an opportunity, where the discussion can be more informal across the table with the Government and Non-Official Members, to have a chance of convincing the Government that an increased duty is necessary.

Mr. C. S. Ranga Iyer: Is this one of the realities about which the Honourable Member talked when he began his speech?

Sir Cowasji Jehangir: Very much so indeed. Not only is it a reality, but the very substance of the Bill.

Mr. C. S. Ranga Iyer: We will then oppose this suggestion tooth and nail.

Sir Cowasji Jehangir: You are welcome to oppose it as much as you like and you are welcome to interrupt as much as you like. (Interruption.) But I would suggest to the Honourable Member to keep cool. It is a virtue sometimes. . . . .

Mr. C. S. Ranga Iyer: But you began with realities as though I was talking of unrealities.

Sir Cowasji Jehangir: Will my Honourable friend realise that a little fun is permitted? I do not want to waste the time of the House. But if I did tell my Honourable friend that he did go off the realities, was that a great crime?

Mr. C. S. Ranga Iyer: I am entitled to my opinion that you are going off the realities.

Sir Cowasji Jehangir: I do not give way any further.

Now, it is the duty of the Select Committee to examine the rates put down in the Agreement with regard to artificial silk and I trust the Select Committee will do their duty and examine whether these rates are such as will in any way interfere with our industry, and, if they do, I trust that they will strongly bring it to the attention of the Government.

Sir, we have been asked—what is the *quid pro quo*? In my opinion, the chief *quid pro quo* for this Agreement is the lines I have read and the admission that has been made. The next is an undertaking that more cotton will be consumed by Great Britain. I need not state how important it is to have a competitor to Japan in this country for our cotton. I have made that point in the beginning of my speech.

Mr. President, I very much regret the length of my speech. I have just spoken, I think for quarter of an hour,—I have not spoken more, and I apologise to my friend, the Commerce Member, for having taken up the time that was assigned to him. We shall look forward all the more to his reply after he has been fortified with lunch. (After consulting Mr. S. C. Mitra who was sitting behind.) Mr. President, as my friend, Mr. Mitra, would like to have five minutes, I trust that you will forgive me for the time I have taken.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I do not know how I should devote these five minutes you have been pleased to give me . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member can take quarter of an hour after Lunch.

Mr. S. C. Mitra: I am afraid, Sir, in this debate I cannot devote my time only to alluding to realities, but I like also to refer to some of the other considerations which have an important bearing on the whole subject. Sir, India produced cloth enough not merely for her own consumption for several centuries, but she also supplied it to her neighbouring countries and to even distant countries. I shall not go into details, but only say

[Mr. S. C. Mitra.]

that I have no quarrel with the British Government for forbidding in the 18th century the inroads of Indian cloth into England, but what I do contend is that this Government, by its deliberate policy, ruined the Indian cloth manufacturing industry.

Sir, my friend, Mr. Ranga Iyer, contended that we should make no attempt to produce the entire amount of cloth required in the country. Here I entirely disagree with my friend, because I feel that every country should supply or produce its own bare necessities of life like foodstuffs and clothing, and when India is already producing more than 80 per cent. of her total consumption, had India been free, I can say, without any fear of contradiction, she would have produced all commodities so as to make herself self-sufficient in cloth and all her requirements. Mr. Ramsay Scott and Sir Leslie Hudson referred to Japan putting 400 per cent duties and even prohibiting the import of fabricated silk into Japan. Sir, India would have done the same thing if she had been free.

Sir, the Tariff Board reported that India had satisfied all the four conditions necessary for protecting an industry which could ultimately produce the entire consumption of the country and within a few years by internal competition the price would certainly go down in the interests of the people of India, but I know that this is a cry in the wilderness. We can have protective duties for sugar expecting to produce sugar sufficient to meet the entire consumption of sugar by the country, but we cannot expect it in the case of cloth, because England does not produce sugar, but produces enough cloth. I know that we are a subject nation, and I agree with my friend, Diwan Bahadur Mudaliar, that there is no use in a hide and seek policy as he complained against the attitude of the Indian Chamber of Commerce . . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member may continue after Lunch.

The Assembly then adjourned for Lunch till Two of the Clock.

The Assembly re-assembled after Lunch at Two of the Clock, Mr. Deputy President (Mr. Abdul Matin Chaudhury) in the Chair.

Mr. S. C. Mitra: Mr. Deputy President, at the time when the House rose for lunch I was discussing the attitude of the Indian Chamber of Commerce and the Federation of Indian Chambers as regards their attitude of non-co-operation, and I said that I agreed to a large extent with my Honourable friend, Mr. Mudaliar, as to their policy of going to Government surreptitiously and avoiding the public. At the same time, I must say that I do not agree with my Honourable friend and also with Mr. Ranga Iyer when they said that commercial interests in this country should have nothing to do with politics. As a subject nation, I cannot think of anything which is not intimately connected with politics, much less in a matter like commerce. A policy of tariffs makes or mars the prospects of industries in India, and so, I think, my Honourable friend, Mr. Mudaliar, most unwittingly perhaps did a disservice to the country by encouraging the

Government in their attitude of non-co-operation with the Federation of Indian Chambers. From our experience we know that the Associated Chambers of Commerce frequently deal with political matters. They were foremost in ventilating anti-national feelings in India. They were against the transfer of law and order in some of the Provinces, suggesting bi-cameral Legislatures in Provinces. My Honourable friend is not asking the Commerce Member to non-co-operate with the British Chambers of Commerce as well. If, in the exuberance of national spirit, commercial bodies in this country for a time deal with matters which are not primarily their concern, but if they retrace their opinion later on, I think it behoves the Government not to adopt an attitude of non-co-operation, but to help them by their guidance; but if they adopt that attitude in the case of the one, they must show at least the same attitude to the other.

Mr. B. Das: May I inform my Honourable friend that the Federation of Indian Chambers is quite willing to let the dead past bury its dead and to welcome Government Members to its annual meeting which takes place at the end of this month here?

Mr. S. C. Mitra: I am very glad to have this piece of news from my Honourable friend, Mr. Das, who, being a member of the Executive Committee of the Federation of Indian Chambers, can speak with authority, and I hope that Government will reciprocate that feeling by their attendance, or they will adopt the same principle with all the commercial bodies that happen to deal with political matters as well.

Before lunch, I said how our cottage industry was deliberately ruined and destroyed by England when, after the Industrial Revolution in the early part of the 19th century, with the invention of steam power, they took to this industry. Sir, I agree that there is not much good in discussing old matters; we should look more to the future. I give credit to the great Bombay industrialists who in India revived the manufacture of cloth through mills. They deserve all our congratulations. I further maintain that the textile industry is a national industry, and here I should like to differ from my Honourable friend, Mr. Raju. This textile industry is producing 85 per cent of the total consumption of India and is providing lakhs of labourers with work . . . . .

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Does my Honourable friend mean by that only mill production? If he does, he is wrong. The handloom's position in the production is by far the most important consideration.

Mr. S. C. Mitra: If my Honourable friend had waited a little, he would have understood my point. When I speak of the textile industry, I include both the handloom industry and the mill industry. If the figures supplied by my Honourable friend, Mr. Thampan, are correct, namely, that 85 per cent of the yarn used by the weavers in India is also produced in Indian mills, then ultimately it implies that a much larger proportion of Indian population depends to a great extent on the textile industry. I think that it is a premier industry of India, and that it is a national industry.

I regret that my Honourable friend, Mr. Mody, referred to the public meeting in Bengal. I can only tell him that the public meeting in Bengal was a reply to the public meeting in Bombay. I think that a cosmopolitan city like Bombay should not refer to these small matters in future.

[Mr. S. C. Mitra.]

I should like to say a few words about the so-called fiscal convention of which we talk so much in this House. What is this fiscal convention? If anything is necessary to prove that it is merely a farce, I would invite the attention of Members of the House to the evidence of Mr. Rodrigues before the Round Table Conference itself. The principle is that where the Government of India and the Legislature agree, the Secretary of State should not intervene. Now, whatever may have happened in the past, for the last two or three years it has been perfectly clear to everybody that the Government of India here have ceased to function. Even in small matters the Secretary of State lays down principles and gives instructions and there are even little variations, and everything must be done according to his dictation. So there is really nothing to be proud of in this fiscal convention and that was the point that Mr. Rodrigues had in view. They are certain of their position, so long as the present Constitution exists, but if the future Government of India may be independent to any extent, to that extent they wanted safeguards for their interests.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

My friend, Mr. Mudaliar, said that due to agitation in India, the political situation had been worsened, but the result of a true study of the situation is that, after each Round Table Conference, they went down from the former position. If it was due merely to agitation in India, then Mr. Mudaliar should also remember that it was the attitude of the die-hards and the Churchill clique that aroused this strong suspicion and agitation in this country. I personally believe that Britishers as a practical nation do not care at all for any agitation, whether for or against, in these matters. They are guided by the strength of political opinion in India. It is the whittled state of the Congress and other political parties in India that has goaded them in weakening the little concessions they first proposed to confer by this White Paper Constitution. It is natural that they will be dictated essentially by their selfish interests. They will never yield when there is no necessity for it. If by mere force of logic or by soft words freedom can be attained—I know in India there are schools of thought who believe in it—let them try by all means, but I for one do not in the least believe that by mere reasoning and logic we can have freedom in any sphere of our activities in India. I believe that if the Britishers would have understood their true interest, then certainly there was possibility of co-ordination with the Indian people; but, as a matter of fact, we find in experience that bureaucrats in India also think that they have succeeded by the policy of coercion and that the other policy of conciliation is not necessary. How unreal this House is when I find here member after member thinking that there is any possibility in the near future of co ordinating British and Indian interests having regard to the attitude of the British Government at home. My time is over, and I cannot dilate on this question; but I like to say that, whatever laws or Tariff Bills are passed in this House, the people in the country cannot be induced to accept foreign goods or British goods or Empire goods as you may like to call it. They cannot force our people to buy it, and that is well realised by statesmen in England. I would advise that a real attempt should be made to reconcile the people of India. I know that the Government can carry any legislation

they like, but that will not help the British traders to sell their goods in India, if they really want it. Real reconciliation is necessary, and it is not by soft words either here or in England or by even, what one of my friends called, licking the boots of the foreigner, that we can get freedom or solve this question.

The Honourable Sir Joseph Bhore: Sir, I do not propose at this stage to go into the details of the Bill. The proper time for that will be in Committee and at the consideration stage of the Bill. I propose now to confine myself to the more general points that were raised in the course of the debate and, it is only in respect of some of the more important questions that I can here make comments.

I must of course make it clear that I am opposing the motion of my Honourable friend, Mr. Das. I submit that there is absolutely no substance in the arguments which he has adduced in support of his motion. The Agreement between the Bombay Millowners Association and Lancashire has been before the country for many months and there has been the amplest opportunity for public opinion to express itself upon that Agreement. Nor do I think that the House can complain that we have not given it sufficient time to consider this measure. Equally I must oppose the motion of my Honourable friend, Mr. Bhuput Sing. I need only point out to him that if our labours in the Select Committee are not finished within the period of time mentioned in my motion, we shall come up to the House and ask for an extension.

Now, Sir, my Honourable friend, Mr. Joshi, delivered himself of some peculiar sentiments. He said that private organisations had no business to enter into any agreement in regard to tariffs. That sentiment was, I think, endorsed by the Leader of the Opposition, and I think he went a little further and he said that Government should do their best to discourage such agreements. Such agreements so far from meriting Government's discouragement appear to me to be of the utmost value for trade and commerce, provided, as pointed out by my Honourable friend, Mr. James, firstly that the hands of Government are free to accept, to modify or to reject them in the interests of the country, and, secondly, that the legitimate sphere of the Legislature is in no way invaded. Mr. Joshi, I think, overlooked the fact that this particular Agreement can have no validity unless it has been approved both by the Government and by the Legislature, and we are now in fact seeking the approval of the Legislature. Nor can I follow my Honourable friend's suggestion that successful mills should come to the help of the unsuccessful and that there should be a pooling of the profits and losses before they have any right to come to this House and ask for protection. I personally do not visualize such a state of affairs being brought into existence, certainly not in the near future.

Mr. N. M. Joshi: Why?

The Honourable Sir Joseph Bhore: I do not visualise it.

Mr. N. M. Joshi: Why?

The Honourable Sir Joseph Bhore: Because possibly I have not the "vulture" or "eagle" gaze of my Honourable friend. All that could have been done at the present moment, the Tariff Board has done, namely, to base their conclusions on the conditions of mills which have attained a standard of reasonable efficiency.

[Sir Joseph Bhore.]

Then, Sir my Honourable friend contends that protection must be made contingent on improvements in labour conditions. Here, Sir, I submit to him that that, from his own point of view, is a dangerous proposition. In the first place, if for some reason, protection were withheld, the first sufferers would be labour, and, secondly, I suggest that improvements in labour conditions must be treated and considered on their own merits and entirely apart from any question of protection. If such improvements are necessary and practicable, if they are worthy, and possible of acceptance; then they should be brought before this Legislature, and legislative sanction should be obtained for them quite irrespective of whether protection is granted or not.

Sir, my Honourable friend, Mr. Maswood Ahmad, said that he would like to see Indian mills use Indian cotton to the extent of 75 per cent of their consumption. May I say to him that his wish is more than satisfied, for, so far as my information goes, something like 88 per cent. of the consumption of Indian mills is Indian cotton. That fact, I think, Sir, shows beyond all doubt the inter-connection between the cotton grower and the cotton textile industry of this country. The welfare of the one is inextricably bound up with the welfare of the other. (Loud Applause.)

Now, in regard to the complaint of unfairness in the allocation of cargo space to Indian shippers, I will at the present moment abstain from saying anything, but I can assure my Honourable friends that that matter is engaging the attention of the Government of India. (Hear, hear.)

Mr. Neogy, Sir, made two points, to which I should like particularly to reply. He laid emphasis on the point that one-fourth the production of the Ahmedabad mills consisted of the higher counts, namely, 30's and above, whereas only 1/8th of the production of the mills in Bombay Island was of the same nature. He, therefore, argued that Ahmedabad had a greater interest, and a larger concern in the rates that have been imposed on United Kingdom products, which enter more largely into competition with the higher counts manufactured in this country. Now, may I put it to my Honourable friend that if that is the standard of judgment, we should not turn our eyes to the percentages, but we should take into account in each case the total quantum of production. Now, I will give the House the figures. In 1931-32, Bombay Island produced, of the counts referred to by my Honourable friend, in round numbers, 42 million pounds. Ahmedabad in the same year produced 34 million pounds. In 1932-33, despite the fact that certain mills had closed down owing to the failure of a large group, Bombay Island produced 44 million pounds, and Ahmedabad produced 39 million pounds. I submit that, judged by that standard, the interest of Bombay in this matter is far larger than that of Ahmedabad. Now, my Honourable friend also asked me whether I had any other treaty with Lancashire up my sleeve. I can assure him that there is no treaty at present, and I am sure that he knows, as well as I do and as well as everybody does in this House, that no additional preference of any sort can be given without the consent of this Legislature.

The Raja Bahadur said that he would not be satisfied or put off by any mere promises of larger purchases of Indian cotton by Lancashire. I attempted, in my opening speech, to explain the position in regard to the use of Indian cotton by Lancashire, but my Honourable friend would be

satisfied with nothing but figures. Those figures were, as a matter of fact, given to him by my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, but then someone—I think it was my friend, Mr. Neogy—interjected—"what about Germany?", and I think later certain figures were quoted and the attempt was made to show that the increases in Germany's purchases of Indian cotton were far greater than those of the United Kingdom. I am afraid, my Honourable friend must have quoted the figures of a single month. I propose to quote figures from year to year so far as they are available.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): It was in response to a point made by my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, where he also referred to the figures of a single month.

The Honourable Sir Joseph Bhore: Well, Sir, I will refer to the figures for years which are much more reliable than the figures for a single month—as my Honourable friend will agree. In 1931-32, the United Kingdom took—here, again, I am quoting round figures—29,000 tons of Indian cotton, Germany took 29,000 tons. In 1932-33, the United Kingdom took 29,000 tons, Germany took 27,000 tons. In the ten months of 1933-34, the United Kingdom took 42,000 tons and Germany took 28,000 tons.

Mr. K. C. Neogy: I am very sorry to interrupt my Honourable friend. Will he refer to the figure for the ten months corresponding to this particular period in 1930-31 and tell the House as to whether it is a fact or not that England took about 36,000 tons in 1930-31 as compared with 42,000 tons this year? How much then is the increase?

The Honourable Sir Joseph Bhore: I am afraid I have not got those figures handy, but I shall be happy to verify the statement of my Honourable friend.

Mr. B. Das: Is it not the case that Germany is on the gold standard?

The Honourable Sir Joseph Bhore: Now, Sir, I would cordially endorse the remarks of my Honourable friend, the Raja Bahadur, about governmental assistance to the silk industry, but that assistance must come from Local Governments. As the Tariff Board has pointed out, it is useless to give assistance to this industry through the shape of tariffs and high import duties if Local Governments, as a matter of fact, do not do everything in their power to help on the development of this industry. I would like personally to express the hope that the Imperial Council of Agricultural Research will find it possible to finance schemes of research, without which this industry cannot make any serious advance.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Will my Honourable friend insist that Local Governments must act in the way that they ought to?

The Honourable Sir Joseph Bhore: I have no power to insist. My Honourable friend, Dr. DeSouza, then, Sir, made a very powerful appeal on behalf of the agriculturist. I am sure, he is by now satisfied that we have done all we could and all that it was really possible for us to do on

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behalf of agriculture. But I think my Honourable friend entirely misread the recommendations of the Tariff Board when he said that the grant of protection was contingent upon certain conditions being first fulfilled.

In regard to the revision of our commercial legislation, I think I have already made the point clear in this House. The matter is a matter of first importance; it is receiving the active consideration of the Government of India and I personally hope that some definite progress will be registered during the present year.

Before I come to the Agreement between the Bombay Millowners' Association and Lancashire, I ought to refer to one or two matters that my Honourable friend, Sir Cowasji Jehangir, raised. He brought to notice the fact that the prices of Indian cotton today were far below the world parity, and I think he suggested that that was due to Japan's action. Well, Sir, I would suggest to my Honourable friend that that suggestion is not entirely borne out by the facts which we have in our possession. There are other factors at work which account for the price of Indian cotton being at the moment below world parity. I will mention one or two. The first is the size of the current cotton crop. The current cotton crop is estimated in the official forecast as 46·63 lakhs of bales as compared with 44·37 lakhs of bales last year. Then, Sir, there is another point. The amount of cotton baled up to date is no less than 26·56 lakhs of bales as compared with 20·86 lakhs of bales last year. Thirdly, Sir, the Indian mill consumption of Indian cotton for the current year is 9·6 lakhs of bales as compared with 10·5 lakhs of bales last year, and I understand that the Indian mills have been less ready buyers than usual this year due to the general lack of confidence following, it may be, the collapse of certain mills. These and other factors should be taken into account before we can definitely state what the reason is for prices of Indian cotton being below the world parity at the moment. But I would point out that prices of Indian cotton have been rising steadily since January.

Sir Cowasji Jehangir: Does my Honourable friend realise that the extent of the crop or the demand in India has nothing to do with the world parity prices?

The Honourable Sir Joseph Bhore: It has a great deal to do with the prices of Indian cotton.

Sir Cowasji Jehangir: No; it is the demand of the Indian cotton to be exported from India.

The Honourable Sir Joseph Bhore: Sir, I now come to the Agreement between the Bombay Millowners' Association and Lancashire. I had ventured to hope that the somewhat, I might almost call it, hysterical criticism which appeared in certain quarters in certain parts of the country would not have been repeated in this House, but that this House would have considered on its own merits and apart from any political considerations an agreement which, in the opinion of those who ought to know, has done an immense deal to improve relations between the two countries. That hope has been very largely justified, but I am afraid not entirely so, and I do submit that it would be something of a tragedy

if the result of that Agreement were to be neutralised or nullified by the tone and temper of the criticism of that Agreement. Now, Sir, let us consider the criticism itself. As far as I am able to analyse it, it consists partly of criticism based on the merits, and, I must frankly say, partly on criticism based on political considerations. Let us take the merits first. The view of the Millowners' Association of Bombay, so far as we understand it, is something of this nature. They say:

"We believe that the rates which have been agreed upon by ourselves and the Lancashire Delegation are sufficient to protect the Indian industry; that those rates will ensure India and Lancashire being placed on a fair level and that they will ensure equal and fair competition."

Now, Sir, if, as I have said before, the most important, the most representative and the most widespread organisation in the Indian textile industry today comes to us and says: "We are prepared to try these rates for a limited period", is it open to Government to say: "No, you want far higher rates and greater protection". But let us go a little further and let us see what the actual difference is between the two wings of the industry. I make bold to say that the difference between that section of the industry which claims that it must have a more substantial measure of protection against Lancashire and the Millowners' Association, Bombay, is very small indeed. I claim to have a certain amount of personal acquaintance with the views of the dissentient section of the industry, and, if I am right, the difference between the section of the industry which is opposed to the Millowners' Association, Bombay, and the latter, is that the former considers that a duty of 25 per cent *ad valorem* is sufficient against the United Kingdom, whereas the latter considers that 20 per cent will be sufficient. Now, Sir, who is it that is asking for a higher rate of duty? Firstly, it is the Ahmedabad Millowners' Association. Now, what is it that they ask for? They ask for 25 per cent and they have got it in this Bill. But they are apparently worried at the prospect of that 25 per cent coming down to 20 per cent, possibly in April of next year. Now, I would ask the House to remember this that this request for a larger measure of protection against Lancashire comes from that section of the industry which, speaking generally, has done the best and made the largest profits. My Honourable friends, if they do not wish to take this from me, can take it from the next best source, my friend, Mr. Joshi. Then, again, Sir, who is it that is asking for higher protection? It is the Committee of the Federation of the Indian Chambers of Commerce. Now, what are they asking? They are asking, Sir, for the full measure of protection recommended by the Board against the unrestricted competition of Japan. They are out-heroding Herod with a vengeance, because they are going far beyond what I might call the most avid section of the millowners. Thirdly, the people, who are asking, I think by implication, for this higher rate of duty, are people like my Honourable friend, Mr. B. Das. We all know and it must be within the recollection of this House that my Honourable friend has in season and out of season inveighed against the grant of protection to the Bombay millowners. He claims, and I do not dispute his claims, to be a representative of the consumer and of the masses of the people. Now, what is the position that he is in effect assuming? Today when the Bombay millowners come and say: "We are prepared to accept a lower rate of duty", my Honourable friend, Mr. Das, in effect says; "No, you must have a higher rate of duty and you are traitors, because you are satisfied

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with a lower rate". I venture to submit that nothing shows better than that the hollowness of the criticism against the Agreement; nothing shows it better than the mental agility of my Honourable friend who can so easily pass from one position to another so diametrically opposite to it.

Sir Cowasji Jehangir: Pass from capital to labour and from labour to capital.

The Honourable Sir Joseph Bhore: Sir, that brings me to the Indo-Japanese Agreement. I think I may justly claim that with the exception of a limited body of adverse critics, the overwhelming bulk of public opinion in this country has accepted that Agreement. (Hear, hear.) Criticism on details there will always be. But, Sir, when I make it plain that what we say is not that there are no defects in that arrangement, but that it is the best arrangement that could have been come to under the circumstances with which we were faced, then, Sir, I hope that the voice of adverse criticism will die completely away. I would point out that the critic who takes up the position that we should have secured this or that, that we should have imposed this limit or that condition overlooks the fact that we were not dictating to a conquered enemy. We were two friendly nations attempting to arrive by agreement at a solution of our trade difficulties which would, as far as possible, adjust our differences and lead to friendly relations in the future. What we have secured is the utmost we could have secured if those friendly relations were to continue. Sir, I remember that it was once said to me by an old planter, with whom I was negotiating an agreement on behalf of the Cochin Durbar in respect of a matter concerned with the Anamalai Tea Estates: "No business is good business unless both parties to the transaction are satisfied that they have had a fair deal". Now, Sir, it is only in that way that we can secure the atmosphere which is essential if an agreement of this sort is to work successfully in practice. We felt that the key to the whole situation lay in the position of the agriculturist. We felt that if we could support him through the dark days through which he is passing, there would be every hope that he would regain the position which has been so grievously undermined in the past. If, therefore, in holding the balance we allowed it to be weighed down slightly on the side of the agriculturist, there is no one here who faces the position honestly, squarely and fairly who will deny that we were absolutely right. Both my Honourable friends, Mr. Mody and Sir Cowasji Jehangir, did admit that the rehabilitation of the masses of this country would result in the bettering of the position of the mill industry itself. But while I am extremely glad to have that admission from my Honourable friends, I would like to point out that that does not seem to be the general view of the mill-owning industry in this country; they must realise that the only hope of their prosperity lies in our being able to increase the purchasing power of the masses.

Mr. H. P. Mody: I think all millowners recognise that view.

The Honourable Sir Joseph Bhore: Had they realised it to its full extent, I am quite sure that their criticism of the Indo-Japanese Agreement would have been less querulous than what it has been.

Mr. H. P. Mody: Slightly different.

The Honourable Sir Joseph Bhore: Let me for a moment turn to the criticism which fell from the Leader of the European Group, a criticism which has been re-echoed by more than one other Member of this House. That criticism was chiefly directed towards emphasising the danger of entering a most-favoured-nation clause in our Agreement with Japan. Now, Sir, I venture to think that it is doing us less than justice to assume that we were not fully aware of all that there is to be said against the inclusion of such a clause. In the first place, I would bring to the notice of the House that we have subjected that clause to two reservations. Firstly, we have retained to ourselves the power of levying special rates of duty in the event of a further depreciation of the yen relative to the rupee. Secondly, we have derogated from that clause by fixing a quota for Japanese cotton piecegoods. But apart from that, and I only refer to those reservations in order that they may not be lost sight of, I would say to my Honourable friend, Sir Leslie Hudson, that while I fully recognise that there is a very great deal to be said about the disadvantages of unqualified most-favoured-nation terms, I would put it to him that there is a great deal to be said on the other side. Now, I have not the time to traverse all that can be said against the inclusion of such a clause, or to set out in detail all that there is to be said on the other side. But Honourable Members who would like to see the other side of the picture, presented by Sir Leslie Hudson, might with advantage read the article entitled "Trade Treaty Making" which appeared in the Trade Supplement of the *London Times* of the 21st October, 1933, and also the very clear statement made by Mr Runciman in the House of Commons in which he set out very forcibly all that there was to be said on the other side But apart from these theoretical considerations, it would, I submit, be well to note that foreign nations have not been able to do away with this most-favoured-nation clause even in their most recent treaties. Whatever you may say about the Government of India, I do not think there is anyone who would deny to His Majesty's Government and to the Governments of the dominions some measure of wisdom and experience in these matters. Sir, if their experience and their actions have shown anything, I submit they have shown the practical difficulties in the way of the abandonment of this most-favoured-nation clause. Then, I say, Sir, we are not justified in too lightly and hastily abandoning this clause in our commercial treaties. In conclusion, I would attempt to put quite briefly what it is that we have secured by this Agreement with Japan. We have given Japan the right to send up to 400 million yards of cloth to this country if she can find a sale for it here, in return for buying 1½ million bales of Indian cotton. The value of 1½ million bales of Indian cotton is about 2½ times the value of 400 million yards of cloth, and I would ask the House to remember that point.

My Honourable friend, Mr. Mody, said the other day that in any event Japan would have had to buy our cotton. May I suggest to him that he has overlooked some extremely significant facts? For many years in the past, Japan purchased on the average every year something like 1,600,000 bales of Indian cotton. In the last two years before the boycott, that average had fallen to 1,000,000 bales, despite the increase in Japan's textile production and despite the fact that there was no boycott. I leave it to the House to judge how much further that average would have fallen

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had a relentless boycott been persisted in. I would also leave it to the House to judge whether we have paid too high a price in finding what we have a right to consider a firm purchaser for 1½ million bales of Indian cotton. I have no doubt what the answer of this House will be. We must, however, make it quite clear that this period of the Agreement, namely, three years, we regard as merely a breathing space during which all those who are concerned with the growing of Indian cotton must do everything in their power to lessen the vulnerability of the position in which the grower of short staple cotton finds himself today. Otherwise, Sir, the position at the end of three years may be even more dangerous than it was six months ago.

Now, Sir, on behalf of my colleagues and myself, I must acknowledge with deep appreciation all that has been said about our efforts; and may I also include in the term "colleagues" the officers and the staff of the Secretariat whose magnificent work alone made it possible for us to conclude our task successfully? (Applause.) In these changing times, it is extremely difficult to prophesy in regard to the future. That this Agreement will eventually turn out to the advantage of this country, we cannot today definitely guarantee We should be extremely disappointed if it did not. But, Sir, what we do claim is that we endeavoured to hold the balance fairly between all the competing Indian interests that were committed to our charge, and that, if we placed the interests of the agriculturist first, it was because we hold that with him lies the key to the national prosperity of this country (Applause.)

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Sir, I beg to propose the names of Dr. DeSouza and Mr. Joshi to be added to the proposed names for the Select Committee.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair cannot allow that motion to be made unless it is unanimously accepted. The names for the Select Committee are given with the concurrence of all Parties, and at this stage the Chair is prepared to allow this motion provided there is no dissentient voice.

3 P.M.

(Several Voices of "No, no.")

There is no unanimity about it, and so the Chair cannot allow it.

The question is:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in the motion moved, for the words 'ten days' the words 'three weeks' be substituted."

The Assembly divided:

AYES—32.

Abdul Matin Chaudhury, Mr.
Abdur Rahim, Sir.
Azhar Ali, Mr. Muhammad.
Bhuput Sing, Mr.
Das, Mr. B.
Ghuznavi, Mr. A. H.
Ismail Ali Khan, Kunwar Hajee.
Jadhav, Mr. B. V.
Jehangir, Sir Cowasji.
Jog, Mr. S. G.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Mitra, Mr. S. C.
Mudaliar, Diwan Bahadur A. Ramaswami.
Murtuza Saheb Bahadur, Maulvi Sayyid.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Parma Nand, Bhai.
Patil, Rao Bahadur B. L.
Reddi, Mr. P. G.
Reddi, Mr. T. N. Ramakrishna.
Roy, Kumar G. R.
Sant Singh, Sardar.
Sen, Mr. S. C
Shafee Daoodi, Maulvi Muhammad.
Singh, Mr. Gaya Prasad.
Sitaramaraju, Mr. B.
Thampan, Mr. K. P.
Uppi Saheb Bahadur, Mr.
Ziauddin Ahmad, Dr.

NOES—58.

Abdul Aziz, Khan Bahadur Mian.
Allah Baksh Khan Tiwana, Khan Bahadur Malik.
Bajpai, Mr. G. S.
Bhore, The Honourable Sir Joseph.
Chatarji, Mr. J. M.
Chinoy, Mr. Rahimtoola M.
Cox, Mr. A. R.
Dalal, Dr. R. D.
Darwin, Mr. J. H.
DeSouza, Dr. F. X.
Dillon, Mr W.
Dudhoria, Mr Nabakumar Sing.
Fazal Haq Piracha, Khan Sahib Shaikh.
Grantham, Mr. S. G.
Haig, The Honourable Sir Harry.
Hardy, Mr. G. S.
Hezlett, Mr. J.
Hockenhull, Mr. F. W.
Hudson, Sir Leslie.
Irwin, Mr. C. J.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Lal Chand, Hony. Captain Rao Bahadur Chaudhri.
Lindsay, Sir Darcy.
Mackenzie, Mr. R. T. H.
Macmillan, Mr. A. M.
Metcalfe, Mr. H. A. F.
Millar, Mr. E. S.
Mitter, The Honourable Sir Brojendra.
Morgan, Mr. G.
Muazzam Sahib Bahadur, Mr. Muhammad.
Mujumdar, Sardar G. N.
Mukharji, Mr. D. N.
Mukherjee, Rai Bahadur S. C.
Nihal Singh, Sardar.
Noyce The Honourable Sir Frank.
Pandit, Rao Bahadur S. R.
Rafiuddin Ahmad, Khan Bahadur Maulvi.
Raghubir Singh, Rai Bahadur Kunwar.
Rajah, Raja Sir Vasudeva.
Rajah, Rao Bahadur M. C.
Ramakrishna, Mr. V.
Rastogi, Mr. Badri Lal.
Rau, Mr. P. R.
Row, Mr. K. Sanjiva.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan Gakhar, Captain.
Singh, Mr. Pradyumna Prashad.
Sloan, Mr. T.
Sohan Singh, Sirdar.
Studd, Mr. E.
Tottenham, Mr. G. R. F.
Varma, Mr. S P.
Wajihuddin, Khan Bahadur Haji.
Wilayatullah, Khan Bahadur H. M.
Yakub, Sir Muhammad.
Yamin Khan, Mr. Muhammad.

The motion was negatived.

Mr. K. C. Neogy: Sir, will you please allow me to make a statement? It is that, in view of the attitude taken up by the Government in this matter, I very much regret to say that the three members nominated by the Democratic Party to sit on this Select Committee will be unable to do so.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): May I say this, Sir? Of course I am not in a position to

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make a definite statement myself without consulting my Party; but certainly I feel that ten days' time is too short. We are discussing a Finance Bill inside the House and another Finance Bill outside . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The names will in any case come as part of the motion and it is open to any Party or any Member to decide the course of action. The Chair thinks the House should get through the motion. The question is:

"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection) be referred to a Select Committee, consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B Sitaramaraju, Dr. Ziauddin Ahmad, Mr. B. Das, Mr. K. P. Thampan, Mr S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhoria, Mr C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J Ramsay Scott, Mr. F E James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I should like to say, in regard to what has been stated by my Honourable friends, Mr Neogy and Dr. Ziauddin Ahmad, that there is a feeling among a great many Members on this side of the House that in some of these Committees they have not been allowed sufficient time in order to make the investigation as complete as they would like to make, that in fact there has been a great deal of hustling of members in Select Committee. Under these circumstances, considering that we are fairly hardworked during this Session, I should like to ask Government to consider whether they cannot accommodate us in this matter. I think, as a rule, members of the Select Committees have done their best, but there is a certain point beyond which they ought not to be driven, and I should like to appeal to my Honourable friend, the Commerce Member, if he cannot see his way to accommodate the members of the Select Committee who have already given their names.

The Honourable Sir Joseph Bhore: Sir, the only point that my Honourable friend, the Leader of the Opposition, has raised is that the members of the Select Committee should not be driven in any way. So far as it lies in my power, I most certainly shall not do that. I am sure that the Chairman of the Committee—I cannot speak for him,—will also do all in his power to see that no unreasonable demand is made upon any member of the Select Committee. Beyond that I cannot say aynthing, nor can I make any promise.

Mr. President (The Honourable Sir Shanmukham Chetty): Under our Standing Orders, it is always open to a Select Committee, if it finds that it is unable to finish its business within the time prescribed by the House, to come to the House again and ask for an extension of time. Though, in this instance, ten days have been fixed, it is open to the Select Committee to come again before the House and ask for an extension of time. The Chair thinks that Honourable Members should decide whether they will continue on the Committee or not after seeing whether they are given a fair chance to examine the Bill in the Select Committee. That would, on the whole, be a wise course. Anyhow, the motion includes all the names, and, therefore, there is no need to take a hurried decision now.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, be taken into consideration."

Sir, it has not been usual in the past for the Finance Member in moving the consideration of the Finance Bill to make any speech, and I do not propose to depart from that precedent. The only thing that I would like to put before the House on this occasion is this, that circumstances are rather special this year. The financial proposals of the Government by way of taxation and otherwise are contained not only in the Finance Bill, but in two excise Bills, and the really important new proposals are contained in the two excise Bills which I introduced the other day. Therefore, Sir, I hope that we shall receive the co-operation of this House in dealing with the Finance Bill as expeditiously as possible, and that Honourable Members will bear in mind that there will be other opportunities for discussing the issues, and the most important issues which have been raised in this year's financial proposals. The incident which has just occurred shows how we all of us appreciate what a difficult legislative programme we have this year and how difficult it is going to be to fit in time for everything. I am sure that we on our side will co-operate with Honourable Members, and I only wish to remind them of that simple fact that the Finance Bill this year is, I hope, going to prove a comparatively non-contentious measure. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, be taken into consideration."

The House has experienced that a great many Members desire to take part in the discussions of the various measures, and one handicap for the whole House is the absence of a Standing Order prescribing the time limit for speeches with regard to legislation. If only the time can be equitably distributed, on almost every Bill, almost every Member, who wants to take part in the discussions, can take part. It has been pointed out by my predecessor that in matters covered by the scope of the Standing Orders, and in the absence of a Standing Order, the House can impose a restraint upon itself. If it is the desire of the House, for instance, that in the discussion of the Finance Bill, no speech should exceed half an hour, except with the permission of the Chair, the Chair is prepared to agree to that. It is entirely left to the House.

Several Honourable Members: We cannot agree.

Mr. President (The Honourable Sir Shanmukham Chetty): Honourable Members don't want to have a time limit?

Several Honourable Members: No, Sir, we don't agree.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, we will try to cut short our speeches, but we don't want to lay down any precedent for the future.

Khan Bahadur Haji Wajihuddin (Cities of the United Provinces: Muhammadan Urban): Sir, the present depression has affected every class of people in the country. The persons who are affected most are the lower middle class whose income ranges between Rs. 50 and Rs. 150 per mensem. These persons have to maintain a large family. They have to maintain a number of their relatives who are unable to find employment and they have to keep their position in society. The burden of indirect taxation which the Government have imposed this year falls on this class and is felt very acutely by them. Any additional direct taxation will be a great cruelty.

Sir, I personally know a number of cases in which great hardship has been experienced during the past. It is not the fault of the Income-tax Department or any particular officer, but it is due to the policy introduced and adopted by this House So far as the small shopkeepers are concerned, I feel very strongly that in many cases it is really not possible for them to produce such statements of their income as may satisfy the Income-tax Department on the point that they are not taxable, and so they are at the mercy of the assessment officers who go round the bazar and prepare notes for their own guidance or are left at the mercy of their neighbours and rivals in the trade from whom information is obtained in certain cases. There is some justification, no doubt, in imposing income-tax on the income of salaried servants which this class of people get regularly after a deduction of certain percentage, because they have now been profited to a great extent through the fall in prices of commodities generally, and they not only really get a certain fixed amount monthly, but most of them get their annual graded increments too. But, Sir, the case of small traders, repairers, hawkers and agents is quite different and should in no way be compared with them. This class of people is neither generally educated, nor can they afford to meet the expenses of book-keeping. Their incomes are limited and also subject to fluctuation every day, and, in these hard days, many of them are the worst victims of general depression all round the country. Sir, I assure you that last year was very troublesome for most of such people. In the absence of proper accounts of one's income, the Income-tax Officer is quite justified in making any estimate of the income as he likes of the assessee which no doubt is based on any information, right or wrong, received by him. I, therefore, submit that this class of people is subjected to very great hardship and is in a really helpless position, and their case fully deserves to be considered favourably.

Sir, I also find no justification in imposing a higher rate of taxation in the case of "registered firms" than on "unregistered firms" or "individuals". I think registered firms should be entitled to have certain advantages and facilities over the others, but here I find the reverse is the case. The Partnership Act has only been passed last year, and, under the said Act, thousands of private firms, consisting of two or more partners, are now being registered throughout the country. Irrespective of the fact as to

what capital they have or what their annual output is, they are now bound to pay a higher rate of taxation. May I ask, Sir, whether this has been imposed on them by way of penalty for having themselves "registered"? If this is not the case, as I believe it is not, then there should be no difference between registered and unregistered firms, and the scale of rate fixed for various figures of income should be equally applied to all. I do hope, the Honourable the Finance Member will consider my point and give relief to those who do not come under the category of well-to-do people and who are very much helpless nowadays I suggest, Sir, that this last Finance Bill of the Honourable Sir George Schuster should not be a source of further difficulties to the traders in these hard and difficult times.

Sir, I am very much disappointed to find that the postage on book packets and samples has been proposed to be increased from April next. This will no doubt hit a great deal all the traders of this country who are already suffering from general depression in the business. In the year 1931, I suggested a quarter anna postage for a packet weighing two tolas or fraction thereof and I raised the point through an amendment, not only with a view to reducing the postage merely, but to increase the revenue as well. With the exception of Mr. K. Ahmed, who opposed me on that occasion—he has now ceased to attend this Honourable House for a long time and so he is not present today,—all Honourable Members who spoke on my motion were in support of the reduction proposed by me upon which my Honourable friend, Mr. Sams, the then Director-General of Posts and Telegraphs, stood up and said:

"Sir, I do not propose to controvert any of the arguments that have been urged in favour of this motion, because I am prepared to look into the question and see what my Department can do. In the short time that I have had at my disposal since receiving notice of the amendment, it has been impossible for me to look carefully into so delicate and intricate a matter as rates. I would deprecate the House taking any decision on the question and if my Honourable friend, Khan Bahadur Haji Wajihuddin, will withdraw his amendment, I shall be most happy to go into the whole question."

You will find it at page 2621 of the Assembly Debates of the 24th March, 1931. I may remind the House that on this my Honourable friend, Sir Muhammad Yakub, proposed that consideration of my amendment be adjourned for a day, but Mr. Sams said in reply that he required "adequate time" for consideration of the question. I now find with regret that, as a result of consideration for a long period of three years, instead of reducing the rate from half an anna to quarter of an anna, it has been increased to three quarters of an anna. In his speech delivered the other day, in introducing the Budget, my Honourable friend, the Finance Member, said that this change has been proposed "as the book packet method of transmission is undoubtedly being abused and a change is urgently necessary to stop the diversion, with consequent loss of revenue that is occurring of postcard traffic to the book packet category". In the circumstances explained by my Honourable friend, I would say that the remedy suggested by him cannot solve the problem in the true sense. He should have proposed half anna postcard instead of three quarter anna packet, and this, I say from the business point of view, would be a source of increase to a great extent rather than a decrease in revenue. Sir, I find no justification in allowing quarter anna rate for "newspapers", "monthly journals" and "advertisers" and denying same concessions to "packets" of *bonâ fide* trade circulars catalogues, printed matters and samples. Perhaps the Government are quite unaware of the fact that many business houses have already curtailed

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their expenses by reducing the number of trade circulars by post and have adopted newspaper advertising scheme which costs them cheaper than post circulars, and further increase in the proposed postage rate is bound to make further reduction in the number of packets to be transmitted through post resulting in loss to the Postal Department. Let me say, Sir, that without all the facts in view the Department cannot expect to increase its income simply by raising the rates. I would earnestly advise the Government to start a "reduced rate" policy only as a trial for a year, and watch the consequent good result thereof, which, I am sure, would be quite satisfactory to all concerned. I may say that the Postal Department is proposing to cut the branch on which they are resting, and they do not care to see which way the wind is blowing. They must remember that business is the soul of life and they should run the Department on commercial lines. Nothing is impossible to a willing mind. Do not calculate only the loss by reduction of postage, but add the extra volume of business which will be done as a result of reduced rate; unless the officials concerned consider the point in this light, they will not be able to come to the right conclusion. Anyhow, I have done my duty and I do not wish to say more in this matter.

I must congratulate the Commerce Member for his timely action of removing the duty from hide, but, Sir, may I ask why the duty from skin has not been removed? Is it not a fact that the export of both raw and tanned skin has been decreasing from year to year? Do Government want to see this trade totally collapse and ruined like the hide trade, and then come forward with a proposal to remove the duty from skin? Sir, I think the Government are labouring under a wrong notion that India has a monopoly of the skin, and no matter if there is a duty, the importing countries will have to buy. The position is not such. India comes fourth in order of export of skin, and America, the chief buyer of skin, has reduced its quota of purchase. The chief importing countries for skins are the United Kingdom and America, and both these countries offer competitive prices for Indian skin. The South African Government have sanctioned a bounty of £39,000 to the hide and skin export trade of that country, and it has become very difficult for the Indian exporter to compete with the other countries which receive half from their Government. I hope the Government of India will, if not this year, surely next year, remove the duty from skin also.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

As the new Constitution is under preparation, I take this opportunity to draw the attention of the Government to certain important points which I could get no proper chance to discuss on previous occasions. Sir, I desire to appeal for safeguard in the new Constitution for one of the first and foremost principles of our liberty, namely, the immunity of the personal law of each and every community of India from interference by the State, which, though no doubt guaranteed by Parliamentary Statute, has been jeopardised by the passage of the Child Marriage Restraint Act of 1929. In spite of the fact that the Government consistently held the fundamental principle of religious neutrality, they took part in this particular matter four years ago, simply on the plea to alleviate human suffering, which is a very good intention and I appreciate it warmly. But I find that Indian masses consider such alleged reforms as an interference in

religious matters which no doubt have excited the greatest resentment. I may say, Sir, that Indians individually are perfectly at liberty to believe or practise according to their own religion, and I am also satisfied that the Government had no intention to impose any restriction by means of legislation unless it was perfectly in harmony with the views of confirmed religious leaders of each community in India. It is no doubt an admitted fact, that so far as the Muslim marriage is concerned, it is a religous sanction, and the Muslims are governed by their personal law. Under the circumstances, the Government on the last occasion adopted a policy which was considered as an interference with our personal law. I, therefore, feel that it is now absolutely necessary that some clear provision should be made in the proposals of His Majesty's Government for the Indian Constitutional Reforms. The fact is this that when I introduced in 1933 my Bill to exclude Muslims from the operation of the Sarda Act on religious grounds, the Honourable Member of the Government declared on the floor of the House that when the Government supported the Sarda Bill in 1929:

"It was felt that it would tend to alleviate human suffering and to promote the welfare of the race and that it was not from any wanton desire to interfere with the religious practice or beliefs of any community in this country."

Hence, the Government were not able to even accept my motion for circulation of the amending Bill for eliciting Muslim public opinion thereon. I was very much disappointed with this unexpected answer and I cannot understand how the Government can claim that they supported the Sarda Bill simply to better the lot of the suffering humanity, for the institution of early marriages is not the solitary evil under which the Indian nation groans. The Government can take credit to themselves for such a humanitarian principle, and I think it is their duty to realise that they had supported the Sarda Bill in the face of almost united Muslim opposition and thus unintentionally wounded their religious susceptibilities. Sir, the least that they should have done was to support my motion for circulation of the Bill whole-heartedly. May I ask, Sir, what justification the Government had in taking part in a matter which conflicts with the religious code of Muslims and inflicting a piece of legislation on them under the pious garb of humanity when the Government themselves admit that:

"It is the fixed principle of the Government of India not to interfere in any way whatsoever with the personal laws and customs of the different peoples of India unless they have very strong and conclusive evidence that the change is desired by the people who are affected."

Now, the question naturally arises as to what extent have the Government adhered to that principle in this particular matter and on what authority they decided to improve the lot of the unwilling people? In my last year's speech in this House, I already quoted certain references from the speech delivered in the Assembly on the 3rd February, 1931, by my esteemed friend, the Leader of the House, the Honourable Sir Brojendra Mitter, which clearly shows that so far as the Muslims and this Bill are concerned, the Government had adopted a policy which was disapproved throughout the country. I may be pardoned, Sir, if I ask the Government in what other spheres have they acted upon their professions of humanity. Was it not real humanity to fight against the intoxicating drink evil? Is it not a fact that for the sake of 20 crores of rupees in revenue, the Government opposed the Prohibition Resolution moved by me in 1925? May I ask, Sir, is it not real humanity to put to an end the shameless evil of prostitution? The whole country is clamouring against this, but I am doubtful whether the Government have ever done anything to eradicate

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this. Will they be prepared to accept a Bill if I may bring it tomorrow to that effect? I say, Sir, where there is a will, there is a way. Have Government ever shown sympathy for those Muslim ladies who today find themselves in great distress being unable to claim *Khula* or dissolution of marriages for want of Sharai Qazi, which post has long since been abolished by the Government of India for no valid reason. I think I must point out quite frankly that it is not my intention to charge the Government with having intentionally adopted the policy of supporting the Sarda Bill, nor do I charge them with having intentionally wounded the Muslim sentiment by opposing my motion for circulation of my Amendment Bill, but what I wanted at the time of moving for circulation was not to seek an immediate exclusion of the Muslim community from the operation of the Sarda Act, but to urge that an overwhelming majority of the Muslim community considers the Sarda Act as an interference in their religion. If the majority of Muslim public opinion turns out in favour of my Amendment Bill, then and there alone I would have requested the permission to bring the consideration motion before the House, otherwise not. This being the whole situation, I do not see any reasonable ground on which the Government opposed this very modest request since the Government themselves seek to be guided by public opinion. I may remind the House that the motion for the circulation of the Khaddar Bill to elicit public opinion last year came from the Government themselves I now urge the Government for the revival of the post of Kazi in India. According to my information, up to the year 1846, there was a post of Kazi appointed by the Government which was very much helpful in disposing of cases of dissolution of marriages, restoration of conjugal rights, etc , among the Muslims. According to the Muslim Law, such cases cannot take proper course unless the judge is a Muslim. If a man becomes unable to discharge the duties of a husband towards his wife, on account of insanity, leprosy, etc , etc , the wife is fully entitled to apply to a court for legal separation A man leaves his house without any information to his wife and remains absent from home for many years and no news are heard about him and his wife has no other means of livelihood and cannot remarry any other man until a legal separation is affected, and this can in no way be carried out unless the Judge is a Muslim. So, in the absence of such a Judge, what will be the consequences? She appeals to a Court of which the Judge is a non-Muslim and he effects the legal separation Now, if she becomes satisfied with his decision and marries another man, this second marriage will be an invalid one in the eye of her religion and thus she would be leading an immoral life. If she is not satisfied with the decision of that Judge, she does not marry on grounds of religious prohibitions How is she then to lead her life? How is she to provide for her little children? Is it not a picture worth pitying? Is it not the duty of the Government to do the needful in the matter? This is not a new demand, and we are inviting the attention of the Government for many years, but to no effect. Sir, in the year 1917, on the occasion of the visit of the Right Honourable the Secretary of State for India, just before the introduction of the Montford Reform scheme, a deputation of Ulemas and leading Muslims, attending upon them at this Imperial City, put forth in an item of their address a proposal to the same effect. No doubt it is a most discouraging thought that since then it has not received the least attention on the part of the Government. Representations, which were made from time to time by Muslim Conferences and meetings, remain no doubt a dead letter. I, therefore, invite the immediate attention of the Government of India, and, through them of His

Majesty's Government to the effect that it is absolutely necessary that clear provisions should be added on these important matters in the forthcoming Constitution. It is never too late to mend. All is well that ends well.

Sir, I also wish to refer to another case of unsympathetic treatment of the Government with some of the house-owners in some of the cantonments, that is, the land policy of the Government recently inaugurated in the name of reform in the cantonment administration. So far as I have been informed, I can say that the house-owners have millions invested in bungalows built by them in the cantonments, for the residence of military officers. Time there was when the military officers of the old days induced people to invest their money in building houses for military officers in the cantonments. It is said that the Government then approached the people if they would come to the help of the Government and build the houses they needed for the residence of their military officers. It is also said that all sorts of facilities, concessions and inducements were offered. One such inducement was the grant of plots of land required for building such houses free of all rent in perpetuity. I understand that there were no leases then. The Government wanted houses to be built and the officers commanding the station, the Brigade and the District gave free grants of land for this purpose. I understand there is no record of such grants with the Government. For several scores of years, these people were recognised to be the owners of the land and the house for all practical purposes. They had a free right to sell, mortgage the property or to give it away as a gift, if it was built on an old free holding. In 1924, the Government enacted the New Cantonments Act, with the object of introducing the spirit of reform in cantonment administration and from that date began an era of some harassment and loss to the house-owners and the gradual destruction of their cherished rights and interests in property. The Government created a land department and this department has found out some old rules and regulations which bear the name of Bengal Regulations. These regulations are said to have been made between the years 1789 and 1899 and are said to give the Government a right to resume the land given away 80 or 100 years back as a free grant, if they choose to do so, by paying the cost of the material of the property standing thereon. So far as I can understand there is no record to show that these grants were made under those regulations. It is not asserted on behalf of the Government that those regulations were ever mentioned to the house-owners when they were granted land to build bungalows thereon. I think, Sir, that in 99 cases out of 100, the owners did not know if these regulations at all existed and, if so, under which old discarded record they lay buried. But, Sir, the land department of the Government has now disclosed these regulations and the Government claim, on the basis of these, that there is a legitimate presumption that all land in the cantonments belongs to the Government and that the grants which were made in old days to house-owners were subject to those regulations for the mere reason that those regulations governed such grants of land and existed in some corner of the Government office. I am speaking with regard to bungalows for military officers only and not for other houses of the cantonments. Sir, I leave it to you to judge how far such a presumption can be justified and what its moral value can be. To frame some regulations, to keep them hidden from the public at the time when grants of land were made to induce the people to invest their money in building bungalows for military officers and then, after the passing of scores of years, when the property built on these sites has perhaps changed hands several times, to come out with a claim that the land was given away

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subject to Bengal Regulations which gave the Government a right to resume the land and to take possession of the property on payment of some nominal compensation—I am putting this matter before the House with a view to be enlightened if my information is in any way wrong. Sir, I know that the land in private occupation in a cantonment is of three definite descriptions. Either it is Government land, given away in old ways as a free grant, or given on lease, or it is a privately-owned land never acquired on payment of price by the Government, but simply included in the cantonment as a sanitary measure necessary in the interests of troops. The Bench of two Honourable Judges of the High Court of Calcutta exploded this theory of the Government and held in the well-known Barrackpore case that such a presumption was wrong and that the Government should produce evidence of their being the owner of the land, before they could be legally recognised as owners. But this view was not accepted by the Privy Council and on the merits of the case the Privy Council held the presumption to hold good in that case. This, I think, has given Government a handle to make claims of land. I understand demands are being made from the house-owners to admit Government ownership of land and the apprehension is this that, when this is secured, the next step would be a demand for lease and rent. On the score of this presumption, a large number of bungalows in the cantonments of Peshawar, Nowshera, Kohat and Rawalpindi were resumed last year. Out of the houses that have already been resumed, some were such as were occupied by the owners themselves. I think that the Government plea is that they want more houses and, therefore, they are having them by resuming sites, but I have reason to believe that the Peshawar and Rawalpindi house-owners had made it clear that, if more houses were needed, they were willing to construct them, on vacant portions of their large compounds and reserve them for military use. There were building sites also available in those cantonments, and if those sites were leased to them, they would have built new bungalows thereon for the exclusive use of military officers. It is also a fact that most of the houses already resumed were in occupation of military officers. May I ask, Sir, what was the meaning of resumption in the case of those houses? I think the only change is that instead of a private person, the Government are the owners of the house. The right of an owner to live in his house has been recognised by Statute, and when the Government brought an amending Bill to withdraw this right in 1930, this House disapproved the Government attempt by rejecting the Bill. But what could not be achieved in the Legislature is now being achieved by executive proceedings under cover of a right to resume. Sir, this procedure has created an impression in the minds of people that the so-called resumption is nothing but a desire to become owners of valuable houses by paying nominal amounts as compensation. I, therefore, ask, Sir, is it strengthening co-operation, or destroying the one that exists? Sir, I hope you will excuse me for saying that the Government may use their powerful agency, but it is not a good policy to sow discontent where there is good-will and mutual regard at present. They must remember that contentment is a great gain,—and no doubt the blessings are not valued till they are gone. If, Sir, the Government want houses, the house-owners should be given a chance to provide the number of bungalows required; and, without good and strong reasons, the policy of resumption should be stopped in the interest of both the rulers and the ruled.

In conclusion, I may be permitted to say a few words with regard to the question of the separation of Sadar Bazaar from the Cantonment of

Ambala. Since the last few months, I am receiving repeated representations from responsible quarters against the said proposal. Out of them I would like to read at least one signed by hundreds of prominent gentlemen of all castes and creeds, which runs as follows:

"We the undersigned residents of Suddar Bazar, Ambala Cantonment, strongly oppose any scheme of separating Suddar Bazar from the Military Area on the following grounds :

(1) It will adversely affect the trade, which is mainly dependent on the support of the military troops.

(2) It will considerably decrease the value of landed property

(3) It will affect the sanitation of the Suddar Bazaar, as the proposed Municipal Committee will have no sufficient funds to spend on this item.

(4) By the creation of the New Municipal Committee women of ill-fame and other bad characters will come to reside in this area, which will seriously affect the morals of the troops.

(5) The proposed New Municipal Committee will be a hot-bed for communal politics and personal disputes.

(6) It is requested that the people will gladly submit to the rule of a corporation, a sole or nominated Board, rather than suffer separation."

Under the circumstances, I would appeal to the Government to reconsider their decision in the matter or at least postpone further progress in this direction until the residents of Sadar Bazar, Ambala, may submit their unanimous demand in this matter. The residents of Ambala would be well advised to remember that; "United we rise; divided we fall" and "Haste makes Waste". They should come to an agreement amongst themselves and then should press their demand in this direction. Sir, I must apologise for the time I have taken today and I now resume my seat.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I congratulate my Honourable friend, Haji Wajihuddin, on his catching the eye of the Honourable the President on opening the debate today on the Finance Bill: Sir, I hope I should be excused if I take some time on different subjects today, because, during the Budget discussion, I did not get a chance and I could not catch the eye of the Honourable the President and was thus not in a position to express my views on that occasion on any subject.

First of all, I want to say that we on this side of the House seriously object to this attitude of the Government which they have adopted today about not allowing sufficient time to the Select Committee to consider the Textile Protection Bill. Sir, this is not the first time that we are feeling this trouble. This is a long-standing grievance, a sort of what may be called a chronic disease, that the Government attitude in this connection always is that they do not give sufficient time to us to consider their different measures. You will find, Sir, that the Government do not realise as to what difficulties we are in. They think that just as they have so many Secretariats, so we have a large Secretariat to back us, or they think that just as they have such a large number of clerks sitting in the galleries, so also we have got a gallery here of clerks who may help us in all these measures. An Honourable Member of the Executive Council is responsible for a particular portfolio or for a particular work, just as you will find from the fact that as soon as the motion about the reference of the textile protection measure to a Select Committee was passed, my Honourable friends, Sir Joseph Bhore and Sir Frank Noyce, both left the House, because they have not got sufficient interest in the general Finance

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Bill. And the burden now is on the shoulders of my Honourable friend, Sir George Schuster. But what is the case for us? Just now we have finished one measure, and the other measure is before us and we are asked to express our views on it. Sir, we take one Bill in the morning and another late in the evening. It is very difficult for us, after giving so much time and after reading so many papers, to get sufficient time to discuss measures in the Select Committee at 10 A.M. and after 5 P.M. I have been in several Select Committees, and on several occasions I have found that the meetings of the Select Committee have taken place before 10 A.M. and sometimes even after 5 P.M. Tomorrow, there is a meeting of the Standing Haj Committee at 10 A.M. How is it possible for us to study in the night the papers which are supplied by the Department and see what questions are there and what supplementary questions should be asked on them and, then, in the morning, at 10 A.M., attend a meeting of the Select Committee, and from 11 A.M. sit in the Assembly and make its quorum. Even at the present moment, all the Members of the Treasury Benches have left the House and we are making the quorum of it. If the Non-Official Members leave the House, I am afraid there will be no quorum. Now, Sir, the Bill that has been referred to the Select Committee contains several different items and it is really impossible to do any justice to them in the Select Committee even if it were to sit for ten days continuously. There are so many different subjects and there are the two reports of the Tariff Board and the two Agreements to be considered, and then there are volumes of evidence to be gone through. So, where is the time to discuss that Bill in the Select Committee in ten days only? Further, we are sitting even tomorrow, and during all these ten days there are only two Sundays and my friends in the Committee are to sit in the Assembly for the remaining eight days. I hope that my friends opposite will not be willing to sit on a Sunday though they sit on Fridays. If Government say that they are willing to sit on Sundays also, I say, Sir, we have other works to do. Then, Sir, where is the time to consider various points and how will it be possible for them to prepare the report unless the report is already printed and typed to be placed before the Select Committee after 5 P.M. any day and the Members may be asked to sign it.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Order, order: The House has decided to allow ten days for the Select Committee and the Honourable Member has got no right to criticise that decision of the House except on a motion for rescinding that decision.

Mr. M. Maswood Ahmad: I bow to your ruling, Sir, but I want to criticise the action of Government which they take on such occasions. I am not saying this with reference to this particular Bill only, but my criticism is with regard to the attitude of Government generally. (Hear, hear.) Whenever any measure comes before the House, they do not think whether it is reasonable or unreasonable. They always come and say: "Come and decide it by means of votes". They are aware, of course, that they have got 26 Nominated Official Members and 13 Nominated Non-Official Members and also they have got ten Members of the European Group. Apart from that, there are many Yamin Khans and similar others to support them. (Laughter.)

"Agar shah roze ra go-ed shub-ust in
Ba Ba-ed goft inak mah parvin."

Then, there are Anglo-Indians who are Indians and Europeans at the same time. These men sometimes put a garb of an Indian and take their seats as an Indian, but when the time of supporting the Government comes, they become Europeans and blind supporters of the bureaucracy. If the Government term the day time as night, they will shout that it is night and the moon and stars are shining in the sky. I cannot understand their mentality and no one can ever understand them.

Sir, though I have got many grievances, at present I will restrict myself to the question of agriculture. The condition of the agriculturist nowadays is so bad that it cannot even be imagined. There is none nowadays who can purchase even their land. Not only have they not got sufficient clothing, but they, zamindars and tenants, are starving. They are not half-clothed, but they go rather naked nowadays. Even if they want to sell their lands, there is no one willing to purchase them at any price and the Government Members are sitting tight on their Benches and they always give the lame excuse that the subject of agriculture is a provincial subject. My experience is that the Government are really doing nothing for these agriculturists and they do not want to do anything for them. They shirk their responsibility. Whenever we raise any question about the betterment of these agriculturists, they say they have done something for the wheat and that the subject is a provincial one. But I wish to say now that the agriculturists really deserve some sympathy from the Central Government and Provincial Governments cannot do anything for them with regard to many questions. (Hear, hear.) Apart from this, Provincial Governments have limited resources, they cannot do more than what they are doing. Whatever they are realising from zamindars and tenants is in itself a cruelty. Sir, I cannot understand this lame excuse of transferred or provincial subjects. All the milk which is in the cow is being taken by the Central Government, and then the Provincial Governments are asked to feed the cow. Is it, Sir, just and proper? All the money which the agriculturists earn and all the troubles which they undergo in producing the agricultural products are for the benefit of the Central Government. Whatever they earn, they give to the Central Government. Whatever they get, they give to my Honourable friend, Sir George Schuster, for maintaining a big Army in this country. Their last drop of blood is to quench the thirst of the Army. But when the question comes to help them, my Honourable friends, Mr. Bajpai and Sir George Schuster, stand up and say that this a provincial subject and they cannot do anything for them. I want to know really who pays these 77 crores of rupees under the head "Revenue"? Is it not true that it is the agriculturists who pay all these 77 crores, 32 lakhs and 88 thousand rupees?

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): What about income-tax?

Mr. M. Maswood Ahmad: I am coming to income-tax presently. Who pays the income-tax? I want my Honourable friend to inform the House who pays the income-tax really. Out of whose money does Sir Cowasji Jehangir pay the income-tax? It is the agriculturist who enables men like Sir Cowasji Jehangir to pay their income-tax. These gentlemen invest their money in industrial mills in which they produce cloths, and, by selling these cloths to the agriculturists, they get money and by this way they make huge profits and, out of these profits, they pay income-tax to Government and keep a large portion of

4 P.M.

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the profits to themselves. If the agriculturist does not purchase their cloth, how can the industrialist get money to pay his income-tax? In this way, Sir, it will be seen that the entire revenue which the Government get is really the money of the agriculturists. If you will see the expenditure side, it will be found that only five lakhs and 59 thousand are to be spent this year on irrigation This is the nominal amount which it to be spent for the benefit of the agriculturists while 77 crores are taken from the agriculturists. The great trouble which we feel is that Government interest themselves only in those subjects in which my Honourable friends of the European Group, who are all absent now—and none of them are present in this House,—are interested. As the Members of the European Group have no interest in agriculture, so also Government do not take any interest in agriculture But I want to warn them, though they are not here, and I hope my Honourable friend, Colonel Gidney, who is an Anglo-Indian and who can represent the Europeans as well, will inform them that they cannot get any profit unless they improve the condition of the agriculturist in this country. If they want to benefit themselves, they must do something to increase the purchasing power of the agriculturists, otherwise they will be nowhere.

Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official): I must ask for very long notice of that message.

Mr M. Maswood Ahmad: Twenty hours notice is quite sufficient. (Laughter.)

I want to tell my friends that it is only the agriculturist who can purchase the articles manufactured in their industries and so they must be sympathetic to this poor class of people. I have already shown that 95 per cent of the revenue of the Government really comes from the agriculturists, but the Government in these days do not spend even one per cent for the improvement of the agriculturists in the country. In this connection I want to make certain suggestions

Firstly, there must be a Minister for Agriculture in this country I hope, Sir, you will excuse me if I say something on this question now, because I was not able to catch the eye of the President when the question of re adjustment of portfolios was discussed. At present, this Department is a kind of hotch-potch Department. Whatever has been left out from the different Departments are entrusted to my Honourable friend, Mr. Bajpai. Sir, clerks keep important papers in separate files and when they find some minor papers which they cannot keep in any particular file, they start a new file for it and call it the miscellaneous file, and so this is the miscellaneous Department of the Government of India. Luckily my Honourable friends, Sir Brojendra Mitter, Sir George Schuster and Sir Harry Haig are each responsible for one Department only, but my Honourable friends, Sir Joseph Bhore, Sir Frank Noyce and Sir Fazl-i-Husain are responsible each for more than one Department. You will find that the Commerce and Industries Department are Departments just like a husband having three wives, while the Department of Education, Health and Lands is like a wife with three husbands who cannot do justice to anybody. (Laughter.) That is the case. There is some relation between Commerce and Railways, there is some relation between Industries and Labour, but if you will look into the Department of my Honourable friend, Mr. Bajpai . . . . .

Mr. G. S. Bajpai (Secretary Department of Education, Health and Lands): I think the suggestion of polyandrous practice levelled against me or against Sir Fazl-i-Husain will not be appreciated by a true Muslim like him.

Mr. M. Maswood Ahmad: If you find the Department of Eduction, Health and Lands, you will see that sometimes the question of emigration is dealt with, sometimes the question of health, and sometimes the question of pilgrimage, and all sorts of questions are dealt with in this Department, and I think it is very difficult to do justice to any of these questions by the Department which administers them. I suggest, therefore, that there must be a Minister for Agriculture at the Centre and a Minister for Agriculture also in the Provinces. In the Provinces it is often found that the Ministers are called the Ministers for Local Self-Government or the Ministers for Education, and so on, but I do not find at least in my Province any separate Minister for Agriculture.

Sir Cowasji Jehangir: There is a Minister who looks after agriculture in every Province.

Mr. M. Maswood Ahmad: In my Province, the Minister for Education is also in charge of the Department of Agriculture. I want a separate Minister for Agriculture. In the Government records, the Minister is called the Minister for Education, and because the importance of agriculture is not present in the minds of the Government, they call this in this way. I want that there should be a separate Minister in charge of only the Department of Agriculture in the Centre and in Provinces. Some of my Honourable friends may say that the creation of a separate Ministry for Agriculture in every Province will involve certain expenditure, but I say that this question of expenditure should not stand in the way of the creation of separate Ministries of Agriculture, because this will benefit the agriculturists in every way and because almost the entire revenue of the Central and Provincial Governments really comes out of the pocket of the agriculturists. India is an agricultural country, 95 per cent of the population live on agriculture, and so their interests must be foremost in the eyes of the Government.

My second suggestion is this. The Imperial Council of Agricultural Research should be converted into the Imperial Council of Agriculture. At present the work done by this Department is to make researches. What is that research work? I have got here before me several reports, but I do not want to waste the time of the House by reading them. It is said in these reports that at such and such a time the paddy and wheat grow and the length of the flower is so much and the breadth of the leaf is so much, and so on. What is all this nonsense? What have we got to do if the leaf of the paddy or the wheat is two inches in width or one inch in width? What have they done for improving the condition of the agriculturist and to improve the productive capacity of the land? What have they done for improving irrigation in this country? What have they done to dig good wells in the country? At what rate they supply electricity? What have they contributed to the agriculturists when they wanted some help for improving the irrigation system of the land? They have not done anything in that direction. They have only done some research work. I submit that this Department should not restrict itself to research work alone, rather it should see to all other aspects of the case.

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Another complaint that I have to bring to the notice of the House is this. It is well known that all the representatives of the people are in the Central Legislature and yet this Imperial Council of Agricultural Research have taken only two Members from this Assembly to serve on their Council. Is it not shameful that, in spite of there being so many Members in the Assembly, they have taken only two? How is it possible then for Members, who come from different Provinces and who really know the condition and the situation of their Province, to express their views? What they have done in that connection is that last year there was one meeting of the Imperial Council of Agricultural Research held in one of the rooms of the Assembly Sector of the House. But as yet we do not know whether such a meeting will again be held or not. I think at every Session of the Assembly they should have two sittings, one at the beginning and one at the end, so that Members from the different Provinces may attend the meetings and express their views. About three years have passed, but these two gentlemen, who were elected three years ago, are still there and no motion has been made to elect new members to that Council. We find motions for fresh elections for all Standing Committees and other Committees being made either every year or every three years, but I do not know whether these members of the Imperial Council of Agricultural Research are life members or whether there will be any change.

Mr. G. S. Bajpai: They are members for the life of the Assembly.

Mr. M. Maswood Ahmad: If so, Government should change the order or circular, and there should be an election every year. And, in future, it should be called the Imperial Council of Agriculture.

My third suggestion in this connection is that there must be a Standing Committee for Agriculture as there are other Standing Committees for other Departments. There must be a sufficient number of members there to advise Government, and their meetings should be more frequent than at present. At present you find that the Standing Committee for Education, Health and Lands meet about once a year and that meeting also takes place for only an hour or two. How is it possible for all-India questions, connected with Education, Health and Lands, to be discussed in one or two hours once in a year?

My fourth suggestion is that whenever Government appoint a Tariff Board to discuss any question, they must nominate at least one such member who has some experience and who is aware of the agricultural conditions in the country and can advise the Government and his colleagues on the many questions that are placed before them. This will ensure that the interest of the agriculturists is not overlooked.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

My fifth suggestion in this connection is that at present there are agreements with the Indian States and with the foreign countries, and some of these agreements are against the interests of the agriculturists. You will find, Sir, that under the present agreement, Hyderabad has got the right to impose an import duty on British Indian rice, and there are many other such agreements which are detrimental to the interests of this

country. Now that the States are coming into a Federated India, the time has come when this question must be examined. About this agreement I want to say one thing more that Government have practically decided to separate Burma from India now and there is a rumour that some sort of agreement is very imminent and in that agreement they want to decide that for certain periods no taxation will be possible on the imported articles from Burma, or something of that kind. But I want to say that this will be very harmful to India and there should not be any such agreement The hands of the future Governments of both countries should be open in this matter. Any such agreement should be made after the separation of Burma and should not be used as a price for the separation of that country.

My sixth suggestion in this connection is that at present the freights are very different on different agricultural commodities and excessively high too. It should be at the minimum rate of ·01 pie per maund per mile. Today I asked some questions, and the replies show what the difference is When wheat goes from Delhi to Patna, the rate is five annas a maund, but when we want to send our rice from Patna to Delhi, Government charges ten annas a maund. This is very unjust What right have they got to fix different rates? If they are giving chances to the Punjab and the United Provinces to send their wheat to Bengal and Bihar, certainly Bengal and Bihar also must be given a chance to send their rice to those Provinces on the same terms. My Honourable friend said that special rates were given for the reason that Calcutta and Karachi were port towns, that export may be possible and the agriculturists may gain. I am sorry that no one representing the Railway Department is present here now, but I hope my Honourable friend, Mr. Bajpai, will find out from Sir Joseph Bhore and tell me whether wheat is exported from Patna as well. How can it be possible? It is not a port town. That is my grievance that if you give special rates for Karachi and Calcutta on the ground that it can be exported, why do you give special rates for Patna, where agriculturists are themselves dying, and if you give special rates for wheat that goes to Patna, why should you not give the same special rate for rice that is sent from Patna to Delhi and other places in the west? My Honourable friend said that the rice in Delhi was of a better quality than the Bihar rice. But I think he has not gone to Bihar and taken Bihar rice. Patna rice is famous in the world. My Honourable friend has not seen the *kalibank* variety or the *shamzira* variety of Bihar. You cannot produce any variety of rice in the Punjab and the United Provinces which can be compared with those varieties. So, Sir, my suggestion in this connection is that Government should do justice to all parts of the country, whether men live in the north or south or the east or the west. The same rate that has been given for wheat should also be allowed for rice, and we should be provided the same facilities, so that we may be in a position to send our rice to these Provinces. Specially in these days, when the earthquake has devastated my Province, and several towns have been ruined and when even the people of South Bihar are in great trouble, they must consider this point, and at least for a few years they should show the same sympathy with rice as they are showing at present with regard to wheat. Further I suggest, Sir, that the freight for sending rice to Mughalsarai and upwards should be at the minimum possible rate which has been fixed for carriage of coal.

In this connection, you will find, Sir, that Bihar stands second in the production of rice. Some people are under the impression that it is

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Burma where the greatest amount of rice is produced. But I say that Bengal comes first where 21 million acres are under rice and about nine million tons are grown. Bihar comes second with 15 million acres under rice and a production of seven million tons: Burma comes third only, with five million acres under rice and a total production of about four million tons.

An Honourable Member: What about Bombay and Madras?

Mr. M. Maswood Ahmad: Madras comes fourth—I am quoting this from the figures of principal crops in India—1931-32.

I suggest one thing more: The Bihar rice cannot come to Bengal, because Bengal herself produces rice in large quantities and so we have to sell our rice only in these parts. Further, the Burma rice comes to Bengal and other parts of India by ships at cheap rates, and it is not possible for us to send our rice to Bengal or any of those places: we can send our rice only to these parts of the county like Cawnpur, Delhi, Lucknow, Jubbalpore, etc If our rice is not taken in larger quantities in these parts, it is not because it is an inferior commodity. What becomes of the rice that is grown in Indo-China, Siam, Burma, Bengal and Bihar? Some one takes it; and up till now the intellectual power of the Bengalees is sufficient proof that rice is a better commodity than wheat. Japan also is a rice-eating country and no one can deny that. The main reason why rice is not taken in these parts is that they have fixed a high freight for bringing rice from Bihar to these parts, and so it is sold here at a very high rate and so it is not possible for the people in this part of the country to take rice and they have got no other alternative but to take cheap wheat.

In this connection, I want to say from personal experience that an inferior quality of rice is sold at present in Delhi at six to seven seers to the rupee, while finer qualities of rice are sold in Bihar at the rate of 14 to 16 seers to the rupee. I myself have sold about 1,000 maunds of rice, and so I can claim to be an authority on this point I am ready to supply any Honourable Member who may want rice from my part of the country. I have said that the prices for rice are going down and we are suffering very much and I will suggest that Government should reduce the freight for rice being sent to these parts beyond Mughal Sarai.

I now come to my seventh suggestion. If they really want to help the agriculturists, they must do something to reduce their indebtedness. This is a very important question for the agricultural classes, and that cannot be done merely by making legislative enactments. You can do it only by making money available to them at cheaper rates. In certain Provinces, some measures are under consideration with the idea of keeping the interest rate within certain limits: that is the idea of the Central Government as well as far as I know, but, I say, that is not going to do any good, because, whatever percentage of interest may be fixed, these *mahajans* will lend a small amount and take a document for a larger amount. You can reduce the indebtedness by making money available at a cheaper rate. Unless all the debts are once paid and prohibited for future, this undebtedness will not be extricated.

My eighth suggestion, and the last, is that the export duty on agricultural produce must be abolished. Some say in this connection that export

duty is not really a duty on the home producers, but a duty on the foreigners. I will in this connection say that it is not correct: the result of an export duty is that either it increases the prices in the foreign market or it keeps the prices at the same level: if it increases the prices in foreign markets, then, of course, it is a tax on the foreigner; but if it does not increase the prices in the foreign markets, but keeps them at the same level, then certainly it is a tax on the producer and not on the foreigner. Here I want to quote a paragraph from the Fiscal Commission's Report which also agrees with this view: this Commission says at page 100 (Chapter XI):

"Now, this increased cost may raise the price of the commodity in the world's markets, in which case it falls on the foreign consumer: or the world's price may remain the same in which case the increased cost simply reduces the profit of the home producer."

Further on, they say:

"Which of these two results is the more likely to occur depends on the extent to which the world price is fixed by the cost of production in the country which imposes the export duty."

They conclude with the following words.

"Our general conclusion, therefore, is that ordinarily an export duty tends to fall on the home producer and consequently to discourage production except in the case of monopoly; that even monopolies are endangered. . ."

Rice, as we know, is not our monopoly. Indo-China and Siam also nowadays export rice. Japan also exports rice, and if you will see the figures, you will find that their production is increasing. Here is a chart at page 54 of the Estimates of Area and Yield of Principal Crops in 1931-32, which shows that the yield in Bulgaria was 6,000 tons from 7,000 acres of land in 1921, while her yield was 16,000 tons from about 17,000 acres of land in 1930: Egypt has increased from 324,000 to 359,000 acres with an yield from 3,42,000 tons to 4,42,000 tons. Indo-China has increased from 1,19,79,000 acres to 1,43,37,000 acres with an yield from 57,24,000 tons to 57,65,000 tons. Siam also has increased from 64,12,000 acres to 71,87,000 acres with an yield from 4,15,700 to 4,77,000 tons; while Japan has increased from 76,75,000 acres to 79,35,000 acres with an yield from 98,01,000 to 1,18,68,000 tons; and Korea as well has increased from 37,52,000 acres to 40,71,000 acres with an yield from 25,44,000 tons to 34,06,000 tons in the same period of 1921 to 1930; but if we turn to the figures of yield of rice in India in the same period, we find, while all other countries are increasing their acreage and yield, India has decreased in the same period. India in 1920 had an yield of 3,20,17,000 tons from 7,95,19,000 acres of land, and, in 1930, it came down to 3,11,32,000 tons and to 8,06,22,000 acres. In this way, Honourable Members will find that in the same period, when other countries have increased their yield, we have decreased our yield and are losing the ground. Therefore, I want to point out that it is not possible for us to have a command on the foreign markets, rather we are at the mercy of others. If we could have secured a monopoly, then our case would have been quite different. Here, again, this is what the Fiscal Commission says:

"But only in the case of an absolute monopoly for which the demand is stable, can it be asserted generally that the world price will be raised by the full amount of the export duty and that therefore the whole export duty will be paid by the foreign consumer and none of it by the home producer."

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But this is not the case with us. Then comes the question of the export duty which has really decreased our production. The Fiscal Commission says:

"When an export duty falls on the home producer it naturally has a tendency to reduce the production of the commodity on which the duty is imposed."

Sir, referring to the condition in the United States of America, which was more or less the same as it is in India today, I want to say that they specially have inserted an article to this effect in their Constitution I read an article from Mr. J. M. Beck's Book, called the "Constitution of the United States". At page 333 of this book, reference is made to Article I, clause 9 of the Constitution, which reads as follows:

"No tax or Duty shall be laid on articles exported from any State."

Thus, the House will see that the American people considered this point very carefully and they came to the conclusion that any article which may be exported from any State should not be liable to any export duty at all, but, Sir, I do not know why our Government have levied this export duty on rice Now when the Constitution for India is in the melting pot there must be a definite provision in the Statute that there shall be no export duty on any commodity for revenue purposes of the Federal Government

The first principle of all central taxation is that it should not be levied on any particular class of people. All people, whether they live in Bombay, Madras or Bengal, must bear a proportion of the burden of the Central taxation, irrespective of the colour, caste, creed, class or community to which they belong for the benefit of the Central Government.

I submit, Sir, that this export duty on rice affects a particular class of people inhabiting the Provinces touching the Bay of Bengal and those Provinces where rice is produced. I want to point out that only 15 crores of people pay this tax to the Government, and the income from this duty which the Government get is not from the whole of India; they get it only from a particular class and from particular areas.

Now, you are to see what are the Government getting from this export duty? They get nearly 470 lakhs, and, out of this amount, they get only about 75 lakhs from rice alone So this amount is really a tax on those who happen to live in Bihar, Burma, Madras, Bengal, and Assam only . . .

Mr. B. Das (Orissa Division: Non-Muhammadan): Not Orissa?

Mr. M. Maswood Ahmad: You are still with us. When you are separated from us, then we shall consider your case separately.

Now, Sir, a friend will say that the removal of the export duty will not help the rice growers or the agriculturists, and my reply to this is, if this export duty will not help the rice producers, then what other duty will help them. Can he suggest any other means by which they can be helped? What is the source that can be suggested from which the rice growers can be helped? Unless and until my friend can suggest some other alternative method of helping the rice growers, I think I have got a right to suggest that only by the removal of the export duty on rice we can help the rice producers I know my Honourable friend, Sir George Schuster, will stand up and say that at present only three countries

are exporting and all have got this export duty, and those countries are Siam, Indo-China and India. I admit they are the principal exporters of rice, but I ask if they will remove this duty, what will happen? The result will be that Indo-China and Siam will also abandon the export duty on rice, with the result that the market for rice will be open to everybody, the agriculturists, living in Indo-China and Siam and India, all will be in a position to send their rice to foreign markets. The prices in the foreign markets will be the same and the increased profits will go to the producers in all three countries. What is harm in it?

Then, the other suggestion was that if this export duty was abolished, then the Governments of Indo-China and Siam will suffer, and they will adopt retaliatory measures. I submit, Sir, that we need not in the least be afraid of their retaliatory measures. Now, what do we export to those countries? We export to those countries jute and opium, both of which are our monopolies. They will have no other alternative but to buy these two commodities from us. If you will look at the figure of export to Indo-China and Siam, you will find that 80 per cent. of our export is restricted to gunnies and opium. Therefore, Sir, there is absolutely no danger of any retaliation from those two countries.

Now, Sir, I want to make a suggestion about this matter. Hitherto, this matter has not been examined by any Tariff Board. This point was considered only by the Fiscal Commission years ago, and the situation has changed since then. Even then I say that the Members of the Commission had committed a great mistake in not abolishing this export duty. Their argument for not abolishing the duty was this:

"The duty is certainly moderate, and, with the rise in the price of rice, has become increasingly moderate."

I say that the situation has changed now. The price of rice is not increasing nowadays; rather it has decreased and has a decreasing tendency. Further, I say that even at that time the Fiscal Commission committed a mistake. They said:

"It is noteworthy that in Burma, which is the source of nearly all the rice exported from the Indian Empire, no objection at all was raised before us to the continuance of the export duty; and it appears to be generally believed in Burma that the duty is so small that it is not felt by the cultivator. In these circumstances we consider that there is no necessity to recommend an abandonment of this long standing source of revenue."

Is it sound argument that, because a child is not weeping, therefore milk need not be given to it? If Government only want that there should be a demand, then the situation has now changed. For the last two years, myself and my friends are putting forward our demands. If the argument is that Burma did not press the point at the time, and, therefore, the duty was allowed to remain, I say, now, Burma is against this duty, and I may remind my Honourable friend of the Budget debates in 1927 and 1928 when year after year the Members from Burma moved a cut motion that the export duty on rice should be abolished. Burma is wanting that this export duty should go, Bengal is pressing for the same, Madras is going to be ruined on account of this export duty, and, as for Bihar, we do not have any market on account of higher freight and this export duty. What more do you want us to show that there is a demand in this country for the abolition of this duty? Why don't you follow the American Constitution that there should be no export duty on any commodity produced in the country? In this connection . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair proposes to adjourn in five minutes today.

Mr. M. Maswood Ahmad: Must I finish my speech also today?

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair leaves it to the Honourable Member.

An Honourable Member: Try.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Better finish your speech today.

Mr. M. Maswood Ahmad: Sir, I am ready to accommodate my friends, and will finish my speech very soon.

There must be a five-year plan as they have in Russia, Japan and in other parts of the country, and I want that the Government and the representatives of the people should sit together and devise some means for the purpose.

I want to suggest to my Honourable friend, Mr. Bajpai, to have another meeting of the informal conference on rice which was held before. We sat together and suggested certain things, and on that basis my Honourable friend collected the necessary information and he has supplied us with figures. And when I ask my Honourable friend to have another meeting to go through the figures and the information which has been given, the reply is that the Government do not think that any useful purpose will be served. When there was no useful purpose to be served, what for did the Government supply all those items of information to us? When you have circulated a Bill, you have got no alternative but to refer it to a Select Committee. Similarly, when you have supplied us with some information, you have no alternative but to have another meeting of the informal conference on rice and to discuss the information given.

Let me now make two or three suggestions as regards other matters. Government should spend some money on hospitals for the agriculturists. For every distance of three miles there must be a hospital in the rural area. Medical relief is very difficult for them, and hence these hospitals are a necessity.

As regards primary education, I suggest that it should be compulsory and free. Nowadays, when there is no money in the pockets of the agriculturists and they are not getting sufficient return on their produce, education should be free at least to this poor class of people. In this connection, I want to submit that a Resolution was moved on the floor of this House that there should be an Advisory Board here, and Sir Frank Noyce, on behalf of the Government, assured the House that there would be an Advisory Board very soon. But I find that that Advisory Board has not yet been set up. I am not developing that point now, but I request my Honourable friend, Dr. Ziauddin Ahmad, when he gets up to speak, to develop that point, because he has got a great interest in education. Keeping your suggestion in mind, I have finished the last portion of my speech in four minutes instead of five, Sir.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 17th March, 1934.

LEGISLATIVE ASSEMBLY.

Saturday, 17th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. Deputy President (Mr. Abdul Matin Chaudhury) in the Chair.

SHORT NOTICE QUESTION AND ANSWER.

TERMS OF LOANS GRANTED TO BIHAR EARTHQUAKE SUFFERERS.

Mr. Gaya Prasad Singh: (*a*) Has the attention of Government been drawn to a communiqué issued by the Government of Bihar and Orissa announcing that loans will be granted to private individuals for the repair or reconstruction of houses damaged or destroyed by the earthquake at the following rates of interest:

(i) to those unable to borrow money otherwise than from the Government, a loan ordinarily not exceeding Rs. 1,500 bearing an interest of 4½ per cent. after the first year, the loan being repayable in half yearly instalments of not less than 10 or more than 16 commencing 18 months after the first instalment of the loan is paid; and

(ii) to those ordinarily able to finance themselves, but whose credit has been so impaired by the earthquake that they are only able to borrow money otherwise than from the Government on unusually high rates, loans will be granted at 6¼ per cent., these loans being repayable in instalments spread over not less than 12 or more than 15 years?

(*b*) Will Government please state the amount of the loan they are likely to grant the Government of Bihar and Orissa and the terms thereof?

The Honourable Sir George Schuster: (*a*) The Government of India are aware of the terms on which the Government of Bihar and Orissa have offered to make loans to individuals whose houses have been destroyed or damaged by the earthquake.

(*b*) I am unable to give an estimate of the amount which will be needed for this purpose; but, whatever the sum may be, we have undertaken to place it at the disposal of the Government of Bihar and Orissa, on the following terms:

For the first category of loans mentioned in my Honourable friend's question—those to small borrowers—we have undertaken to advance the money to the Provincial Government free of all interest for the first year, so that the cost of this concession to individual borrowers will fall on Central revenues. After the first year, the loan will be made at whatever rate we can borrow ourselves, but subject to a maximum of 4½ per cent. I hope that our borrowing rate will be considerably below 4½ per cent., The actual advances to the individual borrowers will be made by the Provincial Government who will be responsible for collecting the

repayment. If there are any losses owing to default by the individual borrowers, we have undertaken to bear from Central revenues two-thirds of these losses, so that only one-third of the risk is to be carried by the Provincial Government. If our borrowing rate next year is, as I hope it will be, less than 4½ per cent. there may then be a profit to the Provincial Government on interest account, for that Government will, as already stated, make the advances at a fixed rate of 4½ per cent., after the first year. This profit will be applied, to the extent necessary, to meet losses from defaults in repayment of principal.

For the other category of loans, those to more substantial borrowers we have undertaken to advance the money at our next year's borrowing rate, whatever that may be. The Provincial Government will liquidate our advances, by repaying each year the full amount due in that year for recovery from borrowers, and, should there be any default, will bear the consequent loss, recouping themselves by the difference between the rate at which we make the advances to them, and the rate at which they lend to borrowers.

Mr. Gaya Prasad Singh: Do I understand the Government to state that the Bihar Government will advance loans at a higher rate of interest than they have to pay to the Government of India?

The Honourable Sir George Schuster: The terms on which the Bihar Government make the advances are settled by that Government. We have not interfered with them in that matter. My Honourable friend is quite correct that their proposal is to make the advances at a different rate to that at which we shall lend to them, and it will be necessary for them to make some difference in the rate, because undoubtedly they will incur some loss owing to bad debts. You cannot be sure that there will be 100 per cent. recovery of the loans that they make.

Mr. Gaya Prasad Singh: Do not the Government of India consider that the rates which have been mentioned in the communiqué of the Bihar Government are high?

The Honourable Sir George Schuster: That, of course, is a matter of opinion. My Honourable friend will appreciate that, as regards the loans to the really needy borrowers, they are not going to charge more than 4½ per cent and those loans will be free of interest for one year. I do not think any one could say that those are high terms having regard to the conditions as regards interest prevailing in India. As regards the loans to the more responsible borrowers, the rate proposed, according to my Honourable friend's information, is 6¼ per cent. That, after all, is a fairly low rate of interest, again, having regard to conditions in India, and my Honourable friend must appreciate that, when he talks about the cost to the Provincial Government, the cost to them is not merely the interest which they have to pay us, but the risk that they run of making loss on account of bad debts.

Mr. Gaya Prasad Singh: Are Government aware that the Government of Nepal has provided a sum of 50 lakhs from which loans will be granted free of interest, repayable by instalments within a prescribed period of four years? I am quoting from the *Statesman* of the 16th instant.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): That does not arise out of this question.

Mr. Gaya Prasad Singh: My supplementary question was based on this that the Nepal Government, with comparatively limited resources, are advancing loans on more generous terms. Why should not our Government, with ampler resources at their disposal, be able to advance loans on generous terms. That is the point of my supplementary question.

The Honourable Sir George Schuster: My Honourable friend must appreciate, taking into account the whole of our proposal that the Central Government have actually undertaken to make free grants of an amount which will probably be about 180 lakhs and may be more. That must be taken into account. I have no information as to the terms on which the Nepal Government are making advances, but I think, according to what my Honourable friend just stated, those advances are repayable after four years. We are proposing to make advances for a considerably longer period than that, which makes the terms much easier to the borrowers in the conditions in which they will be placed, and I do not think the House would be inclined to support the proposition that public money should be used in making presents of interest all round. I think it is probably desirable that, although the rates of interest must be fixed in such a way as not to be beyond the resources of the borrowers, the borrowers should have some small obligation as regards interest.

Mr. F. E. James: May I ask a supplementary question? I should like to put it in the form of two questions, first, am I right in suggesting that the rates fixed by the Bihar Government are higher in the case of those loans where the risk is less and lower in the case of those loans where the risk is greater, and, if my assumption is correct, has there been any basis worked out as to the probable percentage of bad debts under each particular case—4½ per cent and 6¼ per cent advances, and the second question is in regard to advances for reconstruction of property . . .

The Honourable Sir George Schuster: I had better answer the first question before the Honourable Member puts the second. As regards the first question, that is quite correct. Presumably the risk of bad debts will be greater in the case of the impecunious small borrowers than in the case of the larger and more substantial borrowers, and that is why, in the case of the small and impecunious borrowers, we have taken upon ourselves the liability for two-thirds of the risk of the loss. It is this circumstance which has enabled the Bihar Government to be more generous in the case of those loans than in the case of the others.

Dr. Ziauddin Ahmad: Will the Honourable the Finance Member convey to the Bihar Government the strong desire and feeling of the Non-Official Members of this House that they should not advance the money actually to the people on conditions more stringent than the conditions on which we lend the money to the Government of Bihar and Orissa?

The Honourable Sir George Schuster: I think my Honourable friend would do better to get a question of that kind asked in the Bihar Council.

Dr. Ziauddin Ahmad: I would merely like to convey *our* opinion to the Bihar Government.

The Honourable Sir George Schuster: I have no objection to conveying my Honourable friend's opinion to the Bihar Government.

Mr. F. E. James: I appreciate the Honourable Member's point in regard to 4½ per cent. loan, but we are still not quite clear as to the reason why the interest charged in regard to the other loans to be made to more responsible parties should be so high as 6¼ per cent.

The Honourable Sir George Schuster: I understand that my Honourable friend has asked whether the difference of about 1¾ per cent. is not more than requisite as an insurance or protection against bad debts. I am afraid that is an impossible question to answer. No one can say what the risk is—it is quite impossible to assess the risk, but that is entirely a matter for the Bihar Government. We have nothing to do with that difference: and if my Honourable friend thinks that the Bihar Government is not being sufficiently generous in the matter, I suggest that he should take it up through some friend of his direct with that Government It has nothing whatever to do with us.

Sir Darcy Lindsay: Do Government consider it equitable that the honest borrower should be so heavily penalised because of the fear that the few may not repay their loans?

The Honourable Sir George Schuster: That, I think, is a matter of opinion.

Mr. B. V. Jadhav: Do Government expect more bad debts from those who borrow at 6¼ per cent than from those who borrow at 4½ per cent?

The Honourable Sir George Schuster: I have already indicated in the reply I gave to Mr. James that I should imagine the chances of bad debts in the case of the smaller borrowers are greater than in the case of the more responsible borrowers.

Mr. B. V. Jadhav: And, therefore, people in whose case the chances of bad debts are higher should get the loans at a lower rate of interest than those in whose case the chances of bad debts are more.

The Honourable Sir George Schuster: That is quite true, but, owing to the difficulty of their own circumstances, we are treating the poorer class of borrowers not strictly on a commercial basis. That is the whole point, and the risk of doing that is borne as to two-thirds by the Central Government.

Sir Darcy Lindsay: Will Government consider the desirability of recommending the Government of Bihar to extend the period of repayment and the date on which the first instalment should be made? To my mind, the terms are very onerous.

The Honourable Sir George Schuster: I shall have great pleasure in forwarding to the Bihar Government a record of all these questions and answers.

Maulvi Muhammad Shafee Daoodi: Is it not a fact that the 1,80 lakhs, which it has just now been said has been given to the Bihar Government, has been given for the benefit of the buildings of the local bodies as well as for that of the buildings of the Bihar Government themselves, and that it is not for the private borrowers?

The Honourable Sir George Schuster: That is quite true. The three grants that we are making are, firstly, for the replacement of public works buildings belonging to the Bihar Government, and, secondly for all buildings belonging to local authorities. That is quite true.

Maulvi Muhammad Shafee Daoodi: Does not the Honourable Member see that there will be a great hardship in the matter of borrowing by placing all these restrictions?

The Honourable Sir George Schuster: What I would put to my Honourable friend is this—that in the case of the smaller borrowers, they get their money; they have to make no payment in respect of that until eighteen months; they get it free of all interest for the first year, and then they only have to pay interest at the rate of 4½ per cent. I suggest that those are very generous terms.

Maulvi Muhammad Shafee Daoodi: The difference is much deplorable as between the two classes—the local bodies and the Government on the one side, and the private borrowers on the other—the conditions seem to me to be more stringent in the case of the latter?

The Honourable Sir George Schuster: I think my Honourable friend is making an unreal distinction between the two. If we did not make free grants to the local bodies, they would have to raise the money from the public in the form of taxation, and we came to the conclusion that they would have no power to raise the money to replace the buildings which have been destroyed. That is why we agreed to make free grants to them.

Maulvi Muhammad Shafee Daoodi: True—we are grateful for the help given by the Central Government to the local bodies of my Province, but my point is—why are the conditions in the case of the private borrowers so stringent, why should they not be looked upon in the same way as local bodies are? That is the point.

The Honourable Sir George Schuster: I would ask my Honourable friend to look at it from the point of view of the protection of public revenues. I think if we were to allow it to be supposed that whenever any disaster of this kind occurs everyone is entitled to have his losses made good to him at the cost of the general tax-payer, that is a rather dangerous principle. What we are suggesting is a method of helping them on very easy terms, and we have thought that that is as far as it is fair to go—balancing the needs of the people who have suffered losses and the interests of the general public and the general body of tax-payers.

Maulvi Muhammad Shafee Daoodi: Do not Government realise that the local bodies and the Government have got resources to fall back upon, while the private borrowers have got no other resources except the generosity of the Government?

The Honourable Sir George Schuster: My Honourable friend is going rather deep into the principles which should underlie Government action of this kind, but I would again put it to him that, if a poor man is given the money necessary to rebuild his house free of all interest for one year and then has only to pay interest at 4½ per cent. on that, that is very generous treatment.

Maulvi Muhammad Shafee Daoodi: May I know more definitely the distinction which the Government of India draw between the two classes of borrowers?

The Honourable Sir George Schuster: We draw no distinction between them, because if we do not favour the other class of borrowers, then they will have to recoup themselves by raising taxes from the general public. It is the general public which is hit in both cases.

Maulvi Muhammad Shafee Daoodi: Has money been allotted to the two classes of borrowers separately,—such as, the first class of borrowers so much and the second class of borrowers so much?

The Honourable Sir George Schuster: As I have already explained, we have got no estimates of what will be required either by the one class or the other. What we have done is to say that we will find all the money that is necessary.

Dr. Ziauddin Ahmad: The Government of India have given, 1,80 lakhs to the Bihar Government. Has any sum been earmarked for private borrowers or it has all been left to the Bihar Government?

The Honourable Sir George Schuster: No. I would remind my Honourable friend of what I explained in my Budget speech. We are making a free grant of fifty lakhs to the Provincial Government for their own public works We have also stated that we will give free grants to the local authorities required for the re-building of their schools, dispensaries, etc. I gave no exact estimate of that. That has got to come out of the special fund which is being made up by the transfer of this year's surplus which we estimate at 1,29 lakhs. If the whole of that fund is not required for grants to local authorities, then it will be available for other methods of assistance, and it is quite possible that, out of that balance, whatever it is, some special free grants will be made to individuals.

Sir Darcy Lindsay: As regards the fear that some of the borrowers may not repay their loans, as the money is to be lent for the express purpose of re-building and repairing damaged houses, will not the Bihar Government be sufficiently protected by mortgage or otherwise?

The Honourable Sir George Schuster: I may repeat to my Honourable friend that I will convey his question to the Bihar Government.

Mr. Gaya Prasad Singh: Are Government aware that the credit of the people has been so severely shaken by this calamity in Bihar that the terms on which the Bihar Government are lending money will be regarded as onerous and the amount inadequate, and that it will virtually amount to a denial of relief offered by the Bihar Government?

Mr. Deputy President (Mr. Abdul Matin Chaudhury): That is an expression of opinion.

The Honourable Sir George Schuster: It is an expression of opinion. I think my Honourable friend is unfair that the terms suggested can be regarded as very onerous.

Mr. Gaya Prasad Singh: In addition to whatever relief the Bihar Government may be willing to offer by way of loans on the terms which have been stipulated in the Press Communiqué, will the Government of India consider the desirability of recommending to the Local Government the desirability of remitting the land revenue, rent or such other public demands as may be necessary?

The Honourable Sir George Schuster: That is entirely a matter for the Local Government.

Mr. Gaya Prasad Singh: Are Government aware that notices have in many cases been issued and are being issued, and I have already mentioned some of these in course of my speech, calling upon these distressed people to pay their chowkidari and other taxes without any thought of the distress to which they are subjected?

The Honourable Sir George Schuster: I have no information on that point.

Maulvi Muhammad Shafee Daoodi: Will Government be pleased to see their way to arrange for prompt issue of necessary instructions to all Government Forest Depots, like Dehra Dun and others, to supply, free of cost, or, if it is not possible, at a very low nominal rate, their forest produce direct to the earthquake stricken centres by avoiding middleman's profit and commission charges to the workers at the locality?

The Honourable Sir George Schuster: I am quite prepared to inquire into that matter and take it up with the Provincial Government.

STATEMENTS LAID ON THE TABLE.

AMENDMENTS MADE IN THE OTTAWA TRADE AGREEMENT RULES, 1932.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, I lay on the table a copy of the amendments made in the Ottawa Trade Agreement Rules, 1932.

DEPARTMENT OF COMMERCE.

NOTIFICATION.

TARIFFS.

New Delhi, the 3rd March 1934.

No. 780-T. (11)/32.—In exercise of the powers conferred by sub-section (3B) of section 3 of the Indian Tariff Act, 1894 (VIII of 1894), the Governor General in

Council is pleased to direct that the following further amendments shall with effect from 1st May 1934 be made in the Ottawa Trade Agreement Rules, 1932, namely :—

1. For rule 4 of the said Rules the following rules shall be substituted namely :—

"4. No article shall be deemed to be the produce or manufacture of any country to which these Rules apply unless the Customs Collector is satisfied—

(1) subject to the provisions of rule 4A that the article has been consigned from such country; and

(2) (*a*) where the article is unmanufactured, that it has been grown or produced in such country, and

(*b*) where the article is manufactured—

(i) that it has been wholly manufactured in such country from material produced in such country; or

(ii) that it has been wholly manufactured in such country from unmanufactured materials; or

(iii) that it has been partially manufactured in such country and that the final process of manufacture has been performed in such country, and that the expenditure on material produced and labour performed in such country in the manufacture of the article is not less in the case of an article specified in the Second Schedule than one half and in the case of other articles than one quarter of the factory or works cost of the article in its finished state :

Provided that where the goods were consigned from a British Colony the material produced and labour performed in any other British Colony may be reckoned as though it were material produced or labour performed in the colony from which the goods were consigned.

Explanation.—For the purposes of sub-clause (iii) of clause 2 (*b*) the final process of manufacture shall not be deemed to have been performed in any country in which no process other than a process of mixing, bottling, labelling, packing into retail containers or the like has been performed, but where such process as aforesaid has been performed in the country in which the final process of manufacture has also been performed nothing herein shall render the cost of such process ineligible for inclusion in the computation of the fraction of the factory or works cost of the article in its finished state which represents expenditure on material produced and labour performed in that country.

4A. Articles of a description specified in the first column of the Third Schedule which have been consigned from the United Kingdom but are in other respects eligible under rule 4 to be deemed to be the produce or manufacture of a country specified in the corresponding entry in the second column thereof shall be deemed to be the produce or manufacture of that country notwithstanding the fact that they were not consigned therefrom."

2. In rule 5 and in sub-rule (1) of rule 6 of the said Rules for the word and figure "Rule 4" the words, figures and letter "rule 4 or rule 4 read with rule 4A as the case may be" shall be substituted.

3. In clause (ii) of rule 5 of the said Rules for the words "Second Schedule" the words "Fourth Schedule" shall be substituted.

4. In the first Schedule to the said Rules—

(*a*) for entry 18 the following entry shall be substituted, namely :—

"18. Malaya (*i.e.*, the Straits Settlements, the Federated Malay States and the Unfederated Malay States of Johore, Kedah, Kalantan, Perlis and Trengganu)."

(*b*) entries 19 and 24 shall be omitted;

(*c*) entries 20 to 23 shall be re-numbered 19 to 22 and entries 25 to 44 shall be re-numbered 23 to 42.

5. After the first Schedule to the said Rules the following Schedules shall be inserted namely :—

"Second Schedule.

[See Rule 4 (*b*) (iii).]

1. Machinery and component parts thereof meaning machines or parts of machines to be worked by manual or animal labour and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one quarter of one brake-horse-power.

2. Carriages and carts which are not mechanically propelled and cycles (other than motor cycles) imported entire or in sections and parts and accessories thereof; excluding rubber tyres and tubes.

3. Motor cars including taxicabs and articles (other than rubber tyres and tubes) adapted for use exclusively as parts and accessories thereof.

4. Motor omnibuses; chasis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories excluding rubber tyres and tubes.

Third Schedule.

(See rule 4A.)

Description of articles	Country.
Angostura bitters	Trinidad.
Rum	Bahamas. Barbados. Bermuda. British Guiana. British Honduras. Jamaica."

6. For the heading "Second Schedule" the heading "Fourth Schedule" shall be substituted.

T. A. STEWART,
Offg. Secy. to the Government of India.

No. 780-T.(11)/32

A copy of the above notification is forwarded to all Local Governments and Administrations and the Political Officers and to all Departments of the Government of India, to the Private Secretary to His Excellency the Viceroy and to the Military Secretary to His Excellency the Viceroy.

A copy is also forwarded to all Collectors of Customs; the Principal Collector of Customs, Colombo; the Collector of Salt Revenue, Bombay, the Accountants General, Madras, Bombay, Bengal and Burma; the Audit Officer, Lloyd Barrage and Canals Construction, Karachi; the Accountant General, Central Revenues, New Delhi; the Chief Customs Officer, Port Okha (Kathiawar); the Director General of Commercial Intelligence and Statistics; the Secretary, Tariff Board; the High Commissioner for India, London; the Indian Trade Commissioner, London; the Director, Federation of British Industries, London, the Indian Government Trade Commissioner, Hamburg, Germany; His Majesty's Trade Commissioner in India; all Chambers of Commerce and Associations; the Canadian Government Trade Commissioner in India; the American Trade Commissioner, Calcutta; the Chief Controller of Stores, Indian Stores Department; and to the Central Board of Revenue.

By order, etc.,

N. R. PILLAI,
Deputy Secy. to the Government of India.

The Honourable Sir Joseph Bhore: Sir, I lay on the table the information promised in reply to the supplementary questions of Mr. N. M. Joshi and Mr. S. C. Mitra arising out of starred question No. 59 asked by Mr. Gaya Prasad Singh on the 24th August, 1933.

EMPLOYMENT OF INDIANS ON CERTAIN INTER-EMPIRE ECONOMIC ORGANISATIONS.

*59. No Indians have hitherto been employed on the staff of the Imperial Economic Committee, the Imperial Shipping Committee or the Executive Council of the Imperial Agricultural Bureaux. The expenses of the first two bodies were until recently a charge on the revenues of the United Kingdom only. Under the present revised arrangements, however, the Imperial Economic Committee at a recent meeting laid down that in making appointments to the staff the Secretary should bear in mind the claims of those belonging to the different parts of the Empire. In accordance with this decision the Secretary of the Committee invited members to recommend to him nationals suitable for employment, and the High Commissioner has put forward an Indian name. It should, however, be remembered that the staff is small and vacancies infrequent. The Imperial Shipping Committee works in close liaison with the Imperial Economic Committee and the present staff of the Executive Council of the Imperial Agricultural Bureaux also is shared with the latter body. It is expected that both these bodies will follow the principles laid down by the Imperial Economic Committee in regard to staff matters.

2. As regards Indians on the executive bodies of the three organisations in question, the position is that Sir B. N. Mitra, High Commissioner for India, represents India on all of them (with Sir Harry Lindsay, Indian Trade Commissioner in London, as his substitute on the Imperial Economic Committee) Sir Padamji P. Ginwala is an additional representative on the Imperial Economic Committee with Mr. H. S. Malik, Deputy Indian Trade Commissioner, London, as his substitute

Mr. H. A. F. Metcalfe (Foreign Secretary): Sir, I lay on the table the information promised in reply to starred question No. 223, asked by Bhai Parma Nand on the 24th February, 1934.

ALLEGED MALADMINISTRATION OF THE AJMER MUNICIPALITY

*223. (*a*) An enquiry Committee has been appointed

(*b*) An Executive Officer was appointed in August, 1931, on Rs. 450—25—600 per mensem—a lower scale of pay than that advertised in 1929 *viz.*, Rs. 600—40—800 per mensem. His pay in his previous appointment (that of Secretary to the Meerut Municipal Committee) is not known.

The reply to the latter part of (*b*) is in the negative.

(*c*) No. Government is not aware of any such irregularities.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I lay on the table the information promised in reply to unstarred question No. 123 asked by Khan Bahadur Haji Wajihuddin on the 3rd March, 1934.

DRINKING WATER FOR PILGRIMS AT THE DISINFECTION STATION.

123. (*a*) No.

(*b*) The answer to the first part is in the negative The second part does not arise.

(*c*) In view of the answer to parts (*a*) and (*b*) no action is called for.

Mr. G. R. F. Tottenham (Army Secretary): Sir, I lay on the table:

(i) the information promised in reply to starred question No. 346 asked by Mr. S. C. Mitra on the 6th March, 1934; and

(ii) the information promised in reply to unstarred question No. 74 asked by Khan Bahadur Haji Wajihuddin on the 19th February, 1934.

SUPERSESSION OF INDIAN CLERKS IN THE ARMY HEADQUARTERS.

*346. Three Indian clerks have been superseded by soldier or *ex*-soldier clerks during the last five years; but I may add that during the same period 2 soldier or *ex*-soldier clerks have been superseded by Indians, while 5 soldier or *ex*-soldier clerks have been superseded by others of the same category and 32 Indian clerks have been superseded by other Indians.

ALLEGED DEFIANCE BY THE EXECUTIVE OFFICER OF THE DECISIONS MADE BY THE AMBALA CANTONMENT BOARD.

74. (*a*) The answer is in the negative.

(*b*) The position is correctly stated. Government understand that the Ambala Cantonment Board issued orders for the tarring of many roads but did not provide funds sufficient for the whole work. The Executive Officer, finding that the Budget would be exceeded, stopped the work on certain roads until the next financial year when presumably funds would be available to complete the work.

It is the duty of the Executive Officer to see that the provisions of the Cantonment Accounts Code, 1924, are fully complied with.

(*c*) Government understand that the Executive Officer issued an enterim order directing than plans and building applications should not be sent to the Ward members pending a reference to the Board, as one of the members deliberately withheld plans and building applications from the Building Committee. When the Board subsequently decided to continue the practice of sending plans to members he cancelled the order referred to.

(*d*) No. The Board considered that the Executive Officer's action was correct and passed a vote of censure on the Member concerned.

(*e*) Does not arise.

Mr. P. R. Rau (Financial Commissioner, Railways): Sir, I lay on the table:

(i) the information promised in reply to starred question No. 1280 asked by Mr. Gaya Prasad Singh on the 5th December, 1933, and to the supplementary questions arising out of that question;

(ii) the information promised in reply to starred question No. 1318 asked by Sardar Sant Singh on the 11th December, 1933;

(iii) the information promised in reply to starred question No. 325 asked by Sir Muhammad Yakub on the 2nd March, 1934;

(iv) the information promised in reply to parts (*b*), (*c*) and (*e*) of starred question No. 982 asked by Mr. B. Das on the 28th March, 1933; and

(v) the information promised in reply to starred question No. 981 asked by Mr. B. Das on the 28th March, 1933.

ALLEGATIONS AGAINST THE CONTRACTOR OF LICENSED COOLIES AT THE LAHORE RAILWAY STATION.

*1280. (*a*) As regards the first part of the question, Government have ascertained that certain allegations were made to the effect that the licensed coolie contractor at Lahore Station was levying a higher charge from his coolies than that provided for in his license. The allegations, however, proved on investigation to be unfounded. The reply to the second part is in the affirmative. The Agent, North Western Railway

declined to admit the question for discussion by the Local Advisory Committee on the ground that the arrangements which the Administration may make for the provision of porters is not a matter which falls within the scope of that Committee except in respect of proper service to the public at the charges authorised by the Administration.

(*b*) The Railway Administration report that they received a representation on the subject from a member of the Local Advisory Committee, but declined to intervene in the matter which affects the relations between the licensed contractor and his employees.

Supplementary Questions.—A complaint book is maintained at Lahore station for the purpose of recording complaints against coolies. At a meeting of the Local Advisory Committee held at Lahore on the 8th August, 1933, a member alleged that certain railway servants were discouraging the making of entries in the book, and that in one case a senior station official had been called to investigate the complaint to avoid an entry being made in the book. The Chairman (Agent, North Western Railway) explained however that he felt that such an immediate investigation was preferable for all parties and it was the difficulty of securing such immediate attention that had led to the institution of a complaint book.

The relationship between the coolie contractor and the Railway Administration is that the former holds a license from the latter to procure coolies for carrying passengers luggage to and from trains. He receives no remuneration from the Railway but, under the terms of his license, is entitled to levy a charge of Rs. 2 per head per mensem from the coolies whom he employs.

The reply to part (*a*) of the principal question (No. 1280) shows that the subject was disallowed for discussion by the Local Advisory Committee, and explains the grounds for such disallowance.

A representation purporting to emanate from 34 coolies at Lahore Station, and containing allegations to the effect that the contractor was levying a higher charge from each coolie than that authorised by the terms of his license, was received by the Agent, North Western Railway from a member of the Local Advisory Committee, Lahore.

ALLEGATIONS AGAINST THE CONTRACTOR OF LICENSED COOLIES AT THE LAHORE RAILWAY STATION

*1318. (*a*) Licenses for procuring porters for carrying passengers' luggage to and from trains on the North Western Railway are executed on Form A.C.-23

(*b*) Yes.

(*c*) A representation purporting to emanate from 34 coolies at Lahore Station and containing allegations to this effect was received by the Agent, North Western Railway from a member of the Local Advisory Committee, Lahore

(*d*) The Railway Administration report that no such letter was received by them from the Sikh Rights Protection Society. The questions submitted for inclusion in the agenda for the meeting of the Local Advisory Committee read as follows :—

"1. Is it a fact that there is a Smoking Fund organised for coolies at Lahore and 0-2-0 per head per day is charged from all coolies including ikhs? Please state under what rules this fund was organized and who administers this Fund?

"2. Is it not a fact that smoking is strictly prohibited amongst the Sikhs? Please state why 0-2-0 per head per day is charged from Sikh coolies?

"3. Please state the number of Sikh, Hindu and Muslim coolies employed in the months of April, May, June and July, 1933, at Lahore Railway Station.

"4. Is it not a fact that three or four Sikh coolies employed at the Lahore Station were turned out in July, 1933? Please state reason why they left?"

(*e*) Yes, and the Agent declined to admit the items for discussion by the Local Advisory Committees on the ground that the arrangements which the administration may make for the provision of porters is not a matter which falls within the scope of that Committee except in respect of proper service to the public at the charges authorised by the Administration. A levy of Rs. 11 instead of Rs. 2 per head would contravene the provisions of the license : the Agent, however, had evidence to show that the allegations were unfounded and that no further enquiry was called for.

(*f*) The Railway Administration report that they are not aware of the number of porters who are members of the Union, nor of the number who may have been deprived of their badges by the licensed jemadar. The porters are not railway servants, but employees of the jemadar.

(*g*) Government understand that the Punjab Government received a request from the Railway Porters' Union for the appointment of a Court of Enquiry under the Trade Disputes Act of 1929, but are not aware of what action the Local Government have taken in the matter, nor have they any information about the alleged destitute condition of the coolies said to have been deprived of their badges.

(*h*) Government are unable to state the reasons, as the decision in the matter rests entirely with the Local Government.

Provision of Quarters to the Teachers of the East Indian Railway Schools at certain Places.

*325. (*a*) and (*b*). The policy of the East Indian Railway Administration which is the same for both European and Indian schools, is to provide quarters for all members of the staffs of railway schools whose duties are not confined to school hours, so that it is necessary for them to live on the school premises. In the case of those members who have no duties out of school hours, the policy is to provide quarters where possible, but unfortunately this cannot be done in all cases owing to the inadequacy of funds. Due regard is, however, paid in such cases to the availability of non-railway houses in the vicinity of the school.

There are four sets of quarters for the teaching staff of the Moghalsarai Indian School, and at Tundla quarters are provided for the Head Master and for the Assistants-in-Charge of the hostel of the Anglo-Vernacular School

Nature of Work advised upon by Messrs. Merz and Partners as Consulting Engineers to the Railways of India

*982. (*b*) The amounts paid by the Great Indian Peninsula and Bombay, Baroda and Central India Railways, in connection with their electrification schemes, were as follows :

	Rs.
For the year 1929-30	6,78,418
1930-31	4,34,314
1931-32	1,05,854

(*c*) The amount paid by the Bombay, Baroda and Central India and Great Indian Peninsula Railways for the year 1932-33, was Rs. 44,083

(*e*) The firm did not handle any new schemes during the year 1932-33, but merely handled the settlement of a few outstanding items in connection with the old schemes.

Consulting Fees paid to Messrs. Merz and Partners, Limited, on Railway Electrification Schemes.

*981. (*a*) The amount paid up to the end of March, 1933, in connection with the Great Indian Peninsula and Bombay, Baroda and Central India Railways electrification schemes, is approximately Rs. 47,00,000.

(*b*) The statement asked for is given below. It should, however, be read in the light of the following remarks :

(1) In the case of the Bombay, Baroda and Central India Railway works the original estimates were not prepared by Messrs. Merz and Partners, but by the Railway Administration

(2) In the case of the Great Indian Peninsula Railway works, rough abstract estimates were prepared by the firm in two cases only, *viz.*, Suburban and Main Line Electrifications. The abstract estimates were prepared on information supplied by the Railway Administration, who subsequently prepared revised estimates in greater detail, which included a large number of additional items subsequently found necessary.

Name of work.	Original estimate.	Total expenditure.	Amount of fees paid to Messrs. Merz & Partners.
	Rs.	Rs.	Rs.
Electrification of local lines between Churchgate and Borivli, B., B. & C. I. Railway.	2,02,71,399	1,98,16,747	7,04,434
Electrification of through lines Grant Road and Mahim, B., B. & C. I. Railway.	4,56,119	4,02,679	15,867
Temporary electrification between Churchgate and Colaba, B., B & C. I. Railway.	2,46,995	1,99,528	5,696
Electrification of Mahim Bandra Section, B., B. & C. I. Railway.	2,21,854	2,33,065	7,962
G. I. P. Railway Suburban Electrification Scheme.	2,05,42,910*	2,62,26,261	39,66,000
Victoria Terminus Remodelling	88,80,533	94,78,404	
Main Line Electrification, G. I. P. Railway, including Chola Power House.	6,50,24,490*	6,43,32,809	

*Original estimates prepared by the Consulting Engineers.

THE INDIAN FINANCE BILL.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The House will now resume consideration of the following motion moved by the Honourable Sir George Schuster on the 16th March, 1934:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, be taken into consideration."

Mr. E. S. Millar (Burma: European): Sir, I take this opportunity of this general discussion on the Finance Bill to put before the Honourable the Finance Member my claim for Burma. In drawing up his Budget, it would appear that the Honourable the Finance Member has forgotten that Burma is a part of India. It may have been, of course, that his mind has been influenced by the fact that the White Paper omitted any reference to Burma and the rice export duty. The fact that Burma was not taken into consideration in the White Paper can be no ground for discrimination so long as Burma remains part of India. Burma is predominantly an agricultural country with 70 per cent. of her population

agriculturists and the greater part of the remainder really indirectly deriving their livelihood from agriculture. Not only is Burma predominantly an agricultural country, but practically the whole of the delta and a large part of the remaining arable land grows only one crop, and that is paddy. Efforts have been made for many years to find other crops which will grow in Burma's condition of soil and climate, but there has been no success.

Rice is vital to the life of Burma. It must be well known that, for a number of years past, Burma has increased her cultivation which has benefited India by helping to maintain the balance of trade. This extension of cultivation has inevitably led to a corresponding increase of population which must continue to find support. Probably few people appreciate what the Government of Burma and the people of Burma have done for themselves in attempting to balance their Budget. The economic conditions, caused by the fall of prices, were the soil in which the seed of the recent rebellion germinated and developed on such a large scale. A large amount of money had to be spent in quelling this rebellion. At the same time, income had to be reduced on remitting land revenue and further remitting the capitation tax and Thathameda tax in order to lighten the burden on the cultivator, whose return on his produce had fallen to such an extraordinary low level.

In Burma, as in Bengal, the total market value of the crops has fallen by roughly 54 per cent. The remission of land revenue and capitation tax is the equivalent of 20 per cent. and represented a drain of 117 lakhs on Burma's revenue. This figure is of great significance when one realises that the deficit in Burma's Budget for 1933-34 is 118 lakhs. The remission I have described amounts to one-eighth of the total revenue, and even this does not take into account the remission in other directions which amounted to quite a considerable sum.

I recenly listened to the Honourable Members from Bombay pointing out the heavy taxation of their Province and fully sympathise with their misfortunes. But, Sir, you will find on reference to the Simon Commission Report that in 1928-29 the taxation in Burma exceeded that of the Bombay Province which, apart from Burma, was the highest in India. The position today is that the incidence of taxation in Burma is exactly equal to that in Bombay, and taxation in these two Provinces is much higher than in any other Province in India. I am now going to quote you figures in substantiation of my statement, and I shall begin by mentioning my authority. It is Table No. 8 on page 48 of the Finance and Revenue Account of the Government of India for the year 1932-33. I am taking into consideration heads A and C of revenue shown therein. These heads include the principal items of revenue, also receipts on account of Irrigation, and the sum of these two heads is generally recognised as measuring the relative burden of taxation. The average taxation per head in the Principal Provinces is as follows:

Burma	5·2
Bombay	5·2
Punjab	3·7
Madras	3·1
United Provinces	2·2
Bengal	1·6
Bihar and Orissa	1·2

[Mr. E. S. Millar.]

While, the overhead from all Provinces together is 2·7. It will be seen that the incidence of taxation in Bengal and Bihar and Orissa are, respectively, only about 30 per cent. and 23 per cent. of Burma's incidence of taxation, which, again, like that of Bombay, is roughly double that for all the Provinces together. It might be argued that higher tax collections represent extravagance in expenditure, but I am sure that careful examination would clear Burma of any charge of extravagance and in fact show the very reverse.

Now, let us look at the debt of the two Provinces. In the last four years, Bengal has incurred a debt of seven crores and Burma just over five crores. Expressing these amounts per head of population, the debt of Burma has grown 2¼ times as fast as Bengal.

If we turn to the deficit of the two Provinces per head of population, we find that it is ten annas per head in Burma against six annas per head in Bengal. These figures clearly show that Burma has no better prospects of managing her deficit and debt without assistance than Bengal has. I admit that the picture painted in the Howard-Nixon report was very different, but the circumstances have entirely changed since that report was written. Burma is now in worse straits than any other Province, and this is no more temporary than that of Bengal.

The Government of India seem to have been misled with regard to Burma's position, by the statistics given by the Honourable the Finance Member in his Budget speech with regard to exports of rice to the United Kingdom; but the great increase shown by those Statistics for the last two years is an illusion due to the inclusion in those figures of exports to other countries. The footnote about exports of rice on page 45 of the Honourable the Finance Member's Budget speech bears not the slightest resemblance to the truth. The average annual exports for the three financial years, 1929-30 to 1931-32, were under 50 thousand tons, while the statistics which he purported to give for 1933 cannot possibly be available to him yet. In an attempt to stem the growth of deficits and debt, Burma has already imposed on herself the tax on matches which the Honourable the Finance Member now proposes to apply to the whole of India. Burma stands on the same footing as all the other Provinces in paying all the import duties. She clearly recognises that every Province must fall in with the general plan devised for the good of India as a whole. This is precisely my point. Just as Burma shares equally in the burden of import duties, she should be treated equally in the refund of export duties. Burma is asked to share in providing the money which is to be used to make the refund of the jute duty to Bengal possible. The eighteen lakhs which have been promised by the Honourable the Finance Member to Burma out of the collections in consideration of the loss of provincial tax already existing is derived from a duty of twelve annas per gross boxes of matches. Burma is now going to be asked to pay 54 lakhs on account of the match duty, of which 36 lakhs are to go solely to the benefit of Bengal.

Mr. A. H Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): No.

Mr. E. S. Millar: Yes. The Honourable the Finance Member's speech will show that.

This conditional 36 lakhs is approximately equal to half of the present proceeds of the rice export duty. Thus, the Honourable the Finance Member, instead of applying equally the principle advocated by the White Paper and illustrated by the Bengal jute duty, is in fact asking Burma to pay the amount equal to an enhancement of 50 per cent. to the present rice duty or a total of, say, roughly 111 lakhs, this when she has a deficit Budget, although already taxing herself on the highest scale in India in an attempt to balance her Budget. This great enhancement of taxation is thrust upon Burma precisely when the price of rice is already too low to afford anything approaching a reasonable standard of living for her people.

Burma is in no way jealous of what Bengal has received from the hands of the Honourable the Finance Member; on the other hand she approves of his wide outlook of the overhead position. Burma is not coming forward with a beggar's bowl, but is coming forward with a sound case and only asks that she should be given the same treatment as he is giving to Bengal.

The circumstances are exactly parallel, and it is impossible to justify differential treatment in favour of Bengal's jute duty as against Burma's rice duty.

It is perhaps not realised that when the present rate of duty on rice was fixed at 2¼ annas, the price of paddy was then in the region of Rs. 150 to Rs. 160, which is three times the value of paddy today. That duty was not fixed on value, but on tonnage This means that the cultivator is paying three times as large a percentage of his income as was fixed on him in 1929.

The fact that Bengal has the monopoly in jute is in her favour. We may fairly suppose that the price of jute, like all other monopoly products, has been adjusted through experience at the level which gives the biggest profit Any attempt to raise the price of jute, to cover the export duty, would have caused diminution of sales, but in so far as jute is superior to all its competitors and the demand of jute is inelastic, some proportion of the export duty must have been borne by the consumers, so that the export duty of jute would press a little less heavily on the cultivator than export duties on rice. The price of rice being fixed by international conditions, the whole of the rice export duty must be borne by the cultivator.

Burma is an agricultural country and not a manufacturing country and has to buy her needs from outside, a large part of which is bought from India and supports trade over here, and what she buys elsewhere reflects on the customs collection.

Sir, as soon as the news of the Budget proposal reached Burma, an adjournment motion was moved in the Burma Legislative Council protesting against the failure to give Burma equal treatment with Bengal by refunding to exporting Provinces at least half the rice export duty paid by them. This motion was supported by every party and passed unanimously and with acclamation. The Government of Burma alone stood out of the debate, but explained that they had to do this because of the etiquette which must be observed by subordinate Governments. They undertook, however, to give the motion the strongest possible support in forwarding the record of the debate to the Government of India. The record shows that the motion was not supported only by Burmans.

[Mr. E. S. Millar.]

Amongst its strongest advocates was the Burma Indian Chamber of Commerce which includes all the important Indian trading and Indian banking interests in Burma. This Chamber has offered the strongest possible protest against the treatment meted out to Burma by the Government of India in this matter. Burma's demand for a half share of the rice export duty, Sir, is not a demand by her Government alone, nor by a few politicians or commercial bodies; it is a demand by the whole country which has sunk all differences to unite in this matter. The Honourable the Finance Member's failure to give Burma equal treatment with Bengal has roused the whole country, Sir, to burning indignation. Unless immediate redress is given, all Burma will regard this as conclusive proof that Burma is the milch cow of India and will be convinced that India's attitude to Burma is simply this "it is your money we want". In conclusion, when Burma's case was set out in another place, the Honourable the Finance Member gave no reply—the case was unanswered—it was unanswerable I trust that the Honourable the Finance Member will immediately take steps to rectify in his present Budget the unfairness of his present proposal, by giving Burma half the export duty on her rice in the same way as he has treated Bengal as regards jute export duty, or clearly put before this House his reason for the unfair and unequal treatment accorded to Burma in his Budget. (Applause.)

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I usually do not dabble in finances, but the annual Budget and the Finance Bill are the two most important subjects which this Assembly has to discuss and which have a far-reaching effect on the progress of the country. Therefore, in a very few words, I will draw the attention of Government to certain points which relate particularly to my Province, the United Provinces.

The United Provinces, as you know, is one of the largest sugar manufacturing and sugar growing Provinces in India. The plight of the agriculturist in the United Provinces for the last five or six years has been very miserable. The tenants and landholders have exhausted nearly all their resources. The export of gold from the United Provinces has been immense. The gold was not sold for the sake of pleasure, but many wives and daughters had to part with their gold, with trembling hands, and their eyes full of tears, in order to save the honour of their fathers and husbands from being sent to the lock-up in order to pay the Government revenue. At present the tenant in the United Provinces mostly depends on the sale of sugar-cane juice in order to pay the rent. For the last two years, on account of the revival of the sugar industry in this country, hopes were created in the minds of both the tenant and the landholder. The tenant thinks that now he will, probably, be able to pay the dues of the landholder and the landholders will be able to pay the Government revenue in their turn. But the imposition of the excise duty on sugar seems to frustrate the industry in its very infancy. The imposition of this tax has been widely protested against in the United Provinces. The United Provinces Council, without a division, passed a motion for adjournment on the levy of this tax. Therefore, I would strongly urge upon Government the necessity of revising their opinion and withdrawing the excise duty on sugar. I fully realise the responsibility of the Honourable Member for finding money, and if all the taxes are withdrawn, it would, naturally, be difficult for any Finance Member to find money for his expenditure.

But I would suggest that, instead of levying an excise duty on sugar, if the Finance Member put an increased duty of four annas a maund on salt, it would probably bring more income to Government.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran Non-Muhammadan): Not on salt.

Sir Muhammad Yakub: Yes, certainly on salt.

An Honourable Member: On gold.

Sir Muhammad Yakub: I will deal with that. The poor man's salt is every year discussed in this House and it is said that a small duty on salt brings misery to the poor man. But I contend, Sir, that that is not a fact. By raising the duty on salt by four annas Government would probably realise more money than they would realise from an excise duty on sugar, and, at the same time, this small duty of four annas per maund will in no way affect the consumer of salt and the poor man will not at all be affected by it, nor will any trade in the country suffer

This leads me to another source to which Government might resort for raising the income, and that is the export of gold. On account of the export of gold, India is being bled white, and gold has been exported to such an alarming extent that the people of India are feeling very much restless on account of it It is high time that Government should do something to regain the confidence of the people by taking steps to stop this wholesale exodus of gold from the country. If an export duty on gold is levied, it would serve two purposes, on the one hand it will stop the export of gold from the country, and, on the other hand, it will bring some money to the Finance Member in order to meet the Budget expenditure.

The Honourable Sir George Schuster (Finance Member): Not if it stops the export of gold; it cannot do both.

Sir Muhammad Yakub: If an export duty is levied on gold, I think it would decrease the export of gold from the country, if not stop it altogether. Of course very little gold is left in India now, and, after two or three years, the Honourable the Finance Member will find that there will be no export of gold, because there will be no gold left in the country.

Seth Haji Abdoola Haroon (Sind: Muhammadan Rural): Besides that, the gold sellers are making more profit in these days. From Rs. 21 a tola they are now selling at Rs. 34 a tola.

Sir Muhammad Yakub: Next I welcome the abolition of the hide duty. The United Provinces is, again, one of the Provinces where we have the export of hide to a large extent, and, for the last six or seven years, there has been so much slump in the hide trade in the United Provinces that many prosperous hide merchants have been reduced to bankruptcy. I hope this abolition of the hide duty will, to a certain extent, improve the hide trade in the United Provinces, and it may be that, if the hide trade is improved, Government will be able to get more money from the hide merchants by way of income-tax. I understand there are some selfish hide merchants in Southern India who have got their tanneries and they are opposing the abolition of this duty. This is pure selfishness, an analysis will show that a very small amount of the hide in India can be tanned in Madras. They cannot consume the whole production of hide in the

[Sir Muhammad Yakub.]

country and, for the sake of a small gain to their trade, they want to paralyse the whole hide trade in India. I hope Government will not lend their ears to the cry of the Madras tannery merchants.

Lastly, Sir, I shall deal with the system of assessing income-tax. I submit that the system of assessing income-tax, in spite of the efforts on the part of the Government has not been set aright. We find that many a poor man, whose income is hardly liable to pay income-tax, is assessed by the income-tax officers, while a very large number of money-lenders, hiding in the interior villages, go scot free and escape. If Government will take a little more care and if a little more vigilance is exercised in making proper arrangements for assessing the income-tax, I think that Government will be able to realise a very large amount of income-tax—larger than is being realised today

Although the British Government has now been ruling in India for over 100 years, I think they are still quite ignorant of the sentiments of the people of this country. I have recently heard that even the dancing girls in Delhi are assessed to income-tax. This gives a very good opportunity to the Income-tax Officer to pay official visits to the houses of disrepute; but I would ask the Government to believe that it is considered a very shameful thing in the eyes of the people of India They think that Government have become quite disreputable that even the dancing girls are being assessed to income-tax. Probably we will find that the Income-tax Officer will tomorrow be assessing even professional beggars. I think there is a very large number of professional beggars in Delhi whose income is even more than the income of these poor Government servants who are assessed to income-tax these days . . . .

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): May I inform my Honourable friend that professional beggars in Nasik and Pandharpur are taxed?

Sir Muhammad Yakub: That is very good. I think that is better than taxing dancing girls. So I hope that Government will see that the assessment of income-tax is done in a proper manner and that thousands and thousands of small money-lenders whose income is hardly taxed do not escape scot free, while innocent people suffer.

These are the few salient points relating to the Finance Bill to which I wish to draw the attention of the Honourable the Finance Member, and I hope that these points will receive his due attention.

Mr. B. V. Jadhav: Sir, I rise to support the motion moved by the Honourable the Finance Member that this Bill be taken into consideration. I support it, because, as is well known, I am a co-operator with Government (Hear, hear); and if the Finance Bill is opposed, the Government of His Majesty the King might be impeded. I belong to a Party in this House as well as outside which has always been co-operating with Government and in the Bombay Presidency I belong to a party which goes under the name of the Non-Brahmin Party and in Madras it is called the Justice Party, and both these parties are run on the same principle and have been co-operating consistently with Government I am always keeping the principles of that Party before me whenever I get up on my legs in this House.

It is the policy of my Party to co-operate with Government; but at the same time we are ready to co-operate with other Parties and other Groups in the House when we find that the best interests of the country are served thereby.

My Honourable friend, Mr. Millar, has brought forward here the case of Burma, and claimed more generous treatment and help from Government to the Province of Burma. I am in general agreement with him, and I think he has made out a case for Burma pretty strongly. For the same reasons I shall say a few words about the claims of Bombay. The Presidency of Bombay, as is well known and as the Honourable Mr. Millar has just shown, is as heavily taxed as the Province of Burma. Bombay has tried her best to keep her head above water and the local taxation there has reached a very high level The Bombay finances are in a very bad way, and Bombay deserves to be considered by the Central Government. I need not take more time of the House on this question, because it is likely to be dealt with by other Members from Bombay.

I have also to express my gratitude for what has fallen from the Honourable the Finance Member this morning in reply to a short notice question of my Honourable friend from Bihar. We do realise that Government have been doing their best to help the unfortunate Province for the miseries inflicted upon her by the earthquake. The Government of India's policy, I shall say, is a vrey generous one. They have come forward to give free grants in such cases as do deserve free grants and to give a very big loan without making any profit, namely, at the same rate of interest at which they themselves will borrow. I also find that the Government of Bihar are making two kinds of loans at two different rates of interest, and although to an outsider it may appear and to me at first it did appear that the higher rate charged to more well-to-do persons was not justified according to the usual practice of money-lenders, still I find there is very good reason for the Government of Bihar to make that distinction. Those who are in better circumstances ought to pay more. Income-tax is assessed on that principle. So the better off have to pay a higher rate of interest and those, in whose case the bad debts will rise to a very high pitch, are charged nominal rate of interest, say, 4½ per cent. I have nothing to say against that, as I support the policy of the Government of Bihar.

My Honourable friend, Sir Muhammad Yakub, has recommended to the Finance Member an export duty on gold. Such a duty might be levied for one of two reasons,—either to stop the export of gold or to derive some revenue from the tax. If the former is the object, then the duty must be a high one and the expectation of the realisation of that duty will be smaller, because, then the export of gold will be almost stopped. But then I do not think a tax on the export of gold will give any appreciable relief to the coffers of the Government of India. The time for levying a duty on the export of gold in order to prevent its export is long past If we take measures now in that direction, it will be tantamount to closing the stable door when the horse has already bolted.

12 NOON. Now, with regard to the increase in salt tax, I am sorry to say, I cannot support the gallant Knight. Sir, salt is a very necessary article of diet and it should not be taxed, because it will make the poor man's food more expensive. The levy of a small duty of four annas, as suggested by the Honourable Knight, will bring about a very big change in the retail price of salt in the market, and, therefore, it will be very badly felt by the people.

[Mr. B. V. Jadhav.]

Sir, the Budget, as is usual now, is based upon tariffs. The Honourable the Finance Member from one year to another has been making changes in the tariffs, and the tariff wall is being constantly raised year by year.

There was a time when England was wedded to the doctrine of free trade. Before that, the Honourable the East India Company, who came out to this country with the sole object of exploitation, tried to keep the entire trade in their own hands. Later on, as I said, the free trade policy was accepted by the Government and was enforced upon this country. The economists of India were mostly in favour of protection, and they cried themselves hoarse to induce Government to give protection to indigenous industries. But the Government of India stood very strongly by the free trade doctrine and Indian industries were denied protection. The result was that one industry after another went to rack and ruin, and India became a country, as was intended by Britain, of supplier of raw products and a consumer of finished goods of Britain. The fad of free trade was carried to such an extent that, when it became necessary for the Government of India for revenue purposes to levy an import duty on manufactured cloth, they imposed a counterveiling duty, an excise duty on cloth manufactured in India, merely for the sake of preserving the free trade principle. At that time England was pre-eminently occupied in manufacturing goods for the needs of others, but other countries like Germany and America did not lag behind. They threw away the doctrine of free trade; they raised protective tariffs and encouraged their home industries, so much so that in a few years they were able to compete with England in foreign markets as well as in the Indian markets. England slowly began to awake to the necessity of levying tariffs herself. Her faith in free trade was shaken, and ultimately England has now become a protectionist country. Side by side with this change of policy in England, her policy in her dependency, India, was changing, and for the present India is free from the free trade principle and is a full protectionist country. My Honourable friend, the Finance Member, is a very shrewd administrator. He has seen through the weakness of this side of the House. He knows that we are all in favour of protection of our industries, and, therefore, he has been trading upon our weakness and raising tariff walls for the protection of one industry or another, and the whole of his fiscal policy is now based on tariffs. I may raise a protest here that in certain cases the tariff wall is now being raised too high, and when the Finance Member finds that the tariff wall is raised high enough, he does not want to pull down a few layers of that wall, but he proposes to raise the ground floor by adding something in the shape of excise duties. In this way he may be keeping an even balance in favour of one industry or another against foreign invasion, but at the same time he sacrifices the interests of the consumer and raises for the consumer the price of the commodities consumed to a very large extent.

Now, Sir, India has definitely given up the free trade principle and has adopted the fiscal policy of protection. It is now the duty of the Government of India to help, in all possible ways, the industries of this country. For that purpose, Sir, I emphasise the necessity of revising our legislation. The Indian laws were based upon the principle of free trade. That principle has now been abandoned, and therefore, it is the duty of Government to revise the laws according to the principles of the new theory of taxation that has been adopted. I shall just refer to a

few of our laws. Take the Navigation laws. The ports of India were thrown open to all the nations. The Government of India and the Government of England did not care to give any encouragement to Indian navigation to see that the Indian Mercantile Marine was encouraged. The policy then was a free trade policy, and India gave free access to all. Now, that policy has been given up, and a policy of protection has been adopted. I ask, is not the present time opportune for changing our shipping laws? The laws should be so altered as to give encouragement to the establishment of an Indian Mercantile Marine. During the discussion of the Tariff Bill, the urgent necessity of Indian ships was brought forward in the comments of my Honourable friends. We have seen that, although Japan has agreed to purchase a certain number of bales of Indian cotton, Japan is still trying to keep the whole import trade of cotton in her country in the hands of her own nationals. Japan is not willing to allow the merchants of India themselves to trade with Japan in Indian cotton. Japan is able to prevent Indian merchants sending their bales of cotton to Japan, because India has no mercantile marine and because India has to make use of foreign ships. Some of the British companies, Sir, I am told, are in league with the Japanese companies, they themselves form a ring and lay down freights and other conditions, and in this way the Indian merchant is hampered. It is the duty of the Government of India to see that the restrictions on the trade of India are removed as early as possible; and unless and until India possesses her own Mercantile Marine, this cannot be accomplished. I, therefore, say with all the emphasis at my command that the navigation laws of India ought to be changed, encouragement ought to be given to Indian companies to start, and for that purpose the coastal traffic of India ought to be reserved to the nationals of this country. I again urge upon the Government to give their serious consideration when the Bill I have the honour to table in this House is taken up for consideration It is the duty of the Government to support that Bill, and in this way give strong encouragement to the Mercantile Marine of this country. Sir, we have been reading during a week or ten days, that the Government of England have decided to encourage the merger of the Cunard and White Star lines. The sole object is that Britain's supremacy on the sea should be preserved. England desires to have the control of the traffic, especially the passenger traffic, on the Atlantic in her own hands and is prepared to advance a very big amount. In the same way, it is the duty of the Government of India even by granting subsidies and big loans to encourage the establishment and financing of an Indian Mercantile Marine. England has been showing the way and India ought to follow.

I shall now speak about another industry, the insurance industry. India formerly had no insurance companies in the modern sense of the term. But insurance is not entirely new to this country. I have heard that in the small State of Cutch the rudiments of marine insurance have been in operation for some centuries at least. There, when a ship is about to sail with a cargo, a broker goes from house to house and the owners and ladies of almost every house underwrite or accept risk for Rs. 100, Rs. 200 or Rs. 500 according to their means. In this way ships, laden with merchandise which sailed from the ports of Bhuj and Anjar were insured with local people, and the system has been going on for centuries. In Europe, I think, marine insurance first began on the same lines. It has now been greatly developed, and there is now insurance and re-insurance, and so on. Following in the footsteps of England, India began to establish

[Mr. B. V. Jadhav.]

insurance companies of her own. Till then, there were no laws, and even now, although there are two Insurance Acts on the Statute-book, they are almost useless for any efficient protection. In this book, entitled "International Insurance Intelligence", insurance laws of almost every country are given in an abridged form. But when we turn to the pages which give information about the insurance companies of India, we do not find any mention of our laws for the present legislation is on a permissive line and is not of much use to control the insurance business of this country. The reason is plain. Indian Government passed the laws when they were following free trade policy; and, therefore, the whole country was left open as a free field to the companies of other nations to come in and establish their branches. In fact, India was allowed to be exploited. Latterly, Indian companies began to be started and, for their guidance and control, an Act was passed. But this law imposes restrictions on Indian companies only and leaves foreign companies to exploit the country without any restrictions at all. Government have been treating her children much worse than they treated those of other countries. I may state here that when a foreign company starts insurance business in England, it has to make a deposit of £20,000 with the Government of Great Britain, and the same amount is deposited by her own nationals when a company is started by them. There is no discrimination, and no one has any complaint to make. When an Indian company wants to start business there, it has to make the same deposit. But what is the law in India? If an English company wants to start business here, the door is wide open. No deposit has to be paid, no restrictions whatever are imposed, while an Indian company, when commencing business, is called upon to make a deposit. If an Indian company goes to Canada, or to Australia, or to any other dominion or colony within the Empire, it has to work under many difficulties. I need not give in detail those difficulties, but I urge that it is necessary that the insurance laws of our country ought to be overhauled and brought up to date. The policy of British India is not free trade now, but it is protection, and, therefore, something ought to be done for fostering the indigenous industry of insurance and encouraging Indian companies. There are various ways of doing it The rejuvenated country of Turkey has laid down a very good example. The Turkish Government have passed a law in which it is provided that any company accepting risk over a certain amount must re-insure the excess risk to the extent at least of 50 per cent with the company started by the national Government. In this way, at least 50 per cent of the policy money is kept in the country and thus insurance is coming gradually into the hands of national companies. I do not ask the Government of India to pass such a law all at once. All I claim is that the Indian companies ought not to be penalised here, and companies coming into India to do insurance business ought to be treated exactly in the same way in which the nationals of India are treated in their respective countries. On inquiry, I learn that the Consul of America refused to countersign a policy of marine insurance unless it was written by an American insurance company. In this way, foreign nations are forcing Indian merchants not to give their business to Indian companies, but to take policies of companies of their own nation. The same is the policy of Japan. Every nation is taking care to protect her own interests by fostering her industries, but the Government of India are standing quiet without doing anything in the matter.

The Insurance Branch of the Commerce Department of the Government of India is very much undermanned. An Actuary is employed, no doubt, but the establishment under him is very very meagre. He is not in a position to see whether Indian companies carry on their business efficiently. Insurance is a very important industry. It is a nation building business and Government ought to take more interest in it as insurance directly fills the Treasury. Prosperous insurance companies pay heavy income-tax. At the same time, insurance companies are the best subscribers of Government loans. Whether a loan is floated in India or in England, the insurance companies of India are very much interested in tendering for it, and in this way the prosperity of Indian companies is conducive to the success of Indian loans. Owing to the large demand from insurance companies, Government loans are quoted at a high rate. It is, therefore, to the interest of the Government of India to see that Indian insurance companies prosper.

I may point out that German and Italian companies are now invading the insurance market of India. They have formed strong combines and have put aside huge sums of money, something like one million marks or one million lires to be spent in establishing themselves in this country. They offer very exorbitant, and, therefore, unremunerative discounts to commission agents, and, in this way, try to capture the market. Even when they do not succeed in capturing the market, they raise the commission rate, and, therefore, the Indian companies, on account of this very unhealthy competition, have to do the same, and are suffering heavy losses. It is the duty of Government to come to the rescue of Indian companies. These foreign companies must be obliged to keep large amounts of money as deposit with Government before they are allowed to start business. I need not take more time of the House on this question.

What I am going to impress upon the House is the changed policy of the Government of India. I approve of the change in this policy. Free trade policy has been definitely given up and protection policy has been adopted. Government ought to be consistent. All the legislation that was passed in the free trade days ought to be overhauled and brought up to date. I earnestly ask the Honourable the Finance Member to make a provision of only a few thousand rupees for the overhauling of legislation. The Company Law of India is much lagging behind. Much has been said during the last three or four days about the agency system when cotton tariff was under discussion in this House. The Company Law ought to be revised and improved and some wholesome restraint should be placed upon the activities of mill agents. Although I am not a lover of the mill agent or the agency system of Bombay in general, I must say that it is a helpful system. Their management is efficient. Finance is guaranteed, and, in this way the business of the Bombay mills is going on by the help of the agency system. Although the system is not bad inherently, many abuses have crept in, and, therefore, the revision of the Company Law is necessary. The agency commission is in many cases based upon production. It ought to be upon profits. Government also are copying the bad ways of the Bombay agents. Government now propose to impose an excise. Excise is a tax on production and not on profits. Government, I think, are copying the bad example set by the Bombay agents and perhaps for that reason Government may like to protect their friends. Therefore, in conclusion, I shall say that the laws of the country ought to be revised and Government ought to make a provision of a few thousand rupees for this purpose. The Indian Companies Act ought to

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be revised, the insurance laws ought to be revised, the navigation laws ought to be revised, and many other laws, which need no mention here, ought to be revised.

This Finance Bill has been criticised in many of its provisions. I am not going to speak on each and every point, but I shall have to say something about the revised postal rates. I approve of the proposal to reduce the postage rate on letters from five pice to four pice in the case of letters not weighing above half a tola. I say, Sir, it is a move in the right direction. The enhanced rate of letter postage—from one anna originally to one anna and three pies—was very excessive and Government have now seen that the law of diminishing returns has been operating here. I shall show, Sir, that half a tola is too small. It ought to be at least three quarters of a tola. At the same time, I am very surprised to see that although Government were very solicitous to give relief to the letter-writer, they do not take into consideration the hardship which the poor man who uses postcards has to suffer. The price of postcards has not been revised. I ask Government to reconsider the case and make the postcard cost half an anna only. It will give a very necessary relief to the poor man, and I think Government in the long run will not suffer loss.

I am surprised, Sir, that the book packet rate is proposed to be enhanced. A few years ago, ten tolas were carried for half an anna. The rates were at once doubled by halving the weight, and so half an anna was charged for every five tolas. Now, Government propose to enhance the rate by fifty per cent. This is very hard upon the book trade. Sir, Government are hereby taxing education of the people, and in this way they are indirectly encouraging illiteracy and putting a very heavy tax upon education and diffusion of knowledge, and thus doing a great deal of harm to the people. The reason given by the Honourable the Finance Member was very strange. He said that some people were wrongly making use of the book post for sending matter which ought to have gone on a postcard and which ought to have paid three pice. Sir, some few persons might have cheated Government in that way, but I ask, why are Government going to penalise the book trade by enhancing the rate? The proper remedy, in order to avoid or put a stop to any such practices, is to reduce the rate of the postcard to half an anna: and when the postcard is half an anna, there will be no inducement for anybody to send matter through the book post which can be sent on a postcard. The Postal Department is a public utility department, and should be worked as such, but nobody will urge that Government should suffer heavy losses by working it. A reasonable rate ought to be charged, and if there are losses again, the best remedy would, I think, be to retrench. This question will, of course, come up again for discussion when the Bill is gone through clause by clause, and, therefore, I need not say anything further about it.

The Budget, Sir, is balanced, but the burden on the people has risen. The Honourable the Finance Member's career is drawing to a close. He has managed to balance the Budget every time; there is no doubt about that, but, then, this satisfactory condition has been achieved by piling tax after tax upon the shoulders of the people. I do not think, that during the five years of his career, any relief has been given to the people. Income-tax has risen abnormally. My friends tell me here that the tax on silver has been lowered. I think, however, that this tax has been

lowered in order to make some money—not to give away some money. (Hear, hear.) The fact is that, by the heavy import duty on silver, Government were not making any profit at all, and, therefore, they are proposing to make the experiment of lowering the duty to see whether something can be made out of it. So, this reduction of the tax on silver is not due to any generosity on the part of the Government, but, I shall say, it is due to their greed.

An Honourable Member: What about the removal of the export duty on hides?

Mr. B. V. Jadhav: Well, I am neither a hide merchant nor the owner of a tannery, so I am not in a position to offer any remarks with regard to the removal of the export duty on hides. Sir, on the whole I support the motion.

Seth Haji Abdoola Haroon: Sir, I have to express a few remarks on the taxation policy of the present Government. Sir, since the last few years, as my friend, Mr. Jadhav, has just now said, the taxation is mounting up year by year; and not only that, but, as he has said, you will find, Sir, that, on account of that, the trade has been ruined and has nearly come to a stop, and, not only that, but on account of the raising of the taxes, the Government are unable to get more money from the people as they were estimating to get year by year.

Sir, I have very carefully read the Honourable the Finance Member's speech, especially paragraphs 56 to 63. Now, although the Honourable the Finance Member has boasted that on account of the Government policy, India's position has very largely improved, and he has said that the House and the public should note that India's position is far better than that of any other country in the world, well, I am sorry to say, I cannot agree with these remarks of the Honourable the Finance Member. He said many things, such as the economic condition of the country, the low rate of interest, the credit of India, and so on. Sir, I must say that I am neither an economist nor a financier, but I am only a businessman and a merchant. I dared not oppose his financial policy in the beginning, but after examining the last five years' condition of my country, I find that the Government policy has failed to achieve all that the Honourable the Finance Member had been telling us. Sir, first of all, I want to place before the House all the published figures as my friend, Dr. Ziauddin Ahmad, always believes in published figures. He does not believe in any fictitious figures. If you see the Explanatory Memorandum (page 4), you will find that there are certain figures mentioned therein from which I want to prove that for the last few years it has been the policy of the Government to enhance the customs duty and the income-tax. It will be seen that the income from customs in 1925-26 was 47,78 lakhs. After that, if you go through the Tariff Act and the changes made therein, you will find that they doubled the tax on some articles, and, on some articles, it was even trebled. And what is the result of this? In 1926-27, the Government received from customs 47,38 lakhs, in 1927-28, the income was 48,22 lakhs, in 1928-29, it was 49,28 lakhs, and in 1929-30, it came to about 51 crores. If you see the Tariff Act, you will find that in March, 1930, on account of the deficiency in the Budget, Government raised the customs duties. And what was the result next year? The income from 51 crores went down to 46 crores. Now, let us take the income-tax. The income-tax was raised in 1929-30. In the next year,

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from 16,71 lakhs it went down to 16 crores. So, although year by year the customs taxes and the Income-tax increased, the revenue of the Government decreased. Of course, in 1931-32, when the surcharge came to about 25 per cent, the income was 51,25 lakhs. Again, this year the estimate is 46,87 lakhs, and so the income-tax, from 17,49 lakhs, has gone down to 17,13 lakhs, although the surcharge on the income-tax was raised in 1931. Sir, all these figures show me clearly that by raising the taxes, Government have been unable to get revenue. Although people have been compelled to pay more taxes in these days of hard times and depression, the position of Government remains the same although the people have suffered a lot. On account of this high Customs duty, I find that at my place in Karachi the whole of the import trade has been diminished to a great extent. Not only that, but when we are not purchasing goods from abroad, many countries are also unable to purchase our produce. Thus we have lost all the trade and still I find that the Government are unable to reduce their expenditure. Sir, Government cannot have any relief by the enhancement of taxes, they must reduce their expenditure. In 1921-22, the expenditure of the Central Government was 138 crores and that amount had been decreasing year by year until today I find that it has gone down to 115 crores. But, on the income side, you will see that in 1921-22, it was 115 crores and today it is 119 or 120 crores. So, whatever relief the Government can get, it is not by enhancing the taxes, but by reducing the expenditure. Therefore, I suggest that the enhancement of taxes is not the right policy for the Government to pursue. Now, Sir, this year Government are again thinking of enhancing the customs tax and the income-tax. Therefore, they are putting an excise duty on matches and sugar. When the time comes, I will speak on that subject.

I find that the Government have already ruined the trade, and if people start some industries, the Government immediately comes on the scene and tries to collect more money from those industries. The idea of the Government is simply to get immediately more money, but it is not understood that Government ruin the industry by imposing more and more taxes just as they have ruined trade by enhancing the taxes on customs. The Honourable the Finance Member is saying today that interest is low. It must be so, because at present there is no trade. The money is lying idle with the people and with the banks, and, therefore, the trade interest is very low. It is not only due to the policy of Government that interest is low, but it is also due to the world wide depression that interest is low, and people are investing their money in Government securities and they are now willing to invest their money in trade and industries. In my opinion, a time will come when no one will put his capital in any industry or in any private enterprise except the Government security, and, therefore, as the Finance Member says, the credit of Government will improve more and more. These things are not encouraging and hopeful signs for any country. The only way to reduce expenditure is to reduce the establishment, but not by levying more and more taxes. Today a merchant cannot put his capital, brain and energy in any trade, because he has to pay 32½ pies income-tax, and, besides that, he has to pay some profit tax, surtax on the income-tax and he has also to pay his monthly expenditure on the staff, and so on. Therefore, trade is decreasing day by day. I appeal to the Government and to this

House that any fresh taxation on any item must be considered very carefully and the House should not support any taxation proposals immediately they are put forward by Government.

Now, I wish to speak on one important subject, and that is Baluchistan. My Province of Sind is the neighbour of Baluchistan. I am sorry that at present the Foreign Secretary is not present in the House, but I hope that the remarks that I am going to make on this subject will reach his ears and that he will consider them very carefully. It is well known that in the whole of India all Muslim parties and Muslim organisations have supported the principle that Baluchistan should be granted autonomy. I also understand that all other political parties in India, including the Congress, have supported the principle of granting provincial autonomy to Baluchistan, but I am sorry to say that Government do not consider that Baluchistan is fit to be created as an autonomous Province at present. Neither the Round Table Conference nor the White Paper have made any suggestions with regard to Baluchistan. I wish to inform the Government that Baluchistan is connected with Sind and the Punjab, and the big population of the Baluchis live in Baluchistan, Sind and the Punjab. So the people of Baluchistan occasionally come to the neighbouring Provinces of Sind and the Punjab and look to the conditions of the people in these Provinces, how they enjoy freedom of speech, how they ventilate their grievances in their Provincial Councils and how they enjoy a large measure of local self-government, and then they compare themselves with these people, how they are unable to move about freely or even to talk about measures for the betterment of the people in Baluchistan. Then they commence to ask for more facilities to work for the advancement of Baluchistan. But the policy of the Government is to oppress the Baluchis without giving them any sort of encouragement or help to advance their cause. I want to draw the attention of the House to the fact that lately I read in a newspaper that one Mr. Abdul Aziz was simply writing a few articles in British Indian papers about the condition of Baluchistan and suggesting that Government must improve the position of the Baluchis and at the same time calling upon the Nawabs and Sumandars that they should come forward to improve the educational condition of their people and that they should treat their tribesmen as human beings. I understand that this gentleman was arrested and his case was forwarded to the so-called *Jirgas* who sentenced him to five years hard labour. There is another instance of one Mr. Abdus Samad Khan who was the Secretary of the All-India Baluch Conference and the President of that Conference was the Mir of Khairpur. Mr. Abdus Samad Khan called some meetings in Karachi and other places to ask the Government to redress the grievances of the people of Baluchistan and to get some reforms introduced in Baluchistan. I do not know if this gentleman also has been arrested. Besides this, Mr. Abdus Samad Khan also asked the Political Agent at Quetta to permit him to print a newspaper. I do not know what fate has overtaken Mr. Abdus Samad Khan. If this policy is pursued by Government and if this treatment is meted out to the people of Baluchistan I think the time is not far away when Baluchistan might come to the same position as North-West Frontier Province was a few years ago. I know that the present mighty Government can handle the situation very well and that they can do what they like. But as I belong to the neighbouring Province of Sind which is close to Baluchistan, I do not want these things to continue in Baluchistan. Therefore, I appeal to Government

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that, before any agitation starts on a large scale, they should do something to redress the grievances of the people of Baluchistan. Of course, they cannot at present get an autonomous Province, but are they not entitled to get local self-government in the shape of municipal and local boards? Are they not entitled to have a weekly or monthly newspaper or to speak about the Government on a public platform? If you will not allow them to do all these and will oppress them, I do not know how far you will succeed. Of course, Government always put forward the excuse that they have nothing to do with it, and these *jirgas* and tumandars and Nawabs are oppressing them, and they do not want any provincial autonomy. But we know that these tumandars and Nawabs are backed by Government, because the people would fight amongst themselves. But those days are now gone. The people have become more peaceful and have no arms or ammunition. Still these Nawabs and tumandars are oppressing them and they are not showing any sort of humane treatment to these people. Of course there is the mighty British Government behind them who are protecting them, otherwise the people might deal with these Nawabs and tumandars. But the British Government are protecting them, and, therefore, I say that the British Government are the oppressors and not these Nawabs and tumandars So I am suggesting that at least local self-government should be given to Baluchistan, and side by side with that, the Press and the platform should be made open to them to put their grievances before Government.

Kumar Gopika Romon Roy (Surma Valley *cum* Shillong: Non-Muhammadan): Sir, at the outset, I must thank and congratulate the Honourable the Chancellor of the Indian Exchequer for compiling his huge Budget speech for the year 1934-35. Certainly the compilation has taken a good deal of time, but, in places, while thanking him, I also cannot restrain myself of criticising his Budget as a people's representative, nay, the Budget speech, for which I apologise to him in advance. Sir, let me first draw his kind attention to the bottom of pages 14-15 of his own speech. Here he admits that some facts were suppressed, rather omitted or not shown in the Budget which was placed before this House from 1930 onward systematically and now he has come out to make provisions from 1934-35 onward. I do not know, Sir, if there will be some more crores forthcoming in the present or in the future to spring surprise in some subsequent date and the Honourable Member may give us an explanation that it was a sad omission. Sir, crores this way or the other may mean a trifling matter and a pleasant pastime with the Honourable Members in the Treasury Benches, but to us, the Indians, or rather the representatives of the hungry millions *i.e.* the Members on the Opposition Benches, it is a question of life and death. Sir, let me take the figure, as supplied by the Honourable the Chancellor of the Indian Exchequer, to be correct and let us take it with all seriousness. The Honourable the Finance Member has made various additions, subtractions, and multiplications to prove that this Budget is a well-balanced, nay, surplus Budget. It is a matter for my Honourable friend, Dr. Ziauddin Ahmad, who is a mathematician and who has earned an unchallenging reputation in solving mathematical problems on the floor of the House. I will ask him how much new taxes has our benign Finance Member imposed on the people of India during the last five years. What are your calculations? I wait for a reply.

1 P.M.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): It is 40 crores, but I will give the details later on in my speech.

Kumar Gopika Romon Roy: Moreover, Sir, the Honourable the Finance Member has spoken for two hours, and they have been printed in 51 closely typed pages. We had only two days' time to go through the speech and other voluminous books to consult the figures. These two days, Sir, also were religious festival days; hence, it is no wonder that we on this side have had very little time to examine the figures and check them accurately within this short space of time. May I, Sir, in this connection, propose that in future, after the presentation of the Budget, at least one week's time should be given to Opposition Members to scrutinize and examine the figures if the Government really intend to obtain honest scrutiny and advice from the Members in this side of the House and for which we have taken the Oath of Allegiance to the Crown, and not compel the Members on this side to scrutinize volumes weighing about ten seers in an indecent haste within 48 hours, in order to secure a passport before the civilized world that the Budget has gone through all the scrutinies by the Opposition—as the time allowed to us for criticising such a long speech and volume of books is only 20 minutes. Now, Sir, one should gauge the position under which we in the opposition are to criticise the introductory speech and the Budget every year. I would also suggest that at least three days should be allotted for general discussion of the Budget as many persons could not speak.

Sir, the Honourable the Chancellor on page 21 has said under the head "Silver".

"The decline in the import of silver is of course primarily due to the lack of purchasing power in the country which has turned India into an exporter of gold instead of an importer to the extent of many crores per annum of gold and silver"

Hence he here admits that India's purchasing power has greatly diminished owing to the financial crisis. Sir, we, the Members in this side, raised our voice several times against unjustified taxation to which the Honourable Members on the Benches opposite are accustomed to turn deaf ears; but, Sir, it will no doubt be a triumph for us to find that the Honourable the Chancellor of the Indian Exchequer has also confessed, certainly in some careless moments, that "There is little justification for its retention", that is, duty. (Page 23, paragraph 30, on the concluding portion under the head "The Export duty on Hides".) Though he has confessed here and there India's utter incapability to bear the burden of taxation, still he comes out with expressions and justification for the retention and extension of taxation. I would refer to his speech, on page 17, under the proposal for 1934-35. But he does not say a word whether there is any improvement of general financial condition in the country. Then, pray, what is the justification for the retention of the plan for taxation for a further period?

Sir, in this connection, let me cite another instance. Income-tax, when first levied in this country, was levied to meet the expenses of the Burma War, but it is like Jonnie Walker still going strong: rather, gradually becoming fat, fatter and the fattest. (Laughter.) And we should not be surprised if these surcharges, or in whatever robe they be dressed by the Honourable the Chancellor of the Indian Exchequer, will gradually become a permanent tax on our shoulders The Honourable the Chancellor

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is not fully satisfied with these taxation measures too. He is not going to touch iron and steel or the paper, but he has a covetous look towards sugar Sir, though we know very well that only ants can smell sugar from a distance, but I had not the experience that the Honourable the Finance Member too can smell sugar so strongly as he is found to have done in the current Budget. However, I will leave this aspect here.

The idea seems to me as if the Honourable the Chancellor of the Indian Exchequer is running with Mail. He will touch only the main stations, the road-side and unimportant stations will be cleared by the mixed trains, *i.e.*, the Tariff Bill taxation, etc , etc , which will be carried in the wagons of his colleague, the Honourable the Commerce Member. When they both reach the destination, they expect a good earning Sir, our life has become an absolute misery On one side the Ordinances, and, on the other, taxation, Tariff Bill, and so on, and we have no food in our stomach, no money to purchase the daily essential necessities of life: still we are asked, rather forced to pay taxes. Now, we are only to say "God help us and wait for the inevitable to come". Still the Honourable the Finance Member feels gratified and eulogises himself on page 38 of his speech, saying: .

"Now, though the methods in both cases" (meaning Russia and America) "are very different, there is this similarity that in each case it has been proved necessary to create departments of Government exercising large powers of control over every phase of industrial, commercial and agricultural activity of the country The machinery of the Government of India is not adapted to such a purpose nor do I believe for a moment that the country would tolerate such a measure of control"

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Order, order. the Honourable Member may resume after lunch. But before the House adjourns for lunch, the Honourable the Leader of the House will make a statement.

STATEMENT OF BUSINESS.

The Honourable Sir Brojendra Mitter (Leader of the House): With your permission, Sir, I desire to make a statement as to the probable course of Government business in the week beginning March the 19th

Sir, the President has so far directed that the House shall sit on Monday, Tuesday, Wednesday, Thursday and Friday, but it is probable that we shall be obliged to ask the President to make a further direction that the House shall sit on Saturday, the 24th

Honourable Members: Ram Navami: No, no.

The Honourable Sir Brojendra Mitter: On Monday, the first business will be a motion for leave to introduce a Bill to make better provision for the control of the manufacture, possession, use, operation, sale, import and export of aircraft This will be followed by the resumption of the consideration of the Finance Bill on which the House embarked yesterday afternoon It is hoped that the Finance Bill will be concluded by the evening of the 22nd or, at the latest, by the evening of the 23rd, and that the closing days of the week will be available for the consideration and passing of the Salt Additional Import Duty Extending Bill, and either the further motions in connection with the Bills imposing excises on sugar and matches or motions to consider and pass the States Protection Bill. The order *inter se* of these measures will be announced later.

In addition to the above business, on Monday and Friday, two motions will be moved for the election of Members to the Standing Finance Committee for Railways and the Central Advisory Council for Railways.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. Deputy President (Mr. Abdul Matin Chaudhury) in the Chair.

THE INDIAN FINANCE BILL.

Kumar Gopika Romon Roy: Pray, what are these Tariff and Textile Bills, match taxation, sugar, salt, other food-stuff and tobacco taxation measures? Are they not taxing the industries, food-stuff and agriculture? By kerosene taxation, have you not taxed the poor man's illuminant too? Have you not set up departments for taxing industries, food-stuff and agriculture? What for are the Tariff Board and Excise Departments in this country? Are they not for taxation?

You may hoodwink the world by painting a hopeful picture of the potentialities of India today, but you cannot shut the eyes of the hungry millions who are groaning under your unjustified taxation. In the name of taxation, you are simply indulging yourselves in bleeding India white as there is no blood to be found now. If you have a heart, go out of the house and see each village, each hearth and home in a village and each bazar and each family. I offer you an open challenge. Please do not shut your eyes by seeing a few Cowasjis, Modies and Raja Bahadur Krishnamachariars. As for toleration by Indians, I am tempted to shout,—of your whims and atrocities, the less spoken of is better. Does there arise any question for a goat when it is sacrificed for eating? Are you not ransacking India by your salary of six thousand and seven thousand rupees per mensem where 80 per cent. of the population is starving? Is this humanity? Is this benevolence? Is this good Government? Is this what you call stability of finance? You ought to hang down your head in shame before boasting. You have let loose so many hungry wolves in the garb of Income-tax Officers. They are catching the throats of the poor villagers and sucking their blood. There is no appealing authority against their atrocities and whims. Do you yet venture to say that you have not started institutions for taxation?

Then, Sir, I would refer you to the Honourable the Chancellor of the Indian Exchequer's speech, paragraph 7, page 3:

"Turning to the other decrease in revenue, I have mentioned income-tax where we expect to fall short of our estimates by 93 lakhs, and all one can say about this is that it is unhappily an illustration of the depth of the general depression."

Now, Sir, to accrue 93 lakhs, as income-tax, how many crores earning by Indians are required? I put again this question to my Honourable friend, Dr. Ziauddin Ahmad, to kindly find out the exact figure.

Dr. Ziauddin Ahmad: It requires calculation.

Kumar Gopika Romon Roy: This question may be considered from also another angle of vision. The income from income-tax was anticipated on the calculation of the income of the general population in India in 1933-34, so, the expectation of income was not fulfilled, rather the income has dwindled by several crores; hence there has been a fall in the estimate in the earning under income-tax by 93 lakhs. Hence, it is an open fact that the general financial condition of India has a very much downward inclination than the year 1933-34. Naturally, after considering the situation, the state of affairs ought to be taken into account in the current Budget for the abolition of taxes, but, instead of abolition, what we find in this Budget is that the Honourable the Chancellor of the Indian Exchequer is out with half a dozen taxes with his colleague, the Honourable the Commerce Member, to saddle the poor Indian tax-payers. Under the circumstances, are these taxes justifiable and are they keeping in pace with this condition of the country?

Sir, let us compare this country with the United States of America which the Honourable the Chancellor of the Indian Exchequer has laid before us to show that India is in a better position than America is today. I would proceed with the consideration piece by piece The first point of comparison which the Honourable Member has set forth before us is that of banking. He says:

"The whole machinery of banking and Industry was in danger of breaking down. Since 1929 more than 6,000 banks had failed involving deposits of five thousand million dollars—many more were carrying on and are still carrying on on a restricted basis."

Sir, banking has a very close relation which the prosperity and adversity of the country and this relation exists in all other countries except India. In India, the Banks which are worth mentioning are all foreign Banks. They have hardly any connection with the prosperity and adversity of the people of the soil. Though these Banks exploit on almost all imported foreign articles and the Indian resources, *i.e.*, the resources of the traders, industrialists and agriculturists of this country, they hardly finance any institution, be it agricultural, industrial or commercial. While the question of finance comes, these Banks in India generally finance foreign concerns in the country. Though they flourish at the country's resources, they have hardly any relation with the general financial adversities of the country. Owing to the depression in trade, their earning might be a few lakhs this way or the other, but the capital remains intact. That has no concern with the country's condition. Moreover, in India, the banking system has not been so much prevalent as in Western countries. Considering the huge population of India, if one takes into account as to how many persons have their accounts in Banks, the percentage might be gauged. In India, the general public do not transact their daily business through Banks, while, in other countries, the Banks transact almost all business of the people of the soil. Hence, by the condition of the Banks in India. the general financial condition cannot be calculated. I may cite here an instance. During the tea slump, *i.e.*, before the tea restriction duty was levied,—not to speak of the Banks, even the European tea brokers refused to finance the Indian tea gardens by hypothecating the crop of the year. And, as a result, many tea gardens have gone to grief. I do not know whether the Honourable the Finance Member has got any report of how much of such concerns have gone to grief for want of proper finance. If the Honourable the Chancellor of the Indian Exchequer would have surveyed the condition of

the small Indian Banks, I think, he would not have painted such a prosperous picture of the Banks as he has painted here. Hence, after considering the condition of the Banks, the argument of growing prosperity in India cannot stand. This is, in a brief survey, regarding banking at present. I will deal more elaborately again while I will discuss about the Government's loan condition later on. This is just why I raised the question of financing the agriculturists in my criticism on the Reserve Bank Bill.

The next item for consideration is the portion of the same paragraph where the Honourable Member says in his speech:

"From 1929 to the spring of 1933, the numbers employed in factories fell by a half the total wages by two-thirds and the wage per employee by 30 per cent."

Sir, from 1929 to the spring of 1934, I think my Honourable friend, Mr. Mody, will be able to give accounts of as to how many mills have been closed in the Bombay Presidency alone and how many labourers have been thrown out of employment. I think my Honourable friend, Mr. Joshi, and my Honourable friend, Mr. Rajah, will also be able to assist me with the figures.

Mr. N. M. Joshi (Nominated Non-Official): The Honourable Member has put me a very difficult question; but, at the same time, I shall try to reply. In Bombay, there are 30 to 40 mills closed, and about 40,000 to 50,000 workers idle. I think that will give my Honourable friend a very good idea of the condition.

Kumar Gopika Romon Roy: Then, I would ask the Honourable the Railway Member, how many Indians have been unemployed in all the railways in India.

An Honourable Member: The Railway Member is not present.

Another Honourable Member: The Financial Commissioner is here and he can answer.

Kumar Gopika Romon Roy: No reply. I think my Honourable friend, Mr. Joshi, who is a Labour Member in this House, will also be able to assist me with a reply, if it is not given from the Government Benches,— to give me the figures of the unemployed on the railways in India.

Mr. N. M. Joshi: I think, Sir, on the railways there are more than 40,000 people unemployed.

An Honourable Member: Why not make Mr. Joshi the Railway Member?

Kumar Gopika Romon Roy: And at last, towards my home, Assam, I will draw the attention of the Honourable the Chancellor of the Indian Exchequer. Does the Honourable Member keep any account as to how many working days have been curtailed in a week in the tea gardens of Assam?

An Honourable Member: Ask Mr. Hezlett who is here.

Kumar Gopika Romon Roy: Perhaps he has no information. In some gardens, five working days form a week and, in some, four. And the wages in some gardens have been cut down by 25 per cent and, in some gardens, the amount of work has been enhanced by 25 per cent. on wages a labourer was drawing in 1929. This is also for my Honourable friend, Dr. Ziauddin Ahmad, to find out the real percentage of earning a coolie is at present earning in the Assam tea gardens in comparison with 1929.

Dr. Ziauddin Ahmad: It is too advanced for me to calculate.

Kumar Gopika Romon Roy: I do not exactly know what is going on in Dooars, Darjeeling and Madras tea and coffee gardens. Then, again, as regards the general wages of Assam labourers, I would say, in 1929, the wages for an adult labourer was annas six to eight per day, and now a labourer can be had in our part of country on a daily wage of annas four per day. And, yet, all the labourers do not find work for them daily. Has the Honourable Member surveyed all these conditions of labourers in India and has he drawn any comparison? Now, the Honourable Member may calculate the average earning in comparison with 1929 and today, and let him say whether in India the percentage of the daily earning of a labourer has fallen by more than 30 per cent. or not. And, then, let him feel gratified in his exalted seat seeing the brightest prospects of the Indian labourers.

I will discuss the concluding portion of the speech of the Honourable Member in the following paragraph. He says:

"In March, 1933, 21 million persons out of a total population of 120 million were living on public relief—many more were unemployed and living on savings and charity. And that was the state of affairs after the previous government had made desperate attempts and pledged hundreds of million dollars—of public credit to stem the fall in prices and produce a so-called economic plan. In India we have no situation comparable to this."

Sir, has the Honourable Member taken any account of how many beggars are found in the Indian shrines and in the streets of Indian towns, bazars, in railway stations, and in the roads and paths of both Indian villages and cities alike? Has he ever cared to look into the huts of Indian villages, the skeletons of human beings, sharing few pieces of cloth, both men and women? Has he ever taken a survey as to how many are appeasing their hunger by boiling *Arum* plants and water-hyacinth flowers and other like vegetable shrubs? Sir, in the western countries, begging is an offence by law. In those countries, alms-houses are provided from the State to give food and shelter to the beggars. Is there any such existence of institutions in India? Then, how the Honourable Member can imagine how much of India's population are living on begging and wild shrubs, and what is their percentage of the Indian population? Perhaps, if a beggar approaches the Honourable Member, the police-man or his orderly will kick him out of his sight. This is the position. When the Honourable Member will travel from one place to another, the Railway Police will keep people aloof from his princely Saloon. Then, how could he gauge the average of beggars and destitutes amongst the Indian population? It is very easy to serve the world with an eye-wash by drawing metaphor and simile, but it is very very hard to improve the condition by such metaphors. I ask with all seriousness, if he can repudiate the accurate picture I have painted on his metaphors with facts and figures and going into the spot. I invited him last year

and I invite him this year too to go to the villages and see himself. Can he now boast in all seriousness saying: "That in India there is no situation comparable to this"? I will say in reply, with all the emphasis I can command, that in India the condition is far more hopeless, helpless and worst.

Then, Sir, on page 26, paragraphs 34, 35, 36 and 37, the Honourable the Chancellor of the Indian Exchequer has dealt at large as to how he proposes to pay Bengal her share of jute duty to meet her deficit Budget. Sir, I do not grudge Bengal receiving the amount, rather I congratulate her. But I could not quite follow the argument as to why for paying the jute duty to Bengal, a bucketful of water into the flames of Bihar and Orissa and a sprinkling of water in the desert of Assam were given. Why all India should be burdened with the match tax? Is it that the Honourable Member is following the principle of "robbing Peter and paying Paul", which has an equivalent saying in Bengali "*garu mêrê jutâ dân*". The Central Revenue unjustly swallowed so long the part of revenue which Bengal ought to get and now the question of adjustment of the same revenue has come. The Honourable Member is eager in finding out another healthy cattle where he can experiment the sharpness of his knife. For repaying A's legitimate share, which B unjustly swallowed so long, C is to be robbed. What is the sense of proportion or propriety here? The Central Revenue must see their way to curtail their expenditure and they should not fall upon all the Indian tax-payers for keeping themselves healthy. If this be moral and legitimate, then I think an insolvent's solvency by robbery and dacoity will also be justifiable. Then, let the Honourable Members in the Treasury Benches amend the laws accordingly, and they will surely give relief to the world, and it will indeed be a revelation. The duty on match, Sir, has been proposed in the White Paper to be levied when the Reforms come in. There might be some justification for India's bearing another burden of taxation, where she expects to receive greater Reforms towards her advancement in achieving Dominion Status. She might be inclined to pay some more when she will derive the benefit to some extent too. But why should she be compelled to pay for the moral debts of the Central Revenue to Bengal? The debtor must see his way to pay the creditor or must see his way for the fulfilment of the moral obligation. Why for the moral obligation of the Central Revenues the whole India should suffer? It is beyond all my comprehension, Sir, as to how the Honourable the Chancellor of the Indian Exchequer is going to justify match taxation for the purpose of paying the jute duty from the Central Government to the jute-growing provinces in India. I do not know, if it is justified to support this taxation to maintain the luxury and growth of the Central Legislature. Why does not the Honourable the Chancellor of the Indian Exchequer take courage in both hands and prune the top heavy administration of India instead of taxing the hungry and destitute millions? Do the Government mean to say that the Indians will be simply sympathetic, respectful and faithful to them, if they see everywhere vivid examples of snatching a morsel of rice from the rag sack of the famine-stricken millions to finance the luxuries, extravacances and swelling the banking account monthly of the folks who are better known as demi-gods in India, rather, the people in charge of the administration? What are these 5, 6, 7, 3, 4, 2 thousands as salaries per mensem? Does this ransacking tally with the condition of the country today? I ask this, with all seriousness, of the Honourable Members in the Treasury

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Benches. Cut them by 50 per cent at the least and you will find your way for repayment of debts and all moral obligations. But who will hear? Stop this, and you will see whether contentment and trust are restored in India between the rulers and the ruled or not. In all fairness, I must accuse you all for turning India into such a hot blaze of sedition and terrorism. What is this idea? Whenever there is any shortage, you will fall upon the poor people, but you show no gesture of minimising the expenditure at your home and you do not care to set your house in order by curtailing your expenses and 'princely style of living'. Yes, you may say you have adopted the five per cent cut. That has told severely upon the lowest cadre of men who are serving the Government. But what is the proportion on the higher rank? To a salary of Rs. 7,000 the cut means Rs. 350 a month—which is most negligible and which means nothing more than a garage and smoking expenses.

As regards loan, the Honourable the Chancellor of the Indian Exchequer has dwelt at length as to how he has strengthened the position of the Government by reducing a considerable amount of debt and by minimising the rate of interest. He found a debt of 1,074 crores and he is leaving us with a debt of 1,212 crores. 138 crores and add to it 180 crores of gold exported. He has taken away gold and has given paper in its place. And thus he has rather undergone much pains to paint a very hopeful picture of the financial position rather financial improvement created in India. In page 31, concluding portion of paragraph 44, under the head "Ways and Means", he says:

"We have also been able to remit more than we anticipated, thereby further strengthening our currency reserves."

If this be really the condition, then why additional taxation again? However, I will endeavour to paint the other side of the picture which is very alarming, and which, I hope, will serve as a note in the future solution of the financial position in India today. In page 33, the concluding portion of paragraph 49, the Honourable the Finance Member has said himself:

"They indicate that a large amount of funds is available for investment, possibly partly the proceeds of private gold realisation."

The Honourable the Finance Member has already mentioned that India has been an exporter of gold instead of an importer by many crores. What I want here to point out to the Honourable the Chancellor of the Indian Exchequer is that he will not in any way create a very prosperous condition for the people and the Government of India by flowing the gold rush from India of which I have mentioned in my discussion of the Reserve Bank Bill. He might have breathed a sigh of relief for the time being, but I am sure, he will very soon repent for the gold export. The Honourable the Finance Member's currency policy has already converted India's savings from gold and silver to huge bundles of paper. If he does not stop his policy of gold rush from India, he will surely in one fine morning find the "Indian Reserve Bank" to be out of gold as it was the case in the Bank of England in 1932: but, in the case of the Bank of England, India came to her rescue, and in the case of India, I do not know who will come to her rescue. Would the creation be a very strong position if the fate of India be found to be so?

Now, as regards Conversion of Loan and securing money at a cheaper rate of interest. I beg to draw the attention of the Honourable the Chancellor of the Indian Exchequer to my following observations.

Has the Honourable the Finance Member ever gone into the facts as to why Government Securities, rather Government loans, have been over-subscribed in India at such a low rate of interest? Perhaps, people outside India may think that this is a sign of the general prosperity of the financial condition in India. Those who will think India's condition to be so at the present moment, I am sure they will commit a very great blunder in their estimate. The real condition is and which I hope every Indian who has thought of the real financial condition of the country will agree that the money, which was in circulation in India's trade and agriculture, have now practically disappeared The people who had some savings have all gone funky at the general trade depression, and hence, *hundi* and such other temporary loans in commercial circles have since the last two or three years become a rarity. The landed property, which was at one time thought to be valuable and immovable and the security of which was thought to be a very sound one, has now gone abnormally low. So much so, that a landed property which was valued in 1930-31 at rupees one thousand is now valued at Rs. 100 to Rs. 200. This shows that persons who were investing their money in landed property do not now believe in the stability of its valuation. I think I will not be accused of making an exaggeration if I say that in India today both trade and agriculture are telling woeful tales and the investors have no faith in the stability in either of them. I think if I mention here again of the fate of the tea industry before the restriction days, especially of Indian owned concerns, it may be considered enough for the justification of my statement. Perhaps, it has not escaped the notice of the Honourable the Finance Member that in Bengal, estates are being sold for failure to pay Government revenues and this too I hope will bear me out The above picture, inspite of being an encouraging one, is rather alarming. Now, those who have got some money at their disposal for investment, what are they doing? They are hoarding up their savings in the Banks where the interest on fixed deposit is only a nominal one, and the Banks which are well-known in India are almost all foreign Banks I have told before that these Banks which are worth mentioning in India are almost all owned by foreigners, they have hardly financed any Indian concern, be it commercial, agricultural or landed security. Hence, the investors' money remained practically idle with such Bankers. The middle class, who could save some money, got alarmed of the grave situation in the country and they thought it unsafe to keep it with them, because there has been quite a serious condition created in the country and the people in the villages are facing starvation and the severest financial stringency which has made dacoity, theft and plunder in the country so common, and for which the Criminal Courts in the mufassil are found busy than the Civil Courts in trying more cases of this nature. Hence the middle class people have made a rush towards the Postal Savings Bank to deposit their money This is how it has been possible for the Honourable the Chancellor of the Indian Exchequer to find so easily money for redemption and conversion of loan, from a higher to a lower rate of interest Sir, during the flood of 1929, we noticed cattle and tiger sheltering together in a small strip of land which was above water. But can that position be thought to be due to the growth of universal love between the cattle and the tiger? (Laughter, Hear, hear.) Hence, though the uncertainty of all internal conditions may create an advantageous position for the Honourable the Finance Member for securing a loan at a low rate of interest for the Government of India, it cannot be considered as a very hopeful and prosperous condition for future. I shall not be surprised if the Honourable Member or his successor tells this House a doleful story

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as to how he is losing his expected earnings in all the heads next year, and by that position if the Honourable Member will be compelled to float more loans, the interest of which may be much greater than the relief which the Honourable Member has brought home for the Government of India taking the advantage of the present position. Nay, it may be that the expected loan might not be subscribed in full in the country. So, unless and until the Honourable the Finance Member can bring stability in all the internal spheres of business and securities, he cannot possibly think himself to be in a safe position. The structure, however magnificent it might be, if it is on a 'quag mire', is bound to collapse. Sir, with this, I conclude my remarks on this head. (Hear, hear.)

Now, regarding postal and telegraph rates: this item the Honourable the Chancellor of the Indian Exchequer has dealt with on pages 23-25. I find that the Honourable the Finance Member has proposed to lower the initial weight of inland letters from 2½ tolas to ½ tola coupled with a reduction in the charge from 1¼ anna to one anna. I could not follow on what proportion the Honourable Member has proposed the reduction. This is another matter for my Honourable friend, Dr. Ziauddin Ahmad, to find out what would be the correct proportion of charge if the charge for 2½ total be five pice, how much it should be for ½ tola. But the reduction proposed, I hope, will be amply compensated by the increment proposed on page 24, subsection C, on book-packets; hence here I see the Honourable Member has followed the policy of giving away by one hand and snatching away by the other. With this he is not satisfied. He has given us a threat here:

"If traffic does not respond sufficiently or if economies sufficient to bridge the gap between Revenue and expenditure cannot be found, both Government and this House will have definitely to face the necessity for increasing the rates to such an extent as may be necessary."

Many of my friends have tabled many amendments under this head, so I need not make any more comments.

As regards agriculture, I need not say more now as the Honourable the Chancellor of the Indian Exchequer has, in his speech, proposed to convene an All-India Provincial Conference to devise means as to how India's internal purchasing power for agricultural produce could be increased. Let us hope that suitable means would be devised in the Conference which would extend real relief to the agriculturists in India.

Much has been said regarding cotton and I think considerable heat has also been imported in the discussion. But, Sir, I shall make only one small observation. Sir, the boycott of foreign goods movement was financed and manipulated by the Bombay Millowners and Millionaires and the non-co-operation movement was fanned and financed by the same multi-millionaires, which fact, I think, is known to the Government very well, and, for the suppression of which tons of public money in India has been wasted and many Indian flowers and youths have ruined their lives being a cat's paw in the vagaries of Bombay, and, now, the same Bombay has entered into a pact again which I should say "Lanka-Modi" Pact. So, thanks to Bombay! Sir, in the Ramayana we find one Kalnimi dreamed of sharing Lanka with Ravana. Here my Honourable friend from Bombay, Mr. Mody, is trying to share a big slice of the cotton textile profit with Lancashire. Now, if anybody attempts to write a Ramayana of the Twentieth Century, I am sure, my Honourable friend, Mr. Mody, will get the title of 'Kalnimi' of the Twentieth Century.

So I congratulate him in anticipation. Sir, it was said by a few Honourable Members during the general discussion of the Budget this year that this Budget was a Bengal Budget. Sir, let me say in reply that, from the inauguration of the Assembly, if any Province of India has derived anything, it is Bombay, and today even Bombay's private pact is going to be recognised by the Government of India, so bravo Bombay! No other Province would dare to enter into a pact, nor would have the audacity of expecting that their pact would be recognised by the Government today. So you are holding the thermometer and the barometer of both trade and politics in India. Let me exclaim again "Well done Bombay!"

Sir, the Honourable the Finance Member has mentioned in his speech of almost all the agricultural products, but he has not said a word in connection with paddy. Parts of Bengal and Assam are specially paddy-growing tracts. So, if the internal price of paddy is not increased, no relief would be brought home to the agriculturists of Assam and Bengal; hence I would request the Honourable Member that something should be done to raise the price of paddy. The agriculturists in Assam are almost on the verge of bankruptcy and would be totally ruined if nothing is done for their future protection.

Now, as to our Assam, Sir, in Assam we have an income which is equivalent to the income of the Corporation of Calcutta, but we have a deficit of about 40 lakhs in the Budget of the current year. Our present Governor, Sir Michael Keane, fully realising the condition of the Province, had not the heart to burden Assam with further taxation for which we, the inhabitants of Assam, are highly thankful to His Excellency. Though here, in this Budget speech, the Honourable the Finance Member has admitted Assam's claim to receive some money, but adequate relief has not been accorded to Assam. The Honourable the Finance Member has paid Assam only nine lakhs of rupees where there is a deficit of rupees forty lakhs. Assam contributes in the shape of petrol duty a crore and a quarter, but we get no portion of this amount. However, I have tabled a Resolution regarding this fact. If I get a chance of moving the Resolution, I shall deal with this point more elaborately there. Now, I shall only say that there is no room for practising further economy in Assam. The economy is almost telling upon the efficiency of the administration at present. We have in Assam no money for the advancement of primary and higher education, no money for supplying medicines to the rural hospitals, no money for the development of roads, digging of tanks in villages, for supplying drinking water to the villagers for the want of which many are falling into the clutches of epidemics. In a word, all nation building purposes are at a stand-still for want of funds I would appeal to the Honourable the Chancellor of the Indian Exchequer to provide us with a suitable fund if he has a mind to keep Assam as a separate Province. The Government of India has launched on huge irrigation schemes in other Provinces, but in our Assam the active rivers are already silted up and are being silted up, country boats cannot ply into the interior of villages causing great inconvenience to the internal trade; the administration cannot think of re-excavating them for want of funds. Hence we badly require money for our Province. A gratuity has been proposed by the Honourable the Chancellor in his speech for Bihar for which I congratulate that Province. In Assam, Sylhet and Cachar especially have undergone a terrible disaster by the flood of 1929, which was followed by economic depression; hence the agriculturists could not improve their position. The agricultural loans which were paid by the

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Government could not be repaid by the agriculturists for which frequent distress warrants have been issued by the sub-deputy collectors. Many agriculturists are losing their last resources of cultivation, bullocks, ploughs, and such other implements are sold by distress warrant and they are now in great trouble. May I appeal to the Honourable the Finance Member to grant a gratuity for unrealised agricultural loan in Surma Valley specially. The Honourable Member is on the eve of his retirement. Can we not, the inhabitants of Assam, expect some adequate relief from his hands for which act of kindness we, the inhabitants of Assam, will be ever grateful to the Honourable Member?

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, this is probably the second and the last occasion of our target practice with our double-barelled guns firing blank cartridges. The first occasion was when we were presented with the Budget and we were asked to discuss it. On that occasion, several Members pointed out the various defects that they found in the Budget and suggested their own views in the matter as also some modifications of the Finance Bill if those were possible. But the procedure here prevents such changes being made possible, because almost on the very same day on which the discussion of the Budget is ended, the Finance Bill is also taken into consideration. Thus, it does an injustice to the Honourable the Finance Member in not giving him a little respite and a little time to consider whether there was any substance in any of the suggestions made by the Honourable Members while discussing the Budget. In fact, if it were not possible to incorporate the suggestions of the Honourable Members, especially those which seemed to be proper and feasible, in the Finance Bill, then the necessity of a general discussion and thereby wasting the time of the House do not appear to me to be at all necessary.

On the last occasion, we had the honour of presenting our views about the Budget. Here, on this occasion, it is our duty to inform the Government and those who guide the policy of the Government our views through the Finance Bill by either allowing it to pass or withholding our assent to it. I have characterised this stage of our discussion as firing of blank cartridges, for, I know, it hurts nobody. We may be crying hoarse for our real and imaginary grievances, but neither our real nor our imaginary grievances are attended to or are going to be attended to, and that is the reason why I say that when we launch upon a discussion on the question that the Finance Bill be taken into consideration and, knowing as we do our position and strength in this House, the ineffectiveness of our demands which we might make in this House, I think many would think it wise to withhold their assent. So long as that great vocal section of our countrymen choose not to come here, we face the storm of the opprobrium of our countrymen, and calumnies are bestowed upon us. However, whether it is effective or ineffective, it is our duty to open our minds and say what we feel about the present day problems of the country and why we want to withhold our assent, however insignificant a minority we may be, for the passing of this Bill.

In this matter I may be allowed to observe that least of all is the Honourable the Finance Member to be blamed. It is the general policy of the Government which compel us to deny our assent to this Finance Bill, not that we think that it is a censure upon the Honourable the Finance Member who is on the eve of his retirement, whether on the eve of his retirement or whether we may have the good fortune of having him for a few years more, it must be said that no blame attaches to the

Honourable the Finance Member for presentation of the Finance Bill this year. If we withhold our assent to the Finance Bill, it is not because that we disapprove everything that is contained in the Bill, but that we are unable to assent to it, because of the large number of grievances which have not been attended to by the Government of which he is a Member. What are those grievances at the present moment? The grievances are both economic and political. The dire distress to which the agricultural population of this country has been brought to at the present moment is not at all considered by the Government or, for the matter of that, by those individuals well placed in life, those gentlemen who drive in Rolls Royce and who have an easy time of it in spite of their property being sold in auction or their capital lying idle in the Banks at a low rate of interest. Really we have not paid the same attention to this problem. This is a problem on which no one should shut his eyes if he has the real well-being of the country and also the interests of law and order at heart. The hungry millions, who are now carrying on their miserable existence with half a meal a day, have not been properly attended to by the Government. Their grievances have already been referred to by my Honourable friend, the Deputy President of the agricultural Group whom I do not see now, which has been brought into existence by my Honourable friend from Orissa and the exalted office of the Deputy Presidentship of that Group has been offered to that Honourable Member coming, Sir, from your Province. Those who have any experience of village life know that the agriculturists of the present day—I am talking of the Bengal agriculturists —after they have gathered their harvest, not a grain can be found in their houses Why? Long before the paddy is harvested, it is carried away by the emissaries of those gentlemen who are entitled to rent. In these days, nobody dare oppose these petty landholders who have become the mainstay of the Provincial Governments. These people take away the crops and assess them according to their own whims, and this leaves nothing to the poor cultivator. These people go out to work again. My Honourable friend has given the picture of labourers getting only four annas a day, but I have witnessed with my own eyes that labourers want work even at the rate of two annas in my village and still they are not getting work. If anyone would take the trouble of coming with me to my village and the neighbouring villages, I can point out to him that a labourer is willing to work from nine to ten hours a day for two annas, and even then no work is to be had in the villages. I am willing to take my Honourable friend, Sir Muhammad Yakub, if he so desires, at my own cost, paying his railway fare, so that he may visit my village. That being the condition, it is up to everyone of us to devise some means of giving relief to the agriculturists. What is the reason for this present state of the agriculturists? The reason is that these petty landholders have to pay rent to Government and they have also to collect the rent payable to the superior landlord, and all these have to come out of the produce of the soil. Either the Government must remit the revenues or the smaller landholders or the intermediaries compelled to reduce their demands or the price of the agricultural produce must be raised by some means or other.

Mr. B. Das (Orissa Division: Non-Muhammadan): What have you done yourself for your tenants? Have you reduced the rent?

Mr. Amar Nath Dutt: I have been paying rent of the villages I own from my own pocket. My Honourable friend has put a very pertinent question. Petty landholders like myself have done our part to the poor agriculturists. I think this will be borne out by my

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[Mr. Amar Nath Dutt.]

Honourable friend over there, I shall not call him a small landholder, our estates are contiguous in the same district, and he will also bear me out that formerly we used to sue our tenants for arreas of rent, and when that rent was not paid, we put up their holdings to auction. The lands became *khash* and we could not get any tenant to accept those lands even for the amounts for which they were sold in auction, and, therefore, we had to resettle them again on the same tenant. That tenant goes on cultivating for four or five years, but does not pay any rent whatsoever. Then, what is the relief? If we turn out the tenant after the fellow has enjoyed the land for four or five years without paying any rent, the lands again become *khash*. That is our lot and that is the condition of things in Bengal villages. We must seriously devise some means to raise the price of paddy. I know that my Honourable friend, Mr. Bajpai, is taking notes, and I hope he will come to the aid of the teeming millions of agriculturists of the country. I know he has a sympathetic heart and will not spare any means if it be possible. Sir, unless we save these agriculturists from the dire starvation that is confronting them, I think there may be a revolution, a revolution which your law and order will not be able to suppress, an economic revolution headed by labour leaders of the type of Mr. Joshi who at the present moment devotes his energies to industrial labour, but who will come over to us when he is apprised of the distress of this class of labourers, because I know he has a warm heart and does not discriminate between agricultural labour and industrial labour.

Then, as regards our political grievances, I know the Finance Member is not responsible for them. But our first and foremost grievance is with regard to the Communal Award which is an affront to our patriotism and nationalism; and it has been thrust upon India and India's future Constitution by a Prime Minister whom we at one time believed to be one of the greatest friends of India, but who, like a certain animal, has changed so much that even his own party-men do not own him,—and we Indians here should not expect anything from him. Sir, no graver injustice has been done in living memory to the people of this country in the matter of political concessions or rights given to us, since the days of Lord Cross's Bill and since the advent of Mr. Bradlaugh in India in 1889 when the fifth Indian National Congress was held in Bombay presided over by that great Englishman, Sir William Wedderburn. Up till then, there was no partition of Provinces, no transfer of Capital, I mean, no separation of the Provinces of Bihar and Orissa from Bengal and no Partition of Bengal into two Provinces. All these things were not there. But since then so many grave political blunders have been piled by Government, one upon another, that we do not know whether we have politically advanced or retrograded. I surely think we have retrograded. In the olden days, one Lieutenant-Governor used to govern not only Bengal, but also Bihar and Orissa. This had a historical basis, for, in the old Muhammadan days the *Subê Bangla* consisted of Bengal, Bihar and Orissa. These have now been separated and even my Orissa friends want to separate themselves from Bihar. There is also the question of Sind being a separate Province, and, in Lord Curzon's time, the North Western Frontier Province was created. All this adds to the expenditure of Government. We remember how one Lieutenant-Governor, with a Chief Secretary, used to govern the whole country, and now we have four Executive Councillors, three Ministers and their Secretaries, and so forth, to govern one-fourth of the Province which Sir Charles Elliott or Sir Stuart Bailey governed with the aid of a Chief Secretary of the type of Sir Henry Cotton.

An Honourable Member: Then, why do you want the reforms?

Mr. Amar Nath Dutt: I do not want reforms of the type granted to us, much less the Communal Award. I should like to go back to the old days of benevolent autocracy rather than this so-called democracy, when, in the name of democracy, all sorts of sub-divisions are created among the Indian people on the basis of their religious faiths and views. Sir, because of this Communal Award it will be the bounden duty of every nationalist Indian to refuse any grant of money to Government which can perpetrate an outrage like this upon our nationalism. But, as I said at the beginning, we are merely firing blank cartridges which hurt nobody and the gentlemen on the Treasury Benches do not care about all this. Ours is a voice crying in the wilderness, but it is only an assertion of truth. Some of us reconcile ourselves to this fate, others say that we should try to make the best use of it, but the truth is there; you cannot crush it or imprison it. It gets electric elasticity within the dungeon walls, and I say on the floor of this House, with every sense of responsibility, that, unless you do away with the Communal Award, it will shake the whole foundation of the Empire when once the sense of patriotism and nationalism awakes in us. Try to divide us by these communal awards: we understand your motive: we know what lies underneath it. Ramsay Macdonald is not the same Ramsay Macdonald as we knew of old. He is an enemy of India. He wants to divide the whole country into communities—not two communities, but several communities—Parsis, Jains, Sikhs and others. He is trying to keep brothers separate from each other; but these brothers will one day understand their real interest, and when they understand that it is to serve their own purpose that a brother was kept separated from a brother, which led to all these communal wranglings which we in this House and outside notice, that day will be the doom of any foreign rule in this country. I have always felt that British rule has done us incalculable good. At the same time, I hold it as our right, as was foreshadowed in that memorable speech of Lord Macaulay, those free institutions under which free Englishmen live. Were we wrong? You also say "Yes; we are training you up to be a free nation". But are you sincere when you mix up our Constitution with this base metal of communalism? Are we to believe you to be sincere? We should be fools indeed to believe in such statements. My idea is not the exclusion of the Britisher from India. We have lived for centuries to our mutual benefit and advantage; let those days be revived,—the days of Lord Ripon and Lord William Bentinck. Those were happier days instead of these days when we quarrel with each other. Cannot those days come back? They can come back if there is sincerity on both sides, and it is needed that Englishmen who have made India their home will help us in this struggle of ours for the maintenance of those bonds of union and friendship upon which rests the good, both of England and India. For many a long and weary years to come, Indians and Englishmen will have to walk side by side in this sacred land of Aryavarta, helping each other to the best of its power and not trying to keep them separate by artificial divisions of religious faith and other things. I have failed to understand in these days at this age why people should still cling to those obsolete forms of religion, worshipping either in temple or in church or elsewhere—I fail to understand how people delude themselves with all these phantoms and do not look to the real needs of progress and civilisation. There is a sinister class of people amongst us always who take advantage of these

[Mr. Amar Nath Dutt.]

things and do more harm to the progress of civilisation. I emphatically condemn the Communal Award, and with it has been tagged on another thing which goes by the name of the Poona Pact—Poona of Fergusson College fame, Poona, the home of that great nationalist Tilak—this miserable pact is associated with the name of that great City. It pains me more than anything else: Poona, which was the Capital City of the great Maharatta Power, which is the home of those great Mahrashtra leaders of this country—there some people for their own ends and in order to play to the gallery; with a demoralised press—I do not mince matters and I must tell boldly what I feel about the Poona Pact—came to a pact with the certain intention of curbing the political aspirations of the intellectual classes of Bengal particularly and the whole of India in general I am tempted to use the words which Newton used to his dog Diamond when it spoiled one of his valuable books: "You do not know what mischief you have committed." We may say also to the authors of this Pact, those misguided and foolish countrymen of ours, also, intoxicated with ideas of cheap leadership and serving the interests of a certain class of people whom they have given a new name at the present moment, and whose interests certainly they do not serve, they serve only the interests of big capitalists and merchants of Bombay and elsewhere,—that they have committed a great injustice upon the caste Hindus of India in general and of Bengal in particular. Was there any Bengali there? It was said that Rabindra Nath Tagore also did not oppose it; but immediately Rabindra Nath Tagore came out with a denial saying he was much obsessed owing to the fast and could not see things in its true perspective in that time of excitement. Rabindra Nath is a great poet and was never a politician. In fact as a poet he was incapable of doing so. Of all men to pick him out as an exponent of Bengal's political wisdom was a clever dodge which only *banias* can do with the help of millionaire *banias*; and that is an injustice to Bengal which, I think, the Government of India will not hesitate to undo as soon as possible. Remember that save and except one or two persons, though the rest had a Bengalee name, never represented my Province, real Bengal was never represented there, and as soon as the representatives of the real Bengal came to know, they sent messages across the ocean saying that so and so did not represent Bengal, because they neither have a home in Bengal nor is their real interest in Bengal. They have made Bengal the land of their exploitation. If you can submit to this exploitation of people from outside, why do you complain of the exploitation of Englishmen, if it is exploitation at all, about which I have my own doubts,—but at least from these Englishmen we have secured many blessings for which we ought to be grateful to them, and if they have exploited us, there is some justification for it; but who are you from other Provinces . . . .

Mr. N. M. Joshi: Whom are you addressing?

Mr. Amar Nath Dutt: I mean those ingenious people who concocted this Poona Pact . . .

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member should not refer in disrespectful terms to people eminent in public life in the country.

Mr. Amar Nath Dutt: Sir, if you observe like that, I am compelled to declare here that I have not the least respect for any man who practises upon my country and my countrymen, however high his position may be. I do not care what position one occupies in the world. Be he a Buddha or a Christ,—I do not care; I stand for my country.

I feel, Sir, that we have not yet been able to shake off that weakness for getting publicity in newspapers by means of blazing headlines in order to make us famous in a single day and pose as leaders of the country, and then carry on secret negotiations with the Government for trade purposes and other private gains. That is a thing to which I am not accustomed from my childhood, and so I cannot look at such things with equanimity in my late stage of life. I shall not have the least respect for any man who will do mischief to my country and my countrymen and who concocted the Poona Pact, in spite of the unanimous voice of the people of my Province. Sir, I condemn the Poona Pact in most unmeasured terms, I condemn it with all the emphasis I can command. (Hear, hear.)

Sir, if I rose at all,—of late I have not been taking much part in the debates of this House,—but if I rose at all and complained about the grievances of my own Province and my own people, it was because I thought it was a duty that I owed to my own people, to my own self and the future generations of my countrymen. A day will come when my communalist friends will realise this, but till then I think it behoves the Government to undo and resist the evil of these evil-doers.

Sir, when the various clauses of this and other Bills come up for consideration, we will have our say on every one of the clauses, and so I shall not say anything at the present moment about the provisions of the Bill. But my friend from Sind has alluded to one grievance. I also join with him in that. Sir, there ought to be, before the new Constitution is ushered in, a re-distribution of the Provinces on geographical, ethnological, and, may I add, historical and linguistic basis. If historical basis is ignored by my friends of Bihar and Orissa, I would like to have the re-distribution only on a linguistic basis, but even then my friends from Bihar will have to part with some portion of their territory, I mean Chota Nagpur and the Sonthal Pargannas . . . .

Mr. B. Das: I will claim even Midnapore.

Mr. Amar Nath Dutt: Well, Sir, we can put our claims as high as we can, but they will be subjected to the test of scrutiny. My friend will say that even he would come to Midnapore and rule there, but he must prove his capacity before . . . .

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Sasmal has proved it.

Mr. Amar Nath Dutt: My friend says, Mr. Sasmal has proved his ability to rule. Sir, he is a Bengali gentleman of great parts, I know, and if he has proved his ability to rule, that shows that one of my race has succeeded and there need not be any doubt about it, because the Bengalis were accustomed to rule, and they are even today in a position to rule. Sir, who was the first Indian Governor?

An Honourable Member: A Bengali.

Mr. Amar Nath Dutt: He was not merely a Bengali, but he was a member of my caste.

An Honourable Member: Not of your district?

Mr. Amar Nath Dutt: My friend from Sind has asked for local self-government in Baluchistan. I had some experience of this country in my younger days. In those days, we were very much in dread,—I do not find either the Foreign Secretary or the Political Secretary here, and whatever I say now would be almost useless,—but we had much dread in those days of that species which is known by the name of Ghazis. In fact, as a boy I was not allowed to go outside the gates of Quetta. One day, when I slipped away, really my life was in danger at the hands of these Ghazis, because these people take a peculiar delight in killing young people as they think that by such acts they will go to heaven. I remember the time when Captain Kunhardt rode with my father on horseback to some village in Pishin Valley. Suddenly my father saw that Captain Kunhardt's right hand was cut down by an assasin. That was the state of things in Baluchistan at one time. I do not know if things have changed so much as to give the people of those parts local self-government like Municipalities, Local Boards, District Boards, and the like, so that they may govern their own affairs. These Ghazis used to raid some of the stations in Bolan Pass and Harnai Pass. Personally, I don't remember to have experienced any raids, but I have heard from people who had experience of these raids that these people were a terrible lot. They used to loot and take away all your jewellery and things of that kind. People passing through these passes on horseback used to be stopped on the way, and these raiders used to rob them. The poor travellers had to run away for their lives leaving behind their luggage, gold and silver coins and whatever was in their possession which these Ghazis used to pick out and thus the fugitives could run away. If my friend says that all these things have now changed, then it is certainly a wonderful change, and which I think is due to the administrative genius of the Englishman. But I don't think that things have improved to such an extent as to confer local self-government on these people, but it is a matter for the Government of India to consider. I shall, therefore, neither support nor oppose my friend in the demand he has made in regard to Baluchistan.

Sir, I think I have taken sufficiently long time. I once more urge, I would once more request every Member of the Government to see that this hydra-headed monster of Communal Award is taken away from the future Constitution of India, and, along with it, the Poona Pact also.

Mr. F. W. Hockenhull (Assam: European): Sir, the Honourable the Finance Member has, I am afraid, left in our minds some misgivings as to the intentions of the Government on one or two points, more particularly in respect of leaving unsatisfied the claims of Provinces other than Bengal, which feel that they have an equal claim to financial assistance from the Central Government. Sir, I think we all recognise the position of Bengal. There are not wanting critics who believe that the assistance offered to her might readily have been given some time ago. Certain it is that Bengal has at least two neighbours who believe that they can

put up at least as good a case for assistance as she has done for herself, and we hope that the smoke screen of Bengal will not entirely obscure the difficulties which lie beyond. For my own part I gather some little comfort from the hope which is raised in that part of the Finance Member's speech wherein he states that the Government of India are prepared to recognise that there may be a certain measure of assistance allotted to Assam. The problem of Assam has always revealed that it needed special attention, and the intrinsic difficulties of that problem have always resulted in the task being saddled on to somebody else to provide a solution. I, therefore, ask the Finance Member to tell us how far the conditions he has laid down operate in Assam, what assistance we may reasonably expect to receive, and when it may come into operation. Otherwise, it means, if the position is allowed to drift, exaggerating the mischief and throwing upon all concerned that unnecessary anxiety inseparable from a state of uncertainty. The case for Assam is exactly on all fours with that of Bengal, except in the total amount of its indebtedness, but I feel confident that in a short time the relation of its debt to its income may make even a worse showing. The comparison is all the more complete inasmuch as in recent times it has been necessary to institute measures to meet an outbreak of terrorism. Just one point more, and that is the urgency of the case. In the case of Bengal, we had always a solution in jute, but in Assam the solution they have put up for their difficulties has not been accepted. I would, therefore, invite the Honourable the Finance Member to make an explicit statement which will clear up the whole position.

Khan Sahib Shaikh Fazal Haq Piracha (North West Punjab: Muhammadan): Sir, I take this opportunity of making certain observations on the trade in certain commodities in which my Province is specially interested.

I would take the case of hides and skins first. The trade in hides and skins was one of the foremost trades of India twenty years back, but it has diminished year by year in volume till it has become but a shadow of its former self. It will be found on the examination of the figures that the income on account of the export duty under this head diminished from year to year. In the year 1930-31, it amounted to Rs. 25 lakhs, but it fell to Rs. 20 lakhs in the following year. In the year 1932-33, it further fell to Rs. 14 lakhs, that is, a little above half of the income of the year 1930-31. For hides Germany is the most important market. The pre-war figures show that with Germany we had 46 per cent of trade, which means nearly half of Germany's total requirements. Since the German market reopened after the War, our share in trade has steadily diminished, till in the last recorded year it fell to less than 16 per cent, that is, one-eighth of the German trade. The United Kingdom has been the best customer for our goatskins, but during the last three years the total trade with this country has dropped from 38 per cent to 28 per cent. The reason is apparent; that is, the fall is simply due to the competition of trade with other countries.

During the War, German tanners had to look to other markets for the supply of hides and skins, and, therefore, other markets had a chance to develop, and, after the War, all of such markets entered into the arena of competition. No other country in the world levies an export tax on its hides and skins trade. The South African Government has, on the other hand, subsidised the trade with a bounty.

[Khan Sahib Shaikh Fazal Haq Piracha.]

The indigenous leather trades in India are three-fold, firstly, the village tanner or *chamar* throughout the length and breadth of India, who caters for the simple requirements of the rural population; secondly, Cawnpore and other tanneries, which supply the need for better class of leather and also cater for Government orders; thirdly, the Madras tanning industry which produces rough or undressed tannage, principally exported to the United Kingdom and sold there periodically by auction. The first two do not enter into any competition at all. They furnish this country with finished leather goods and are protected from foreign competition by a very heavy import duty. Madras alone competes in the export business. The Indian production of hides and skins is so large and the Cawnpore and Madras tannage is so small comparatively, that I do not think the quantity they use can possibly be more than ten per cent of the total output of India and Burma. For the use of these tanneries, the hides and skins produced in the *ilaqas* where the tanneries lie are sufficient, and the trade of the surplus goods should not be strangled. Is it a useful economic proposition that the 100 per cent production by the villagers of India and Burma should be shorn of its value by at least one anna in the rupee in order that Madras and possibly Cawnpore may save one anna in the rupee on ten per cent of that total? If so, by all means put an export duty on every primary product of India which India can possibly utilise herself to any degree, and slaughter the value of the rest of the production, in order that those who require a fraction of it for Indian manufacture should get that small proportion very cheap. In this, you may go wrong, but you will at least be consistent. But when India is actually called upon to make sacrifices to secure a free market for her raw cotton, and when all energies are bent, and rightly bent, on relieving agricultural distress, you remain adamant and entirely inconsistent by your endeavour to penalise the villagers producing raw skins. Those concerned are the poorest of the poor. The incidence of average five per cent specific duty at the ports comes, in my opinion, to about eight per cent to the primary producers up country owing to a heavy fall in the price of skins. The Honourable the Finance Member is to be thanked for the proposal to abolish the duty on hides. I hope on account of the similarity of conditions he would consider also to take away the duty on skins I do not see any reason why skins should not be excluded from the export duty. In doing so, the loss of revenue will be about Rs. nine lakhs only, and it will be compensated to some extent by an increase in the income-tax to be realised from persons engaged in the industry of hides and skins. The total loss in removal will almost be insignificant, but the export will substantially increase, and in this way the railway freight will also be increased which ultimately will come to the Government of India. The development of the trade in hides and skins by the removal of the duty will serve a double purpose: the Indian exporter will benefit as also the cultivator who, as the real producer of the commodity, will get a higher value for his cattle. This will, in its turn, serve a third purpose, Government will have in this way indirectly helped the down and out cultivator of the soil.

The next commodity I feel interested to speak about is cotton, which is the most important product of the Punjab, the C. P. and Bombay. The terrible conditions in which the zamindars are living these days is a well known fact, and needs no repetition. Their condition has always been discussed on the floor of this House since the last so many years,

but to my great regret with no sympathetic treatment from Government. The main crop for a zamindar in the Punjab is cotton, and if Government do not pay special attention to devise means to raise the price of cotton, the Punjab zamindar is sure to be ruined. Under the present circumstances, he cannot, after paying the land revenue and water rates, have a bare livelihood for himself and his family, who work 24 hours in the field. I would request the Government to take early steps to devise means to raise the price of all the agricultural products, specially cotton, and, in doing so, the first step that should be taken is that the home market should be reserved exclusively for Indian cotton, and no protection of any kind should be given to any textile mill in India unless it guarantees that it will use exclusively Indian cotton. Protection is given for the benefit of the people and not for the benefit of the capitalists. You can tax the consumer for the benefit of the masses, but not for the benefit of a few rich men. My argument also applies to foreign countries from where we import piecegoods. We should not enter into agreement with any country unless it guarantees that it would purchase Indian cotton to the extent of its export value to India. I would suggest another way to create a wider field of market for Indian cotton, that is, considerably to reduce the import duty on such piecegoods from foreign countries as are made purely of Indian cotton. This will create a great attraction for manufacturers of foreign countries to import Indian cotton, and so, with the increased demand for Indian cotton, the price of cotton will naturally go up. The export trade in cotton and the import trade in piecegoods will naturally increase, and, therefore, there will be no loss to the Government in giving facilities to such manufacturers.

The next thing is the sugar industry. It will properly be discussed when the excise duty comes under discussion before the House, but I may take the opportunity of mentioning here that my Province is opposed to any excise duty on sugar under the present circumstances. Honourable Members must have read the proceedings of the Punjab Legislative Council and must have come to know the general disapproval of the Council of the contemplated excise duty. The Government should carefully consider the opinion of the country in general and the effect this excise duty will exercise over the sugar industry of India. In my opinion, any excise duty would stand in the way of the development of the industry which is the only way for creating a vast field of demand for the sugar-cane grower for his sugar-cane. With an increase in the demand, the price of the cane will automatically rise. The artificial method of raising the price by legislation is unlikely to have a permanent effect, though I am whole-heartedly for this measure in the present conditions.

I take this opportunity of drawing the attention of Government towards a unanimous demand of Mussalmans in taking immediate steps to establish Kazi's Courts for the decision of such civil suits of the Mussalmans as are essentially to be decided by a Mussalman and by none else, such as marital and conjugal rights and of divorce, etc. My Honourable friend, Khan Bahadur Haji Wajihuddin, sufficiently dilated on this point yesterday, and I need not take more time of the House in repeating the same arguments. Haji Wajihuddin has voiced the general feeling of Mussalmans, and, in this respect, I whole-heartedly support what he said. With these words, I conclude.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I am not particularly interested in any commodity, but I am certainly interested in the general welfare of the country, and I will dilate upon this

[Mr. Lalchand Navalrai.]

Finance Bill from that point of view. I do recognise the interest of the agriculturist and also the interest of the industrialist, because it is only when they both go hand in hand and when the interests of both are safeguarded that India will rise and will come to a place where it ought to be. One feature to which I would refer in the very beginning is with regard to the paucity of Members on the Benches at the present moment.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): May I draw your attention to the fact that we have got no quorum?

(Some Members came in shortly after.)

Mr. Lalchand Navalrai: I was sorry that at the moment I was referring to the paucity of Members, there was no quorum, but I am glad that there is a quorum now. Yesterday there was so much tussle about the Textile Bill, but today I find that on this important Finance Bill, there is a lesser number of Members on both sides. Yesterday there seemed to be as if a personal question was being debated, and we found the House so full and we found Diwan Bahadur Mudaliar calling names to many people while he was very eloquent in defending the cause of the millowners. I am only sorry that I do not find him here today.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): May I state in justice to Diwan Bahadur Ramaswami Mudaliar that he is not well. He is down with a little fever and influenza.

Mr. Lalchand Navalrai: I am very glad to learn (Laughter) the explanation.

An Honourable Member: Say you are sorry.

Mr. Lalchand Navalrai: Though I have to speak in his absence, I must say I did not like his taste in attacking Ahmedabad people or the Congressmen. I do not in the least agree with him about the principle which he was laying down and I am surprised it should have come from such an Honourable Member as Mr. Mudaliar. He said that these Congressmen have boycotted the House. They have not entered the House and they have no right to go to the Official Members or to ask the Government to give them their rights. I was really feeling that to lay down such a principle is ruinous to the whole country. If the Congressmen think that they will not or should not come to this House for certain reasons of their own, that does not mean that they should thereby be made to sacrifice all their other rights. If their rights are being trampled down and if they come to Government and ask for those rights to be safeguarded, in other words, if they are merely asking the Government to be only fair, then how are the Congressmen precluded from claiming their own rights in this regard? Sir, I will not go into that question now, but, I hope, in future, whenever a certain gentleman happens to be interested in a particular matter, he must not on that account malign others and refer to them or talk of them in such a discourteous manner. (Hear, hear.) Sir, I thought the Honourable Dr. Ziauddin Ahmad only learnt a certain lesson from a school in England, *viz.*, that when a man has a bad case, he should meet his opponent by getting up to say that he was

speaking irrelevant. But I think there was one lesson which the Honourable Diwan Bahadur Ramaswami Mudaliar had also learnt, namely, that if one thinks that there is a bad case for him, he should go on calling others names. Sir, I submit that on that account it would not be graceful in this House to do anything of that nature,—and now I will come to the Finance Bill.

Sir, I regret to find that as much interest as is required to be taken in this Bill is not being taken at all. I am very sorry for that, because I find that most of the Members on the Treasury Benches are not there—as if this Finance Bill is being considered by Government to have connection only with the Finance Department. Sir, it is the taxes that we are asked to pass this Bill for, these are the taxes which provide money for all the Departments; otherwise these Departments cannot live. Therefore, as on the Finance Bill we have opportunities to express ourselves, not only in connection with the dealings of one Department, but of all Departments, it is necessary that those Honourable Members should be here in the House to hear our comments. Sir, I can say, for instance, that only very recently the Honourable Seth Haji Abdoola Haroon spoke with respect to Baluchistan and was referring to the very serious question of the peoples' rights there. Well, I think at that time the Foreign Secretary ought to have been here. It is no consolation to us that the debate will be carried to him, I am now in my own speech referring to one or two points which concern the Home Department, but I do not find any representative of the Home Department here—not even Mr. Sloan who is the Joint Secretary of that Department. Then, what I submit is that there ought to be more interest taken in this Finance Bill.

Coming then to the financial position of India, my learned friend, the Honourable the Finance Member, will forgive me if I say at the outset that the position is not a rosy one. I say that many of the Members of this House began congratulating the Honourable the Finance Member and they showered many praises on him on the score of his having brought out the Budget as a surplus Budget. But, Sir, I will not lag behind in congratulating my Honourable friend, but not on the same score or for the same reason. Sir, there is no doubt, as I will presently show, that the Budget of India is not a surplus Budget, but it is a deficit one. When I say that I will congratulate him and will join in the praises which have been bestowed on the Honourable the Finance Member, it is for this reason. One cannot forget to note that he had to deal with a great crisis, and in overcoming that crisis, I cannot but say that he succeeded by his skill and by his cleverness. (Hear, hear.)

An Honourable Member: It is a piece of good luck.

Mr. Lalchand Navalrai: I will tell you how it is not luck, but it is by dint of the skill, that cleverness that he possesses. Sir, who thought that it would ever occur to anybody that there is gold in India and that gold, even though it be distress gold, should we brought out? So he conceived that idea that it should be so arranged that all gold should go to England and other places and help England in discharging her debts—which she had to pay in gold—and, at the same time, he knew that the result of that would be no doubt to increase the purchasing power of India. So far as that latter idea goes, we are thankful to him, but what is the result of that? The position has come to be this. We gave out all gold, because the price rose from Rs. 22 up to about Rs. 30 and Rs. 31. People thought now that this was an occasion for making money, so they brought out gold, even

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this distress gold that they had. Now, when the gold came out, and it was all exported, what had we? We certainly became richer at that time, but what was the result? The result was that we were able to make some foreign purchases, and there were more of imports into India than of exports from India. Now, I put the question as to who was benefited? Was it not an act of cleverness and skill on the part of the Honourable the Finance Member to get over the crisis in that way? He has even now brought to you a Budget showing that there is Rs. 1,29 lakhs surplus. Sir, the result was that there were more of imports and less of exports which is the vital key to our depressed condition. Now, what should have been done was that he should similarly have conceived and contrived some means whereby the prices of the commodities could have been raised here, and the volume of the exports for outside increased, in order to bring us more money. Sir, it was said, there were no markets outside; but, I ask, is it not that the markets outside can be created in the same manner in which the markets for *imports* into the country were established? So it does he with the Honourable the Finance Member to increase the volume of our exports; and, Sir, then and then only he will go with laurels from India, otherwise he will be leaving behind India the poorer.

Sir, with regard to the decreased state of the exports, you will see that in his speech the Honourable the Finance Member has admitted the fact He said:

"I may remind the House that whereas in the 10 years ending March 31, 1930, the value of India's exports and re-exports of merchandise averaged just under 326 crores, in 1930-31 that fell to just under 226 crores, in 1931-32 to about 160 crores, and in 1932-33 to 135½"

So, Sir, there are these things to be noted,—that the Budget, as it is, is not a surplus Budget. In the last year's Budget Estimates, it was proposed that Rs. 6,84 lakhs would be paid towards debt redemption and we know how much has in fact been paid, that is, only three crores. Well, that does not make our Budget a surplus one. We have yet to pay that debt. Besides, the Honourable the Finance Member got two crores of rupees more as contribution towards the Capitation Charges. Therefore, I submit that the Budget is a deficit Budget by 4,29 lakhs.

Now, Sir, the point is, how can the finances of the Government of India be improved? The country is being taxed more and more from time to time without improving its finances. That is not the right method of meeting the crisis or the deficit Budget. Therefore, I submit that the first and the foremost thing that the Honourable the Finance Member should do is with regard to the increase of these exports and with regard to the raising of the prices. We all depend upon agriculture and our industry is also being helped by agriculture, and I submit that every profession is being helped by agriculture. Therefore, agriculture is of primary importance and should be closely attended to.

Then, the Government of India adopted the other method of retrenchment. Sir, retrenchment was made, but I am sorry to say that here, again, the method adopted was not a good one. What they did was that the lower subordinates and the peons were retrenched, both with regard to the curtailment of number as well as pay. This is a very sorry plight. I do not say that these people should not have been affected at all, but what I mean to say is that there should be curtailment of the top-heavy Government. Can we say that any attempt has been made in that direction? I am conscious of the fact that reply is always given to us that it is the peons

and the subordinate employees who are very many in India, and, therefore, their retrenchment would bring in more money. But may I know, how many posts belonging to the upper class of Government servants or their allowances have been curtailed? It is the retrenchment of these officers that will also help the finances of India. Sir, no attempt is being made in that direction

Let us go to the Army first. The Army Secretary is not here, but if he were here, I am sure, he would have said that no officer's post has been curtailed.

Let me now come to the Posts and Telegraphs Department. I am glad the Deputy Director-General is in the House and he would bear me out when I say that there has been no curtailment in the number of officers in his Department.

Mr. S. P. Varma (Government of India: Nominated Official). My Honourable friend is wrong. There has been proportionate—more than proportionate—curtailment of the number of gazetted officers of the Department.

Mr. Lalchand Navalrai: I would like to know which of the gazetted officers posts have been curtailed?

Mr. S. P. Varma: Beginning from the top, posts of Deputy Director-General, Deputy Chief Engineer, Assistant Directors-General, Superintendents and Assistant Engineers have been retrenched.

Mr. Lalchand Navalrai: Do you mean to say that the pay of these posts has been reduced or the posts have been abolished?

Mr. S. P. Varma: The posts have been retrenched

Mr. Lalchand Navalrai: Retrenchment applies to pay also.

Mr. S. P. Varma: The posts have been abolished

Mr. Lalchand Navalrai: May I then inform the House that only recently a post of a Deputy Director-General has been increased and sanction was asked for it from the Finance Committee the other day?

Sir Cowasji Jehangir: That has been explained.

Mr. Lalchand Navalrai: I do not know how it has been explained.

Sir Cowasji Jehangir: Sir Thomas Ryan explained that in his last speech.

Mr. Lalchand Navalrai: I would like to know that explanation if the Honourable Member remembers it. However, my Honourable friend, Mr. Varma, has made a statement, and I take it to be true. But I must say that even now attempts are being made for the creation of new posts, and I was referring to that point. Of course, I am not unaware of the fact that our late lamented friend, Sir Thomas Ryan, did try his utmost to see that economy was made in his Department, but, on the other hand, money is also being spent away in creating new offices. That is my grievance. I submit that, so far as the Imperial Services are concerned, we must also see that their number is curtailed. I know that

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the final word with regard to them is with the Secretary of State, but the Government of India should not sit quiet and allow him to continue the Imperial Services and curtail the number of lower officers.

Sir, the Army Secretary has come now, and I am very glad to see him. I shall also be glad to learn from him, as I learnt from the Deputy Director-General of Posts and Telegraphs, whether in his Department some higher officers, I mean officers at the top, have been retrenched in the sense that their appointments have been abolished. As he has not replied, I take it that they have not been retrenched. Sir, what I submit is this that the axe has been applied in a wrong manner. It should have begun with the curtailment of the officers at the top.

Now, Sir, the other point to which I would like to refer is the Tariff Board. This Board has been going on from year to year on the plea that such and such commodity has got to be investigated into. I would like to know on what basis it has been engaged? They have been carrying on their investigation with regard to iron and steel for a very long time. If there is a desire on the part of the Government of India to make economy, the work of the Tariff Board can be entrusted to those Departments who have got to deal with those various subjects. So it is much easier to do away with the Tariff Board. We are told that it would work for one year; but then it is continued for the next year, and, then, for another. In this way, it may be continued indefinitely. In the like manner, I have seen that in India several jobs are unnecessarily created. Every now and then special offices are created to find work for some one or other. Such people are engaged to carry on what is called expert investigation. These are all things which should be looked into, and as far as possible such sinecure posts should not be created.

Then, Sir, the next thing to which I should like to draw the attention of the Government is the question of granting subventions for dividing the Provinces. Sir, subvention is a vicious principle. It means that a Province should stand on the crutches of another, and the crutches may fall at any time, and the man will be lost. It is most unfortunate that this obnoxious principle of subventions is being introduced into India. Sir, this policy of granting subventions with a view to creating new Provinces must cease. In that matter, I must give credit to the Bombay Government as well as to the Government of India with regard to the question of the separation of Sind. Sir, the separation of Sind depends upon the question of finances If there are no finances, it will be a grievous mistake to separate it, and that there are no finances, there can be no two opinions upon. Now, people are craving, after Sind, for separation of Baluchistan, of Orissa and then a claim is made for the separation of Karnatak, Malabar and probably many more districts will follow, but this is certainly a wrong policy to subsidise and divide the Provinces. Subvention was given to the North-West Frontier Province for certain political and strategic reasons, still that Province is now asking for more money. I read recently that the Government of that Province has asked for more money as they are unable to carry on with the administration with the finances already given to them by the Government of India. This is all the result of subventions having been introduced. The Government of India know all this, but it seems they are not listened to. I would, however, submit that it is the duty of the Government of India not to allow the Secretary of State and the British Government to do a wrong thing for which they may have to repent later. The British people are far far away, they live six thousand miles away from here, and the moment

they hear of some slight trouble, they get nervous, so it is the duty of the Government to point out to the Home Government and the Secretary of State that it is a wrong policy to separate Provinces and give them subventions.

Then, Sir, coming to the question of taxation, I must first of all point out that in these days of depression the agriculturist, who is the backbone of the country, is not able to get even one meal a day. In these days, he is not able to pay his assessment that is asked of him. Therefore, there ought to be a reduction of the assessment, and though this is a provincial question, I feel that now this has become more or less an All-India question, and it is for the Government to consider how best they can help the poor agriculturists. Sir, these agriculturists are in debt. In my part of the country, the agriculturist is wholly in the hands of the zamindars. He has got no holding of his own, and he is more or less a labourer, and is always in debt. Even in these days, when the produce has increased, there is no market for it; still if one sees how these poor tenants are treated, it would cause him great pain and distress. Whenever these tenants go for the *batai* which means the distribution of the produce, they are told that they should not take away the produce even for their own livelihood before they pay up the arrears of their debt, and thus these poor people are always in difficulties. Therefore, I urge that Government should come forward and help these poor agriculturists, and only then there will be some salvation for them.

With regard to the question of raising of prices, Sir, I knew of a time when rice was being sold in Sind at Rs. 14 a maund. Now, the best rice is being sold at Rs. four or Rs. five and paddy is now selling in Sind at about Rs. two. Now, how are the people to live? Therefore, it is absolutely necessary that the Provincial Governments and the Government of India should sit together and concert some measures in order to help the agriculturists and relieve the country from distress.

Then, Sir, coming to the question of surcharge on income-tax, it was first stated that surcharge was imposed only for a temporary period of one and a half year. We were clearly given to understand that this surcharge was levied only to meet a temporary crisis, and it was expected that the people would be relieved of this impost when the crisis was over. Now, Sir, the Honourable the Finance Member said the other day that there was a surplus of 1,29 lakhs. If that is so, why should they not remove the surcharge? I know my Honourable friend will say that this surplus of 1,29 lakhs is needed for Bihar relief. I do not grudge that in the least, but my contention is, if the times have improved,—why not remove the surcharge? But since no attempt is made to remove the surcharge, I feel that the surplus that is shown to us is a Budget manipulation. The Treasury Benches should realise that there ought to be larger exports from India and there should be a market for our produce; until then there can be no relief to our country.

Then, coming to the question of the duty on sugar and matches,—of course there are separate Bills, and when they come up, we shall have our say,—but on the present occasion I shall briefly say that I am entirely in favour of the indigenous industries being helped and promoted by the Government. We know that India was self-sufficient and self-contained with regard to her requirements, and I was very glad to see that an attempt was being made to foster indigenous industries,—and for this I must say that credit was due to the Government,—to develop industries

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like sugar, matches and things of that kind. Therefore, it was a right move that the Government have taken in trying to develop the sugar industry by means of granting protection. This industry is still in an incipient stage, and it is most unfortunate that an excise duty is proposed for sugar which is likely to kill this industry long before it is able to raise its head. It has not yet been able to stand on its own legs. The Government have still to wait and watch the results before trying to impose any duties which are likely to cripple them. Government should see that India becomes not merely self-sufficient in regard to sugar production, but that she is able also to export it to foreign countries. When, as I have said, this infant sugar industry is not yet fully stabilised, why should Government think of levying a duty on sugar? Sir, the excise duty on sugar will tell heavily on the growth and expansion of this industry. It may be that there are some people in the industry who take undue advantage of the ignorance of the sugar-cane growers and deprive them of the prices for canes that are legitimately due to them, but for things like that Government can take suitable remedial measures, but why they should attempt to impose an excise duty now, I cannot understand.

Then, with regard to matches. This is also a new industry in India, and I do not see why this industry should be killed in that manner by the imposition of an excise duty.

Then, I come to the postage. The grievance for a long time has been that the poor man is being affected by a duty on postcards. So far as these cards are concerned, I submit that it is the poor man who uses them, and I think the figures must show whether, on account of the price having been increased from six pies to nine pies, there has been a gain or whether the number of postcards sold has decreased. But the point is, why should not there be a decrease in the price of postcards as in the case of envelopes? With regard to the envelopes also, I realise that you are giving with one hand and taking away with the other, because, although the price will be one anna, the weight will be reduced to half a tola. And what is half a tola? It will carry only as much as you can write on a card. Then, Sir, Government are using and private people are also nowadays using thick paper and thick envelopes. These must weigh more than half a tola, and, therefore, there will be a decrease in the import of this kind of paper and there will be a loss to Government, in another direction. Then, I pass on to the book-post packets. With regard to these also, formerly for five tolas they charged one anna and now it is being raised to one anna and six pies. The fear was expressed that people enclose their letters in these book-post packets, but that is very easy to find out because the two sides of a book post are open and this can be detected. So it is not fair to increase the duty instead of checking the alleged evil.

Then, there is another matter which strictly does not appertain to the Finance Bill, and that is with regard to the commission on money orders. This commission is being charged under certain rules, but there is so much injustice and iniquity that these rules should be revised. I will just give you an example. You know, Sir, that on a money order of Rs. 100 we pay a commission of one rupee. Compare that with the rate in the Imperial Bank which charges only four annas on drafts and the other Banks also charge the same or even less. I can send Rs. 100 through

a Bank and pay only four annas as commission, whereas, if I send it through a post office, I have to pay one rupee. Where is the justice in it? If this is done, the Postal Department will surely suffer when the number of Banks increases under the Reserve Bank scheme. Government should, therefore, see the disparity between the two rates and change the rules, otherwise it will be sheer injustice.

Then, I will refer to the duty on hides and skins I am thankful to the Honourable the Finance Member for removing this export duty on hides, but I do not see why a distinction should be made between hides and skins. I read through the speech of the Honourable Member, but I could not find out the cause of this distinction. From the Tariff Act I find that "skins" mean the skins of goats, and "hides" are the skins of bulls or buffaloes. What is the philosophy of this distinction except that skins are of smaller animals and hides are of bigger animals?

The Honourable Sir George Schuster (Finance Member): There is no difference in philosophy about that. I referred to the practical fact that the skin trade showed signs of recovery which we do not find in the case of the export of hides, and we felt that the hide export trade needed some assistance.

Mr. Lalchand Navalrai: The point I wanted to make is, how is it that the duty on skins would affect Government very much? However, I will leave it for my mathematician friend, Dr. Ziauddin, to make his calculations on this.

Then, I come to copra and cocoanut. This is also an industry of India, and I see that Madras, Karachi and Bombay have got cocoanuts and they have industries of this cocoanut oil. I do not understand why the protection that was given to this industry is going to be reduced. The protective duty on copra which was formerly Rs. 10 is now being reduced to Rs. 9, and a big jump is going to be made so far as cocoanut is concerned. The protection has been brought down from Rs. 15 to Rs. 12-8-0. Representations have been made from Madras, Karachi and Bombay that the industry will be very much affected and I hope that the Honourable the Commerce Member will give his sympathetic attention to the matter and not remove that protection as the removal will do harm to the Indian industry.

I shall now close my speech with one matter which I would like to bring before the House. It concerns all Departments of the Government and that is with regard to the power of superintendence which the Government of India have over the Provinces. I wish the Honourable the Home Member and his Joint Secretary had been here, but I want to point out that the Government of India have left everything to the Provinces and are not exercising that power of superintendence which they have under the Government of India Act. I would be glad if the Constitution were such that all responsibility is with the Provinces: and when they become autonomous it will not lie in my mouth and it will not even be right on my part to make any protest like the one I am now making. But until that time comes—which I do not see is very near—I submit there are matters in which the Government of India must exercise this power. I will take a typical case. The House knows that Mr. B. R. Puri moved a motion for adjournment over a certain article which appeared in an Anglo-Indian paper, the *Daily Gazette* of Karachi. The question was raised whether it was right for that paper to write disrespectfully of

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Mahatma Gandhi who is so much revered in this country, the Honourable the Home Member said that it was within the province of the Bombay Government to take action. The House did see at that time that the responsibility was with the Bombay Government. The question, however, had been brought up here, only because the Bombay Government had not taken any action, nor had the Commissioner in Sind, who was the man on the spot, taken any action. The papers were sent to the Bombay Government and we were given to understand that the Bombay Government would realise their own responsibility. The question is whether that Government have realised their responsibility and whether it was not the proper thing for this House to give relief. On that point the matter was pursued by an M. L. C. in the Bombay Council, and this is what happened.

Mr. S. S. Tolani asked:

"Will the Honourable the Home and General Member be pleased to state:

(*a*) whether the attention of Government has been drawn to questions and answers on the adjournment motion in the Legislative Assembly in its Autumn Session of 1933, regarding the *Daily Gazette* of Karachi and whipping to Mahatma Gandhi;

(*b*) whether it is a fact that the Government of India undertook to send all proceedings in this connection to the Bombay Government to take such action as it deemed fit;

(*c*) if so, what action the Bombay Government has taken in the matter?"

Now, comes the reply, and it will show how far the Government of Bombay realised their responsibility in the matter as we were told would be exercised, and how far the power of superintendence of the Government of India is being properly exercised. The reply was:

"*Honourable Mr. R. D. Bell*: (*a*) Yes

(*b*) They undertook to convey the proceedings of the Legislative Assembly to this Government for information.

(*c*) The proceedings were sent to the Commissioner in Sind for information."

This is what the Provincial Governments do. Then Mr. Tolani asked:

"In reply to (*b*) and (*c*) it is stated that the Government of India undertook to convey the proceedings of the Legislative Assembly to this Government for information only. Has the Honourable the Home Member gone through the debates of the Legislative Assembly that took place on 12th September, 1933 regarding this motion and the questions and answers on that subject?"

Honourable Mr. R. D. Bell: Yes, Sir.

Mr. Tolani: Is there no mention in the proceedings that the Government of India would forward the proceedings to this Government to take any action in the matter they deemed fit?

Honourable Mr. R. D Bell: Well, Sir, I did not see the exact words used by the Honourable Member. The proceedings were ultimately sent to the Government.

Mr. S. S. Tolani: Not for any action?

Honourable Mr. R. D. Bell: I am merely quoting the words of the communication received from the Government of India."

—How evasive!—

"*Rao Bahadur G. K. Chitale*. May I know whether the Government have even expressed their disapproval of this tendency developing among the newspapers?

Honourable Mr. R. D. Bell: I understand the question to be whether Government have expressed their disapproval of this article. Government expressed no opinion about it whatsoever."

This is what happened. The Government made a declaration here that the Bombay Government were responsible; and here is a flagrant instance that they are not exercising their responsibility and leaving these things like that and passing it on to the Commissioner, and the Commissioner probably passes it on to his waste paper basket. Are we then merely to ask questions? Is it not more or less negligence on the part of the Bombay Government? I submit that the Government of India should make it clear to the Bombay Government that when papers are sent to them even for information, it means action. One way or the other action must be taken. The Government may say that the newspaper in question is not liable, or they may say that the newspaper is not to be censured, but to say that the Government of Bombay are doing nothing in the matter is, I submit, far from the responsibility which the Government of Bombay are expected to discharge and far from the powers of superintendence and control which the Government of India are expected to exercise over the Government of Bombay. Sir, with these words, I close.

The Assembly then adjourned till Eleven of the Clock on Monday, the 19th March, 1934.

LEGISLATIVE ASSEMBLY.

Monday, 19th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

CREATION OF CERTAIN POSTS OF TELEGRAPH MASTERS.

501. ***Mr. D. K. Lahiri Chaudhury:** With reference to the reply to unstarred question No. 24, dated the 5th February, 1934, stating that the number of telegraph masters was 192 on the 31st December, 1933, and the provision in the Budget made for 227 Telegraph Masters, will Government please state whether they propose to create 35 additional posts in the year 1934-35?

The Honourable Sir Frank Noyce: Government do not propose to create any additional posts of telegraph masters in 1934-35 unless an increase is justified on the formula in force. The number of 192 telegraph masters mentioned in the reply to unstarred question No. 24, dated the 5th February, 1934, referred to permanent telegraph masters only as was made clear at the time. The provision in the Budget is not only for the permanent telegraph masters but also for those acting in existing vacancies.

INCREASE IN HAULAGE CHARGES, ETC., IN THE POSTS AND TELEGRAPHS DEPARTMENT.

502. ***Mr. D. K. Lahiri Chaudhury:** With reference to the provision of Rs. 8,55,000 as "Lump provision for increase in haulage charges, etc.", on page 61 of the detailed statement of demand No. 23, will Government please state why this provision has been made and whether the Standing Finance Committee's sanction was obtained for it?

The Honourable Sir Frank Noyce: As the Railways have demanded certain increases in the rates charged by them for various services rendered to the Post Office, provision has been made in case the claim, which is under examination, is admitted. No reference was made to the Standing Finance Committee because the item does not relate to a new service. It is merely part of a fluctuating item which appears annually in the budget.

SALE OF POSTCARDS.

503. ***Mr. D. K. Lahiri Chaudhury:** With reference to the Honourable the Finance Member's statement to the effect that there will be a loss of Rs. 56 lakhs if the value of postcard is reduced, will Government be pleased to state how many postcards were sold in the year 1932-33 and up to 31st December, 1933?

The Honourable Sir Frank Noyce: The number of postcards issued from treasuries to Post Offices during the year 1932-33 was two hundred and ninety-three millions. The estimated number for the period from the 1st April, 1933, to the 31st December, 1933, is two hundred and fifteen and a quarter millions.

The estimated loss of Rs. 56 lakhs to which the Honourable Member refers is based upon the calculated number of inland postcards, including those of private manufacture, delivered by post offices during the year 1932-33 *plus* an increase of 10 per cent. in the traffic which it is estimated would result from a reduction of the price of postcards.

COMMITTEE TO ENQUIRE INTO THE POSSIBILITIES OF FURTHER ECONOMY IN THE POSTAL DEPARTMENT.

504. ***Mr. D. K. Lahiri Chaudhury:** (*a*) With reference to the reply to starred question No. 79, dated the 5th February, 1934, will Government be pleased to state whether the Reorganisation Committee will also re-examine the Time Test of the Post Office and Railway Mail Service?

(*b*) What is meant by "to investigate and overhaul the methods of work adopted in the postal branch"?

(*c*) Will the investigation include the system of work in the Audit Office?

The Honourable Sir Frank Noyce: (*a*) to (*c*) The precise terms of reference of the Postal Enquiry Committee, 1934, are contained in the Resolution of the Government of India published in the Gazette of India, dated the 17th March, 1934, to which the Honourable Member's attention is invited.

ASSISTANT POSTMASTERS IN THE CHITTAGONG, MYMENSINGH AND HOWRAH POST OFFICES.

505. ***Mr. D. K. Lahiri Chaudhury:** With reference to question No. 17, dated the 5th February, 1934, will Government be pleased to state why there are no selection grade Assistant Postmasters in Chittagong, Mymensingh and Howrah Post Offices? Is it a fact that these offices are bigger than Madura and Meerut?

The Honourable Sir Frank Noyce: As regards the first part of the question, selection grades are meant to provide for posts involving heavier work or responsibility, and as a review of the work and responsibilities of the Assistant Postmasters at Chittagong, Mymensingh and Howrah showed that this criterion was no longer satisfied in respect of these posts they were converted into supervisory posts in the time-scale with special supervisory allowances at the rate of Rs. 20 per month.

The reply to the second part is in the affirmative. The question of replacing selection grade Assistant Postmasters in these two offices by time-scale supervisors will be similarly reviewed.

NON-MAINTENANCE OF SAVINGS BANK LEDGERS IN THE CALCUTTA POSTS AND TELEGRAPHS AUDIT OFFICE.

506. ***Mr. D. K. Lahiri Chaudhury:** (*a*) Is it a fact that in the Calcutta Posts and Telegraphs Audit Office, Savings Bank Ledgers are not maintained, and that transactions are posted on cards? If so, will Government be pleased to state what is the system in other Audit Offices?

(*b*) How many typists have been employed for the purpose?

(*c*) What is the price of each typewriter?

The Honourable Sir George Schuster: (*a*) Yes. The same system obtains in other Audit Offices also.

(*b*) Accounting machines are used. Twenty-eight machine operators are employed in the Savings Bank Section of the Calcutta Office and there are ninety-six machinists in all the offices including Calcutta.

(*c*) The price of each accounting machine is at present Rs. 3,047.

SUBSIDY PAID TO DIFFERENT AIR SERVICES IN INDIA AND THE IMPERIAL AIRWAYS.

507. ***Mr. D. K. Lahiri Chaudhury:** (*a*) Will Government please furnish a statement showing the amount of subsidy paid to different air services in India and Imperial Airways during this year?

(*b*) Do Government keep a separate account of income from the air mails? If not, will Government please state whether the service is paying?

(*c*) Do Government propose to introduce air mail stamps to keep separate accounts of Air mails? If not, why not?

The Honourable Sir Frank Noyce: (*a*) The only air service which is in receipt of a subsidy from the Government of India is the trans-India service operated jointly by Imperial Airways Limited and Indian Trans-Continental Airways, Limited. The subsidy given is in the form of the following concessions, namely:

(1) Remission of customs and excise duties on petrol, oil, æroplanes, spare parts, etc., used on the service in India.

(2) Exemption from charges for landing, housing, wireless and meteorological facilities arising in India.

The value of these concessions for the current year is estimated at Rs. 95,200

As a result of granting these concessions, there has, however, been a saving estimated at more than Rs. 1½ lakhs, as the charges for the conveyance of Indian air mails by the main service are now permitted by the authorities in England to be settled in sterling instead of, as formerly, on a gold basis. For further information on this point, I would refer the Honourable Member to my speech of September 20th, 1933, on the demand for a supplementary grant for civil aviation which he will find at page 1897 *et seq* of Volume VII of the Legislative Assembly Debates.

(*b*) No separate account of income from the Air mails is kept. Air Mail fees have been fixed on the basis of conveyance charges actually paid to air-carriers. There is therefore no reason to believe that air mail services are not paying.

(*c*) Air mail stamps are in existence but will be abolished as soon as the present stock is exhausted. It is not possible to keep separate account of air fees realised from the public on the basis of the sale proceeds of air mail stamps as these stamps can be utilised not only for the payment of the air-fee but also for the ordinary postage and registration charges, if any, on air mail articles. Moreover, ordinary postage stamps can also

be used for prepayment of air mail fees. It is not considered desirable to prescribe the use of air mail stamps only for payment of air fees as this would cause grave inconvenience to the public.

APPOINTMENT OF A RETIRED HIGH COURT JUDGE TO HIGH EXECUTIVE OFFICES.

508. ***Mr. S. C. Mitra:** (*a*) Are Government aware that there is a strong public opinion in the country against the principle of appointing High Court Judges to high executive offices after their retirement?

(*b*) If not, are Government prepared to make an enquiry on the subject?

The Honourable Sir Harry Haig: (*a*) and (*b*). Government are aware that some objection on principle may be felt in regard to such appointments, and appointments of this kind are not made without fully weighing these considerations.

LEAVE RULES OF THE HIGH COURT JUDGES OF CALCUTTA.

509. ***Mr. S. C. Mitra:** (*a*) Will Government please state the rules and regulations that govern the leave rules of the High Court Judges of Calcutta?

(*b*) Is there any special rule whereby a Judge of the Calcutta High Court may be considered to be on active service without attending the Courts?

(*c*) Does not the non-attendance of the Court on the part of the Judges construe absence?

(*d*) Will Government please state the number of days the present Chief Justice, Sir Claus Rankin, attended the Court since January, 1934?

(*e*) Is he on leave or on service since the 12th February, 1934? Has anybody acted as Chief Justice during this period?

(*f*) Is he permitted under the rules to continue as Chief Justice while not attending the Court at all?

The Honourable Sir Harry Haig: (*a*) The rules are contained in Article 543 of the Civil Service Regulations, a copy of which is in the Library.

(*b*) and (*c*). There is no rule on the subject nor is there any rule which debars a judge from being absent from Court for a short period without taking leave under the leave rules.

(*d*), (*e*) and (*f*). Sir George Rankin was on leave under the High Court Leave Rules from January 2 to January 29 inclusive and again from February 27. He was in charge of the duties of Chief Justice from January 30th to February 26 inclusive though I understand that for the greater part of the time owing to illness he was unable actually to attend Court.

Mr. S. C Mitra: Arising out of answer to part (*b*) of the question, may I know what is the short period contemplated?

The Honourable Sir Harry Haig: There is no rule on the subject. There is naturally a certain amount of elasticity in the matter.

Mr. S. C. Mitra: When the Judges cannot attend the Court which is their primary function, why should they not go on leave and allow somebody else to act for them instead of continuing on while they cannot do any work?

The Honourable Sir Harry Haig: I think the Honourable Member will realise that throughout Government service a certain amount of elasticity is provided. We have, for instance, in the ordinary administration what is known as casual leave. There is no definite provision for casual leave in High Courts, but something of the same sort is, in my judgment, reasonable.

Mr. S. C. Mitra: In this particular case, do Government consider that this temporary leave was taken, rather for a long time, and that the other Judges of the High Court could not get even officiating chances?

The Honourable Sir Harry Haig: No, Sir. The Chief Justice was carrying out the duties of the Chief Justice during that period.

Mr. M. Maswood Ahmad: Is it a fact that the Chief Justice and other Judges could take leave only from the Court?

The Honourable Sir Harry Haig: I am not quite sure what is the purport of my Honourable friend's question.

Mr. M. Maswood Ahmad: I wanted to know, is it a fact that these Judges can take leave from attending the Court only, and not in other respects?

The Honourable Sir Harry Haig: That, I think, is a matter in the discretion of the Chief Justice.

Mr. S. C. Mitra: The principal duty of the Chief Justice is to preside over Courts, and not to do minor work in the office or in the Chamber.

Sir Muhammad Yakub: There is no question in it.

The Honourable Sir Harry Haig: I cannot quite follow the Honourable Member's question, I am afraid.

Mr. S. C Mitra: I am prepared to take a ruling from the President and not from an ex-President of the Assembly. However, I do not press the matter further.

Mr. K. C. Neogy: The Honourable Member stated that while the Chief Justice of Calcutta was away from Court, he was still carrying on the duties of the Chief Justice. What were those particular duties which he was carrying on without attending Court?

The Honourable Sir Harry Haig: The ordinary administrative duties of the Chief Justice in connection with the administration of the Court.

Mr. K. C. Neogy: Do Government consider that the non-judicial duties of the Chief Justice constitute such an important part of his function as to justify the Chief Justice not going on leave, but on the pretext of doing that part of his duty, being considered to be on duty?

The Honourable Sir Harry Haig: I am sorry that my Honourable friend should be making these personal reflections on Sir George Rankin. I should have thought that he would have been prepared to recognise that

it was hardly reasonable to make these attacks in connection with a judge whose very devoted, and, I might add, distinguished service, has temporarily brought about a breakdown in his health.

Mr. K. C. Neogy: Has not the Honourable Member's attention been drawn to the discussion that has taken place in the Bengal Council, which would show the Honourable Member the amount of resentment that exists in Bengal in this matter?

The Honourable Sir Harry Haig: No, Sir.

Mr. S. C. Mitra: I did not mean any reflection on the Chief Justice. In fact, I understand from Mr Mody that something like this happened in the Bombay High Court also sometimes back, where the Chief Justice attended to administrative and other work and not to judicial work. That means that the public expect them to devote more time to judicial work.

The Honourable Sir Harry Haig: I have already made it clear that, not only in Bengal, but, as far as I am aware, in other High Courts a certain amount of latitude is allowed to Judges corresponding to what we should, in the ordinary administration, class as casual leave.

ASSESSMENT OF EXCISE DUTY ON SUGAR.

510. ***Bhai Parma Nand:** (*a*) What will be the mode of assessing the excise duty on sugar?

(*b*) Will this assessment be made on sugar manufactured before 1st April, 1934? If so, why? If not, should the sugar manufactured before 1st April be removed from the factory godowns, and if it is to be removed, where is it to be kept safe from rains? Will instructions be issued to the railway authorities to supply a sufficient number of wagons for clearing it?

The Honourable Sir George Schuster: (*a*) The attention of the Honourable Member is drawn to the provisions of the Bill which I introduced in this Assembly on the 13th of March.

(*b*) The answer to the first question in this part is that, under the Bill as drafted, sugar manufactured before the 1st of April, 1934, but issued from a factory after that date would be liable to the duty. I should prefer to reserve an expression of opinion upon the points raised in the remaining questions in this part until the provisions of the Bill come under discussion in the Assembly.

ENROLMENT OF AUDITORS.

511. ***Mr. Rahimtoola M. Chinoy:** Will Government be pleased to state:

(*a*) whether rule 8 of the Auditors Certificates Rules, 1932, was specially inserted to give benefit of enrolment as auditors to deserving persons having had both theoretical training and practical experience in the profession for a number of years, but who, through the force of circumstances, had not been able to put in the recognised period of service under the rules;

(*b*) (i) the number of applications received for enrolment under the said rule 8;

(ii) the number of applicants who were enrolled, and their qualifications; and

(iii) the number of applicants who were refused enrolment and the reasons for their rejection;

(*c*) whether they have received any representations from Chambers of Commerce, and the Corporation of Income-tax Accountants, Bombay, protesting against the manner in which this rule is being interpreted and asking for reconsideration of a number of deserving applications that have been rejected; if so, the action Government have taken or propose to take in the matter?

The Honourable Sir Joseph Bhore: (*a*) Rule 8 of the Auditor's Certificates Rules is intended to enrol on the Register of Accountants persons who ordinarily are neither entitled to nor eligible for enrolment but whose qualifications, both theoretical and practical, are up to the standard which should be maintained in the interests of the efficiency of the accountancy profession.

(*b*) (i) 83.

(ii) Five, of whom three have passed the Government Diploma Examination in Accountancy, one has passed the Bachelor of Commerce Examination of the Bombay University with Advanced Accounting and Auditing as a special subject—an examination which is recognised as equivalent to the Government Diploma Examination in Accountancy—and the fifth is Master of Commerce of the Birmingham University who studied Accounting for three years at that University for its Bachelor of Commerce Degree which he took in 1912. The Indian Accountancy Board and the Government of India were also satisfied that the applicants had sufficient practical experience to justify their enrolment.

(iii) 78. Their qualifications, both theoretical and practical, were not such as to justify their enrolment on the Register.

(*c*) Yes. The position has been explained to those bodies.

Drop in the Income-tax Revenue of the United Provinces.

512. *Mr. M. Maswood Ahmad: (*a*) Will Government please state whether there was a great drop in the Income-tax revenue of the United Provinces during the year ending the 31st March, 1933?

(*b*) What was the amount of tax left uncollected at the close of the year and how does it differ from the arrears of the previous year?

(*c*) What was the number of cases that could not be disposed of within the year, and what was the amount of tax thus remaining unassessed?

The Honourable Sir George Schuster: (*a*) No.

(*b*) The amount of arrears outstanding on 31st March, 1932, was Rs. 6,44,504 and on 31st March, 1933, Rs. 7,42,667.

(*c*) The information could not be obtained without an expenditure of time and labour disproportionate to the value of the results secured.

MUSLIM ASSISTANTS IN THE CENTRAL PUBLICATION BRANCH.

513. *Mr. M. Maswood Ahmad: (a) Is it a fact that in the Central Publication Branch, out of seven assistants in the grade of Rs. 80—200, there is only one Muslim?

(b) Is it a fact that several posts in the assistants' grade are still lying vacant? If so, are Government prepared to fill up those vacancies with due regard to the instructions laid down in the Government Circular, issued some time ago, for adjustment of communal inequalities in Government offices, either by promotion or by direct recruitment from outside? If not, why not?

The Honourable Sir Frank Noyce: (a) There are six assistants in the grade, of whom one is a Muslim.

(b) There is only one post vacant and in filling it the Controller of Printing and Stationery will be guided by the standing orders on the subject.

MUSLIMS IN EACH CADRE IN THE CENTRAL PUBLICATION BRANCH.

514. *Mr. M. Maswood Ahmad: Will Government please state:

(a) the total number of men, cadre by cadre, appointed in the Central Publication Branch after its transfer from Calcutta to Delhi;

(b) how many of them are Muslims in each cadre; and

(c) whether due regard was paid to the legitimate proportion of the Muslims at the time of recruitment? If not, why not?

The Honourable Sir Frank Noyce: (a) and (b). I assume that the Honourable Member desires information in respect of appointments made by direct recruitment to the superior establishment of the Central Publication Branch. The required particulars are:

Five in the grade of Rs. 45—140 of whom two are Muslims.

Five in the grade of Rs. 35—80 of whom none is a Muslim.

Twelve in the grade of Rs. 40 of whom three are Muslims.

(c) There is no proportion of Muslims fixed by the standing orders but due regard was paid to the claims of minority communities. The second part does not arise.

RECRUITMENTS IN THE CENTRAL PUBLICATION BRANCH.

515. *Mr. M. Maswood Ahmad: (a) Will Government please state whether the men recruited in the Central Publication Branch after its transfer from Calcutta to Delhi were the successful competitors in the examinations held from time to time by the Deputy Controller, Central Stationery, Calcutta, or whether they passed the Public Service Commission examinations?

(b) If the recruitment was not made by either of the methods indicated in part (a), were the vacancies advertised in the newspapers, inviting applications from outside people? If so, in which papers, and on what dates? If not, on what principle was the recruitment based?

The Honourable Sir Frank Noyce: (*a*) and (*b*). The majority of the men recruited had qualified in an examination conducted by the Deputy Controller, Stationery. The Central Publication Branch does not recruit men through the Public Service Commission. No advertisement in the newspapers was necessary as there were sufficient applicants and men working on the day-extra establishment from whom to select.

Mr. M. Maswood Ahmad: Are the vacancies in this department published in the newspapers.

The Honourable Sir Frank Noyce: If necessary. As I have already explained, no advertisement was considered necessary in this particular case.

Mr. M. Maswood Ahmad: On what grounds do Government think it sometimes unnecessary to publish any advertisement in newspapers?

The Honourable Sir Frank Noyce: When there is a sufficiently wide field of selection. If we were to publish advertisements in cases of this kind, we should probably have thousands of applications.

Mr. M. Maswood Ahmad: Have Government any register of applications in this department?

The Honourable Sir Frank Noyce: I am naturally not personally familiar with the details of the procedure followed in a subordinate department of this character, but I have no doubt whatever that a register of applicants is kept.

RECRUITMENTS IN THE CENTRAL PUBLICATION BRANCH.

516. ***Mr. M. Maswood Ahmad:** (*a*) Is it a fact that in the Central Publication Branch, several men, recruited on the daily wage basis, have been recommended by the present Officiating Manager, for being placed in the permanent clerical and assistants' grades, and that they have actually been serving in those capacities?

(*b*) Did those men pass the examinations held either by the Deputy Controller or by the Public Service Commission? If not, do Government propose to replace them by recruitment through the Public Service Commission? If not, why not?

(*c*) Is it a fact that the lifts to the daily wage hands, referred to in part (*a*), have been given by disregarding and superseding the claims of the temporary men who have been in service for about five years on fixed pay? If so, why were their claims disregarded and what arrangements do Government propose to make for these temporary hands?

The Honourable Sir Frank Noyce: (*a*) I am not prepared to disclose departmental recommendations relating to promotion. Two men recruited on a daily-wage basis are serving in the capacities stated.

(*b*) The answer to the first and the second parts is in the negative. As regards the last part, recruitment to the clerical staff of the Central Publication Branch is not made through the Public Service Commission.

(*c*) No. The second part does not arise.

ALLEGED INEFFICIENCY OF STAFF IN THE CENTRAL PUBLICATION BRANCH.

517. *Mr. M. Maswood Ahmad: Is it a fact that the Officiating Manager of the Central Publication Branch is complaining to the higher authorities about the inefficiency of the whole staff? If so, will Government please state what is his standard of measuring efficiency?

The Honourable Sir Frank Noyce: I have nothing to add to the reply I gave on the 21st November, 1933, to part (*b*) of Mr. S. C. Mitra's starred question No. 1102.

INCREMENTS WITHHELD IN THE CENTRAL PUBLICATION BRANCH.

518. *Mr. M. Maswood Ahmad: (*a*) Will Government please state the number of cases in which increments have been withheld since the transfer of the Central Publication Branch from Calcutta to Delhi?

(*b*) Will Government please state the length of service, and the qualifications of the persons whose increments have been withheld? How many of them are Muslims?

(*c*) Will Government please state whether specific charges were framed against the men concerned and explanations were called for from them before the increments were withheld?

The Honourable Sir Frank Noyce: (*a*) and (*b*) Four, of whom two are Muslims. Two of them are graduates and one an undergraduate. The service rendered ranges between five to ten years.

(*c*) No.

PERFORMANCES OF THE AMERICAN VARIETY SHOW AT AJMER.

519. *Maulvi Sayyid Murtuza Saheb Bahadur: (*a*) Is it a fact that a carnival, known as the American Variety Show, commenced its performances at Ajmer in June, 1933, with the permission of the local authorities?

(*b*) Is it a fact that public gambling was openly carried on under the auspices of the said Carnival?

(*c*) Is it a fact that one Swami B. Anand of Patti Katla, Ajmer, wrote to the Superintendent of Police, Ajmer-Merwara, protesting against public gambling carried on under the auspices of the said carnival?

(*d*) Is it a fact that the Superintendent of Police, Ajmer-Merwara, wrote to the said Swami B. Anand that the American Variety Show was allowed to conduct gambling games owing to the said American Variety Show's running at a loss at Ajmer and the gambling games being necessary to save it from such a loss?

Mr. H. A. F. Metcalfe: (*a*) Yes.

(*b*) No.

(*c*) Yes, but only complaining against the carnival.

(*d*) No.

PROVISION OF FACILITIES FOR PASSENGERS ON THE POWERPETA RAILWAY STATION.

520. *Rao Bahadur M. N. Rao: (*a*) Will Government be pleased to state whether any Mahazar petitions have been received from the public of Ellore, West Godavari District, Madras Presidency, that the Powerpeta

railway station, which is the second station in the town, situated in the middle of a thickly populated area, is very incommodious and inconvenient for the passengers?

(*b*) What action do Government propose to take to improve the condition of that station and to provide all necessary facilities required by the public? Is it not a long-felt want? If proposals were already made to reconstruct it into a very spacious one, what are they?

(*c*) If the reply to part (*a*) be in the negative, will Government please state whether the matter has been brought to their notice by the Departmental officers?

(*d*) Will Government please state whether any Mahazar petition has been received from the public of the same town to the effect that the above station should be converted into a Mail stopping one?

(*e*) Are Government aware that the majority of the passengers from that town assemble at that station for the purpose of catching different trains?

(*f*) If the reply to part (*d*) be in the affirmative, what action has been taken by Government in the matter? If none, what action do Government propose to take?

(*g*) Are Government aware that the above station is situated in the heart of a town with a population of 57,000?

Mr. P. R. Rau: No representations have been received by Government. Government will send a copy of the Honourable Member's question to the Agent, Madras and Southern Mahratta Railway, for such action as may be considered necessary.

NON-EMPLOYMENT OF *ex*-ARMY MEN ON STATE RAILWAYS.

521. ***Pandit Satyendra Nath Sen:** (*a*) With reference to the Honourable the Home Member's reply to my starred question No. 363, dated the 6th March, 1934, and Mr. P. R. Rau's reply to my starred question No. 157, dated the 16th February, 1934, regarding the non-employment of ex-Army men on State Railways, will Government be pleased to state if the resolution referred to in my question is in operation on the East Indian, the Eastern Bengal and the Great Indian Peninsula Railways? If not, why not?

(*b*) Are Government prepared to circulate the resolution on those railways?

(*c*) If the answer to part (*a*) be in the affirmative, are Government aware that there have been cases where the resolution has been repeatedly violated in the Dinapur Division of the East Indian Railway? If not, are Government prepared to make enquiries into the matter?

Mr. P. R. Rau: (*a*) Government have no reason to believe that the resolution in question has been overlooked on the State-managed Railways.

(*b*) This is being done.

(*c*) The answer to both parts of this question is in the negative.

CASES OF NON-PAYMENT OF GRATUITY IN THE DINAPUR DIVISION OF THE EAST INDIAN RAILWAY.

522. ***Pandit Satyendra Nath Sen:** (*a*) Will Government be pleased to state if there are any non-gazetted railway employees who have not been paid gratuity on resignation after a service of 20 years and above in the Dinapur Division of the East Indian Railway? If so, what is their number and what is the reason for the non-payment of the gratuity in their case?

(*b*) Do Government propose to pay them off without any further delay?

Mr. P. R. Rau: Under the gratuity rules, a gratuity may be granted to a subordinate on retirement or resignation after 15 years' service on grounds admitted by the authority competent to sanction the gratuity as good and sufficient from the point of view of the administration. Government have no reason to believe that this rule is not followed by the East Indian Railway. I am, however, sending a copy of the question to the Agent, East Indian Railway, for any action he may consider necessary.

RUMOURED ILLNESS OF MR. SATIN SEN, A STATE PRISONER IN THE CAMPBELLPUR JAIL.

523. ***Mr. S. C. Mitra:** (*a*) Is there any truth in the rumour that Mr. Satin Sen, a State Prisoner, now confined in the Campbellpur Jail, has been suffering from acute neurotic tuberculosis in the hip-joint? If so, what is his present condition and what treatment is he getting?

(*b*) Is it a fact that he fainted a few days ago while on his way to the bath-room?

(*c*) What was his weight when he came to Campbellpur Jail, and what is his weight at present?

(*d*) Did Government receive any representation from Mr. Sen, asking for permission to be transferred from the Jail?

(*e*) Is it a fact that the petition for transfer was supported by the Deputy Commissioner?

(*f*) What action have Government taken on his petition?

(*g*) Is it a fact that Mr. Sen is not allowed to receive or send any letters to his relatives? If so, from what date, and why?

The Honourable Sir Harry Haig: Enquiries are being made and a reply will be laid on the table in due course.

ILLNESS OF STATE PRISONER MR. SAILESWAR CHAKRAVARTY.

524. ***Mr. S. C. Mitra:** (*a*) Is it a fact that Mr. Saileswar Chakravarty, a State Prisoner, confined formerly at Campbellpur, has now been transferred to Suri Jail in Bengal?

(*b*) Is he now suffering from tuberculosis? If so, from what date, and where did he imbibe this contagion?

(*c*) Why has Mr. Chakravarty been transferred from Cambellpur?

(*d*) What is his present condition and weight, compared to his state of health at the time of arrest?

The Honourable Sir Harry Haig: (*a*) Yes. Mr. Chakravarty, however, is a detenu under the Bengal Criminal Law Amendment Act, and not a State Prisoner under the Regulation.

(*b*) and (*d*). The Government of India have no information regarding his present condition. He was first reported to be suffering from tubercular infection when he was at Campbellpur.

(*c*) On the ground of tubercular infection

APPEALS AGAINST THE ORDERS OF THE DIRECTOR OF FARMS.

525. ***Sardar G. N. Mujumdar:** Is it a fact that in 1925 and 1929, the Director of Farms issued instructions not to forward appeals against his decisions to the higher authorities? If so, why?

Mr. G. R. F. Tottenham: There is no record of such instructions having been issued.

VACANCIES IN THE GRADE OF MANAGERS AND SUPERVISORS OF FARMS.

526. ***Sardar G. N. Mujumdar:** (*a*) Is it a fact that there are some vacancies in the grade of Managers and Supervisors of Farms unfilled? If so, is it not intended to fill these vacancies by promotion from lower grades?

(*b*) Will Government please state the number of Indians holding independent charge of Dairy Farms, and their present pay? Are these men not considered suitable for promotion to higher grade to fill the existing vacancies?

(*c*) Is it a fact that at some stations, Supervisors, Managers, Clerks, etc., of Farms, are serving from the date of their appointment in the Department at the same place and near their homes where they were originally appointed, and that others have been very frequently transferred?

(*d*) Are Government prepared to fix some particular period for an individual to serve at one station?

(*e*) Is it a fact that European Managers of Farms on return from leave ex-India are posted to the same stations from where they proceeded on leave? If so, why?

(*f*) Are Government prepared to fix some period for these officers to serve at one and the same station?

Mr. G. R. F. Tottenham: (*a*) The answer to the first question is in the affirmative. The question of filling these vacancies, whether by promotion from the lower grades or otherwise, is under consideration.

(*b*) There are some 19 Indians who hold independent charge of dairy farms. Their scales of pay are: as managers Rs. 200—30/2—500 per mensem, as supervisors Rs. 100—10/2—160—15/2—250 per mensem and

as assistant supervisors Rs. 50—5—90 per mensem. The answer to the second part of the question is the same as that to the second portion of part (*a*).

(*c*) Enquiries have been instituted and the result will be laid on the table in due course.

(*d*) and (*f*). No.

(*e*) The answer to the first question is in the negative, the second therefore does not arise.

ANNOUNCEMENT OF THE NUMBER OF VACANCIES FOR THE PUBLIC SERVICE COMMISSION EXAMINATIONS.

527. ***Maulvi Badi-uz-Zaman:** Is it a fact that when a competitive examination for any service is held by the Public Service Commission, they are bound to announce the number of appointments for which the candidates are required to compete? If not, has there been any occasion when they did not announce the number of such appointments in any service offered for competition? If so, will Government please state the year, and the name of the service, when such action was resorted to and the reasons therefor?

The Honourable Sir Harry Haig: The Commission are required to announce the number of vacancies when a competitive examination is to be held by them for an All-India Service or a Central Service, class I or II. There has been no occasion on which this has not been done.

PUBLIC SERVICE COMMISSION EXAMINATION FOR RECRUITMENT OF MINISTERIAL ESTABLISHMENT FOR THE GOVERNMENT OF INDIA OFFICES HELD IN 1926.

528. ***Maulvi Badi-uz-Zaman:** (*a*) Will Government please lay on the table a copy of the notification issued by the Public Service Commission for holding the competitive examination in 1926 for the recruitment of ministerial establishment for the Government of India Secretariat and its Attached Offices?

(*b*) How many appointments were offered for open competition, and how many for nomination?

The Honourable Sir Harry Haig: (*a*) A copy of the communiqué regarding the Ministerial Service examination held in 1926, is placed on the table. As the Honourable Member will observe, it was issued by the late Staff Selection Board, not by the Public Service Commission, which did not come into existence until October 1926.

(*b*) The terms of the notice stated specifically that the examination was in order to make a list of candidates qualified for employment in the Imperial Secretariat and its Attached Offices. No definite appointments were offered and no guarantee was given that a successful candidate would obtain an appointment.

STAFF SELECTION BOARD.

Communiqué.

The Board will hold an examination at Simla and Delhi beginning on the 29th November 1926, for the purpose of making a list of candidates qualified for employment in the Imperial Secretariat and its Attached Offices.

The list will be composed as follows :

	Rs.
(*a*) 12 candidates qualified for employment in the First Division—Pay in Secretariat	175 to 500
(*b*) 35 candidates qualified for employment in the Second Division—	
Pay in Secretariat	80 to 300
Pay in Attached Offices	75 to 175
(*c*) 75 candidates qualified for employment as Typist and Routine Clerks—	
Pay in Secretariat	75 to 170

2. The minimum educational qualifications required of candidates, other than permanent departmental candidates, is :

(i) For First and Second Divisions—the Intermediate standard of any University or the Senior Cambridge.

(ii) For Typist and Routine clerks—the Matriculation examination or the Junior Cambridge or equivalent examination.

3. Candidates must not be over 24 years of age on the 1st December 1926, and no successful candidate will ordinarily be appointed to Government service if his age exceeds 25 years when the vacancy occurs.

4. Candidates, who are already in permanent Government service are not debarred from appearing at the examination, provided they are otherwise eligible and that their age does not exceed 30 years on the 1st December 1926. But as vacancies are generally temporary in the first instance such candidates are warned that, even if successful at the examination, they may have to wait a long time before any post can be offered to them. Their names will moreover be struck off the Board's List on their attaining 30 years of age .

5. Each candidate must pay an entrance fee of Rs. 10 into a Treasury and obtain a Treasury Receipt. The Treasury receipt should then be forwarded to the undersigned with a request for the prescribed form of application. No form will be supplied to a candidate until the Treasury receipt is received. Cash remittances will not be received. Applications for forms received after Monday, the 1st November 1926, will be ignored. The form will give candidates all necessary instructions. No part of the fee is returnable.

6. Accepted candidates will be examined by means of written papers with a view to testing their intelligence general knowledge and information and knowledge of English. Thus they will be required to write an English composition draft a letter and telegram, write a precis, prepare a subject-index and answer certain questions on general information Typists will be expected to type at a speed of 35 words a minute over a period of 20 minutes.

7. Candidates who satisfy the written and technical tests will be interviewed by the Board before final selection.

8. Candidates must pay their own expenses including Railway fare to and from Simla or Delhi.

9. No guarantee will be given to any successful candidate that he will obtain an appointment. Appointments are frequently temporary in the first instance. Permanent appointments are subject to a period of probation which may extend to one year.

(Sd.) E. H. BRANDON,

Secretary, Staff Selection Board.

SIMLA;

The 21st September 1926.

PUNISHMENTS INFLICTED FOR TRIFLING MATTERS BY THE DIVISIONAL SUPERINTENDENT, EASTERN BENGALRAILWAY, CALCUTTA.

529. ***Pandit Satyendra Nath Sen:** Will Government be pleased to enquire and report if it is a fact that the Divisional Superintendent, Broad Gauge, Calcutta, of the Eastern Bengal Railway, is frequently punishing the staff concerned with the running of trains for trifling matters, which has created wide-spread discontent?

Mr. P. R. Rau: No. It is open to the staff who consider they have grievances to take the ordinary method of bringing them to notice in the proper quarter.

FILLING UP OF VACANCIES IN HIGHER GRADES ON THE EAST INDIAN RAILWAY.

530. ***Pandit Satyendra Nath Sen:** Will Government be pleased to state if it is a fact that on the East Indian Railway, in filling up vacancies in the higher grade of subordinate ranks, the cases of men in the same department drawing the maximum of the next lower grade and who have rendered efficient service are considered?

Mr. P. R. Rau: Government have no reason to doubt that in filling up vacancies in higher grades, the claims of all persons having any claim are considered

IMPOSITION OF FINES ON STAFF ON THE EAST INDIAN RAILWAY.

531 ***Pandit Satyendra Nath Sen:** (*a*) Will Government be pleased to state if it is a fact that Gokulram, a peon under the Deputy Chief Engineer, East Indian Railway, drawing Rs 18 per month, has been fined Rs 12?

(*b*) If so, will Government be pleased to state if there is any such rule in force on the East Indian Railway permitting an officer to fine the staff so heavily?

(*c*) Will Government be pleased to state what the policy is in the matter of imposing fine on the staff?

Mr. P. R. Rau: I have called for the information and will lay a reply on the table of the House in due course.

RETENTION OF THE HEAD ESTABLISHMENT CLERK AT DINAPUR FOR SEVEN OR EIGHT YEARS.

532. ***Pandit Satyendra Nath Sen:** (*a*) Is it a fact that the present head establishment clerk at Dinapur has been working there for the last seven or eight years?

(*b*) Is there any rule or practice that State Railway servants, concerned with money matters and establishment, are to be transferred at least every three years?

(*c*) If the answers to parts (*a*) and (*b*) be in the affirmative, will Government please state the reasons for a departure in the case cited?

Mr. P. R. Rau: (*a*) Government have no information.

(*b*) I am not aware of any such rule.

(*c*) Does not arise.

Pandit Satyendra Nath Sen: Are Government aware that this officer was reported against by his superior official as an unreliable man and it was recommended by him that he should be transferred to some other position?

Mr. P. R. Rau: No, Sir, I am not aware of that fact.

Mr. M. Maswood Ahmad: Are Government aware that the position of a head establishment clerk is a very important one, and when such serious charges are made, it is better for the Government to make inquiries in all such cases?

Mr. P. R. Rau: No, Sir. The Agent is quite competent to deal with such questions.

Mr. M. Maswood Ahmad: Do Government propose to ask the Agent to submit a report and the result of the inquiries by the railway authorities in this particular case?

Mr. P. R. Rau: No, Sir.

DECK PASSENGERS ON THE PILGRIM-SHIP "JEHANGIR".

533. ***Mr. M. Maswood Ahmad:** Will Government please state the number of deck passengers on the pilgrim-ship "Jehangir" which sailed from Bombay on the 19th February, 1934?

Mr. G. S. Bajpai: Sir, with your permission, I shall answer questions Nos. 533 and 534 together. Enquiries have been made and a reply will be furnished as soon as possible.

Mr. M. Maswood Ahmad: Is it a fact, as Government have stated, that the replies to all these questions relating to the Haj pilgrimage will be laid on the table only? (Laughter.)

Mr. G. S. Bajpai: No, Sir. Government have reached no such decision.

LATRINES IN THE PILGRIM-SHIP "JEHANGIR".

†534. ***Mr. M. Maswood Ahmad:** Will Government be pleased to state the number of latrines in the pilgrim-ship "Jehangir" which sailed from Bombay on the 19th February 1934?

UNSTARRED QUESTIONS AND ANSWERS.

DISCONTINUANCE OF OFFICIATING PROMOTIONS IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

211. **Pandit Satyendra Nath Sen:** (*a*) With reference to the answer to starred question No. 67, parts (*a*) and (*b*), dated the 5th February, 1934, regarding discontinuance of officiating promotion in the Railway Clearing Accounts Office, will Government please state if the condition attaching to officiating appointments is also applicable to permanent appointments in the higher clerical grades?

†For answer to this question, *see* answer to question No. 533.

(*b*) If the reply to part (*a*) is in the negative, will Government please explain the reason for this differential treatment? Is it not a fact that permanent promotions result in permanent expenditure to Government?

(*c*) If the reply to part (*a*) is in the affirmative, will Government please state why permanent promotions to Classes I and II have been made in the Railway Clearing Accounts Office after the date of stoppage of officiating promotions to these classes?

(*d*) Are the permanent promotions to Classes I and II made in the Railway Clearing Accounts Office after the date of stoppage of officiating promotions to these classes, considered by Government to be in order under any of the rules as they stand at present? If so, will Government please state whether the rules permit of permanent promotions being made without the assumption of duties and responsibilities of greater importance than those attaching to the substantive post from which an officer is promoted, and whether the rules do not permit of officiating promotions being made without fulfilling this condition? If so, what steps do Government propose to take to remove the anomaly and avoid extra expenditure?

(*e*) Will Government please inform this House if permanent promotions to Classes I and II have also been made in other Railway Accounts Offices besides the Railway Clearing Accounts Office, after the stoppage of officiating promotions to these classes? If so, will Government please lay on the table of the House a statement of such promotions including those made in the Railway Clearing Accounts Office, showing the extra pay which such men have got by their promotion to Class I from the date of such promotion up to the 28th February, 1934?

(*f*) Will Government please state the action which they propose to take towards the promotions referred to in part (*c*) of the question?

Mr. P. R. Rau: (*a*) No.

(*b*) and (*d*). Permanent promotions to higher clerical grades in such cases are admissible under rules and are in order Where it is administratively considered desirable to have one or more grades comprising posts involving duties of approximately the same character or responsibility the pay of the grades is usually fixed on the basis that permanent promotions will be admissible. Government do not consider that any action is necessary in the matter.

(*c*) and (*f*). Do not arise

(*e*) As such promotions are permissible and are ordinarily made in all offices Government do not consider that any public interest is served by compiling the information called for.

GRANT OF MILEAGE ALLOWANCE TO THE TRAVELLING TICKET CHECKING STAFF.

212. **Khan Bahadur Haji Wajihuddin:** With reference to the reply to starred question No. 131, given in this House on the 16th February, 1934, will Government be pleased to state:

(*a*) if Travelling Ticket Examiners are connected with the charge of detecting ticketless travellers in the moving train;

(*b*) the definition of "*In charge of moving train*" and "*connected with the charge of a moving train*"; and

(c) if there are any such employees on any State Railway who are neither directly connected with the charge of a moving train nor in charge of the moving train, but are still paid mileage allowance?

Mr. P. R. Rau: I am calling for information and will lay a reply on the table of the House, in due course.

GRANT OF MILEAGE ALLOWANCE TO THE TRAVELLING TICKET CHECKING STAFF.

213. **Khan Bahadur Haji Wajihuddin:** Will Government be pleased to state:

(a) whether Train Despatch Clerks or Free Service clerks, *i.e.*, those who travel in trains taking and delivering Railway dak, are directly connected with the charge of a running train on the East Indian Railway; and

(b) whether it is a fact that such employees of the old Oudh and Rohilkhand Railway are still paid mileage allowance, and, if so, why the mileage allowance of the old Travelling Ticket Inspectors has been withdrawn?

Mr. P. R. Rau: I am calling for information and will lay a reply on the table of the House, in due course

CONDUCTOR GUARDS ON THE EAST INDIAN RAILWAY.

214. **Khan Bahadur Haji Wajihuddin:** Will Government be pleased to state:

(a) the duties of a Conductor Guard on the East Indian Railway as detailed in the Rule Books of the department;

(b) whether they are directly connected with the charge of moving trains if so, in what respects; and

(c) whether they are paid mileage allowance?

Mr. P. R. Rau: I am calling for information and will lay a reply on the table of the House, in due course.

DUTIES OF AN ENGINE KHALASI.

215. **Khan Bahadur Haji Wajihuddin:** Will Government be pleased to state:

(a) whether an engine khalasi, *i.e.*, Jack, *i.e.*, the third man other than a driver and fireman, is in charge of a moving train, and, if not, whether he is directly connected with the charge of a moving train or engine;

(b) why his duties have not been detailed in the General Rules for all Open Lines in British India as has been done in respect of guards, drivers and firemen ;

(c) his chief and primary duties on an engine in the normal working of a train; and

(d) if it is a fact that he is paid mileage allowance?

Mr. P. R. Rau: I am calling for information and will lay a reply on the table of the House, in due course.

CONSOLIDATED ALLOWANCE OF THE TRAVELLING TICKET INSPECTORS ON THE EAST INDIAN RAILWAY.

216. **Khan Bahadur Haji Wajihuddin:** Will Government be pleased to state:

(*a*) why the *ex gratia* consolidated allowance sanctioned to the old Travelling Ticket Inspectors of the East Indian Railway is not paid to those of the staff who are working as Inspectors and on station duty and who drew a mileage allowance in their substantive capacity;

(*b*) whether it is a fact that the decision communicated in this House on the 25th February, 1933, in reply to the starred question No. 488 (*c*), does not embody any such restriction, *i.e.*, according to the decision of the Railway Board mentioned above all the old Travelling Ticket Inspectors working in the present Ticket checking system are entitled to the *ex gratia* allowance; and

(*c*) whether they are prepared to see that it is done?

Mr. P. R. Rau: I am calling for information and will lay a reply on the table of the House, in due course.

ALTERATION IN A FIRST INFORMATION REPORT RECORDED AT THE GOVERNMENT RAILWAY POLICE STATION AT SHAMGARH IN CENTRAL INDIA.

217. **Maulvi Sayyid Murtuza Saheb Bahadur:** (*a*) Is it a fact that the Sub-Inspector of the Government Railway Police, Rajputana, made an alteration in a First Information Report recorded at the Government Railway Police Station at Shamgarh in Central India on the 14th October, 1933, changing the offence recorded therein from section 304-A, I.P.C. into section 304, I.P.C.?

(*b*) Is it a fact that the registers of the Shamgarh Police Station were also altered in conformity with the alteration referred to in part (*a*) above?

(*c*) Is it a fact that, in consequence of the said changes, several respectable persons, including some employees of the Bombay, Baroda and Central India Railway, were arrested?

(*d*) Is it a fact that bail was refused to the said arrested persons?

(*e*) Is it a fact that the employees of the Bombay, Baroda and Central India Railway Company referred to in part (*c*) above were arrested without obtaining the permission of the said Railway authorities?

(*f*) Is it a fact that the case had to be dropped without challaning the persons referred to in part (*c*) above for want of evidence?

(*g*) Was any action taken against the said Sub-Inspector of Police in connection with the matter? If not, why not?

Mr. H. A. F. Metcalfe: The information is being obtained from the Agent to the Governor General in Rajputana and will be communicated to the House.

STRENGTH OF STAFF IN THE JUDICIAL DEPARTMENT OF DELHI.

218. **Maulvi Sayyid Murtuza Saheb Bahadur:** (*a*) Will Government please lay on the table a statement showing the strength of Muhammadans and sister communities serving in the Judicial Department of Delhi and working in grades:

(*a*) 75—5—125 and other grades upwards,
(*b*) 45—2—95;
(*c*) 35—1½—75; and
(*d*) 35—1—55

} showing the percentage?

(*b*) If the percentage of Muhammadans happens to be low, are Government aware of the orders of Government that a preponderating element should not continue at all in favour of any community in any Government office?

(*c*) If the answer to part (*b*) is in the affirmative, will Government please state how they propose now to remedy this defect in future?

The Honourable Sir Harry Haig: I have called for the information from the Delhi Administration and will lay it on the table when received.

INCOME FROM EXPORT DUTY AND VALUE OF EXPORTED ARTICLES.

219. **Mr. M. Maswood Ahmad:** Will Government please state, without referring to the pages of the sea-borne trade statistics,

(i) the income from total export duty during 1932-33; and

(ii) the value of exported articles from the different provinces, separately, during 1932-33?

The Honourable Sir George Schuster: (i) Information regarding the export duty collected will be found on page 15 of the Explanatory Memorandum supplied to the Honourable Member along with other Budget papers on February 27th.

(ii) Information regarding the value of exports will be found in the separate Reports on the Maritime Trade of Bengal, Burma and the Province of Sind and the Report on the Sea-Borne Trade of the Bombay Presidency excluding Sind and the Madras Presidency for the year 1932-33, of which copies will be found in the Library of the House.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir George Schuster (Finance Member): Sir, I lay on the table the information promised in reply to starred questions Nos. 204 and 205 asked by Mr. Muhammad Anwar-ul-Azim on the 21st February, 1934.

RECRUITMENT OF MEMBERS OF MINORITY COMMUNITIES IN THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, DELHI.

204. (*a*) Yes.

(*b*) There were 52 vacancies to be filled up during the period specified in the question. Of these 17 should have gone to minority communities. As only 14 men

of minority communities qualified or fit for confirmation were available they were confirmed, and three more vacancies were reserved for members of minority communities. The Deputy Accountant General, Posts and Telegraphs understood the orders of the Government of India on the subject to mean that one third of the vacancies, instead of every third vacancy, should be allocated to members of minority communities. The position has now been made clear to him; the seniority list has been revised and every third place has been allocated to a member of a minority community.

LOSS OF OFFICIAL RECORDS FROM THE POSTAL AUDIT OFFICE, DELHI.

205. (*a*) Yes.

(*b*) (*i*) The Records lost were :

(1) *The Savings Bank Annual Interest Statements* of two post offices, prepared in the Audit Office,

(2) *Some Head Office Slips* (of deposits in the Head Post Offices, prepared in the Audit Office),

(3) *Some Ledger Cards* (duplicates, prepared in the Audit Office, of post office ledgers recording transaction of deposits or withdrawals etc),

(4) *Warrants of Payments* etc, authorities for withdrawals from Savings Bank Accounts combined with the depositors' receipt

(*ii*) The records were not recovered but duplicates were prepared by the Audit Office in all cases except the warrants of payment in lieu of which admissions of payment were obtained by the Postmasters according to departmental rules.

(*c*). (*i*) Departmental action was taken to find out the culprits but there was no evidence against any particular person.

(*ii*) No.

(*d*) As no valuable documents were lost, it was not considered necessary to report the matter to the police.

(*e*) No The Union made a proposal to form a representative vigilance committee but dropped it subsequently.

(*f*) Does not arise.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table the information promised in reply to starred question No. 211 asked by Mr. Vidya Sagar Pandya on the 21st February, 1934.

REDUCTION OF FIVE POSTS OF CLERKS IN THE PUNJAB TELEGRAPH CIRCLE.

*211. (*a*) Yes.

(*b*) No

(*c*) No.

(*d*) No. For purposes of retrenchment officials in the selection grade and in the ordinary time-scales are treated as in one category while those in the lower division are treated as belonging to another category.

(*e*) No. The retrenchment of personnel will be effected in accordance with the general orders of Government on the subject.

(*f*) No

(*g*) Does not arise.

Mr. P. R. Rau (Financial Commissioner, Railways): Sir, I lay on the table the information promised in reply to starred question No. 124 asked by Diwan Bahadur Harbilas Sarda on 13th February, 1934.

GRIEVANCES OF THE PEOPLE OF BEECHLA TANK AGAINST THE RAILWAY AUTHORITIES.

*124. (*a*) It would appear from old plans that there used to be four ways of approach to the Beechla Tank locality from Ajmer City, two of which were "nullahs" and two roads. It is not known whether the land under these ways of approach was given to the Railway free of charge by the people of the locality.

(*b*) The reply to the first part is in the affirmative, but it is not a fact that there are no means of access open to the inhabitants of the locality at all hours.

(*c*) Road overbridges across railway yards have been provided on the Bombay, Baroda and Central India Railway at certain important stations where their provision was considered necessary and where the municipal authorities agreed to contribute to their cost.

(*d*) Representations have been received by the Railway Administration who have pointed out that the remedy lay in getting the Municipality to maintain the existing subway in a serviceable state

(*e*) I am informed that up to about 1929, the public made unauthorised use of the main gate of the station for passing to and from the Beechla locality, but this practice, which constituted trespassing on railway land, was put a stop to after that year.

(*f*) and (*h*) A bridge over the railway yard is not considered necessary, because there is an existing subway as well as other means of access to the area under consideration.

(*g*) Yes, but with the full approval of the Municipality and after having constructed a new road in substitution of the one closed.

(*i*) The Railway Administration have reported that there is no record of people having been run over while crossing the railway yard

(*j*) and (*k*). I am informed that the cultivators, who grow vegetables in the Beechla area, take them in head-loads to the shops of local dealers, in whose hands the rail-borne trade lies. In the circumstances there does not seem to be any necessity for giving any additional facilities for the vegetables to be taken direct to the station.

THE INDIAN AIRCRAFT BILL.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I move for leave to introduce a Bill to make better provision for the control of the manufacture, possession, use, operation, sale, import and export of aircraft.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to make better provision for the control of the manufacture, possession, use, operation, sale, import and export of aircraft."

The motion was adopted.

The Honourable Sir Frank Noyce: Sir, I introduce the Bill.

THE INDIAN FINANCE BILL

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the following motion moved by the Honourable Sir George Schuster on the 16th March, 1934:

"That the Bill to fix the duty on salt manufactured in or imported by land into certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923 and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, be taken into consideration."

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): What about the item, Sir, regarding a motion for the election of Members to the Standing Finance Committee for Railways, standing in the name of the Honourable the Member for Commerce and Railways?

Mr. President (The Honourable Sir Shanmukham Chetty): That motion is not being made today.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, the Honourable the Finance Member, in introducing his Budget speech, reminded us that this is the last occasion when he would ask this House to grant him supplies; and such being the case, he passed in review his five years' financial administration and asked this House to agree with him in the proposals he made. The Honourable the Finance Member, Sir, undoubtedly has minted his last Budget: but Honourable Members on this side of the House are equally taking part in what would appear to be their last Budget debate in this Assembly. If the Honourable the Finance Member felt impelled to review the financial situation during the last five years, it would be equally pertinent for Honourable Members on this side of the House to recall the salient facts ever since the inauguration of the Reforms in 1921. Fortunately, for this purpose we have a succinct statement contained in the Explanatory Memorandum of the Financial Secretary printed at page 1 of this brochure, and Honourable Members will find, if they glance at that statement, that, during the last fourteen years, there have been at least seven years of serious deficits in the revenues of the Government of India. Take, for example, the very first year, 1921-22, which opened with a deficit of 27·65 crores. Next year, it was followed by a deficit of 15·02 crores, and then we had small surpluses for three years, and then again we entered upon a cycle of deficits for three years, made good by the transfer of certain sums from the revenue reserve fund. The year 1928-29 had again a deficit of 32 lakhs. Then, there was a small surplus shown next year, and, then, again, we have entered upon a period of deficits of 11 lakhs, 12 lakhs, and so on. During the last five years, Honourable Members will find that we have saddled the country with taxation to the tune of nearly 51 crores. Let me give Honourable Members a few facts bearing on this subject. In 1930-31, the additional taxation amounted to 11·58 crores. In 1931 and 1932—the period of two Budgets, the normal Budget and the Emergency Budget,—in the normal Budget there was an additional taxation of 15 crores and in the Emergency Budget there was another taxation of 7½ crores—a total of 22½ crores. In the following year, 1932-33, there was an additional taxation of 14·83 crores, and in 1933-34, the year just ending, we have a taxation of 14·83 crores *plus* 3·87 crores Now, the aggregate of all this is, as Honourable Members will find, in the neighbourhood of 51 crores. If Honourable Members will turn to .....

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): May I ask my Honourable friend what is his authority for quoting these figures? Where has he got them from?

Sir Hari Singh Gour: The authority for these figures are the Budget statements and the Budgets of the years I have referred to. I will be glad to lend the Honourable Member a copy if he wishes to verify these statements.

The Honourable Sir George Schuster (Finance Member): Did I correctly understand my Honourable friend to say that in the year 1933-34 we imposed an additional taxation of something like 14 crores? Did my Honourable friend say that?

Sir Hari Singh Gour: Yes, Sir.

The Honourable Sir George Schuster: I challenge my Honourable friend's statement.

Sir Hari Singh Gour: The Budget that we passed in 1931, ...

The Honourable Sir George Schuster: I am referring him to the figures of 1933-34.

Dr. Ziauddin Ahmad: It is only 1·77 crores.

Sir Hari Singh Gour: That is correct. If Honourable Members will turn to the emergency Budget statements of the Honourable the Finance Member, Honourable Members will find that that was a Budget providing for supplies for 18 months and we wanted to revise that Budget by reducing taxation to the extent of about 3½ crores, and we wanted to pass the Finance Bill by making the necessary reduction. The Honourable the Finance Member would not agree to it and he came forward on the 30th November, 1931, with a recommended Bill as it was originally introduced in this House. Honourable Members will find that on the third reading the Honourable the Finance Member's Bill was thrown out in this House by 48 to 63 votes, that is, by a majority of 15 votes. Now, the present Finance Bill is substantially a continuation of that Bill, slight changes in the postal rates and so on being the only variation from that Bill We are, therefore, confronted with this position. During the last 14 years, of which a statement is given in the Explanatory Memorandum of the Government of India, the Government of India have been living beyond their means. Every year to which I have referred—at least seven years—and I venture to submit there are two more years, the Government of India have been in deficit. In 1922, one of us pointed out to the Government of India that they were burning their candle at both ends and that it was necessary for them to re-organise their public services.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Because there are no more ends than two!

Sir Hari Singh Gour: Yes. The Government opposed the motion, but the non-official Benches carried the motion over the head of the Government by the appointment of a Retrenchment Committee, resulting in the appointment of what is popularly known as the Inchcape Committee. That Committee, Sir, was not charged with the duty of altering the policy of the Government of India and, within the ambit of the then Constitution, the Inchcape Committee decided that there should be retrenchment to the extent of about 20½ crores in the expenses of the Government of India. Since then, the expenses of the Government of India have not come down, and I shall presently point out to this House, when I analyse the civil and military expenditure of the Government, that there has been

[Sir Hari Singh Gour.]

no substantial reduction in the expenditure of the Government of India. I am quite aware of the Retrenchment Committees appointed by this House and of the reduction in the expenditure made by the Government of India, but I am not dealing with the small detailed reduction of expenditure. I am dealing here with the broad question of policy. As Honourable Members will recall, we on this side of the House drew the attention of the Government only the other day that the time had come for the re-organisation of public services in this country. Three years back, the Honourable the Finance Member had informed this House that the pay bill of the Government of India, including the civil and army expenditure, Railways and the Provinces amounted to 120 crores per annum. Now, Sir, I ask you that if there were a re-organisation of the public services and the pay was settled on the Indian basis, there would be some chance of the reduction of expenditure in the near future although those who are the recipients of the emoluments which they have contracted for would have continued to receive their salaries and allowances till they retire. But what the elected Members of this House and what the conjoint body of the Indian Delegation have impressed upon the Government, both here and at Whitehall, is the necessity of immediately taking into consideration the question of the organisation of the services.

I remember that when we were debating this question, the Honourable the Finance Member was not even here in his seat, probably because he regarded that as a political question. But we had raised this question not as a political issue, but as a purely economic issue. We raised the question on the ground that, unless there is a re-organisation of the services of the Government of India and the reduction in the basic pay of the Indians in this country, the Government of India, impecunious as they have been during the last 14 years would plunge into the vortex of bankruptcy, irremediable bankruptcy, and we, therefore, asked the Government of India to take time by the forelock and set their house in order. What action the Government of India have taken, I know not, but, so far as the non-official Benches are concerned, there cannot be two opinions on the subject. Now, Sir, Honourable Members will be pleased to find that the amount of abnormal taxes bear a considerable ratio to the normal or taxed income of this country. If Honourable Members will turn to Table III, they will find that the total taxed income of the Government of India is only 70·84 crores, whereas these abnormal taxes that have been piled upon this country since the last five years, and I venture to submit, ever since the dawn of the Reforms, have come up to a round figure of nearly 50 crores. I submit this is a very serious position. We have been told by economists that the principle of additional taxation must take into consideration the following fundamental principles. I read from Mr. Armitage-Smith's "Principles and Methods of Taxation", page 27, in which the following sentences occur:

"All taxes are deductions from the spending power of individuals, and therefore from their demand for products of industry; they thus diminish voluntary consumption and production. Since taxation does not create wealth but only diverts it into the hands of Government, it cannot be justified except by its expediency, and it is only a good investment when its objects are clearly beneficial to the community, and when the taxes are raised by methods which are just and economic. Burdensome and unjust taxation reduces the productive capacity of a nation and can only tend to its exhaustion. A nation does not become prosperous in proportion to the amount

of its taxation, but it is able to bear heavy taxation with less suffering when it is prosperous and wealthy."

Now, Sir, let us apply this principle to the Budget of this year and to the taxation proposals embodied in the Finance Bill now under consideration Honourable Members will find that, in the very opening passage of his speech, I am referring to paragraph 3, the Honourable the Finance Member has penned the following lines:

"In view of the extent to which we rely on customs import duties for revenue, the effects of this enormous drop must be obvious At the same time our other main source of tax revenue—income-tax—was heavily cut into I may give one simple index of this fall

I want Honourable Members to mark these words

"Taking the head of income assessable as 'profits' the annual profits of companies and registered firms in India which averaged over 53 crores in the eight years ending March, 31, 1930, fell to under 29 crores in 1932-33.

I regard this as the barometer of the nation's prosperity. If we find that the income of the joint-stock companies during the last year has fallen from 53 crores to 29 crores, what must be the fall in the individual incomes of the people who receive their incomes from either agriculture or from industries or from service. The Honourable the Finance Member has admitted that there has been an unprecedented fall in the prices of agricultural produce, and, therefore, we are confronted with the position that India is at the present day in a state of unprecedented economic depression and that the Honourable the Finance Member wishes not only to perpetuate the evils of his extraordinary Budget certified by the Governor General to saddle further upon this country an additional expenditure to the tune of 3·87 crores. He says he wants 1·47 crores from sugar, 2·10 crores from matches and ·30 crores from tobacco. I do not wish to cavil at the piece of legislation which we are considering at the present moment, but it is, I hope, pertinent if I draw your attention to the fact that under the Devolution Rules, printed at page 206 of the Government of India Act, clauses 25 and 26 lay down that "development of industries, including industrial research and technical education, and industrial matters included under the following heads, namely, factories, etc.", are provincial transferred subjects though the proviso entitles this House to legislate in respect of "factories, settlement of labour disputes, electricity, boilers and welfare of labour, including provident funds, industrial insurance (general health and accident), and housing". The question that arises in this connection is this. While it is perfectly legitimate to this House to legislate on sugar and matches excise duties, is it constitutionally right for the Government of India to appropriate the revenue received from these sources for purposes not justified by the Devolution Rules, and I submit that this is a question well worthy of consideration.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): How do you explain that the Government are not justified by the Devolution Rules?

Sir Hari Singh Gour: Honourable Members will find that these are transferred provincial subjects and the revenues from these sources are to go to the Provinces.

Sir Cowasji Jehangir: Where is that stated?

Sir Hari Singh Gour: Rule 16. That is in the Devolution Rules themselves and while we have got the right to legislate, I do not think—I speak subject to correction—that we have the right to appropriate the revenue from these sources for purposes not intended by the Devolution Rules. Be that as it may. The question will have to be considered when we deal with sugar and matches excise duties. For the present, what I wish to submit to the House is this. On a previous occasion, when we passed the 18 months Budget, we were told that if the House acceded to the request of the Honourable the Finance Member, we should be out of the wood and that, after the lapse of those 18 months, the country would be in a position to balance its Budget without additional taxation. That was the very purpose for which that Budget was passed. The Honourable the Finance Member had the Budget certified, because he said that he wanted to keep up the financial integrity of the Government of India. At the same time, he admitted that, in those days of unprecedented depression throughout the world, there were very few countries, if any, which were in a position of balancing their own Budgets. The reason is obvious. The countries which inflated their currencies and borrowed or carried over their deficits to the next two years or so were countries where the finances were entrusted to the popular representatives. Here, in India, the popular representatives have merely an advisory character and when they wanted the Finance Bill to be modified the Honourable the Finance Member was implacable. He said: "either I shall have the whole or not at all", and he had the whole in spite of the striking vote of this Assembly. Well, Sir, comparisons are odious and I shall, therefore, pass by this question. But I say this that if the Honourable the Finance Member had been responsible to this House, instead of being responsible to an outside authority, he would be the first to fall into line with the other popular chambers where the difficulties of the day were tided over by carrying the deficits over instead of covering them by additional taxation. But we are not concerned with that question What we are concerned with at the present moment is this Is the country prepared or, what is more is the country in the present circumstances in a position to bear the additional burdens that are thrown upon it? We never agreed to the additional burdens 2½ years ago, are we in a position to agree to those burdens today? That is the main question, and I would ask the House, when the Finance Bill, is being voted upon, to recall the facts of November, 1931, and see if any fresh facts have been brought to light justifying a change of attitude on the part of Honourable Members on this side of the House

I submit, Sir, that the Government of India have not been responsive to this Legislature to the extent we should like them to be. For the last 14 years, we have been pointing out that the country is not able to bear the burden of the heavy civil and military expenditure of Government. I have already dealt with the civil expenditure; let me for one moment turn to the military expenditure. The Honourable the Finance Member very often reminds us that the military expenditure has gone down from 56 crores to 46 crores, and he says that the thanks of this House are due to Government for this reduction. That is one side of the case; may I recall to the Honourable Members the other side of the case also? The military expenditure in 1913-14 was in the neighbourhood of 29 crores,

rather a few lakhs less than 29 crores. The prices today have reached the index figure of the prices of 1913-14; and it is for the Honourable the Finance Member to justify the increase of expenditure from 29 crores to 46 crores and not ask us to ratify his act because he has reduced the abnormal expenditure of 56 crores or even more to 46 crores. That, I submit, is the main question. In connection with the military expenditure, one unusual item in this year's Budget is the grant of a million and a half pounds by His Majesty's Government.

Sir Cowasji Jehangir: Does my Honourable friend mean that because the cost of living today is the same as in 1914, the salaries of all establishments should go down to the 1914 parity? Is that what he means?

Sir Hari Singh Gour: I submit that if there is a change of policy and if the prices do not go down to the parity of 1913-14, there would be still a very substantial reduction in the rates of the salaries of the military officials from what they stand today.

Sir Cowasji Jehangir: I am talking of the civil establishment.

Sir Hari Singh Gour: I have already dealt with the civil establishment. I have pointed out,—I think the Honourable Member was not listening to it,—that in a special cut motion which I tabled the other day and for which my Honourable friend, Sir Cowasji Jehangir, voted, this House indicated in unmistakable terms that the time had come for the re-organisation of all the public services of the Government of India.

Sir Cowasji Jehangir: That was a different point altogether. The Honourable Member is merely confusing the issue. I ask the Honourable Member a straightforward question. He says that the price levels have gone down to the levels of 1914 Will he inform the House whether he is prepared to advocate all establishment salaries going down to the level of 1914?

Sir Hari Singh Gour: The reply is given by an Honourable Member behind me, why not? And what about the Lee Concessions? And I submit that whatever may be the difference between my friend and myself on the details of the economy, the broad fact remains that, now that the prices have gone down to that level, a thorough revision of the military expenditure is necessary and urgently called for. That is the point that I am making.

Mr. B. Sitaramaraju: I think the Honourable Member's point is that rise in prices was one of the considerations for increasing the expenditure from 29 crores to 65 crores after the War. And, therefore, the point is that because the prices have gone low now, there is no justification to maintain it at that level. Is it not so?

Sir Hari Singh Gour: I think my Honourable friend, Mr. Sitaramaraju, has answered the doubts of Sir Cowasji Jehangir. But the point I am making is this. So far as military expenditure is concerned two points arise for consideration, and these two points I confidently submit to the judgment of this House. The first point is that the defence of this country must be in an increasing measure the concern of Indians and

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there is no reason whatever for the retention of the British garrison in the strength in which it is maintained at the present moment. Some years back, we drew the attention of Government to this point and the Honourable the Finance Member then said that we could not turn out the British troops without notice. Well, Sir, sufficient time has been given to the Government of India to take up this question and to see that there is a reduction in the personnel of the white troops without which there can be no substantial reduction in the military expenditure of this country. The second point and a very important point from my point of view is the question of this subvention of a million and a half pounds to the revenues of India. I welcome that subvention, but at the same time I shall ask the Honourable the Finance Member whether coupled with that subvention there is not an obligation on the part of the Government of India to submit to the behests of the War Office in keeping up the equipment of the Indian Army to the level required by the War Office in England, so that as an arm of the Imperial Forces the Indian Army might be ready to take its place in any theatre of war That was certainly the intention of the Esher Committee in 1918. Mr Neogy, who is in the House, will recall the controversy to which it gave rise in this House and this House unanimously, with the concurrence of the Treasury Benches, decided that the primary and sole function of the Army in India was the defence of India; and if that purpose is kept in view, then I shall ask, why the Army of India should be manned and equipped so as to take the field upon any theatre of war not solely connected with the defence of India. I submit, that is a point upon which this House would like to have information from the Honourable the Finance Member.

12 NOON. I feel that this year's Budget and this year's consequent Finance Bill is not a Bill upon which this House can congratulate the Honourable the Finance Member, nor indeed can we in the last days of our official life in this House support him and go back to the country and say "We have taxed you by increased import duties, increased customs duties, increased excise duties on sugar and matches, and, therefore, we want a renewal of your confidence to enable us to go back and support the Government in their economic and financial policy". The Finance Bill will go through, whether we like it or not. It has gone through before, and, therefore, there is no reality in the debate and the Honourable the Finance Member might just as well have said that whether the Honourable Members on this side of the House want it or not, he wants his money and he will get it. The question is not whether the country can afford the burden; the question is not whether it will not seriously impair the purchasing power of the people; the question is not that it will entail untold miseries upon the poor people of this country. But the question is, as the Finance Member has bluntly told us, that he wants that the Budget of the Government of India should be balanced. There was a famous emperor who used to use his fingers upon the fiddle when Rome was burning; but I have not yet heard of an emperor who uses his fingers to filch money from other people's pockets while Rome was burning. Here we have the country in a state of unprecedented depression, and yet the Honourable the Finance Member wishes to raise taxes and raise the revenue, regardless of the cries of anguish of the tax-payer. I know he has perhaps no choice in the matter; placed as he is in a position of irresponsibility to this House and a position of responsibility

to an outside authority. While I do not envy his position, I can at any rate understand his predicament, and while we will not be in a position to influence his decision on the floor of this House, we can at least do one thing, that is, ask him to take a message from the popular side of this House that, when he lays down the reins of his high office and goes back to England, we hope at any rate that he will remind the people of that country that the policy the Government of India have been pursuing in this country is not the right policy and that the Government of India though technically not responsible to this House, are not even responsive to its wishes.

Dr. Ziauddin Ahmad: Sir, before I come to the subject of the Budget, may I, with your permission, refer to two points? The first is that in the discussion of the Finance Bill, Members refer to various aspects, and it will shorten the discussion very much if one Member at least from each Department may be present and correct incorrect information As an instance, I will mention the fact that one Honourable gentleman quoted wrong facts about the post office and he was corrected in time, and the debate did not continue Last time, my friend, Seth Haji Abdoola Haroon, made some observations about Baluchistan, and the impression left on my mind, in view of the fact that his facts were not controverted by the Honourable the Foreign Secretary, is that there is something substantially wrong with the British administration of Baluchistan: we are not doing justice to the people and we are not observing the laws of the land in that part of the country, but we are still continuing the old fashioned ideas of justice by means of the *jirga*, which might have been good two centuries ago, but they have got absolutely no force in the present times for two reasons. In the first place, if some of those people feel that the *jirga* is not doing justice and would do away with individuals, but owing to the British protection they could not do away with them. The second is that though the *jirga* system might have satisfied the aspirations of the people two centuries ago, we cannot say that the same is the position today, and, therefore, the sooner we do away with the administration of justice by means of the *jirga* and adopt a more rational form of government, the better it will be. I do not actually want a ruling from you, Sir, on this point, but it is an important point, and I trust you will yourself make some observations whenever opportunity arises, that at least one Member from each Department may be present on an occasion when Members are speaking on all kinds of topics.

Another thing is that my friend, Sir Muhammad Yakub, referred to something about his study of mathematics with reference to himself. If a person has not got any aptitude for mathematics, I consider it is not a sign of his weakness. Lord Macaulay did not know mathematics, and he learned by heart the binomial theorem; and when in an examination he was asked to describe a common pump, he wrote that it was first necessary to prove the binomial theorem, and started doing so, and handed in his examination paper. The University did not give him a degree, but they gave him an honorary degree later on. We have got instances, not only of Sir Muhammad Yakub, but of other great men I tell one thing, which probably Sir Muhammad Yakub did not know, that I quoted his example and of others before the Senate of the Allahabad University, when I moved that mathematics should not be a compulsory subject in the Intermediate examination.

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This is the first time I am speaking since the Honourable Member laid his Budget before us, as I had no chance during the discussion on demands except for a short speech on planned economy. I congratulate the Honourable the Finance Member for the way in which he has carried on the finances of the country during these troublous times, and those, who have followed closely the finances of other countries, can see that it was not a joke The world is passing through a great financial crisis, not only in financial matters, but also in general trade depression. Many countries could not honour their financial obligations: they are keeping up a managed currency and the position of their credit has gone down. We find that the credit of our securities, instead of going down, has gone up. When my friend, Sir George Schuster, took charge of his office, the 3½ per cent sterling security, which is really the thermometer of all the securities stood at 61. Then it went down to 53½,—I am talking of sterling securities outside India,—and in March last year this security closed at 99. There was an appreciation of 61 per cent. since he took charge, and an appreciation of 86 per cent. since October, 1931. Therefore, these results are very good indeed, but evidently my Honourable friend, Sir George Schuster, did not pay for this from his pocket; the country had to pay for the appreciation of the credit of the country.

Sir, I shall first take up the question of the policy of taxation. My friend, Sir Hari Singh Gour, gave the figures, but there was one slight mistake in making calculations, that is, the figures in November, 1931, were calculated twice over. He credited the entire amount for 1932-33, and half of it for 1931-32. In the year 1930-31, we imposed a duty on textile of 1·25 crores, on sugar 1·80 crores, kerosene ·35 crore, income-tax ·70 crore, silver one crore, total five crores. In the year 1931-32, customs 9·82, income-tax five crores, total 14·82 crores. Now, in the second Finance Bill, which was presented in November, 1931, we imposed a duty on salt of ·85, customs 3·1 surcharge 6·62, income-tax 3·53, postal and telegraphs ·73, total 14·83 crores. There was no increase in customs duty in 1932-33. In 1933-34, boots and miscellaneous ·27 crores, artificial silk 1·50 crores, total 1·79 crores. In the Budget of 1934-35, sugar 1·40 crores, tobacco ·3 crore, matches 2·10 crores total 3·84 crores . . . .

The Honourable Sir George Schuster: I would like to point out that in giving these figures, he is giving the estimates of additional revenue; he is talking about the increase of taxation, but he has just included as one of the increases of taxation the extra five lakhs that we hope to get by reducing the silver duty from 7½ annas to five annas. Surely, it cannot be added to the total of increased taxation. The point is important, because a great many of these measures,—for instance, the tobacco proposal,—are merely an attempt to adjust the duties in order to recover the revenue which we should otherwise lose. It is not to be treated as increased taxation

Dr. Ziauddin Ahmad: I am coming to it presently. I shall first of all take income-tax, and then come to the customs duty. We have increased income-tax during the course of these five years by 9·23 crores since 1930-31, and we find from the figures that our Budget in that particular year was 16 crores. Last year, the income was 17·23 crores, and so we have actually increased the income by 1·35 crores; we have

levied an additional taxation of 9·23. This really means that our income under the head of income-tax has gone down by eight crores. What does it really indicate? It shows that the income of the various classes of people has also gone down by an amount whose income-tax is eight crores. I have just got a copy of the report of the Income-tax Department, and I did not get sufficient time to calculate it, but I think I am nearly right if I estimate that the average of the income-tax is 1½ annas per rupee. That really means that the loss of income of the people during the last five years as revealed by the loss of income-tax is in the neighbourhood of 80 crores. That means, again, that the income of the people, I mean of those who were capable of paying income-tax, has really diminished during this period by 80 crores. That is the point really that I want to make out. The capacity of the people has substantially fallen, and that is reflected by the income-tax figures.

The second point that I should like to make out is, that though year after year we have been adding to the taxes on customs, still we find that the revenue of the Government remains almost stationary. In the year 1930-31, our income under customs was 46·81. We have added the customs duty of about 30 crores, and still last year our income was 46·87. This year we estimated at 48·48, but I am quite sure that our actual income will fall short of our expectations. This shows that 46½ crores is practically the utmost capacity of this country. Sir, if you go on adding more taxes, you will find that the actual income would remain stationary. By levying taxes the prices go up, the people buy less and less, and thus the law of diminishing returns comes into operation, and that is really what the people can afford to pay. Therefore, in imposing new taxes in future, we have first of all to consider what is the taxable capacity of the people, because we have seen in these years by these figures that our income under customs remains 46 crores in spite of all the additions by these taxes which we have been piling upon it year by year. These are remarkable figures, because they show that the buying capacity of the people has been reached to the full, and there is absolutely no room for levying additional taxation. Sir, I feel that we have now arrived at a stage when our taxation policy should be revised, and we should consider carefully what are the commodities that can bear further taxation and what are the commodities that cannot bear any further taxation, and then decide the matter taking into account also the paying capacity of the people.

Sir, this is not all. The taxation now-a-days is not confined to the Finance Bill. Recently we have started a new form of taxation under the garb of raising the price level or providing temporary shelter or trying to say that we are encouraging the industries of the country, and thus a new form of taxation has been introduced. We do not know what effect it will produce on the general finances of the country. We have just passed a Finance Bill under the name of Customs Amendment Bill, and I tried my best to visualise in my mind how that measure would affect the general finances of the country, whether it would lead to increase the income of the country or diminish it, but all my attempts have failed. Therefore, it is very necessary, whenever we put any kind of duty, that we should visualise in our mind what would be the effect of such duties on the general finances of the country, whether it would lead to the imposition of new taxes or reduction of old taxes. We are proceeding in ignorance. Sir, it reminds me of a very important remark made by one of the greatest

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men, Al Beruni. He was calculating the value of one degree, which was previously done by Ptolemy and Yakub Alkandi. But Ptolemy calculated for a little over one degree and a little under one degree and took the mean. Then there was another Mathematician, Yakub Alkandi . . . .

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Not myself I hope?

Dr. Ziauddin Ahmad: You are Sir Muhammad Yakub, and he was Yakub Alkandi who calculated for 15/16 and added one fifteenth of the value in order to get the value of one degree. Al Beruni remarked that both Ptolemy and Yakub Alkandi were wrong, but Ptolemy understood what he was doing and Yakub Alkandi did not. So the same is the case with the Finance Bill, and the Tariff Amendment Bills brought forward by the Commerce Member. Both the Finance Member and the Commerce Member were absolutely wrong in increasing the taxation of the country, because the people cannot bear any further taxation, but the Finance Member knows what the effect of his Bill would be on the general finances of the country, while the Commerce Member cannot tell what the effect of his measures would be on the general finances. Therefore, both were wrong,—one knows, while the other does not know what the effect would be. Now, I stand here and I ask any one on the Treasury Benches either on the floor of this House, or to point to any clerk, or assistant or Secretary or Joint Secretary, with whom I am prepared to sit for hours and hours, to calculate and tell me what would be the effect on the finances of the country of the Bills that we have already passed and of the Bill that is now before us. If we pass this Bill to raise the taxation and raise the price level and put a burden on the consumers, the effect is that the general income would go down, and it will be followed by some other taxation. One taxation leads to another taxation in order to make up the deficiency. This is not a very desirable thing to do. Whenever we bring forward any kind of Tariff Bill, if it is pure and simple protection, I can understand it, but if it is anything other than protection pure and simple, then I should like to know what its effect on the finances of the country would be. Before I finish this subject, let me say something about the manner of taxation. It is desirable that taxation should be Central. I am for respecting treaties with the States, but from that it does not follow that we should not undertake in our hands the collection of all the taxes and give to various States the amount which is due to them, and that is the only way by which this question can be solved.

Mr. B. Das (Orissa Division: Non-Muhammadan): Will not my Honourable friend give us his own idea of a scientific planning of taxation so that the future Finance Member may profit by it?

Dr. Ziauddin Ahmad: I am very glad, my Honourable friend, Mr. Das, has put the question. Had the answer been so simple, probably the Finance Member would have adopted it long so. This is an exceedingly difficult problem. It requires very careful consideration, commodity after commodity. We have to study each commodity and follow the consumption in the country, and the effect on consumption by an increase of duty, and so on. This is a very difficult thing, but what I did suggest was that this was a thing which ought to be systematically studied by the Government.

Coming to the debt position, in the year 1930-31, our debt amounted to Rs. 1,074 crores, and now it stands at Rs. 1,212 crores, and the rise is particularly noticeable in the case of the sterling debt which in 1929 stood at Rs. 471·75, and now at Rs. 511·60 crores. I think with the export of gold it was desirable to have reduced our sterling debt, and we ought to have used a portion of our export of gold for that purpose. No doubt most of this money has been lent to revenue producing things like railways, but we have seen that railways are defaulting, they cannot pay. We have the States defaulting and they cannot pay, and ultimately the burden will fall on the poor tax-payers of British India.

I come now to the question of the export of gold. We have exported since September, 1931, Rs. 180 crores worth of gold. This is a very considerable sum. I did not object very strongly at the beginning, because it was a kind of reserve which helped us in maintaining the financial stability of the country, but has not the time come to stop this export? How long are you going to continue this export? I find that since 1900 till September, 1931, we had exported only Rs. 168 crores worth of gold, but since then our export has been at Rs. 180 crores, which is more than what was exported in a period of thirty-two years. Our import during that period is Rs. 701 crores, that is, since 1900. So we have still got a sufficient balance left, but it is very desirable that we should keep this reserve in our hands in order that we may fall back upon it in difficult times, and I think that the time has come when we should stop the export of gold and put an embargo upon it.

I do not like at this stage to dwell in great detail on questions relating to sugar, hides and skins, and other things, because we shall have an opportunity of dealing with them. I shall only make just one or two passing observations. About sugar, I should like to put a question to those who oppose the Government proposal. The income under the head "sugar" to the Government was Rs. ten crores and, on account of protection, it has been reduced to Rs. two crores. It means that the tax-payers of India have given a donation of Rs. eight crores to the manufacturers of sugar, because this sum of Rs. eight crores has been realised by imposing other taxes on the country.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Rural): May I point out that there is a fallacy in that argument? The figure of Rs. ten crores which he takes was a figure arrived at when sugar was selling at a very high rate. At present the Honourable Member must take into consideration the fall in prices.

Dr. Ziauddin Ahmad: What I say is that our income from sugar was Rs. ten crores and it was reduced to Rs. two crores. I shall not go into all the reasons, but it does mean that it is a kind of donation which the tax-payer has placed at the disposal of the manufacturers and the consumers. We gave the industry a protection of Rs. 7-4-0. We stand by it and honour it, and there is no question of taking it away. They were promised another eight annas if the price of Java sugar came to less than Rs. four a maund, and as the price of Java sugar has fallen to less than Rs. four a maund, we give an extra eight annas. We stand by it and honour it. But the problem does not rest there. Unfortunately we made a mistake in the year 1931 by raising the duty by 25 per cent all round. I protested at that time and said that even the protective duties would be

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raised by 25 per cent. Though it was not heeded to at the time, I think now everybody must realise the mistake that was committed then. Now, the Government have rectified that mistake. As far as the manufacturers are concerned, they have absolutely no case, and the question is simply this, whether the import duty should be reduced from Rs 9-11-0 to Rs. 7-12-0, so that we may just give the protection which we promised, or whether for revenue purposes we should put a uniform duty of Rs. 1-5-0 on all sugar imported as well as manufactured in this country. This is really a question between the Government and the consumer and not one between the manufacturers and the Government. I do not know why the manufacturers should be carrying on a propaganda. The fight is really between me as the consumer and the Government This is really the position with regard to sugar

Coming now to tobacco I must frankly admit that I have no interest in this article I never smoke nor do I offer a smoke to anybody else. Therefore, I am not interested in the matter.

An Honourable Member: But many Members are smoking cigarettes.

Dr. Ziauddin Ahmad: Then they will fight, I remain neutral

Coming to matches, I think the duty is rather high, and it ought to be lowered

The next question relates to hides and skins I do not like to dilate very much on that matter, because I have discussed it in previous years and we shall have an occasion to discuss it later on

I think that all export duties are unhealthy, whether it is hide and skin or rice or any other thing You could justify the export duty only on three grounds. (1) when we have monopoly of that commodity, so that the tax will fall on the consumers of the outside country and not on the industry itself, (2) When the raw product is intended to be utilised by the manufacturers in this country, and we desire to stop its export, (3) For revenue purposes. These are the three reasons on account of which the export duty could be justified. I find all these three conditions are not applicable to the hides and skins. The "Review of the Trade of India" on page 111 says that the trade under this head has been progressively smaller in the last two or three years The total value has fallen from 8,92 lakhs in 1931-32 to 7,43 lakhs in the year under review, a fall of 16 per cent. Now, I will explain what is the difference between hides and skins. The skins of cows and buffaloes are called hides and the skins of goats and sheep are called skins In the case of cow hides, in the year 1919, the export was 39,427. Then it came to 11,400 in 1932-33. Buffalo hides came down to 15,000 from 11,656. In the case of skins of goats and sheep, from 31,248 it came down to 13,300. The world consumption has not diminished. I do not want to go into details, but I would refer the House to my own speech delivered on the 18th March, 1933, in which I discussed this question at length. So I shall not waste the time of the House now by repeating the arguments.

The next thing is, whether it is required for the consumption of our own industry. Here we find that there has been a fall in our trade in tanned hides. In the "Trade Review", we find on the same page that 9,000 tons of hides were exported valued at 11,62 lakhs as compared with

10,300 tons valued at 12,13 lakhs in the preceding year. The amount of the manufactured articles has gone down. Therefore, we cannot say that we have been using it for the development of our own industry. The third thing is that it is not for revenue purposes, because I find that the revenues have fallen from 37·74 lahks in 1929-30 to 14 lakhs in the year 1933-34. The amount is reduced to nearly one-third. So this is not a source of revenue at all. Therefore, this export duty of five per cent is not justified on account of monopoly. It is not justified for protection of the home industry; and it is not justified for revenue purposes, and I do not know on what ground this export duty can be supported. My friends may quote about the Cess Committee's report. This was written about six years ago. Circumstances have changed. At that time trade was prosperous and we could spend money for improvement, but now we have not got enough to eat and we are living on a starvation diet. The cess duty is out of question. I congratulate the Honourable the Finance Member for removing the export duty on hides, but I would have very much liked him to have also removed the duty on skins, because they are in nearly the same position as hides.

I now come to a new commodity. I do not know whether it will come under the Finance Department or the Commerce Department or under the Miscellaneous Department. I refer to the products turned out by the factories known as Universities and Colleges. This is a commodity whose price level has enormously fallen. We are taking great steps to increase the price level of agricultural products. We are trying to increase the price level of the manufactured articles. We are putting all sorts of taxation on the country in order to do it, but we are taking no steps to increase the price level of this commodity, known as graduates, matriculates, and so on. I call these factories, because they turn out the finished product known as the graduates, and so on. These factories were originally started to cater for the administration of the country. The total number of people engaged in the administration of the country including municipalities and district boards is ·8 per cent of our population. This comes to 28 lahks. These factories were started to train men for the rank and file of this ·8 per cent of the population, but what about the remaining pursuits? These factories could only cater for one particular type, that is, the administration of the country. The next larger item in which the people are engaged are industries. These factories have to be modified in order that they may not suit the requirements of one particular class only, that is, the administration of the country. You have appointed a Tariff Board to consider the price level of various commodities. Is it not desirable that you have a Tariff Board to consider the articles produced by these Universities and Colleges? We have a protective duty for textiles and hosiery. Why not have a protective duty on this particular commodity known as the graduates?

Then, is it not desirable that we should give some kind of bounty to this particular industry? That is also a thing which we have got to consider. We ought to take up this problem in a business-like manner. We should consider them just like other "commodities": and if a Tariff Board conducts inquiries and recommends all the steps necessary with regard to the different kinds of commodities, then it is much more important to have a Board to go into the case of this particular commodity, which is much more important than the other commodities, for, while mismanagement with regard to the other commodities may bring about

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financial or economic ruin only, the neglect of this commodity must lead to the ruin of the general fabric and general political organization of the country. (Hear, hear.) Therefore, I say you ought to seriously consider the problem of this particular commodity.

Now, keeping these things in mind, I would like to suggest one or two things,—namely, that we ought really now to aim at catering men not only for the public administration, but also for the requirements of the country's business and trade, which absorbs the largest number, that is, about 15·1 per cent of the total population. With this object in view, we ought really to revise the entire system of our education and the entire outlook, in fact, with regard to our education in order to cater for the requirements of the country's industry and trade. We should not concentrate all our attention on the requirements merely of the administration of the country. Sir, let us consider how hollow is our position in these factories as far as the requirements of trade and business are concerned. Look at the curricula of all these schools. Whenever we talk of technical education, we talk of two things First, technological institutes, which really train a few experts who may carry on research—probably about a dozen professors on high salaries imported from outside and a dozen lecturers and perhaps two dozen pupils under them. Now, that sort of thing does not meet the requirements of this country. I cannot say that it is waste of time and money, but I can say that it is not the economic use of our resources.

Then, there are industrial schools which train artisans They take up boys from the sixth or the seventh standard and give them some kind of industrial instruction,—in tanning, dyeing, and so on, so as to produce an artisan class.

Sir Muhammad Yakub: Dying is so cheap in India Everybody can die.

Dr. Ziauddin Ahmad: Sir, there is another class of men which forms the largest class of men whose requirements we entirely ignore and that is in respect of what is called the secondary technical education,—that is, education in which men are trained to carry on the work of the factories, to act as foremen and to act as the leaders and the runners of the cottage industries. Now, this class of institution does not exist in this country. There are, however, good examples of this in European countries. As an illustration, I may mention polytechnics in London; you will find about 70 or 75 different professions and trades are taught in the same building along with the instruction that is imparted for the matriculation and other University examinations. Now, these institutions are very badly needed in this country. No doubt you will say that we have got too many graduates and matriculates every year. The number of matriculates who pass out every year is about 35,000 and the number of people who pass the other University examinations is about 30,000. These are really too large numbers to be absorbed, and many of these persons ought to have been diverted to training in technical subjects. Sir, it is a very serious matter. We do not want a Tariff Board of three persons. We really want a scheme in which we should have the co-operation of the Universities, of the Government, of the capitalist and of the business man, in order to find out the right solution of this very important and very pressing problem.

The other day, we had the All-India Universities Conference. They did not produce any definite scheme, because they knew that it could not be done by them alone. A single man would have drafted all the resolutions about technical teaching which the joint wisdom of the Conference succeeded in drafting in three days. I say this, not because they were not able men, but because the problem could not possibly be tackled by the Universities alone. We want the co-operation of all the different bodies. In England, we have got polytechnics. In Germany, they have got a different system; after the completion of the compulsory age limit, every boy and girl is sent compulsorily to some kind of school where technical education is imparted in that subject. There is technical education imparted for every profession you can think of, where a student gets regular instruction for four years. After that, he passes the examination and then gets into business. Whether we follow the system of polytechnics or the German system of technical education, it is immaterial, but the important point is that our institutions here are used to catering exclusively for one kind of requirements, that is, the administration of the country: they should cater substantially for the requirements of the trade and industry of the country which provides, as I said, for fifteen times the number engaged in the administration of the country.

I take up now one small topic and that is the League of Nations. (Laughter.) Unfortunately we did not have the time to discuss it. We requested the Honourable the Leader of the House to give us an opportunity of discussing it. We wanted to introduce the subject in the course of the general discussions, but unfortunately this was left out. Therefore, I would like to draw attention to it, because this is an institution on which we spend something like 15 lakhs every year. I am not against the League of Nations, and I am not proposing that the money should be stopped.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Chair just wants to make one position clear. The Chair has observed disappointment in some quarters that certain Members have not been called upon to speak. The Chair thought the House as a whole knew the principle on which it has been calling the various speakers. In a debate of this nature, the Chair has to distribute the time as equitably as possible among the various Parties in this House and the Chair wants Honourable Members belonging to the various Parties to realise that the greater the time taken by one individual member, the less the number of members of that Party who can speak. The Chair wants the House fully to realise that position.

Dr. Ziauddin Ahmad: I do not want to dilate at length on this subject, but there is one thing to which I want to draw attention. There is an admirable report written by Sir Muhammad Habibullah's Delegation in 1929, and they drew attention to seven very important questions which I do not now want to read out, because I want to finish my speech in time. In this particular report, my Honourable friend, the Leader of the House, has also drawn attention to one or two very important questions which it is a pity that this House should not have the opportunity to discuss. India is paying money, and I advocate that we ought to take a more intelligent interest in the League of Nations; but, in view of your observations, Sir, I stop, and I do not discuss this question.

Rai Bahadur Kunwar Raghubir Singh (Agra Division: Non-Muhammadan Rural): Sir, I congratulate the Honourable the Finance Member on his making the best of a bad job.

[Rai Bahadur Kunwar Raghubir Singh.]

Looking to the general administration of the country, we do not see any difference between the conditions of 1930 or, to go back even further, 1921 and now. If the Federation, or to put it in a better term, responsible government were really coming, there ought to have been a change in the behaviour of officials; but, on the contrary, we see that the Arms Act licences are being reduced and we see no sign of the Federation coming very soon. Moreover, whenever it comes, India is bound to be burdened with further taxation and a top-heavy administration. The administration, as we know, is already top-heavy and India, a poor country, cannot bear all that

1 P.M.

It has been said that the credit of India is very high. But I wish to point out that the credit of India has always been high. In the Budget speech of the Honourable the Finance Member great stress has been laid on the fact that the purchasing power of the masses requires to be increased, but we see that the masses like to go in for Khaddar and *dhoti*. They do not want any increase in the standard of living. With the spread of the Swadeshi movement, it is bound to increase further. If the Honourable the Finance Member, as has been pointed out, is keen on getting revenue to meet the expenditure of the Government of India, it is better that the revenue is derived from such sources as may not fall on the poor people.

Haji Chaudhury Muhammad Ismail Khan (Bakarganj *cum* Faridpur: Muhammadan Rural): Sir, I join my Honourable friends in my appreciation of the way in which Sir George Schuster has once more steered the boat of India's finance successfully through turbulent waters. I should also like to take this opportunity of expressing my sorrow at the impending departure of such an able and worthy financier.

The relief that Sir George Schuster has afforded to my Province in making over half of the export duty on jute, has given general satisfaction Inter-provincial bickerings and inter-provincial jealousies, Sir, I maintain, are unworthy of this House which should look to the weal and welfare of the whole of India and see that every Province gets it's just dues. If the jute duty has been restored to us after all these years, it only means this that the Government have at last recognised their mistake and admitted our just claims. Unless this House maintains that claim, there is danger of distrust, even of disaffection among the different units which from the commonwealth of the great Indian Empire of which we are so reasonably proud.

Sir, the excise duty on matches has nearly doubled the price of the commodity. It is not the rich who would feel the measure so strongly as the bulk of the poor who, in these days of difficulties and distress, can hardly afford one meal a day. If he cannot revert to the old world methods of igniting fire in order to cook his meagre meal, you are yourself to blame.

Then, there is the excise duty on sugar. While the industry is still in its infancy and factories are still in the making, this duty is bound to affect a very large number adversely. Had the import duty on sugar been increased simultaneously, it would have afforded some protection to this promising industry.

The relief in the postal rates which Sir George Schuster promises to afford can in no way be treated as such. Had he reduced the rate of postcard to two pice, it would have meant something. It could then be

said to his credit that Sir George Schuster was anxious and in earnest to help the poor. Again, to reduce the price of envelopes by one pice and at the same time reduce the weight to half a tola is nothing more than a financial puzzle. Even taking off a pie from the five pice embossed envelopes, though treated as an administrative reform, means very little gain to the tax-payer. Then, there is the increase of rate from six to nine pies in the initial charge on inland book packets exceeding five tolas in weight, only on the ground that the book packet method of transmission was being abused. That is a very poor argument and can hardly be justified. It may increase the revenue, but at the cost of the tax-payer who is already over-burdened. The postal authorities are always at liberty to levy an extra charge in cases where they find that the system has been abused.

Sir George Schuster ought to have paid some consideration to the ability of the people to pay taxes. There is the case of the poor agriculturist and his landlord. The former is not getting even a fraction of the cost of produce, while the latter has to meet the revenue from other sources at his disposal as the land brings him next to nothing. As for instance, a peasant in Bengal is getting ten annas per maund for paddy now, while it used to fetch him two rupees per maund only a few years ago. This will show that the peasant is very hard hit and does stand in need of relief.

I should like, Sir, to protest against the surcharge on income-tax. It seems the Government intend to perpetuate this iniquitous taxation, year after year, on some pretext or another. Much has been said about the top-heavy administration year in and year out, on the floor of this House, but to little or no purpose. We hear a great deal about retrenchment in all branches of public services. But what is the use of retrenching menials or the ministerial staff when the people at the top are still there drawing fat salaries and, perhaps, fatter salaries than before. Such a course of action cannot but lead to disaster by multiplying the number of the great unemployed who are a source of danger to the country.

Sir, it was my privilege to represent for several years the Province of Bihar and Orissa on the Legislature of the supreme Government. The terrible calamity which has befallen that Province has evoked the genuine sympathy of the whole world. We are all thankful to His Excellency the Viceroy for what he has done and what he is doing to alleviate the miseries of the stricken population of my late constituency. I should like to take this opportunity of appealing to the Honourable the Finance Member to strain every nerve to render all possible financial assistance to the victims of the greatest of all natural calamities recorded in Indian History.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, I have imposed on myself a self-denying ordinance of silence and I have not opened my lips for about a month and a half. This Finance Bill debate is something like a *Holi* festival of the Assembly. This is the occasion on which speeches are made on all sorts of subjects and, just as in the *Holi* festival, they rub the hardest to the person whom they love best. Thus we have the opportunity of rubbing hard on the Honourable the Finance Member and also the other Members. I think we try to throw as much colour and dust as we can, but I would make this occasion for a *pavitra Holi* and speak only on one or two matters which concern our trade and commerce which I have the honour to represent.

[Mr. Vidya Sagar Pandya.]

Sir, first of all I would say that Government are neglecting the finance and trade very much. They make a great show of doing something in this direction, but really they do nothing. We had formerly the Stone Age, the Golden Age, and all other ages, but we have now come to the "Age of Commissions and Committees". There is hardly anything on which on the slightest provocation a Commission or Committee is not appointed, and we get a lot of volumes in the form of reports, but practically nothing is done in this connection. I would on this occasion draw your pointed attention to this matter. These Committees and Commissions are very good methods for the Government to make the people talk about them and they give a very good opportunity to some of our friends here to sit on these Committees, draw allowances, go round the country, eat dinners and enjoy their trips And now the epidemic has progressed further and some of our friends are taken to London and are made to commit themselves there in certain important matters. They are there in a different atmosphere and glamour, and forget themselves In future they should not be allowed to go to those countries and thus commit the country to any retrograde policy. They should give an undertaking that they will not accept any Government job after thus helping the Government in these Committees and Conferences and Commissions. In fact, the electors should take an undertaking from the Members that, say, within five years after their quitting a seat in the Assembly, they will not take up any job under the Government. That is the only way in which we can purify our public life. Then, Sir, about these Commissions and Committees, as I have said, practically no action is taken. If Government were to do even one-tenth of what they know already, things would be much better, but practically nothing is done and the money is simply wasted on these Commissions.

I shall give you the example of a Committee which was appointed about four years ago, namely, the Indian Banking Enquiry Committee. This was a Committee consisting of about 21 members and two officers and the volumes of reports of the Central Enquiry Committee go to the length of 4,577 pages. The price of that report is Rs. 20. Now, if we take into consideration the reports and the volumes issued by the several Local Committees, the total price of these reports comes to Rs. 252-6-0 for a single copy each; and so the total price of one set of all the volumes including evidence comes to more than Rs. 270 and it cost Government Rs. 13,36,740 over it and the Provincial Governments contributed Rs. 92,614. The Committee was appointed on the 22nd January, 1929, on a Resolution passed by this House. They submitted their report in June, 1931, and we have not heard anything about it after that.

Mr President (The Honourable Sir Shanmukham Chetty): The Honourable Member may continue after lunch.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. Vidya Sagar Pandya: Sir, when we adjourned for lunch, I was speaking about the new industry that has been started in the country of

setting up Committees and Commissions to investigate into matters, but the Government take no notice of these Committees and never take any action, and I was citing the case of the Indian Banking Enquiry Committee, where they spent over Rs. 13 lakhs and the result was nil: rather, I may go further and say that, in considering the question of the Reserve Bank, some of the recommendations made by the Central Banking Enquiry Committee were entirely ignored. Thus, all this money was simply wasted and the Government as usual went to sleep We have read Gulliver's Travels in our younger days, and in that book there is a story of a country where the inhabitants were like lotus eaters and went to sleep and who required flappers to wake them up. But even the Assembly's warnings do not wake the Government here to their sense of responsibility, and the public money is wasted like that. We have had a number of other Commissions and Committees, on occasions, when they find it convenient, they quote from these reports, but, when they do not find it convenient, they entirely suppress even the reports, as in the case of one Military Committee which never saw the light of the day though we asked for its publication while in the case of others, as in the case of the Lee *loot*, action was taken very soon, and in the case of yet others, like the Central Banking Enquiry Committee, no action has been taken Speaking on matters concerning our trade and commerce, I may say that more vociferous industrial concerns like the spinning and weaving industries do sometimes receive some attention from the Government and I may point out that formerly the profession of spinning and weaving was not considered very respectable. We have got an Indian proverb which applies to our Commerce Member very aptly, which runs.

"Mere lalla ke kaun kaun Yar,
Dhune Judaha aur manihar"

Who are the bosom friends of my darling, the Member for Commerce? They are the spinners, the weavers and the glass blowers rather I may say the froth blowers. (Laughter) Those who talk much receive their attention, while those who render regular service—of course I do not mean that spinners and weavers do not render service . . .

Mr. N. M. Joshi (Nominated Non-Official) You mean the bankers rendered regular service?

Mr. Vidya Sagar Pandya: They have rendered regular and valuable services and the Government spent something like 13 lakhs over the Banking Enquiry Committee, and did nothing.

Sir Cowasji Jehangir: And now my Honourable friend has taken to the profession of spinning yarns!

Mr. Vidya Sagar Pandya: It is the regular and continuous spinning of yarns by my Honourable friends of the mill industry that has brought all this money and preference and other duties. I was going to mention the case, with reference to other industrial concerns, of the Hide Cess Enquiry Committee. We in the Madras Presidency are very much interested in this hide and skin business. A gallant Knight of the British Empire sitting in this House said that all those who came from Madras were very selfish people in this matter . . . .

An Honourable Member: No, no. Who said that?

Mr. Vidya Sagar Pandya: My Honourable friend, Sir Muhammad Yakub, said that.

An Honourable Member: He was speaking of prostitutes and dancing girls.

Mr. Vidya Sagar Pandya: Anyhow he said that certain sections of the people of Madras were very selfish, and they were urging upon the Government not to abolish the export duty. I don't wish to speak about this export duty at present. I shall speak on it when I move my amendment on the Bill to omit the clause which removes the export duty on hides. But I wish to draw the attention of my friends to the importance of the hide and skin industry and how it has been neglected by the Government. I may tell the House here that I have no interest in the hide and skin business. As a Hindu, I cannot handle that line of business . . . .

Mr. N. M. Joshi: What about *Chamars*?

Mr. Vidya Sagar Pandya: Well, Sir, they are depressed classes, and probably now they are classed outside the Hindu community.

Mr. N. M. Joshi: They are certainly Hindus.

Mr. Vidya Sagar Pandya: At least, so far as the Madras Presidency is concerned, the industry is confined practically to Muslims, and when I speak on their behalf I should not be understood to be trying to back up an industry in which I am interested individually or as a Hindu from a financial point of view . . . .

Mr. N. M. Joshi: If you say as a Brahmin, it would be better.

Mr. Vidya Sagar Pandya: Also as a Brahmin, as well as a Hindu.

Mr. N. M. Joshi: Not as a Hindu.

An Honourable Member: Brahmins are not Hindus then?

Mr. Vidya Sagar Pandya: Sir, tanning is a very old industry, and mention of it is to be found even in the Rig Veda. That Veda refers to tanners and skins of animals prepared by them.

Mr. Gaya Prasad Singh: *Bap-re-Bap!*

Mr. Vidya Sagar Pandya: Why are you saying *Bap-re-Bap*? The Great Shiva himself sits on a tiger's skin, and the Gita says *"Chailajin Kushottaram"*, that you should have for practice of true contemplation an *asan* first of *Kusha* and then *Ajin* and then on the top of it you should have a cotton cloth . . . .

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): What about the piece of leather used at the time of *Upanayanam* by Brahmins?

Mr. Vidya Sagar Pandya: No Brahmin or *Dwija* can be initiated without *charma* . . . .

Sir Hari Singh Gour: My Honourable friend, Mr. Pandya, is digressing. I would request him to keep to his point

Mr. Vidya Sagar Pandya: Sir, in the Madras Presidency, the *Chamars* belong to one of the most depressed classes of India, though numerically they are a very important and large class. Nearly three million people are interested and engaged in this hide and skin industry. In this connection, the Commerce Department issued a notification on the 28th September, 1929 to constitute a Hide Cess Enquiry Committee and the Government order mentioned the number of items on which they wanted their opinion in the interests of the hide and skin trade—I don't want to read the details of the notification, but they desired the Committee to report to the Government of India "*at the earliest possible date*". That was the notification dated the 28th September, 1928. The Report was submitted on the 4th February, 1930, but till now no action has been taken on it. They spent or rather they estimated about Rs. 47,000 as the cost of the Committee. I rang up the Commerce Department to know what was the actual cost incurred, and they have so clean forgotten it that one of the officers there was surprised by the enquiry, and he said, it would take him some time before he could tell me exactly how much money was spent on that Committee. Now, Sir, the hide and skin trade amounts to about 40 to 50 crores of rupees. According to the Committee's Report, the estimates, however, differ. They have estimated it from 25 to 40 crores of rupees. The number of hides produced are about 25 million pieces; goatskins not less than 14 millions, sheepskins 12 millions, total, a definite amount of the value of about 20 crores. It is the sixth important industry in the country. It comes next to jute, cotton, food grains, tea and oil seeds Of the total export trade of this country in this industry, Madras exports only six per cent. of raw material, Bombay ten per cent. Karachi 20 per cent. and Calcutta 54 per cent. Now, the House will understand the anxiety of the Calcutta people to see that the export duty is removed. Of world's production of cattle hides and kips, India produces about 25 to 33 per cent. and in regard to goat skins we produce about one-third of the world's production. So far as the tanning business is concerned, the export from Madras of tanned skins comes to 86 per cent. Bombay 11, Sind 3, and Bengal nil; in tanned hides, Madras 94 per cent. Bombay six per cent., Sind and Bengal each, nil. This will show why naturally the Bengal representatives here are keen on the removal of the export duty. Sir, it is not merely a question of export of hides and skins, but on account of the neglect in the various processes of tanning, the quality is very much deteriorated and a huge loss is incurred, with the result that the total national loss on hides and skins is supposed to be in the neighbourhood of about four crores of rupees. If these hides and skins were handled in a scientific manner and in a better way, India would have got at least four to five crores extra and the Finance Member his corresponding extra duty, and that is why this Cess Inquiry Committee was appointed. It was appointed with a view to rendering help to this industry with a view to getting the full economic value of their produce. It is a well known fact how the cattle are now neglected in our country. In this Report it is distinctly stated that if animals are properly taken care of, the quality of hides and skins would be much improved, and the national loss would be much less. I may mention here that there are two kinds of hides and skins. There is one kind which is called "fallen" hides, and there is another which is called "slaughtered". Slaughtered hides are those hides of the animals which are actually slaughtered in the slaughter houses, while the fallen hides are hides of animals who are found dead—an un-

[Mr. Vidya Sagar Pandya.]

natural death due to starvation, etc. The unfortunate position is that 75 to 80 per cent. of the hides are from the "fallen" animals, and hence of low value. That is, the cattle are so little cared for. There was a time in India when every household had a cow, and, in an agricultural country like India, where the system of agriculture hinges on oxen while the domestic cow supplies the chief needs, such as milk, ghee, etc., large herds of cattle must be maintained Though we hold about one-third of the total number of cattle in the world, the loss in the early death of these cattle is very great. The Government do not make provision to prevent their early death which is a very great economic and national loss to the country I do not want to tire the House by reading the various points made by Dr. Meek's Committee.

Sir Hari Singh Gour: Take them all up with your amendment

Mr. Vidya Sagar Pandya: The Committee has made very valuable suggestions for improving the trade in leather—hides and skins and also in tanning. None of those recommendations have been put into practice, and I am afraid the Government have not even passed a vote of thanks to the members and President of that Committee I wish to draw the pointed attention of the Commerce Member to this matter and I hope he will give due attention to this report and come in time to the help of this industry. As for other matters regarding tanning, and whether we require an export or cess duty, I shall deal with that when I move my amendment. Unfortunately the matter has not received due attention from the Government.

Now, I will turn very briefly to another point and that is about the large gold exports from this country. The country has lost gold to the extent of about Rs. 175 crores by this time, and the Government have gained nothing by it. If they had purchased the gold, they would have had good security in support of their currency notes. On the other hand, the proceeds of the sale of silver and other resources are being put in what they call sterling securities. The Government have not made any attempt to keep the gold for themselves. If the Government had secured the gold, the people would be holding their currency notes with a much better and solid gold backing than what they have got at present and the export duty would have brought good income also. The country has been urging upon the Government to impose an export duty, but the Government have turned a deaf ear to it. We are told that it is very uneconomic to hoard gold. The advice is given to us by all those advanced countries who themselves are scrambling to get as much gold as they can possibly for themselves.

An Honourable Member: It cannot be eaten!

Mr. Vidya Sagar Pandya: It may not be eaten, but it has the greatest potential and economic value Now, it is practically trying to lock up the stable after the steed has been stolen, but still it is not too late for the Government to see that something is done in this direction

Now, Sir, I shall speak only about one matter about which my Honourable friend, Dr. Ziauddin Ahmad, just spoke. And he spoke about what he called present day education. Our 18 Universities with their numerous colleges and schools are nothing else but "B A and B.L. Manufacturing Companies, Unlimited". They do not give any training

in the right direction. They simply give training of a literary kind, and both the Government and the public are to blame for this state of affairs. We have got 18 Universities and they have got their Senates and Syndicates. At least, so far as I know about our Madras Presidency, there are no bankers or commercial magnates or any industrialists on the Syndicate or Senate of the Madras University

Diwan Bahadur A. Ramaswami Mudaliar: There are on the Senate. The Southern India Chamber of Commerce is specifically represented on the Senate by two members.

Mr. Vidya Sagar Pandya: Out of how many? The two were taken only recently. The result is that the debates of the Senate and Syndicate are merely pedagogues or school boys debates, and no practical work for the boys' future life work is undertaken by them. I do not mean any insult to my Honourable friend who may be on the University Senate or Syndicate or whatever body it may be . . . .

Mr. B. Sitaramaraju: What about Assembly?

Mr. Vidya Sagar Pandya: The Assembly debates? The less I speak about it, the better. Practically we are only a debating society without any power to enforce our will on the Government.

Mr. S. G. Jog (Berar Representative): Why do you speak at all?

Mr. Vidya Sagar Pandya: For the same reason for which you are here.

Mr. S. G. Jog: I do not hold that view.

Mr. Vidya Sagar Pandya: Sir, I wish that some action should be taken in the matter of education in this country. Mere literary education in a foreign language is not desirable for us, and some steps should be taken to give training of the right sort, and the parents also should not blindly go on sending their boys to turn them into B.A.'s, B.L.'s. When they find that there is no job for them, then only they think of something else. I would, therefore, urge upon the Government to give more attention to our educational system and also see that the Universities develop their educational activities on the right and practical lines.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): One redeeming feature of the Finance Member's last Budget is that he did not impose any further duty on salt, but unfortunately it was left to the Knight of Moradabad to suggest a further increase in the salt duty

Sir Muhammad Yakub: And rightly too.

Mr. S. C. Mitra: It is well known that salt is a necessity of life, and the demand for it is so inelastic that there is a constant attraction for the Finance Member in times of difficulty to tax this poor man's commodity, but, as usual, Sir Muhammad Yakub is very anxious about the income-tax payers, particularly about the tax on the income of dancing girls.

Sir Muhammad Yakub: For the sake of my Honourable friend from Bengal!

Mr. S. C. Mitra: Government have been pleased to raise him to the status of a Knight, he may become a Peer in time, he is an aristocrat . . . .

Sir Muhammad Yakub: You are also moving in that direction.

Mr. S. C. Mitra: But he need not forget his olden days and the poor middle classes and poor cultivators whose vote he will have to seek ere long, and then he will learn a lesson.

Sir, I do not like to devote much time to the financial side following the well known principle for demanding redress of my political grievances before we are asked to vote for supplies. I like to deal with some of the political grievances, and if there is any time left, I shall try to deal with purely financial considerations. First of all, I like to deal with one question about the administration of the Army Department,—I mean the use that is made of the soldiers in Bengal The soldier's profession was held in high esteem in this country, because the soldiers were ready to risk their life in serving the country, and, naturally, even though Government paid them a paltry sum as their salary, there was attraction for men coming from noble families to serve as ordinary soldiers, but the use that is being made of the soldiers in Bengal has made them fall in public esteem, and that is the principal reason why I like to draw the attention of the Government to this matter. I have received an authenticated report from the leaders of the district of Midnapore. I like to state their case which is corroborated by the evidence of some of the sufferers themselves:

"The soldiers in batches of 20 to 25 with a circle officer or a special magistrate or a sub-deputy collector and one or two sub-inspectors of police and other police officers are sent to different thanas from the sub-divisional town. Four or five camps are fixed up where they stay for three or four days Each thana is being visited by different batches of troops in different routes.

Reception —Police officers give verbal or written notices to shopkeepers and prominent villagers to decorate shops and to erect gates in the routes to be followed by a party of troops and to receive them. Teachers of schools within a distance of three to four miles have also to erect gates and to receive the soldiers with their boys who should carry flags and shout "*jais*" to give them ovation The school sub-inspectors have to take particular care that no one remains absent Absentee teachers, though small in number, are being deprived of their grants-in-aid. Each school has generally to serve more than one turn and the little boys have to remain standing for hours on each occasion Several hundreds are collected at the instance of thana officers by general subscriptions Defaulters are threatened with condign punishment. Processions with flowers, festoons, bugles and drums are to be arranged by villagers.

Extortion of Tea Parties, Dalies and other entertainments.—Well-to-do persons have no escape from giving either a tea party or a *dali* A poor man, if he has sometimes incurred the wrath of even the chowkidar, has to pay for it and present *dalies* The deputy Babu or the *daroga* Babu would send for persons and bid them present *dalies* with such articles as are put in the list they would supply. Any pleading to be excused with less costly or more easily available things would earn for the offender the filthiest language and the grossest insult. Men of position and honour have to remain standing for hours supplicatingly to receive orders from the officers just to avoid greater insult at their hands Cash moneys are sometimes extracted in lieu of *dalies*. Teachers and members of school committees have in some cases to arrange tea parties or send *dalies*, as otherwise they would be deprived of their stipends If they do not dance attendance on the visiting party, they are suspended or their aids are cancelled at the orders of the school sub-inspectors, who as a rule, play a most prominent part in the reception.

"Union Jack" Salutation.—Notices are served particularly on Congress workers, to salute the Union Jack on a particular day at a particular camp. If they do not turn up, their houses are searched and household articles are pillaged. They are flogged and members of their families are insulted, roughly handled and sometimes assaulted. The workers are arrested and taken to the camp, and if they refuse to salute

the Union Jack, they are subjected to inhuman torture in the shape of flogging, kicking, knocking their heads against the ground, and the like. They are also kept in confinement for long periods with their hands tied up or otherwise.

House searches and destruction of properties.—In these cases, too, the Congress workers are the targets. Besides, those persons, who have been deemed wanting in proper respect for the *daroga* Babu or any other officer, had their houses searched, household articles destroyed, and also received usual insults. Sometimes ladies are also assaulted and are subjected to humiliation.

Great excesses have so far been committed by searching parties. Properties have been destroyed, cash and ornaments have been robbed, houses have been desecrated, householders, from children to old men, have been flogged, ladies have been molested and even outrages on women have been committed.

Durbars.—The District Magistrate or the Additional District Magistrate holds a durbar in each thana. Notices are served particularly on Congress workers or Congress sympathisers for attendance. Durbar speeches are full of threats that the people should be careful to keep free from all sorts of movements, otherwise military help would be resorted to to suppress them.

Watch and Ward Committees.—Watch and ward committees are being formed by Circle Officers in villages. In the durbars, the members of such committees, who in many cases have been coerced to serve as such, are awarded *sanads* which warrant them to help in cases of dacoity in the villages. But in the durbar speeches they are directed that they must give information to the police whenever, a library or a gymnastic club, or a school is started in the village or if there is any meeting, political or otherwise, or there is any new-comer and so on.

Notices on Congress workers.—Those Congress workers, who have not submitted to the coercion by refusing to salute the Union Jack or to be a member of the watch and ward committee and those who have been considered incorrigible are being served with notices under the Bengal Suppression of Terrorist Outrage Act, 1932, to report to thana officers each week and to assist in the maintenance of law and order in connection with the combined civil and military operation to be carried out in the district from 15th December until the 31st April, 1934

A few significent cases will give some idea about the serious situation.

During the small hours of the night of the 25th January, 1934, a number of Garwali soldiers surrounded the house of Sj. Murari Mohan Sasmal of Jukhia in P. S. Bhagwanpur in the Contai sub-division, and one of the soldiers committed rape on the wife of Sj. Bhuban Chandra Sasmal, the elder brother of Murari Babu. Both the brothers were absent from home and the neighbours were prevented by soldiers and policemen from coming to the rescue of the unfortunate woman.

On the 11th January, 1934, the junior sub-inspector of police, of P. S. Kedgree in the Contai sub-division, with a party of Garwali soldiers, constables and chowkidars, surrounded the house of Sj. Jogendra Nath Patra of Sillibari in P. S. Kedgree. Jogen Babu being absent from home, they enquired about Jogen Babu's wife, who at the sight of the soldiers, had ran away from the house with her two children and had been trying to take shelter in a neighbour's house. The sub-inspector, with some constables, chased her from one house to another for a distance of 1½ miles, assaulted whomsoever they came across, held an identification parade of women to find her out and created a great panic throughout the village.

During the search in the night of the 3rd January, 1934, (3 A.M.) in the house of Sj. Indra Narayan Bera of village Katranka in P. S. Pataspur in the Contai subdivision, one of the soldiers of the searching party, headed by Mr. Dhirendra Nath Mukherjee, the special magistrate of Contai, and Sj. Jagat Taran Chatterjee, the senior sub-inspector of police of P. S Patashpur, with the apparent evil intention dragged Shrimati Rajanibala Bera, the daughter-in-law of Indra Babu, inside a room and the lady could only save her honour by threatening to make an end of her life with a knife. Shrimati Rajanibala was a Congress worker; she was asked to salute the Union Jack.

Serious damages were done to the properties of the Beras, male and female members were seriously assaulted—not even children excepted, and gold and silver ornaments were robbed.

After search in the house of Si. Kumar Narayan Panda, on the 27th December, 1933, a bundle of currency notes amounting in all to Rs. 2,635 was found missing.

Every article in the house of Kailas Chandra Maiti of Balichak, P. S. Kedgree, was smashed during search, and ornaments and other articles were robbed.

[Mr. S. C. Mitra.]

Cash payments were extorted from Jhatu Charan Maiti of Paschim Sarpai, Iswan Chandra Karan of Dakshin Nischinta, P. S. Contai, and others on the 31st December, 1933.

On the 10th December, 1933, Sj. Ashutosh Ray Chowdhury and Sj. Ramanath Maiti (Congress workers) of Balyagobindapur, P. S. Patashpur, were flogged, threatened with their lives and kept in confinement for their refusal to salute the Union Jack, and their household articles were given over to pillage during search on the 9th December, 1933.

On the 10th January, 1934, Sj. Sashi Sekhar Mandal of village Ektarpur, P. S. Patashpur, was arrested and taken to the soldiers' camp, and, on his refusal to salute the Union Jack, was flogged, slapped, kicked and otherwise assaulted for several times, was kept in confinement, tied up in a post, and his head was knocked against the ground before the Union Jack again and again and he was subjected to the most inhuman behaviour.

There are many other cases of the like.

On the 3rd January, 1934, school masters and students were assaulted for no fault of theirs, and their stipends were suspended, because Mahatma Gandhi and Chittaranjan's photos were found in the school Two little boys were also inhumanly treated."

The District Magistrate, in his durbar speech, said that the Government had resolved to prevent any sort of destructive movement from gathering strength, as before, and, for this purpose, they might requisition the co-operation of the military at a moment's notice.

Sir, the people of the locality made it clear that they had no objection to honouring the Union Jack, but if anybody is forced to do it and it is against the code of honour of any particular self-respecting man to do so, trouble is created. How far the use of military force for all these purposes is justified, I leave it to this House to judge.

I shall now give a few more instances:

Potashpur Police Station.—The first instance of military excesses was committed on the 9th December last by a detachment of the Royal Garhwali Rifles, encamped at Manglamaro, in connection with house searches in the villages of Ballyagovindpur and Palpara under police station Potashpur; There Sjs. Ashutosh Ray Choudhury, Ramanath Maity and Kalipada Mahapatra were flogged and otherwise harassed for their refusal to salute the Union Jack Another detachment encamping at the Argoal Bungalow, on the 1st January 1934, led by the special magistrate, Mr. D N. Mukherjee, and the sub-inspectors, Messrs. Jagat Taran Bannerjee and Khondakar, committed similar atrocities at the village Katranka on the occasion of searching the houses of the *Beras* on the 3rd January, 1934. Floggings, lathi, blows upon the inmates, not excepting ladies, and loot and destruction of property were freely indulged in by the soldiery. Sjs. Kumud Chandra Bera, Churadhari Bera, with his wife and the son, Monaranjan Bera, Nilkanta Bera, Indra Narayan Bera, with his wife and the daughter-in-law, Sia Rajani Bala Bera; Kartick Ch Bera, with his sons, Priyanath and Bholanath, Haridhan Bera, Gajendra Nath Bera, with his sons, Arjun, Arun and Bharat, and Satis Ch. and Narendra Nath Bera were amongst the victims. Assaults were due to the refusal to salute the Flag and furnish information leading to the recovery of the Congress Cyclostyle Machine.

Contai Police Station.—Prior to the arrival of the Royal Garwali Rifles at Contai, the S D O. issued warrants to the local gentry directing them to join the reception of the troops and the Flag Salutation Ceremony on the 16th December and the Ceremonial Parade on the 18th December, 1933. Here *dalies* or, in lieu thereof, cash payments were extorted from the local people upon the threat of beletting the soldiery on their houses.

Ballyagovindpur.—On the 9th December, 1933, a number of soldiers of the Royal Garhwali Rifles, headed by a Havildar, surrounded the house of Sj. Ashutosh Ray Choudhury of Ballyagovindpur village under Patashpur police station. Sj. Ray Choudhury was asked to salute the Union Jack. But before he could understand the situation, he was secured with a rope, his hands being tied from behind, and was

severely belaboured by the Havildar. In the meantime, on the plea of a search, the soldiers entered his house and pillaged everything inside. With Sj. Ray Choudhury in their custody, the house of Sj. Ramanath Maity was next visited. He too was given a good thrashing and his house was also given over to similar pillage. Both of them were then taken to the Soldiers' Camp at Manglamaro and detained there for two days. On the 10th, at 5 P.M., both of them were taken to the Parade Ground and ordered to salute the Flag. On their refusal, there they were mercilessly belaboured, and, moreover, threatened to be shot dead. At last they were forcibly made to salute the Union Jack.

Palpara.—On the 9th December, the house of Sj. Kalipada Roy Mahapatra of Palpara was also surrounded by soldiers. Kalipada Babu was roughly handled for his refusal to salute the Flag and subsequently made a prisoner. His house was searched with considerable damage to property. But, persisting in his refusal to salute the Flag, he was again assaulted by the Havildar at the Parade Ground. They wanted him to execute a bond, but, as he was not agreeable to this, he was again given some *fifty* lashes.

Banamali Chatta.—At this village, a detachment of the Garhwali Rifles searched the houses of Sj. Sree Nath Chandra Jana and Kangal Chandra Jana, on the 26th December. Although nothing incriminating was found, the searching party broke into pieces several glass jars, looking glasses and earthen pots; tore open mattresses and quilts and scattered rice and *dal* on the floor. At Kangal Babu's place, despite being offered keys, they wantonly broke open a safe and mutilated important documents inside. In the evening, the local gentry were summoned at the Parade Ground and ordered to send *dalies* for the troops There, Sj. Ananta Das of Kamardah and Bhagabat Chandra Jana of Laudan were abused in the most filthy language, roughly handled and forcibly made to salute the Union Jack.

Baitrakunda.—Here a party of soldiers searched the houses of Sj. Achinta Kumar Panday and Kumar Narayan Pandav on the 27th December. At the former place, a box and a portmanteau were broke open and paper inside destroyed. Foodstuffs were all scattered on the floor and got mixed up At the latter place, three boxes, four portmanteaus, and one safe were broken open and the contents therein soiled pouring oil over them.

Bahan.—Here Sj. Byomkesh Das, a teacher of the Namaldiah, U. P. School, was summoned by the Havildar of a detachment, visiting the place on the 26th December, to salute the Union Jack with the local volunteers. In the absence of the Flag that day he had to salute the bare flag-staff then and there, and reappear the next day for proper salutation. *Dali* was also extorted from him, and also from Kumud Bandhu Panday, a local zamindar and the President Panchayat of Union No. IV. He had also to arrange for a dinner in honour of the Officer Commanding, Captain Murray, where no less than 62 Garhwali soldiers were among the guests.

Katranka.—Headed by the special magistrate, Mr. D. N. Mukherjee, and a Havildar among others, a batch of soldiers surrounded the house of the Beras at 3 A.M. on the 3rd January, 1934. While searching the house of Sj. Kumud Ch. Bera, his younger brother, Sj. Churadhari Bera, was kicked and dealt with 20 or 25 stripes and lathi blows. He got a nasty cut in his head, two inches long, and serious injuries in the right cheek and the little finger of the left hand. Kumud Babu's nephew, Sreeman Manoranjan and his mother each got five to six stripes. A soldier tugged the portion of the *saree* covering her head and the breast. The searching party then broke open wooden safes and robbed gold and silver ornaments approximately worth Rs. 100. Important documents and papers in connection with the estate of Kumud Babu's master have also been destroyed. The cost of other damages amounts to nearly Rs. 30 to Rs. 40.

Sj. Nilkanta Bera's house was also ransacked. Here, among other things, a few Charkas were smashed. Not satisfied with this, the soldiers went to the length of answering calls of nature in two rooms. Sj. Indra Narayan Bera's house was next visited. Apart from damage to property, here they insulted Indra Babu's wife and a daughter-in-law, named Sja. Rajanibala Bera, a local Congress worker. A soldier enquired of her about the Cyclostyle Machine and asked her in Hindi to salute the Union Jack. Before she could make out what the soldiers meant, she was struck with a lathi. Not satisfied with this, the soldier, with the apparent evil intention, tried to push aside the mother-in-law, while dragging the daughter-in-law inside the room. At this Sja. Rajanibala threatened to make an end of her life with a knife and thus saved her honour.

[Mr. S. C. Mitra.]

At Sj. Kartick Ch Bera's house, his son, Priyanath Bera (16- 17 years), was asked about the Cyclostyle Machine. Having no satisfactory answer from him, the special magistrate, Mr. Khondakar, and the Havildar, one after another flogged him 40 to 50 times. They broke two canes on his back He was then removed to the Argoala Military Camp and forcibly made to salute the Union Jack in the evening. He had nothing to eat during the night and was let off at 4 P.M. the next day Sreeman Bholanath (10 years), the youngest son of Kartick Babu, was also given a few stripes. The military visited the house of Sj Haridhan Bera, who was laid up with dysentery for several months, and gave him 5 to 6 srtipes for withholding information about the Cyclostyle. For similar supposed offence, his sons, Arjun, Arun, and Bharat were also flogged. Sj. Gajendra Nath Bera got kicks and stripes; Sreemans Satish Chandra Bera (13 years) and Narendra Nath Bera (14 years) had their heads knocked against the wall and also flogged for disclosing information leading to the recovery of the Machine.

I shall now give the English rendering of Notices of Reception and Flag Salutation Ceremonies:

"WARRANT NO. 1.

You are hereby informed that the Royal Garhwali soldiers of the Government will reach Contai on the 16th December, 1933, at 3 P M. You are, therefore, directed to be present at the Dak Bungalow compound for their reception and the salutation of the British Flag at 3 P.M

(Sd.) D. M. SEN,
Sub-Divisional Magistrate, Contai."

Dated 15th December 1933.

Court Seal.

"WARRANT NO. 2.

You are hereby informed that the Ceremonial Parade of the Royal Garhwali Rifles will be held in the compound in front of Khas Mahal Office on the 18th December, 1933, at 11 A M. You are directed to be present there at the appointed hour without fail.

(Sd.) D. M. SEN,
Sub-Divisional Magistrate, Contai."

Dated the 16th December 1933.

Court Seal.

Mr. N. M. Joshi: May I rise to a point of order? Sir, I have heard speeches during the last two or three days on points of grievances on the ground that grievances should be redressed before supplies; and this practice has existed in this House for several years since I have been a Member of this House. It was also the practice that when Members made speeches regarding grievances, the Government Members in charge of Departments were present. Unfortunately that practice is now going out of use. Not only there was the practice of Government Members being present, but I remember very well that, on the last day of the general debate on the Budget or on the Finance Bill, the Government Members belonging to the various Departments used to reply to these speeches made putting forward various grievances. Now, I find that practice is going out of use; and I also find that Members make speeches without being heard by anybody. I feel, Mr. President, that this is a practice which really reduces the discussion in this House to a farce and it is against all Parliamentary forms of Government. I would, therefore, like you, Mr. President, to give a guidance to this House as to whether

it is in order to make speeches putting forward grievances during the general discussion as well as on the Finance Bill, and, if it is in order, you should also give a direction that Members responsible for various Departments should be present in this House, and at some stage of the discussion there should be a reply from these Members to the various grievances put forward regarding the administration of various Departments. If that is not practicable, however, I would suggest to you that that practice should be stopped in the interest of Parliamentary Government. We do not want Parliamentary Government to be brought into contempt.

The Honourable Sir Brojendra Mitter (Leader of the House): Sir, I must say that I feel that the absence of Members responsible for the different Departments does make the debate look to some extent unreal, and it is desirable that grievances ventilated during the general debate on the Finance Bill should be taken note of, and, if possible, replied to immediately; but, at the same time, I must say, the grievances cover such a wide field that it is not possible to reply to them straightaway in the course of the debate. I can assure the House that Members of all Departments take full note of everything that is said when the printed reports are available, and they not only take note of all these grievances, but, so far as is possible, take effective administrative steps for their removal. Nevertheless, for the dignity of the House, I feel that it is desirable that all the Government Departments should be represented. I can assure the House that no disrespect to the House is meant by a Member if he is not present. At this time particularly, Sir, every Member is over-worked and the time available is hardly enough to get through ordinary business, and, therefore, Members avail themselves of the general debate in getting through their ordinary work. I feel that this is not quite satisfactory, but to some extent it is inevitable, because every Member is working against time.

Mr. B. Das: And we are working on the Select Committee from nine o'clock in the morning tomorrow!

The Honourable Sir Brojendra Mitter: May I make a suggestion that if any Honourable Member has any special point to which he wants the Government of India to direct their attention, that Member might give an informal notice of the particular point to the Member concerned? In that case the Member will make it a point to be present. I have been fairly assiduous in my attendance, and I have noticed that many of the grievances relate to provincial matters for which the Government of India are not answerable. When I say that some sort of informal intimation to the Member concerned might be useful, I mean that the Member concerned may make it a point to be present and deal with the matter. However, I will take note of what my friend, Mr. Joshi, has said, and I may say that I generally agree with him.

Sir Hari Singh Gour: Sir, I think it would be a serious encroachment on the privileges of the House if the Honourable the Leader of the House were to require various Members to give a previous notice on the points they are going to raise.

The Honourable Sir Brojendra Mitter: Sir, I do not want to be misunderstood. I was careful in saying that some sort of informal intimation may be given. I never said that a formal notice should be given.

Sir Hari Singh Gour: But the point that has been conceded by the Honourable the Leader of the House is that it is in accordance with the Parliamentary practice and tradition that the Government are present in full force during the general debate on supplies in the House of Commons and have been present here in years past when the general debate takes place. It is only during the last two or three years, and particularly this year, that we find Honourable Members absenting themselves when important questions relating to the general grievances of the people are being ventilated from the floor of this House I hope the Honourable the Leader of the House will convey to the Honourable Members concerned that we on this side of the House do desire that they should be present here to hear the grievances and to reply to them on the spot.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I entirely support the suggestion made by my Honourable friends, Mr. Joshi and Sir Hari Singh Gour. If the debate on the general discussion of the Finance Bill is to have any value and any reality, it is certainly desirable that the Members of the Government or their Secretaries—either both or at least one of them—should be present here to hear what is being said on this side of the House or any other side of the House, and give a suitable reply by giving as much information as they are in a position to do at the moment. Of course, it is not possible—and I quite appreciate the remark made by the Honourable the Leader of the House—in a debate of this nature for any Member of the Government to give a detailed reply to every point that is raised. But that is another matter. The real question is that there has been a practice going on for years, I believe since the inception of this Assembly, for the Official Members to be present in the House. It is only during the last two or three years more particularly, as pointed out by my Honourable friend, Sir Hari Singh Gour, that there has been absolute want of attendance on the part of the Honourable Members in charge of various Departments, with the result that the whole debate becomes entirely unreal. Very few of us feel encouraged to say anything about any particular matter, and surely it cannot be expected that the Honourable the Finance Member should reply to all the debate. It is not possible. So, I do think that the Honourable the Leader of the House under your guidance will convey to all the Departments that it is incumbent on them to be present here to listen to the debate and give whatever reply they are able to do.

3 P.M.

As regards the suggestion made by the Honourable the Leader of the House that some formal notice should be given, of course that is at the option of any of the Honourable Member who wants to raise any particular point, but it cannot be enforced and has never been enforced, and there is no reason why it should be enforced at present.

Sir Cowasji Jehangir: Sir, this side of the House surely realises the strain put upon Honourable Members during this time of the year, and especially this year. But I would point out one matter, namely, that my Honourable friend behind me, Mr. Mitra, has been for the last ten minutes making the most serious allegations against a certain Department.

Honourable Members: And it is a Department of the Government of India

Sir Cowasji Jehangir: And, Mr. President, it does not take two minutes for one of my Honourable friends on the Benches opposite to go and tell the Honourable Member concerned that most serious allegations are being made about his Department, and, therefore, a representative of that Department—I do not mean the Member in charge of that Department—should come to listen to the debate. That is to the advantage of the Department itself. Mr. Mitra's words will be broadcast all over India, and, Mr. President, I draw the attention of the Government that if they are broadcast without a contradiction on the floor of the House, it will be the fault of the Government and not the fault of my Honourable friend behind me. There was ample time just now to give warning that somebody ought to be here at least to take a few notes and to contradict Mr. Mitra if he was wrong. That is one point. The other point is that it is quite impossible for us to give notice. It is a very ordinary thing in the House of Commons for somebody to warn a Member of Government, a Cabinet Minister, or an Under-Secretary—in fact, it is generally the Whip who does it—that he should come immediately into the House and within two minutes there is somebody in the House. It is very often when there is a dull debate that there is not a single Government Member on the front Bench of the House of Commons, but the moment a single point is raised of any importance the Cabinet Minister or an Under-Secretary or somebody else turns up on the front Bench with lightning speed. As my Honourable friend says, sometimes the Prime Minister rushes into the House. Sometimes within three minutes the whole of the front Bench is full up. That practice may be followed here. I do not say that this side should be entirely exonerated, for only the other day we did feel that my Honourable friends behind me might have set a good example to Government by being present in little larger numbers. But there is no reason why a bad example set by this side of the House should have been so readily followed by my Honourable friends opposite. It is for them to set a good example. I trust that there will be some arrangement made whereby the Department will be informed as soon as any remarks are being made which are worth noting.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I endorse the observations that have been made by my Honourable friends, Mr. Joshi and Sir Abdur Rahim, on the question of principle involved in this particular matter. If I understood my Honourable friend, the Leader of the House, correctly, perhaps there is an underlying current of thought that the grievances which my Honourable friend, Mr. Mitra, has been relating relate to a provincial subject. I do not know whether I am right in that.

Honourable Members: They do not relate to a provincial subject.

Mr. K. C. Neogy: Most serious allegations are being made against a branch of the Army, and the allegations amount to this, that these people have disgraced the King's uniform which they have been wearing. It is a most serious kind of charge that can ever be levelled against a soldier, and yet I do not find that even the Whip of the Government has been very active in informing the Member concerned. I think not merely the Army Member, but also the Home Member should have been here on this occasion. As far as we can see, it is not, of course, for me to judge of their actions—the duty of the Government Whips seems to consist only in getting the Members to vote when there are divisions. But I might respectfully

[Mr. K. C. Neogy.]

remind them that there are more serious duties which appertain to the position of Whips as far as we understand them from other Parliamentary institutions.

The Honourable Sir George Schuster: On a point of order, Sir. Is my Honourable friend in order in giving advice to Government Members? We are discussing, I put it to you, Sir, a point of order and we should be very glad to have your observations on the subject. My Honourable friend is taking advantage of it quite unfairly.

(At this stage, two or three Honourable Members got up to speak.)

Mr. President (The Honourable Sir Shanmukham Chetty): Order order: Does the Honourable Member (Mr. K. C. Neogy) wish to add anything more to his remarks?

Mr. K. C. Neogy: I do not think I have anything more to add, but we are entitled to complain that the Government have not been taking this Assembly seriously. And I might tell my Honourable friends, the Non-Official Members, that they are as much responsible for reducing the Assembly to this hopeless state as the Government themselves.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair entirely agrees with the point of view expressed by Mr. Joshi and the Leaders of this House. In fact, the Honourable the Leader of the House himself agrees with the contention that, in the interests of a healthy and a fair debate, it is highly desirable that all the Departments of the Government must be represented. It is a well recognised practice that, on the general discussion of the Finance Bill, the whole civil and military administration of the Government of India is under review. It is, therefore, desirable that at least during these three or four days of the general discussion on the Finance Bill every effort must be made to see that some representative of every Department of the Government of India is present in the House during the whole of the debate. Certainly we must all sympathise with the Members of the Government of India who are over-worked. But the remedy is simple and is in the hands of the Government themselves. They have got the power of nominating Members and asking Nominated Members to resign and substitute other Members. What the Chair would suggest is that during the general discussion on the Finance Bill, it will be desirable if the Government see to it that every Department is represented in addition to the Member in charge by the Secretary of the Department. That is a matter purely of arrangement of nominations by Government during these days. Now that the Honourable the Leader of the House has taken notice of it, the Chair hopes there will be no further cause of complaint.

Mr. S. C. Mitra: Sir, I was dealing with the use that is made of the British Indian soldiers in some of the villages. Time there was when we found the Commander-in-Chief present when all these important matters were discussed. For reasons best known to the Military Department and to the Commander-in-Chief, he does not care to be present in this House. There is some unreality if the Members are not present to listen to the speeches. As a logical corollary from what the Leader of the House said, we can as well put our thoughts in print and send them to the Departments concerned and there is no necessity for calling a representative House like this at all if it is to have merely the opinion of the representatives or their remarks. It has been found that whenever they hear

the narration of events, it makes some impression upon them, and, powerful as they are here in India, we may expect some redress of our grievances. In the very beginning, I said that I claimed the right to ventilate our grievances, and, as a right, you, Sir, very wisely have been permitting us always on this occasion to discuss all relevant matters. (Hear, hear.)

I shall now refer to some of the circulars issued by some of those reception committees. I read now one circular which was issued to all the male members in a village:

"As you have been appointed a member of the newly constituted watch and ward committee of Union No... .. . , you would be so good as to be present at the Janka police station compound on Monday, the 9th January, at 10 A.M., for the reception of the honoured District Magistrate and the acceptance of the sanad to the satisfaction of all. Absence will be deemed as a mark of disloyalty.

Yours faithfully,

(Sd.) PROFULLA KUMAR MAITY,

Chairman, Reception Committee."

I want the House to note that absence is punishable as a mark of disloyalty. In the judgment of a famous sedition case, disaffection has been defined as want of affection. Here I find non-attendance itself will be construed as disloyalty, and the punishment for disloyalty may be seven years' rigorous imprisonment. I shall not go into further details. I shall yet read a few of these to show to the Military Department the statements that have been made by responsible persons, because I know the seriousness of the allegations. I give the name of the village and the post office and the name of the person, so that the authorities can easily find out whether they are correct or not, and if they are not correct, it should be the duty of the Government to contradict these publicly. On another occasion, in a series of questions, I brought some of these matters to the notice of Government, and I was told that enquiries were being made and that answers would be supplied to me later on. So here I now give the names of those people who have given the statements and Government should at least make investigations. This is another statement that I should like to read:

"On the morning of 27th December last, at about 8 A.M. ,a band of soldiers accompanied by the police inspector . .. . , and the sub-deputy collector, Contai, surrounded my house. No male members, were then present. Ladies were ordered out, and one of them fainted away. Then they broke open three wooden boxes. The largest of these contained a bundle of currency notes made up of fourteen 100-rupee notes, one hundred and twenty-three ten-rupee notes and one five-rupee note, amounting in all to Rs. 2,635 only. All these things were destroyed in the presence of my brother, Sj. Ramanath Panday. I was at Amratala Chak for settlement work and reached home on receiving the news On hearing from my brother, I searched for the bundle of notes. But I did not find it, it was missing.

(Sd.) KUMAR NARAYAN PANDAY."

Then, I should like to read the story of an attempted outrage. This is the statement:

"I was a Congress worker, but have given up Congress work for the last 1½ years owing to pecuniary difficulties, and have been practising medicine. On the 25th January last, I went out on a call and was informed on the next day that the soldiers and the police had visited my house, and rape had been committed on a female member of our family. On my return, I heard of the following incident from my sister-in-law and kinsmen. I wanted to send a wire to Mr. R. Maiti, M.L.C., but the post office at Kajlagarh refused to admit the wire as it was against the police."

[Mr. S. C. Mitra.]

—This is how the Postal Department has been functioning—

"At about 4 A M., that is, towards the later part of the night of the 25th January, a batch of police and soldiers surrounded my house and the house of my kinsmen. They got entrance inside the compound probably through the broken portion of the boundary walls. Finding nobody there, they went into the courtyard of my uncle (Girish Babu). As both my elder brother, Bhuban Babu, and myself were away from home, my brother's wife, Sm. Janakibala Sasmal, with three children, was sleeping in a separate bed in Girish Babu's house. The sound of the steps of the soldiers and the flash of torch-lights awoke Girish Babu's mother who tried to awaken my sister-in-law by calling her. At this, some soldiers caught hold of her (Girish Babu's mother), while others of the party wrapped up my sister-in-law's face with a piece of cloth and tried to outrage her. She had a sudden break of her sleep There were the shrieks of horror of my uncle's mother on the one hand and such a brutal attack on herself on the other, that she became so much nervous that she lost all power to fight against this outrage. At the cry of my uncle's mother, my uncle (Girish Babu) and a brother tried to run up to the place, but they were prevented by some other soldiers from doing so. The wife of Girish Babu, who was sharing the same bed with my uncle's mother, was also being dragged with apparent evil intention by one of the soldiers, but she ran away, got into a room and barred the door. In the morning (26th January), the sub-inspector of police of the Bhagwanpore thana arrived with Sj. Dwarakanath Sasmal, the collecting panchayat, and searched the house and got a statement signed by Girish Babu, Sjts Abinash Chandra Sasmal, Hemanta Kumar Sasmal and Adhar Chandra Bera that 'Nothing incriminating has been found and no property damaged'. Before they had signed this, they informed the sub-inspector and the panchayat of the outrage and requested them to take down the information. But they said nothing, and went away to the Mugbaria Camp.

(Sd.) MURARI MOHAN SASMAL,
Village Jukhia.
P. O Bhagwanpore.

P. S. Bhagwanpore.
Midnapur."

Another case is:

"My name is Chowdhuri Charan Patra, of village Sillibari, in P. S. Kedgree. On the 10th January, 1934, a batch of Garhwali soldiers, the junior sub-inspector of the thana (Kedgree P S) and some chowkidars and dafadars visited the house of Jogendra Nath Patra of our village who was not at home. They did not find Jogen Babu's wife, too, at her house, and they reached my house in search of her. They were assaulting whomsoever they came across At this, there was a commotion and I began to flee away towards the north of my house. The sub-inspector assured me of safety, and, as I went up to him, he enquired of Jogen Babu's wife and, on my pleading ignorance, he began to belabour me At this time, my wife, daughter and other female members of my family, being horrified, began to run off to the east. The sub-inspector asked me to call them back with an assurance of safety. As they came back, he enquired of me whether there was Jogen Babu's wife in their midst and, on being answered in the negative, he again belaboured me. Then, he arrested me and all the womenfolk and took us to Ramhari Babu's house. There he ordered the dafadars and chowkidars to see whether there was Jogen Babu's wife in their midst. They examined each one of the ladies who were kept standing for an hour in the sun in Ramhari Babu's courtyard and were then dismissed. The assault committed on me was severe which caused a swelling of an inch in my right wrist which has no strength now. I had indecent abuses, too, from the daroga Babu.

(Sd.) CHOWDHURI CHARAN PATRA."

There are a number of cases, but it is not my intention to read all of them and tire the House. There are several incidents corroborated by the statement of these individuals, and I am ready to make over these papers to the Army Secretary. The same thing happened last year. I gave detailed accounts of the tyranny that was perpetrated on the people by the police and soldiers. Sir, can we not claim from Government some

satisfactory reply, at least to show that they have made elaborate enquiries and found out whether the statements are exaggerated or they are not correct to the full extent and that the incidents were unavoidable under certain circumstances. This is what I demand . . . .

An Honourable Member: Will an inquiry satisfy an outrage?

Mr. S. C. Mitra: If it is true, it will never satisfy, but, if otherwise, it will give an opportunity to Government to prove that it is not true.

I will read one or two cases more:

"Mr. Muzaffar Hussain, the junior sub-inspector of P. S. Pataspur and the sub-deputy collector of Contai, with a party of soldiers, surrounded my house on the 10th January 1934, and commenced searching my house. When I was informed that they wanted me, I went up to them and the sub-deputy collector gave me some stripes and the S. I. kicked me * * *

At about 11 o'clock, I was taken to the Palpara Camp. The subedar asked me to salute the Union Jack. On my refusal, he gave me 15 or 16 stripes. Then, my hands were tied up with a rope and I was tied from head to foot with a post. An hour later, I was brought down, was threatened to be shot dead and was made to sit with my face towards the sun for an hour. At about 1 P.M., I was taken inside the camp * * * In the afternoon, the S. I. tried to convince me that I should salute the Union Jack. But I remained adamant. In the midst of the discussion, he suddenly began to administer fists and slapped me on my face and eyes, made me fall flat on the ground and kicked me freely. Then, I was taken to the Parade Ground and was ordered to salute the Union Jack. On my refusal, under orders of the officers, two chowkidars knocked my head against the ground. Not satisfied with that, the S. I. joined them and knocked my head 15 to 20 times against the ground. I was also given 15 to 20 kicks. There was a public gathering then at that time. I felt pain all over the body, there were bruises in the body and the head, and I was given no food or bed in the night. In this condition, on the 11th, I was made to walk a distance of 11 miles and I reached the soldiers' camp at Daitalghat at 11 o'clock. I was again urged to salute the Union Jack, and, on my refusal, the senior S. I., with the help of some chowkidars, made my head knock against the ground thrice and turned me out at noon. No food was given this day too."

This is another case:

"On the 3rd January, 1934 when the troops were passing through the village Karanji (P. S. Ramnagar), two boys of the village shouted "Bande Mataram". The soldiers gave a chase after them and assaulted whomsoever they came across. They entered the Karanji upper primary school and seriously assaulted the head pandit, Sj. Ramkrishna Jana, and the students of the school. They searched the school and seized the photos of Mahatma Gandhi and Deshabandhu Chittaranjan. The teachers were asked to go to the Balisi camp with the boys who shouted "Bande Mataram" although they were not students of the school. In the afternoon, the two boys, Sm. Bijoy Krishna Sahoo and Sm. Abala Kanta Das, were made to stand in the sun for 2½ hours with their heads caught by their hands passing under the thighs and the hips upwards. They were crying piteously through pain. After 2½ hours, they fell at the feet of the subedar and the circle officer of Egra. The circle officer gave them kicks and flogged them, and at last made them rub their nose against the ground for a distance of 30 cubits. The sub-divisional inspector has stopped the stipend of the said upper primary school and has called for an explanation from the teachers asking them why they purchased the pictures of Mahatma Gandhi and Chittaranjan."

There are several other cases, but they will take hours to read, and my purpose has been served by giving instances to show how the soldiers are behaving in this part of Bengal. Sir, it is not a statement of one or two men in one or two villages, and it is not confined to one police station. It goes on throughout the district. Does it not require the Government to see to all this in the good name of the soldiers themselves? As I have

[Mr. S. C. Mitra.]

said before, in India the profession of soldiering was always recognised as a noble profession. Are they not really demoralising the soldiers also by making them do this kind of work that is ordinarily left to the police? Sir, I hope that unlike the last time when I made similar complaints, this time at least the Government of India will inquire into these matters and will do justice. It is a very grave grievance; it is not a small matter as the Army Secretary may think. The Government the other day were preaching co-operation between Indians and Europeans. How is co-operation possible when the police and the military go in this way? The highest officials will say they want both repression and reformation. Repression is doing its utmost, but when the other question comes, the Government of India are helpless They have no time to mind these matters. Sir, as I have said once before, the justification of a foreign rule is merely good government, if it has any justification at all And, so far as I can understand it, the great strength of the British Government was the great faith of the Indian people in British justice But, for the last few years, by legislation in this House, we have brought down the highest Tribunal to the position of a mere echo of executive orders, because its powers have been curtailed and lowered And if the lowering of Government's prestige was made a charge, I think the executive here should be prosecuted and we can have a verdict of guilty against them.

The other important matter that I wanted to discuss was about the detenus You know, Sir, that the detenus are not convicts Usually they belong to three categories. They are, firstly, persons against whom Government have some suspicion, but which they cannot substantiate. The second category is of persons who are charged with some offence, but nothing is proved against them, and as soon as they come out of the dock, they are made detenus. To the third category belong persons who are, after a proper trial, acquitted, but even then they are invariably made detenus. I now find a further class, and that is of young men who have suffered their usual period of imprisonment and as soon as they come out after being in jail for four or five years, they are arrested and put under detention for an indefinite period. Sir, one can very well realise that in times of emergency, if the State needs, it may be necessary to keep people in restraint for some time, but when it becomes a chronic thing for years together, the emergency ceases; and what justification can Government then have for keeping these persons in confinement for an indefinite period of time? I raised this question times without number, and if Government think that, by repression alone, they will have their way, let them do it by all means But they have tried it for several years now. If the lessons of history have not taught them anything, do they think that by merely keeping in restraint a few thousand boys and young men in jail, they will kill the idea of patriotism and love of one's own country? They are very much mistaken there. I never pleaded for any leniency in this matter; I want Government once for all to try all their resources to put an end to this spirit of revolt amongst young men. But I say that that is not the way in which any nation can be kept under subjugation for any length of time. When the people feel for their country and patriotism is once in them, it is futile to hope that by repression alone they will succeed. Sir, it is because I believe in British connection that I appeal to the other side that if they want real co-operation in the field of trade and industry, let them treat Indians like men. The idea of domination must cease. And

we are told that this White Paper is being gradually diluted and even the little that was proposed in the Third Round Table Conference is being whittled down to nothing. But my point was about detenus. Should not a civilised Government have some policy about keeping people in detention for years together? They shall have to release these detenus one day, but what attempts are they now making to bring them round to constitutional ways of thinking? I repeatedly raised this question: there is no answer. By mere repression they think they will succeed in making everybody a loyal subject. Suppression is always possible; by repression you can keep even the noblest feeling under suppression for some time; but it was never possible in the history of the world to keep a whole nation down by force and coercion

One other point that I generally raise is about the classification of prisoners. Jails are a provincial subject, but not a transferred subject, and it is subject to the control of the Honourable the Home Member from here. But what is the result? The Honourable the Home Member cannot give any amelioration to these prisoners: he cannot help them in any way, but by some rigid rules, that he has made, he has made the position of the Provincial Governments very difficult. I know even now that for a long time in Bengal there was a class of special prisoners, that is, political prisoners coming from the *bhadralok* classes, who were given special treatment as regards reading books, etc. The Government of India thought that there should be no special class, and, when once a prisoner is in jail, he should be treated alike with others: of course, the classification should be only according to the standard of life that one is used to, and whether a prisoner will be able to keep up his health, should be the only criterion of classification I now find that there are several hunger strikes, only for little amenities of life. In the jails in Bengal, the political prisoners demanded certain little facilities as regards the privilege of having a few books and a weekly newspaper and a better kind of rice.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

I know the jail authorities are very sympathetic in these matters: even the superintendent of the jail is inclined to help; but the rules of the Honourable the Home Member stand in the way, because the Government of India, without realising local conditions, say that there should be no distinction between prisoner and prisoner once he is classified; and, so far as political prisoners are concerned, they are always classed as C class and very few in class B. I have no complaint if prisoners are honestly and justly classed according to the standard of life they are used to, having particular reference to their health; but when anybody is accused of any political offence, why should it be concluded that he was not used to a better kind of life than that in which he is put? In these small matters Government can afford to be generous. They claim that they have mastered the situation; that they have controlled the Congress. Then, why this meanness in these small matters if they want really to win the good opinion of the Indian public? Even according to their own estimate, I say, they can afford to be generous towards these political prisoners and detenus. We Indians are sentimental and are guided on many a matter, not by mere logic, but by the attitude of the officers of the Government. I appeal to the Honourable the Home Member to see if it is even now

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possible to have a policy about releasing these detenus after detention now for years and years and giving some more facilities to political prisoners in Indian jails.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): Sir, it has been said that the debate on the Finance Bill is a debate on anything but the Finance Bill. My Honourable friend, Mr. Mitra, complained about the unreality which prevades a debate on the Finance Bill. I quite agree with him about this very unpleasant phenomenon in this House. The debate on the Finance Bill is unreal in more than one sense of the word. The expenditure estimates have been passed by us without the reduction even of a single pie and in full knowledge of the taxation proposals which the expenditure estimates involve. But, now, what do we find? Honourable Members have tabled hundreds of amendments for lowering the taxation and curtailing the proposals. Logical consistency would forbid such a procedure.

An Honourable Member: How?

Mr. N. N. Anklesaria: My Honourable friend asks me "How?". It is common sense that when we affirm that a thing is white, we cannot in the next breath say it is black . . . .

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend does not know that there are more colours than white and black in the world. . .

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Two Honourable Members cannot speak at the same time. (Interruption.)

Mr. N. N. Anklesaria: I do not give way.

Diwan Bahadur A. Ramaswami Mudaliar: That is the easiest way out.

Mr. N. N. Anklesaria: I can understand my Honourable friend, Diwan Bahadur Ramaswami Mudaliar's anxiety about my straying into things which are not pleasant to his taste. I am also quite cognisant of the principle which obtains in all parliamentary institutions. I refer to the principle of "grievances before supplies". But that principle can be carried too far, as it has been done for the last four years that I have been here in this House Indeed this very morning I noticed a very welcome change. Though my Honourable friend, Dr. Ziauddin, did talk of Yakub Alkandi and Al Beruni, there was an attempt to stick to the Finance Bill. My Honourable friend, Mr. Mitra, however, has struck another note, and, as I shall come later on to the point, I think he had full justification for doing what he did. Holding the view about this debate that I do, which I have just stated, I propose to offer some general remarks on the Finance Bill and also to enumerate or at least mention, as concisely as I may, some of the grievances on which my constituency of Guzerat feels very strongly.

Sir, dealing with the financial plan and the financial policy, pace Mr. Joshi, behind it, I would ask the Honourable the Finance Member as to why, though he has been complaining all these years about the uncertainty of the revenue and tax estimates of his Budget proposals, he has not

up till now explored the possibility of making those estimates more certain than they are at present. The uncertainty of the revenue estimates is due to one feature peculiar to India. The economic life of India is dominated by one event of supreme importance economically speaking, that is to say, the failure or the success of the monsoons. It is impossible to estimate what "the estimates" would turn out to be before the monsoon declares itself, and it has been suggested by several competent authorities that if the fiscal year of the Government of India were changed so as to begin some time in October, much of the uncertainty of "the estimates" may be avoided. I know my friend, the Finance Member, will say that there are insuperable administrative difficulties in the way, but he himself has shown us by putting forth his financial plan right in the middle of September, 1931, that something is possible in the direction I have indicated.

Now, Sir, as regards the financial proposals and the plan and the policy behind them, I could only say that the financial plan before us exhibits all the qualities of its author. It is a prudent and farseeing plan, as the Honourable the Leader of the Opposition admitted, when he spoke on the general discussion of the Budget, and I am quite sure, as the future will show. Secondly, Sir, it is a resolute plan. On the eve of his retirement, nothing would have been more pleasant to the Finance Member than to relax the taxation on the country, and it is the merit of Sir George Schuster that he has not followed and it is the resolute character of Sir George Schuster, which has prevented him from following the easy path which other Finance Members in the world have followed at one time or other in these times of depression. My friend could have had easy applause by restoring the salary cut, he could have pleased my friend, the Knight from Bombay, by relaxing the income-tax proposals, and he could have balanced his Budget by the easy means of inflation or by loans, as I myself respectfully advised him to do in 1931, but he has done nothing of the sort. He has chosen the steep and straight path rather than the slippery and the easy path selected by so many Finance Members in other countries.

Thirdly, I say the plan, which we are considering is a just plan. It does that social justice which has been much lacking in the financial proposals of the Government of India ever since that Fiscal Commission, the Commission of Bombay millowners, has provided a Bible of financial policy to the Government of India. Sir, if you compare the percentage of indirect taxation to that of direct taxation in England with the proportion in India, you will be struck by the fact that while the indirect taxation in England is only 40 per cent. of the whole tax revenue, in India it amounts to more than 75 per cent.

Then, the Honourable the Finance Member has talked, and I believe for the first time during his five years' tenure of office, so very strongly, about the cost which the country has to pay for the policy of protection. It is a welcome change in the attitude of the Government of India. It means that in spite of the din and the noise created by the millowners and their industrialist brethren, the voice of the Indian agriculturists is at last being heard. Secondly, I say, this financial plan is just, because it does a tardy justice to Bengal. Sir, I do hold, Bengal contains the cream of Indian intelligentsia and the solution of the problem of Bengal is the key to the problem of India. (Applause.) Sir, I am second to none in the love of my Province of Bombay, but my love for India is greater (Applause), and I deprecate all parochial feelings such as my friend, the

[Mr. N. N. Anklesaria.]

Knight from Bombay, gave vent to, the other day. Sir, His Excellency the Viceroy spoke of the dual policy, and I think this subvention to Bengal is the first material step taken by the Government of India towards supplementing the other half of their dual policy. . . . .

An Honourable Member: The better half.

Mr. N. N. Anklesaria: Yes, certainly, the better half.

Now, Sir, I said there is a plan and a policy behind this financial proposal. My friend, Mr. Joshi, said the other day that there was no plan and no policy behind the proposals of the Finance Member and that he was simply drifting. Sir, after I heard Mr. Joshi, I took the trouble of looking up the Finance Member's speeches from 1929 to 1934, and I will put before the House the result of my investigation.

Mr. N. M. Joshi: What is the plan? What is the policy?

Mr. N. N. Anklesaria: My Honourable friend, Mr. Joshi, again asks, what is the plan and what is the policy. It is well that the Finance Member has given a wider background in regard to the proposals which he has put forward in this present Budget, because it helps us to understand that he has not been drifting, but that he has been following a pre-meditated, consistent financial policy. My Honourable friend, Mr. Joshi, seems to think that a national budget is the same as the budget of a city or a town municipality.

Mr. N. M. Joshi: No, no. That is not my idea.

Mr. N. N. Anklesaria: But it has been increasingly recognised that budget making is not merely the simple process of working out estimates of national expenditure and making financial proposals for meeting them. Every budgetary or financial plan has got its effects and repercussions on the life and health of the nation, and it is necessary to examine the potentiality of the financial or budgetary plan in that direction in judging of the goodness or badness of any financial proposals. Sir, when Sir George Schuster took office in 1929, earnest minded men were thinking about the financial position of England and they came to the conclusion that the financial policy of a country has to be looked into, not only from its own viewpoint, but also, and more so, from the viewpoint of the service which the financial policy renders to the economic development of the country concerned. The result of this conclusion was the appointment of the Macmillan Committee in 1929, and it would really be surprising to me if a man of Sir George Schuster's learning and experience should have been immune from the prevailing ideas of the day, and, indeed, that it was not so, is to be seen from the very first Budget speech which he delivered in this House in which he compared his tasks and duties with the tasks and duties of a physician. Sir, in the present connection, he was in one way in a peculiarly fortunate position. Whatever policy he thought of following he could not be deflected from it by popular wishes and views as in most democratic countries of the world, but if he was free from the dictation of the demos, he had perhaps a bigger master than the demos, I mean the Great Mughal at Whitehall. I have spoken on this point in my previous speeches, and I do not want to dilate on that, because, I

know Sir George Schuster does not like it. My Honourable friend, Mr. Joshi, asked what was his plan and what was his policy. I say, from the debates it appears that the Honourable Member has repeated times out of number that his great object was to hand over to his Indian successors the financial structure of India, not only unimpaired, but developed and strengthened to meet any storm that might be in store for it. And as regards the means which he would employ, he has stated in his speeches that he always aimed at maintaining budgetary equilibrium and keeping India's credit high. Possibly these are not heroic means, nor are they heroic methods, but the result has proved that they are very sound means and very sound methods. Sir, the crisis of 1931 must have sorely tempted the Honourable Member to depart from what is known as the orthodox financial policy, and, if he had departed from that policy, he would have erred, if he had erred at all, in very good company, for every Finance Member in the whole world could be shown to be balancing his Budget, not by the orthodox policy, but by bold plans of inflation or loans or other methods which are ruled out by orthodox doctrines.

Mr. S. C. Mitra: Including England?

Mr. N. N. Anklesaria: My Honourable friend Mr. Mitra, asks me, including England? Yes, including England. Sir, the opportunity of 1931 he seized not to depart from the accepted orthodox policy, but, as he says, for exploring avenues to find out in what direction and form a permanent financial policy, which would ensure strength enough to withstand the strain that India was subjected to, might be framed and developed. And the result was the emergency plan. His last Budget speech would show that this period of exploration appeared to be over, and among the lessons which emerge from that exploration are these four which are most prominent, as I read his Budget speech. Firstly his Budget speech shows that the Finance Member considers that the agricultural industry has got a paramount claim on the attention of the Government of India. Secondly, it is essential to provide for increasing purchasing power of the raw products of the agriculturist by providing external markets and by making his necessaries as cheaply obtainable as possible. Thirdly, the Finance Member emphasises, I say for the first time, in a striking manner the cost which this country is paying to fill the pockets of the Bombay millowners and other industrialists. Fourthly, the period of exploration has shown the necessity of broadening the basis of indirect taxation. All these lessons have been embodied in this plan, and if any Honourable Member wants details about it, I am prepared to give them. As I said, the methods and means employed by the Honourable the Finance Member are not by any means heroic, but the achievement which is to his credit is really heroic. He has told us, and told us with truth, that the industrial expansion of India has been unrivalled, not rivalled even by Japan, and that the credit of India has made a marvellous recovery. This may seem exaggeration, but it is absolutely correct. While every country is floundering in the morass of economic distress, India is the one country which has kept its head above water.

4 P.M.

Dr. Ziauddin Ahmad: Very nicely expressed.

Mr. N. N. Anklesaria: My Honourable friend, Dr. Ziauddin, thinks that keeping one's head above water is not a great achievement.

Dr. Ziauddin Ahmad: I am praising you.

Mr. N. N. Anklesaria: I know Sir George Schuster has not brought the millenium, has not made ripe papayas to fall into the mouth of my Honourable friend, the Knight from Bombay, but he has made the financial condition of India the envy of all the Finance Members of the World.

Sir Cowasji Jehangir: You are emptying all the Treasury Benches.

Mr. N. N. Anklesaria: My Honourable friend, Sir Cowasji Jehangir, though from his head he appears to have lost his hair, has not gained wisdom and he has not yet learnt not to interrupt a speaker in an unmannerly fashion without rhyme or reason. I do affirm in this House that if Sir Harry Haig has stood between anarchy and sedition on the one hand and India on the other, Sir George Schuster has stood between India and financial disaster. Bacon, I believe, talks of three categories of statesmen. There are statesmen who leave the country of which they took charge greater than they found it. There are statesmen who leave the country in the same condition as they found it, and there are statesmen who leave the country in a worse condition than they found it. When an impartial history is written, I am sure, Sir, in what category Sir George Schuster will be placed. Sir, it is an irony of fate that dodges all our human life, that when our cherished ideals, the ideals for which we have worked, are coming to fruition, another man luckier than ourselves gets the fruit and enjoys it. It is a pity that when the ship, which he has steered so efficiently and masterfully in such tempestuous seas, is in sight of the harbour, Sir George Schuster should have to transfer the helm to other hands than his own. It is a pity not for Sir George Schuster. It is a pity for this country, because, how many times in the history of this country the hunt has been called off, just when the promise of the kill was the brightest. This is enough as regards the financial plan and Mr. Joshi

I now come to the grievances on which, as I said, my constituency feels rather strongly. Firstly, without offending my Muhammadan friends, I have to bring to the notice of the Government the disastrous effect which the policy of discriminating between classes and classes and races and races has been having on the people's mind in my constituency. Secondly, I should like to bring to the notice of the Government of India the feelings which are affecting the minds of the orthodox section of the Hindus in my constituency. The orthodox Hindus of Gujerat are a section of the population against which Gandhism has dashed itself in vain. They are the most loyal section of the Indian population in my constituency, ...

Sir Muhammad Yakub: And they are proud of their representative?

Mr. N. N. Anklesaria: . . . . and, as Sir Muhammad Yakub says, they are proud of their representative. Their feelings are very much excited at the apathy with which the Government appear to be looking upon their repeated demands for a safeguard about their religion in the new Constitution. This is all I have to say on the present occasion.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): This is an occasion when one is expected to speak out what grievances he feels and to give some kind of general advice to the Government. At

the very outset, I must say that I feel really very much pleased that there is a good deal of peace in the whole country. Compared to what we saw at this time last year, the situation has improved immensely. Although we have not got such prosperity as we felt last year that we might have, still we have a great deal of peace in the country, and we find people engaged on their normal business, which is a great sign of prosperity, and things have improved financially too. I find that commerce has, to a certain extent, improved, and this is bound to bring some kind of wealth to the country. I must, however, still say that the purchasing power of the people has not yet improved to any appreciable degree. The prices of raw produce are still very low, and, on account of such great depreciation in the prices of the raw materials, the purchasing power of the country cannot improve; and if the purchasing power of the people cannot improve, then it is bound to affect the customs revenue, because the imports certainly must fall, as the imports depend upon the people who are willing to purchase something from outside if they are able to do so. People have not got much money to purchase articles which are meant more or less to satisfy luxury, and the customs revenue will entirely depend in future on our improving the purchasing power of the general masses of the country. On this economic condition, Sir, of the major portion of the population depends the question of what kind of action is taken to increase the prices of those articles which are really produced by the larger number of people. I am glad the Government have extended the Wheat Protection Bill—and wheat protection means some kind of relief to the people who are growing wheat.

There is another item, that of cotton. Although Government are doing a great deal to increase the price of cotton and to enter into a treaty with Japan which has now removed the ban which it had imposed on Indian cotton, I find that the price of cotton has not gone so high as we had expected, that this treaty would bring about, and, naturally, on account of this, I wholeheartedly support what was suggested by my friend, Diwan Bahadur Ramaswami Mudaliar, on the last occasion, when the other Bill was for consideration, that we must have some other buyer for the Indian cotton, and I wholeheartedly support my Honourable friend, Mr. Mody's Pact with Sir William Clare-Lees from Lancashire. It may be called by some a "Mody-Lanka Pact", but I think it will bring a kind of stability to the Indian cotton grower, who will find a ready market if he is in future boycotted by one section of purchaser and the raw cotton will continue to be exported to this extent, as it is not required for the factories in India. I, Sir, find that Japan has been dumping her goods into India so cheap that it is draining away all the wealth of the Indian producer. We find that cheap toys, cheap cloth, cheap artificial silk cloth are imported into India and they are simply dumped, so that, for the sake of a little fun, lots of people spend their money in purchasing these goods even beyond their means. I do not mind if people spend their wealth, but if that wealth remains inside the country and spent even on frivolities, that will still not affect the whole country, but here we find that people recklessly go on buying cheap toys and cheap cloth which is not at all durable, and the whole wealth of India is thus going to Japan; and although I find that there are many quarters who would like to take up the cause of Japan and her trade with India, still I think it is a great menace to India's prosperity that these cheap and non-durable goods are dumped into India simply to tempt the poor people, who cannot afford to purchase them, to do so. For instance, I find that

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cheap artificial silk is being worn in the villages where it has become a custom in connection with marriage ceremonies for every villager to supply these artificial silk clothes along with the other wedding presents. Formerly, no such custom prevailed. But now every villager has to spend a certain amount of his money which he is forced to do on account of social customs. He is obliged to purchase these goods from Japan, and in this way the wealth of India is going from India mostly to Japan. Then, the Japanese manufacturers are great competitors of our handloom industry and our cottage industries, and unless Government come forward to check and put a stop to the Japanese imports, we will never find that India will prosper at all. I know there may be some Members in this House who do not share my views, and they would like that Japan should prosper and have good and even advantageous trade relations with us; but I think the majority of the people outside this House will support my views, and they find that the industries of India must prosper at the sacrifice of Japanese imports into this country; and I would suggest to the Government to impose prohibitive duties on all these cheap goods which come from England (Laughter)—I mean from Japan.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Why not from England too?

Mr. Muhammad Yamin Khan: My friend would act more sensibly if he keeps quiet. The duties may be prohibitive, but they are required in the interests of India's progress and prosperity, and I think Government will find ready support throughout the country and from a large section of this House also. Government should not grudge the fall which they are bound to have in their customs revenue by imposing such heavy tariffs on these imported goods because this loss will ultimately be made up in other ways.

There is another point which I want to draw the attention of Government to, and that is about the condition of the roads. Sir, a duty of two annas per gallon was imposed on petrol, simply for the sake of improving the roads. We find that very little has been done in this respect after this duty was imposed. The tax-payer is suffering and is paying continuously, but he finds that it is only those main roads that have been repaired, which are called the provincial roads.

The Honourable Sir Frank Noyce (Member for Industries and Labour): May I ask the Honourable Member if he is referring to his own Province or to conditions throughout India generally?

Mr. Muhammad Yamin Khan: In motor cars I have travelled only in my Province, and I cannot speak about the rest of the country. But, judging from the condition of the roads in my Province, I thought that the same was the condition in other Provinces also. But I shall be glad if the same is not the case with other Provinces. What I want is that my Province should also prosper, and the roads which run in my Province should also be of a better condition. The roads which run from Delhi to Roorkee and to Aligarh are provincial roads; they are subsidized by the Government of India. Even the road from here to Aligarh is very bad at several places, and there are miles and miles of it on which the Honourable Member would not like to travel in a motor car at a greater speed than ten miles an hour. If my Honourable friend travels

on the Grand Trunk Road from Meerut to Cawnpore, he will find that at many places it has lost its old reputation, and it is not as good as it used to be before the lorry traffic began on these roads. What I want is that not only the main roads should be improved, but some kind of subsidy should be given to the District Boards. Our intention at the time when this duty was imposed was that a larger portion of this amount should be given to the Provinces who will distribute it to the district and municipal boards. I find that in some districts the roads are in a very bad condition. The Meerut district is not so bad, but the district of Bulandshahr is proverbially bad, and there are several roads in that district on which no kind of carriage can go. In the district of Aligarh, the roads were very good up to four or five years ago, but, during the last three or four years, they have deteriorated to such an extent that it is nearly next to impossible to travel on them in a car at a speed greater than ten, or, at the most, 15 miles per hour. I am very glad, however, that a very well known gentleman has taken up the charge of the Aligarh District Board, and I may say that the District Board members have shown their good sense by electing him as their President, I mean Nawab Bahadur Sir Muhammad Muzammilullah Khan. In his time the roads were very good, and I hope they will again become so, now that he has accepted the chairmanship. I want that the entire district should have good roads and all the money should be utilised on the feeder roads which connect the main roads in the Provinces. I know that the Honourable Member is taking great interest in this respect and he has got an Advisory Committee which goes into details every year. But I would like to remind him that he should inform the Ministers in various Provinces that they must exert their influence to a greater extent to see that the roads in the Provinces are kept in a better condition than they are now.

Sir, there is one more suggestion which I wish to make. It is in the interests of the Government servants. It particularly struck my attention when I found the other day that this House suffered a great loss and India suffered a great loss by the death of our old friend, Sir Thomas Ryan. I think, in the interests of a Government servant, Government ought to do this, that when a Government servant, who has served the Government for a certain period of his life, dies while in actual employ, then some kind of financial help must be given to his widow and children. It is a great pity that a man spends his life time in serving the country and the State, and all of a sudden he is taken away by death and his widow and children are left unprovided for. It may be said that it was the duty of the Government servant to provide for his own children, but, Sir, nobody knows when a man is to die. Death comes all of a sudden sometimes, and if a Government servant is serving the State, the State must provide for his widow and children to a certain extent. What I would think to be justifiable is this, that at least one-third of the pension, which a Government servant is entitled to commute, should be given to his widow and children. If he were alive, he himself would have enjoyed this amount. But I shall leave this question for the consideration of the Government. Besides, I want this rule to be extended to the Provincial Governments as well. I have seen many hard cases of this type in the Provinces, and I do not want that the wife and the children of the deceased Government servant should be left unprovided for.

Then, Sir, there is one other thing which I wish to bring out about the policy which is followed in the Railway Department and the Posts and Telegraphs Department of the Government of India. These are purely

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commercial departments, and I want that they should be run purely on commercial lines and they should not follow the example of other Departments of the Government of India. Sometimes we find that it causes hardship to deviate from the policy which is followed in other departments. But it is necessary that the Railway Department and the Posts and Telegraphs Department should be run on commercial lines only. From my experience of the Retrenchment Committee regarding the Posts and Telegraphs Department and also as a member for many years in the past of the Finance Committee relating to the Railways, I can say that sometimes it is very difficult to go against the policy of the Government of India. If one set of rules is applicable in one Department of the Government of India, they are equally applicable to other Departments also, and it is difficult to go against them when the Government which employ the persons is the same. Certain Departments of the Government of India are administrative Departments in which it is essential that one kind of rules should apply, but at the same time it is not desirable that the same set of rules with regard to pay and allowances should be applicable in these two Departments. I have come to know that when temporary hands are made permanent, they are given the same salary as had been given in the past. It is very difficult that some people should be enjoying one kind of salary and another set of people should be enjoying a different grade. But this is the time when Government must come out boldly and make up new rules and revised scales of salaries which may be applicable to all people who are now drawing salaries beyond Rs. 1,000. There are poorer classes of clerks whom nobody wants to touch. The Government have already fixed new rates of pay for the subordinates of these Departments. But I find the officers grades of the Posts and Telegraphs Department and the Railways have not been touched. The complaint comes in from the lower paid employees that the officers, who have the power to determine and fix the grades of salary, fix better grades for themselves and completely ignore the poor clerks. The lower paid employees have got this grievance, and, I therefore, suggest that, in the interests of the lower paid employees as well as in the interest of keeping contentment in the country and also saving the Government from criticism, the salaries of the high paid officials should be revised in the light of the present financial condition. There has been a cut of five per cent. But this means that the salary is fixed at the old rate and the people have to pay only five per cent out of that. But this is not what I want. I do not want to touch even the present employees. I want in future that the salaries of all the employees in the Railway Department and in the Posts and Telegraphs Department, who are drawing more than Rs. 1,000 as salary, should be determined by a body of non-official experts who may sit as an expert body and advise the Government purely from a business point of view and not with any consideration as to what other Departments are enjoying.

The Honourable Sir Frank Noyce: I cannot speak of the Railway Department, but I would remind my Honourable friend that the revised rates of pay for new entrants to the superior ranks of the Posts and Telegraphs Department have recently been published.

Mr. Muhammad Yamin Khan: I know that some revised scale of pay has been fixed. They were according to what the Retrenchment Committee had recommended, but that Retrenchment Committee itself had one great

difficulty. I myself was a member of that Committee, and I found great difficulty that we could not make any recommendation with regard to the Posts and Telegraphs Department different from the pay other Departments of the Government of India were enjoying. That is my position that we could not suggest different treatment for the Posts and Telegraphs and the railway employees as we wanted to. The members belonging to the I.C.S. and the Police Service are purely administrative officers. But in the Posts and Telegraphs Department we must pay the men according to the financial condition prevailing in India at present and we must fix the rates of pay for this Department according to the pay that is prevalent for the best man available in the country. If we find that a man with the best brain enters into some profession, he should go up to a certain limit in his salary, but what is the justification for another man not having the same brain getting into Government service and getting better salary than what an Indian could get in any other profession? If you give special scales of salary to men with exceptional abilities, such as the Doctors or the Engineers or High Court Judges, these would be exceptional cases and I would not mind paying them But here comes the grievance of the lower paid employees that they are simply treated very badly, and the higher grade people in the Posts and Telegraphs, simply because they have got the power of determining the salary of the staff, fix a higher scale of pay for themselves and a lower scale of pay for the subordinate staff. The complaint of the subordinates is quite justified. In fairness to the lower paid employees and in all decency, the Government should appoint a Committee, purely a non-official Committee, having some representatives of the services there, to devise some means of fixing the salary of these people who are drawing more than Rs 1,000 in the Posts and Telegraphs Department. I submit, this must be done soon

Now, I wish to say something about the railways. I have often found in the railways, not so much in the Posts and Telegraphs Department, that new posts are constantly created.

Diwan Bahadur A. Ramaswami Mudaliar: On a point of order, Sir. I thought that railways were excluded from discussion on the Finance Bill. We had a separate Railway Budget and we discussed railway finance then. The present is general finance apart from railways

Mr. Muhammad Yamin Khan: I thought that my Honourable friend, Mr. Mudaliar, had been sufficiently long in this House as to when to rise to a point of order I do not understand how the point of order that he raised arises. Here, on the Finance Bill, we can discuss all subjects, and my Honourable friend, Mr. Mudaliar, must have been aware of that.

Dr. Ziauddin Ahmad: We can talk about the solar system.

Mr. Muhammad Yamin Khan: My Honourable friend, Dr. Ziauddin Ahmad, also discussed about the solar system. He did not hesitate doing so, and this House listened to his mathematics which would have been very interesting if this House had been converted into the B.Sc. class of the M. A. O. College, Aligarh.

Now, Sir, I was referring to the railways. There is a difficulty in fixing different rates of pay to new entrants, because the Government cannot accept a new scale of salary as distinct from what they have already laid down. I find, there will be many people who would be available on a lower scale of salary. I submit that the market value of candidates

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has gone down. Such being the case, there is no justification in paying higher scales of pay and thus run the railways at a deficit as they are doing at present. I am sure that my Honourable friend, Mr. Rau, will agree with me on this point. I am sure he would find many cases where the Standing Finance Committee on Railways has been obliged to give sanction on the old scale, because they had no other option but to sanction on the old scale that has been laid down in the past. Even if we want to fix a new scale for any post, we could not do so. The Standing Finance Committee have either to accept the proposals of the Government or to reject them. The Committee was, therefore, obliged to give its sanction. This is not a very desirable state of affairs, and I think, in the interests of the financial position of the country, we should fix new scales of pay.

Another point that I should like to mention is this. I would urge upon the Government the desirability of taking full advantage of cheap rates of interest at this time. There is a lot of money which is available in the country, and if the Government float loans on a lower scale of interest, they will have plenty of money. That will also help in reducing the old debt and they can pay off the old loans which they had issued at high rates of interest. Even if there is a saving of one per cent in the shape of interest, it means a great gain to Government, and, out of a total debt of 800 crores which the Government have got at present, there will be a good deal of saving in the shape of interest if they take advantage of the cheap rate of money available at present. The Honourable the Finance Member floated a loan last year.

The Honourable Sir George Schuster: Floated six loans

Mr. Muhammad Yamin Khan: Yes, six loans, and there was a good response and every one of the loans was fully subscribed within a short time. I think this is the time when full advantage should be taken of the low rates of interest and the burden on the State should be reduced. This is all I have got to say at present. I wanted to say something about the sugar industry, but I think I will get another opportunity to speak on that subject when the Sugar Bill comes for consideration

Nawab Major Malik Talib Mehdi Khan (North Punjab: Muhammadan): Sir, my Honourable friend, Mr. Pandya, has just given out that 80 per cent of the cattle are killed and 20 per cent. die a natural death. I am afraid I cannot accept those figures. As far as I can find out from the various statements issued from time to time, the facts are the other way round; and the recent telegraphic notes that we have been receiving from the Hide Merchants' Association of Calcutta support me in it. As regards the cess duty touched upon by him, he forgets that it is levied when trade is in a flourishing condition and not when it is on the verge of dying out. A perusal of the figures given on page 11 of the Review of Trade in India in 1932-33 shows that the export of raw hides and skins was:

in 1913-14	...	80,100
in 1930-31	...	41-100
in 1931-32	...	33,000
in 1932-33	...	26,600

In view of the fall in trade from 80,000 to 27,000, is there any justification for keeping up this duty? It is evident that the number of animals which die every year practically remains the same, and the same is the

case with killed animals. The number of exported hides and skins as shown above has diminished to one-third and the amount of leather tanned in the country has also diminished. Therefore, the inevitable conclusion is that the *Chamars* do not find it remunerative to take out the skin; they simply bury it in the ground. I am a zamindar myself, and would be the last person to allow the destruction of a useful animal. But we cannot forget the economic point of view, particularly in the present depressed condition of the country. One sees hundreds and thousands of *gowshalas* in various places. If I take a hundred cattle per *gowshala* and calculate the minimum expenditure of two annas per animal, the amount works to Rs. 12-8-0 per day or Rs. 375 a month. I have been closely studying this question and looking into the condition of the animals which are kept in the *gowshalas*. I find that mostly they are sick, sorry and old. The question, therefore, is, whether it is humane to keep them and prolong their agony or to put an end to it. I have got the authority of Mahatma Gandhi who on one occasion allowed the destruction of a calf, because it was suffering from a disease. Their feeding is waste of public funds, which is not justified.

5 P.M. My second point is the financial position of the zamindars. It has been said that, out of 180 crores of gold which has been sold, 150 crores is distress gold which the people were compelled to sell for payment of Government demands The zamindar's reserve has diminished by this amount. His income has fallen to less than over one-third and he cannot pay the Government revenue from his income, and the value of the landed property has gone down to the lowest level. My Honourable friend, Mr. Amar Nath Dutt, offered to give up his land without any price, and I think it is still dear, because no one can afford to keep it.

My third point is the price level of cotton. I have got before me a table which is given on page 8 of the Review of Trade in India in 1932-33. I find in it that the index number for the sale of cotton in July, 1914, was 100 and it is now 40 which shows that the price of that commodity has gone down 2½ times. As we are not getting the economic price of cotton, why do you raise the price of manufactured textiles and make no attempt to do so in the case of cotton? I ask a simple question, namely, how much cloth shall I get by selling one maund of cotton? If I get less, I will oppose raising the price of cloth. I have already urged the other day that we ought to give protective duties to those firms which do consume most of the country cotton.

My fourth point is the duty on matches. This duty is said to be hitting the poor people. We have now got two classes of people, the rich and the poor. The rich clamour that they are over-taxed, and, with the same breath, they urge that the poor should not be taxed. I do not understand what Government should do and how administration ought to run. I remember the time when in a whole village there was not a single match-box and the people used to kindle fire from one another's fireplace. The same practice is more or less carried on in villages even now, and one gets a match-box in the houses of Government servants or those who can afford it, namely, those who indulge in the habit of cigar or cigarette smoking. Hence I would not call it a duty on necessaries of life, but on a luxury, and there is no earthly reason why luxuries should not be taxed.

[Nawab Major Malik Talib Mehdi Khan.]

My fifth point is the duty on tobacco. It is admitted by everybody that tobacco is a luxury, and, as I said above, there is no reason why luxuries should not be taxed. But I should like to point out at the same time that tobacco in the form in which it is smoked in the villages is a sheer waste of time, so much so, that it takes away daily four or five hours of the zamindar's time to prepare his *hooka* and smoke it. I, as a zamindar, would like its total prohibition, so that the zamindars may save time which is the most valuable thing in the world.

My last point is that we have been criticising various taxes that the Honourable the Finance Member has been adding to the list already existing; but I do not think that any constructive scheme has been put forward as to if these taxes are removed, how are they to be replaced, and there is no time to do it, though it was the proper way. If we are going to reduce taxes, we ought to find funds for running the Government which no doubt is already very expensive. Why it is so, it is too late to remedy. It is, however, a fact that a lot of money is required to run a good Government.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 20th March 1934.

LEGISLATIVE ASSEMBLY.

Tuesday, 20th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

DEATH OF MR. R. T. H. MACKENZIE.

The Honourable Sir Brojendra Mitter (Leader of the House): Sir, it is my painful duty to bring to your notice the fact that Mr. Mackenzie, one of our Members, suddenly passed away at half-past six this morning. Sir, as you know, Mr. Mackenzie attended the sitting of the House yesterday. He was in his usual cheerful mood yesterday, and I understand he attended a meeting of the Aero Club in the evening. He appeared to be in the best of health, and we were shocked to hear this morning that he had passed away. It was only the other day that we had to mourn the tragic death of Sir Thomas Ryan, and nobody thought that within such a short time we would have to mourn the death of another of our colleagues.

Sir, Mr. Mackenzie was nominated to represent the Associated Chambers of Commerce on the 16th August, 1932. He was a Member of this House for one year and seven months. During this time, by his genial nature and pleasant manners he had made himself extremely popular with all sections of the House. Sir, we do not know the circumstances in which this tragic event happened, but we know that Mrs. Mackenzie is here, and they were contemplating to retire Home after many years of useful work in this country. That heightens the tragedy. I hope you will convey to Mrs. Mackenzie and to the bereaved family the sense of loss that we have suffered and our deep sympathy.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, we once again meet under the shadow of death. Hardly have we reconciled ourselves to the loss of a faithful Government servant who sat on the opposite Benches, when we have to mourn the loss of one of our friends from the European Group. Again, Sir, as in the case of Sir Thomas Ryan, Mr. Mackenzie was going to leave this country for good within a few weeks. I believe that, had it not been for his duties in this Assembly, he would have retired a few months ago. As a matter of fact, I met him in England in the summer, when he told me he was coming back to this country in August on account of his duties in this House. Mr President, Mr. Mackenzie passes away not as an old man but, I understand, at the early age of 48. It is truly tragic that, when he was about to go Home to enjoy his well earned and deserved rest after many years of service to his Company in this country, he has been deprived of all the fruits of his labour and snatched away by the cruel hand of death. The European Group have suffered a deep loss, and the whole House would like to condole with them in the death of one of their valued Members.

[Sir Cowasji Jehangir.]

Mr. President, the non-official Europeans have played a peculiar part in the history of India. They came to this country for purposes of trade. They remained to govern, and the time is fast approaching when they will go back to play the role for which they originally came to India, that is to develop its trade and industry and let us hope that they will long continue in this country to give us the services of more men like Mr. Mackenzie and to work in the true interests of the country of their adoption. Mr. President I should like to associate myself and my Party with the words that have fallen from the Leader of House, and would request you to convey to Mrs. Mackenzie our sincerest condolences on the loss she has suffered, an irreparable loss, for I understand, she was to sail for England next Saturday and her husband was to have followed her within a few weeks. There are no words which can describe a loss of this character. It is better left to the imagination. I trust you will convey to Mrs. Mackenzie the sincerest condolences of this House.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Sir, on this melancholy occasion, I should like to associate myself and my friends with all that has been said by the Leader of the House and by my Honourable friend sitting on my right. Mr. Mackenzie was a man of very cheerful and amiable disposition, and those of us who knew him intimately will not fail to mourn his sudden and untimely death. It was only the other day that we mourned the death of one of the distinguished servants of the Government in the person of Sir Thomas Ryan, and we hardly realised on that occasion that we would have to mourn so soon the death of another distinguished colleague of ours in this House. Sir, not only the European Group, but all of us sitting on this side of the House feel very much shocked at the death of Mr. Mackenzie. It is very tragic that on the eve of his retirement from this country he should have been snatched away suddenly by the hand of death. I associate myself again with all that has been said, and I request you to be so good as to convey to the members of the family of the deceased an expression of our heartfelt condolence and sorrow.

Mr. R. S. Sarma (Nominated Non-Official): I desire to associate myself and the members of our Party, in the absence of our Leader, with the sense of deep regret and sorrow that has been expressed on the floor of the House. Mr. President, this tragic news has come to us with such a surprising and stunning suddenness and our hearts are so full of grief that it is difficult for us to give adequate expression to it. Therefore, I shall content myself by asking you along with my colleagues to convey to the members of the bereaved family an expression of our deep regret and sympathy.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): This is indeed a melancholy occasion that, within only a few days of the loss of our dear old friend, Sir Thomas Ryan, we should meet this morning to mourn the loss of another valued colleague of ours—a loss so tragic and so sudden that we cannot even realise that our dear friend Mackenzie has passed away. His loss is not only a loss to the European Group, but to all Members of this House who valued the calm criticism and advice which the late Mr. Mackenzie brought to bear upon our deliberations. It has been a matter of some satisfaction to us that he was spared to advise and help us in our daily task, and the fact that he has passed away leaves us the poorer, because we feel that, if he had been here, he

would have discharged his duty with the same integrity of purpose which characterised his association with the Members of this House. Sir, I associate myself and the members of my Party with the loss that the European Group and Mrs. Mackenzie and his family have suffered in the untimely death of Mr. Mackenzie, and I wish that you will convey to the family of the deceased our heartfelt condolence at his untimely death.

Mr. G. Morgan (Bengal: European): I am sure the House will realise that the death of Mr. Mackenzie has come as a very great shock to us this morning. In fact, it has been such a shock that it is very difficult for me to control my feelings to such an extent as to be able to say very much on this tragic affair. I would like to thank Sir Cowasji Jehangir for the remarks he made with regard to Mr. Mackenzie as a member of our Group. Mr. Mackenzie's death is a great loss to the Associated Chambers of Commerce for which he was a Nominated Member. He was very devoted to all his duties, and, as every one knows, his character was a genial and beloved one. In his social life he was the President of the Gymkhana Club, and, in respect of public service, he was a member of very many Committees and very devoted to his work. Sir, it is too tragic to dilate upon, it is almost impossible to realise that such a thing has happened, and, on behalf of our Group, I would ask you to convey our most sincere condolence to the bereaved wife and his family.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, it has been truly said that calamities do not come alone. The House has not yet recovered from the shock which we received on account of the sudden death of Sir Thomas Ryan when another calamity has fallen on us in the sudden death of another distinguished Member of this House, Mr. Mackenzie. As has already been pointed out, during the period of $1\frac{1}{2}$ years that Mr. Mackenzie was a Member of this House, he made himself very popular with all sections of the House. It was a great delight to talk to him. His sudden death is not only a severe loss to the European Group, but to all the Members of this House. I wish to associate myself with the vote of condolence that has been moved, and I request that our sincere condolence may be conveyed to his bereaved wife and other members of his family.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair wishes to associate itself with the sentiments given expression to by the Leaders of the various sections of the House. It has been our sad lot to mourn the loss of two of our popular colleagues within the space of about a week. Like the late Sir Thomas Ryan, Mr. Mackenzie was a popular figure in this House, and like him he was to have gone home for his well earned rest. The tragedy is heightened by the fact that, just a few days before his intended departure for his native land, he had to lay his life in the country which he had served so long. It would be the duty of the Chair to convey to Mrs. Mackenzie the condolence of this House at the loss of their popular colleague, and the Chair thinks it would be acting according to the wishes of all sections of the House if it adjourns the House today as a mark of respect to the memory of our late colleague. The House now stands adjourned till 11 O'clock tomorrow morning.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 21st March, 1934.

LEGISLATIVE ASSEMBLY.

Wednesday, 21st March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

†535* :

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

536. *Mr. S. C. Mitra: Will Government be pleased to state whether the present number of assistants in the office of the Director General, Posts and Telegraphs, is proposed to be divided into two grades, *viz.*, assistants and second division clerks? If so, will Government be pleased to state (i) the number proposed for the assistant's grade, (ii) the number of Hindus, (iii) the number of Muslims, and (iv) the number of other communities in the revised grade of assistants?

The Honourable Sir Frank Noyce: With you permission, Sir, I propose to deal with questions Nos. 536 to 538, 540 and 541 together, as all these relate to the strength and pay-scales of the clerical staff of the office of the Director General of Posts and Telegraphs

The actual position is that while there is no question of any general revision of the scales of pay of the existing permanent incumbents of the clerical posts in the above office or of their transfer to scales of pay lower than those held by them substantively, the introduction of revised scales of pay for Attached Offices of the Government of India generally including the above office is under examination but I am not at present in a position to make any pronouncement as to the details of the proposals. As stated in paragraph 108 of the Report of the Posts and Telegraphs Sub-Committee of the Retrenchment Advisory Committee, 1931 (a copy of which is in the Library of the House), the numerical strength of the clerical staff of the office of the Director General of Posts and Telegraphs was last investigated by a special Departmental Committee and the number of assistants now is 74 including three supernumeraries. Existing permanent incumbents of the clerical posts on promotion from one grade to another will continue to be eligible for the existing scales of pay.

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

‡537. *Mr. S. C. Mitra: (*a*) Will Government be pleased to state:

(i) the present number of assistants in the office of the Director General, Posts and Telegraphs;

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†This question was withdrawn by the questioner.

‡For answer to this question, *see* answer to question No. 536.

(ii) whether the present strength of the assistants in the office of the Director General, Posts and Telegraphs, was fixed by the Coburn Committee after inspection;

(iii) whether that strength was fixed in accordance with the importance of work dealt with by assistants; and

(iv) whether a redistribution of the present strength of assistants into two different grades, *viz.*, assistants and second division clerks, is under contemplation under the revised scales of pay?

(*b*) If the reply to part (*a*) (i), (ii), (iii), and (iv) be in the affirmative, will Government be pleased to state whether the present assistants will not be allowed to retain their present designation of assistants, and whether they will suffer in pay, status or prospects in any way?

(*c*) If the reply to part (*b*) be in the affirmative, will Government be pleased to state whether they are aware that there is discontentment among the present assistants in that office?

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

†538. ***Mr. S. C. Mitra:** (*a*) Will Government be pleased to state:

(i) whether the present number of assistants in the office of the Director General, Posts and Telegraphs, is proposed to be divided into two grades, *viz.*, assistants in the scale of pay of Rs. 140—400 and second division clerks in the scale of pay of Rs. 120—350;

(ii) whether a new grade of second division clerks in the scale of Rs. 80—200 is being introduced in the office of the Director General, Posts and Telegraphs;

(iii) whether it is a fact that under the existing orders, the revised scale of pay is neither to affect adversely officials appointed before July 1931, nor to disturb their existing line of promotions; and

(iv) whether the present grade of assistants, carrying a scale of pay of Rs. 120—350, will be abolished in the office of the Director General, Posts and Telegraphs on the introduction of the new scale of pay?

(*b*) If the reply to part (*a*) (i), (ii), (iii), and (iv) be in the affirmative, will Government kindly state to which grade and to which scale of pay a clerk appointed before July 1931 in the office of the Director General, Posts and Telegraphs, will be promoted after the introduction of the revised scale of pay?

‡539.*

† For answer to this question, see answer to question No 536

‡ This question was withdrawn by the questioner.

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

†540. ***Mr. S. C. Mitra:** (*a*) Will Government be pleased to state whether the present number of assistants in the office of the Director General, Posts and Telegraphs, is proposed to be redistributed into two different grades, *viz.*, assistants and second division clerks?

(*b*) If the reply to part (*a*) be in the affirmative, will Government be pleased to state whether recruitment or promotion in the proposed grade of assistants will remain blocked for a long time? If so, how long will it take for a present clerk, or a proposed second division clerk, to get promotion to the proposed grade of assistants?

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

†541. ***Mr. S. C. Mitra:** Will Government be pleased to state whether the present number of assistants in the office of the Director General, Posts and Telegraphs, is proposed to be divided into two grades, *viz.*, assistants and second division clerks? If so, will Government be pleased to state whether a certain number of the present assistants will be selected for the proposed grade of assistants and whether the rest will be reverted to the proposed grade of the second division clerks? If so, what are the criteria fixed?

RE-INSTATEMENT OF MR. H. N. SINHA, DISCHARGED HEAD MASTER, EAST INDIAN RAILWAY SCHOOL, DINAPUR.

542. ***Pandit Satyendra Nath Sen:** (*a*) With reference to the statement made by Mr. C. P. Colvin in his speech on the 24th February on the motion regarding "system of appeals" that a guard (meaning a non-gazetted railway employee) has no right of appeal to the Railway Board, will Government please explain how they reconcile it with the following reply given by Mr. P. R. Rau to my starred question No 796, dated the 20th March, 1933:

"Mr Sinha's *appeal was entertained by the Railway Board* and orders were issued that he should be re-appointed in a next suitable vacancy"?

(*b*) Is there any age-limit for appointment of teachers in the East Indian Railway schools? If so, what is it, and since when has it been introduced? If not, what does Mr. P. R. Rau mean by saying the following regarding the re-appointment of Mr. H. N. Sinha in reply to my question referred to above:

"At the time his re-appointment was being considered it was discovered that *he was over-age* and consequently he was not appointed"?

(*c*) Is it a fact that long after the discharge of Mr. H. N. Sinha, the head Persian teacher of the Dinapore School retired at the age of 70? If so, what is the reason for this differential treatment?

Mr. P. R. Rau: (*a*) Mr. Sinha's case was reviewed by the Railway Board as a special case though he had no right of appeal.

†For answer to this question, *see* answer to question No. 536.

(*b*) and (*c*). When I said that Mr. Sinha was over-age I meant that he was over 55 years of age. Government have no information about the other case and do not consider that it is necessary to obtain it. I might explain that an opportunity arose in 1932, to re-employ Mr. Sinha in a vacancy that arose in the Headmastership of the East Indian Railway Middle School, Mughalsarai, but the Government of the United Provinces who were consulted in the matter said that as he was over 55 years' of age and was not fully qualified for the post of Headmaster of a middle school, they did not consider it desirable that he should be appointed to that post especially in view of the fact that there were many suitable and qualified men available. In the circumstances, the Railway Board could do nothing for Mr. Sinha.

Pandit Satyendra Nath Sen: Does the Honourable Member think that the guard referred to by Mr. Colvin who helped the Government of India in times of need during the Great War did not deserve the special treatment to which Mr. Sinha was entitled?

Mr. P. R. Rau: My Honourable friend is aware that the case of the guard was reviewed by the Railway Board.

PAY OF ASSISTANTS AND ACCOUNTS CLERKS IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

543. ***Mr. S. G. Jog:** (*a*) Is it a fact that the scale of pay of Assistants and Accounts Clerks in the Central Public Works Department Office is Rs. 95—5—120—8—200?

(*b*) Is it a fact that the scale of pay of Assistants and Accounts Clerks in the Executive Engineers' Offices under the Central Public Works Department, New Delhi, is Rs. 95—5—120—8—200?

(*c*) Will Government be pleased to state what is the number of Assistants and Accounts Clerks in the Central Public Works Department Office and in the Executive Engineers' Offices in this cadre?

(*d*) Will Government be pleased to state how many Assistants and Accounts Clerks have reached the stage of Rs. 120 in this scale both in the Central Public Works Department Office and in the Executive Engineers' Offices and the date of their doing so?

(*e*) Is it a fact that those in the Executive Engineers' Offices, who have reached the stage of Rs. 120, have not been allowed to cross this bar? If so, why?

The Honourable Sir Frank Noyce: (*a*), (*b*), (*c*) and (*d*). A statement giving the information asked for by the Honourable Member is placed on the table.

(*e*) Yes. Only Head Clerks in Divisional Offices are allowed to cross the bar. This is a rule of long standing in the Central Public Works Department. The same principle has been adopted in fixing the future rates of pay.

Statement showing the old and new rates of pay of Assistants and Accounts Clerks in the Central Public Works Department.

Class of Posts.	Scales of pay in Central Office.			Scales of pay in Divisional Offices.			Number of Assistants and Accounts Clerks who have reached the stage of Rs. 120 in the scale 95—5—120—8—200.	
	No.	Old Scale.	New Scale.	No.	Old Scale.	New Scale.	Central Office.	Divisional Offices.
		Rs.	Rs.		Rs.	Rs.		
Assistants	1 21 1	120—8—160—10—300 95—5—120—8—200 70—5—85—7—120—8—200.	100—5—150—10—200.	10	95—5—120—8—200 (Assistants).	40—5/2—90 (Clerks).	3 (from 1st March, 1933).	7 (2 from 1st March, 1930. 1 from 1st March, 1932. 4 from 1st March, 1933.)
Accounts Clerks	9 5 2 1	(*i*) 51—3—75—4—95 (*ii*) 51—3—75—4—95—5—120. (*iii*) 51—3—75—4—95—5—120—8—200. (*iv*) 75—4—115—4—155—5—175.	40—3—70—4—110.	38 8 8 3 10	(*i*) 51—3—75—4—95 (*ii*) 95—5—120—8—200. (*iii*) 51—3—75—4—95—5—120. (*iv*) 51—3—75—4—95—5—120—8—200. (*v*) 75—4—115—4—155—5—175.	40—3—70—4—110.		

NOTE.—The above excludes leave reserve posts which have not yet been filled substantively. It also excludes Central India and Rajputana staff which is to be included in the Permanent Cadre of the Central Public Works Department.

PAY OF CLERKS IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

544. *Mr. S. G. Jog: (a) Is it a fact that the scale of pay of clerks in the Central Public Works Department office and in the Executive Engineers' offices is Rs. 51—3—75—4—95?

(b) Will Government be pleased to state the number of clerks both in the central office and in the Executive Engineers' offices who have reached the maximum and the date of their doing so?

(c) Will Government be pleased to state for how long they propose to detain these men who have reached the maximum in this scale?

The Honourable Sir Frank Noyce: (a) The old scale of pay is as stated by the Honourable Member except in the case of the staff transferred from the late Simla Imperial Circle and one post recently transferred from Central India. The new scale of pay is Rs. 40—5/2—90.

(b) Thirty-two as shown in the statement which I lay on the table.

(c) Persons who have reached the maximum of a grade naturally remain there unless and until they are promoted. There is no question of "detention".

Clerks who have reached the stage of 95 in the scale of Rs. 51—3—75—4—95 and the dates of their doing so.

	1929	1930	1931	1932	1933	Total.
Central Office .	1	3	2	3	4	13
Divisional Offices	1	4	6	..	8	19
Total .	2	7	8	3	12	32

APPLICATION OF THE REVISED SCALES OF PAY TO THE ARMY HEADQUARTERS EMPLOYEES.

545. *Mr. Badri Lal Rastogi: With reference to the replies to starred questions Nos. 1068 and 1374, dated the 21st November, 1933, and the 11th December, 1933, respectively, will Government be pleased to state:

(a) whether the Routine Division Clerks who qualified in the competitive examination held by the Public Service Commission in February, 1931, and who secured posts after 27th September, 1931, in the Army Headquarters have now been confirmed in the old scales of pay;

(b) whether they will be given the benefit of old leave and pension rules;

(c) whether for all intents and purposes, *e.g.*, for the purpose of promotion to higher divisions and posts, on deputation, etc., they will be treated in the same way as the old incumbents who were in permanent service before the 27th September, 1931; and

(d) if the answers to parts (b) and (c) above be in the affirmative, whether they propose to issue clear orders on the subject?

Mr. G. R. F. Tottenham: (a) to (d). Yes.

Charges for Meals of Haj Pilgrims on Ships.

546. *Mr. Uppi Saheb Bahadur: (*a*) Will Government be pleased to state the charge for meals of Haj pilgrims on board the steamer for "A" class and "B" class food?

(*b*) Will Government be pleased to state:

(i) who fixed the charges;

(ii) what is the maximum charge fixed by law;

(iii) whether the catering is done by the shipping company itself, or it has been let out to any private agency;

(iv) if the catering has been let out, whether the shipping company called for any tenders; if so, the quotations of different tenderers;

(v) whether the accepted rate is the lowest tendered rate; if not, why the lowest rate was not accepted;

(vi) if they have no information, whether they are prepared to enquire and state the facts; and

(vii) whether Government are aware that higher rates hit the pilgrims?

Mr. G. S. Bajpai: (*a*) A statement is laid on the table.

(*b*) (*i*) The charges were fixed by the shipping company in consultation with the Government of India.

(*ii*) No maximum is fixed by the law.

(*iii*) Catering is done by contractors engaged by the shipping company.

(*iv*) Government understand that the shipping company did not call for tenders.

(*v*) and (*vi*). Do not arise.

(*vii*) Government do not consider that the present rates are unreasonable.

Statement.

Port of departure.	Scale of food.	Food charges for single journey.		Food charges for journey both ways.	
		Per pilgrim of the age of ten years and over.	Per child under ten years of age.	Per pilgrim of the age of ten years and over.	Per child under ten years of age.
		Rs.	Rs.	Rs.	Rs.
Bombay . .	"A" Scale	12	6	24	12
	"B" Scale	8	4	16	8
Karachi . .	"A" Scale	9	4½	18	9
	"B" Scale	6	3	12	6
Calcutta . .	"A" Scale	17	8½	34	17
	"B" Scale	12	6	24	12

Mr. M. Maswood Ahmad: Is it a fact that the tender was first accepted by the shipping company and then the rate was placed before the Conference that met in Simla?

Mr. G. S. Bajpai: I have already stated that no tenders were called for.

Mr. M. Maswood Ahmad: Is it a fact that the Company asked for the tenders first, and when they ascertained and accepted certain tenders, that question was discussed by the Government of India at the Simla Conference?

Mr. G. S. Bajpai: I have already stated, and I can only repeat, that no tenders were called for.

Mr. M. Maswood Ahmad: Is it not a fact that the tender for Rs. 16 for the whole journey was submitted to Messrs. Turner Morrison and Co.? Is it incorrect?

Mr. G. S. Bajpai: I understand that a letter was sent to Turner Morrison and Co., after the rate had been fixed by somebody who was prepared to cater for Rs. 16.

Mr. Uppi Saheb Bahadur: Is it a fact that the man who succeeded in the tender is one related to somebody in the Company?

Mr. G. S. Bajpai: I am afraid I have no information regarding the relationship between the tenderers and the Directors of the Companies.

Mr. M. Maswood Ahmad: Is it a fact that the man who was successful in getting this contract is a relative of a member of the Port Haj Committee?

Mr. G. S. Bajpai: I answered the first question, which was as to whether there was any relationship between the caterer and the Company. I have to give the same answer to my Honourable friend's question, namely, that I have no information.

Mr. M. Maswood Ahmad: Do Government propose to inquire into this matter?

Mr. G. S. Bajpai: There is a Port Haj Committee in Bombay which is functioning. It is open to them to go into the matter and draw the attention of the Government.

Maulvi Muhammad Shafee Daoodi: Was any attempt made by the Government of India to find out beforehand what was the reasonable charge for the meals, that would be collected from the pilgrims?

Mr. G. S. Bajpai: I may inform my Honourable friend that I went down to Bombay last year in May, to examine this question as to what would be a reasonable rate, and that Government agreed to the rates fixed by the shipping company as a result of the inquiry which I made on that occasion.

Kunwar Hajee Ismail Ali Khan: Did Government receive any information from the Bombay Haj Committee that the rates were excessive?

Mr. G. S. Bajpai: Government have received no such representation from the Bombay Haj Committee.

Mr. M. Maswood Ahmad: Do Government propose to advertise in future when these contracts are to be given to different contractors?

Mr. G. S. Bajpai: It is not Government who advertise, but the shipping companies.

Mr. Uppi Saheb Bahadur: Will Government ask the shipping companies to give sufficient publicity before tenders are accepted?

Mr. G. S. Bajpai: The position, as I explained to my friend, Maulvi Shafee Daoodi, is that, after the inquiry we conducted in Bombay, we came to the conclusion that the rate of one rupee a day for two meals and two teas, and ten annas a day for one meal and one tea was not excessive. At that time, there was no communication really from any source that lower rates would be or could be charged. Subsequently, it has been brought to the notice of the Government that somebody is prepared to do the thing for Rs 16. We cannot interfere at this stage. This pilgrimage season must work under the existing arrangement, and, subsequently, it will be open to the Standing Haj Committee here as also the Haj Committee in Bombay to suggest to Government whether a revision is called for.

Mr. M. Maswood Ahmad: Do Government propose to put this matter before the Standing Haj Committee?

Mr. G. S. Bajpai: I am quite prepared to consider that suggestion, Sir.

Charges from Haj Pilgrims for Loading and Unloading their Luggage.

547. ***Mr. Uppi Saheb Bahadur:** (*a*) Will Government be pleased to state whether it is a fact that shipping companies are charging an additional charge of Rs. 3 from Haj pilgrims for loading and unloading the passengers and their luggage? If so, when did this imposition begin?

(*b*) What is the special reason for this new charge?

(*c*) What was the previous arrangement for loading and unloading pilgrims and luggage?

Mr. G. S. Bajpai: (*a*) Yes. The arrangement has been in force as an experimental measure since the pilgrim season of 1932-33.

(*b*) and (*c*). Formerly pilgrims were left to make their own arrangements at Jeddah and to bargain with private boatmen for the transport of themselves and their luggage from ship to shore and *vice versa*. As this system was reported to involve inconvenience, confusion and loss, it was considered that it would be to the advantage of pilgrims if the shipping company could take over the responsibility for the transport arrangements.

Mr. M. Maswood Ahmad: Is it a fact that a man was killed owing to the negligence of the Company when the luggage was taken from the ship to the small boat to be sent to Jeddah?

Mr. G. S. Bajpai: I submit that that question does not arise out of this.

Mr. Uppi Saheb Bahadur: May I know whether Government are aware of the fact that pilgrims are themselves able in many cases to unload their things at Re one and Rs. 1-4-0?

Mr. G. S. Bajpai: No, Sir. The action of Government in this matter has been taken in conformity with the recommendations of the Haj Committee as also of the local authorities of Jeddah. They are not aware that anybody is able to do this thing satisfactorily for Rs. 1-4-0.

Mr. M. Maswood Ahmad: Is it a fact that special care is taken by the Company when loading and unloading the goods?

Mr. G. S. Bajpai: I hope so, Sir.

Dr. Ziauddin Ahmad: May I ask whether the charge of Rs. three is uniform, irrespective of the fact whether a man has got no luggage or very little luggage, or they are charged according to the packages a person has got?

Mr. G. S. Bajpai: My Honourable friend, if he will read my answer, will find that the charge does not merely relate to the conveyance of luggage, but also to the conveyance of the individual

PROMOTIONS AND APPOINTMENTS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

548. ***Rao Bahadur B. L. Patil:** (*a*) With reference to the reply to starred question No. 164, asked by Lala Rameshwar Prasad Bagla on the 19th February, 1934, will Government please state whether the Controller of Printing and Stationery is the officer charged with the duty of making promotions and appointments in the clerical establishment of the Government of India Presses?

(*b*) Is it a fact that in making promotions and appointments in the clerical establishment of the Government of India Press, New Delhi, the Controller of Printing and Stationery has to rely on the reports made by the New Delhi Press?

(*c*) Will Government please lay a statement on the table of this House showing the dates of promotion and the dates of termination of probation, of the men promoted to the posts of assistants and upper scale clerks in the Government of India Press, New Delhi, since September, 1933?

The Honourable Sir Frank Noyce: (*a*) Yes.

(*b*) Due consideration is given by the Controller to reports submitted by the Manager of the Press.

(*c*) One man was promoted as Assistant on 1st September, 1933, and terminated his probation on 28th February, 1934. Another was promoted as clerk on 29th December, 1933, and is still on probation.

UNSTARRED QUESTIONS AND ANSWERS.

MONEY ORDERS ISSUED AND PAID.

220. **Mr. S. C. Mitra:** (*a*) Will Government be pleased to furnish a statement showing the total number of money orders (i) issued and (ii) paid, with their respective values, during the year 1932-33?

(*b*) How many of these money orders were issued and paid from the Bengal and Assam Circle (excluding Calcutta) and from Calcutta, respectively, and what was the total value? What was the percentage of these money orders as compared with the total number for the whole of India?

(*c*) Out of the total Savings Bank Accounts of 689,676 in the Bengal and Assam Circle in the year 1932-33, how many accounts were at Calcutta and what was the percentage?

The Honourable Sir Frank Noyce: (*a*) The information is given below:

	No.	Values.
		Rs.
Issues	36,715,000	76,21,99,000
Payments	37,093,000	78,80,38,000

(*b*) and (*c*). Information is being collected and will be laid on the table in due course.

AMOUNT REALISED FROM INLAND AND FOREIGN TELEGRAMS.

221. **Mr. S. C. Mitra:** (*a*) Is it a fact that during the year 1932-33 inland and foreign telegrams to the value of Rs. 1,92,15,000, were dealt with by the Telegraph Department?

(*b*) If so, will Government please state how on the receipt side of the Telegraph Branch a sum of Rs. 2,55,60,062 has been shown, being Rs. 1,55,13,022 as telegraph share of sale of postage stamps and Rs. 1,00,47,040 telegraph charges realised in cash?

The Honourable Sir Frank Noyce: (*a*) No; the figure quoted by the Honourable Member is that for *net* message revenue.

(*b*) The sums of Rs. 1,55,13,022 and Rs. 1,00,47,040 represent the gross receipts of the Telegraph Branch on account of the telegraph share of sale of stamps and telegraph charges realised in cash, respectively. The sum of Rs. 1,92,15,000 represents the net receipt, *viz.*, Rs. 1,90,28,297 as shown at the bottom of page 37 of the Annual Report *plus* Rs. 1,86,984 shown in page 40 thereof the latter being the net message revenue of the Radio Branch.

NEW ROADS, PARKS AND PLACES OF RECREATION CONSTRUCTED IN DELHI.

222. **Mr. S. G. Jog:** Will Government please state how many new roads, parks and places of recreation have been constructed in Old Delhi and New Delhi during the last three years? How many of these roads, parks and places of recreation have been named after some important personages, and how many are not so named? Will Government please state to what authority suggestions in the matter should be forwarded?

Mr. G. S. Bajpai: An answer to the first two parts of the question will be laid on the table as soon as certain information which has been called for is received. As regards the last part I would inform the Honourable Member that suggestions should be made to the Municipality concerned.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

223. **Mr. S. G. Jog:** (*a*) Will Government be pleased to refer to their answer to parts (*a*) and (*e*) of starred question No. 1544, dated the 5th December, 1932, stating that the rule, given in bracket (commencement of pension with effect from the date on which an individual ceases to be borne on the effective establishment), applies only to pension claims prescribed in para. 44 of the Financial Regulations, Part I?

(*b*) Will they please state in what way the preferment of claim referred to in starred question No. 838 of the 21st March, 1933, violated the limitation prescribed in para. 44 referred to in part (*a*) above?

(*c*) Are there not more than one official acknowledgment of the individual's claim being preferred by him?

(*d*) Will Government please refer to unstarred question No. 290 of the 29th March, 1932, in which their attention was drawn to the prevalence of a practice in the Army Department, Government of India, in accordance with which proved and acceptable claims were admitted by them with effect from any date that they chose, and to their reply which was in the negative?

(*e*) To what extent do Government intend to abide by their own regulations, answers to questions given in this house and by their orders on the first part of Recommendation No VII of the War Pensions Committee?

(*f*) Have they not accepted Recommendation No. VII, given in bracket (A pension sanctioning authority may grant full arrears if he is satisfied with the explanation for the delay) stating "this part of Recommendation is in conformity with the existing practice"?

Mr. G. R. F. Tottenham: The question is being examined and a reply will be laid on the table in due course.

CLERKS WORKING IN CERTAIN OFFICES.

224. **Mr. Bhuput Sing:** (*a*) With reference to Sardar Sant Singh's starred question No. 1456, dated the 20th December, 1933, will Government be pleased to lay on the table a statement showing the names, and the Provinces which they belong to, of the clerks working in the following offices:

(i) Central Board of Revenue,

(ii) Imperial Council of Agricultural Research,

(iii) Railway Clearing Accounts, and

(iv) Director General, Indian Medical Service?

(*b*) With reference to part (*d*) of Sardar Sant Singh's question referred to in part (*a*) above, will Government be pleased to state the names of the recruiting officers for the above-mentioned offices? If not, why not?

The Honourable Sir Harry Haig: (*a*) The information, which could only be obtained with considerable labour, is not of a kind which it seems to me reasonable for Government to supply. As has been explained on

several occasions in this House, the Government of India have not undertaken to secure representation for Provinces in the services under their control which are recruited on an all-India basis.

(*b*) I place on the table a statement showing the appointing authorities for Assistants and Clerks in these offices.

Statement.

Name of Office.	*Appointing authority.*	
	For Assistants.	*For Clerks.*
Central Board of Revenue .	For Assistants belonging to the Imperial Secretariat Service, Class II—Central Board of Revenue. For other Assistants—Secretary, Central Board of Revenue.	Secretary, Central Board of Revenue.
Imperial Council of Agricultural Research.	Vice-Chairman . . .	Vice-Chairman.
Railway Clearing Accounts Office.	Director, Clearing Accounts Office.	Director, Clearing Accounts Office.
Office of the Director General, Indian Medical Service.	Deputy Director-General, Indian Medical Service.	Deputy Director General, Indian Medical Service.

DEATH OF PANDIT SHAMLAL NEHRU.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, the House will hear with regret of the death of Pandit Shamlal Nehru who was a Member of this House for four years, and it is the general desire of Honourable Members that you, Mr. President, should be requested to convey the condolences of this House to the late Pandit Shamlal Nehru's bereaved family. Pandit Shamlal Nehru was a member of the Swaraj Party in the old days, of which Party we have a few honoured members left in this House. There is one sitting here on my left (Mr. Gaya Prasad Singh) and my Honourable friend sitting behind me (Mr. S. C. Mitra) was the whip of that Party, and you, Sir, were also a very prominent member of that Party in those days. We would like to convey our condolences—especially of those Members who were the colleagues of Pandit Shamlal Nehru in the old days. I personally did not know Pandit Shamlal Nehru, but I understand he was a most useful Member of this House—quiet, unassuming, but always ready to do his duty and take his part in the work of this House. Mr. President, I trust you will convey to his bereaved family our sincerest condolences.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Sir, with the permission of the Deputy Leader of my Party, I beg to associate myself and my friends with all that has been said by my Honourable friend on my right, Sir Cowasji Jehangir. Sir, Pandit Shamlal Nehru came here as a member of the Swaraj Party at the end of 1923. He was with us till the Assembly was dissolved in 1926. He was, as you know, a nephew of that distinguished countryman of ours, Pandit Motilal Nehru. I had the privilege of being a member of the Swaraj Party along with you and Pandit Shamlal Nehru. He was constantly present in the

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House, and attentive to his duties. He was a man of genial disposition, and a stout patriot By his death the cause of public activities, not only in the United Provinces, but in the country generally, has suffered a great deal. He belonged, Sir, to a very cultured family. I know his family intimately, and, I dare say, that Pandit Shamlal Nehru has left a large number of friends and admirers to mourn his death. I associate myself with my friend in requesting you to be so pleased as to convey our feelings of sincere sorrow and condolence at the death of Pandit Shamlal Nehru. He was a comparatively young man, and from what we know from the papers he died as the result of paralysis. Sir, death under these circumstances is very tragic, and I have no doubt that his family will derive some consolation from the fact that sorrow shared is sorrow soothed. This House as a whole mourns the death of such a patriot, and I again repeat my request that you will be pleased to convey to his bereaved family our sincere regrets and condolence.

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, with the courtesy of my Pro-Deputy Leader, I wish to associate myself and my Party with everything that has been said about the late Pandit Shamlal Nehru. I had the privilege of knowing him and his late lamented uncle somewhat intimately. Though I never belonged to that Party, our relations were very cordial, and I heartily endorse, on behalf of myself and the other members of my Party, all that has been said about his death, and request you kindly to convey to the members of his family our deep sense of sorrow and sympathy.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, the Leader of my Party has asked me to associate his Party and myself with all that has been said by the previous speakers about the passing away of one of my very dear personal friends. Sir, Pandit Shamlal Nehru was a very charming friend and a very open-hearted public man. Pandit Shamlal Nehru and I were associated in a managerial and editorial capacity with the running of the *Independent*—the first great newspaper of the United Provinces. We were also associated when Bepin Chandra Pal resigned his editorship of the *Democrat*, of which Pandit Shamlal Nehru was the founder, in the running of that paper. Pandit Shamlal Nehru filled a large space in the public life of the United Provinces. During Mrs Besant's Home Rule propaganda days, when his uncle, the late Pandit Motilal Nehru, was still a conservative, Pandit Shamlal Nehru plunged into that movement with great enthusiasm. His hold on his uncle was great, because he constantly quarrelled with him when he differed from him; and the members of the Swaraj Party and the Official Members of this House who were then Members are aware that Pandit Shamlal Nehru, even when the fight became fervent, was always in a genial mood, and, in the lobbies, the most perfect companion. It is very sad to contemplate, Sir, that death should have snatched away one of the finest public men of the United Provinces. Latterly, he retired from public life owing to differences with the National Congress Party, but he did not carry his differences to the point of coming into the Councils. I was looking forward to Pandit Shamlal Nehru leading in Allahabad and elsewhere the Congress movement into the Legislature. Sir, his death at this time is a great national loss, a calamity to the United Provinces. Sir, his

armour was his honest thought and simple truth his utmost skill. It is painful to contemplate that one Member after another of this House is passing away. In the midst of life we seem to be in death, and words cannot picture the sorrow that is coming on the country and on us by the passing away of one friend after another. Sir, I deeply feel that Pandit Shamlal Nehru should have been snatched away by the cruel hand of death. I know his family lies prostrate in sorrow at his death. I request you to convey the grief of my Party as well as of the other Parties in this House to the bereaved family to whom my heart goes

Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official) Sir, on behalf of the European Group, I desire to associate myself with the sentiments expressed by the previous speakers on the sad death of my great friend, Pandit Shamlal Nehru. Sir, as one of the oldest Members of this Assembly, I had the privilege of working with him in this House for about three or four years, and I can only repeat what my friend, Mr. Ranga Iyer, has just said that during that period he endeared himself to one and all. Although a member of the Swaraj Party, his line was always straight and honest, and I know that he was a friend of Government and Government could always depend on him for giving an honest view although it was against even the wishes of his revered uncle. India is all the poorer by the loss of that great Indian. In this House he was loved by all, not only for his honesty of purpose, but for his jovial disposition, and it will be a long time before we can find another Shamlal. On behalf of this Group, I desire you to associate us in this expression of sympathy with the bereaved family.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, like the Bihar earthquake, this House has been receiving shocks nearly every day. It is for the third time during the last four or five days that we have to mourn the loss of another old friend and colleague of ours. Pandit Shamlal Nehru, as has already been pointed out, was a Member of the Second Legislative Assembly, the Assembly whose mark for its ability and for doing the best work for the country will always remain in the history of this House. Although a member of the Swaraj Party, Pandit Shamlal Nehru was free from all spite and venom. He was very jovial and friendly and was always smiling, and really it was a sight to see him joking and meeting friends in the lobbies. He was very popular not only with the Non-Official Members of the House, but with the Officials as well. It is really very sad to see that death has snatched him away from us. He was a prominent figure in the United Provinces, as has already been said I sincerely condole with his talented wife, who took a very prominent part in the public movements of the United Provinces and also with his equally talented and worthy daughter, who is the first Lady Advocate of the Allahabad High Court. I also sympathise with his only son, who occupies the rank of an Officer in the British Forces; and I request you, Sir, to convey our condolences to all the members of the bereaved family

The Honourable Sir Brojendra Mitter (Leader of the House): Sir, I had not the pleasure of knowing Pandit Shamlal Nehru personally, but, from what I have heard of him, he was a man of great personal charm and was a most popular figure in this House. I remember, when I first

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became a Member of this House, to have seen him in the lobby. He could not keep himself away from this place. Sir, I associate myself and this side of the House with the expressions of sorrow and sympathy with the bereaved family and I join in the request that has been made to you.

Mr. President (The Honourable Sir Shanmukham Chetty): I knew Pandit Shamlal Nehru as a colleague in this House for over three years and worked in close co-operation with him as a member of the Swaraj Party. Honourable Members, who enjoyed his personal friendship, like myself, have testified to his charming personality. He was one of the most popular Members of this House and he was loved by every one. It will be my duty to convey to the family of Pandit Shamlal Nehru the deep sorrow of this House at the loss of one of their popular colleagues.

ELECTION OF THE STANDING FINANCE COMMITTEE

Mr. President (The Honourable Sir Shamukham Chetty): I have to inform the Assembly that the following Members have been elected to the Standing Finance Committee, namely:

(1) Mr J. Ramsay Scott,
(2) Rai Bahadur S. C. Mukherjee,
(3) Mr. Sitakanta Mahapatra,
(4) Mr. G. Morgan,
(5) Major Nawab Ahmad Nawaz Khan,
(6) Rao Bahadur B. L. Patil,
(7) Lala Rameshwar Prasad Bagla,
(8) Mr. S. G Jog,
(9) Diwan Bahadur Harbilas Sarda,
(10) Kunwar Hajee Ismail Ali Khan,
(11) Dr. Ziauddin Ahmad,
(12) Mr. Gaya Prasad Singh,
(13) Maulvi Muhammad Shafee Daoodi, and
(14) Mr Badri Lal Rastogi.

THE INDIAN FINANCE BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the following motion moved by the Honourable Sir George Schuster on the 16th March, 1934:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894 to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, be taken into consideration."

The Honourable Sir Harry Haig (Home Member): Sir, I regret that I was not in the House while my Honourable friend, Mr. Mitra, was delivering the earlier part of his speech on Monday, though I was able to be here before he had completed his speech. Had I known that Mr. Mitra was about to speak on the Finance Bill, I should have at once hastened to the House, for I should have been quite sure that in discussing the Finance Bill he would not mention finance, but that he would direct his attention to the administration in Bengal and the condition of the terrorist prisoners or detenus. I have had, however, the advantage of reading carefully my Honourable friend, Mr. Mitra's speech. I understand that he was very anxious and that certain Honourable Members of this House were anxious on his behalf, that he should have a reply to what he said. He shall have a reply.

The first count in Mr. Mitra's indictment against the Government was a series of allegations against the conduct of the troops in the Midnapore district of Bengal. The Honourable Member read out a very long series of allegations and statements. I understood him to make a complaint that, when on previous occasions he had adopted this procedure, the Government had not given any definite reply to these allegations. Well, Sir, the Honourable Member is very familiar with the procedure in this House. He knows perfectly well how to elicit information from the Government; no one better. A great many of the questions that I have to answer in this House emanate from my Honourable friend, Mr. Mitra, and he is well aware that, if he wants information on points like these, it is easy for him to put down a question, and that, after due inquiry has been made, he will receive an answer. And he must also be perfectly well aware that, when he makes a series of elaborate and detailed allegations in this House in the course of a debate, it is quite impossible for any Government Member to get up during the remainder of that debate and make any categorical statement about incidents which are alleged to have taken place in Bengal. When he wishes to elicit information about affairs in the Midnapore district, even during the present Session, the Honourable Member has put down a very detailed question in regard to certain allegations of ill-treatment by civil officers and, I think, also by troops. To that question I gave a full answer, I should think less than a month ago. And I think that that answer showed that the facts on which the Honourable Member relied had really been distorted out of all recognition. I cannot give any categorical answer now to the allegations that the Honourable Member has brought to the notice of this House. But this much I can say, that a number of allegations on these lines have within the last few months been examined by the Government of Bengal, and I think I am right in saying that in general they have been found by the Government of Bengal to be very greatly exaggerated, even if there was any foundation for them at all. It is difficult, in view of what has been going on recently in the Midnapur district, to resist the conclusion that a deliberate campaign of misrepresentation has been launched there. Nevertheless, the Honourable Member has made himself responsible for these statements in this House, or at any rate has drawn the attention of the House to these statements, and I should like to treat them as I would a question, and I will ask the Government of Bengal to let me have a report about them.

Now, Sir, in the course of his speech, my Honourable friend, Mr. Mitra, referred to the functions of the troops in Bengal, and he suggested

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that it was unfortunate that they should be employed on duties of this nature such as they are performing in the Midnapur district. Well, Sir, I would remind the House that the troops in this country are maintained, not only for purposes of defence against external enemies, but for purposes of giving aid to the civil power in internal emergencies. That is a perfectly well recognised function of the troops, and it is, in accordance with those duties of giving aid to the civil power, that the troops are now being employed in Bengal. I need hardly remind the House of the very valuable results that have been achieved through the presence of the troops in Bengal. The House will perhaps remember that in the autumn of 1932, at a time when the terrorist menace was very much more serious than it is now, the Government of India decided that it was necessary to reinforce the civil authorities by despatching to Bengal two brigades of troops, and the anticipations with which those troops were despatched have been entirely fulfilled. The situation now is far better than it was in those dark days of the autumn of 1932 (Applause), and though I do not in any way wish to minimise the efforts and the devotion of the civil officers, we must recognise that a great part of the credit for that result is due to the presence of the troops. (Hear, hear.) The troops have had in Bengal two effects, indirect and direct. Indirectly they have undoubtedly encouraged the civil officers and the well-disposed population, and I think it is not unfair to say that they have brought a new spirit of confidence into the country. Apart from that, they have also been employed directly in aid of the civil power, particularly in the districts of Chittagong and Midnapur, the two worst plague spots of terrorism in Bengal. They have been able, particularly in Chittagong, to achieve very important direct results in co-operation with the civil authorities. I do hope, Sir, that nothing will be said or done in this House which would have the effect of trying to discredit the work of the troops in Bengal. (Hear, hear.) I have seen a number of reports in connection with their work, and I have seen nothing to suggest that their discipline has in any way fallen short of its usual exemplary standard. (Hear, hear.)

Now, Sir, the second count in the Honourable Member's indictment of the Government policy was in connection with the detention of persons under the Bengal Criminal Law Amendment Act, the problem of the detenus. I confess I was astonished at the charge that was made by the Honourable Member in regard to that policy. He said, talking of the Government, "do they think, by merely keeping in restraint a few thousand boys and young men in jail, they will kill the idea of patriotism and love of one's own country?" Now, Sir, this problem of the detenus is fortunately practically confined to Bengal. Does the Honourable Member think that we are keeping these young men in detention in order to kill the idea of patriotism? Are there no patriots in other Provinces of India? (Hear, hear.) Has Bengal the monopoly of patriotism? Or, is it not rather that Bengal has, what is I am afraid very nearly, a monopoly of something very different, and that is political murder? (Hear, hear.) I think my Honourable friend would really on reflection acknowledge that what we are seeking to repress is not patriotism, but murder (Hear, hear), and that is the justification for the policy of keeping these young men under restraint. I admit that the Honourable Member may argue that the information on which we act with regard to particular individuals is wrong, that we are mistaken in believing them to be terrorists, but at any rate

he must give us credit for believing that and for taking that action solely because we do fully believe that they are terrorists. And I would also ask him to remember, if he has any doubts about the information on which we act, that we do check our information; the Government of Bengal check their information by putting it before two Judges and it does not seem to me, Sir, a reasonable conjecture that we could be wrong in our facts in more than a very small percentage of cases

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): I remember the Honourable Member saying that as regards State Prisoners, their cases are put before the Judges and not about the vast majority of detenus who are not State Prisoners under Regulation III of 1818, but are detained under the Bengal Criminal Law (Supplementary) Act.

The Honourable Sir Harry Haig: With regard to State Prisoners, in the matter of those State Prisoners who are confined for terrorism, we follow exactly the same procedure as is followed by the Government of Bengal under their Bengal Criminal Law Amendment Act, and no one is held under Regulation III in respect of terrorism unless his case has been put before two Judges.

Now, Sir, I do not want to misunderstand the Honourable Member, but I do think that, if he is misunderstood, he has to some extent himself to thank for it Complaining of repression he says: "By repression you can keep even the noblest feeling under suppression for some time". I would invite him to make it clear that when he is talking of these noble feelings that we are repressing, he is not referring to the desire to murder Government officials and their families.

Mr. S. C. Mitra: I never meant murder in any way.

The Honourable Sir Harry Haig: I am perfectly certain that the Honourable Member did not mean that, but his language is open to that construction.

Then, the Honourable Member asks,—and I make no complaint of his asking,—what is to be the end of it? It is right that he and we should try to look ahead to the end of this problem, but the end of it, as I see it, must be the extirpation of these ideas which bring discredit and shame on the Province of Bengal. Quite apart from considerations of morality and humanity which make an appeal to any man of ordinary feeling, I am certain that the Honourable Member realises, as clearly as I do, the harm that is done to the interests of his own country by the continuance of this movement, the feelings of distrust and estrangement that are engendered, the handle that is given to the opponents of political reform, the material loss that is caused to a poor Province by having to spend enormous sums of money on maintaining a large police force in order to deal with this movement, and the diversion of the energies of the administration to such a large extent from the more beneficent activities to which they should be directed and their concentration on this miserable problem. But, Sir, when I ask myself, how this movement is to be brought to an end, I have to remember the type of men we are dealing with, and so far as one can judge it, their mentality. We have tried in the past, when conditions appeared to improve, the effects of leniency. We have tried amnesties, we have released these men; but time after time they have gone back to their old practices. Now, Sir, I feel that people like the terrorists who believe in force will only be converted by realising

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that force will not succeed, and that is the lesson that we are endeavouring to bring home to them now. When once that is clear, I should hope that many of the present detenus will discard these ideas and endeavour to resume a normal life; and I am perfectly certain that when that moment occurs, if it does occur, no one will be better pleased than the Government of Bengal.

Sir, I do not think I need detain the House long on the third count in the Honourable Member's indictment of Government. He complained of the system of classification of prisoners. That is an old topic of discussion in this House, and I would remind the House, as I have reminded them many times before, that they did have a certain share of the responsibility,—I do not want to disclaim the responsibility of Government for one moment,—but they did have a certain share in the responsibility for the inauguration of this policy of classification. It was in response to a strong demand from the House,—I suppose it was not this House, but its predecessor,—that Government took up this question of establishing a new classification of prisoners, and it was very largely in consultation with the Leaders of Parties in this House that Government came eventually to their conclusions. The Honourable Member complained that, before this present policy was introduced, there used to be a class of special prisoners receiving special privileges, but that, if I understand him aright, we have now abolished that special class. Well, Sir, I think that betrays some misunderstanding on the part of the Honourable Member of the actual position. The special class, which was in existence before our new rules were made, was a very limited class and we deliberately continued that class in class A under the present system. Class A under the present system reproduces the special class of the old days. But, in the old days, apart from this very limited special class other prisoners all went into one class. That was where a big change was made, because we now put them into two classes, B and C. C is the ordinary prisoner and B is the prisoner who, owing to his standard of living and various other considerations of that kind, is considered to be entitled to somewhat better treatment. I do not say, Sir, that this system has worked altogether without friction or without difficulty for the jail authorities, but I think that on the whole, as far as public opinion is concerned, it has been an improvement on the system that preceded it, and we certainly do not wish in any way to go back on the principles that were settled some years ago. I would just call attention to one point in which I think the Honourable Member will himself admit that he is labouring under a misapprehension. He said that, so far as the political prisoners are concerned, they are always classed as C class and very few in class B, and he went on to say: "When anybody is accused of a political offence, why should it be concluded that he was not used to a better kind of life than that in which he is put?" Fortunately I am able to check that accusation by certain figures in my possession. I imagine that when the Honourable Member refers to political prisoners—a term which we do not officially recognise—he has in mind, for instance, the terrorist prisoners in the Andamans . . . .

Mr. S. C. Mitra: No, no. I meant mainly the civil disobedience prisoners in Bengal.

The Honourable Sir Harry Haig: That fortunately is becoming a problem of the past; but so far as the terrorist prisoners in the Andamans are

concerned, it may interest the House to know that at the present moment there are in B class 66, and in C class 95—so that, roughly speaking, there are two B class for every three C class. That, I think, is quite sufficient to show that, so far as that class of prisoner is concerned, it cannot be said that they are always classed as C class and very few in class B.

I think I have said enough to give the House an answer to the main contentions advanced in the speech of my Honourable friend, Mr. Mitra, and that I need not detain them any longer from the consideration of such matters as rates of income-tax and the misfortunes of the salt tax-payers.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, the House has heard with great interest the speech of my Honourable friend, the Home Member, on a subject in which many are interested. I propose to deal with an entirely different matter, but I do appeal to the House to give me the same attention that they gave to the Honourable the Home Member. I am going to talk about finance. When the Finance Member comes to this House with a demand for supplies, I think it is only fair that we should give him credit for his policy of retrenchment during the last five years. Not being in the secrets of Government, it is very difficult to apportion praise and blame, but knowing human nature as we all do, I think I would be justified in saying that if the Finance Member had not been very persistent and had not most energetically pursued the policy of retrenchment, we should not have seen the results that we do today, specially with regard to the Army. All Departments like to see a little money up their sleeves; and it is the duty of the Finance Member to see that they keep nothing up their sleeves and that they are always a little short, and then alone will he be certain that the administration is run without extravagance. Having given the Finance Member due credit, may I ask him to realise the position of Provincial Finance Members? They cannot put on taxation by a stroke of the pen as my Honourable friend, Sir George Schuster, does. They cannot raise income-tax; they cannot raise customs duties; they have to look about for other ways and means, much more difficult, and it is my desire today to draw the attention of this House to the condition of Provincial Governments and specially of the Province which I have the honour to represent.

In 1921-22, the revenue of the Bombay Presidency was 15,09 lakhs. The latest figures show that our revenue has dwindled to Rs. 13,26 lakhs. It was in the year 1930 that our revenues dropped by two crores. Now, let me warn the Honourable House which is accustomed to think and talk in very large figures—50 and 60 crores—that I am talking of a Province, and, therefore, when I do talk in small figures, it means a great deal. A drop of Rs. two crores in a year for a Province is a problem which I unhesitatingly say that no Province has faced in the history of British India; and that the deficit in the case of Bombay would have continued to this day had it not been for the energetic measures of the Government of Bombay and its Legislative Council who insisted upon retrenchment. In that very year 1930-31, instead of having a deficit of Rs. two crores, we had a deficit of Rs. 1,81 lakhs. The budget of 1933-34 is a balanced Budget; but I regret to say that today we cannot claim that it is so, and I will explain that a little later on. But I would like to state to this House how and why it was possible for the Bombay Government to have a so-called balanced Budget for the current year. First, we levied upon ourselves extra taxation, and, since the year 1921, that is, the year of the Reforms, we have taxed ourselves to the extent of about Rs. 75

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lakhs. This extra 75 lakhs did not come out of the pockets of only the poorest: it came out of the pockets of those who are supposed to be able to afford it. It was such taxes as motor fees, electricity duty, tobacco duty, tolls, increase in court-fees and stamps, bookie's tax, entertainment tax and taxes of this kind. That accounts for 75 lakhs out of the deficit of two crores. Then, the Government of Bombay were able, without a change of excise policy, to tighten up the administration so as to prevent leakage and illicit distillation from which we got another 50 lakhs, making a crore and a quarter. Another 75 lakhs we got from retrenchment making the two crores.

Now, Sir, it is always difficult to give precise figures with regard to retrenchment, but I can give the House a few salient facts which will enable them to judge what this retrenchment means. The Cabinet has been cut down from seven to four. The trip to the Hills has been cut out. Those are two salient facts. Then, Mr. President, retrenchment, ruthless retrenchment, in the staff and establishments of the Bombay Presidency has been carried out. We have had a retrenchment of ten per cent. throughout, and in some Departments there has been retrenchment to the extent of 25 per cent. specially in the Public Works Department. Sir, my friend, Sir Hari Singh Gour, was talking yesterday or the day before on the question of the cost of living as compared with the pay of establishments, and he stated that today the cost of living was the same as the cost of living in 1914, and although he would not lay down a policy, what I believe he meant to infer was that a policy of cutting down pays to the level of 1914 would be justified. The Bombay Government have not done that. Pay went up due to higher cost of living, and my friend, the Finance Member, has got all the figures. I am not going to weary the House with figures. Pay went up, and I have a lively recollection of the percentage by which it did so, but notwithstanding our paying more to all our establishments, gazetted and non-gazetted, notwithstanding the Lee concessions, today our establishment charges in Bombay are no higher than in 1914, and that, I claim, is a feat performed by the Bombay Government and by its Legislative Council who insisted upon retrenchment and who agitated and ceaselessly agitated till that retrenchment was carried out. I give the credit to both the Government and the Council. I have a lively recollection of what the Council was able to do in the year 1922. Some time before retrenchment became an absolute necessity, I remember the opposition coming to Government and saying: "If you do not cut down your Budget by a certain figure, we will refuse to pass your Budget, transferred and reserved",—and what did the Government do,—and I was a Member of the Government then. We said: "All right,—we accept your terms", without knowing how we were going to do it. There was no time to consider. We knew it meant a certain percentage cut all round; we ordered the Departments to put up proposals on the basis of a certain percentage and told them that we would consider them in a few days. That was how retrenchment was carried out.

Now, Mr. President, I have shown you how this two crores is made up. But these are mere figures, and figures do not really make you realise what the Presidency has been through and how it is suffering due to this policy of retrenchment and higher taxation. My friend, Mr. Millar, gave you the incidence of taxation in India. My figures do not quite agree with his. Mine, I believe, are the latest figures. I will give them again. In Bombay excluding debt charges of the three Presidency Corporations and the assessments of alienated lands, the incidence of taxation per head is Rs. 6·4;

Bengal 1·8, Madras 3·5, U. P. 2·4, Punjab 4·6, C. P. 3, Bihar and Orissa 1·3, Burma stands second with 6·3 incidence of taxation per head. That is how we have taxed ourselves. Every man, woman and child in Bombay is paying taxation to the extent of 6·4 . . . .

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Provincial and Imperial?

Sir Cowasji Jehangir: . . . . while Burma is paying 6·3, and I repeat, the lowest is Bihar and Orissa with 1·3, and the next is Bengal with 1·8. That shows you the extent to which we have taxed ourselves. But, Mr. President, what with these retrenchments and what with this extra taxation,—you, who have had considerable experience, will realise that this extra taxation and this retrenchment does not come without a certain amount of sacrifice. The Bombay Presidency has two ports out of the four major ports in India. We have within our boundaries three most important industrial centres, Bombay, Ahmedabad and Sholapur. Now, Sir, all the extra cost that a Province must bear due to having ports and industrial centres is borne by the Provincial Government, while all taxes derived from trade and industry are taken by my Honourable friend, the Finance Member. That is where we consider the injustice comes in. Then, due to our having these ports and industrial centres, our cost of living is higher, and, therefore, our wage bill is higher. We pay higher wages in Bombay than in most other Provinces. Our clerks cost more. Sir, we have to provide for considerably more service than most Provinces in India, due to our position, and all that extra service is borne by the Provincial Government. We have considerably slowed down, due to retrenchment, the development of all nation-building departments. I am sorry to have to admit,—I regret it,—that due to this retrenchment today we have got beds, which are compulsorily kept, empty in the hospitals of Bombay. I can just give one instance. It was in 1926 that we got a donation of five lakhs for a wing to a hospital. It was completed in 1928 and well equipped, and, so far as I know, until 1933 those beds were empty and unoccupied, because there was no maintenance money provided in the Budget, and some beds, which had been occupied in certain Government hospitals ever since those hospitals were constructed 50 or 60 years ago, have to remain vacant today due to retrenchment. That is how we have carried out retrenchment. And, again, Mr. President, does it not have any effect upon the administration of the Province, upon the efficiency of that administration? If my Honourable friend sitting opposite, the official representative of my Presidency, could open his lips on which there is at present a pad-lock, he would tell you what it has meant to the administration of our Province, how difficult it is with staffs whose official life is uncertain—how difficult it is to carry on the administration. We have borne all this without a voice having been raised in this Assembly, throughout these years. We have borne all this in order to shoulder our own responsibilities and make our Budget a balanced Budget. But, Mr. President, what do we find? We find today that notwithstanding all the efforts, that we have made, we have not got a balanced Budget. So much for our condition.

Now, I shall go on to the constitutional aspect of the case. My Honourable friend, the Finance Member, in his speech stated—these are his actual words:

"We have also in these days to consider our policy with some regard to the various proposals for Federal Finance which are such an important part of the Constitutional Plan."

[Sir Cowasji Jehangir.]

Then, later on, to be absolutely fair to my friend, and to quote him completely,—I leave out a part, he continues:

"Nor can we attempt to take upon our shoulders the responsibility for dealing with the problems of Provincial Governments."

What are the proposals in the White Paper, and how do we visualise the future relations between the Central Government and the Provinces? The two main proposals are, firstly, that when surplus Central Revenues are available, they should be distributed to all the Provinces in proportion to their shares of personal income-tax on the basis of residence of income-tax payers, and, secondly, that likewise half of the revenue from the jute export tax should be returned to the jute growing Provinces. This is the foundation laid in the White Paper for the relations between the Centre and the Provinces.

The Honourable Sir George Schuster (Finance Member): Was my Honourable friend quoting exactly from the White Paper?

Sir Cowasji Jehangir: No.

The Honourable Sir George Schuster: Because I may remind my Honourable friend, if he wishes to refer to the White Paper, that the White Paper lays down that at least half of the export duty on jute shall be given to the jute exporting Provinces from the very first day of the new Constitution, but as regards the distribution of income-tax, no steps shall be taken for a definite period at the beginning, and, thereafter, it should be dependent upon the financial position of the Centre.

Sir Cowasji Jehangir: I quite agree, but they were both to come into operation after the new Constitution began to function. In the first case, I admit, although it appears second on the list, the jute growing Provinces are to get relief, and if, after giving up a certain percentage in perpetuity of the income-tax to the Central Government, the Central Government were able to balance their Budget and have a surplus then that surplus was to be given in certain proportions to the Provinces. If, long before the Constitution comes into operation, a part of the policy is put into operation and a part is completely neglected, I do think that we have a right to call upon the Finance Member to explain what his successor is going to do, and how far this attempt to put a policy that was to come into effect after the new Constitution was working—how far that attempt is going in the next few years.

Sir, I shall just give you a few illuminating figures about the Meston Settlement. Under the Meston Settlement, Bombay had to contribute Rs. 56 lakhs a year to the Central Government and Bengal Rs. 63 lakhs. Under that Settlement, the total amount that Bombay would have paid to the Central Government was Rs. 3,36 lakhs, the total amount that Bengal would have paid to the Central Government was Rs. 3,78 lakhs. The total amount paid up to date by Bombay is Rs. 2,86 lakhs, the total amount paid by Bengal up to date is Rs. 63 lakhs. We have got a remission of Rs. 50 lakhs, Bengal has received a remission of Rs. 3,15 lakhs. That shows how far the Meston Settlement went wrong. I am making no assertion that Bengal did not deserve that assistance. But I am pointing out what the Meston Settlement believed would be the contribution of the Provinces and to what extent we were made to pay while another Province was let off.

Now, Sir, we are up against a new problem. There has been a diversion of trade from our port of Bombay to other ports to which my Honourable friend, Mr. Mody, referred most pointedly in his speech. I am not going into that part of the question just now. I see in the papers a speech made by the Chairman of the Bombay Chamber of Commerce, delivered only two days ago, in which there are a considerable number of details, and I hope that my Honourable friend, Mr. Mody, who will have a chance of speaking, will make that point much more clear to this House and make it realise how we are suffering and how unjustified that suffering is. But, Sir, what I desire to point out is that, in order to meet this menace, the Bombay Government are just now legislating to give up a revenue of Rs. 18½ lakhs and the deficit in our budget will be to that extent.

The Honourable Sir George Schuster: I think surely my Honourable friend is not quite correct about that. The whole of the 18½ lakhs will not fall on the Bombay Government's Budget; I think only Rs. 10 lakhs.

Sir Cowasji Jehangir: But who is going to make it up to the Corporation? Are you? If you promise to make it up to the Corporation, I shall immediately say that you are right. I pause for a reply.

The Honourable Sir George Schuster: I do not think my Honourable friend is entitled to put that question to me. I am merely correcting his figures. He was talking of the Bombay Government's Budget, and I said that the whole of the 18½ lakhs did not fall on the Bombay Government's Budget. What the Corporation can do is another matter.

Sir Cowasji Jehangir: What I mean to say is somebody will have to make the amount good to the Corporation, and I believe that the Corporation will look to the Bombay Government to make good, and it will be a deficit in the Bombay Government's Budget. And what I am appealing about to my Honourable friend just now is that he will make good that deficit from the Central Revenues both to the Bombay Government and the Corporation.

The Honourable Sir George Schuster: I will answer my Honourable friend. I sent a telegram yesterday announcing that we would allow the Bombay Corporation to postpone their debt repayment provision which amounts to Rs. nine lakhs, and, therefore, their loss will in that way be made up at least in the next year's Budget.

Sir Cowasji Jehangir: I am very glad to hear the statement just made by my Honourable friend, the Finance Member, and I am certain we shall be grateful even for small mercies. I have not been able to judge exactly straight off and just now with regard to the concession he has announced, but we are grateful to get whatever we can. Now, Sir, what about the share of the Bombay Government? I might perhaps tempt my Honourable friend to rise again and give us some information as to what telegram he sent last night. Can I tempt him?

The Honourable Sir George Schuster: You can tempt me to rise, but I have got nothing to say.

Sir Cowasji Jehangir: Then, let me tell him something about the feelings in Bombay. The feelings in Bombay are running high, and that is no exaggeration. Feelings in Bombay are running high amongst officials, non-

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officials, Europeans, Indians, moderates and extremists. They are running high among all classes and creeds. Now Sir, let me without being egotistical on behalf of my Province remind the Honourable the Finance Member that Bombay has stood by the Central Government whenever the Central Government have made a call on Bombay. Let him not forget the days of the War Loan when Bombay gave her mite. Whenever the Finance Members of the Central Government have come to Bombay for money, have they gone away disappointed? I go further. Again, without desiring to be egotistical, has there ever been an appeal made in India for any big fund for any Province which has not received in Bombay a response equal to any other Province in India?

An Honourable Member: Including the Congress funds?

Sir Cowasji Jehangir: Yes, including the Congress funds. That may be so. But for all funds, that have been raised in India for any purpose, Bombay's contribution has in most cases been on the top and Bombay is by no means the richest Province. The Bombay people are by no means the richest people in India, and if this is doubted, I will only again place facts and figures before you. I appealed to my Honourable friends behind me when I last spoke on this subject, which was only a few days ago, to understand our position, or at least to make an attempt to understand it. I appealed to them to go into the facts and figures with regard to the incidence of taxation. I have now given some figures. I admit they are merely main heads. I am quite prepared to supply any of my Honourable friends here with further facts and figures. I made that appeal. Having made that appeal for their sympathetic consideration, I thought it was my duty to give them those facts and figures over which to ponder, and now, Mr. President, I am finally going to make an appeal to Government to make good this deficit. I am going to make that appeal in the name of a Province that has stood by India at every critical juncture of her history. I am going to make that appeal, not in the spirit of a beggar. My Honourable friends from Bengal have rightly claimed their dues. I come here to claim our dues, and I expect to get from every Honourable Member of this House the same support that we are prepared to give Bengal to remedy her wrongs, and, before this Session closes, I trust that there will be a proper reconsideration of our claims from every Member of Government and I trust that my Honourable friend, the Finance Member, who, this year, due to much higher taxation which this House willy nilly is bound to sanction, has large surpluses to distribute. I have not a word to say against what he is going to give to Bihar or Bengal, but we are asking for a few petty lakhs of rupees this year to enable us to carry out and to fulfil the one great object which we had in view, to balance our Budget. I desire that the Government of India will now enable us to really balance our Budget, because we find that it has become unbalanced due to adverse circumstances over which we had no control, and due to a loss of revenue which we did not anticipate, and which has become absolutely necessary for the very life of Bombay. I appeal for a sympathetic consideration from every Honourable Member of this House.

Several Honourable Members: The question be now put.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that the question be now put.

The motion was adopted.

The Honourable Sir George Schuster: Sir, perhaps it would be as well if I answered first the speech which has just been made by my Honourable friend from Bombay. My friend asked, how far are we going in anticipating the White Paper proposals in advance of the new Constitution. My Honourable friend suggested that we had upset that plan. I think he himself, on an earlier occasion, used the expression that we had queered the pitch for Federal Finance.

Sir Cowasji Jehangir: I did not personally use that expression, but another Honourable friend used it, and I have no objection to it being fathered on to me. I have no objection at all

The Honourable Sir George Schuster: I beg my Honourable friend's pardon. I think that was the sentiment that underlay his expression. Well, Sir, I had hoped to have the opportunity of the luncheon interval to get for myself a copy of the White Paper to which I could refer; but that opportunity not having been afforded to me, I must rely upon my memory, and I would again put to my Honourable friend the position which I put shortly when I intervened in the course of his speech, which is this, that the White Paper plan leaves the question of any general distribution of income-tax to the Provinces to a very uncertain future. There is a certain time prescribed after the new Constitution is inaugurated within which no transfer of income-tax will be made, and, thereafter, the transfer of whatever share is decided upon is to be made gradually, while there is further to be a power to hold up that process of transfer if the finances of the Central Government do not permit.

Now, Sir, the point that I want to make is this, that so far as the transfer of a half of the export duty on jute is concerned, that was contemplated as something which would be in effect from the very day when the new Constitution started. There was an order of priority implied in the proposals, and there is not the slightest doubt that the transfer of at least a half—at least a half—I would remind my Honourable friend of that,—at least a half of the jute export duty—was placed long in advance of any possibility of the transfer of income-tax. Now, I made it quite clear in my Budget speech that we cannot at the moment act upon the White Paper proposals as though they were a definite scheme before the country. Everything we do now is provisional, is liable to revision, and in no way commits His Majesty's Government or Parliament to endorsing a particular plan of Federal Finance; but what I would like to say is this that the proposals that we have made are definitely consistent with the plan of the White Paper and in no way "queer the pitch" for Federal Finance. On the contrary, if there is any Provincial Government which is looking forward in the future to the happy prospect of getting a share of the Central Government's taxes on income, then the day when they can expect that share is brought nearer if we have already taken the first step—which is the transfer of *at least* a half of the jute export duty to Bengal. That, I think, is an important point to remember.

Now, my Honourable friend has spoken to us about the Bombay Government finances. I have already made it clear in another speech that I have the greatest admiration for the way in which the Bombay Government have tackled an extremely difficult position, and I was very glad to pay a tribute, a personal tribute to the late Governor of Bombay

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for the extraordinarily good work, the patient, the energetic, the determined work which he did in that respect. I do feel the Bombay Government have set a very good example, and they deserve every credit for achieving financial equilibrium. But when my Honourable friend addressed an appeal to me as he did just now, I must make this clear. We do not wish any proposal which we have made this year to be taken as indicating that the time has come when the Central Government are in a positon to distribute general largesses to the Provinces, and . . . . .

Sir Cowasji Jehangir: You have the power of taxing us without limit by merely asking us . . . .

The Honourable Sir George Schuster: If my Honourable friend will allow me to make my position clear—that time has not come, for unfortunately we are very far from being in a position of such prosperity as to enable us to hold out hopes of that kind. What we have done this year is to tackle what we, in our own judgment—and the House may criticise our judgment, but that is the judgment to which we as a Government have come, after a very careful consideration of the matter—what we have done is to attempt to carry out what, in our judgment, is by far the worst problem as regards provincial finance—a problem to which we feel there is no parallel in the case of any other Province in India.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Hear, hear.

The Honourable Sir George Schuster: We felt that the position in Bengal was a demoralising position, a position which made it impossible for that Government to tackle their affairs in the energetic way in which we hope to see them tackle it. We felt that that demoralisation must stop, and that we must give them some power of achieving equilibrium, and, therefore, some hope with which to undertake the measures which will be necessary to fill up the gap—which, I would remind my Honourable friend, is a comparatively large gap even *after* they get their half share of the jute export duty if the House approves of the measures necessary for that purpose. That, Sir, is our position. I shall probably have to deal with it again when we come to discuss the other proposals in our whole financial plan.

Now, Sir, I had not wished to go into the matter of provincial claims in the course of this particular speech, but certain things were said by one of the Honourable Members who spoke on behalf of Burma to which I must also make some reference. To him, again, I must say that the time has not come when we are in a position to distribute general largesses to the Provinces. The representatives of Burma have put forward a claim that if Bengal is to receive a half share in the jute export duty, Burma should also receive a half share in the rice export duty. That, Sir, is a proposition to which we cannot agree. If Burma has any claim for assistance, it must be based on the same sort of considerations as those which operated on us in the case of Bengal; and I would like to read to the House one passage from a speech of which I have just received a copy, in the debate in the Burma Legislative Council on this matter. There is one passage in a speech made by one of the speakers—Mr. B. N. Das, and there seem to be

other B. Das-es fortunately spread in other places also (Laughter)—and he spoke as follows. He sympathised with the Burma position, but he objected very strongly to the comparison which had been made between Burma's case and that of Bengal. He said:

"Burma is a young Province and it has got immense potentialities—with great mineral wealth, rich in timber and rich in agriculture; but Bengal is almost finished with her resources. Burma has got many possibilities. So, I again say that if this claim should be made, it should be made not on the analogy of Bengal, but on the inherent claim of justice, equity and good conscience." (Hear, hear.)

That, Sir, is, I think, a telling passage and what I want to say to my Honourable friend from Burma is this that if Burma has a claim to make, then it will have to stand on its own merits and we cannot admit that the present occasion when we are making proposals for assisting Bengal adds any force to the claim which Burma can make.

(Mr. E. S. Millar rose to interrupt the Honourable Member.)

I am afraid I have not the time to give way.

Now, Sir, it is very difficult for me to deal with all the very miscellaneous points which have been raised in the course of this debate. I would like just to take a few points and particularly to deal with the financial matters. I think possibly I may say that my Honourable friend, Dr. Ziauddin Ahmad, kept most closely to finance in his speech, and he dealt with a number of extremely important issues on which I would like to say something. One of the points which my Honourable friend is always making is that we do not take into account the law of diminishing returns and that by putting up the rates of duty we really were losing revenue. Now, I am sure, my Honourable friend himself will admit that there has been, in the course of the last two or three years' discussions of our financial proposals, no phrase which has been more abused than that expression—"the law of diminishing returns". My Honourable friend knows himself perfectly well what the law of diminishing returns really means. But Honourable Members apply it in a loose sense which really has no definite relation to that very interesting principle of economics. If any one wishes to argue that there is in the whole of our list of taxes any single article the return from which would be increased by a lowering of the rate of duty, then I challenge him to produce that article. We have been very carefully through the whole list, and I am convinced that there is no case where we should get more revenue by lowering the rate of duty except in the single case of silver where I have actually made proposals this year.

Mr. F. E. James (Madras: European): Including the surcharges

The Honourable Sir George Schuster: Yes, including the surcharges. As I said, there is not a single case where we should get more revenue by lowering the present rate of duty.

Maulvi Muhammad Shafee Daoodi (Tirhut Division: Muhammadan): Postcards.

The Honourable Sir George Schuster: I have very carefully gone into the case of motor cars.

Maulvi Muhammad Shafee Daoodi: I said postcards.

The Honourable Sir George Schuster: My Honourable friend, Sir Frank Noyce, will be able to inform the Honourable Member that a reduction of three pies in the postcard rates would, I think, involve, on their calculations, a loss of about 56 lakhs. We should have made that proposal with the greatest pleasure if we had thought that there was the slightest chance of a reduction in the rate producing more revenue.

Now, Sir, my Honourable friend, Dr. Ziauddin Ahmad, said that we ought to go through the list of our taxes and find out by scientific study what are those items which are really productive, which will stand increase of taxation, and we ought to concentrate on those. That elementary task we have indeed performed, and I am afraid that the result, if we acted upon the conclusions to which an examination of that kind brings us, would not be very satisfactory to this House. I would commend to my Honourable friend the idea that he should sit down and go through the returns of customs duties, item by item, and see to what conclusions he himself is brought. I should be extremely interested to have the benefit of his conclusion, because he might have ideas and suggestions to make which have not occurred to us. But the conclusions which I draw are these: that the only items of taxation which are really elastic in the sense that they respond truly to increases in rates—and I have made this point before—are those items of mass consumption which are absolute necessities for the millions of India. If we consider what increases in duty have really proved beneficial to the full extent of our estimates, it is always in respect of those items of necessary consumption by the masses. Salt responds immediately, and there is practically no diminution in the consumption as a result of increase in the rate of duty. If we were to guide our policy on that scientific basis, there is not the slightest doubt that, instead of putting surcharges on the income-tax or trying to devise other forms for raising revenue, we should have doubled the salt tax and be absolutely certain of our return. That possibly is a conclusion to which the Finance Ministers of the future will be forced, but I doubt very much if this House would have welcomed my proposals if I had come forward with a Budget based on that conclusion.

Now, Sir, there are certain items which are interesting in our customs returns, and a particularly interesting item is the receipts that we get from motor spirit and kerosene. In 1929-30, the combined receipts from import and excise duties on motor spirit and kerosene were just about 5½ crores. For the current year and for next year we estimate receipts at nine crores. So, we have been able nearly to double our receipts partly as a result of increases in duty and partly as a result of increased consumption of those two items. That is one of the most important items in our whole list of revenue producing items. Then, again, we find that an article like betel-nuts, for example, where we introduced a new duty in 1931, has proved a very steady source of revenue, apparently unaffected by these recent fluctuations, producing a steady return of about 60 lakhs every year. In all these respects, I think that my Honourable friend will come to the conclusion that the one safe method for getting extra revenue is to make a slight increase in the taxes that fall upon the masses and that, as I said, would be the result of his scientific study of the situation.

Now, Sir, another point that my Honourable friend made was as regards the increase in our sterling indebtedness. I think he pointed out that, between 1930-31 and the current year, our sterling indebtedness had increased by 30 millions. I think it might interest my Honourable friend

and the House to know how that increase is accounted for. Out of that 30 millions, being the equivalent of 40 crores, 27 crores represents railway capital expenditure and that includes a sum of about seven crores for the purchase of the Southern Punjab Railway. I would remind my Honourable friend that, though recently we have very much curtailed and practically discontinued new capital expenditure on the railways, in the year to which he referred we were still carrying out and fulfilling the commitments of a very large programme which had been launched two or three years before. So, the 27 out of the 40 crores represents a real good investment. Six crores represents increases in our reserves and the balance of seven crores represents expenditure in England which had to be met by loans in England as a result of the difficulties in obtaining sufficient remittances in the year 1930-31. That position, I may say, has been more than corrected since then and the actual strengthening in our reserves is now, as the House would realise from what I said in my Budget speech, very much greater than the six crores which goes to make up the total of 40 crores.

To turn to another small point. One speaker referred to the need for revision of certain laws, and particularly of the Company Law. I may inform the House that we have definitely decided to undertake the revision f the Company Law forthwith, and the financial objections to the extra expenditure which may be involved in that have been withdrawn.

Then, my Honourable friend, Mr Vidya Sagar Pandya, made a point which I want particularly to deal with. He complained that we passed out of the golden age and had now come to the age of paper reports by Commissions and Committees. He particularly referred to the Banking Inquiry Committee as one of those inquiries which had cost a great deal f money and had produced very little result. Well, Sir, my Honourable friend touched me very closely when he said that because the House is fully aware that I was responsible for initiating the Banking Inquiry Committee. In the first place, I would like to point out to the House that, in calculating the cost of an inquiry of this kind, the way in which our accounts are made up rather tends to exaggerate the cost, because the cost of the salaries of all those officials who take part in the inquiry and who would otherwise would be in receipt of payment from the Government of India is actually debited to the inquiry, so that the book cost does not really represent extra expenditure. That is one point to be borne in mind, and another is that, in the case of the Banking Inquiry Committee, practically the whole of the personnel who were employed upon it were Indians residing in this country, very largely Members of this House. One of the special objects which I had myself in mind in launching that whole enquiry was to give members of the Indian public and particularly those who were taking part in public life an opportunity of studying these questions and really gaining knowledge of the condition of the country with reference to the matters covered by the enquiry. I regarded it very largely as an educational effort, and the House will remember that when announced the whole plan, I made it clear that we were not going to adopt the process which had been fairly common in the past of having a Commission, a Royal Commission perhaps, mainly manned by experts from outside, people who come to India and who gain very valuable experience, but whose experience thereafter is lost to the country. (Hear, hear.) We tried a different line. It was a completely swadeshi enquiry, if I may say so, and, possibly, if it had been smaller and more expert in its personnel,

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it might have produced a report with more valuable practical recommendations, though I doubt that very much, but in any case the value of what I consider to have been a very valuable experience would very largely have been lost to the country. If my Honourable friend will himself examine the recommendations of the Banking Inquiry Committee, he will find that in the nature of things there was not very much of a concrete practical nature on which we could take action straightaway. On the other hand, the whole enquiry and particularly the Provincial enquiries have established a great deal of valuable information, in fact have constituted a number of volumes of reference to which we are always turning nowadays. For example, we propose shortly to discuss the particular problem of rural indebtedness, and how to deal with the intensification of that problem which has been created by the fall in prices, we propose to deal with that in a Conference, as Honourable Members know, with Provincial representatives very shortly. Now, in most of the papers which have come up, there have been references to the findings of the Provincial Banking Enquiry Committees and we ourselves, in preparing what we have to say on the matter, have referred in many cases to the report of the Central Banking Inquiry Committee, so that I feel that that enquiry, even if it has not produced any spectacular results, has been a very valuable step in the closer approach for India to many a number of economic problems which must vitally affect India and will have gone a long way towards educating public opinion and the representatives of the public in these particular matters.

Then, Sir, my Honourable friend, Mr. Anklesaria, in speaking, referred to the uncertainty of our estimates, and advised us to alter the date of the financial year, so that we might know, by the time we frame our estimates, what were the results of the current monsoon. I think my Honourable friend misunderstood the points which I myself had made when I had referred specially to the difficulty of preparing accurate estimates I was not then thinking about the normal and natural difficulty which exists in India owing to possible variations in climatic conditions. That, in a sense, with the development of big irrigation schemes, has become much less an important factor of uncertainty than it used to be. Anyhow, it is a fact which every Finance Member has normally got to deal with and he would not be justified in making that an excuse for not being able to make a fairly close estimate. What I have had in mind, in speaking of the uncertainty in the last two years, has, of course, been the uncertainty of world conditions. My Honourable friend has only got to study how the Budget estimates of practically every country in the world have gone wrong owing to miscalculations of the effects of the present economic crisis to realise that there is an uncertainty today which is quite different from any normal uncertainty with which every Finance Minister has to deal.

Reverting once more to the speech of my Honourable friend from Bombay, Sir Cowasji Jehangir, he referred and he dwelt in very moving terms on the difficulties through which the Bombay Government has come. I quite appreciate those difficulties, I quite appreciate that to a Provincial Government a drop of two crores in revenue in one year is the equivalent of, let us say, a drop of something like 10 or 15 crores to us. If the Bombay Government revenue is about 15 crores and our revenue is some-

thing less than 100 crores, if we multiply by seven, we will see that its equivalent for us is a drop of something like 14 crores. I think that if my Honourable friend imagines that the difficulties of Provincial Governments have been greater than our difficulties, he is perhaps misleading himself and misleading the House. It has always been said that in the Meston Settlement, the Central Government were given the growing sources of revenue, the elastic sources of revenue. Well, Sir, they have proved to be elastic sources of revenue, but unfortunately in the wrong sense. They have been the sources of revenue which have shown most clearly and directly the effects of economic depression, and relatively the sources on which Provincial Governments rely have been much more stable. There has been a good deal of talk—and two Honourable Members dealt with that point in this very debate—as to the amount of new taxes which we have had to impose in the last three or four years. I think my Honourable friend, Dr. Ziauddin, dealt with that, and if he had referred to the speech which I made at Ottawa, he would have realised that I myself made that point and made a similar calculation. I have not got the exact figures in my mind, but if one takes the estimates of what we expected to raise from increases in taxation and new taxation, I think by now the amount we expected on the original estimates to raise in that way would certainly be something like 45 crores, that is to say, if those estimates had been realised in full. Of course, they have not, but if they had been realised in full, we should have been 45 crores a year worse off now than we are if we had not imposed these new taxes. Let us assume that we have realised by two-thirds of what we estimated, then we should, on that assumption, be 30 crores a year worse off now than if we had not imposed the new taxes. That represents a gap which is far greater than anything, proportionately far greater than anything with which the Provincial Governments have had to deal. I want to remind Honourable Members, who are interested in studying the course of finance in India during the past few years, I want to remind them of a point which I made in my Budget speech that what we have had to contend with is a double difficulty. We have had the diminution of our tax revenue, but we have also had enormous gaps to make up in the fall of our non-tax revenue, and that is really where our difficulty has come. If one goes back to 1924-25 when the Central Government were still in receipt of Provincial contributions, and if one considers what has been given up since then, the losses in opium revenue, the way in which Railway contributions have disappeared, the way in which our receipts under the interest heads have diminished, owing to the fall in the rates for money, and so on, we find that we had an enormous gap to fill up in that way. I reminded the House that in 1923-24 the non-tax revenue of the Government of India was 30½ crores, that it had fallen in 1929-30, largely as a result of giving up the Provincial contributions, to 19½ crores, and that, for next year, 1934-35, it is down to 5¼ crores; that is to say, it has come down since 1923-24 from 30½ crores to 5¼ crores. We have had a gap of 25 crores to fill owing to the falling off in non-tax revenue. In those circumstances, obviously it has been unavoidable to attempt to fill up at least a part of the gap by new taxation. At the same time,—and I am very grateful to my Honourable friend from Bombay for acknowledging that fact,—we have effected very handsome retrenchments. We have, as I reminded the House, brought down our net expenditure from 93 crores four years ago to 76 crores this year. That, I believe, is a higher percentage of reduction than has been effected by any Provincial Government.

[Sir George Schuster.]

Now, Sir, my Honourable friend said that it was easy for us to raise extra revenue. I quite admit that it is easier for us to put up the rates of customs duties and income-tax than for the Provincial Governments to increase their excise receipts, while we know that they cannot, in times like these, increase their land revenue assessments. On the other hand, I do think, it is fair to point out that the Provincial Governments have at their disposal quite a large number of methods of taxation which they can explore I would remind the House of something which I said in an earlier speech that when Sir Walter Layton examined the financial position of India—putting forward, as he did, a very grandiose programme, a programme which, of course, in the light of subsequent events, has become impossible of realisation,—he contemplated that a sum of 36 crores could be put at the disposal of the Provincial Governments and that that was a sort of increase in their revenue which they ought to have if they were to increase properly their allocations to nation-building services. But the point I wish to remind the House about is this that, in finding that 36 crores, he relied only on taking 12 crores from the Central Government revenues, and thought that the Provinces themselves, by tapping their available sources of revenue, could raise the remaining 24 crores. Well, Sir, I would commend to my Honourable friends the study of how he proposed that that should be done. No doubt his figures are exaggerated, but there is a great deal that could be done by the Provincial Governments. I would remind the House that I informed them of a particular possibility, which I myself have made a great many efforts to get them to follow up, and that is taxation on the consumption of tobacco. Bombay, I agree, has made a start and in many ways I fully agree that Bombay has been very active in these matters. But here is a possible field of taxation which I am convinced the India of the future will have to adopt. It is a field of taxation which is greatly relied upon by every country which relies mainly on indirect sources of taxation, as indeed India will always have to do, and I believe that there are great possibilities for India in this field. Admittedly it is a very difficult subject which must be tackled step by step, but I am entitled to say that the Provincial Governments have not perhaps moved as fast in the matter of tackling that problem as they might have done. Anyhow, I wish very emphatically to correct the impression that they have no resources left to them, and that we alone are those who have the power to raise revenue in order to distribute revenue to them and make their task easier. After all, it is the same body of tax-payers which has to pay the revenue both to the Central Government and to the Provincial Governments; and Honourable Members who have spoken in this House on behalf of their Provinces should look at the matter in that way and realise that, if we are to meet their claims, we shall have to turn to heavier impositions as regards income-tax or customs duties which they themselves say are strangling trade. They cannot have it both ways. They cannot have easy money from us without very difficult and unpleasant taxation too.

1 P.M.

Sir, I think, that is all that I need say. There will be other opportunities for dealing with many of the points that have been raised in the course of this discussion, and there will be a third reading debate on this Finance Bill which will give one other opportunity. I might, in conclusion, just refer to certain observations that you, Sir, made as regards the conduct of these discussions This is the last opportunity that I shall have of taking part in Budget debates and I would just like

to put on record a suggestion which is, I think, worth some consideration. It has always seemed to me that we tend to dissipate our efforts and energies somewhat in the course of our budgetary discussion. We have a general discussion on the Budget, then we have a second reading debate on the Finance Bill, and then a third reading debate on the Finance Bill. Each of these three general discussions tends to cover very much the same ground, and, in each of them, it appears to be the recognised convention that any Honourable Member can deal with any subject under the sun. Now, Sir, it seems to me that either the general discussion on the Budget might be merged with the second reading debate on the Finance Bill and a slightly longer time given, or that a convention might be established that it would be in the general discussion on the Budget that general subjects should be raised, and that, when the House deals with the consideration of the Finance Bill, they should adhere strictly to financial subjects. I venture to make that proposal, because as Finance Member I have often felt that I do not get enough criticism of my financial proposals. I want to have criticism: I want to hear the points raised, and I want to have the proposals discussed on their merits. Let me give the House an example. One of the most important issues in the present budgetary programme is this question of the making of grants to Bengal, Bihar and Orissa, Assam and also Burma out of the match excise duty. The provision for that is included in a special head which the House had an opportunity of voting under the demands for grants. Now, although that was, as I consider it, the most important part of the whole of our programme this year and although the House had five days for the discussion of demands for grants, that particular, most important new demand went through under the guillotine. No Honourable Member took the opportunity of raising that issue in the course of those five days. I confess that I was disappointed. I wanted to have this issue raised when we could concentrate on that particular issue and not be left to deal with it incidentally together with a mass of other issues. I am sure that the House will excuse me in one of my last speeches in making these observations which have occurred to me as a Finance Member, because, I am sure, that we all have only one object and that is that the time available to this House should be used to the best opportunity, and that the Government should be put in the best possible position of appreciating the criticisms of Honourable Members on all sides.

Mr. President (The Honourable Sir Shanmukam Chetty): The question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, be taken into consideration"

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): The House now stands adjourned till a quarter past two. The Chair would like to inform Honourable Members that in the afternoon today it is proposed to adjourn the House at 3-30 P.M.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that clause 2 stand part of the Bill.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, I move:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'two annas' be substituted."

An Honourable Member: Why two annas? (Laughter.)

Mr. Amar Nath Dutt: There is laughter from some quarter which indicates that frame of mind which bespeaks too much happiness, but every one of us is not blessed in this world with that frame of mind, and, considering the conditions under which we live in this country, we hardly find many smiling faces, except a very few from Western India or those occupying the front Benches on the Government side. Sir, the article on which it is proposed to impose a duty is an article which every human being, nay, even animals need daily. However high one's position may be in life, I do not think there is any human being on the face of this earth who can do without salt . . . . .

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Mahatma Gandhi.

Mr. Amar Nath Dutt: I am told of Mahatma Gandhi that he goes without salt, but I do not know how far his statement is correct. Probably he has a better knowledge of persons who belong to his Province, but hailing as we do from Bengal, we cannot do without salt, and we want salt at the cheapest price possible. That may not be the concern of my friends belonging to the Western Presidency, which is a rich Presidency, but I know that there has of late been a campaign to ruin the finances of my Province . . . . .

An Honourable Member: No, no.

Mr. Amar Nath Dutt: They deny it, but I think they should better prove that they don't mean to ruin my Province by their action rather than by words.

Sir, the arguments which one would repeat in this House in support of this amendment will be those oft-repeated arguments which have been uttered on the floor of this House year in and year out, and I think it will be tiresome for many of the Members who have sat here for many a long year to hear those arguments over again, but as for the small number of new comers, I think they are intelligent enough and their knowledge of public affairs is so great that they need not be enlightened on the necessity of removing the salt duty by repeating those stale arguments. Sir, we all know that for want of sufficient time we are unable to pass many non-official legislations, and I think I should not waste the time of this House or rather I should not occupy the time of the House to that

inordinate length which I can do if I were to place all the arguments advanced in the past in this House. What I want to submit is, although I have retained two annas instead of doing away altogether with this tax,—I see my friend laughs . . . . .

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): He does not laugh, but he only smiles.

Mr. Amar Nath Dutt: Yes, he smiles. My friend from Bihar has a better command of the foreign tongue than I have, but still I think, when I said that my friend was laughing, the Honourable the Finance Member must have understood what I really meant. But I may remind my Honourable friend, the Finance Member, that he has not to pay money from his own pocket to distribute in the country before he leaves the shores of this country, but he has only to afford some help to an indigenous industry in this country, specially that of Bengal, where it has a very bright future as will be seen from the reports of the officers who recently examined the possibilities of salt manufacture in Bengal. The words that are in the Bill are "salt manufactured in, or imported by land into, certain parts of British India", and so on. I have not much quarrel with the other portions in the Bill, but I have a quarrel about the duty on salt manufactured in British India. I know, if it were possible, the Honourable the Finance Member would have split up those two, but knowing as he does that without this money he will not be able to give money to the various Departments which need money from his hands, and at times most exorbitant claims are made by some of the Departments to the detriment of other most useful and important Departments,—my friend has mixed up the words "manufactured in" and "imported into" British India. My idea is that salt should be absolutely free like air and water, because it is to be found in nature without any labour from human agency. Water is free and air is free. Of course, if water had to be brought from a distance . . . . .

Mr. G. Morgan (Bengal: European): It is not free.

Mr. Amar Nath Dutt: It is not free according to my friend, Mr. Morgan. If water is not free, then even air is not free in this House . .

Mr. G. Morgan: No, it is not.

Mr. Amar Nath Dutt: Because we have to keep the windows open, but ordinarily one feels that water, air and light are free to human beings, and, along with these, salt should also be free, or at least it should be made available at the cheapest possible price . . . .

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Is water free?

Mr. Amar Nath Dutt: Water is free. Of course, it may not be free in the Imperial City of New Delhi. If you want to have the luxury of living in the Imperial City of New Delhi, you must pay for water, but we, humbler folks, who live in villages and have our own tanks, have not to pay for water so far.

[Mr Amar Nath Dutt.]

So, I think if the House is generous enough, if the Members have a warm and sympathetic heart beating within them for the poor millions of this country, if they have the future development of the salt industry in this country at heart, and if they are real patriots, they will support the amendment which I am moving, lowering the salt duty. I assure them that a grateful posterity will remember their names, and I invite Sir George Schuster to join that noble band of glorious workers for this sacred land, so that his name may be perpetuated in the annals of this country of ours like the names of great administrators like Sir William Bentinck, Lord Ripon and others. I do not include in that list the name of Mr. Wilson who inflicted income-tax on India, because that may not be a very pleasant thing. With these words, I beg to move my amendment, and I appeal to every one in this House to support this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'two annas' be substituted."

The Honourable Sir George Schuster: Sir, I feel like taking the words from the mouth of the clown in the old Christmas circuses who came in saying: "Here we are again". (Laughter.) This is a well worn topic, and, I am sure, my Honourable friend will be satisfied if I refer him to the answers which I gave in the Budget debates of 1929-30, 1930-31, 1931-32, 1932-33 and 1933-34 with reference to this subject. My Honourable friend, I hardly think, regards this as a practical proposition. It would mean a loss to the Government of Rs. 7,31 lakhs. There is just one point that I would like to mention before I sit down. I happened in the lunch interval to look at a book which gave summaries of the Budgets of past years. I noticed in the year 1891-92 the total net revenue of the whole of India, including what is now covered by Provincial Government revenue, was Rs. 57 crores, and, out of that, the net revenue from salt was Rs. 8,58 lakhs. It was rather more than our present net revenue from salt. During that year, there was no income-tax, the net return from customs was Rs. 1,36 lakhs. I think the House will appreciate that salt is rather lightly dealt with in proportion to other heads of revenue in this year of grace 1934-35. I am afraid I must oppose my Honourable friend's amendment, and, if it could save time, I would give notice that I propose to oppose all his further amendments.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'two annas' be substituted."

The motion was negatived.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): I want to move only No. 6* on the list, and if my Honourable friend, Mr. Amar Nath Dutt, wants to move his amendments, he may now do so; I shall then move No. 6* on the list.

*"That in clause 2 of the Bill, the words 'and four annas' be omitted."

Mr. Amar Nath Dutt: Sir, I beg to move:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

I think that this will lessen the deficit which the Finance Member complained of, and I hope he will be pleased to accept this amendment. Although he has said that he is going to oppose the amendment, still he may change his mind. In view of the fact that one of my amendments has been lost, I hope that the House will not treat me in the same way with regard to every one of my amendments. In this connection, I remember a story about a very junior pleader. He had a large number of appeals before a certain Court, and those appeals were almost all groundless, though there was always the certificate, "I believe that these are very good grounds of appeal". One by one when the appeals were taken up, the pleader lost. There were other appeals in which the grounds were still flimsier. This junior pleader went to the presiding Judge and said: "Take away my *shamla* (in those days it was worn) and take away my *sanad*. They are big pleaders, and if you go on deciding all cases in their favour, take away my *shamla* and my *sanad*." (Laughter.) In fact, he won the rest of the appeals by this eloquent speech. I am playing the role of that junior pleader here, and I take my hat off and ask you, if you go on treating all my amendments like this, where are we? So, for goodness's sake, please accept this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

Has Sir George Schuster changed his mind?

The Honourable Sir George Schuster: No, Sir.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is.

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

The motion was negatived.

Mr. Amar Nath Dutt: Sir, I beg to move:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'twelve annas' be substituted."

(Laughter.)

Somebody is impatient. I do not know why he should be so impatient. I am not making long speeches. Only I told some stories for their amusement. This amendment of mine will lessen the deficit which my Honourable friend, the Finance Member, complained of, and I still hope that he will change his mind.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'twelve annas' be substituted."

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That in clause 2 of the Bill, the words 'and four annas' be omitted."

Till now my Honourable friend suggested something to be substituted, but now I suggest something to omit from the clause. (Laughter.)

I would, in this connection like to say one or two words, and I hope the Finance Member will hear me. The Honourable Member, while replying to the general discussion on the Finance Bill, said that salt was an article which had got the capacity to bear taxation. If the taxes on certain articles have not gone down, it does not mean that the article has got a capacity to bear more taxation or that people do not feel it. My main argument is that salt is a necessity of life. Whatever taxation may be proposed by my Honourable friend opposite, he will get the amount all right, but the realisation they will make will not be a realisation in the true sense. It will be a realisation by means of coercion and by means of force. People cannot stop using salt; they must take it for the sake of their health, but it does not mean that salt is an article which can bear this amount of taxation.

In these days you will find that the prices of all the articles have gone down to some extent, and it is only salt on which the price has not gone down. Apart from this, if you see other taxations which are paid by the well-to-do people in this country, you will find that the proportion which they pay out of their income is much less than what is paid by the poor people in this country. I want to draw the attention of my Honourable friend that he should never think of increasing the price of salt any more, either in future years or at the time of the Simla Session At present the people of this country are really feeling this taxation to a very great extent, especially the people in Bihar and Bengal. Sir, the prices have gone up and the revenue which these Governments get or, in other words, which is returned to these Governments is not enough to justify such high taxes.

With these observations, I propose that instead of increasing the price of salt, the time has come when the tax on salt should be reduced to some extent. (Hear, hear.)

Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 2 of the Bill, the words 'and four annas' be omitted."

Mr. N. M. Joshi (Nominated Non-Official): Like my Honourable friend, Mr. Amar Nath Dutt, I do not wish to repeat the speeches which I had delivered on this subject. At the same time, it is necessary, even though it may be every year, that we should enter our emphatic protest against the policy which the Government of India have been following in imposing taxation in a disproportionate manner on the different classes in this country. Even the Taxation Inquiry Committee, which was appointed by the Government of India, reported that in India the indirect taxation was much higher than the proportion of direct taxation when compared with other countries. Now this is the one indirect tax which is the worst of all the indirect taxes, and we should immediately do away with the tax and resort to other and better methods of taxation. If the Government of India had been following a right principle of taxation, namely, taxation according to the ability of the people to pay the tax, then there was really in India no scope for tax like the tax on salt, kerosene, matches and such others. I have already pointed out that salt is the worst of these taxes, and the

Legislature especially do not accept the proposal of the Government of India. In this connection I would like to point out the figures which the Honourable Member has given in his speech on page 42.

The consumption of salt in India is going down and has gone down. He gives certain figures on that page. The average of ten years ending 1930 is 1,965 thousands. That is the total consumption of salt. In 1933, the consumption of salt is 1,884 thousands. The consumption has gone down. The consumption for 1932 was 1,954 thousands. In 1932, it has gone down. In 1933, the consumption of salt has still further gone down and the percentage in 1932 was 99. In 1933, it is 96. If we take the value, the total is really much larger. Now, the average value of the consumption of salt in India is 12 crores 74 lakhs. In 1932, the average value of the salt consumed was 10 crores 98 lakhs less than a crore and a half. In 1933, the value of the salt consumed is 10 crores 54 lakhs. You will find that the value of the salt consumed has gone down, and I am concerned more in this matter with the quantity of salt consumed, and it is quite clear from the figures given by the Honourable the Finance Member that the consumption of salt is going down.

Khan Bahadur Mian Abdul Aziz (Punjab: Nominated Official): What evidence is there to show that the reduction in the consumption of salt is reduction in human consumption and not in consumption by cattle or by other quadrupeds?

Mr. N. M. Joshi: It is quite possible that the consumption of salt may have been reduced for various causes. I am quite willing to take up any figures which my Honourable friend may give as regards the proportion of salt which is consumed by human beings and that which is consumed by cattle. I have got no figures on that. I am using the figures which the Honourable the Finance Member has given. If the Honourable the Finance Member has some other figures in greater detail, I shall be very glad to hear them. I, therefore, think that the time has come when we should follow a right policy in the matter of taxation. If we continue this tax, when the condition of the people is getting worse and worse every day, the income of the Government will also be reduced, because the consumption of salt will be reduced. I hope the Assembly will accept this amendment to show its protest against the policy of the Government in this matter of taxation and also take this motion to a division.

The Honourable Sir George Schuster: My Honourable friend who moved this amendment put before the House two alternatives, either accepting his amendment or seeing the duty increased. But the issue before the House is not that, but as to whether the amendment is to be accepted or the present duty is to be maintained. The financial result of this proposal would be a loss of one crore and 62½ lakhs, which we cannot, of course, meet.

My Honourable friend, Mr. Joshi, has supported the amendment on general grounds in order to voice his protest against Government's methods, and his advocacy of Government following what he describes the right methods of taxation. I would be very glad to know exactly what my Honourable friend has in mind. He seems to think that we are trying to raise too large a proportion of our revenue by means of indirect taxation. I do not think any critic could accuse us for not having included in our recent measures a proper proportion of direct taxation. It is all very well for my Honourable friend to quote the Taxation Inquiry Committee as to the relative importance of indirect and direct taxation in India, but there is only

[Sir George Schuster.]

one clear method of direct taxation, and that is taxes on income, and I think India can probably claim a proud position of standing very high, probably I think higher than any country in the world except the United Kingdom, in the rates of tax which she levies on incomes. If my Honourable friend wants us to take more from incomes, I think he will be sending us up a most difficult and unproductive road. Sir, on general grounds, I must oppose this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, the words 'and four annas' be omitted."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that clause 2 stand part of the Bill.

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that clause 3 stand part of the Bill.

Mr. M. Maswood Ahmad: Sir, I move:

"That part (*a*) of sub-clause (*1*) of clause 3 of the Bill be omitted."

In this connection I want to say that at present there are three rates for the duty on cigarettes The first is that if the cigarettes are of a value of less than Rs. 6 per thousand, then the taxes are charged at the rate of Rs. 8-8-0 per thousand, and when the cigarettes are of a value of above Rs. 6 per thousand but less than Rs. 10-10-0 per thousand, then the taxes are levied at the rate of Rs 10-8-0 per thousand, and when the cigarettes are of a higher value than Rs. 10-8-0 per thousand, then the taxes are levied at the rate of Rs. 15 per thousand. Now, the Honourable the Finance Member has suggested that instead of this rate of duties, there should be a 25 per cent. duty *plus* a specific duty of Rs. 5-15-0 per thousand.

Sir, once I went to the Whiteaway Laidlaws, and there I found that the rates for different articles were something like Rs. 4-15-0, Rs. 3-15-0, Rs. 2-15-0, and so on, and I now see, my Honourable friend has also followed the same policy. Instead of making a round sum of Rs. 6, he has proposed a tax of Rs. 5-15-0. Sir, what will be the result of this taxation which has been proposed by my Honourable friend? In future the cigarettes of the value of Rs. 6 per thousand, which are at present taxed at the rate of Rs. 8-8-0, will be taxed Rs. 1-8-0 at the rate of 25 per cent. *plus* Rs. 5-15-0 per thousand, and that will make the duty Rs. 7-7-0 per thousand. So my Honourable friend has proposed that instead of Rs. 8-8-0 on the quality of cigarettes, the tax should be Rs. 7-7-0 only, and, in the case of a better quality as well, that is, say of the value of Rs. 10-8-0 per thousand which are at present charged Rs. 10-10-0 per thousand. But under the proposed scheme they will be charged Rs. 2-10-0 *plus* Rs. 5-15-0, that is, Rs. 8-9-0 per thousand that is, they want to make also those cigarettes cheaper. For cigarettes above Rs. 10-8-0 in value, that is, of the value of Rs. 12 per

thousand, are at present charged Rs. 15, but in future they will be charged Rs. 3 *plus* Rs. 5-15-0 that is, Rs. 8-15-0 per thousand only. So in this way they want to decrease the prices of foreign cigarettes which are sold in this country.

I say, cigarette is a kind of luxury, no one can deny that; further, nowadays, in India, many kinds of cigarettes are made; so, instead of protecting this industry, they want to make this industry subject to competition by means of reducing the taxation on foreign cigarettes. The net result will be that foreign cigarettes will be sold in India at a cheaper rate, and when the foreign cigarettes will be sold in India at a cheaper rate, the Indian industry will suffer, and at the same time the agriculturist will also suffer to a great extent, because in Indian cigarettes Indian tobacco is used, while, in foreign cigarettes, only foreign tobacco is used. Further, Sir, I know that my Honourable friend would say that at present there are some factories in India which make cigarettes in India, but they import unmanufactured tobacco, and, by means of that tobacco, they prepare cigarettes: and my Honourable friend in his speech on page 20 has said:

"and I do not think it could make a good claim that it satisfies the principle of discriminatory protection and should, therefore, receive abnormal encouragement from the tariff."

Then he said:

"We have now decided to fix the relation between the duty on cigarettes and the duty on raw tobacco."

I say, if they really want to fix the relation between the tobacco imported and the cigarette imported, then the best course for them would have been—and this would have been gladly acceptable also to us—that instead of decreasing that taxation, they should have increased the taxation on tobacco. It would then have served two purposes. One is that it would have protected the agriculturist, and Indian tobacco would have been used, and further it would have made the price of cigarettes a bit higher. Sir, at present we find that in villages even children nowadays smoke cigarettes causing thereby a great harm to their health. They waste the money, and the way in which they get this money is well known to the Members on this side of the House. What a great trouble their parents and other people bear on account of the use of cigarettes by them! Many cases of house burning have taken place in different villages while children were using cigarettes in the corner of the hut so that their ancestors might not notice it. So, as I said, it is a very bad policy to decrease the duty on cigarettes. They must increase the duty on cigarettes. My Honourable friend may say that because tobacco is imported at a cheaper rate, they want to maintain some relation in the competition between the imported tobacco and the foreign cigarettes. In that connection, my Honourable friends are not justified, because, in the manufacture of cigarettes in India, though the tobacco may be imported, many Indian labourers are employed in these factories. So, if our friends cannot give up smoking of cigarettes, it is better for them to smoke Indian cigarettes made of Indian tobacco. If they want a better quality and cannot use Indian cigarettes made of Indian tobacco, then they should use Indian cigarettes made of foreign tobacco. Even that would be better than having the entire quantity of cigarettes coming to India from outside made of foreign tobacco and by foreign labour. Sir, in these days of depression, the Indian labourers are out of employment, and thousands of them are starving and are roving

[Mr M. Maswood Ahmad.]

about on the streets. Many factories have been closed down, and still my Honourable friend wants to fix the relation between the tobacco and the cigarette by means of decreasing the duty on cigarettes. I say, Sir, that nowadays there is no competition between tobacco and cigarette, rather it is a sort of competition between the Indian labourers and the foreign labourers. My Honourable friend wants that by means of increasing the duty on tobacco and by means of decreasing the duty on cigarettes, the mills which are working in this country and manufacturing cigarettes should be closed down and markets should be open for foreign cigarettes. Thus, the foreign labourers who are working in their own land may prepare cigarettes and send them to be used in this country. Therefore, we, on this of the House, seriously oppose it. For this reason I want to move that this clause should be deleted from the Bill and the tax on cigarettes should not come down.

Sir, I move.

Mr President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That part (*a*) of sub-clause (*1*) of clause 3 of the Bill be omitted."

Mr. G. S. Hardy (Government of India: Nominated Official): Mr. President, I should like, in the first place, to remove the slight misapprehension from which, I think, my Honourable friend is suffering. Quoting from the Statement of Objects and Reasons, he said that the duty on cigarettes, the value of which did not exceed Rs. 6 per thousand, was Rs. 8-8-0 per thousand. In point of fact, that is not the rate of duty prescribed in the tariff. When the last surcharge was imposed, it was pointed out that on the very cheap imported cigarettes we were likely to lose a great deal of duty, because the rate under the surcharge was so high and we accordingly reduced that rate by notification hoping that we should retain a certain amount of the revenue. That hope was not fulfilled, and, within a very short time, the import of these very cheap cigarettes had ceased almost altogether.

3 P.M.

Mr. M. Maswood Ahmad: So much the better.

Mr. G. S. Hardy: Certainly. Now, Sir, that is the class of cigarette the import trade of which our present proposal is designed to assist. We have lost that import trade altogether. The class of cigarette which is affected is the luxury class. It is a class which, when made in India, is made entirely from imported tobacco, and the quantity of such cigarettes, that is consumed in India, is very small compared with the total output of cigarettes in India. Now, Sir, we considered the point that, if we reduce the duty in order to recover the same amount of revenue, we should be reducing, to some extent, employment in the cigarette factories in this country. But as the quantity is so small, compared with the total output of these factories which manufacture cigarettes from Indian tobacco, we did not think that we should be justified in asking the general tax-payer to pay for this very small addition to employment. In effect, it comes to this: What should we do to recover the duty we have lost on these imported cigarettes? They are manufactured by large Corporations who formerly imported them and those

Corporations do that merely because it pays them better to manufacture them here from imported tobacco than to manufacture them in England and to pay us the duty. During the last five years, we have lost a very considerable amount of duty in this way. In 1928-29, we got 1,47 lakhs duty out of cigarettes. Last year we only got 99 lakhs, and this year we are not likely to get even as much as that. Now, Sir, that would not be so bad if we had got back some of the amount from the duty on unmanufactured tobacco, but last year the duty on unmanufactured tobacco brought us less than it had done five years ago. Therefore, we are down on the whole of the tobacco duty by something between a crore and a crore and a half as compared with five years ago.

Sir Cowasji Jehangir: How much the imported tobacco has brought in?

Mr. G. S. Hardy: Last year it brought in 99 lakhs and this year 67 lakhs. In 1928-29, it brought in 1,04 lakhs. We have lost, as I said, between a crore and a crore and a half on our tobacco duties, and the object of this reduction in duty is quite definitely to get more revenue.

Mr. Gaya Prasad Singh: And encourage the import of foreign cigarettes in this country!

Mr. G. S. Hardy: We are encouraging the import of cigarettes which are made in this country from precisely the same article. The only advantage in having those cigarettes manufactured here is the additional employment of perhaps an extra ten per cent. in the tobacco factories staff, while, at the same time, the general tax-payer has had to pay elsewhere something like a crore of duty for that privilege. In those circumstances, I do not think we can possibly agree to give up this proposal. It is not designed in the interests of any particular manufacturing industry; on the contrary, it is designed entirely in the interests of our revenue. And we feel that, as far as the manufacturing interests in this country are concerned, it makes very little difference to them one way or the other. Sir, I must oppose this amendment.

Sir Cowasji Jehangir: Sir, I think that nowadays in Europe it is the accepted principle to encourage in a country the manufacture of goods which would ordinarily be imported by manufacturers from outside the country. Take England. She encourages the Ford Company to come and manufacture Ford motor cars in England, she encourages Coty, the great scent manufacturer, to come to England and manufacture scent They do not oppose it. They encourage it, and I think that was a principle which Government desired to place before this House most emphatically whenever they brought forward proposals for protecting indigenous industries. This side of the House on more than one occasion has complained that, if you protect an industry and if a foreign industry comes and establishes itself in this country, it is a policy that they do not wish to encourage.

Mr. G. S. Hardy: I do not think the Government of India have ever committed themselves to protection of the tobacco industry. Even the enquiry . . . .

Sir Cowasji Jehangir: I am talking of the general principle. Well; some of us have contended that if by a protective duty foreign manufacturers are encouraged to come to this country, it is nothing to be complained about. They employ labour, they teach us how to manufacture the article, and, in time to come, we hope that the indigenous manufacturer will replace the foreign manufacturer even in this country.

Now, Sir, my Honourable friend has given us some figures with regard to this cigarette duty. I admit that it is a pure and simple revenue duty upon imported cigarettes. It was never intended to encourage the indigenous industry. The revenue duty was so high that the manufacturer in Europe, in England especially, came and established his factories in this country. He employed labour and he showed the way how the article can be replaced by the indigenous article manufactured from the imported raw materials As soon as he had done it, the Government find that they have lost a little revenue and they go back and they discourage him from manufacturing the article in this country and encourage him to import it But these figures that my Honourable friend has given are rather illuminating. If I have got the figures correctly, they are as follows Imported cigarettes brought in 1·47 crores, this year it is bringing five lakhs . . . . .

Mr. G. S. Hardy: Last year 29 lakhs, this year 23 or 22 lakhs.

Sir Cowasji Jehangir: A very big drop The raw material, that is tobacco, brought in 104, 99 and 67 lakhs. These are the figures I took down. Now Sir, the one must go up while the other comes down, how does it happen that both have gone down?

Mr. G. S. Hardy: Because a great deal of imported tobacco was formerly used for the very cheap class of cigarettes and that class of cigarette is now made almost entirely from Indian tobacco. The whole of the tobacco which paid a duty of 1,04 lakhs in 1928-29 is not amounted for by the class of cigarette which has replaced the important class of imported cigarettes Two things have been going on, the one is that a better class of cigarette has been made out here, for the Companies out here are finding it more and more possible to get good Indian tobacco to make the cheaper classes of cigarette with which the cheaper classes of imported cigarettes can no longer compete . . . .

Sir Cowasji Jehangir: My Honourable friend has damned his case for all time. What he means to say is that, due to this duty, the indigenous raw material was being used in large quantities and that this duty encouraged the use of the raw material, and, therefore, he desires that the manufactured article from the raw material grown in foreign parts should again be encouraged. That is his answer.

Mr. G. S. Hardy: I did not say that it was the duty that had encouraged the use of Indian tobacco in place of the imported tobacco for the cheaper cigarette There has been a definite improvement in the quality of Indian tobacco suitable for making cheap cigarettes. All I said was that that accounted for the fact.

Sir Cowasji Jehangir: But the fact remains that, as soon as you facilitate the import of the manufactured cigarette from foreign grown tobacco, it is bound again to compete with the cigarette manufactured in this

country from indigenous tobacco. It must follow. That is obvious. Therefore, we are opposed to this duty. I do not know why the excellent effect, that the duty has had upon the manufacture of an article in this country from indigenous raw material, should be discouraged. I have nothing to do with who makes it. As a matter of fact, the same manufacturers are concerned, and are interested. It is the manufacturer in England who makes the cigarette in England from foreign grown tobacco, who makes the cigarette in this country from the indigenous tobacco. He gives employment to more labour, he uses more of the home grown indigenous tobacco He ought to be encouraged in every way.

The Honourable Sir George Schuster: I do not want to interrupt my Honourable friend, but I think he is really unconsciously misleading the House. The essential point is that the change that is being proposed now is a change in the relation between the duties on raw tobacco and on cigarettes. Actually our proposals have increased the import duty on raw tobacco and reduced the import duty on cigarettes, so that, as far as encouraging the use of indigenous tobacco is concerned, our proposals will certainly not go to discourage the use of indigenous tobacco, on the contrary, they will rather tend to encourage the use of indigenous tobacco.

Sir Cowasji Jehangir: My Honourable friend is reducing the duty on imported cigarettes. That is what is going to compete with manufacturers of the article in this country or the indigenous tobacco.

The Honourable Sir George Schuster: That is not really the case, because these cigarettes that come in question here do not in the least compete with the cigarettes that are made out of Indian tobacco. They are quite a different quality of cigarettes. I would just like to call the attention of the House to one other point. Mr Hardy quoted the figures for tobacco, the duty on raw tobacco going back to 1928-29. Actually, in recent years, the thing has been working, as my Honourable friend expected the actual import duty on unmanufactured tobacco in 1930-31 was only 21 lakhs and that went up to 40 lakhs in 1931-32, to 99 lakhs in 1932-33 and we are estimating for 70 lakhs in the next year's Budget The big drop in the imports of unmanufactured raw tobacco occurred sometime ago

Sir Cowasji Jehangir: My point is this that you are encouraging the imported article more than you did before. That you cannot.

The Honourable Sir George Schuster: Of a particular quality of cigarette.

Sir Cowasji Jehangir: Now, Sir, I know of cases myself and my experience is by no means very wide, where, on account of the high cost of cigarettes, a man deliberately gives up the better brand and gets accustomed to the cheaper cigarettes, and, undoubtedly, on account of the higher cost and the depression, the man, who would have preferred the imported cigarette from pure Virginian tobacco, has had to go to the cheaper tobacco, whether it was made of Indian tobacco or whether it was made of Virginian tobacco, it did not matter, he had to go, as a matter of fact, to the cheaper stuff. Now, what will happen is this. If you make the imported article cheaper, paying a little more, he may go back to his old taste and develop again a taste for Virginian tobacco. The result will be

[Sir Cowasji Jehangir.]

a certain set-back to cigarettes made in this country from Indian tobacco. I am glad to hear that the Indian tobacco has improved to such an extent that such a change was possible, that a man smoking the imported article could train himself to smoke cigarettes made out of the Indian tobacco. My Honourable friend, Mr. Joshi, is a hard smoker of cigarettes, and he is a bit of an authority. I can tell you that if Mr. Joshi, who knows what a rupee means, can get a cheaper cigarette made in this country, he will change his tastes and so change them that he will smoke the cheaper article and all the more so if he knows that the tobacco is Indian. Under those circumstances, I would not like to try any experiment. Your revenue duty has done a distinct good, it may be by accident. You may have instituted the duty for revenue purposes, but you have done a service to the country, and, under the circumstances, I would ask Government to think twice before they undid the service they have done by making the imported cigarette cheaper. If you like, raise the duty on imported tobacco. That may encourage an improvement in the tobacco of this country. Consider that problem. I have no objection if you think that is advisable, but do not discourage the manufactured article in this country. There are some of us here who believe it ought to be discouraged, because it is not manufactured by Indians in this country. I do not take that line. I would encourage those manufacturers to come to this country, establish their factories, show us the way, take our labour, and, in time, we do hope to be able to set up other factories ourselves in competition with those factories set up by these multi-millionaire Companies in England who can afford to try experiments in this country and bring their factories here even at a chance of making a loss which we in this country cannot do. We have no money and cannot make experiments, and we welcome their experiments in this country. We welcome them to come here and manufacture their articles in this country which we are unable to do, because we have not got the money to make experiments

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, the short question that perplexes me at this moment is this. The Honourable the Finance Member has stated that the reduction of duty is upon imported cigarettes of a superior kind. I should like to ask him or Mr. Hardy one question. What is the retail price of these cigarettes now, and what is likely to be their price if the reduction of duty is carried by this House? What is the price and how does the price of imported cigarettes compare with the product of the indigenous factories, that is to say, the cheaper cigarettes made out of Indian tobacco? I should like the Finance Member to inform the House on this point, because we don't know to what extent the reduction of duty would bring into active competition the imported cigarette with the indigenous article.

Mr. G. S. Hardy: It is rather a general question, because, as my Honourable friend knows, there is a very great range and variety in the prices of cigarettes. But I think I am correct in saying that, before the second surcharge was imposed, a large proportion of the imported cigarettes sold retail at about one rupee for 50. That was the retail price At present those same brands of cigarettes are being sold at one rupee for 50, but they are made in this country from imported tobacco. They are still marked "Bristol and London" and I think a great many of the consumers are not aware that they are smoking Indian cigarettes.

Sir Cowasji Jehangir: I think they have dropped the word "London" now?

Mr. G. S. Hardy: I do not think so. They are still being sold for one rupee, and they are paying a small raw tobacco duty instead of paying the full cigarette duty. Of course, there are other brands. If we reduce the duty as we have proposed, the imported cigarette of that quality will just be able to compete with the one made in this country on equal terms. On more expensive brands the reduction will be slightly less; and if you get the class of cigarette, that some of my Honourable friends in this House import, they may actually have to pay more, because the higher you get in scale the more the 25 per cent. *ad valorem* duty becomes, and, on the real luxury cigarette, that is, the cigarette costing Rs. 30 to Rs. 40 a thousand and anything above that, we are actually increasing the duty.

Sir Cowasji Jehangir: How are you increasing the duty on all expensive cigarettes?

Mr. G. S. Hardy: Because we are levying 25 per cent. *ad valorem*. At present all cigarettes above Rs. 10-8-0 a thousand pay Rs. 15. Now we are going to levy 25 per cent. *ad valorem*. Take a cigarette valued at Rs. 60 a thousand. We are going to get 25 per cent. *plus* Rs. 5-15-0.

Sir Hari Singh Gour: Do I understand Mr. Hardy to mean that, in the case of the cheaper brand of imported cigarettes, the reduction of duty will bring them into active competition with the indigenous product?

Mr. G. S. Hardy: No, Sir, not on the cheaper brands. It is only on what I may call the medium brands, the brand that sells at one rupee for 50, not the brand smoked by the children in the villages to whom Mr. Maswood Ahmad referred, but the brand made from imported tobacco. I do not think that the children, for whom Mr. Maswood Ahmad has such consideration, are ever seen smoking cigarettes made from imported tobacco.

Sir Hari Singh Gour: Then it comes to this that the imported cigarette of medium brand will come into active competition with the indigenous product, and as we are improving our own tobacco and the quality of our cigarettes, ...

The Honourable Sir George Schuster: My Honourable friend is misquoting what Mr. Hardy said. He said that, with regard to the cigarette manufactured from imported tobacco in this country, there was no question of competition with cigarettes made from Indian tobacco.

Sir Cowasji Jehangir: May I point out that DeRetzke Virginian cigarettes imported today are Rs. two a hundred, and that they are not manufactured in this country?

The Honourable Sir George Schuster: That is exactly the price that Mr. Hardy quoted.

Sir Cowasji Jehangir: But that is bound to come into competition with the better class of cigarettes manufactured in this country from indigenous tobacco.

Sir Hari Singh Gour: I think the Honourable the Finance Member did not care to listen to me when I was saying that the competition would be with the indigenous product, and I did not say that it would necessarily be in active competition with the product of indigenous tobacco, which my Honourable friend seems to have misunderstood. The point I am making is this. Here you have a medium class cigarette which comes into this country at the present rate of duty. Our tobacco, according to all accounts,—and that is conceded by Mr. Hardy,—is improving in quality, because it pays the indigenous tobacco grower to improve the quality of his tobacco and supply the growing want for a better class cigarette. If the foreign cigarette comes into this country by paying a lower scale of duty, to that extent it would retard the progress already made in this country for improving our quality of tobacco. I know, Sir, that in Southern India tobacco of a better kind is being produced in increasing quantities and the Imperial Tobacco Company is increasing the manufacture of their cigarettes from tobacco obtained from South India. I, therefore, think, ...

Mr. G. S. Hardy: At what price are they selling those cigarettes?

Sir Hari Singh Gour: I think that was the question put by me to Mr. Hardy and he said that they are being sold at one rupee.

Mr. G. S. Hardy: No, Sir. I said the medium class of imported cigarette was being sold at one rupee, but I do not think that any tobacco has yet been produced in India from which cigarettes of that class can be manufactured. Even the cigarette, which the Imperial Tobacco Company can sell at 12 annas, contains a certain proportion of imported tobacco; but they have at least reached a stage where they can put, what I may call, the 10 to 12 anna class of cigarette on the market made wholly from indigenous tobacco. The Indian production of tobacco has not nearly reached a stage when the one rupee class can be manufactured

Sir Hari Singh Gour: I think the Honourable Mr. Hardy is speaking for me all along; and I thank him for assisting me to that extent. He has pointed out, and very clearly pointed out, that the medium class tobacco costs one rupee per fifty and the Imperial Tobacco Company manufactures a cheaper brand of cigarette costing about 10 or 12 annas for a tin of 50, in which they are using an increasing proportion of tobacco of indigenous growth, and to that extent it encourages the agricultural industry in Southern India. Therefore, we say that the growth of that industry will be retarded if you were to allow the influx of foreign cigarettes by reducing the duty and for which I humbly submit no case has been made out.

Mr. S. C. Mitra: Sir, in this clause, so far as I understand the Honourable the Finance Member's point of view, which is, I think, a little different from Mr. Hardy's, in clause (*a*) they want to lower the duty on foreign imported cigarettes, while in clause (*c*) they want to raise the duty on raw material of the imported cigarette, I mean the unmanufactured imported tobacco. So far as I understand the Honourable the Finance Member, he thinks that there are people with special tastes for cigarette—one class of people will only smoke foreign imported cigarettes or cigarettes made from

raw material imported from outside. If that be so, then he contends that this class of cigarette will not be competing with the indigenous manufactured cigarette; and he argues, as I find from page 20 of his speech, as follows:

"My remarks relate to a very important trade that exists in this country in a type of cigarettes which, even when made in India, are made exclusively, or almost exclusively, from imported tobacco, and experience indicates that we have not adjusted properly the relation between the import duty on raw leaf and the import duty on the finished article. Under our present tariff, as modified by the two surcharges, the duty on cigarettes works out at something like double the duty on the tobacco used in making similar cigarettes in India; and the result has been to divert the manufacture of the great majority of the leading brands of cigarettes to factories in India belonging to the same interests as previously imported those brands from abroad."

Our contention is this: If this trade of manufacturing cigarettes with imported raw material is established here in India, why should we, now by raising the duty on this imported raw tobacco, discourage this manufacture? It has been very clearly pointed out by Sir Cowasji Jehangir that in other countries also they try their best, if they cannot produce a thing themselves, at least to have the manufacturing processes which give employment to a large amount of labour in the country; this is particularly done in England as regards cigarettes, and even accepting the argument in full that we cannot produce the same kind of cigarette that will be suited to the peculiar fastidious tastes of some gentlemen, we certainly claim that this industry should be encouraged in India, because it will help our labour and we will derive other benefits That is my point so far as raising the duty on raw tobacco is concerned. I urge that this duty should not be raised.

As regards the other point, the duty on the finished product, it has been well established that the tobacco or cigarette is consumed by people who can afford to pay, and there is no special ground, unless the Government think that the law of diminishing returns is working very rigorously, for reducing it at all.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 22nd March, 1934.

LEGISLATIVE ASSEMBLY.

Thursday, 22nd March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

RULES *RE* ISSUE OF VISITORS' TICKETS

Mr. President (The Honourable Sir Shanmukham Chetty): I wish to make an announcement to the House. The rules governing the issue of Visitors' tickets for the Assembly require one clear day's notice before the date for which the card is required. I have already relaxed this rule in favour of Honourable Members' wives, sons and daughters, for whom tickets may be obtained at any time. The rule requiring 24 hours' notice does not apply to the issue of cards to the Distinguished Visitors' Gallery. In spite of these relaxations of the rule, I have found that Honourable Members are unable to get cards of admission to their personal friends or relations who happen to visit Delhi for a very short period and in whose cases it is not possible to give the required notice. I have, therefore, with a view to the better convenience of Honourable Members taken up this question with the Home Department, and, with their concurrence, it has now been decided to introduce a special form of application which can be used by Honourable Members when they ask for tickets for their personal friends or relations. The application filled in this special form may be handed in at the Notice Office before 5 P.M. on the day previous to the date of the meeting for which the admission card is required. Honourable Members will find that in this special form they have to declare that the person for whom they require the ticket is a personal friend or relation of the Honourable Member and that he takes full responsibility for him. The introduction of this special form does not in any way alter the existing rules governing the ordinary application forms for cards. The relaxation in the rules is made only for the convenience of Honourable Members and as an experimental measure. Honourable Members must realise that in sending this special application form they are taking the fullest responsibility for the friend or relation for whom they require the cards. The declaration is in no way meant to be a formal one, and I hope that Honourable Members, when they wish to avail themselves of this facility, will do so only in the case of their own personal friends or relations. This special form will be available from Monday, the 26th instant.

THE INDIAN FINANCE BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): **The House will now resume consideration of the Finance Bill—clause 3. The amendment before the House is:**

"That part (*a*) of sub-clause (*1*) of clause 3 of the Bill be omitted."

The Honourable Sir George Schuster (Finance Member). I think my friend, Mr. Mitra, was speaking yesterday, but before he continues his speech, I would like to make a short statement and make a suggestion to the House. We have had an opportunity to consider what was said by various speakers yesterday, and I think that there are at any rate certain points on which we feel that there is a good deal of force in the arguments. The matter is a very difficult one to discuss in a debate on the floor of the House, and I believe, Sir, that it will be in the public interest and also save time if you could agree to allow the discussion of this particular amendment to stand over for a short time and enable me to meet representatives of various Parties and have an informal discussion on the whole of the subject matter. I think we shall understand each other much better as a result of that procedure. It happens that very shortly after this we shall embark on a series of amendments affecting the postal rates proposals, and my presence in the House will not be necessary in the House during that discussion, so that, if it suited the convenience of Honourable Members, I could meet them in my room any time today as soon as the discussion of the postal amendments begins But if Honourable Members think that would not give them time enough to consider who should attend the meeting, I am prepared to meet their convenience. If we could meet today, it would be a great advantage I think, for then there will be no delay in the proceedings.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, that is a very good suggestion, but at the same time I find that the proposed discussion will take place in the room of the Honourable the Finance Member when the discussion on postal rates will begin. That will not suit me, Sir, because there are quite a number of amendments relating to the postal rates in my name, and those amendments I wish to move. Therefore, I would suggest to the Honourable Member that we should meet after the Assembly rises.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): I should also like to make a suggestion, Sir. There is an amendment with regard to hides and skins That is also an item which will require a long discussion. Therefore, if the Honourable Member would agree to adopt the course which he has just adopted with regard to cigarettes duty and to meet the representatives, that will save a good deal of our time, and then we can at once proceed to the postal rates amendments.

The Honourable Sir George Schuster: Sir, I am not surprised at my Honourable friend from Karachi trying to take advantage of every possible occasion. But, Sir, the issues as regards hides and skins are quite simple. They have often been debated in this House, and I am afraid I cannot accept the suggestion of my Honourable friend.

With regard to what my friend, Mr. Maswood Ahmad, said, as he himself moved this amendment relating to cigarettes and raw tobacco, I must consult his convenience, and, accordingly, I agree that would be better if I meet the representatives of the various Parties as soon as the House rises this evening.

Mr. President (The Honourable Sir Shanmukham Chetty): The proposals relating to the duty on cigarettes and raw tobacco will stand over until this informal discussion takes place.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): May I point out, Sir, that at quarter past Five there is an engagement . . .

Mr. President (The Honourable Sir Shanmukham Chetty): These are minor matters which can be decided later on. This cannot be brought on the floor of the House.

The House would now take amendment No. 12 relating to hides and skins. Mr. Vidya Sagar Pandya.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, I beg to move the amendment, which stands in my name:

"That sub-clause (*2*) of clause 3 of the Bill be omitted."

Mr. M. Maswood Ahmad: On a point of order, Sir. I want to point out that this amendment is not in order. My reason is this, that the result of this amendment, if it is passed, will be that it will increase taxation. Such an amendment cannot be moved without the previous sanction of the Governor General . . . .

Several Honourable Members: No, no.

Mr. M. Maswood Ahmad: It increases taxation . . .

An Honourable Member: Certainly not.

Mr. M. Maswood Ahmad: Sir, the Government proposal is that there should not be any export duty on hides, but this proposes to have an export duty on hides. It creates a new taxation in this country, and the introduction of a new taxation or of any increase in taxation cannot be done without the previous sanction of the Governor General.

Mr. President (The Honourable Sir Shanmukham Chetty): Government propose to lower the duty on cigarettes, while the Honourable Member wants a higher rate. How does that stand?

Mr. M. Maswood Ahmad: Is the same policy to be adopted in this case also?

Mr. President (The Honourable Sir Shanmukham Chetty). Amendments which seek to retain the *status quo* are in order.

Mr. Vidya Sagar Pandya: Sir, I am much obliged to you for your kind ruling. The object of my amendment is, as has been pointed by your goodself, to maintain the *status quo*, that is to say, we should have an export duty on hides and skins. The object of the Government is that the export duty on skins should continue, and the export duty on hides should be removed.

Now, Sir, before I proceed further, as some Members, whom I met outside this Hall, have asked me to explain to them what is meant by hides and skins let me explain a couple of terms which will be used by various speakers in the course of this debate. First of all, there is the word "pelt" which means undressed hide or skin. Next comes the word "leather" which means, dressed and finished skin or hide for use. The word "hide", as used in the report of the Hide Cess Enquiry Committee

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and as it is used in the commercial world as well as in statistics, means the larger and heavier pelts, that is, of large and grown up animals, such as, oxen, cows, buffaloes, and also skins of cow and buffalo calves, and so on, while the word "skin" is used in respect of the skins of goats and sheep and also of kids and lambs. Then, there is another term, "raw". It is used to denote hide or skin as it comes from the body of the animal before it is subject to any process other than those of preparation, cure and preservation, and "Tan" means the process of converting it into leather for use.

Mr. D. K. Lahiri Chaudhury (Bengal Landholders): There is no difference between raw hides and pelt?

Mr. Vidya Sagar Pandya: Roughly, "hide" means pelt of the large and grown up variety of animals, while the word "skin" applies to the skin of goat and sheep and of animals of a lighter variety only.

I shall, first of all, make it quite clear that the object of my amendment is not entirely to protect the tanning industry of the Madras Presidency or to do any harm to the export business of the Bengal Presidency. My object is to help both of them, and it is with that object that I have brought forward this amendment. Now, I would draw the attention of the House to the speech of the Honourable the Finance Member in introducing his Budget which is reported at page 1510 of the Official Report of the Legislative Assembly Debates. I would first read the reasons adduced by the Honourable the Finance Member for removing the export duty on hides. He says:

"We feel that, in this case a portion of our export trade is possibly in real danger, and that the removal of the export duty may help to avert this danger."

I do not want to confuse the House by reading the whole of the speech all at once. He says that the export trade is possibly in danger and that the removal of the export duty may help to avert this danger. But he does not seem entirely to be sure of it. The export trade has, no doubt, gone down, but to say that it is likely to die is rather an exaggeration. We must see what are the causes for this falling off in the export trade during the last few years. First of all, the quality of our hides has gone down, and here I would ask Honourable Members to read carefully the report of the Hide Cess Enquiry Committee, which is a very valuable document. I am sorry that the Government of India have taken no action on it, not even, as I have said before, conveyed their thanks to Dr. Meek and the other members of the Committee for the valuable report they have produced. We are extremely obliged to the Committee for the trouble they have taken in this connection, and if the recommendations of Dr. Meek's Committee are given effect to, it will considerably improve the leather trade and also the income of the Government of India. Instead of trying to encourage the export of hides, we should encourage the local industry and thereby retain hides and skins in the country and add to the economic development and wealth of the country. What are the reasons which are given by the Hide Cess Enquiry Committee? I shall state some of them. They say that, on account of the early and unnatural death of the cattle by the neglect of the public and on account of starvation and attacks of diseases on the cattle, the hides and skins

of the animals are of a very poor quality. As I have said before, India holds one-third of the cattle supply of the world, and it is essential that we should take necessary steps to preserve our cattle and protect them in their life time and make economic use of their hides and skins after their natural death. We should see that we get full value and make proper use of our cattle during their lifetime. It is on account of this neglect—I shall read later on the report of the Hide Cess Committee—the Committee clearly lay the blame on the Government for not taking proper care in this direction. The hides and skins of our country have deteriorated and hence we get reduced commercial value for both hides and skins and we do not get that proper price in the market which we ought to get, and it is on account of this poor quality that a part of our export trade has gone down. As I have explained before, nearly 75 to 80 per cent of our cattle pelt is obtained from what they call "the fallen", that is, other than "slaughtered", that is, cattle that die an unnatural and early death on account of starvation and diseases, and it is necessary for Government to take proper steps for the preservation of these cattle. Our hides and skins are of a poor quality, and the other countries of the world no longer care for our hides and skins as they used to do formerly.

Then, Sir, the Hide Cess Enquiry Committee has pointed out that it is due to the careless handling of carcasses by the most ignorant people and by their employing the most unscientific methods that these hides and skins suffer and are very much reduced in value. I do not want to trouble the House with the details. They have been very elaborately and carefully dealt with by the Hide Cess Enquiry Committee, and I would request the Government to go through the report very carefully. I will simply enumerate some of the glaring defects which they have pointed out in this connection. They say it is due to the faulty methods of slaying in the first stage, which is done by the most ignorant and poorest classes in this country who do not possess the necessary facilities and means in that direction. Then, Sir, the methods used here are comparatively primitive, while, in other parts of the world, they employ advanced and scientific methods. India greatly lacks in them, and then they point out on page 59 of the report:

"We shall describe the chief defects under the heads (*i*) adherence of foreign matter and lack of general cleanliness, (*ii*) freezing, sun blisters or burns and surface drying (*iii*) uneven cooling and drying and crumpling, (*iv*) over drying, and (*v*) dragging and scratching or rubbing of the grain."

It is on account of these defects that our hides and skins are not so much cared for. Then the cure and preservation is faulty, and they point out, owing to there being no proper "*grading*" the local merchants do not get the proper value which they would have got if there had been proper grading. Then, there is the question of "*loading*" and "*adulteration*". I do not wish to elaborate these points. Added to that, the export trade has also gone down to some extent owing to what they call the "*consignment*" system of exporting these hides and skins. I shall explain briefly what is meant by the "consignment" system. There are firms who buy the skins outright on their own account and export them while there are others who consign them to London, but take advances from some of these exporting firms. These exporting firms lend about 75 or 80 per cent of the assessed value and the goods are shipped to London for sale. There are certain dates fixed on which the auctions take place. Sometimes they do not get a proper price for their goods and the result is that the

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goods lie very much uncared for and to some extent they deteriorate, and when these goods are subsequently sold, they are sold at a very great loss to the firms who have to export them through these exporting houses. If we had a better system and if Banks in this country were to lend money to these parties and if these parties were to make better arrangements for the sale of the goods, they would not have lost to that extent. The absence of proper banking and financial facilities are a discouragement to the export trade, and that is why the export trade has gone down. The Hide Cess Enquiry Committee say that there is a great deal of defect in marketing. There is no advertisement and no propaganda, and if you wish to encourage the export trade, some kind of work in that direction should be undertaken, so that the country may get the full value for its goods. Before I leave this subject, I should like to point out that, on account of these various defects in the handling of the goods, the net loss to the country comes to about four crores of rupees and this is a heavy loss to the country, and, instead of removing the export duty, if the Government were to use this in the form of a cess duty, as has been recommended by the Hide Cess Enquiry Committee, it would have greatly improved the condition of the labour engaged in this leather trade. Instead of removing the present five per cent export duty, they should rather raise a higher duty to protect a declining industry of the country. Along with that, I would earnestly beg of the Government to take care of the cattle of the country, and, in a country like India, where the agricultural system entirely hinges on oxen and the cow supplies the chief needs for our nourishment in the form of ghee and milk, it is necessary that the Government should pay special attention to it because the early and unnatural death of cattle is a great loss to the agricultural population which cannot afford to lose their cattle. In that direction several recommendations have been made by other Commissions, and I hope Government will pay heed to them. Our aim should not be to encourage the export of raw hides, but to improve the breed, preserve the cattle and save them from the attacks of diseases. Careful and scientific methods for handling of the carcasses should be introduced, tanning encouraged and trade improved, and, lastly, we should think of exporting the skins.

Then, Sir, I will come to the second point raised by the Honourable the Finance Member in his speech. He says:

"Though the immediate loss of revenue from the duty is put at five lakhs, we take the view that its removal may help to encourage the export trade, and, therefore, to provide greater purchasing power for imports on which import duties at a higher rate will be collected, so that the indirect effects of this proposal may actually be an increase in revenue"

That is, his object is to encourage the sale of cheap hides and skins, so that he may gather larger import duties on finished goods from abroad. Sir, those who live in Delhi know of what is called the "*Bül-bül pakar-ne-kā-Ustādi kāidā*" that is, the expert method of catching the *bul-bul* or the nightingale, and it is that if you wish to catch the nightingale, you should first go early in the morning to the nest of the bird, see the nest on the tree and come back home. Then, you should go again in the evening there and at night-time you should climb up the tree and put a little wax on the head of the bird when it is asleep. Then you should climb down and come back home. Early next morning, you should go to the bird's nest again, and, as the bird will fly in the sun, the wax will melt and the bird will be blinded,

and then it will be the time for you to catch the bird with your *dhoti*. Well, Sir, that is why it is called the *Ustádi káidá* of catching the *bul-bul*—the expert way of catching the nightingale. So, that is exactly the method which the Honourable the Finance Member is now applying to our hide and skin business. He says: "We have reduced the export duty; the hides will become cheap; the foreign importer will buy our hides and skins; he will then convert them into finished goods; the finished goods will come here: and then he will levy higher import duties, and thereby he will profit!" Sir, that is a very round-about way and it is really the *Ustádi káidá* of catching the *bul-bul*. Now, why should he not, instead, encourage the tanning industry, the leather industry of the country, and see that the raw produce remains in the country, that the country manufactures goods out of that, and that the country benefits, instead of giving these facilities to the foreigners in order that we may get only a small percentage of duty over the finished goods which give much more profits? I would, therefore, request the Honourable the Finance Member not to depend upon the future import duties on the finished goods, manufactured abroad, and, for that purpose sell away our skins and hides.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Our skins?

Mr. Vidya Sagar Pandya: I mean the hides and skins of our animals. Sir, man is the only animal who is useless after his death. The hides and skins of animals after their death and even their horns, hoofs and bones are useful, the last for manure, but it is only in the case of the speaking animal, the man, that the body is absolutely useless after his death.

Sir Leslie Hudson (Bombay: European): But your speeches will live after you.

Mr. Vidya Sagar Pandya: Well, Sir, they are but continued in your gramophones and reports.

Sir, I shall now turn to the third point raised by the Honourable the Finance Member, and that is that:

"The export trade in raw hides is at present in a very depressed condition."

There I agree. Then he says:

"Statistics of imports of raw hides into Hamburg show that whereas imports of hides from sources other than India have fallen off by six to seven per cent between 1931 and 1932, they are still above the 1912 level. On the other hand, the imports of Indian hides have fallen by over 30 per cent between 1931 and 1932 and are now less than a quarter of what they were in pre-war days. The very significant decrease in Indian exports cannot, therefore, altogether be accounted for by a general decrease in world demand, but must also represent to a considerable extent a definite loss of trade in competition with other sources of supply."

I shall deal now with this third point. Sir, this fall in the exports is due to the increase in the internal tanning in India, because a larger quantity of hides and skins is tanned now both by numerous and scattered village tanners and the organised factories, and, to that extent, these hides and skins are less available for export purposes. People are now using more leather goods—boots and shoes, trunks and so many other things—which were not used fifteen or twenty years ago, but which are now being made and used in the country, and the result is that the internal trade in leather goods has considerably increased; and here I may point out that until the Hide Cess Enquiry Committee made its inquiries, people had not a clear idea as to the amount of hides and skins

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which are consumed in the country itself. They thought that the export was the larger factor in disposing of hides and skins, and there was very little of local consumption, but during the tour which the Committee made in the course of their inquiries they found that the amount of hides and skins which is tanned by the village tanner in the shape of cottage industries is six to eight times larger than the export from the country. As such, as we take more and more to tanning and more and more to manufacturing of these leather goods, naturally the hides and skins for export will go down to that extent; and, as I have said before, Hamburg is not taking so much, because they can get from other sources hides and skins of a better quality, while our hides and skins are of a very poor quality, and it is necessary and up to the Government that they should devote their attention to these matters. Sir, besides boots and shoes, we have got other ways in which leather is used, as, for instance, for trunks, for book-binding and for the increased demand of leather goods for military purposes. We are using more hides and skins in the country than before. Sir, we have not got proper statistics of consumption of hides and skins in the country. The Cess Committee thinks that the total production of hides and skins is about Rs 18¾ crores, but others estimate it at about 40 crores to 50 crores. It is necessary that we should collect better statistics in the matter, and I think in that direction also the Government of India should give their due consideration to the matter. Now, I come to another matter, and here I shall explain why our exports are getting less. As has been stated in the memorandum supplied by the Hide and Skin Merchants Association (which is composed of the leading hide and skin merchants in India),—they explain it as under:

"The foreigners traders do not want the duty because it is a handicap, though a small one, on their purchase of raw materials. They want our raw hides for fostering and developing the tanning industry in their own countries and do not like to help our industry by taking the hides after tanning them in our country. For achieving this object, Germany has from a long time ago levied an import duty of about 10 per cent on our tanned hides and have left free the import of our raw hides into their country."

I hope the Honourable the Finance Member will take note of the fact that they have raised the duty on tanned goods in order to encourage their own tanning business, while our Government, on the other hand, are trying to sell raw materials and discourage tanning industry in this country. To continue the quotation:

"Now, our export duty thwarts such an object and scheme to some extent and so the foreign interests have been working against it from the very beginning. The North Indian merchants having dealings with these foreign interests have allowed themselves to be persuaded against the duty though really they have nothing to lose by this duty and the Government of India are also being influenced by the agitation in favour of the foreign interests. If Germany, which is the chief buyer of our raw hides, is not jealous of our tanning industry, then why not she abolish the 10 per cent import duty on our tanned hides and leave them as free as she has left the import of our raw hides.

As mentioned above, the North Indian dealers of raw hides do not lose anything on account of this duty. Because, if the foreigners would buy less raw hides on account of the Indian export duty, the Indian tanners small and large would buy more of same. So the raw hide dealers would not and do not lose their business. If the prices have fallen, it is due to the universal depression."

Sir, this shows clearly why the supply of goods from India to Hamburg has fallen. Then, Sir, the Honourable the Finance Member says that the trade depression is not the cause so much. I submit, the present trade

depression has much to do in the matter. Apart from the trade depression, he has quoted the figures of normal times and compared them with the figures of the last two or three years to show that our exports have gone down. The Hide Cess Enquiry Committee has given on pages 20 and 21 the tables showing the export of hides and skins, and from those figures it is clear that even during the normal years the trade has been very erratic and fluctuating. I shall quote some of these figures. Take, for example, the exports of raw cow hides from India in tons. In 1912-13, it was about 41,000 tons; it was 37,000 tons next year, in the year after that, it was 24,000 tons. Then, it went up to 34,000 tons. Then, in the year 1918-19, which was not a year of depression, it went down to 14,000 tons. Then, in 1919-20, it went up to 39,000 tons. Then, next year again, it went down to 14,000 tons. It then went up to 30,000 tons in 1927-28, and so on. Similarly, in the case of the export of raw buffalo hides from India, the figures of exports are given on page 21 of the Hide Cess Enquiry Committee's report. In 1912-13, it was 17,000 tons; in 1916-17, it was only 13,000 tons. Then, in the very next year, it went down to 4,000 tons only. In 1918-19, it was about 4,000 tons. In the next year, it went up to 11,000 tons. The very next year, it went down again, to 3,000 tons, and then to 2,000 tons, and in 1928-29, it stood at the figure of 8,000 tons. From these figures it will be clear that even during the normal years there is so much variation in figures, and, therefore, it is not right and proper that we should take these three years which are the years of unprecedented and unparalleled depression as our guide and from that make a deduction that our hide and skin business is entirely going to ruin. Then, Sir, we have to take into consideration a representation made by some of the raw hide dealers from Bengal in which they call these things as agricultural products. This is rather a new nomenclature to call hides and skins as agricultural products. Till now we were under the impression that by the term agricultural product meant only grains and other similar things. And if we grew better quality of grains, that was improving the agricultural product. But to kill animals and call their hides and skins an agricultural product is surely trying to distort facts.

Mr. G. Morgan (Bengal: European): Because they eat grain.

Mr. Vidya Sagar Pandya: Our object should be to preserve our cattle and make the most economic use of them and not to kill them simply for the purpose of exporting their hides and skins and allow some of these foreign exporting firms to make money out of them.

Seth Haji Abdoola Haroon (Sind: Muhammedan Rural): They are breeding them also.

Mr. Vidya Sagar Pandya: The foreign exporters are interested in killing and selling them at an economic loss to the country, with the result that our cattle are neglected and they die an unnatural and early death, and thus we lose our oxen, cows and buffaloes.

Seth Haji Abdoola Haroon: What about the skins?

Mr. Vidya Sagar Pandya: They come next. We do not breed our cattle merely for the purpose of killing them and getting their hides. That is not in the interests of India.

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Then, Sir, I shall take the fourth argument in the speech of my Honourable friend, the Finance Member. He says:

"During the first half of 1933, there was some improvement in shipments to Germany, but the improvement has not been maintained and since September there has been a serious deterioration in the position even as compared with 1932-33. The duty has been retained hitherto as a purely revenue measure. But the revenue involved is now no more than a problematical five lakhs and we feel that there is little justification for its retention, even for revenue purposes, at a time when the export trade is in danger of extinction"

Now, Sir, here, again, from the figures supplied to me by the Hide and Skin Association, I find that the export of raw hides in nine months, that is, from April to December, 1933, was 14,000 tons, which is almost as much as the figure for 1931 and 1932, and tanned hides is about 9,000 tons Here, again, I may point out that as there has been fluctuation in the quantity of raw hides exported, we have got similar fluctuation in the tanned hides manufactured in the country. In 1919-20, when the export duty of 15 per cent. was levied, hide manufacture was about 24,000 tons, and, in 1931-32, it was only about 10,000 tons. In the very next two years, *i.e.*, 1920-21 and 1921-22, it went down to 4,000 and 6,000, and so on. Then, Sir, we come to what the Honourable the Finance Member says that the object of this duty is merely for revenue purposes. I shall explain to the House a little history of this export duty. Here, again, I will read from the memorandum of the hide and skin merchants of Madras. They say:

"During the War, the Government commandeered the tanneries for tanning hide-leather for war purposes. The industry very willingly did this work and supplied immense quantities of leather for the war requirements of not only the British Empire but also the Allies (through the British Government) The Government then, seeing how immensely serviceable the Indian tanning industry was acceded to the demand for protection and levied an export duty of 15 per cent on raw hides and raw skins in 1919 with a rebate of 10 per cent on the exports to Empire destinations."

As soon as the War was over, they forgot the services rendered by the tanning industry of the country and they went to the extent of reducing it:

"But then this duty while benefitting the Indian industry was of course a handicap on the foreign tanning industry which has its branches and agencies in northern India for buying and exporting raw hides and skins These foreign branches and agencies engineered an agitation against the duty The northern India dealers of raw materials were misled into this agitation. Worse still the Government too favoured the said agitation.

In the result the duty was reduced by the Government to the flat rate of five per cent in 1923. In 1927 the Government proposed the abolition of even this five per cent while all along the industry was demanding its restoration to 15 per cent. But this proposal was defeated by the Assembly through a majority of one. In 1928 a Member from Bengal moved for abolition and again the motion was negatived by the Assembly.

Now, the Government are abolishing the duty of five per cent on raw hides."

I have already said that it was not entirely a duty for revenue purposes as is shown by this memorandum, and the Honourable Sir George Schuster also said in the present Session of the Assembly that the duty was retained as a revenue measure, but originally the duty was levied as a protective measure in 1919. The Honourable Sir George Barnes then moving for the levy of the duty said:

"Its object is to convert into fully tanned leather or articles of leather so far as possible in India, failing this in other parts of the Empire instead of being exported in a raw state for manufacture in foreign countries. . . . . Though the Indian

tanners have enormously increased during the past three years, they can only deal with a comparatively small proportion of the raw hides and skins which India produces and it is to the advantage of India and the security of the Empire generally that the large surplus should so far as possible be tanned within the Empire."

That was the speech of the Honourable Sir George Barnes in 1919. The same object, as is set out by Sir George Barnes, might still be pursued in the interest of the country. Here is another aspect of the case put forward:

"Apart from the large tanneries in Madras, a vast number of poor people in Northern India, mainly *chamars*, carry on tanning on a small scale like a cottage industry. Each of these men tans a few pieces and makes use of them for the country shoes which he makes and sells; or disposes of these tanned piece to others for the sole and other requirements of high class boots, shoes and other leather articles. A vast amount of leather (running into the value of crores of rupees) is thus made and consumed in the country. Such small manufacturers will be especially affected by the removal of the duty, as these small men have to acquire their raw hides in competition with the foreigners who want to carry away our raw materials and as these small men cannot stand before the powerful and now completely free foreign competition."

In the memorandum which has been submitted by the Bengal exporting interests, they have shed tears for these *chamars*. There was a time, when some Members of Parliament in India several years ago were horrified to learn that Indian people were still taking very crude salt, and they made representation to the Parliament that the Indian population could be saved only by taking Liverpool salt. They were surprised that a civilised Government like the British Government in India were killing people with such crude locally manufactured salt, and if they could help it, they would have, just as Warren Hastings was impeached in the House of Commons, they would have impeached the Government of India and heavily punished them. Now, we have got some of these exporting firms who are shedding tears on our Bengal interests. I do not mean our friends from Bengal, but they are simply agents in the hands of these foreign firms who are interested. They say that the poor *chamar* does not get anything. The memorandum says:

"The fact is that, in present time, vast quantities of hides are left to rot on the carcasses of dead or fallen animals (animals that have died from natural causes) there being no demand, it is not worth any one's while to arrange the flaying, preparing and despatching of the hide to a buying centre."

They say that if this five per cent duty is removed, there will be great help to the *chamars* in the country. They are trying to distort facts. Surely when the powerful foreign exporting interests come into the market, shoemakers and other people cannot buy their hides and skins in competition with these foreign exporting concerns.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): And they want the removal of the export duty as a sanitary measure.

Mr. Vidya Sagar Pandya: They do not lay so much stress on the sanitary
12 NOON. measure, but they are more keen about their own pockets.

Then, Sir, here I shall take the liberty of reading what the Hide Cess Enquiry Committee has to say about the need for action by Government. They say:

"On one issue, that is, the need for action by Government, our minds are clear. The Indian hide and skin trade is not a new development. It has in the past tried to attack some of the more urgent problems, *e.g.*, general improvements to meet the

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requirements of customers, the improvement of flaying, reduction of loading, bringing the special qualities of Indian raw stock to the notice of the important tanning centres. The building up of the export trade both in raw and in tanned stock is one of its solid achievements. But though it is not altogether an unorganised trade, organisation is almost entirely confined to purely commercial purposes. There is no department of Government or association charged with the duty of bringing about improvements in the raw stock and in the methods of handling it. Even though the need for technological investigation and the producers' education is perhaps more acute in India with her large proportion of fallen stock, we do not find any evidence that these problems have ever been seriously taken in hand. The trade as a whole has contributed handsomely to the general revenues of India but has received little direct assistance in return. Owing to the poverty, ignorance and low standard of intelligence of a majority of the primary producers, we are inclined strongly to the view that if India is to maintain and improve her position in the world's markets for raw and tanned stock and leather and allied manufactures, the time is now ripe for organised work. We hold that the trade and the industry cannot undertake it without extraneous assistance, specially financial. The problems are numerous and complex and a part of the necessary organisation will have to be built up or radically adapted. These are our reasons for proposing that Government should step in and establish a statutory cess committee with adequate funds at its disposal.

Our views as to the amount needed are not unanimous. Some of us hold that about 15 to 20 lakhs a year will be required before long for substantial work, specially of development as distinct from mere research. Others think that about 5 to 7 lakhs a year is likely to suffice for all the important practicable schemes. We are, however, all agreed that a reasonably good start can be made with about 5 to 7 lakhs a year. *Inpassant* we might mention that the net annual yields of the cotton, tea and lac cesses were 5·55, 13·50 and 2·23 lakhs for the latest year for which figures were available to us. The cost of collection by the Customs Department was Rs. 8,810 in the case of the specific cess on tea."

Now, Sir, the Committee emphatically says this:

"We have accepted the Chairman's view that our Committee was a financial (ways and means) rather than a technical body, and was only charged with the duty of preliminary investigation as to the advisability of imposing a cess for the benefit of the hide and skin industry as a whole and some other connected matters."

Sir, I think I have sufficiently made it clear that the object of this export duty, though it was not originally so called, was intended as a cess duty, and the contemptible figure of five lakhs mentioned by the Honourable the Finance Member is exactly the amount which is required to begin the preliminary work in the direction as indicated by the Cess Committee. I do not see why the Honourable the Finance Member should lose this revenue in these days of deficit Budgets, and if he does not care for it as revenue, he should levy it as a cess duty to improve the hide and skin and leather business in the country.

Then, Sir, in pages 164 to 168 of the Cess Committee's report are indicated the various methods by which the industry can be helped. I will not take a long time, but will simply read a few items from the summary. Their recommendations are that the policy of *laissez faire* must be abandoned and that the cess should be called a sea customs duty. Then, about improvement they say:

"The suggestion that an all-India Association at Calcutta, with a branch at Madras, or two associations one at Calcutta and the other at Madras, should be set up for the purpose of general control, arbitration, authoritative specification and grading and certain connected matters should be considered."

Then, other recommendations are:

"It should carry on propaganda.

It should publish (or subsidise the publication of) trade journals and price bulletins, preferably through the agency of the all-India association, etc.

Advertisement of India's raw stock, leather, etc., and should be financed.

The Committee should be prepared to finance special schemes, (*e.g.*, showrooms, exhibitions, etc.)

As regards training, the only types which the Committee should assist with grants-in-aid are the training of (i) leather technologists, leather chemists and research chemists of all-India utility and (ii) supervisors, instructors and propaganda agents for the improvement of the raw stock—both 'fallen' and 'slaughtered'

Dissemination of statistics and other information.

Besides the usual annual report it should publish a periodical review of the technical and commercial sides of India's position in the home and the foreign markets for raw stock, leather and the products of allied industries

Advice on the question of protection to the tanning industry should be excluded from the Committee's scope. But on technical and commercial matters including legislation on such matters it should be consulted by and empowered to advise the Central and the Local Governments and such Indian States as apply to it for advice. Then, integration of the trade is necessary and the Committee should encourage it Then organisation, direction and co-ordination of research and the allocation of such special work as may be feasible should be another major object. Propaganda, educative work and advertisement should be seriously undertaken on the lines indicated. Assistance on certain lines with regard to transport, the provision of facilities for testing and certification and for arbitration, collection, publication and dissemination of statistical and other information and similar 'intelligence' work should be among the miscellaneous objects on which the fund can be spent.

Generally speaking all action necessary for the improvement of the country's raw stock and leather and allied manufactures and of the organisation for handling them both in India and abroad should, subject to limitations indicated elsewhere, be the objective"

Then, in their concluding portion, they say:

"The value to India of this industry taken as a whole, (*i.e.*, the raw stock and leather trades and the leather, leather-working and allied industries) is about forty to fifty crores; it provides employment to large numbers of men (tanners and leather workers being a little under three million) and is a factor in the economic well being of millions of the depressed classes There is scope for work in order to reduce the national waste Improvement effect will not only benefit those directly engaged in the industry as a whole but will also react favourably on the peasantry of India Our proposals have this objective in view, and are, in our opinion, so designed, as to achieve it, as far as it is practicable"

Now, Sir, call the duty by any name—call it export duty or cess duty, it does not matter. The main object is that help should be rendered to the hide and skin tanning industry. I shall not pursue any further the representations of the Calcutta foreign exporting firms; that will be done probably by some of my friends on my right. But I wish to read out a portion of a speech of my friend, the Honourable Sir Abdur Rahim, the Leader of the Independent Party. He was, I am sorry, led to make the following remark in his speech:

"I know my friends from Madras fear that the abolition of the hide duty is likely to interfere with the tanning and connected business that flourishes in that Province. I do not think that that would really be the case. I have not the figures before me, but my re-collection is that, as a matter of fact, there are lots of surplus hides which could safely be exported without injuring any tanning industry in this country."

Coming as these remarks do from him, a gentleman for whom the whole House and people outside have got great respect and regard, I would respectfully point out to him that he has been misled in this direction. Here

[Mr. Vidya Sagar Pandya.]

I will read from the Madras memorandum which says after referring to the hides and skins being locally used in increasing quantities,—

"This is also borne out by the fact that there are no large accumulated stocks of raw hides in Calcutta, Cawnpore and other markets of raw hides. If Sir George Schuster's contention is right, then there must be accumulation of the stocks of raw hides."

The Southern India Skin and Hide Merchants Association, which is supposed to be in touch with the market, are of this opinion that there is no large accumulation of stocks.

I am afraid I have already tired the House very much and I shall mention only one fact. I have got telegrams from some Associations protesting against the abolition of these duties. But I want to tell the House what is the opinion of the trade in this matter. The organised and enlightened public opinion of the Indian commercial and industrial world has all along been stoutly and strongly against the abolition of the duty. They have not only asked for its retention, but even for the increase of the export duty on hides and skins. Important commercial bodies, even some of the European bodies, such as the Madras Chamber of Commerce and the Upper India Chamber of Commerce have been and even now are supporting that the export duty should be continued. The Federation of Indian Chambers of Commerce and Industries, which was so vehemently attacked as a political body by my friend, the Honourable Diwan Bahadur Ramaswami Mudaliar, have urged, and all their affiliated Associations have, from the very inception, demanded emphatically and unanimously the retention and even increase of duty on raw hides. But the Associated Chambers of Commerce, representing European and alien interests and other foreign interests and agencies and exporting firms, opposed this export duty. The measures adopted will placate the Associated Chambers of Commerce and other exporting firms in this country, while the Government have always turned a deaf ear to the pleadings of Indian tanneries and the leather industry. This is another instance, Sir, which shows how the Government of India are being dominated by interests other than Indian.

Now, Sir I shall only say a very few words about the position of the tanning industry in the Madras Presidency. I believe several of my friends would like to speak on it, but since I have already taken enough time, I shall not say much now. All I shall now say is, as I said in my speech on the Finance Bill, this is an industry in which Hindus as such have not much interest. The depressed class people belonging to the Hindu community have some stake in this industry, but the important part of the industry is still in the hands of our Muslim friends . . . .

Mr. M. Maswood Ahmad: We do not want this export duty.

Mr. Vidya Sagar Pandya: I may tell my friend,—to use the words of Government,—you do not know your own interests.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): God save us from our friends.

Mr. Vidya Sagar Pandya: Sir, in the light of what I have already explained, and in the light of the Report of the Hide Cess Enquiry Committee, I would request my Muslim friends not to be misled by what foreign

interests say. Foreign interests and exporting firms are very keen on obtaining raw materials as cheap as possible in this country and exporting it out of India so as to obtain finished products and make money out of such things . . . . .

Sir Muhammad Yakub: Then impose an import duty on the finished products.

Mr. Vidya Sagar Pandya: I would, therefore, advise my friends that they should concentrate on developing this industry locally as much as possible and retain the profits in our own country instead of allowing them to go out of our country. I would again ask my Muslim friends not to be misled by foreign interests. Sir, I have done.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That sub-clause (*3*) of clause 3 of the Bill be omitted."

Khan Bahadur H. M. Wilayatullah (Central Provinces: Muhammadan): Sir, I rise to oppose this amendment which has been moved by my Honourable friend, Mr. Vidya Sagar Pandya. The earlier part of his speech was devoted almost entirely to an enumeration of the various causes which contribute to the poor quality of hides, and I was surprised to hear from him that if cattle are neglected, if they are not properly fed or if they are starved, then the blame lies at the door of Government. Sir, it is very easy to throw blame for everything on Government, but it is difficult to satisfy the Honourable Members here whether the charge that is brought so lightly against Government can be justified. Towards the end of his speech, my friend, Mr. Pandya also made a suggestion to the effect that the retention of the duty on hides would in a way tend to encourage the tanning industry in India and thus it would benefit specially the Muslims. He has given a friendly advice to Muslim Members to support his amendment. In reply I may quote a verse which is as follows:

"Apne dushman se hifazat apni ham kar lenge khud,
Ay Khuda ham ko hamare doston se tu bacha."

It means: "We should take care of ourselves so far as our enemies are concerned; O, God, protect us from our friends."

Now, Sir, the tug of war lies in this matter between the tanners and exporters, and the real question at issue is whether the quantity of raw hides which is produced in this country is absorbed in the tanning industry or not. Sir, I think tanneries in India have enjoyed, for a sufficiently long time, the benefit of a much reduced duty on hides and they can get them sufficiently cheap, but I do not think that Government can for ever commit themselves to cheapening the price of hides only with the object of helping the tanners or the tanning industry. After all, it is a matter of common knowledge that the exporters of hides have been ruined. There has been very little export of hides. My friend, Mr. Pandya, gave certain figures himself, and although he advocated the retention of the duty on hides, I think he made a very good speech and ultimately made out a very strong case for its total abolition. Sir, there are large quantities of raw hides in this country, and there is no local demand for them, nor is there a demand for them from outside. Now, the question is, what are we to do with

[Khan Bahadur H. M. Wilayatullah.]

them. The result is, the tanneries are benefited, because they are able to get these hides at a very low price at the expense of those people who deal in or export hides. These people have been practically ruined. Besides, hides have to be handled very quickly. They are a kind of article that cannot be kept for a long time, and if the prices affect the export, it would mean that not only would they deteriorate, but through natural decay, they would become quite useless They cannot be stored for long periods. Sir, experience has shown us that tanneries in this country, in spite of all the facilities that Government have given them by reducing the export duty, have not cared to expand their activities nor are they in a position to absorb the entire quantity of hides that is available in the country. Under the circumstances in the interests of the dealers in raw hides, it is only fair that Government should abolish this export duty and encourage and accelerate the export of surplus stock of hides which is not wanted in the country. With these words, Sir, I oppose the amendment

Shaikh Sadiq Hasan (East Central Punjab Muhammadan): Sir, I congratulate the Honourable Member in charge of the Bill for abolishing the export duty I think all export duties are iniquitous, except those which are levied on harmful drugs. One of the main arguments advanced by my friend, Mr. Pandya, was that if this export duty was levied, the hides and skins produced in the country would remain in the country, with the result that the tanning industry would flourish But, Sir, this argument can be applied to wool, cotton and all kinds of raw materials that now go out of the country My friend does not know one thing, and, if he had been a manufacturer, he would probably have known that there are certain types of materials which cannot be consumed in the country of their origin Take the case of the Punjab wool If it were not exported to foreign countries, I am sure, it would not be possible to consume it over here In the same way, if we could not get Australian wool in India, India would have never been able to compete in making the Kashmira cloths There are certain types for which there is no demand in the country, while there may be some demand in other countries.

There is another point, that is, the question of surplus production. India is not the only country which gets back its tanned hides in the shape of harnesses, or boot soles, etc., but there are other countries in the world which use hides sent from India to countries like Germany, England, etc., and they tan them and then send them out to other foreign countries So, it is absolutely wrong to say that we are cutting our own throat. I have not got any statistics, but I am sure that all hides that we export from here do not come back here in the shape of harnesses, leather belting, etc., but they go to foreign countries where there is a great demand.

There is another point which I think I must bring to the notice of the House, and that is the exchange problem. The exchange problem has done a great deal of injury to the Indian trade, and it would be adding insult to injury if we retain this export duty. If you will allow me, I will give a typical instance. The United States of America used to import about 1,00,000 yards of Persian carpets, and now they are importing only, say, 50,000 yards. They used to import 10,000 yards of Indian carpet, and

now they are importing only 200 yards. All this is due to the exchange. When you have got a high exchange, it is most objectionable to add fuel to the fire,—to kill the trade absolutely by imposing an export duty. In a country like South Africa they give bounties to help their own export trade, but here you do not want even the export duties to be abolished. I am sorry that in this case the interests of the Punjab differ from the interests of Madras. It is not a question of, as Mr. Pandya pointed out, Muhammadan friends supporting Muhammadans, I am sure some of my Muhammadan friends from Madras will support Mr. Pandya.

An Honourable Member: As some Hindus will oppose him.

Shaikh Sadiq Hasan: I come from the Punjab, we are great exporters of these hides and skins.

(At this stage, Mr. Vidya Sagar Pandya interrupted the Honourable Member which was not audible at the Reporters' table.)

Fifty or sixty people do not count in this question of millions and millions worth of goods. We have to see who ultimately gains the benefit when the raw products are sold. If the price of wheat goes up, it is not the merchant so much who gains. I am sure, the Government Benches would testify that it is the agriculturists who gain the benefit, because ultimately the money has to go into their pockets if the price goes up. In the same way, if the prices of these hides and skins rise, the result would be that the man who originally sells these goods would be making more money than the hide and skin merchant. I am speaking not only on behalf of the hide and skin merchant, but also on behalf of the poor agriculturist of the Punjab who suffers ultimately on account of the decrease in the price of hides and skins, decrease in the price of cotton, decrease in the price of wheat.

Mr. Vidya Sagar Pandya: The agriculturists or the owner does not get the price of the hide of the dead animal.

Shaikh Sadiq Hasan: If he sells the cattle, it contains everything, hides and skins . . . .

Mr. Vidya Sagar Pandya: It goes only to the *chamar*, and not to the agriculturist or owner.

Shaikh Sadiq Hasan: There is one point more that the export trade from India in hides has decreased considerably. My Honourable friend, Mr. Pandya, would say that, on account of the slump in trade, this trade has decreased in proportion. But the trouble is that other countries are sending more and more of their own hides to the foreign countries; they are sending an increased proportion at the expense of Indians. When there is a very hard and severe competition, even one per cent or a couple of per cent will make all the difference, and the result will be that, while others will be able to sell their goods, India will be unable to sell her own goods at the proper price. While the export of raw hides has decreased considerably, there has been only a slight increase in the export of tanned hides, and I think the best course to encourage the export of raw hides is to do away with this iniquitous export duty altogether.

Mr. F. E. James (Madras: European): I am very glad that the previous speaker pointed out that this was not a question which should divide the Hindus and Muhamadans. I should also like to go further and say, nor is it a question which divides Europeans from Indians. There are some European Chambers which support the abolition of the duty, there are other European Chambers which oppose an abolition of the duty, and I very much regret that my Honourable friend, Mr. Pandya, should, at the end of his very exhaustive speech, have hinted that this was a measure which Government had accepted at the behest of, what he was pleased to call, the alien and foreign interests in this country. It is nothing of the kind, and I am sure the House will agree with me when I say that this matter is purely an economic and financial question and should be discussed and considered on an economic and financial level.

Now, Sir, I support the proposal of my Honourable friend, Mr. Pandya, and I want to put certain considerations before the House, so that the matter may be considered from the point of view which I have suggested. I first of all take two axioms which were laid down by the Hide Cess Enquiry Committee. The first is,—you will find it at page 79 of the report of that Committee—:

"That the tanning industry as a key industry is of very considerable importance."

The second is:

"That the raw trade and the leather industry are mutually complementary."

I think it is a mistake we often make in our discussions here to regard the interests of the primary producers and the interests of those who manufacture from these primary products in this country as being antagonistic. I think the proper way is to regard them as being mutually complementary, and, therefore, to regard the problem as one of attempting to balance the interests of two complementary industries. I have no need to emphasize the importance of the tanning industry, not only in South India but elsewhere, but I might perhaps read to the House one short paragraph towards the end of the Cess Committee report, which summarises the position in a way which is much better than I can summarise it myself. Unfortunately I cannot get at the reference, and I will try to come back to it before the end of my speech. But, Sir, you will find all through the report of that Committee that emphasis is laid upon the importance of the tanning industry in this country—by the amount of money that is involved and the number of people who are employed. I may say it is an industry which is of particular interest to the poorer classes in my part of the world.

Reference has been made to the fact that while the export of hides has deteriorated, the export of the tanned product has not expanded to a corresponding extent. I want to put before the House a view which I think deserves consideration. I think the House should remember the increasing numbers of hides which are being tanned for internal purposes. Now, the Hide Cess Committee which sat in 1929-30, after a very careful examination of all the documents, came to the conclusion that India produces on an average about 25 million cow and buffalo hides annually. There are no statistics to show which of these 25 million are cow hides and which of them are buffalo hides, but we may perhaps strike a rough and ready calculation on the following basis. The total cattle population of India, as shown in the 1930 census, is roughly 157 million cows and 41 million buffaloes or about four to one. If you assume that in the 25 million cow and buffalo hides, which are available annually, those same proportions of four to one

are maintained, I think that is a reasonable assumption. You come to the conclusion that there are available about 20 million cow hides and five million buffalo hides. Each cow hide will produce upper leather for about ten pairs of shoes on the average. If all the cow hides produced in India were tanned and made into shoes, there would only be sufficient upper leather to produce one pair of shoes per annum for 200 millions of India's total population of 350 millions; and when you make due allowance for the large numbers of cow hides used for purposes other than shoe making, you arrive at a figure which will only suffice to produce about half a pair of shoes per annum for the entire population. I think everybody in the House will admit that the use of shoes has increased rapidly and is still increasing. To prove that, I would point out the very great rise that has taken place in the number of tanneries producing shoe leather. Then you find the chrome tanning industry springing up in different parts of the country, and if you take the quantities of hides received in Cawnpore, represented by Mr. Ramsay Scott, one of the largest hide collecting centres in Northern India, the figures have really increased as compared with pre-war figures. The figures are 341 thousand maunds in 1913 and 356 thousand maunds in 1930. During the same period, exports by rail dropped from 269 thousand maunds in 1913 to 214 thousand maunds in 1930. In Cawnpore alone, the quantities retained and tanned and dressed there increased from 71 thousand maunds to 141 thousand maunds. My whole point is, that the primary reason, I would not say the only reason—I do not want to exaggerate the position—for the decrease in the number of hides exported is not the effect of the export duty, but the increased numbers which are being consumed in India now, and I think it would not be dangerous to predict that within the fairly near future India will be able to consume all the hides which she can produce.

Then, if you turn to the export figures, you will find that there has been a gradual increase from 1931 in the total shipments of tanned hides from the Madras Presidency alone. Since 1913-14, the trade has grown enormously. In that year—I have the figures here—according to the Hide Cess Enquiry Committee, it was valued at one crore 58 lakhs. In 1928-29, it was valued at four crores 40 lakhs. I have not got the figures available relating to values, but approximate figures relating to shipments from Madras for the years 1927 to 1933 show that we have now passed the level which was reached in 1927. There is no doubt, whether it was intended or not, that the trade has received some assistance by reason of the existence of the export duty.

Now, Sir, what we really have to examine now is the effect of the removal of the duty. The Finance Member, I take it, is today in the very happy position of seeing the House divided against itself. It is the Finance Member who rules.

The Honourable Sir George Schuster: It does not make me happy.

Mr. F. E. James: I am very glad to know that, for I am convinced that he is throwing away five lakhs. The first point that I should like to make is this. I was developing the point that the removal of the export duty will really be an injury, on the balance, to the interests concerned. Then, I take it, there is no justification for the removal of the duty, because the financial position obviously does not justify surrendering a sum of five lakhs. There are certain points I want to make.

The first point is this, that the one effect of the removal of the duty will be that the continental buyers of raw hides will benefit to the extent of

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about three to five per cent on the current value of their raw product and that will give the continental tanner an advantage over us in the United Kingdom market in connection with the preference.

Then, Sir, a second point I wish to make is this. Will the effect of the removal of this duty actually benefit the primary producer? Will it not benefit rather the shipper? Will it not benefit the middleman? And another point has been made in a very interesting article which appeared in the *Indian Finance* the other day, which is read by a large number of Members of this House, to which I should like to make a reference.

"The majority of the hides in India"

—says the article—

"are collected in the northern Provinces and Bengal for export to foreign countries as well as to Madras. The freight rates on northern Indian hides imported from Calcutta into Madras are such that the Madras tanners do not enjoy any great advantage over the importers of these hides in foreign ports. As shipping freights to foreign ports are abnormally low, the withdrawal of the advantage of the five per cent export duty which the Madras tanner has so long enjoyed over the foreign trader will certainly tell heavily on the already impoverished tanning industry of Madras without in any way helping the primary producers of hides"

Mr. Lalchand Navalrai: What is your view with regard to the skins?

Mr. F. E. James: I am not expressing any view now on the skins, I am concentrating now on the matter which is now before the House.

Now, Sir, a third effect which the removal of this duty will have will be that the very small margin of profit on which this tanned hides trade is conducted, particularly in the Madras Presidency, will be adversely affected: and I think that we have a case, particularly in the Madras Presidency, where we still suffer from an abnormally low price in the case of rice, which should suggest to Government that now is not the time, whenever it may be, now is certainly not the time to injure that industry. It may not benefit the primary producer, and will have the effect of reducing the margin of profit to such an extent that retrenchment will have to take place. I know, as a matter of fact, that a number of small tanneries will probably have to close down.

Now, I want to deal with the fourth effect—that which the removal of this export duty will have upon the preference which is given under the Ottawa Agreement—of which you, Sir, are a signatory,—on tanned hides. Now, Sir, in the Report of the Indian Delegation on the Economic Conference at Ottawa in paragraph 51 it is stated as follows:

"It is not necessary to discuss in much detail the goods specified in Schedule C on which the maintenance of the existing margin of preference is guaranteed. In some cases, such as tanned hides and skins, while there may be some expansion of the demand for Indian products, the chief importance of the preference is that it secures the trade against actual or potential competition and ensures the maintenance of the position which India has already acquired in the United Kingdom markets."

Now, I should like to know from the Honourable the Commerce Member what he proposes to do with this preference if the export duty on hides is abolished. The preference in the United Kingdom market is ten per cent, and I remember very well at the time of the debates quoting, with the approval from the Government Benches, certain interests in the United Kingdom against this particular preference. Now, if you are going to

alter the conditions in this country and make them different from what they were when the preference was given, then if you intend to abolish this duty, you should immediately take steps to secure a larger preference in the United Kingdom market. Sir, I may quote in this connection a very interesting document from a trade paper in England to indicate that this preference has already had a most useful effect upon the exports of India It says in dealing with the U. K. imports of chrome upper leather:

"It is difficult to estimate the actual increase in imports of hide upper leather from British India since, as we have pointed out, only a proportion of the actual imports were returned as box sides in the earlier months. From information otherwise available however, it is estimated that the imports of dressed upper leather from India during May and June amounted to approximately 500,000 sq. ft., and this increased by 50,000 sq. ft. in July and August."

I may read another paragraph from the same trade journal:

"Imports of box sides and other hide upper leather also increased during September/October, averaging over 1 million sq. ft. a month compared with 600,000 sq. ft. a month during the first eight months of the year. The increase was due to larger shipments from Germany, Belgium and 'other countries', a large proportion of which represented box sides from India The average declared value of imports under this heading was 7¼*d*. per sq. ft. compared with 6¾*d*. in the two previous periods."

I think we are entitled to suggest to the House that the abolition of this export duty is going to put us at a disadvantage with the continental tanner, and that the benefit which the tanner is likely to get is not going to the primary producer in this country. (Hear, hear.)

Now, I shall be told that all these arguments are beside the point, because a revenue duty is a revenue duty, and it was never intended to be either a protective duty or a duty to foster the exports of a particular article Well, Sir, I think we are entitled to suggest to the Government that if that is the line of argument, now is not the time to throw away money, unless you can prove that by doing this you are going to render indirectly or directly a corresponding benefit either to the primary producer or to other interests in the country. I think, Sir, I have done my best to show from my own point of view, from the information I have at my disposal, that I do not believe it is going to benefit at all the primary producer. I think I have been able to show, on the contrary, that it will definitely injure an industry which has come to be regarded by the Hide Cess Committee itself as a key industry of considerable importance.

Sir, there is only one other point I wish to make, and that is this. It does seem to me that ultimately, considering the balancing of economic advantages and disadvantages in a matter like this, it is essential that the problem should be viewed as a whole. I can sympathise with all those who are anxious, if they believe it to be the case, by this measure to give some fillip to the primary producer. But I doubt whether this is going to have this effect, I doubt the validity of that argument. In any case, even in doing so, it should not, I maintain, be done without consideration of an industry already established in the country. I think that the proper way to approach this problem is to approach it having regard to the fact that the primary producer and the tanner have not antagonistic interests, but really have interests which are complementary. I should like to ask the Government of India what action they have taken in regard to the Hide Cess Inquiry Committee report. Reading that report carefully, it is quite obvious that it is a definite attempt to benefit both sides of this great industry. It is an attempt to benefit the primary producer.

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and it is an attempt to benefit the tanning industry. Sir, I should have thought that if Government had decided for revenue reasons or for other reasons to do away with the export duty on hides, they would, at the same time, have announced some general policy in regard to the industry generally. I make the complaint which I made a little time ago, Mr. President, that in some of these matters there is not quite enough economic planning. Personally,—and I am now speaking entirely on my own responsibility—I should have been far more happy in regard to the proposal to abolish the export duty on hides if it had been accompanied by some general announcement as the Government's policy in regard to the industry at large. I hope even now that may be forthcoming, but I do trust that in the ensuing discussions the issues will be confined to the interests of the industry and the interests of the primary producers, not to show that they are antagonistic, but to show how they can be reconciled in the interests of the country altogether. (Applause.)

Maulvi Muhammad Shafee Daoodi (Tirhut Division: Muhammadan): Sir, I am glad that our Honourable friend, Mr. James, has put the debate on the right lines. This is really a question which should be looked at from the economic and financial aspect, and it is from that point of view that I will deal with the subject. There are many of my friends who will devote their attention to the statistics side of it. I will leave that aspect of the matter to them. What I wish to say is from my own personal experience of those who have been dealing in this business for the last quarter of a century and whom I know personally.

1 P.M.

In the part of the country whence I come, this business is mostly done. I have seen hundreds and thousands of people of all classes—mostly lower classes—who deal in this business, because it is just on the British side of the Nepal territory that this business is largely done. I do not know the reason for it, but these hides are generally to be found in that part of the country. It may be due to some strict regulations of the Nepal Government, but it is true that hundreds and thousands of people deal in this business and it is a source of their living. I know it from my experience that about 25 years back thousands of families were flourishing on this business—especially low class people—and now they are all starving and they do not find any other equivalent trade to engage themselves in. That seems to be one of the reasons why I think there is such a great agitation in Northern India for the abolition of this export duty.

An Honourable Member: The abolition will not help them.

Maulvi Muhammad Shafee Daoodi: On skins also, it may be abolished. It is, of course, the business of the Honourable the Finance Member to see whether that also suits him or not. As he has put in his speech, the problematical five lakhs of revenue from the export duty should not be one of the reasons why so many people who are engaged in trade should be put to so much difficulty. As you know, Sir, I have always pleaded for the poor people, and, therefore, I say that if this duty is taken off, I am sure, thousands of other people, who are unemployed at present, would get some business to do and that is the economic side of the matter which I would ask the House to consider. If it was proved that the hides were not sufficient to be exported as well as to be tanned in India, then there was some justification for the ground which had been given by my

Honourable friend, Mr. James, on this question. But I find that there is a very large number of hides which are rotting, as I am told, in that part of the country, because these poor people do not find it profitable to deal in this business on account of, I should think, the export duty. There cannot be any other reason. This is the only new thing that has been put on that business, and, therefore, it is useless for them to engage their time in doing this business, because it has become unprofitable The statistics also, which I have been able to collect as to the tanned hides which have been exported, go to show that they have been tanning a lesser number of hides in recent years than in past years. For example, I find that the export figures of tanned hides in 1929-30 were 1,199 and in 1930-31 it dwindled down to 904, and in 1931-32 it further went down to 756. Therefore, it appears that there is something wrong somewhere why they are not able to tan even as many of these hides as are available to them in that part of the country, what to say of thousands of them that are rotting in the jungles of the Nepal and the British India territory, in the Province from which I come. One more fact I would supply to the House. and it is this that for the last ten years there have been complaints—numerous complaints—of the carcasses rotting on the ground and giving very bad and insanitary smell in that part of the country, and people have been complaining that there seems to be something wrong somewhere, because the hides which were utilised in some form or other by some foreign countries or by Madras are no more profitable to collect and export from that part of this country.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Rural). I may tell my Honourable friend that his figures are quite wrong.

Maulvi Muhammad Shafee Daoodi: I shall ask my Honourable friend to wait and see.

I was submitting, Sir, the insanitary aspect of the matter in my part of the country. I have been hearing from people who are engaged in this trade that for the last ten years there have been a large number of carcasses lying for nothing. If the effect of the abolition of the export duty might be to stimulate the collection of hides from that part of the country, it would remove one of the grounds of insanitation which at present exists in that part of the country. These are the two grounds which a layman like myself can also see, and, therefore, I have placed them before the House for what they are worth. I believe that this question should be looked at from all these aspects and the result should be arrived at after consulting all the interests concerned. But I have not been able to follow my Honourable friend, Mr. Pandya, when he was giving us a lecture on this point. The effect that it left on my mind was that he was thinking that the trade was entirely in the hands of Muslims. I submit, that should not be the criterion with which this matter should be judged It was surprising to me that a liberal minded friend of ours, like Mr. Pandya, whom I have always taken to be so, should indulge in things like that when discussing a matter which is primarily financial in its aspect. With these observations, I oppose the amendment which was moved by my Honourable friend, Mr. Pandya.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Maulvi Sayyid Murtuza Saheb Bahadur (South Madras: Muhammadan): Sir, I whole-heartedly support the motion moved by my Honourable friend, Mr. Vidya Sagar Pandya. Sir, the other day, when the Leader of the European Group welcomed the proposal to abolish the export duty on hides, I was under the erroneous impression that his followers would also hold the same view. I had this consolation, however, that probably my Honourable friend, Mr. James, who is the brain of that Party (Laughter), would support us as whole-heartedly as was done during the Swaraj Party days when a European gentleman, Sir Gordon Fraser, who evinced so much interest in this question, crossed the wishes of the Associated Chambers of Calcutta.

Now, Sir, so far as facts and figures are concerned, the Honourable the Mover and the supporter have furnished the House with them. You know, Sir, that I always like brevity and never want to tax the House with long speeches, but I want to put a direct question to the Treasury Benches, particularly to my Honourable friend, the Commerce Member, who is a Civilian of our Presidency as to whether he recognises this tanning industry of Madras as a key industry, as was done by Sir Charles Innes when this question was discussed in this House in 1927.

Sir, the cogent reasons advanced by the Mover and the supporter are quite sufficient to convince the House of the desirability of retaining this export duty on hides. Last time, when this proposal was launched, we all belonged to that famous Party, known as the Swaraj Party, and the gentleman who led the Opposition was our late lamented friend, Mr. A. Rangaswami Iyengar, the able Secretary of the Party, and the motion was supported by you, by Sir Purshotamdas Thakurdas, Mr. Prakasam and others. That was in the year 1927. In this connection it will not be out of place to say that this was not done as a concession to Madras. On the other hand, it was a debt of gratitude which they owed to the tanners of the Madras Presidency. Madras not only helped the Britishers but also the entire body of the allied forces during the War by supplying the required quantity of tanned hides and skin. Can this be gainsaid by anybody? As an outcome of this, there was an export duty of 15 per cent levied in 1919 which was reduced for some obvious reasons to five per cent in 1923. And then the question was agitated over by interested parties. The House will be astonished to learn that they were not Englishmen, but mostly Germans. A ring of Germans, who formed themselves into a party of exporters, had some agents under them who get 2 or 2½ per cent at the most as their commission, whereas, the lion's share went to these foreigners who, as I said, were mostly Germans. How did the Germans repay the exporters of tanned hides? Sir, the tanned hides which they exported from India were put on an import duty of Rs. 10 by the German Government. Do they deserve any concession from this Government?

Then, Sir, it was in 1927 that this question was placed before this House by our Finance Member's predecessor, Sir Basil Blackett, and the motion failed. The members of the Swaraj Party, whether they were Bengalees or Biharis or Madrassis, all supported our motion not to do away with this export duty. Even my Honourable friend, Maulana Shafee Daoodi, who now favours abolition of the export duty, supported us and the predecessor of my esteemed friend, Mr. Maswood

Ahmad, that is, the late Khan Bahadur Sarfaraz Hussain Khan, also voted in favour of the retention of this export duty. The House will also, I hope, remember that this agitation was not set at rest even after 1927. One of the representatives of this export trade, I mean Mr. Rafique, an ex-M. L. A., got into the Assembly mostly with the object of meeting with success as regards the abolition of the export duty. Fortunately for us and unfortunately for him . . . .

Sir Muhammad Yakub: And for the country!

Maulvi Sayyid Murtuza Saheb Bahadur: . . . . fortunately both for the country and the tanning industry—let my friend, Sir Muhammad Yakub, contradict me if he can—I am going to prove that this is quite advantageous to the cause of the country in as much as it promotes and lifts up the members of the depressed communities . . . .

An Honourable Member: Sir Muhammad Yakub does not represent the country!

Maulvi Sayyid Murtuza Saheb Bahadur: Where is my Honourable friend, Rao Bahadur M. C. Rajah? And I miss my Honourable friend, Raja Bahadur Krishnamachariar, who comes from the same constituency as I come from? The Mover of this amendment said that this would benefit Muslims a great deal . . . .

An Honourable Member: The depressed classes as well.

Maulvi Sayyid Murtuza Saheb Bahadur: This helps the depressed classes more than the Muslims. Perhaps he is not aware of the fact, that, so far as Trichinopoly is concerned, even a Brahmin gentleman was running a tannery, and after his death, as his sons could not manage it, it collapsed. There was also a non-Brahmin gentleman, a Pillai, who was at the outset the manager of a Muslim called Khajah Mohidin Rowther, and then became proprietor of a tannery with the financial help of his master. In your own district of Coimbatore, Sir, you know there are so many tanneries: the small ones have been closed; there are only a few left; if this proposal is to be given effect to, even these tanneries will have no other go but to meet the same fate.

In a way, this tanning industry solves the question of untouchability for the derpessed classes. I do not attach much importance to the question of temple-entry. You know, Sir, as Muslims, we do not care much about it either way; but there is one point which I like to touch upon here and it is this: The question of satisfying the bodily cravings is more important in the case of these depressed classes than that of the temple-entry. The House might have learnt from the press that the other day four or five members of a family came to Trichinopoly with the object of getting some labour, but they could not succeed; and what was the result? The male member of the family threw three of his children and his wife into the river Cauvery and he also committed suicide by falling into the river. Will Sir Muhammad Yakub show an iota of sympathy for such persons?

An Honourable Member: He has none.

Maulvi Sayyid Murtuza Saheb Bahadur: In Southern India, the tanning industry holds the same place as the textile industry does in Bombay; but there is this difference. In the textile industry, you do not find members of the depressed classes: you will find high caste Hindus, some Muslims,

[Maulvi Sayyid Murtuza Saheb Bahadur.]

some Christians and some Parsis, but not even a single member of the depressed classes. I have minutely observed this fact: but, so far as the tanning industry is concerned, it is the members of the depressed classes who are benefited totally and mainly. Thousands of them are getting their bread out of this industry. Such an industry richly deserves patronage at the hands not only of the Finance Member, not only of the Commerce Member, not only of the Industries and Labour Member, but also of the Home Member and the Law Member—I may say of the whole Government. I forgot to recite a Persian poet which I generally do. Sadi, the well known practical philosopher of Asia, says in one of his couplets:

"Shab chu aqde namaz me bandam, che quiad bamdad farzandam."

(Interruption.) Sir Muhammad Yakub will be able to translate it. Before translating it, I have to explain one point: concentration of mind is quite essential for prayer. That is why we do not like music before mosques during prayer time. It is not a question of our expecting respect from non-Muslims when we want stoppage of music before our mosques. It interferes with our prayers, because the tradition of the Prophet is:

"La salata illa hi huzootil qalb."

which means:

"Prayer is not complete without presence of mind: if we are absent-minded, if our attention is distracted, our prayer is not quite good."

The poet says: "During day time there will be something or other to disturb my prayer; so I thought of offering it during midnight, so that I might enjoy concentration which is very essential for the acceptance of the prayer." Even then this idea struck me:

"(You fool) you have not provided sufficiently for your family: what are you going to do for them? Morning is to dawn soon. You are applying yourself to prayer as if you are a very great devotee; but you don't seem to have any inclination to solve the practical problem of attending to the upkeep of the family."

So, the depressed classes need not attach so much importance to the question of temple-entry as to this question. I may assure the Members of the Government that if this proposal be given effect to, thousands and thousands of the depressed classes will lose their daily bread, and what will be the result? They will have to march to Delhi all the way from Southern India, and request their leader, Rao Bahadur M. C. Rajah, or their sympathiser, Sir Muhammad Yakub, to espouse their cause. Can then my Honourable friend, Sir George Schuster, with his genial manners and profound sympathies for the depressed classes, refuse to receive the deputation, as was done by the Primier in England? I don't think he will do that. He will certainly hear them, and see his way to redress grievances. Therefore, Sir, this is not a question so much of Muslims, as it is a question of the members of the depressed classes, a fact which cannot be challenged by any Member of this House. Such being the case, I hope the House will most readily support the motion of my Honourable friend, the worthy successor of the worthy predecessor, I mean Mr. Jamal Mohamed Sahib, ex-M. L. A.

Now, Sir, so far as my friend, Sir Muhammad Yakub, is concerned, of course even on the last occasion he did not support us, but I do not know if we can expect any support from him on this occasion. Perhaps,

we may this time get his vote as he has closely followed my Honourable friends, Mr. James and Mr. Pandya, and seems to have been convinced of the necessity of protecting the tanning industry.

Sir, there is another point to be taken into consideration by the Honourable the Commerce Member. A question was put to him by my Honourable friend, Mr. James, as to what the Government proposed to do with regard to the Report of the Cess Committee. My friend put another question and asked whether the abolition of this duty was calculated to prove advantageous to the exporters and would not prove injurious to the tanners in this country. Sir, people, who are running the tanneries in this country, are already suffering a very huge loss. Government showed to the exporters of raw hides a concession by reducing the duty from 15 per cent to five per cent and in the year 1932, a deputation waited upon the Honourable Sir Joseph Bhore. We do not know the result thereof, but I do not think he gave them any assurance to the effect that he would try and do away with this export duty. Of course, as a cautious Member of the Government of India, he could not have committed himself. Sir, fortunately for us, we have two civilians from our Province, one in the person of an Indian and the other in that of a European. Sir, this is a cause which is to be supported, not merely by Indians, but also by Europeans for the reasons already set forth. Sir, the previous speakers, the Mover and the supporter, have told the House as to which are the Chambers that have supported the retention. The Indian Merchants Chamber, Bombay, is one of them, and so Bombay cannot vote against it. Then, there is the Indian Chamber of Commerce, Calcutta,—and so no Indian from Bengal can go against their view.

An Honourable Member: What about Mr. Amar Nath Dutt?

Maulvi Sayyid Murtuza Saheb Bahadur: Of course, my friend, Mr. Amar Nath Dutt, has already supported it on a previous occasion. He can't therefore go back now. Then, there is the Indian Merchants' Association of Karachi,—I do not find the representative from Sind here . . .

An Honourable Member: He is sitting there.

Maulvi Sayyid Murtuza Saheb Bahadur: And there are also other important bodies like the Madras Chamber of Commerce, the Upper India Chamber of Commerce, and so forth . . . .

Mr. M. Maswood Ahmad: What about the Bihar and Orissa Chamber of Commerce?

Maulvi Sayyid Murtuza Saheb Bahadur: Does my Honourable friend mean the Muslim Chamber of Commerce? (Applause.)

Mr. M. Maswood Ahmad: I did not say Muslim Chamber of Commerce.

Maulvi Sayyid Murtuza Saheb Bahadur: It would have been much better for my Honourable friend, Mr. Maswood Ahmad, who jumps up on occasions like this, to ask me straight what about the Muslim Chamber of Commerce which came into being only recently and which could not have expressed its opinion on the question.

Well, Sir, since all these important Chambers of Commerce support this, Government will have to think twice before entertaining any idea of giving effect to their proposal. Sir, I have done.

Sir Muhammad Yakub: Sir, my apology for taking part in this discussion is that I come from a Province which has a very large trade in hides,—I mean the United Provinces, and there the trade in hides flourished to a very large extent before this duty was imposed. For the last six or seven years representations have been made to me by almost all the hide merchants and people who deal in hides in the United Provinces that an effort should be made to get this duty abolished, and it is a matter of great satisfaction to me that some relief has been given, indirectly, to my Province by the abolition of this duty. Sir, like Bengal or Bombay, we, people of the United Provinces, who are self-respecting people, do not come before this House to lay our grievances, nor do we come before them with a beggar's bowl and make requests to give us this grant or that grant, but certainly when indirectly a benefit is conferred on my Province along with the other Provinces, I should be ungrateful if I did not appreciate the benefit which has been conferred on the United Provinces.

Sir, my friend, Sayyid Murtuza Saheb Bahadur, has just now made a very feeling speech, but I am very sorry that, when he will read his speech in print, he will find that he forgot to put meanings into his words. There was not much in his speech except mere sentiments. He espoused the cause of the depressed classes with great earnestness. I am sorry that a gentleman coming from Madras, where the depressed classes even to this day are tyrannised more than in any other Province, should come before this House and teach us . . . .

Maulvi Sayyid Murtuza Saheb Bahadur: Not by the Muslims.

Sir Muhammad Yakub: There are no depressed classes among the Muslims, and, as regards the non-Muslim depressed classes, we have always shown the greatest sympathy for them. If the non-abolition of the duty on hides would in any way really help the depressed classes and if my friend can prove by facts and figures that the retention of this duty would help the depressed classes, I would be the first man to go with him in the same lobby. But, Sir, if my Honourable friend will look into the facts and figures, he will find that facts are otherwise. The retention of the duty on hides has hit hard the depressed classes. You go to the United Provinces, you go to Bengal, and you will find that hundreds and thousands of people, belonging to the depressed classes, who were working in hide factories, which are lying idle today, are suffering on account of want of work, and they are starving for want of bread, because the hide and skin trade has suffered to a large extent.

Many speakers, including my Honourable friend, Mr. Vidya Sagar Pandya, laid very great stress on the point that the imposition of the hide export duty would encourage the tanning industry in India; in fact, that is the only argument which has been in so many ways put forward on behalf of the speakers on the other side. But if I could show them that the imposition of the duty has not in any way helped the tanning industry in this country and that the abolition of the duty will in no way injure the case of the tanning industry in India, of which I am as much a supporter as my Honourable friend, Sayyid Murtuza Saheb Bahadur, then, I believe that they will go with me into the same lobby. When this duty on hides was levied, its object was considered to be "to convert into fully tanned leather or articles of leather, so far as is possible in India, or failing

this, in other parts of the Empire, instead of being exported in a raw state for manufacture in foreign countries". But let us see whether this expectation was fulfilled or not. The Indian Taxation Enquiry Committee of 1924-25 fully went into this question, and the conclusion at which they arrived was this:

"The last of the existing export duties was that on hides and skins. This was first designed mainly as a measure of protection to the Indian tanning industry, and to divert the tanning of Indian hides from Germany to the British Empire."

Further on, they say that the experiment failed to achieve either object:

"The Indian tanning industry did not succeed in establishing itself in the manner which was expected when the duty was imposed. The export of hides from India has fallen to about one-half the pre-war figure, and the greater part of the trade has again passed to Germany. The Fiscal Commission condemn the duty as wrong in principle on the ground that if protection was needed it should be obtained through an import and not through an export duty and consider that it failed in its object. Recognising the defects of the duty the Government of India in 1923 reduced the rate to five per cent and abolished the ten per cent preference on hides and skins tanned in the British Empire. The retention of the duty in its modified form was due to the need of revenue. The Committee by a majority agree with the Fiscal Commission in considering the duty on hides to be wrong in principle and dangerous in its effects."

As regards the increase of the tanning industry in India after the levy of the export duty on hides, I would say that facts prove that the tanning industry has not in any way increased, on the other hand, with the depression in the hide trade of the country, the tanning industry also has gone down:

"For the last 6 or 7 years the number of tanners who tanned hides in India and turned them into leather is decreasing day by day. In Calcutta there were two big tanneries owned by Messrs. Bird and Co., and Graham and Co., but they have now stopped work. The object of the duty was that all those hides which are produced in India would be utilised by the tanning industry in India. That is not so The real tanners buy hides from the slaughter house and they buy the best of the kind, and that also in the wet stage. The hide merchants all over the country are penalised by the imposition of this duty. They have got five of six kinds of hides . . The foreign buyers are not anxious to buy our high quality hides. They produce high quality hides in their own country, and they do not require them from us."

So, it is not the hide which is used for the tanning industry in India which is exported to foreign countries, but it is the surplus, the inferior class of hides for which there is no use in this country which is exported, and the trade in which has suffered on account of the imposition of this duty.

Diwan Bahadur A. Ramaswami Mudaliar: Whose speech is that?

Sir Muhammad Yakub: This is from the speech of a gentleman who had a personal knowledge of the hide industry in India.

Diwan Bahadur A. Ramaswami Mudaliar: It is not from any report?

Sir Muhammad Yakub: This is not a report:

"That is the reason why the German people took inferior quality of hides because they have got their secret processes of tanning. They have this secret industry just as they have the dyeing industry. They buy these inferior quality hides from India, give it an artificial strain, and then export it as an article of manufactured leather to different countries of the world."

[Sir Muhammad Yakub.]

This will show that the tanning industry of the country does not in any way suffer on account of the levy of the tax on hides. The second reason, as my Honourable friend, Mr Vidya Sagar Pandya, has himself pointed out, is that India is a very huge country and we produce about one-third of the cattle of the world. I very much sympathise with his effort for the preservation of the cattle in India, and I am not in any way behind him in my desire to see that the cattle in India are preserved. But, Sir, cattle, like human beings, are not immortal; die they must in spite of all the desire of my Honourable friend, Mr. Pandya. We can only see how the hides and skins can better be utilised for the benefit of the country if an animal is slaughtered or dies. I quite sympathise with my Honourable friend when he says that there are certain agencies in India which starve the animals; they do not use them for any beneficial purposes, but merely keep them in what then call *goshalas* and other places. They are half fed and starved there, and they die a premature death. I would support my Honourable friend, Mr. Pandya, if he moves the Government that a law should be made to abolish these institutions where animals are half-fed and starved and made to die a premature death . . . .

Bhai Parma Nand (Amabla Division: Non-Muhammadan): I do not think the Honourable Member has seen any of the *goshalas* which he is damning.

Sir Muhammad Yakub: I am not damning them. I am only supporting him. I am not interested in the *goshalas* as my friend is not interested in the hide trade, but I only sympathise with him and I associate with him that no cruelty should be shown to these animals. They should not be kept in a half starved condition and allowed to die a premature death. I also express my gratitude to my friend, Mr Pandya, for the defects which he has shown in the manner in which the hides and skins are handled in this country. I am sure that, with the abolition of this hide duty, when our trade will increase, when our exports in hides will increase, the hide merchants would be in a better position to use scientific methods and to improve the quality of his product. To sum up the wholething, the hide duty is objectionable, because it has ruined a very great trade of the country, it has not in any way improved the tanning industry in India and it has not helped in any way the depressed classes. On the other hand, hundreds and thousands of depressed classes have fallen out of work on account of the depression in the hide trade. I hope that my friend, Sayyid Murtuza Saheb, will in a calmer moment give a second thought to what he has said, and he would, like me, support the abolition of this duty and oppose the amendment of my friend, Mr. Pandya.

Diwan Bahadur A. Ramaswami Mudaliar: Mr President, I am sure, the duty that faces me this afternoon is one of the most difficult that I have ever had to discharge in this House. It is pleasant enough to attack the Government proposal, but it is most unpleasant when you realise that people beside you, people in front of you and people behind you, some of them at any rate, are likely to attack you for the proposals that you put forward. Mr. President, the Honourable the Finance Member has started the tanning industry in this country by a proposal which he did not give the slightest indication was going to be put forward this year I venture to assert that the industry has had no notice at all that a reversion of policy was going to be made by the

3 P.M.

Government, and the industry was not put on its guard, that the time had come when the Government would take off this export duty. On the other hand, indications had been through repeated debates in this House and through votes in this House that the Government were going to continue the export duty even if they were not prepared to advance as far as the tanning industry required them to advance. This proposal has been very often suggested to be a duty merely for revenue purposes, and I should like to refer to a fact which has been adverted to by Honourable Members already that the initiation of this proposal was as a protective measure and not a revenue measure. During the War, the Government of India realised as they never did before that the tanning industry was one of the key industries for every country. Germany had realised it long before, and when my friend referred to the very large export of raw hides in 1912-13 and in the years before that, let them remember that Germany was laying store of what was necessary for her military tendencies and military work, and that was the reason why raw hides were exported in such large quantities. This Government did not have the vision to look so far ahead as Germany did They were not prepared for such a Great War. They did not take into consideration the way in which Germany would use our raw materials, and it was only during the War that they woke up to the fact that here was a material which could be used, which could be tanned and which formed a very important factor in the successful conduct of the War. As I said, the Government collared the whole of the tanning industry in such infant stage as it was then. They took it over themselves, carried it on for three years and tried to make all the materials that were necessary for prosecuting the War successfully. We have heard a great deal about the scandals in Mesopotamia, and it was the late Mr. Edwin Montagu that said that this Government were an antediluvian and wooden Government which did not know what to do in times of crisis, but let it be given credit for this one fact that, so far as leather was concerned and boots and other things were concerned, this Government could not have been accused even with reference to the Mesopotamian scandal. That was what my friend, Mr. Pandya, was referring to when he said that this Government and this country owe a debt of gratitude to the tanning industry and to the whole trade in raw hides which came to its relief in those dark days of the War.

Sir George Barnes, in 1919, visualizing the condition from past experience, suggested that they should put an export duty on raw hides and raw skins, so that this country can develop the tanning trade and at a time of crisis like that, when England cannot send her tanned goods to our country, because the seas were no longer safe, we should be self-contained, nay, more, we should be in a position to supply to all parts of the British Empire, should such an eventuality arise again. That was why, Mr. President, he suggested an export duty of 15 per cent. on raw skins and raw hides, but for the British Empire he suggested an export duty of only five per cent. We talk a great deal about Imperial Preference, but Honourable Members, who were in the old Legislative Assembly, accepted the proposal for an Imperial Preference which was one of the earliest proposals of that kind and cheerfully adopted the suggestion of the Government that the export duty on raw hides and raw skins to non-British parts of the world should be 15 per cent. and to the British Empire five per cent. What happened then? The Honourable the Finance Member must realise that that was a protective export duty, that it was not a duty for

[Diwan Bahadur A. Ramaswami Mudaliar.]

revenue purposes, and I am sure he has read the debates of 1919 and has come to realise that in its inception it was a protective duty and not a revenue duty. In those days we had no Tariff Boards. We had not developed our economic conscience and our commercial conscience to such an extent as to think that a Tariff Board was the last word on subjects of the kind, and the Government of India on their own initiative evolved a measure of protection that was necessary for the industry. It went on for some time and then suddenly the policy was again reversed, not at the instance of the industry, but against its wishes, when in 1923 they reduced it to five per cent. all round, both for the British Empire and for non-British parts. From that time, repeatedly, some persons, who think that they are interested in the trade of raw hides, and it will be my duty to show that they misunderstand the interests of that particular industry, some persons, who think that they are interested in the trade in raw hides, have been agitating against the abolition of that trade. Time after time the question was raised in this country. On one famous occasion, which has been already adverted to, when the Government of the day wanted to abolish it the non-officials voted in a body against it. They came to the help of the tanning industry and, by an equality of votes and with the help of the casting vote of the President, if I may venture respectfully to say so, one of the most important occasions, in which the casting vote was rightly given, the Government were defeated and rightly defeated. The *status quo* was maintained.

This question has been agitated on every Budget occasion. Last year, there was a long speech by my friend, Dr Ziauddin. In the previous year, there was another speech by him and by other Members, but unfortunately the Government did not give the slightest inkling of any yielding on this matter. Then, I ask myself what is this Asian mystery today that the Honourable the Finance Member should come forward at a time when his revenues are dropping to give up this source of income. What is this Asian mystery that at this time my Honourable friend thinks the revenue to be so insignificant as to give it up and to propose the abolition of a revenue duty? Now, my Honourable friend suggested that the exports were falling and that this paltry sum of five lakhs might not even be realised next year and probably that will be his justification. I venture to think that he is not right even in his figures. I venture to think that the export trade in raw hides is not falling, that it is increasing today, and that if it was falling in a particular year, it was due to circumstances other than those connected with the requirements of Germany or any other country. A book published under the direction of the Government of India—"A Review of the Trade of India" says—I am referring to the book for 1932-33:

"The total value of the foreign trade in hides and skins has fallen from 8.92 lakhs in 1931-32 to 7,43 lakhs in the year under review--a fall of sixteen per cent"

Then it goes on to say:

"The main reason for this decline as explained in the earlier issues of this review, is the trade depression which led to a reduction in the demand for hides and skins."

What is the position since then? Let me refer to the latest Accounts of the Sea-borne Trade. I will give my Honourable friend the figures for the last ten months of this year in comparison with the figures of previous years. The total foreign trade in buffalo hides was 2,338 tons in 1931-32, for the first ten months, 1,296 tons for the first ten months in 1932-33

and 2,171 tons for the ten months of this year, so that you will find that the trade is reviving, and that in this year it is practically the same what it was in 1931-32. Take cow-hides again. In 1931-32, it was 11,627 tons, in 1932-33, it was 9,177 tons, and in 1933-34, it was 13,407 tons—about fifty per cent. more than last year and about 20 per cent more than the year before. Is that a justification? Does my Honourable friend suggest that these figures give him a justification for stating that the export trade in raw hides is falling? If so, we read these figures entirely in contrary directions. The trade is going up. Let me take, again, the figures for Germany. He says, they have fallen, but he should take other countries also. If the German trade has fallen, the Italian trade has grown up, the Grecian trade has grown up. Germany may have half a dozen reasons why she is not taking as much of this product from India as she used to do. We know that economic nationalism is the cry of the day. Every country tries to be self-contained, and every country wants to have a proper trade balance in her favour.

Now, if you look at the figures of German trade with this country, you will find that the last year and the year before we had a favourable balance of two crores or three crores with Germany, whereas, during the ten months of this year, we are having a fairly equal amount of trade and no favourable or adverse balance with reference to Germany. Germany is trying to have her trade agreements, as India is trying to have her trade agreements. She also tries to turn her eyes to other countries so that she may take in the products of those countries and thus sell her products to them, and, therefore, I venture to think that it is an altogether wrong inference to draw from the fact that Germany is not taking as much of our goods as before and is diverting her attention to other countries, that the five per cent export duty is the real cause. My Honourable friends were pleading for the poor people who were not able to get their proper prices. My Honourable friend, Dr. Ziauddin Ahmad, will probably admit that the prices of raw hides in this country have been steadily falling for the last three years. May I ask if my Honourable friend admits that fact? (*Dr. Ziauddin Ahmad*: "Yes.") My Honourable friend says, "yes" and I am very glad of that admission. Now, let us turn to another feature which will really give the explanation for this fall in the export trade, and I say that that is due to the middleman and not to the poor man who owns the raw hides. Sir, in this book there is a very interesting page which gives a statement of the declared value per unit of the principal articles of exports during the month of January, taking a typical month, in 1931-32, 1932-33 and 1933-34. Now, taking the raw hides, the value per unit, which is a hundredweight, in 1931-32 was Rs. 22-15-6, in the corresponding month of 1932 it was Rs. 28-14-6, and, in January of this year, it was Rs. 22-13-2. Now, does not the Honourable the Finance Member find an explanation for the drop in exports in 1931-32 and the rise in the ten months of this year so far as the export of raw hides is concerned? It was the middleman that was making the profit—it was not the five per cent which was in your way. Sir, in January, 1932, he puts the price up to Rs. 28 and odd, and your five per cent would not have given him any disadvantage, and it is his profiteering that is responsible for the sharp decline in the quantity of exports. Naturally, Germany turned to other countries when this man put up the prices so badly, and when the exports of this year have gone up, you find again a relationship between the two in the fact that the declared value had fallen again to Rs. 22 . . . . .

The Honourable Sir George Schuster: Would my Honourable friend clear up one point? He talked about January, 1931, January, 1932 and January, 1933, but he has been giving figures for the years 1931-32, 1932-33, and 1933-34, so that the January referred to in each case must be 1932, 1933, and 1934.

Diwan Bahadur A. Ramaswami Mudaliar: I admit I was entirely muddle-headed, but that was due to the wrong printing for which my Honourable friend is partially responsible. The years given are 1932, 1932 and 1934, I suppose the years must be 1932, 1933, 1934, the second figure is wrong.

Now, in January, 1932, the figure was Rs. 22-15-0, in January, 1934, it was again Rs. 22-13-0. It is the same with reference to raw skins. In 1932, January; it was Rs. 72, in 1933, January, it was Rs. 89, and in January, 1934, it was Rs 77, and when the declared value goes down, but the people want to export and these middlemen, agents of the foreign companies, want to export at reasonable prices, you will find that a reasonable quantity of either raw hides or raw skins is exported, but when they want to put up the prices so egregiously, naturally Germany is not going to take it; but I ask again—is it a fact that only because of this five per cent duty the exports to Germany have gone down? Take this question of the tanning industry. I do not know wherefrom my Honourable friend, Maulvi Shafee Daoodi, got his figures under the tanned hides and their value. I have got certain figures regarding tanned hides, and my friend, Mr. James, also gave, in the course of his speech, some figures, and the value of tanned hides which were exported is:

In 1929-30—3 crores 43 lakhs,
In 1930-31—2 crores 59 lakhs,
In 1931-32—2 crores 12 lakhs
In 1932-33—1 crore 62 lakhs.

The value has fallen because of the fall in prices and also because, owing to the depression all over the world, the quantities consumed in every country have diminished . . .

Maulvi Muhammad Shafee Daoodi: You are taking the value, or the number?

Diwan Bahadur A. Ramaswami Mudaliar: . . . . . and I was going to say that the number could never have been seven hundred and odd.

Maulvi Muhammad Shafee Daoodi: I quoted the number.

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend quoted the number, no doubt. My Honourable friend has quoted the tons no doubt but he will easily realise as I have given the comparative values, that if 14,000 or 12,000 tons were valued at Rs. 2,20 lakhs, 896 tons cannot be valued at Rs. 1,29 lakhs.

(Interruption by Mr. A. H. Ghuznavi.)

My Honourable friend, Mr. Ghuznavi, is an expert on hosiery, but I am still to realise from the speech that he may make hereafter that he is also an expert on hides and skins.

Maulvi Muhammad Shafee Daoodi: May I know where you have got these figures from?

Diwan Bahadur A. Ramaswami Mudaliar: I have got them from trade returns which have been supplied to me by the tanning industry. Now, Sir, my Honourable friend wanted some figures of tanned hides. Let me give him those figures. I shall take them now from an authoritative source which my Honourable friend cannot contradict. It is the "Review of Trade of India", page 112. The quantities are given here. Tanned cow hides exported in 1930-31, were 9,900 tons, in 1931-32, they were 8,900 tons, and in 1932-33, they were 7,900 tons. I suggest to my Honourable friend that he just omitted a cypher in each one of his figures. He turned them into hundreds, instead of thousands. I want to suggest, Sir, that it is wrong to think that raw skins are absorbed in this country only to the extent of tanned hides which are exported. There is a great deal of tanned hide which is used in this country and which does not come into these calculations which show only exported quantity. But I appeal to the experience of every one of the Honourable Members whether they are not aware that subsidiary industries have grown up enormously during the past few years. Are they not aware of the bags, the suit cases and other leather articles that are being made in Delhi, in Cawnpore and in Calcutta? These articles are also being manufactured in Madras and in Bombay. Let them go anywhere near the Crawford Market in Bombay and see for themselves the extent to which manufactures of leather bags and other similar subsidiary industries that have grown up. These articles are not made from imported tanned leather, but they are made from the tanned leather of this country. Therefore, if you are really going to have an estimate of the effect of the consumption of raw hides in this country, you must take into consideration, not merely the total exported quantity of tanned hides, but the quantity of hides that are used in the country after they have been tanned. That is the fallacy in which my Honourable friends, who are opposing this motion in the name of the raw hides, have fallen.

Maulvi Muhammad Shafee Daoodi: Could you tell us how much is consumed by these firms?

Diwan Bahadur A. Ramaswami Mudaliar: I have not got the statistics and I hope the Honourable the Finance Member, in view of the expert investigation that he has started, will be able to find some way of getting the statistics. But at present we have not got them, and I am very doubtful if even the Government have got them. I know that tanned hides are absorbed in large quantities in every Province. Is it or is it not a fact that in our country industries like the making of bags have grown up enormously during the past five years and that the material used by them is the tanned hide and tanned skin made in this country, and not the tanned hide imported from abroad? If my Honourable friend wants some further corroboration of the fact, let me refer him to the sea-borne statistics again. You must get leather from abroad if you want to make it for any purpose. Now, what is the total quantity that is got from abroad? The total value of all leather—hides, skins, and everything in leather consumed—is about Rs. 58 lakhs. That is the total value of all the hides and skins and everything else appertaining to leather in the finished state that comes from abroad. We know that in these subsidiary industries a great deal more is used, and, therefore, we are driven to the conclusion that the tanning industry in this country supplies the difference.

[Diwan Bahadur A. Ramaswami Mudaliar.]

Now, my Honourable friend, instead of helping that industry, instead of developing this key industry, instead of making this country self-contained in this matter, wants to remove this export duty and does not touch other things which affect the industry. For instance, tanning bark has an import duty levied on it. He does not remove it. The tanner has to pay an extra amount by way of import duty for getting the bark with which he has to tan the leather.

Maulvi Muhammad Shafee Daoodi: Let us join in that.

Diwan Bahadur A. Ramaswami Mudaliar: You are hitting the industry in both ways. This bark is imported from abroad and it is used in the tanning industry. There is a duty of 15 per cent. on that. If he wanted to give a relief to the industry, why did he not remove the duty on tanned bark instead of removing the export duty on this? That would have been fairer to the tanning industry. Sir, I want to repeat that the quantity of raw hides absorbed in his country is very much more and will continue to be much more than can ever be exported to foreign countries. There is no use in comparing the figures of 1912-13 and of 1914-15 with the figures of today. We have not got the figures of the quantity of raw hides that are absorbed in this country. Even if we utilise our knowledge that a great deal of these raw hides are used in this country and made into tanned hides, I say that it is time that this industry should turn its attention to local use and to local manufactures and should not rivet its attention on other things. What will be the effect? Let us take a long-side view I heard in Germany that attempts were being made during the last three years to provide for some sort of composition stuff which will replace leather. I do not want to enter into questions relating to the military policy of some of the countries in Europe, but I know that Germany is looking ahead to a time when it may be self-contained during a crisis, and scientists have already tried to invent a substance which can replace leather and which can be used very greatly. That has also gone to deteriorate the extent of our exports to Germany. My Honourable friend has not taken that into account.

Let me put the reverse proposition. It was my privilege to know, during the course of the inquiries of the Army Retrenchment Committee, and my friend, Sir Muhammad Yakub, if he were here, could have borne me out, that in this country also the Army depends upon the existence of these factories for supplementing its requirements should an emergency arise. The proposal was put forward by the Director of Army Contracts that the Cawnpore factory should be further extended and that a stock of leather articles should be maintained. Further, that the Cawnpore factory should be in a position to turn out larger quantities of shoes and other leather materials, such as harnesses, saddlery, etc., which are produced there from raw hides and which should now be prepared from tanned hides and used in the country. Now, the answer which the Retrenchment Committee gave and which the Army authorities accepted was this that, so long as there is the tanning industry in this country, and so long as Government could at a moment's notice turn to this industry and get their requirements at any time, there was no need either to extend the Government factory at Cawnpore or to maintain larger quantities of stocks. Now, what is my Honourable friend doing? He wants

to stifle the tanning industry. At any rate, he wants to make it so difficult for the tanning industry that it is very doubtful whether it can keep up its present production, let alone the possibility of its extension. I venture to point out as a bare economic proposition apart from questions whether the Mussalmans are engaged in it or the depressed classes are engaged in it and apart also from all questions of provincial rivalry, that, from the highest point of view of the interests of this country, both military and industrial, it is necessary to maintain our tanning industry and to develop it.

My Honourable friend's predecessor, Sir George Rainy, when a similar motion was made in this House, said that he would consult Local Governments and devise a scheme by which a cess could be substituted for this export duty. If my Honourable friend had taken these five lakhs which he does not want for revenue purposes and thought of distributing it to the co-operative societies which will buy hides and skins from these poor people, the *chamars*, and thus help them to get a fair price for the tanning industry, I would welcome it. But that is not what he does. Whom is he going to benefit by removing this export duty? In spite of what my Honourable friend opposite may say, I say emphatically that it is not going to help the producer, the owner of the raw hides and skins. It is definitely going to do a disservice to the tanning industry in this country. Look at what other countries have done, while we have no help in the matter. Germany puts a ten per cent. duty on tanned hides, she imports raw hides free of course. America puts a ten per cent. duty on tanned hides, she imports raw hides free. The entire bulk of our tanned hides which are exported goes to the United Kingdom and nowhere else. I understand that even some of the colonies charge a duty. All other countries want to get raw materials from abroad instead of getting the tanned material as leather; they are anxious to develop the tanning industry in their own country even when they cannot have raw material. But here in India my Honourable friend, the Finance Member, invites this side of the House to go with him to the lobby, to do what? Where we can get material on the spot, where God and nature have given us all the advantages of raw material, my Honourable friend wants us to export that raw material to foreign countries and import that back into our country as tanned goods. My Honourable friend, Mr. Ghuznavi, shakes his head. His mysteries and mysticisms, I am unable to understand. But I venture to think that we, who are living in an age of protection, we, who are thinking of protection for the various commodities, should turn our attention to this most important of all commodities. Somebody said that very few of us wear shoes in this country. I remember to have read that, when the firm of Battas came and established themselves in Calcutta, it was alleged as the goal of the proprietors of that Company that they will make every naked foot in India wear a shoe. If that is the ideal which a Czecho-slovakian merchant has got, to put into this country enough shoes, so that all naked feet can be clothed, my Honourable friend, Sir George Schuster, goes to the other extreme and says: "let those who are wearing boots and shoes take them off".

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): It is healthier for India.

Diwan Bahadur A. Ramaswami Mudaliar: All the diseases come to man, because he does not wear shoes. Diseases like hook-worm come to man . . .

Mr. Amar Nath Dutt: That theory has been demolished.

Diwan Bahadur A. Ramaswami Mudaliar: But the disease has not been demolished, unfortunately.

I do not want to detain the House very much longer. I suggest that if the export quantity of raw hides has fallen, there has been a corresponding fall in the exported quantity of tanned hides also. In 1931-32, the exported amount of raw hides was 16,000 tons and of tanned hides was 10,000 tons. In 1932-33, the exported quantity of raw hides was 13,000 tons and tanned hides was 9,000. In the nine months from April to December, 1933, the export of raw hides was 14,000 and tanned hides 9,000. These figures compare with the 22,000 tons of the one and 11,000 tons of the other in 1930-31, so that this decline is really due to the depression that has come over the country and it has absolutely nothing to do with the five per cent. export duty that has been levied. Sir, I venture to hope, in spite of the strong differences of opinion among certain Members in this side of the House, that the industry has made out a case for the maintenance of this five per cent. duty, and, in fact, they ask the Government to take serious steps to see how that industry can be developed and to what extent protection is required. As I said, I am conscious that on this occasion I am fighting a losing battle particularly if the serried ranks opposite are driven to the "No" lobby at the dictation of my Honourable friends who sit on the front Benches, if they are chivalrous enough to leave it to the free decision of this House on the Non-Official Benches,—it is a sporting chance and I am willing to accept—even though the dice is loaded against us—the result would be five additional lakhs in his pocket. I have had to listen to the most extraordinary propositions that I have had to listen to even in the course of this extraordinary Budget discussion this year, at any rate, let me have the consolation, let the industry have the consolation, let my Honourable friends, who have spoken in favour of it and those who would vote in favour of it, let them have the consolation that we on our part have pleaded, not merely in the interests of the great industry because a Commission had said that this was one of the three key industries in this country, not merely in the interests of the industry, not merely in the interests of the country, but in the interests of the poor man who owns raw hides and raw skins. Sir, I have done.

Mr. A. H. Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): Sir, I am getting myself a little bit nervous. All these days we have been listening to the Bombay Budget, hereafter we shall have the Madras Budget,—my Honourable friends from Madras one after the other firing against the Honourable the Finance Member. The fault is that my Honourable friend, Sir George Schuster, is trying to see that my friend, who is an *ex*-M.L.A.,—Mr. Jamal Mohamed Sahib,—does not put five lakhs into his pocket. The whole thing, as my Honourable friend said, is that as Mr. James is the brain of the European Group, so in all the discussions that we have heard today defending the five per cent. duty, Mr. Jamal Mohamed's brain is working here. Mr. Jamal Mohamed has got a mania with regard to two things. When he was in England at the Second Round Table Conference, day in and day out, I heard two things from him, the one was the ratio that it should be 1*s.* 4*d.*, and not 1*s.* 6*d.*; and the other was the duty on hides.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

A lot has been said as to why the Finance Member is not taking advantage of the five lakhs at a time of depression like this. The Honourable the Finance Member, as a very intelligent and shrewd man, knows that he is not losing these five lahks at all by taking away this duty. He will get hides exported to such a great extent that the railways would be earning, the Posts and Telegraphs would also be earning, and in fact every branch of the administration would be earning by this export of hides and skins. (Laughter.)

An Honourable Member: Income-tax would also increase.

Mr. A. H. Ghuznavi: Yes, super-tax and income-tax will increase and all Departments, such as the Railways, the Posts and Telegraphs will get more money. Now, let us discuss this point. Unfortunately I was not present at the beginning of the speech which my Honourable friend, Mr. James, made today, so I do not know what he said at the beginning. We know in Bengal that if one has got the worst case before a Court, he goes to the ablest advocate and he always goes to the Advocate-General to defend the case when he has got no chance of winning it. Similarly, here there is a very bad case before us, and we heard the most wonderful advocacy that we ever heard in this House from my Honourable friend, Mr. James. But my Honourable friend knows in his own mind that he had no case at all. I have also another admiration today about Madras Members. Everyone of the Members from Madras knows that whatever they say, they do not believe in it. (Laughter.)

Diwan Bahadur A. Ramaswami Mudaliar: I rise to a point of order. It has been held both in another place and in this House that to suggest that an Honourable Member does not believe in the truth of what he says is a gross reflection on the Member, and I suggest that the Honourable Member might withdraw that statement.

Mr A. H. Ghuznavi: I apologise and withdraw that statement. I hope that will satisfy my Honourable friend.

Now, let us see about the duty on hides. A 15 per cent. duty was imposed in 1919. That continued up to 1923. I shall now give the figures from the Seaborne Trade, and not from the figures given by my Honourable friend every one of which was incorrect.

Diwan Bahadur A. Ramaswami Mudaliar: I was also giving the Seaborne Trade figures.

Mr. A. H. Ghuznavi: You might have got a wrong copy of it. (Laughter.) The exported tanned hides during 1919-20 was 24,000 tons. The average of exports from 1920 to 1929,—and remember, Sir, that up till 1923 we had that 15 per cent,—fell to 11,353 tons, which was less than half. Then, in 1930-31, it was 1,199 tons, and in 1931-32, it was 756 tons.

Diwan Bahadur A. Ramaswami Mudaliar: May I ask my Honourable friend what is his authority for those figures?

Mr A. H. Ghuznavi: I am not going to be interrupted every time, as I want to develop my argument.

[Mr. A. H. Ghuznavi.]

Now, Sir, why this noise about five per cent? I shall explain. This so-called tanned hide gets five per cent more value in London than these raw hides. Once you take away this five per cent, Mr. Jamal Mohamed will lose five lakhs of rupees from his pockets. This tanned hide, which is known as rough or undressed, as it cannot properly be tanned in this country, is sold in public auction in the United Kingdom. I want to know whether my Honourable friend can challenge that statement.

Diwan Bahadur A. Ramaswami Mudaliar: Why should I challenge it?

Mr. A. H. Ghuznavi: Then, you have no case. Sir, there are three distinct classes of tanned leather having separate consumers: (1) The Madras tanners, who produce a rough or undressed tannage, which is exported principally to the United Kingdom and sold there periodically by public auction: (2) Cawnpore and other tanneries which are supported chiefly by Government orders for harness, etc., and which also supply to some extent local needs for better class leather: (3) and the third class that is the village *mochi* and the village tanner combined; and the village tanner and the village shoemaker will never buy Mr. Jamal Mohamed's tanned hides, but they tan leather themselves. The village tanner, to be found throughout the length and breadth of India, has from time immemorial supplied and continues to supply today the requirements of the rural population.

Therefore, Nos. 2 and 3 are practically unaffected by foreign competition as they tan exclusively for local requirements in respect of which imported leather does not come into competition.

Now, Sir, this export of hides has been one of the biggest trades in India. Nowhere is there an export duty on hides except in India, and this is what I find in a speech made by the Chairman of the Asscoiated Chambers of Commerce, Mr. C. C. Miller, on the 9th January last.

Mr. F. E. James: He was not the Chairman; he was one of the representatives of the Bengal Chamber of Commerce.

Mr. A. H. Ghuznavi: I am sorry. He said that nowhere in the world was there an export duty on hides, but we had it here. And then he said that the first and the most essential fact was that a trade, which 20 years or so ago, was one of India's foremost trades, had year by year diminished in volume till it had become but a shadow of its former self. Then he says that exports to Germany were 46 per cent or nearly one-half of Germany's total requirements, and that now the figure has been reduced to 16 per cent. He said, we could get 46 per cent of the German trade, but now we could not get more than 16 per cent. Then he further points out, as I said, that no other country in the world levies an export tax on its hide and skin trade and indeed one country, *viz.*, South Africa, has subsidised this trade with a large bounty. India alone stands handicapped by her own Government, and, under the handicap, a great trade is dying. Then he quoted Sir John Strachey who said in 1880:

"Export duties enjoy the cdedit of having ruined the Indian trade in saltpetre. They were taken off when it was too late to repair the mischief."

It looks, said Mr. Miller, as though somebody will be able to say precisely the same thing in a very few years' time regarding India's export trade in hides and skins.

Now, Sir, a lot has been said to the effect that it is the middleman who is going to make the profit and it is not the masses. There, again, it is not the middlemen, but the depressed classes who matter. Sir, we have nothing to do with the middlemen or the depressed classes. We are looking at it from the point of view of the masses. The middleman will not buy hide if he cannot export it. Who makes the money? The masses want to sell the hide, and, if that is not bought, do not the masses suffer? The quantity of hides is increasing—not decreasing in the country; but nobody touches it now—there is no price you can get for it, because you have put on a heavy duty. One firm at Karachi has shown that, because of this five per cent duty, he cannot compete in foreign markets. Here is a quotation from a telegram of the 26th January, 1933:

"Today's quotation for 8-9 lbs. Agra Arsenic Cows is 8¼*d.* per pound, whereas for Addis Abeba Butchers, a selection competing with Agra's is 7½*d.* (Diff. ¾*d.* per pound.)"

—it works out exactly to five per cent—

The quotation for Durbhangas Double Rejects 5-6 lbs. is 5½*d.*, whereas Addis Abeba competing with these and giving a better selection a price of 4¾*d.* is asked (Diff. ¾*d.* per pound).

From Karachi:

"Last week I offered 1,000 pieces certain hides at the price of 6¾*d.* per pound c. i. f. this price included my small profit and the five per cent duty. The buyer would not pay more than 6½*d.* If I could have got off the export duty, I could have put the business through at 6½*d.* and even paid a shade more for the hides without loss. But as it was we were at a deadlock, I could not make ends meet at 6½*d. cum* duty and had to abandon the deal."

I shall not take up more of the time of the House, but I will say this: my Honourable friend was asking for protection for the tanners. After the War, in 1918, several tanneries were started all over India. But excepting Mr. Jamal Mohamed, a group of tanners, largely in Madras, all the products of the other groups in Madras were bought up by Mr. Jamal Mohamed himself (*Honourable Members*: "No, no.")—they are not shippers—Mr. Jamal Mohamed ships them . . . .

Mr. V. Ramakrishna (Madras: Nominated Official): There are other exporters, European as well as Indian.

Mr. A. H. Ghuznavi: Then that is not correct: but he is the biggest . . .

Mr. F. E. James: No.

Mr. Vidya Sagar Pandya: On a point of order, Sir. May I ask whether it is proper on the part of the Honourable gentleman to go on making references and saying that five or ten lakhs is going into the pockets of a gentleman who is not here in this House to defend himself?

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member is pointing out only the effect of the removal of this duty.

Mr. A. H. Ghuznavi: My Honourable friend has made several remarks about several persons who were not present in this House on several occasions, and from tomorrow I shall be quoting his speeches which he has been delivering here in previous years. He has attacked several people behind their backs . . . .

Mr. R. S. Sarma (Nominated Non-Official): But that is no excuse why the Honourable Member should do the same.

Mr. A. H. Ghuznavi: As I was saying, they started several tanneries in Bengal. 1919 and 1920, immediately after the War, were boom years and they managed somehow. After 1921, all collapsed—not one tannery remained. My Honourable friend, Mr. Sarma, knows about the big tannery started in Murshidabad—they all collapsed, and the reason was that the climatic conditions were against tanning. It could not be done in Bengal; and even in Madras they cannot conduct the operations of tanning so properly as to secure better prices: so they have to sell the thing at a lower price. That is their difficulty.

I have finished. I have said that we have made out a case for this duty to be knocked off, and I would appeal to the Finance Member that in the next year's Budget he will recommend to take off the duty on the skins also.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Mr. Deputy President, the discussion on this amendment has shown how unfortunate the position of the Honourable the Finance Member is. If he puts on new taxes, he is blamed for doing so, and he is asked why he inflicts these taxes. If he takes off any taxes, then, again, he is reprimanded for taking off a certain burden of taxation.

The discussion on recent measures has shown that the industrialists and commercialists will not spare anything to squeeze the masses, that their organisation and their opulence will draw even the last drop of blood out of the masses. They are organised and they have money; they can carry on propaganda and they can get support and they always consider the interests of a few people as against the many. These tanners are to be protected and not the primary producer or the raw producer! Millions are to be sacrificed in the interests of the few. Can we tolerate that? If an export duty is put, then the natural result is that the market for the producer is limited to a few interested people which naturally will bring down the prices as the competition is decreased and lessened. The depressed classes' name is exploited for the benefit of the tanners. The production of the tanneries has gone down every year; as has been shown, they have been taking less and less of hides for tanning into good leather. Under these circumstances, are we to deprive the primary producer, the depressed class man, who takes the skin off the dead animal, from getting a good price for his hide, because a few proprietors of tanneries might make less profits and might have to pay a more economic price for the raw produce that they had to tan? I personally cannot understand if such an attitude can be tolerated any longer, and if the masses can allow themselves to be exploited in the manner in which we find them being exploited today. Every industry, big or small, good or bad, because it is organised, can approach the Government and carry on propaganda in the press and elsewhere, and the only person who is not to be protected and who is to be sacrificed and at whose expense these people are to profit, is the consumer and the primary producer. I think that in the interests of the country, export is always to be encouraged

and imports to be discouraged, so that the balance of trade may be always in our favour. It has been shown to us by figures that our exports to Germany, which was the main market for our raw hides, have decreased because of the export duty on hides. Are we not to encourage our exports of this raw produce so that the balance of trade may be in our favour and the primary producer of hides may get an economic price in an open competition in the market? Or are we, merely for the sake of a few individuals, to sacrifice the interests of the primary producers so that a few tanneries may be helped and enabled to make huge profits as some of them have been making for some time? Sir, we cannot close our eyes to such a state of affairs. The depressed classes are more interested in the export of raw hides than the tanneries themselves, and they will get a much better price for raw hides if they are exported than if the market were limited to only a few tanneries within our own borders, because these tanneries will pay the least price, as they know that there is no other place in India which can buy these hides. I think the Finance Member has done very well in sacrificing a few lakhs to encourage our trade which is going to do a lot of benefit to the raw producers. Sir, I oppose the amendment.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, the geographical situation of Orissa is such that it bridges Bengal and Madras; and when I found that my friend Mr. Ghuznavi was so much exasperated and when he brought out my friend, Mr. Jamal Mohammed's private history and business history, I was really surprised. On the other hand, as I know that my old friend, Mr. Rafiq, from Calcutta has been circulating certain papers on the floor of the House, which are supplying brief to many Honourable Members, I can prove the case the other way. Sir, I have always supported the proposition that the export duty should not only continue, but that it should be enhanced. Two or three years ago, when the Finance Member was for the first time faced with bankruptcy,—I mean when the Government of India were faced with bankruptcy, I threw out a suggestion that one of the methods, by which the Government could get large revenues, was to increase the duty from five per cent to 15 per cent as it was before. However, there are certain political situations, there are certain political questions which face the Finance Member, which do not face us,—and the Finance Member did not like to spread his net wide in England and other parts of the world and raise the export duty on hides.

Sir, as one who has been in close association with those who have been controlling the tanning industry for the last 20 years, and knowing a bit of the history of tanning industry, my mind goes back to the agitation before the appointment of the Fiscal Commission when there was an attempt made, as my friend, Diwan Bahadur Mudaliar, rightly pointed out, to introduce Imperial Preference, and there was a hue and cry that England was the biggest competitor of the tanning industry of India, and, therefore, there should be no Imperial Preference given. I am all the more grateful to my Honourable friend, Mr. James, for his able advocacy of the tanning industry, not so much in the interest of the Madras Presidency alone, but in the interest of the whole of India.

Sir, my friend, Mr. Ghuznavi, referred to the War time activities in regard to half tanned hides. Well, India did give a good turn to England and the whole of the British Empire in supplying half tanned hides by which the Empire Army was shoed. After the War was over, my friend was right in saying that half tanned hides were sold at a very cheap price in London. There was a glut in the market. Then the policy

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of the Government changed, and it has been pointed out that in 1923 the export duty was reduced to five per cent. Not only that. As the Mover of the motion pointed out, the Indian hide suffered from certain deficiencies which the hide and leather that come from Brazil and other parts of the world do not suffer from. At the same time, as was pointed out both by Mr. Pandya and Mr. James, a large portion of the hides and skins that are available to India, probably 70 per cent of it, is utilised in India in one way or another for local consumption . . . .

Maulvi Muhammad Shafee Daoodi: That is not true. A large part of it is allowed to lie idle and to rot.

Mr. Vidya Sagar Pandya: The local consumption of hides is about six to eight times more than what is exported.

Mr. B. Das: The trouble is, my friend, Maulvi Muhammad Shafee Daoodi, whom I congratulate, because, for the first time, he has made a financial speech on the floor of the House,—is trying to quote his figures the other way about. My friend, Mr. Shafee Daoodi, is thinking in the terms of the hides that are tanned in the tanning factories and also of those which are exported by the merchants, who, as was pointed out a few minutes ago, are either German or British agents, and the few Muslim friends who are interested in the business are only acting as commission agents of these German and British firms. But what about the large number of hides and skins that are tanned by the village cobbler with which millions and millions of people are shoed?

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammedan Rural): That is a different question.

Mr. B. Das: No, it is not a different question. I would remind my friend, Dr. Ziauddin, that it is not a different question at all. If the village cobbler is able to supply the shoes to about 38 crores of people, how can we argue that the Madras tanneries or the Bombay Dharavi tanneries cannot tan all the hides and skins of India, and that, therefore, the skin and hide merchants should be allowed to pocket a little extra commission, and for that some of my friends blindly congratulate the Finance Member? Sir, I will not go so far as my friend, Mr. Vidya Sagar Pandya, went in saying that the Finance Member had got some design, that he wanted to increase his income by the increased import duties on shoes, but I somehow feel that the Finance Member has not had the time to completely survey the situation and was not perhaps very much pressed by the Commerce Member, because the tanning industry is not as vocal as some of the other industries, particularly the textile industry of Bombay. Sir, there is a proverb in my own Oriya language which says that the child which cries the most gets the largest amount of food. It has been found that some of the industries which do not need protection get protection, because they howl the most, but the tanning industry has not made much noise so far, except what that great business magnate, Mr. Jamal Mohamed, an ex-President of the Federation of the Indian Chambers, and at present the President of the South India Chamber of Commerce, has done,—there has not been any great organized agitation for protection. I regret my friend, Mr. Ghuznavi, has spoken so lightly of an eminent industrialist. My

friend went so far as to describe Mr. Jamal Mohamed's work at the Round Table Conference as consisting of two small incidents. Sir, there were many Hindu members there, there were many Muslim members there, but judging from the work that they did, I must say that the great contribution of Mr. Jamal Mohamed was his noble effort to bring Hindus and Mussalmans together and to make them see eye to eye and demand what was best for India. My Honourable friend, Mr. Ghuznavi, ought to have had some respect for an ex-colleague of his in this House and also on the Round Table Conference, and ought not to have belittled his great contribution at the Round Table Conference. I, therefore, suggest that the Government should revise their opinion and accept the amendment moved by my Honourable friend, Mr. Pandya. Otherwise the Commerce Member will be flooded with applications in his office, and if the Government are fair, they must send all the applications to the Tariff Board for an enquiry whether the tanning industry needs protection. If the criterion of protection is that any industry that manufactures 15 to 20 per cent of the consumption of India should be protected, I say then that the tanning industry, whether it is in the shape of a cottage industry or whether it is in the shape of a manufacturing factory,—the tanning industry manufactures 50 to 60 per cent of the requirements of India, and, therefore, if the Finance Member applies his axe and removes this export duty, the Commerce Member will have to take up the question in the immediate future and will have to place it before the Tariff Board. One way of giving protection is to put an export duty, and above all, who is going to take this five per cent? My Honourable friend, Sirdar Harbans Singh Brar from the Punjab, spoke of the teeming millions, and how are the teeming millions going to profit by this five per cent which will come as relief to the hide exporting trade. Where there are slaughter-houses, raw hides and skins are sold as a marketable commodity, otherwise my experience—of course I am confining my experience to Hindu villages, I have no experience of Muslim villages,—my experience is that when the animal dies, the *dôm* takes away the carcass, and it is sold away to the agents of the foreign companies who ship these hides outside. These hides are sold for a song by the village *dôm* to the agents of those who export the hides. So it is no use talking that this is an agricultural commodity or that the villager is very much profited thereby. It is a subsidiary income to the village *dôm*. I may say that in my own village, there may be 10 to 20 cattle that die in a year, and the village *dôm* sells them to the agents for export. Government can, of course, withdraw this duty by their large number of votes, supported as they are by the Punjab interests, by the United Provinces interests,—because the United Provinces Members do not think with gratefulness of the great contribution of Cawnpore to the leather industry, they are only thinking of a few friends of theirs—I am particularly making this remark, because my Honourable friend, Dr. Ziauddin Ahmad, will stand after me and speak,—I say they are thinking of the materials that have been left by Mr. Muhammad Rafiq, an ex-Member of Legislative Assembly, with them, as to how far these few exporting firms are affected. If there is deterioration of income, everybody's income has deteriorated except the income of Members on the Government Benches, because the latter have got their fixed salaries *minus* the five per cent cut. In business, everybody's income has suffered. If the exporters have got less income, so also these tanners. But this is no excuse for my Honourable friend, Dr. Ziauddin Ahmad, to rise and talk only of his friends who export hides and skins outside. Occasionally I have seen my Honourable friend, Dr. Ziauddin, wearing a pair of shoes done by the village cobbler, in which he looks much better than in his English

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shoes. Therefore, I do hope, my Honourable friend will waive their objection and allow the great tanning industry in India to continue and to live under the little succour that this five per cent. export duty gives.

Mr. D. N. O'Sullivan (Bombay: European): They say that tanning is a very lengthy process; that may be some reason for the interminable length of this debate. (Laughter.) My Honourable friend, Mr. James, of this Group spoke this morning. I am not in the same boat with regard to this motion as my Honourable friend. My Honourable friend's boat, if I may speak in those terms, might be termed a light pair, the other Member of the pair being my Honourable friend from Cawnpore who is not here at the moment,—a frail craft indeed liable to be upset by wind and tide. The rest of the Members of this Group are in a stronger, heavier craft, and I think all my Honourable friends in this Group, with the exception of the two I have mentioned, support the views I now put forward, which are against this motion.

I will be very brief at this hour. This export tax on hides and skins is a monstrous imposition, and it is amazing and incredible to me that it is only at this late stage that Government have thought fit to grant in some small way a measure of relief. In case anybody in this House thinks that I am putting the matter too strongly, I would refer him to the words of Sir Charles Innes when he was Commerce Member, speaking on this matter in 1923. The Honourable Mr. C. A. Innes, as he then was, said in a debate:

"Sir, this morning the House determined to do justice to the poor man. This afternoon I hope that they will do justice to a poor trade. Let me remind the House of the history of this unfortunate export duty. It is one of the worst mistakes that the Government of India ever made. At the end of 1919 at the height of the post-war boom, when neither the Government of India nor the trade were in a condition, I think, of real sanity "

Diwan Bahadur A. Ramaswami Mudaliar: Are they now ?

Mr. D. N. O'Sullivan:

"...the Government of India arrived at the conclusion that they were in a position to dictate the form in which their raw materials, these Raw Hides, should leave the country. Consequently they put on this extremely heavy export duty, . ."

That, I think, completely justifies what I have said. If anybody has further doubts in the matter, they have simply to read the very excellent dissenting note of my friend,—a former Member of this House and representing my constituency—the dissenting note by Mr. E. L. Price in the Hide Cess Enquiry Committee's report.

Sir, from the very inception of this tax, my Province, Sind, has stood out strongly against it. It has been said time and again that Sind is an agricultural Province with non-industrial interests, and it is a poor Province, and for these and other reasons we have always countered this measure in every possible way. With your permission, I will read a small extract from an article in one of our local papers. I hope the Commerce Member will excuse the somewhat, may I say, unequivocal vehemence of this article, but it is journalism after all, and I suppose they go on the principle that when you have a case you must put it as strongly as possible.

Mr. F. E. James: What is the name of the paper?

Mr. D. N. O'Sullivan: The *Daily Gazette* of Karachi. Do you know anything about it?

Mr. F. E. James: A lot.

Mr. D. N. O'Sullivan:

"Mr. Horatio Bottomley, who died in London in very distressed circumstances a few weeks ago, when he was the Editor of John Bull used vigorously to demand a Business Government for Great Britain. We need a hundred Horatio Bottomleys in India all demanding at the top of their voices that the Government of India shall descend from its Himalayan solitudes and take some note of what is happening in the cities and plains—particularly the plains—of India. For a long time now the Daily Gazette in company with rural and exporting interests, has been agitating for the abolition of the export duty on hides and skins, a duty which we state deliberately is not only killing the export trade in hides and so robbing India of much benefit in the exchange of goods, but is actually creating chronic poverty, distress and starvation amongst the poorest of India's rural millions. In a representation made to Sir Joseph Bhore, Commerce Member of the Government of India, on June 16th, the Calcutta Hides and Skins Shippers' Association, states that enormous quantities of hides and skins formerly exported are now 'being left to rot with the carcasses in the ground, thereby creating a dead loss to the country, the reason for this unfortunate and most unprofitable state of affairs being, that it does not pay to collect the hides as there is no profit to be gained in doing so.'

Just how much loss to India is being inflicted may be judged when a comparison of the pre-duty and the post-duty figures of exports are compared. In 1919-20, the exports were cow hides 39,427 tons, buff hides 11,655 tons, goat skins 31,248 tons. The duty was imposed in that year and the next year 1920-21, marked a great drop. Cow hides 14,063 tons, buff hides 3,307, goat skins 10,350. Since then there has been a gradual and persistent decrease until in the first seven months of 1932-33 the figures have dropped to cow hides 6,058, buff hides 865 and goat skins 5,815 tons and yet Sir Joseph Bhore is not satisfied that this serious drop is due to the imposition of the 5 per cent export duty. It takes a dickens of a lot, it seems, to satisfy these Himalayan hermits. If we are not misinformed when the late Mr. Bata, the Czecho-Slovakian mass producer of boots and shoes came to Karachi, he tried to negotiate the export of large quantities of hides and skins but found that the export duty made Indian hides more expensive than others he could obtain elsewhere,"

and so on.

Now, what are the arguments advanced as against this duty? I may state that later on I propose to support by my vote the amendment brought in by my friend, Mr. Maswood Ahmad, which includes the abolition of the duty on skins also. Now, what are the arguments put forward by Madras? I think my Honourable friend, Mr. James, was heard to say this morning that the Madras tanners provided quantities of leather in order to provide shoes for millions of people and that those people, who had two shoes before, will only have one shoe now.

Mr. F. E. James: I said no such thing.

Mr. D. N. O'Sullivan: I now come back to this very excellent speech of Sir Charles Innes on the question as to whether Madras supplies any indigenous leather for sale in the country. He said:

"I come from Madras. I used to take a very great interest in that industry, in fact I used to run a school for the benefit of that industry. But, Sir, though I come from Madras, I protest most strongly against sectional interests like the interests of Madras and Cawnpore in a House like this, a House which is representative of all India, being allowed to override the general interests of the country. Sir, what is

[Mr. D. N. O'Sullivan.]

the Madras tanning industry? I do not wish to decry it but is it an industry which makes things which are used in this country. No. The Madras tanned hide is merely a half tanned hide. It is a very useful industry in that it employs a certain number of tanners, but the product is exported, just like the raw hides are exported, to England. It is not an industry which produces anything for use in India and if you want protection for industries of that kind, take protection by all means after you go to your Tariff Board but protect them by means of an import duty, do not go protecting them by means of an export duty of this kind. Mr. Rangachariar says we have done nothing in the way of protecting these tanning industries."

and so on.

Mr. Vidya Sagar Pandya: When was this speech made?

Mr. D. N. O'Sullivan: In 1923.

Diwan Bahadur A. Ramaswami Mudaliar: There is an industry called the chrome tanning industry, the whole product of which is used in this country.

Mr. D. N. O'Sullivan: I quote from a former Commerce Member who comes from your Presidency.

Mr. Vidya Sagar Pandya: That was 11 years ago.

Mr. D. N. O'Sullivan: What then are the recent figures in connection with the export of hides and skins? In 1929-30, it was 35½ lakhs. In 1930-31, 24¾ lakhs, in 1931-32, 20½ lakhs, and in 1932-33, 14 lakhs. It has been going down every year. The only other point that was made in the speeches of those representatives, who spoke on behalf of Madras, was that the poor tanners would suffer. That was the gist of it, but that is an argument that is difficult to follow—because, if the five per cent. export duty is being taken off, then presumably the cost of hides in the country will go up, and all that these poor tanners have to do is to put up their prices and incidentally no consumer in this country will suffer, because as I said, most of these half tanned hides are tanned for export.

There is a great deal more to say on this subject, but, as time is short, I propose to sit down, and I will ask the House to agree with me and reject the motion of my Honourable friend, Mr. Vidya Sagar Pandya.

Dr. Ziauddin Ahmad: In this debate I do not like to refer to personalities, because Mr. Jamal Mohamed is a great personal friend of mine and so is Mr. Vidya Sagar Pandya and others who have taken the other side. But I stand only on arguments and inferences from facts and not on the personal relations with individuals.

First, I offer my thanks to Diwan Bahadur Mudaliar for giving me a very good chain of arguments which I am sure to use tomorrow in connection with the Textile Bill. His argument is that the best way of protection is to levy an export duty on the raw materials. In the same way, why not levy an export duty on cotton to protect the textile industries, and do away with various agreements and protective duties? If I were to propose it, the very first man to oppose it will be my friend, the Diwan Bahadur, and he will be supported by Mr. James on the other side.

Diwan Bahadur A. Ramaswami Mudaliar: I will support my friend tomorrow if he will support me this afternoon.

Dr. Ziauddin Ahmad: We will wait and see tomorrow. If my friend brings forward a proposition for the protection of tanning industry by levying high import duty on leather, I will support him. The right way of protection is to put a very heavy import duty on leather, so that the foreign leather may not come in and the entire leather may be manufactured in this country. Then it will be a tangible proposition, and I think he will find many persons on this side of the House to support the proposition. If he brings forward a proposition to abolish the import duty on bark which is used for tanning purposes, he will find a good deal of support from this side, but his proposition is a very novel one and I am afraid that very few people will be able to support him. I base my arguments on two different grounds.

The first is, as I have repeatedly stated on the floor of the House, that I hate an export duty on raw materials. The Taxation Enquiry Committee recommended that the duty should be abolished, and the Fiscal Commission recommended that the duty ought to be abolished, in this particular case. Government accepted their recommendation; and, in 1927, they brought forward a Resolution, but it was defeated by one vote. So, as far as the Government are concerned, they have practically accepted the principle that this particular duty is very unhealthy. The position from 1927 has gone from bad to worse, and I need not exhaust the patience of Honourable Members by giving more figures, and I have been giving sufficient figures about this particular point for the last four years. Sir, the export duty can be justified on three grounds. One is that we have a monopoly. Now, we all admit that there is no monopoly in hides and skins. The second thing is that it is a revenue duty. I have shown during the general discussion on the Budget that our revenue is gradually diminishing and we are not expecting the same revenue which we have been budgeting year after year. The third thing is that the entire amount is required for the benefit of a particular industry. I showed from the figures that while our exports were diminishing, our tanning figures were also diminishing at the same time—to what extent I do not challenge, but it is evident that the loss of trade has not been compensated at all by the increase in the tanning industry here. Therefore, these three arguments which can be brought forward for the imposition of an export duty do not apply as far as this commodity is concerned. Sir, I want to lay down some axioms for general acceptance and I think my friend will agree that there will be an inevitable conclusion that this duty is unhealthy and ought to be abolished. My first axiom is and we all agree that the export trade has been gradually diminishing—I do not think anybody will challenge that—from the time when the export duty was levied, the export trade in cow hides dwindled from 39,427 tons to 30,500 tons in the year 1927-28, when the Government made the proposal for abolishing the export duty altogether, and today it has dwindled down further to 11,400, that is, about one-fourth. This thing, then, is axiomatic that our exports have diminished. It is also axiomatic that the figures for tanning have also diminished, though not to the same extent; and the third proposition which I want to establish is that the world requirements have not substantially diminished, that this diminution is not due to the general trade depression because I have got the import figures for Germany in my hand and I find that in 1912 it was about five million pieces, in 1913 it was about six million pieces, in 1931 it was

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five million pieces and in 1932 it is again five millions odd. Therefore, I find that the imports in Germany have been very steady, but the share of India has diminished on account of this export duty. It used to be at one time 38 per cent and it is now reduced to 28 per cent.

Mr. B. Das: The War killed all trade with Germany. That was the trouble with Germany.

[At this stage Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

Dr. Ziauddin Ahmad: Before the War, it was five million, after the War in 1931 it was five million, and in 1932 it again was five million. Therefore, the import of hides and skins into Germany has not diminished it has remained stationary, but on account of the export duty the trade has been diverted from India to some other country. Sir, the next point I want to make is very important. I had a talk with several persons and they said that the removal of the five per cent duty would enormously affect them and here I shall quote one instance from one of the merchants who says that "last week I offered one thousand pieces of certain hides at the price of 6¾*d.* per lb. c. i. f. This price included my small profits and the five per cent duty. The buyer would not pay more than 6½*d.* If there had not been an export duty, I could have put the business through at 6½*d.* and even paid a shade more for the hides without loss, but, as it was, we were at a loss. I could not make both ends meet at 6½*d.* and had to abandon the deal". Now, this is really one particular instance in which business was given up simply on account of this duty of five per cent. I have got two more documents in my possession in which the men concerned could not complete these things on account of the five per cent duty. It is quite clear that the removal of this five per cent duty would substantially affect the future trade of this country, and, if our exports increase, I am sure that the general condition will also improve and everyone will be equally benefited by it. Sir, I may clearly say that I am not opposed to the tanning industry. I would give my fullest support to any rational measure for the protection of the industry, but not to a measure which while stopping export does not lead to any protection at all. With these words, Sir, I oppose the amendment.

Mr. Uppi Saheb Bahadur (West Coast and Nilgiris: Muhammadan): Mr. President, a few moments before, an Honourable Member from Bengal, my friend, Mr. A. H. Ghuznavi, who is not here now, was making an insinuation against Madras Members that we were supporting this amendment because of the pressure of certain merchants from Madras.

An Honourable Member: He has withdrawn that insinuation and apologized.

Mr. Uppi Saheb Bahadur: Now I understand that he has apologised, and so I do not want to press it.

Sir, from the arguments put forward by those who oppose this amendment, one would form the impression that it is only the export duty on raw hides that stands in the way of the development of this hide trade. Sir, it is only five per cent that people are going to get. If at all this five rupees duty is the only one thing against this trade, I am at one with them in opposing the amendment. But as the price of hides stands at present in the markets of Calcutta, Karachi, or Bombay, I am sure the hides of Bihar, for which my Honourable friend, Maulana Shafee Daoodi, was making so

great a plea and for which my friend, Mr. Maswood Ahmad, may be putting forward a similar plea, will not be able to compete in the near future in the Calcutta markets, because the carrying charge to the ports is so very high and they put a special freight for this nauseating stuff. If we compare the price and the freight that is now obtained you will find that it only forms a very small part of the railway freight. Secondly, the villager does not know what is taking place in the ports of Calcutta. What he will get will be only a moiety of this five per cent. The real remedy, for this depression—I say to those who are now trying for the removal of this export duty,—lies somewhere else.

The remedy lies in the exchange ratio, the whole trouble underlies there. Change the exchange ratio. Sir, it is America and Germany which are our purchasers of raw hides. I ask, what is the ratio between the currency of those countries and that of India? Sir, there is about a 20 per cent difference between the American and the Indian exchange ratio. If they will remove it, then all this evil of low price can immediately disappear. It can protect the industry, it can protect the prime producer.

Some Honourable Members were trying to belittle the importance of the industry by confining it to a certain Province or even by confining it to certain persons. It is said in the Cess Committee report that there are 53,000 people who are engaged in the tanning industry in the Punjab alone.

Then, Sir, it was pointed out just now by my Honourable friend, Dr. Ziauddin Ahmad, that India has lost the German market and also the American market on account of this export duty. If we look at the figures that have been supplied to us by a man for whom Mr. Ghuznavi holds a brief, we find that there is a general reduction in the imports in all the countries including the United States of America and Germany. India lost to the extent of 28 per cent, Mexico lost to the extent of 64 per cent. Java lost to the extent of nine per cent and there was a general reduction in the imports of raw hides from all countries into ports. From the Cess Committee report we find that there are about two million people who are engaged in this industry in India. How many are engaged in the purchase of raw hides, nobody knows as statistics are not available. The question now arises only with regard to the animals that are not butchered. The other day, a trader in raw hides told me that all the hides and skins that were produced in butchers' shops were purchased by the tanners in India. If the export duty is removed, these hides will find a market in the foreign countries. But the information that we can gather from reports is that it is not so much because of the export duty, but because of the quality of the hides of these fallen animals that the price of Indian hides in foreign markets has gone down so low. The industry employs more than two million persons including the members of the depressed classes and the poorer classes. Not only that, it brings into our country a larger amount of foreign money than our hides and skins can bring.

An Honourable Member: How?

Mr. Uppi Saheb Bahadur: An industralist asks, how can they bring? Sir, our hides fetch a very low price in the foreign markets. Of course, tanned hides will fetch more price than the raw hides. In Madras we have been exporting steadily since 1923. In 1923, we exported 4,90 lakhs, in 1928-29 we exported 8,07 lakhs, and in 1933-34 (seven months only), we exported 6,89 lakhs. So we have been making progress. We have not been sitting idle. We have taken the best advantage of the production. At this juncture, when the trade depression is so acute it will not only be not helping

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an industry of such magnitude by removing a little protection that it is getting now, but it will only be killing it. With these words, Sir, I bring my remarks to a close.

Several Honourable Members: The question may now be put.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Mr. President, I cannot be justified at this late hour to take up much time of the House, but I wish to say that, having heard very carefully what my Honourable friends, Mr. Vidya Sagar Pandya and Diwan Bahadur A. Ramaswami Mudaliar, have said in supporting the amendment, I still adhere to the opinion which I expressed in my speech on the Budget. I said then that there was a considerable quantity of surplus hides which had to be exported, otherwise they would simply go to waste. That is the main point upon which, I think, this question has got to be determined. From the figures that have been cited to us from all sections of the House, I do not think that anybody has attempted to make out that the tanning industry, either in Madras or anywhere else, is at all likely to absorb all the hides that are available in this country. The figures certainly do not bear that out. On the other hand, the figures that have been cited show that the tanning industry is only able to absorb a fraction of the hides and skins that are available. That, to my mind, is the determining factor in the case. I, for one, would not like to take any step which will in any way injure the tanning industry of this country, and I do not think there are any Members in this House who take the contrary view. That, I think, must be admitted on all hands. There is no doubt about that. But if, as a matter of fact, there is a surplus quantity of hides which would be absolutely wasted if it is not exported, then it does seem to me that there is absolutely no reason why there should be an export duty which would stand in the way of the trade. The Honourable the Finance Member gave us the figures and he told us in absolutely clear terms that the export trade in hides has declined so much that it has almost reached the point of extinction, with the result that a very large trade in this country is dying out, partly, at any rate, because of this export duty. Therefore, a large class of people from the dealers down to those who collect these hides are suffering. It seems to me, therefore, that the proposal of the Government in this respect is perfectly justifiable. And I must also point out that this trade in hides is connected with the trade in skins, and, from the figures that are available, it does not seem that the export duty on skins is justifiable either. No doubt the skin trade has not suffered so much as the hide trade. But that also has suffered to some extent. There can be no doubt about that, though I must say the figures from year to year have been more or less fluctuating. But those, who deal in hides generally or almost invariably, deal also in skins, and I should think that, as soon as the finances of the Government permit, the duty on skins also ought to be taken off. I am sorry I am unable to support the amendment of my Honourable friend, Mr. Pandya, because I am convinced that the abolition of this duty will not in any way affect the tanning industry of Madras.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): I would ask the House to view this question against a somewhat wider background than that of purely provincial interests. I do not think that it is necessary for me to make any very long speech in opposing the

amendment of my Honourable friend, Mr. Pandya, because all there is to be said both for and against it has already been said on the previous occasions on which this question has been discussed in this House. My Honourable friend, Mr. Pandya, quoted the speech of Sir George Barnes when he introduced the Bill imposing the duty in the first instance in 1919. My Honourable friend, Diwan Bahadur Ramaswami Mudaliar, also, I think, referred to that speech. But may I point out to them that they omitted to quote what in my eyes is the most relevant and important part of that speech. What Sir George Barnes then said was this:

"We have no desire to benefit Indian tanners at the expense of Indian cattle owners or dealers in hides and skins. We are advised,"

—this is the point I would emphasise,—

"that the world demand for Indian hides and skins is so great that there is no risk of any injury being done."

Now, Sir, what has the experience of the last few years shown? It has shown that the assumption upon which Government then proceeded is no longer justified. I think it is peculiarly relevant also here to repeat to the House a short quotation from the finding of the Fiscal Commission of 1922. It was a very authoritative body, a very independent body, and I think the House must be guided to a very large extent by the opinions expressed by a body of that character. This is what the Fiscal Commission say:

"We hold therefore that so far as the export duty on hides and skins is intended to be protective, it cannot be justified. But we received a certain amount of evidence to the effect that Indian goat skins form somewhat a monopoly. It is possible therefore that a small revenue duty on skins can be justified in accordance with our general principle. This is a matter which might be enquired into by the Tariff Board but the duty on hides should be abolished in any case."

Now, Sir, the House is aware that the Government of India in 1927 put their whole case before this House having taken the decision that, so far as they were concerned, they could no longer support the continuance of this duty. That proposal was debated at great length in this House and eventually it was turned down by the casting vote of the President. But I would refer Honourable Members to the speech of a predecessor in office, Sir Charles Innes, delivered on that occasion. It sets out clearly the case that the Government have in support of the action which they are now proposing to take. Put very briefly, our case is this.

First of all, the exports of raw hides have fallen off since 1927 to a most serious extent. Given in round numbers, I would point out to the House that the decrease was from 40,000 tons in 1927-28 to 13,000 tons in 1932-33. It is perfectly true, as pointed out by my Honourable friend, Mr. Mudaliar, that there has been a slight increase during the last ten months. During the first few months of the year, there was a sudden revival, then for a few months, there was a slump, and, then, again, for the last two months, there was a slight revival. I submit to my Honourable friends that those fluctuations cannot be made too much of. But the fact does remain, it stands out without any fear of contradiction that there has been a very material decrease in the exports of hides.

Then, Sir, both my Honourable friends, Mr. Pandya and Mr. Mudaliar, said: "Yes, there has been a decrease, but surely that is due to world conditions, to general conditions of depression". That that is not so was pointed out, I think, by my Honourable friend, Dr. Ziauddin Ahmad, and I would reinforce the figures that he gave by pointing out that in the very

[Sir Joseph Bhore.]

important Hamburg market, the imports of hides from sources other than Indian were still above 1912-13 levels in 1932, whereas the imports from India were less than a quarter of what they were in 1912-13. Then, Sir, though I do not say for a moment that the falling off of Indian exports was entirely due to the export duty, I would point out that this duty could not but have had a very material effect in leading to that result, because, as everybody is aware, the European market in hides is a highly competitive market and very small differences in price may make all the difference between business and no business. I would also point out that this duty has not served its original purpose, because the exports of tanned hides is practically the same as it was in 1912-13 and indeed it has shown a marked falling off since 1927. Finally, Sir, I would like to reinforce what the Leader of the Opposition said by quoting from the speech of Sir Charles Innes. What he said is this:

"You have got to remember that India is a very big country, India is a country where the real facts of the matter are that there are vast surpluses of hides over and above what can be used in a country. Is there any reason on earth why those surplus hides should not be exported. They cannot be tanned. Are we not to encourage the export of those hides."

That, Sir, I think, completes the arguments that I have to adduce in support of the action we are taking. It just remains for me to point out that conditions beyond our control have made it impossible hitherto to take action on the recommendations of the Hides and Skins Committee's report. The report pointed out that a sum of something like five lakhs to seven lakhs was needed in the first instance if we wanted to take steps which would be of real material value in assisting this industry. Now, Sir, we could not impose an additional tax on the industry to produce this sum at a time of such depression as the present, nor in view of our financial condition could we give up a portion of the export duty. We recognise the importance of the recommendations, and shall certainly do all we can to move in the direction of these recommendations as soon as financial and trade conditions make such a step possible. I can assure the House that we propose to consider at a very early date what practical steps are feasible in the direction of making possible the adoption of the Committee's recommendations, and we hope to discuss the whole question with the representatives of the Provincial Governments when they come to discuss the general question of economic policy.

There is only one other thing that I would like to say, and it is this. It is perfectly true that this is a very important industry; I do not for a moment deny that it can very justly be termed a key industry. But I would point out, Sir, that on various occasions, in 1923, in 1927, and in 1931, the tanning industry was asked to put forward a reasoned statement of its case for protection. It has never done so; but I can assure the House that if it does do so, we shall examine it with the greatest care and with the greatest sympathy. Sir, I oppose the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That sub-clause (2) of clause 3 of the Bill be omitted."

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Friday, the 23rd March, 1934.

LEGISLATIVE ASSEMBLY.

Friday, 23rd March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table the information promised in reply to unstarred question No. 103 asked by Mr. D. K. Lahiri Chaudhury on the 3rd March, 1934.

GRADUATES IN THE PRINTING AND STATIONERY DEPARTMENT.

103. (*a*) 15 (*b*) 14 (*c*) 78.

Mr. P. R. Rau (Financial Commissioner, Railways): Sir, I lay on the table·

(*i*) the information promised in reply to starred question No. 1473, asked by Sardar Sant Singh on the 20th December, 1933;

(*ii*) the information promised in reply to starred question No. 1344, asked by Pandit Satyendranath Sen on the 11th December, 1933; and

(*iii*) the information promised in reply to starred question No. 142, asked by Mr. N. M. Joshi on the 16th February, 1934.

DEMOTION OF CERTAIN INSPECTORS OF CREWS EAST INDIAN RAILWAY.

*1473. (*a*) In regard to questions Nos. 1009 and 1010 asked by Mr Muhammad Azhar Ali on the 18th September, 1933, I would refer the Honourable Member to the information laid by me on the table of the House on the 5th February, 1934. In regard to question No. 1011 asked by Mr. Muhammad Azhar Ali on the 18th September, 1933, it is understood that the memorials from the Inspectors of Crews were received and considered by the Agent, East Indian Railway who later on forwarded them to the Railway Board in June, 1933. The Railway Board considered these memorials and passed orders in December, 1933.

(*b*) and (*c*). The Agent, East Indian Railway reports that certain direct appointments as Inspectors were made in 1926, the selection being made by an officer deputed by the Railway Board to organise the Crew system on the East Indian Railway. No records are at present available which show the basis on which these appointments were made.

PROVISION OF RUNNING ROOMS FOR THE TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

*1344. The Agent, East Indian Railway reports as follows :

(*a*) Travelling Ticket Examiners are not allowed to use waiting rooms at stations which are intended for the use of passengers only.

(*b*) They are permitted to occupy Running Rooms at stations.

(*c*) and (*g*). No but it may happen very seldom, and in such cases, the Station Master endeavours to provide some temporary accommodation if necessary.

The normal beat of the Travelling Ticket Examiners is fixed between points where Running Room accommodation is available.

(*d*) Yes.

(*e*) Only one Travelling Ticket Examiner on the Moradabad division asked for Running Room allowance and he was told that the conditions of his service were different to those of Guards and as such, he was not entitled to Running Room allowance.

(*f*) Yes.

UTILIZATION OF THE RAILWAY STAFF BENEFIT FUND FOR RELIEVING THE DISTRESS OF RAILWAY EMPLOYEES AND THEIR FAMILIES DUE TO RETRENCHMENT.

*142. The Agent, Bengal Nagpur Railway has reported as follows :

The President of the Bengal Nagpur Railway Indian Labour Union in his letter No. RC-116/31/653, dated 30th April, 1933, submitted numerous suggestions and recommendations in connection with the retrenchment of staff in the Khargpur Workshops, and paragraph 10 of this letter reads as under :

> "As regards the Staff Benefit Fund, in view of the extraordinary state of the present circumstances, I am to request you to impress upon the management of the Fund the desirability of diverting most of the monies at the disposal of the Fund, for arranging relief to those whose earnings have been greatly and unevenly affected by economy measures. If a contribution is also made by the Fund, it would greatly facilitate payment of full pay during leave by rotation."

In my letter No. B.-8087 dated 4th May, 1933 I informed the President of the Bengal Nagpur Railway Indian Labour Union as follows :

> "The question of using money from the Staff Benefit Fund for the relief of staff under notice of retrenchment was placed before the Committee of Management of that Fund, and they came to the following decision :
>
> 'After very careful consideration the Managing Committee of the Staff Benefit Fund do not consider that the money in this Fund can be applied for the purposes suggested by the President of the Labour Union at the meeting held on the 29th April, 1933, and in his letter No. RC.-116/31/653, of 30th April, 1933' "

The decision of the Committee of Management of the Staff Benefit Fund was influenced by the fact that the recommendation of the President of the Bengal Nagpur Railway Indian Labour Union did not concern a few individual cases of proved distress but referred generally to the whole of the retrenched staff and their families for an indefinite period.

THE INDIAN FINANCE BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Finance Bill—clause 3.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I beg to move:

"That for sub-clause (*2*) of clause 3 of the Bill the following be substituted :

'(*2*) In the Third Schedule to the Indian Tariff Act, 1894, the heading 'Hides and Skins' and Item No. 3 thereunder shall be omitted."

I want at the outset to point out that the result of this export duty has been that the prices of skins have gone down. It is the export of articles which brings real wealth into a country, and all countries nowadays are trying to increase their exports. Many agreements are made and the British Government and the Indian Government have also entered into several agreements with other countries with a view to increasing their exports. But, as regards this particular article, I find that the Government of India are trying to decrease its export and are doing nothing to increase it. The result of an export duty is that it affects the balance of trade also. In this matter the Fiscal Commission have also said that, apart from the question of incidence, there is a general objection to export duties which in the case of India deserves especial notice. Export duties tend to diminish exports and thus produce an adverse effect on the balance of trade. Further, if you will see, it has been said on several occasions, when the question of rice was raised, that there is no need of abolishing this, because other countries also have the same export duty and so it does not affect rice; but, in the case of skins, this is not the case. In the case of skins, you will find that the other countries which export skins do not have any export duty. Rather you will find that South Africa and some other countries give bounties to the exporters of skins. On previous occasions, it has been said that this is a duty really on foreigners, and, by means of this export duty, the Government of India get some money for their treasury from the foreigners, but that is not the case. Here, again, I want to quote the Fiscal Commission where they have definitely said:

"Now, this increased cost may raise the price of the commodity in the world's market, in which case it falls on the foreign consumer, or the world price may remain the same, in which case the increased cost simply reduces the profits of the home producer. Which of these two results is the more likely to occur depends on the extent to which the world price is fixed by the cost of production in the country which imposes the export duty, and this in turn depends on the proportion which the supply derived from this country bears to the total supply in the world market."

So, in this connection, I can say that skins are not our monopoly. Long, long ago, it was a sort of semi-monopoly; but that stage also has passed away, and now our export is dwindling year after year, and the result has been that the production of these skins also has gone down and is going down in this country. If you will see, you will find that the result of any export duty—and especially on skins—leaves only four alternatives: one is that the prices in the foreign markets go up, and it is not in our power and we cannot increase the prices in the foreign market, because there are many competitors nowadays, and, at the same time, the other countries are helping the exports from their countries. Turning to the figures, we find that the export of skins to all countries, in 1919-20, was 31,248 tons; in 1921-22, it dwindled to 21,689 tons; in 1922-23, it came down to 20,651 tons, and in 1925-26, it came down to 19,249 tons only In 1927-28, again, it went down to 18,706 tons and in 1930-31, to 17,425 tons, while, in 1931-32, it was 15,613 tons only. I am sorry that the figures of seaborne trade for British India are not available for 1932-33, but, from the figures which I have quoted, it is quite clear that from 1920-21 to 1931-33, the figures have been going down steadily: I have received a memorandum in which the figure for ten months in 1932-33 was 9,299 tons only; while our pre-war exports of these skins was 22,700 tons in 1913-14. So we find that our exports are going down year by year, and that it is nothing but a shadow of our former trade.

Some one may say and the Government will say that the cause of this decrease is the economic depression, and that it is, as a result of this economic depression that our trade has gone down. But,

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Sir, this is not the case. The chief importer of Indian skins is the United States of America, and goat skins and kid skins imported in 1926-27 into the United States of America was 5,40,27,500 in number, out of which 2,03,11,750 or 38 per cent was imported from India, and in 1930 Indian skins were imported into the United States to the extent of 33 per cent, *i.e.*, 1,83,87,000 out of 5,51,34,000; while Africa increased its export to 90 per cent in that year. In 1931, it further went down to 1,42,20,000 in number. It means that Indian skins were imported into the United States only to the extent of 29 per cent, while Brazil increased its export to 43 per cent of the average of 1926—29. In 1932, you will find that only 97,30,000 pieces were imported from India to the United States, which means that only 28 per cent was imported from India. So the total loss to India on the average of 1926-27 was on an average 52 per cent while other countries like Africa and Java have gained. From Africa skin was imported into the United States only to the extent of three per cent, but in 1932 it was nine per cent. If Indian skins have not been exported as a result of the economic depression, how is it then that South Africa has been able to export their skins to a much larger extent to the United States? The same has been the case with other countries too. Honourable Members will see that the import of raw skins from India into the United States of America has gone down very much, and if they look into the figures they will find that while they have reduced their import to 37 per cent only, the import from India has gone down by 52 per cent.

Sir, in this connection I would further like to quote certain figures of the import into the United Kingdom. I do not want to quote all the figures, but I shall only point out that the United Kingdom in 1921-22 imported 44,56,000 raw goat skins, while in those days the export of raw skins from India was 21,689 tons. Now, in 1931, the import into the United Kingdom from all countries has increased, and in 1932 the United Kingdom imported 76,79,000 goat skins, and our figure in that year has gone down to 15,613 tons. Therefore, it is not correct to say that the economic depression is the main cause of the decrease. The real cause is that in India we have got an export duty on skins, while other countries do not impose an export duty. They rather give bounties like Africa to their exporters. In this connection I want to say that the fall in the price of hides and skins in the foreign market and the burden of export duty on Indian exporters are the chief reasons as to why we cannot find a market there, and when a market is lost, it is very difficult to revive it. Further, if Honourable Members will read the Fiscal Commission's Report, they will see that the Commission agree with the view that once a market is lost, it is very difficult to get it back. This is what the Report says in para, 183, at page 104:

"Some of our witnesses have minimised the dangers of export duty and have suggested that if an export duty that has been imposed is found to be injuring an industry, it can then be taken off. In our opinion, this is a superficial view. The great danger of an export duty is that if once by means of it the market is lost the trade may be permanently ruined, and it may never be possible to repair the injury inflicted."

With regard to hides and skins, they have definitely said this:

"The main cause of the smaller supply of hides was that the hides were not collected from the cattle which died a natural death."

—and further in para. 193 they say—

"So far as the export duty on hides and skins is intended to be protective, it cannot be justified."

This is the final conclusion which the Fiscal Commission have reached, and I think the duties imposed on different articles are fixed in accordance with the principles laid down by the Fiscal Commission. Further on, they say about skins:

"But we received a certain amount of evidence to the effect that Indian goat skins formed a semi-monopoly. It is possible therefore, that a small revenue duty on skins could be justified in accordance with our general principles."

They don't say that there must be a duty, but they only say that a duty should be justified, but I have proved that the time has not come yet for the imposition of such a duty. They have further said that this is a matter which might be inquired into by the Tariff Board, but the duty on hides must be abolished in any case. Their suggestion is that, while the duty on hides should be abolished, the question regarding the duty on skins should be referred to the Tariff Board. But my information is that this matter has never been referred to the Tariff Board. I have inquired from different Chambers of Commerce of what the exact position is, and I have received a telegram which reads thus:

"Reference telegram from March Commercial Intelligence and Statistical Department states question removal skin duty never been referred to Tariff Board; Calcutta Hide and Skin Shippers Association"

My friends have quoted several authorities, and if you will see the telegrams,—I do not want to waste the time of the House by reading all these telegrams,—I have got a large number of telegrams—several of them want that the export duty on skins must go . . . .

Mr. B. Das (Orissa Division: Non-Muhammadan): Will the Honourable Member kindly give the names of all those Chambers of Commerce?

Mr. M. Maswood Ahmad: Yes, there is one from the Calcutta Hide and Skin Shippers' Association, and the other is from the Muslim Chamber of Commerce, Calcutta . . . . .

Mr. B. Das: Only one?

Mr. M. Maswood Ahmad: No, no, there are two.

Mr. B. Das: The other is not a Chamber of Commerce.

Mr. M. Maswood Ahmad: Sir, I do not want to waste the time of the House in replying to these interruptions. There was some difference of opinion about hides between the representatives of Madras and the representatives of other Provinces, but, so far as the question of skins goes, I think the representatives from Madras will not differ from me . . . .

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): No, no.

Mr. M. Maswood Ahmad: At least one Honourable Member, my friend from Madras, does not agree with me, and so I shall give reasons later as to why he will not be affected by this question.

Several Honourable Members have already raised, and may still raise, the question of cattle preservation, and so on. I say that if the skin export business is not a paying concern, then the cattle will suffer the more. The

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upkeep of cattle is a sort of side show to our agriculturists. They keep cattle during summer and sell them. The effect of the export duty is that the price of the skin has gone down to a very great extent, and so the keeping of cattle is not a paying concern at all. In Bihar, cattle is sold at Rs. 1-8-0 or Rs. 2-8-0 each. The result is that the agriculturists now-a-days do not care to keep cattle, as they do not get anything out of them.

I urge upon the Government that when they have abolished the export duty on hides, they must as well abolish the export duty on skins, because the two are interlinked together. If the Government are not satisfied, they must at least, according to the recommendations of the Fiscal Commission, refer the matter to the Tariff Board, which has not been done so far.

There are two kinds of people interested in this question, those who use the skins in the factories here and tan them, and those who really produce the skins and keep the cattle. As regards the industrialists, the Fiscal Commission have definitely said that they are protected by the high import duty on dressed and tanned skins and that it is sufficient. I need not quote the recommendation of the Fiscal Commission. The poor people in the villages, who are suffering, deserve a certain amount of sympathy from the Government. I have said several times, and I do not want to repeat it, that the proportion of taxes which the Government are taking from the poorer people is greater than that which they take from the well-to-do people of the country, and this export duty also falls upon the poorer classes of people and not on the industrialists. The industrialists in the skin trade do not get any thing out of it and have not got fair competition in the foreign markets. Therefore, there is no justification for Government to have this export duty on skins. With these words, I move my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That for sub-clause (*2*) of clause 3 of the Bill the following be substituted :

'(*2*) In the Third Schedule to the Indian Tariff Act, 1894, the heading 'Hides and Skins' and Item No. 3 thereunder shall be omitted."

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): I rise to oppose the amendment so ably moved by my Honourable friend, Mr. Maswood Ahmad. Mr. Maswood Ahmad has marshalled facts and figures to show that our export trade in skins has been continually going down, but he has not shown whether the consumption of skins in this country in the tanning industry has also gone down or has gone up. There is a certain supply of skins available in this country. Some portion of it is exported outside, and some portion of it is sent to the tanneries where it is tanned and used in the country, or exported outside. If the whole supply thus available is used in two ways, that is, in export and for tanning in the tanneries, and if no surplus is left on hand, then I do not think that my Honourable friend, Mr. Maswood Ahmad, or anybody else has got anything to complain about. There is no evidence that a certain amount of unused portion remains in the country and is going to waste. If the exports are falling, it shows that larger and larger quantities of raw skins are taken up by the tanneries and they are cured and treated there. It is, then, a matter for congratulation and not a matter for regret, and I do not think that Government ought to help the exporter in this way at the cost of the

tanneries that have arisen. I am at a loss to know what the policy of the Government is in these days. On a former occasion, I have said that, first of all, the policy of the British Government was that India should be a country of exporter of raw materials and an importer of finished articles.

Mr. M. Maswood Ahmad: Do you support an export duty on cotton?

Mr. B. V. Jadhav: If it is necessary, I shall support it. If it is necessary for the development of the cotton industry in this country, then certainly I shall support it. As I said just now, the policy of the Government in those days was to encourage the export of raw materials and to discourage industries in this country, so that this country might afford a good market for the finished articles of foreign manufacturers. But on account of various reasons, that policy has been changed, and Government are showing some solicitude for the encouragement of Indian industries. But I am afraid, again, the policy of Government appears to be changing. Government do want revenue. Their fiscal policy is now for raising more and more revenue, and they appear to be rather careless whether Indian industries are encouraged or not. When the tariffs were first of all proposed, it was evidently the policy of Government to encourage Indian industries; but, nowadays, I have been noticing it for the last two or three years, Government are more solicitous about their revenue and they are not so very anxious to see that the Indian industries are encouraged. The imposition of various excises this year is an instance in point. I need not dilate on this subject more, because, when those Bills come up before this House, I shall have something to say about them, but I see that the policy of Government is to see how to secure larger revenue from whatever source it may be coming They are not so very anxious about the encouragement or well being of Indian industries. The taking off of the hide cess yesterday may be taken as an instance in point. It was sufficiently discussed yesterday and I need not detain the House over it. This motion by Mr. Maswood Ahmad is of the same nature. The export trade in skins will be encouraged no doubt, because the foreigner will get our skins at a cheaper rate; but then it will injuriously affect the tanneries which are taking up these skins, and, therefore, I think it my duty to oppose this amendment.

Mr. G. Morgan (Bengal: European): I do not want to detain the House at length when supporting this amendment. My Honourable friend, Mr. Maswood Ahmad, has dealt very fully with the situation, and I am not going into a mass of figures to prove that the trade has been dwindling consistently. I think that was absolutely evident to the House during the debate yesterday and today, but I wish to put forward my support to this amendment because my constituents have definitely taken up that position and a resolution was passed by the Associated Chambers of Commerce on the 9th January, 1934, as follows, and, with your permission, I will read out the resolution:

"This Association is strongly of opinion that the export duty on hides and skins which has been in force since 1919 without fulfilling the object for which it was introduced and which has proved to be harmful to this country as a whole should be abolished at the very earliest opportunity."

In goat skins the United States have been our best customers, and the proportion of the total trade with that country during the last three years has dropped from 38 per cent. to 28 per cent. My Honourable friend, Mr. Jadhav, said that consumption was going down. That may

[Mr. G. Morgan.]

be quite true, but the proportion of India to that consumption has gone down rapidly from 38 per cent. to 28 per cent., and that is due to intense competition from foreign countries. The Fiscal Commission some time ago remarked that there were few indications that the export duty on raw hides and skins had brought to the Indian tanning industry the benefits that were anticipated. Well, Sir, I need not detain the House longer, but the fact remains that the export of goat skins has dwindled considerably during the last 15 years and now it is getting worse. The position of hides was dealt with very fully yesterday and my friend, Mr. Maswood Ahmad, has already given you the full figures. I do not think that there can be any two opinions in this House, with the exception of some tanneries in Madras, that this export duty on both hides and skins should be abolished. I, therefore, support the amendment.

Seth Haji Abdoola Haroon (Sind: Muhammadan Rural): I am supporting the amendment of my friend, Mr. Maswood Ahmad. I shall not quote figures, because my friend has already done so. I know very well that in 1927 the Government brought forward a proposal that hides and skins should be exempted from the export duty. I do not know how the circumstances have changed today that Government have come forward for removing the export duty only on hides, but not on skins as well. I want to know from the Government and I hope they will explain clearly as to why they are retaining the export duty on skins. Of course I have gone through the Budget speech of the Honourable the Finance Member wherein he has said that the skin trade has been a little bit improved. It might be so, but, according to my information, the prices are so low that skins in the interior of the country are not being collected by the people. Occasionally when I go into my constituency, people complain that on account of the low prices, small traders do not care to collect them and pay high freight charges and send them to Karachi for export. Therefore, they tell me that skins are rotting there. When my friend, Mr. Maswood Ahmad, was speaking, my friend, Mr. Das, questioned him as to what were the Chambers of Commerce that sent him telegrams. My friend, Mr. Maswood, read two telegrams. Then, Mr. Das said that there were many other Chambers. They are not interested and that is why they do not care whether the skin export duty should be removed or not. I want to tell my friend, Mr. Das, that other Chambers are not interested in the hide and skin trade, because in those Chambers the majority of the members are dealing in cotton, seed, jute, and so on, and the members of those Chambers are not dealing in hides and skins. Not only that, but, on account of some sentiment, they do not like that this trade should go on.

Mr. B. Das: What about the South India Chamber?

Seth Haji Abdoola Haroon: As regards the South India Chamber, there is one gentleman there, whom my friend, Mr. Das, knows. Mr. Jamal Mohamed is a powerful man in Madras and he probably introduced that resolution . . . . .

Mr. Uppi Saheb Bahadur (West Coast and Nilgiris: Muhammadan): What about the All-India Federation?

Seth Haji Abdoola Haroon: I want to inform my friend, Mr. Uppi Saheb, that I am a member of those Chambers—and I may also inform my friend that these hide and skin traders are not members—and I have already stated that all the chambers are not interested in the hide and skin trade. Therefore, they might now be complaining about this export duty. They might have opposed it on some sentimental grounds—not on economic grounds.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sentiment plays a great part in human affairs.

Seth Haji Abdoola Haroon: Certainly, I do not deny that.

Now, just now my friend, Mr. Jadhav, said that it was very necessary to protect the tanning industry in India, and, according to his views, the skins are not exported in large quantities to foreign countries, but are mostly consumed in India. There I do not agree with my friend, Mr. Jadhav, because, if that is so, the prices should not fall There are many things in India which are not exported, but the prices in their case are not falling to such an extent as in the case of the prices for skins. With these remarks, I hope that the Government will give us some explanation as to why they should not come forward to exempt skins also from the duty.

The Honourable Sir George Schuster (Finance Member): Sir, I should like to say at the outset that we have a good deal of sympathy with those Honourable Members who have pressed upon us to remove the export duty on skins as well as the export duty on hides. On the other hand, we feel that there is a very definite ground for making a distinction between the two this year. For, whereas, in the case of hides, we felt, on the one hand, that the trade was in a very serious danger and, on the other hand, that the five lakhs of revenue which we expected to get from the duty was not of such financial importance as to justify us in withholding any change, in the case of skins we do not feel, on the one hand, that the danger is so serious, and we have to take into account the fact, on the other hand, that the amount of duty involved, namely, about fifteen lakhs, is really of serious significance to us. We have had a good many figures given and I should like to give to the House just a few figures which really formed the basis for our own conclusion.

Going back to the year 1927-28, which I think one may fairly regard as a normal year, before prices began to decline and before the world depression began to affect the demand, going back to that year, in tons, the exports of skins were 19,427. Then the next two years they slightly increased. Then came 1930-31 with a decrease, then came 1931-32 with a still further decrease and then came 1932-33 with a still more serious decrease—the figure got down to 13,322 tons—but now in the current year, in the ten months from April, 1933, to January, 1934, the figures of the export of skins have come up to 16,236 tons for ten months, and if one reckons on the export continuing on that basis, we shall, for the current year, 1933-34, be back to a figure slightly in excess of 1927-28. In fact I may put the position to the House in this way, that as regards quantities, it looks as if the exports for the current year will, as regards skins, be 100 per cent of what the exports were in 1927-28, whereas as regards hides it looks as if the figures for the current year will be only

[Sir George Schuster.]

46 per cent. of the exports for 1927-28. There is thus a very big difference. That is as regards quantities. Now, as regards values, using the same basis of calculation, that is to say, taking the ten months for the current year and assuming that the remaining two months will be on the same scale, we find that, as regards values, the values of skins exported this year will represent 66 per cent. of the values in 1927-28, whereas the values of hides exported will represent only 24 per cent. of the values in 1927-28 That, again, illustrates the big difference between the position as regards skins and hides

Now, Honourable Members may say that the export of an article which only represents 66 per cent. of the value of what it was in 1927-28 is a very unsatisfactory position, but I would remind Honourable Members that taking the eleven most important Indian exports, I gave certain figures in my Budget speech on page 41 and showed that the values for 1933 represented only 46 per cent of the average of the ten years ending 1930. I am not making quite the same basis of comparison here as regards skins, but still I may fairly compare that percentage of 46 for the value of our general exports with 66 per cent. in the case of skins. What I mean by that is that it looks as if our export trade in skins had really suffered considerably less than the average of our export trade as a whole Therefore, Sir, on those grounds we did feel that a case had not been made out of such an urgency as to justify us in sacrificing fifteen lakhs of revenue. At the same time, I want to remind Honourable Members of what my Honourable colleague, the Commerce Member, said yesterday and that is that we do propose to take early steps to take action on the recommendations of the Hide Cess Enquiry Committee and we shall certainly watch the situation very carefully, because, if we could really be convinced that our export duty was having a decisive effect in holding up the export of skins and was really placing India in a danger of losing her market for skins, then I have no hesitation in saying that a matter of fifteen lakhs of revenue would not be a consideration which ought to deter us from taking action necessary to save the situation. (Hear, hear.) But we do not feel that that has been established yet. We propose to watch the situation, and for the present we feel that the right course, balancing all the considerations, is to retain this particular duty and the revenue from it.

Mr. M. Maswood Ahmad: May we know what is the view of the Government in connection with the Fiscal Commission's recommendations about sending this matter to a Tariff Board for inquiry?

The Honourable Sir George Schuster: Well, I am not very familiar with the exact passage to which my Honourable friend refers, but I think that what the Fiscal Commission had in mind then was a report on whether these duties were necessary for the development of the tanning industry in India, and, from that point of view, as my Honourable friend, Sir Joseph Bhore, said yesterday, if the tanning industry wished to make out a case for a Tariff Board inquiry, their application would receive the most sympathetic consideration. That is our position on that matter. Sir, on the grounds that I have explained, we must oppose this amendment.

Mr. M. Maswood Ahmad: Sir, I do not want to press my motion. Before asking for leave to withdraw it I want to suggest only this to my Honourable friend, namely, to look up to the Fiscal Commission's recommendation in the last portion of para. 193 on that matter about a Tariff Board inquiry and to consider it favourably. Sir, I beg the leave of the House to withdraw my amendment.

The motion was, by leave of the Assembly withdrawn.

Mr. M. Maswood Ahmad: Sir, first of all I beg to ask for the leave of the House to withdraw my amendment* which I moved yesterday and which was before the House under discussion.

The motion* was, by leave of the Assembly, withdrawn.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That for part (*a*) of sub-clause (*1*) of clause 3 of the Bill the following be substituted:

'(*a*) for Item No. 37A the following item shall be substituted, namely:

'37A Cigarettes. *Ad valorem.* 25 per cent and in addition either Rs. 8-2-0 per thousand or Rs. 3-4-0 per pound whichever is higher' "

Sir, there is no need to make any speech on this amendment, because the representatives of the different Parties were present at the time of the discussion; but I only wish to inform the other Members of the House the result of the proposed amendment which has been accepted by the Government. We had in our mind four objects yesterday. One was to protect the cigarettes which were made of Indian tobacco by Indian labour, and the second was to give preference to the cigarettes which were made in India of foreign tobacco. At the same time, we thought that the duty on cheaper and costly cigarettes should not be decreased and the duty on cigarettes which are commonly used should not be increased to a large extent. Further we tried to create some relation between the duties on the imported tobacco and cigarettes. Keeping this in mind, we have suggested that there must be a 25 per cent. *ad valorem* duty with the addition of Rs. 8-2-0 per thousand as a specific duty. In this way, to achieve the first object, we wanted to raise the duty on cigarettes and tobacco, so that the cigarettes made of Indian tobacco by Indian labour might successfully compete with the foreign cigarettes. To achieve the second object, Sir, you will find from the amendment which I will move later on, that though the duty on tobacco as well has been raised, we thought that, because of this 25 per cent. *ad valorem* duty, the result would be that the cigarettes which are manufactured in India from the imported tobacco will be in a better position than the cigarettes which come in India prepared by foreign labour. This 25 per cent. *ad valorem* duty will make it easy for them to compete with foreign cigarettes. This additional duty on cigarettes will vary according to the prices of the cigarettes. According to our proposal, you will find that we have not decreased the duty on cigarettes. Those cigarettes, which were of a value of Rs. 6 and on which there was so long a duty of Rs. 8-8-0 per thousand will now pay a duty of Rs. 9-10-0, because Rs. 1-8-0 will be the *ad valorem* duty and Rs. 8-2-0 will be the

* "That part (*a*) of sub-clause (*1*) of clause 3 of the Bill be omitted."

[Mr. M. Maswood Ahmad.]

specific duty, and the total will come up to Rs. 9-10-0. So we have not decreased the duty at all, and thus the cigarettes made of Indian tobacco will be in a better position. With regard to the other brands, the value of which is Rs. 10, we have practically retained the present duty. In that case Rs. 2-8-0 will be the *ad valorem* duty and Rs. 8-2-0 will be the specific duty, and the total will be Rs 10-10-0 per thousand against Rs. 10-8-0. Similarly, we have not increased the duty in the case of cigarettes up to the value of Rs. 28 There is a certain increase in the case of certain brands which can really be called luxury brands, but the cigarettes which are commonly used like the Three Castle or the Gold Flake and similar other brands which are of a less value than Rs. 28 per thousand have not been affected, rather the duty on them has been decreased. Sir, this is the position to which we have all agreed In arriving at this decision, we kept before our mind all the arguments which were placed before us yesterday.

Sir, I move:

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That for part (*a*) of sub clause (*1*) of clause 3 of the Bill the following be substituted :

'(*a*) for Item No. 37A the following item shall be substituted, namely :

'37A Cigarettes.	*Ad valorem.*	25 per cent and in addition either Rs. 8-2-0 per thousand or Rs 3-4-0 per pound whichever is higher'."	

The motion was adopted

Mr. M. Maswood Ahmad: Sir, I move the other amendment of which I have given notice today. It runs thus·

"That for part (*c*) of sub-clause (*1*) of clause 3 of the Bill the following be substituted :

'(*c*) for Item No. 221 the following item shall be substituted, namely :

'221 Tobacco, unmanufactured	.	Pound	Rs. 3-4-0 Rs. 2-12-0' · · "

In this connection we have raised slightly the duty which was proposed in the Finance Bill in order to have some relation between this duty on tobacco and the duty on cigarettes and to achieve other objects which I have explained just now. We calculated that 2½ lbs make 1,000 cigarettes and on that proportion we have fixed Rs. 3-4-0 and Rs 2-12-0.

Sir, I move:

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That for part (*c*) of sub-clause (*1*) of clause 3 of the Bill the following be substituted :

'(*c*) for Item No. 221 the following item shall be substituted, namely :

'221 Tobacco, unmanufactured	.	Pound	Rs. 3-4-0 Rs. 2-12-0 · · "

Mr. G. Morgan: Sir, I wanted to speak on the last amendment, but as you were standing up, I was not able to speak. With regard to the Rs. 5-4-0 to which tobacco has been raised to make it the equivalent of Rs. 8-2-0 per thousand cigarettes, weighing 2½ lbs. per thousand, I want to

be perfectly clear that if the surcharge is reduced at any time, the duty on the unmanufactured tobacco will be reduced in proportion. The amendment is accepted by me, because we have no objection to the duties being on the same level. If the surcharge was reduced on cigarettes, we should expect the same reduction on the raw material, so as to keep them on the same level as the Rs. 8-2-0 and the Rs. 3-4-0. I hope the Honourable the Finance Member will assure me on that point.

12 Noon.

The Honourable Sir George Schuster: Sir, I think that possibly my Honourable friend is under a certain misapprehension. This is one of the cases indeed where the surcharge becomes past history. We are imposing consolidated rates and are taking away the operation of the surcharge altogether. There is another clause in the Bill which will make that clear. But, I think I can give my Honourable friend, so far as one can commit anybody for the future, the assurance that he wants. At any rate, our present intention is that the duty on raw tobacco and the duty on imported cigarettes shall be kept in a definite relation together. That is the whole basis of our proposals, namely, to establish a definite relation between the duties on raw tobacco and on cigarettes so as to give the people who make cigarettes in India fair competitive conditions which would give them the shelter of the ordinary revenue duty. If the ordinary revenue duty came down from 25 per cent to 15 per cent, then this case would have to be considered again on its merits. That, I think, represents the position. But no one can say now what the views on the merits of the case may be in those contingencies which may arise in the future. All I can say is that our present intention is to preserve a definite relation between the duties on raw tobacco and on cigarettes. As my Honourable friend has called upon me to make this explanation, I would just like to make two general observations. In the first place, I should like to express a certain amount of gratitude on this matter to Honourable Members on the opposite side who raised the question and who, I think, by raising the question have made us re-consider the position and arrive at a result which is more satisfactory than that which would have been produced by our original proposal. We consider that this is definitely an improvement on our original proposals,—certainly it is an improvement from the revenue point of view. We would not go so far as to increase our estimates beyond the 30 lakhs which I have already mentioned, but there is no doubt that our assurance for getting that 30 lakhs will be much greater with this proposal than under our original proposal. And that leads me to another observation and that is this, that if the raising of the duties on raw tobacco in this way leads to the encouragement of a greater use of Indian tobacco, which is a result which we should all see with great satisfaction, the effect on revenue will of course be a reduction and I would invite Honourable Members to consider the course of our duties on tobacco in recent years. What was an important head of receipt has been falling away rapidly as a result really of the development and use of Indian tobacco and the local manufacture of cigarettes. Now, I personally take the view that the consumption of tobacco, and I have already made this point, is a legitimate object of taxation and if the import duties on this level lead, as they probably will in future years, to a general reduction in the customs import duty receipts, then the country will certainly have to consider other means of getting a proper share of taxation from the consumption of tobacco in India, always, of course, preserving the advantage given to local manufacture and the local growth of tobacco, which, as

[Sir George Schuster.]

I say, everybody in this House must desire. I just wished to make that general observation, because it may possibly be referred to in the future. We, of course, support this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That for part (c) of sub-clause (*1*) of clause 3 of the Bill the following be substituted:

'(c) for Item No. 221 the following item shall be substituted, namely:

'221 Tobacco, unmanufactured . Pound Rs. 3 4-0 Rs. 2-12-0 '."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): Before taking up clause 4, the Chair proposes to take Schedule I. The question is:

"That Schedule I stand part of the Bill."

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Letters*' the following be substituted:

'For a weight not exceeding one tola	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas.	One anna and three pies.
For every additional tola or fraction thereof . . .	Half an anna '."

Mr. Amar Nath Dutt: Sir, may I point out that there are other amendments which reduce the postal rates still lower, and should we not take the lower ones first? I invite your attention to No. 21 in the list which imposes a lower rate of duty.

Mr. President (The Honourable Sir Shanmukham Chetty): The postal rates do not relate to one specific single item, but it is a scheme. It may be that though the amendment of one Member increases certain of those details, the net result may be on the whole a lower burden. It is very difficult to assess the exact result. Since all the amendments of which notices are given are on the Order Paper, the House will keep them in mind when they come to vote on the respective amendments. That is all that can be done.

Mr. Amar Nath Dutt: If this amendment is carried, then the other amendments *ipso facto* fall to the ground. If you impose a higher duty, the amendments imposing a lower duty fall to the ground.

Mr. President (The Honourable Sir Shanmukham Chetty): If an amendment to substitute particular items for an item of the Schedule is carried, then other amendments to that item necessarily fall to the ground. The House will, with that knowledge, take a deliberate decision on that point.

Mr. Amar Nath Dutt: If that be convenient, I have no objection.

Mr. M. Maswood Ahmad: My Honourable friend, Mr. Amar Nath Dutt, wants to have a sort of race in this question.

Mr. Amar Nath Dutt: I, of all men.

Mr. M. Maswood Ahmad: Last time when there was an amendment from me fixing four annas for salt, my Honourable friend gave an amendment fixing two annas per maund and thereby he wanted to get precedence over me.

Mr. Amar Nath Dutt: On a point of personal explanation. If my Honourable friend thinks that I only wanted to have precedence over him, I must say that that was not my intention. My sole intention was to give relief to the poor from this heavy burden of taxation and when I realised that two annas would be the most appropriate duty for salt, I put that down. My Honourable friend does me an injustice when he ascribes such mean motives to me that I did not have in view the benefit of the poor salt eaters, but rather the view to get precedence over him.

Mr. M. Maswood Ahmad: I did not mean to cast any reflection on my Honourable friend.

Mr. B. Das: I rise to a point of information whether these races for speeches, for which these amendments have been given notice of, are in the interest of the public finance or in the interest of speakers.

Mr. M. Maswood Ahmad: I leave that point. I am glad that my Honourable friend has got more sympathy this year for the poor and that is why he wanted a lower duty.

In this connection, I want to say that the Government proposal is that for envelopes weighing half a tola the charge should be one anna and for letters weighing more than half a tola up to two and half tolas it should be one anna and three pies, and for every additional two and half tolas or fraction thereof the Government have suggested one anna and three pies. My amendment is that for one tola, instead of half a tola, the rate should be one anna. I have also reduced the rate for additional $2\frac{1}{2}$ tolas after two and half tolas to half anna.

Now, I shall deal with the reasons for this. I think all Honourable Members will remember the time when the rate for letters was half anna only. From half anna the Government increased the rate up to one anna. Afterwards they raised the rate to one anna and three pies. It will be interesting to note what have been the results of these changes. If you go through the annual reports of the Posts and Telegraphs Department, in 1928-29, their income was Rs. 11,03,65,000. In 1929-30, their income was Rs. 11,29,49,000. Up to that time the rates for letters were only one anna for a letter. In 1930-31, their income went down to Rs. 10,77,87,000 when they proposed to increase the postal rates, but, again, in 1931-32, it went down to Rs. 10,64,59,000 and it again went down in 1932-33 to Rs. 10,59,40,000. They may say that the reason for this decrease is not the enhancement of tariff. But luckily they have admitted this fact on page 3 of the same report and they say:

"The enhancement of the tariff led to a serious decrease in the total volume of traffic."

[Mr. M. Maswood Ahmad.]

So they have admitted it themselves that the decreased traffic is the result of the enhancement of the tariff.

The Honourable Sir Frank Noyce (Member for Industries and Labour): No, Sir, that is not quite true. We have admitted that enhanced rates have brought about a decrease in the traffic as they always do at first, but we do not admit that the decrease in traffic is entirely due to the enhanced rates. It is very far from being due to the enhancement of rates. My Honourable friend knows quite well that it is due for the most part to the world-wide depression.

Mr. M. Maswood Ahmad: I never said that it was entirely due to the enhanced rates. As a matter of fact, I did not use the word "entirely". I said,—and it cannot be denied as I am quoting from their own report,—that one of the causes of the decrease in income was the enhanced rates.

The Honourable Sir Frank Noyce: I should have been grateful if the Honourable Member had continued the quotation. Apparently he is not going to do so, and I will, therefore, continue it for him. The report goes on to say:

"In any case, the enhancement of the charges succeeded in retarding the drop in the revenues of the Department."

Mr. M. Maswood Ahmad: Yes, I was going to quote that portion as well, because I had it marked.

The Honourable Sir Frank Noyce: I am very glad to hear it.

Mr. M. Maswood Ahmad: My Honourable friend says that the enhancement of the charges succeeded in retarding the drop in the revenues. But I say that it is not correct. If you will turn to page 6, you will find the financial result of the working of the post offices There you will find that their receipt in 1931-32 was Rs. 7,36,84,265, and in 1932-33 it was Rs. 7,32,43,835. And for this drop they put the responsibility on the shortage of money orders. Then, in page 9, they say:

"The number of embossed envelopes issued to treasuries from the Central Stamp Store fell from 38 million to 36 million"

So here also they have admitted that the number has fallen from 38 million to 36 million. Now, what do they say about postcards? They have admitted that the number of postcards issued fell from 351 to 282 millions. I have shown here that the number has gone down.

Mr. S. P. Varma (Government of India: Nominated Official): The number of postcards has gone down, but their revenue has increased.

Mr. M. Maswood Ahmad: Certainly when you have nine pies for a postcard, the income will go up a bit, but the number of postcards and envelopes has gone down. It means that people could not use your postcards and envelopes and they have, therefore, suffered. (Hear, hear.) You have raised the price and you have forced them not to utilise the benefits of the Postal Department in the same way as if they had used it. That is the trouble. My Honourable friend talks about the income, but I will

convince him that his income has also gone down. In paragraph 14, on page 8, they say about the sale of postage stamps:

"Postage stamps are held in stock by treasuries and are drawn as required for sale to the public. The aggregate value of postage stamps and stationery issued from treasuries for all purposes, that is, postage, telegraph charges and revenue, was :

	Rs.
Ordinary postage stamps and stationery . . .	7,21,10,000
Service postage stamps	91,30,000 "

And if you will compare this with the figure of 1928-29, you will find that on the sixth page of that report, in para. 22, they say with regard to the magnitude of business that stamps worth 803.3 lakhs and 90.6 lakhs service stamps were issued from the treasuries for sale. And then they say on page 5 of the report for 1932-33 that the postal charges realised were Rs. 6,24,00,000, while in the year 1928-29 when the rate of letters was one anna they say, on page 1, that stamps worth 62.5 millions were sold. Is it not correct to say that the income as well as the number have fallen?

Mr. S. P. Varma: It is incorrect.

Mr. M. Maswood Ahmad: It is strange that you put in your reports incorrect figures. I am quoting from paragraph 4, page 1, of the Annual Report for 1928-29, where you say that stamps worth 62.5 millions were sold for postal purposes and here you say on page 5, in parargaph 9, that the postal charges realised amounted to six crores and 24 lakhs.

Mr. S. P. Varma: The sale proceeds of stamps are given on page 8 of the Administration Report for 1932-33 which shows that the sale proceeds of ordinary stamps and stationery amounted to seven crores as against the six crores and 24 lakhs that the Honourable Member quoted.

Mr. M. Maswood Ahmad: I am referring to paragraph 9 on page 5 of that report where you find that Rs. 6,24,00,000 was for postal charges realised. If you will read my speech in a calmer atmosphere, you will find that all the figures are correct. I have given reference also for your convenience.

Sir, then I want to say that the main cause of the deficit in their Budget is not the postal side, but it is the telegraph side where they always lose to a very great extent. On page 36 of this report, they have shown a loss of Rs. 6,07,345 on the postal side. But that is on account of some incorrect calculations. They have deducted, the share of cost of combined offices; but they have forgotten the share of post offices which they are maintaining at present for military purposes and I suggest in this connection that just as Government are paying, for the strategic railways, for military purposes, to the railways, in the same way the Government should pay a certain amount for these post offices which are maintained for military purposes only and which are not paying . . . .

Mr K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Do Government pay now for the strategic railways?

Mr. M. Maswood Ahmad: Yes, in the Railway Budget there is a deduction made for the strategic railways, and in the same way I want to suggest that for those post offices which are maintained for a particular reason and for those which are not paying the particular Department concerned should pay for them . . . . .

The Honourable Sir Frank Noyce: The particular Department concerned has to guarantee those post offices.

Mr. M. Maswood Ahmad: That is what I suggest, but I do not find in your income that you have ever got any amount from any such Department as contribution for those post offices which are run at a loss. I do not find in this report any such contribution from the Government and I shall be very glad if my Honourable friend will disclose the facts.

One other cause of the deficit on the postal side is that they have charged more than the proper amount on account of interest on capital outlay for the postal side. That is the other cause of the loss. The total capital outlay up to the year 1932-33 is Rs. 15,82,84,231. Out of this, only Rs. 2,59,66,235 is for the post office. What is the total interest they are paying? It is Rs. 81,08,372. If you divide this amount proportionately on the capital outlay for different Departments, you will find that the proportionate interest for the postal side should be less than Rs. 14 lakhs. But here I find that the interest charged for the postal side is Rs. 15,59,000. My point in saying this is that it is not the Postal Department which is really suffering. Rather sometimes the other Departments, which are maintained in India, are suffering, and hence the result. This is a commercial business. In a commercial department Government should consider that those people who use a particular portion should not be made to pay for those who use other portions of the Department. Those who use postcards or use the Postal Department for carrying letters, should not suffer for those who are using the telegraph lines or using such post offices as are not paying. The interest should also be proportionately charged for all these sections of the Department.

Another trouble is that it is very difficult for villagers to weigh their letters to find out whether they are half tola or one tola: they are accustomed to weigh things on big scales—having a maund weight on one side and perhaps a bag of rice or some such thing on the other, and there is always a margin of half a seer or a seer in such weighment. How are these poor villagers to weigh their letters to find out whether they are half a tola or one tola? They cannot use bank paper, bond paper or bromo paper. Your suggestion will be useful to men sitting by their tables in office, using bank paper and a letter weighing machine. But what is going on in the villages? The poor cultivator and others use rough brown paper which they find at the *baniya's* place and ordinary envelopes: they use a peculiar sort of pen and ink with dots here and there, and write two words in a line and three lines to a page. The result is that their letters always weigh more than half a tola. You are not, therefore, giving any relief to the poor villagers. Rather this will be a small relief to the well-to-do persons who can afford to use bond paper and other qualities of light paper. The Department will also suffer to a very great extent. The margin is now for half a tola only; and it will be difficult for your men to judge whether a letter is half a tola or one tola, and they will have to weigh every letter on every occasion. The time of the Department will be taken up mostly with this work, and the poorest in the villages will suffer. Your income is going down year by year and still you are not considering these matters sympathetically.

Further, you have fixed 1*a*. 3*p*. for every additional half tola: I suggest that this is a very wrong policy; and, if you will examine it in that light,—that you have fixed two annas for parcels weighing not more than

20 tolas, any one who wants to send a letter weighing five or six tolas will not spend 2½ annas on the letter, but will send it as a parcel up to 20 tolas. So your rates for letters must be reasonable as between different articles. What I have suggested, namely, one anna for one tola will really give some relief to certain people and ½ anna for additional weight is to create a relation between different postal rates.

Further, when the letter is cheaper, people will use more envelopes than postcards and thus you will also increase your income from letters. Further, if you have an anna for half a tola *plus* three pies for additional two tolas then, again, 1*a*. 3*p*. for every other additional 2½ tolas will mean that if we send a somewhat heavier letter of five tolas we will have to pay 2*a*. 6*p*. more. I cannot understand who will prefer to send his letter paying 2*a*. 6*p*. instead of spending a sum of two annas up to 20 tolas? These are the points which should be considered and kept in mind by the Department. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Letters*' the following be substituted:

'For a weight not exceeding one tola	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas.	One anna and three pies.
For every additional tola or fraction thereof . .	Half an anna', "

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Sir, I whole-heartedly support the amendment moved by my Honourable friend, Mr. Maswood Ahmad. By reducing postal rates on letters by three pies, Government have thrown a temptation before poorer people to take advantage of this concession. Ignorant people will not know that it is simply a trap—that, with the reduction of rate by three pies, only the weight has been reduced by two tolas and to half a tola only. An ordinary cover and an ordinary piece of notepaper will, in 75 cases out of 100, weigh more than half a tola. Mercantile firms, and richer and educated people may be able to take advantage of this concession, because they will weigh their letters before posting and they will use thin bank paper, but poorer people, while trying to take advantage of the concession, will, in 75 per cent. of cases, be caught in the trap. Their letters will be surcharged as understamped. In this way, I am sure, Government will have a good income, but the income will come from a trade carried on on the ignorance of the people. Even after 150 years of British rule, people in this country are proverbially ignorant, and I think it will be a sin on the part of the Government to take advantage of that ignorance.

Sir, I have a shrewd suspicion that there is an Imperialistic motive underlying this measure, and that is to tempt Indian merchants and richer people to purchase British made bank paper. Sir, I strongly support the amendment of my friend, Mr. Maswood Ahmad.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, for several years past we have been discussing the postal services. The view points which weigh on this side of the House and the view points which the Government have are entirely different. We regard the postal services as public utility services, but Government have been looking at them purely from the point of revenue earning services. Therefore, Sir, the two points of view are diametrically opposed . . . .

The Honourable Sir Frank Noyce: How much revenue have we got from the Posts and Telegraphs Department for the last six or seven years?

Mr. B. Sitaramaraju: The Honourable Member knows how much he has got, but the manner in which these postal rates are manipulated shows that these rates are fixed not with a view to affording the service to the largest number of people that can use them, but with a view to securing the largest amount of revenue from this service. Sir, there was a time when there used to be half anna half tola envelopes and one anna one tola envelopes, and even that half tola half anna envelope used to be very useful, because the poor people who used that kind of envelopes used to make use of very thin paper for their correspondence. Government then abolished that half tola half anna envelopes, and introduced one tola one anna envelopes, and thereby those people who were able to have these postage envelopes at a cheaper rate were very much handicapped, because they were asked to pay double, though their correspondence did not increase. Then, again, the Government increased the one anna one tola envelopes to one anna and 2½ tolas weight Sir, what was the idea in raising the weight from one anna one tola to 2½ tolas? It is not very difficult to understand the object. Those who write commercial correspondence, which is necessarily heavy, were very greatly benefited on the increase of the weight limit by the fact that they had not to pay more than what a poor man paid for a light weight correspondence when these mercantile classes were permitted to send letters weighing nearly 2½ tolas for one anna We all know, Sir, to what class these commercial people belong, and, therefore, the increase in weight from one tola to 2½ tolas benefited only the richer classes, while the poorer classes of people to that extent suffered greatly. On the last occasion we said that the raising of the postal rates from one anna to one anna and three pies was a great hardship, that the Government should be so unmindful of the fact that this is a public utility service, that they should keep in view not merely revenue, but they should keep in view that the largest possible use was made by the public, and we repeat that argument today, otherwise it would be a negation of the benefits of a civilized administration. We were then told that the very good Government of this country depended upon that one anna and three pies. I am very glad that the stability of the Government is not in any way interfered with, because we have now come down from one anna and three pies to one anna. However that may be, one regretful feature is, even in going back, Government are not going back to the extent that they ought to go with the view that I have in mind. If they were to re-establish the half anna half tola and one anna one tola, it would greatly help the public, and if the collection of merely a larger revenue is not the sole object of the Honourable Member in charge, then it is all the more easy for him to lower the rate to what it was some years ago. If, however, the object is to secure a large amount of revenue, then my point is that this Department is anything but a public utility Department. With these few words, I support the motion made by my friend, Mr Maswood Ahmad.

Sir Darcy Lindsay (Bengal: European): Sir, the half tola letter is an old friend of mine, and I think it was in the year 1922 when there were such drastic revisions in postage that I pleaded very hard for the retention of the half-tola half anna envelope, but we did not succeed in that, and I shall refer to it later.

Well, Sir, we are all out to help the post office. We regard the Postal Department as a commercial undertaking, we want to see it conducted on commercial lines and that it pays its way. Sir, I deprecate any attempt to reduce the revenue that is necessary for the Department to pay its way. It will suit the Members of my Group and those whom we represent here,—it would suit us very well,—to have the weight increased to one tola before this reduced postage of one anna is introduced. But, Sir, we put that on one side, in the general interests, and talking on behalf of the Group, I have to say that we will oppose this amendment.

My Honourable friend, Mr. Maswood Ahmad, told us rather a picturesque story of the poor villager being unable to distinguish between half tola and a tola. He has to weigh his letters on the very heavy beam scales which he uses for his rice and other produce. I ask him to really consider whether the difference of half a tola will enable that villager to weigh the correct weight of his letter . . .

Mr. M. Maswood Ahmad: There will be no necessity for it.

Sir Darcy Lindsay: In the old days,—perhaps my friend is aware of it,—villagers were allowed to send letters weighing quarter of a tola. In those days, they were apparently able to distinguish the difference in weight between half tola and quarter tola. They may have had different scales,—I do not know of that,—but I ask my friend seriously to consider the position. Was he making a joke or he was in earnest?

Mr. B. V. Jadhav: When was this quarter tola?

Sir Darcy Lindsay: In 1869, quarter tola was in force. Now, Sir, . . .

An Honourable Member: The Mover of the amendment was not born then!

Sir Darcy Lindsay: The reduction in revenue that this proposal would bring about is, I think, rather heavier than the Postal Department are inclined to admit. I am disposed to think that the view of the Postal Department that we would lose Rs. 27 lakhs in revenue by the reduction of three pies in postage for half a tola is somewhat exaggerated. I remember, in 1922, Sir Geoffrey Clarke, the then Director-General, estimated on my proposal that, to retain the half tola postage, the loss would be about Rs. 15 lakhs. But if we make the letter one tola, I am quite convinced that the loss would be very much heavier. I think that a certain additional recovery may be obtained in the reduction of the usage of the postcard by persons who prefer privacy. They are now paying nine pies for a postcard, and I think many of them will resort to this one anna letter for half a tola, and in that way the reduction of postcards by 20 per cent would bring us in Rs. 14 lakhs. I do not agree, again, with my Honourable friend, Mr. Maswood Ahmad, that the villager requires to write on such heavy paper or on such rough paper. I think that he is very well able to carry on all his correspondence on paper that will easily carry for half a tola. I wonder whether my friend knows what is half a tola envelope. With your permission, I should like to exhibit to the House.

Mr. Amar Nath Dutt: Envelopes like enamel wares are not allowed to be exhibited.

(At this stage, Sir Darcey Lindsay exhibited some envelopes to the House.)

Sir Darcy Lindsay: This is an envelope, and this paper is of fairly good quality, and the weight of the envelope and the paper is less than half a tola.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): What is the weight of the envelope?

Sir Darcy Lindsay: I have not weighed it separately.

Mr. S. C. Mitra: I have weighed it. It is a quarter of a tola.

Sir Darcy Lindsay: Again, this envelope is larger than the Government used to supply us. Here is another envelope used by a firm in Calcutta. Here is a note paper . . . . .

Mr. Amar Nath Dutt: By which firm?

Sir Darcy Lindsay: My own firm, the Royal Insurance Company. And this is under half a tola. I am perfectly certain that my Honourable friend, Mr. Varma, has come here with a whole sheaf of exhibits, and, now that I have got the permission of the Chair, he will doubtless show what he has with him.

Now, to refer once again to the effort I made at the retention of this half tola letter, which Sir Geoffrey Clarke called the poor man's letter, and to give privacy, I thought I had the House with me. I had explained the position to Mr. Rangachariar who was the Leader of the Opposition then, I had explained the position to Mr. Geoffrey Clarke, now, Sir Geoffrey Clarke, who thought it was a very ingenious idea and he was entirely in favour, as also was Sir Sydney Crookshank, who was then the head of the Department . . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. Will the Honourable Member please say what time he wants to take, because it is Friday, and we have to adjourn now?

Sir Darcy Lindsay: About three minutes more.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member may finish the rest of his speech after lunch.

THE INDIAN TARIFF (TEXTILE PROTECTION) AMENDMENT BILL.

EXTENSION OF THE TIME FOR THE PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, I beg to move:

"That the time allowed to the Select Committee on the Indian Tariff (Textile Protection) Amendment Bill, 1934, for the submission of its report be extended by one week."

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That the time allowed to the Select Committee on the Indian Tariff (Textile Protection) Amendment Bill, 1934, for the submission of its report be extended by one week."

The motion was adopted.

The Assembly then adjourned for Lunch till Two of the Clock.

The Assembly re-assembled after Lunch at Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

THE INDIAN FINANCE BILL.

Sir Darcy Lindsay: When the House adjourned, I was explaining what happened to my amendment in 1922. The Honourable the Finance Member was absolutely adamant and the Director-General of Posts and Telegraphs, who had been entirely in favour of my proposal, had to speak in opposition, and one of the strongest points he made was as follows:

"Now, it is an extraordinary thing that these low postal rates have proved a very great impediment to the development of rural postal facilities in India. In very few words I will explain the position. When we want to open a post office in rural areas, we open an experimental post office. The average cost of such an office some years ago was about Rs. 20, namely, Rs. 5 or 6 to the Branch postmaster, who was not a whole-time servant, Rs 7 to the postman and Rs. 7 to the runner to carry the mails to and from the post office For that Rs. 20, we asked for a revenue of Rs. 25, which represents roughly a traffic of about a thousand articles a month. If the revenue of Rs. 25 was obtained, that post office was established and it was made permanent. What is the position today. The position today is that we cannot open a rural post office under Rs. 40. A committee sat and fixed the pay of our staff recently and very properly increased it on account of the rise in prices, so that a post office cannot now be opened under at least Rs. 40. But the revenue is the same. We still get Rs. 25 and cannot get anything more. Therefore, the post office is not opened or else is closed very quickly This means that there are not as many rural post offices as there ought to be; people living in villages are thereby greatly inconvenienced. Is it not more convenient for a man to post a postcard in a post office close to him for half an anna rather than to walk a distance of 15 or 16 miles in order to post it for quarter of an anna."

As we all know, Sir Geoffrey Clarke was a plausible Irishman and a very fine speaker, and this point that he made about the village post office carried the House with him. One of my good friends in the European Party, as it was then, Mr. Reginald Spence got up in the House and said that he had come down with the full intention of voting for my amendment, but, after he had heard Mr. Clarke, he had to vote against me. Mr. Rangachariar came over and asked me not to press this amendment of mine, and my case was lost. I wish Sir Geoffrey Clarke were in the House today to use that same eloquence which greatly moved the House in 1922.

Mr. Amar Nath Dutt: You are depending on eloquence and not on facts?

Sir Darcy Lindsay: We are always twitting our Honourable friend, Mr. Mody, and asking him to put his house in order. What we are asking for is that the post office will put their house in order. They have had the Retrenchment Committee, and are bringing into operation many of the

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recommendations of that Committee. I sincerely hope that this time next year we will see a very marked improvement and that the post office will once again be able to maintain itself and show a profit. That profit, I hope, may be devoted to the relief of the postcard, for, I am one of those who strongly support the cheapest possible postcard for the masses. I ask the House this year not to try to carry this amendment, as, in my opinion, it will mean a reduction of revenue. I hope, Sir, that I have made my point clear, and I sincerely trust that after hearing the Honourable Member the amendment may not be pressed.

The Honourable Sir Frank Noyce: I am much indebted to my Honourable friend, Mr. Amar Nath Dutt. for his interruption of a moment ago, for I do not lay claim to any eloquence, but I trust that I shall be able to convince the House by a plain statement of facts. I hope, Sir, that you will permit me in dealing with this, the first of the amendments to the Finance Bill relating to the postal charges, to adopt the procedure I followed last year and to review the position of the Posts and Telegraphs Department as a whole in an endeavour to show that the reductions in rates which we are proposing represent the utmost limit to which we are justified in going in the present financial condition of the Department. At the conclusion of my speech on this subject last year, I expressed the hope that this House would recognise that we were making every effort to restore the finances of the Posts and Telegraphs Department to a position of equilibrium. I assured the House that those efforts would not be relaxed during the current year and I ventured to give expression to the further hope that, when I came before this House this year, I should have a much more cheerful tale to tell than I had then. I concluded by repeating the assurance given by my predecessor in 1931 when he said:

"When we are sure that surpluses have to stay, we shall use them for the extension of postal facilities, for reorganisation which may be necessary in order to ensure the highest efficiency and also for revision of rates which may be possible and reasonable."

Now, Sir, I have little doubt that this House will agree with me—I am quite sure that my Honourable friend, Mr. S. C. Mitra, will emphatically, though by no means cordially, agree with me—that our efforts at economy have not been relaxed during the year that has passed. It is true that our revised estimate for working expenses and interest for 1933-34 is 11 crores and 27 lakhs, which is 30 lakhs higher than the final figures for 1932-33, but it has to be remembered that we have restored half the cut in pay which cost about 27½ lakhs, that we have had to make heavy payments aggregating to about 15 lakhs on account of the concessions to retrenched personnel, that is about five lakhs more than we had to pay in 1931-32, and that we have had to meet increments which have cost us about 15 lakhs. That little fact of increments is very apt to be forgotten when we are comparing the Budget figures of one year with those of the previous year. Unfortunately, at the present time, increments go on year by year and we have not yet reached the end of them. Now, the total of these three items together amounts to about 47½ lakhs, so that, on the basis of strictly comparable figures, our working expenses are down this year by some 17½ lakhs on those for 1932-33. That may at first sight not seem a very large figure, but what I would impress upon the House is that in 1932-33 our working expenses were 61 lakhs lower than they were in the preceding year and that the figures for 1931-32 were again 53 lakhs lower than in the peak year

1930-31, when the working expenses and interest charges together amounted to 12 crores 11 lakhs. In spite of the fact that we have to go on paying increment charges at the rate of about 12 lakhs, we are budgeting for a further fall in working expenses and interest of 42 lakhs. This, however, I need hardly remind the House, includes the 27½ lakhs approximately which we estimate as the net cost of the reorganization in rates we are proposing, for, as the House knows, we are meeting this by a reduction in the depreciation fund. The further net saving in working expenses next year is, therefore, according to our estimates, in the neighbourhood of Rs. 14 lakhs. Sufficient, I trust, has been said to convince the House that there is no substance in the charge which was made last year and which has been repeated this year that we are not adopting all possible measures of retrenchment and other economies which are open to us. According to a statement recently prepared by the Department, the total saving in pay charges alone that has been effected or is likely to be effected up till March 31st, 1934, is estimated at 8¾ lakhs a month, that is, about a crore and five lakhs per annum. The magnitude of the savings is also illustrated by the figures in paragraph 5 of Sir Thomas Ryan's Administration Report on the working of the Department for 1932-33, from which my Honourable friend, Mr. Maswood Ahmad, quoted so extensively this morning and which I hope has reached all the Members of this House by now. Those figures show that a salary bill which had been increasing from 1925-26 at over 28 lakhs a year actually decreased by 24 lakhs in 1932-33 as compared with 1931-32. Sir, no better testimony to the ability—and I would add, the humanity—of one whom we in this House and the Department of which he was the Head in a period of exceptional stress and strain so deeply mourn, could be found than the fact that retrenchment on so drastic a scale was carried through with a minimum of friction and dislocation. I have been deeply touched during the last ten days by the tributes to Sir Thomas which have reached me from all parts of India and from all branches of the Department and which show that what I have just said in regard to his fairness and humanity has been fully recognised by the Department. As the House was reminded in the last speech Sir Thomas Ryan made here, our retrenchment campaign is not at an end. The report of the Telegraph Establishment Enquiry Committee presided over by my Honourable friend, who sits immediately behind me and whose valuable assistance in this and other matters connected with the Posts and Telegraphs Department I am glad to have this opportunity gratefully to acknowledge (Hear, hear), contain recommendations which, if they are accepted, will lead to an ultimate saving of over 19 lakhs a year. Sir Thomas was careful to explain that the recommendations of that Committee have yet to reach Government and that, in his view—which, knowing as I do the soundness of his judgment, I have little doubt will also be the view of Government—those economies can only be reached by degrees.

Then, there is the Postal Enquiry Committee the objects of which I explained to this House the week before last. I endeavoured to show that it was an Efficiency, rather than a Retrenchment Committee and that its main object was to bring methods of work in the Postal Branch of the Department up-to-date. We do hope, however, that it will secure substantial economies. I hope, Sir, my Honourable friend, Sir Darcy Lindsay, will be convinced that we are doing our best to put our house in order, and that we really have achieved a great deal in that direction. Before I leave the subject of retrenchment, I should like to refer to a criticism which fell from my Honourable friend, Mr. Lalchand Navalrai, on Monday last. If I heard him correctly,—I owe him an apology for returning to the House

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half way through his remarks on the subject—he accused us of making retrenchments only in the lower ranks of the Department and of leaving the gazetted ranks untouched. In fact, I think he went as far as to contend that we actually created new gazetted appointments. This charge is without foundation or rather has such a slender substratum of foundation that it is negligible. No less than 85 gazetted officers, out of a total number of 570, will have been retrenched by the end of this month, and the highest percentage of retrenchment effected—14·9—will be only exceeded by that in the upper division time-scale where it will be fifteen. This latter figure is, however, a somewhat fictitious one, as lower division clerks have been appointed in the place of the upper division ones, so that the actual retrenchment of personnel has been considerably smaller than the figure I have given would lead one to suppose. The number of new gazetted appointments we have created is, in point of fact, exactly two and two only. One of these—that of a Deputy Director-General for Finance was an appointment the justification for which was accepted without question by the Standing Finance Committee, and one was that of Assistant Deputy Director-General, an appointment which merely replaced one of a higher grade and was necessitated by the expansion of work in the Wireless Branch including the Broadcasting Branch. The House knows, I think, that we are doing all we can to develop broadcasting at this moment and the justification, therefore, for the appointment of an officer to assist in that development need not be further enlarged upon.

Sir, I have dealt with the question of retrenchment at some length, because it brings me to my next point, which is that, in spite of all our efforts, we still have to budget for a deficit. In other words, so far from surpluses having come to stay, they have not yet come at all. It is true that the tale I have to tell this year is a more cheerful one than that I narrated last year, but it cannot be said that my hope that it would be a much more cheerful one has been fulfilled. It is also true that the deficit for which we are budgeting is only 14 lakhs—taking into consideration the important fact that the cost of the reorganisation in rates we are proposing is balanced by the raid we are making on our depreciation fund—and that this is the smallest deficit since 1927-28 when the Department first ceased to pay its way. But the true position—and this I wish to emphasise as strongly as I can—is that if I am to come before this House with a balanced Budget next year on the assumption that the five per cent cut in pay will be restored, that the cost of increments will be met and that the full amount will be paid into the depreciation fund, our receipts will have to increase by Rs. 27½ lakhs for the restoration of the cut in pay by 12 lakhs for the cost of increments, by 14 lakhs for the deficit for this year and that amounts to the very substantial total of 81 lakhs. Against this all that we can set with certainty is such further economies as we are able to secure and with hope is an improvement in revenue due to increased traffic.

What, Sir, I wish to make clear is that the figures I have now placed before the House would have justified me in coming before it today and explaining, as I was compelled to do last year, that we are not in a position to place before it any proposals at all for reductions in rates. That, Sir, would not have been at all a pleasant task but I need hardly tell the House that, if I had felt that it was really necessary, I should have had to face it. I do not think we on this side of the House can be accused of shirking. The reason I have not had to face is that it does

seem to us that there are some small rifts in the clouds of economic depression which have been hanging over us for the last three or four years. Our revised estimates for receipts for the current year is 21 lakhs better than it was last year and 11 lakhs better than the figures for 1931-32. Small as is this indication of better times ahead, so far as the Posts and Telegraphs Department is concerned, it seems to us that, combined as it is with the results of our drastic economy campaign, it justifies us in taking some risk and, as the Honourable the Finance Member said in his Budget speech, in making an experiment designed to test the responsiveness of traffic to rates. I cannot too strongly emphasise that it *is* an experiment and that at a time like the present and with the financial condition of the Department as I have depicted it, we are not justified in doing more than making an experiment. We are frequently told, we have been told already today and I have no doubt that we shall be told again in the course of the afternoon, that reductions in rates will either immediately or eventually be definitely beneficial to the revenues of the department. I dealt with this argument at length last year and endeavoured to show how impossible it was to accept it in the conditions which then prevailed. We hope, however, that it is more valid now than it was then and we are at any rate prepared to test its validity with prudence and with caution.

Before I proceed to discuss in more detail the specific changes we are proposing and to deal with the amendment moved by my Honourable friend, Mr. Maswood Ahmad, which is just now before the House, I should like to refer to one or two matters which were raised in the discussions on the Budget on the demands for grants and on this Bill. My Honourable friend, Mr. Mitra, contends, if I have understood him correctly, that our troubles would have been at an end and that we should be in a happy position if the recommendations of the Committee presided over by Sir Cowasji Jehangir—the Accounts Committee, not the Retrenchment Committee—in regard to the depreciation fund had been accepted as the Department would benefit to the extent of Rs. 70 lakhs per annum being the amount of interest on the depreciation fund balance. Now, Sir, I cannot juggle with figures in the way that my Honourable and learned friend, Dr. Ziauddin, does, nor have I the gift of expounding them in the lucid and interesting way that my Honourable colleague, the Finance Member, can or Sir Thomas Ryan could do. I have with difficulty mastered the difference between a depreciation fund calculated on the straight line plan and one calculated on the sinking fund plan. I should be very sorry to have to attempt to explain it to this House. All I would say on this point is that my Honourable friend, Mr. Mitra, omitted to read to the bottom of the page from which he was quoting and that on the Committee's own showing the difference between the plan they advocated and that actually adopted, far from being Rs. 70 lakhs, is only a matter of some Rs. 15 lahks to Rs 18 lakhs which is certainly not enough to transform our Budget. The reason why Government were unable to accept the Committee's recommendations in their entirety was that, if it were assumed that a depreciation fund had been in existence from the beginning of the Department, it should also, in fairness, be assumed that the balances in that fund would have been utilised for avoiding debt and that consequently the rate of interest earned by those balances could not have been more than the rate of interest payable on the capital outlay of the Department. In their view, the reconstruction of the accounts as visualised by the Jehangir Committee involved something in the nature of a fictitious

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assumption, the adoption of which it would be difficult to justify. In any case, as I have said, the amount involved is far smaller than that mentioned by Mr. Mitra. If the House has still any doubts on this point and desires further enlightenment, I will ask my Honourable friend, Mr. Varma, to endeavour to clear it up.

My Honourable friend, Mr. Lahiri Chaudhury, who does not at present happen to be in his place but who I am sure will study the proceedings of today's discussions later on, in order to be able to hurl some criticisms at me if not this year at any rate next year, has also discovered another item in the budget of similar character though of less importance, the lump provision of some Rs. eight lakhs which has been made to meet a possible increase in the charges paid to Railways for the carriage of mails and other services rendered to the Posts and Telegraphs Department. The Railways have claimed that the rates at present paid to them are not adequate and have proposed certain increases. I need hardly say that those proposals have to be and are being carefully examined but it is obvious that provision has to be made to meet the claim in case it is admitted. I would only add that increases and decreases in the rates for carriage of mails are an everyday incident in the administration of the Department and depend upon negotiations with carriers, of whom the railways are the most important. If the Railway claim is not admitted or is abated in any way, we shall be so much better off.

Another item in the Budget which has been queried and to which I should perhaps refer is the provision of Rs. 5·44 lakhs under Civil (Departmental share of stamp revenue). This amount represents the estimated value of unified stamps used in Burma for revenue purposes. As the House is aware, unified stamps will cease to be issued in India with effect from April 1st, 1934. When the proposal for using separate stamps for postal and revenue purposes took shape, the Government of Burma asked us to allow the system of unified stamps to continue in Burma until the question of its separation from India had been settled. Their request was naturally acceded to and this amount of Rs. 5·44 lakhs represents the amount that has had to be provided in order that the claim of the Government of Burma to its share of the receipts for stamps used for revenue purposes may be met as in the past.

It would perhaps be convenient at this juncture if I referred to another criticism raised by my Honourable friend, Mr. Maswood Ahmad, this morning, in which he asked us why we got nothing from other Departments for unremunerative post offices. His question was a very natural one as I must admit that the item is not shown very clearly in our Budget, in fact it can hardly be said to be shown at all. But if he will turn to page 153 of the detailed statement in support of the demands for grants for the Posts and Telegraphs Department, he will find an item of 7 lakhs and 30 thousand as the estimate for receipts from fees and other receipts. I understand that about between Rs. 80 thousand and Rs. 90 thousand of that represents receipts for unremunerative post offices, which have been established for the benefit of other Departments including the Army Department.

I do not propose, Sir, to deal at any great length with that hoary annual, the distribution of revenue and expenditure between the various branches of the Department. It has cropped up this year, it has cropped up for many years in the past, and it will doubtless crop up again in the

future. As regards the distribution of revenue, all I would say is that our present methods have been elaborated over a number of years by the Accounts and Audit authorities and that they were also overhauled by an eminent firm of chartered accountants from London a few years back. However, in view of the importance which some Members of the House attach to this question, I am perfectly willing to have it looked into again. As regards the distribution of expenditure, the main point of criticism seems to be that the credit received by the Postal Branch for the work it does on behalf of the Telegraph Branch of the combined offices is inadequate. Here, again, the methods we adopt for determining the distribution are the best that the accounts and administrative authorities, working in the closest collaboration, have been able to devise. All items of cost such as supervision, both subordinate and superior, overhead expenditure such as pensions, and even stationery are included as part of the expenditure of the Telegraph Branch in one way or another. I need say no more about this for, as Sir Thomas Ryan explained, we are taking steps to place before the Public Accounts Committee a description of the various adjustments made in the accounts of the Department on account of mutual services with a request that they will favour Government with their verdict regarding the suitability of the methods we follow. If they can suggest any improvements, I need hardly say that we shall welcome their suggestions. I very much hope that the result of their examination will be to lay to its last rest this controversy which dates from the amalgamation of the two Departments and is, I am prepared to admit, the inevitable result of that amalgamation. But the two Departments have been combined so long that it is time that they and the general public regarded themselves as one and indivisible. In saying this, I am not denying for a moment that every effort should be made to discover the financial effects of the working of the different branches of the Department. That is obviously essential to its being carried on successfully. What I do wish to emphasise is that the distribution of the joint revenue and expenditure between the various branches does not affect the profit and loss on the working of the Posts and Telegarphs Department as a whole and that it is that with which Government, this House and the general public are concerned. My Honourable friend, Mr. Mitra, who is more interested in the postal side, complained the other day that postal surpluses have been used in the past to cover losses on telegrams. My Honourable and gallant friend, Sir Henry Gidney, who I am very sorry to say is not here today as I should have liked him to hear what I have to say on the point, in a speech which made me feel that I had for the time being been transported to the wonderland of Alice, for I had till then been led to believe that he was the champion of the interest of the telegraph staff, supported Mr. Mitra's view that it was wrong to make good losses on telegrams from postal surpluses, so wrong in fact that it would be better to close down the telegraph branch altogether and presumably to throw the staff on the street than to go on doing it. Except for the brief space of three years, there have in point of fact, since the system of commercialised accounts was introduced, been no postal surpluses to use in any direction.

In any case, Sir, in a Department the transactions of which are on so large a scale as those of the Posts and Telegraphs Department, it is impossible to balance expenditure and revenue each year with such nicety that each branch should be self-supporting and no more. It has happened

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in the past and is likely to happen again in the future that in some years it may be the Postal Branch which will yield a surplus. For the present it is the turn of the Telephone Branch, the surplus from which is at present small though there is every reason to believe that it will grow with considerable rapidity. It may even in time be the Telegraph Branch which will show a profit. This position follows naturally and essentially from the nature of the services rendered. We in the Department are only too familiar with the fact, which the members of the House do not seem always to realise in its full implications, that the services rendered by one branch compete with the services rendered by another. Trunk telephones for example compete with telegraphs, whilst telephones themselves compete with the local postal services, and finally the air mail services once they are fully developed will undoubtedly begin to compete with telegrams. As an instance of the necessity for dealing with the Department as a whole whilst observing the general principle that as far as possible each branch of it should be self-supporting, I would draw the very special attention of this House to the fact that the reduction in the postal rates which we have proposed has been rendered possible only by raiding the Depreciation Fund and that the bulk of the balances in that Fund relates to the Telegraph and Telephone Branches. If the results of the special inquiry that has been ordered bear out our present anticipations, the annual contribution to the Depreciation Fund will be reduced but the benefit from this reduction will be limited more or less entirely to the branches just mentioned and very little, if any, will be allocable to the Postal Branch. Here at least is an instance in which the position envisaged by my friend, Mr. Mitra, is being reversed and it is the Telegraph Branch that will lend the money required for the reductions in the postal rates. Lest my remarks should give rise to a new series of misapprehensions I should like to make it clear that we make an absolutely clear distinction in the accounts between the utilization of the surpluses of one branch or another. For instance, to the extent that postal surpluses are utilised to balance the loss on the Telegraph Branch when presenting the budget of the Department as a whole, the Telegraph Branch has to pay interest on the amount so utilised and, of course, that also holds good in the opposite direction.

Now, Sir, I come at last—the House may think at very long last—to the changes we are proposing and to the amendment moved by my Honourable friend, Mr. Maswood Ahmad. I need hardly remind the House that the changes we are proposing in the postal rates—the change in the rates for telegrams do not fall within the purview of the Finance Bill—are three in number, the lowering of the initial weight for inland letters from 2½ tolas to half a tola with a reduction in the charge from 1¼ anna to 1 anna, the remission of the extra pie per five pice per embossed envelope and the raising of the initial charge on inland book packets not exceeding five tolas in weight from six to nine pies. I should like, in passing, to invite the special attention of the House to the word "initial" in that last sentence for it may save misapprehension if I explain that, though we should under the Schedule as it will now stand be able to put up the rate for the second and subsequent categories of five tolas for book packets to nine pies, we do not propose to do so and that the nine pies rate will apply only to the initial category, the cost of the subsequent categories remaining at six pies. The drafting of the entry

merely follows the practice followed in connection with that relating to parcels which has been in its present form for some years though the rates were only enforced in respect of parcels weighing more than forty tolas in June, 1931.

Now, Sir, I have heard and seen many criticisms that the reductions we are making in the postal rates are illusory. All I can say of such criticisms is that they remind me of a legend which I once heard was displayed in an American saloon in the Wild West "Money is the root of all evil. Give us a few roots". If these concessions are illusory, I would gladly suffer from a whole series of such illusions. I would ask, Sir, in all earnestness where is the illusory character of a concession which we estimate will cost us Rs. 27 lakhs even allowing for a ten per cent. increase in traffic? My Honourable friend, Sir Darcy Lindsay, has thrown some doubts on the accuracy of our estimates. All I can say is that they are the best we are able to frame and that even according to his own estimate our losses will be very considerable. We do not hold the view that the general public will regard the concession as illusory for we estimate that at least 80 per cent. of paid letters will fall within the half tola limit. Experience in this matter all the world over goes to show that however low the initial rate, if it is lowered still further, the fullest advantage is always taken of the fact. As Sir Darcy Lindsay mentioned this morning, there was formerly a quarter tola rate and a half tola rate. The quarter tola rate was actually in force from 1854 to 1869 and the half tola rate was in force in the department for no less than 35 years, from August 1869 to the 31st March, 1905. I can remember,—my Honourable friend, Mr. Mahapatra, evidently cannot,—when the half tola rate was in force and I never heard any complaints about it.

As regards the complaints regarding the character of the stationery which will have to be used to bring letters within the half tola limit, my Honourable friend, Sir Darcy Lindsay, has had something to say. He referred, Sir, to your recent ruling regarding the exhibition of samples in the House, and I do not propose to infringe that ruling this afternoon, except possibly later on, if you will permit me, in respect of one very small item. But I may say that I have here an extensive range of samples of the stationery which can be carried within the half tola limit and that I shall be very happy to show that range to Honourable Members afterwards.

Mr. President (The Honourable Sir Shanmukham Chetty): What about the stationery sold to Honourable Members here?

The Honourable Sir Frank Noyce: I am coming to that. I may say that the half-sheet notepaper I have myself used for many years past, called "Crown Bond",—I do not know who the makers are or indeed whether anybody has a proprietary right to the name; and I do not know whether I am giving a free advertisement or not, but if I am, the makers are quite welcome to it for it is excellent paper—a half-sheet of that notepaper, in its appropriate envelope falls within the half tola limit. I am fully aware of the fact mentioned by one Honourable Member, in the course of the general discussion on the Finance Bill, that the small half-sheet Assembly note paper when enclosed in its proper envelope is over the half tola limit. In that respect, as in regard to the provision of any other amenities to the Members of this House which it is within my

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power to provide, I am anxious to do what I can and I took the matter up with the Controller of Stationery long before it was mentioned here. I hope that it will be possible to supply Honourable Members of this House in the near future with a paper that will meet with their requirements and also, I trust, with their approval. (Laughter.)

Mr. S. C. Mitra: May I know what is the weight of the ordinary envelope that is sold in the post offices?

Mr. S. P. Varma: I have not weighed it, but it is slightly below a quarter of a tola.

Mr. S. C. Mitra: Yes, it is just a quarter of a tola. I have also enquired of the Legislature post office in the Council House.

The Honourable Sir Frank Noyce: My Honourable friend is imparting information rather than seeking it, but I think he is probably quite right in saying that the embossed envelope weighs a quarter of a tola and the proper sheet of notepaper for it would also weigh a quarter of a tola; and I can assure him that he can get quite a lot of information on that half sheet of note paper.

Now, Sir, I come more specifically to my Honourable friend, Mr. Maswood Ahmad's amendment. Under this amendment, the initial weight to be carried for a minimum charge of one anna will be increased to one tola. Subject to the general remarks relating to estimates and assuming that 90 per cent. of the paid letters will be within one tola in weight, the loss on the initial weight category will be 32 lakhs or five lakhs in addition to that involved in the Government proposals. If it be assumed that 95 per cent. of the traffic will be within the initial weight, the additional loss is estimated at about seven lakhs instead of 5 lakhs.

The charge and weight for the second category are to remain undisturbed but the amendment also contemplates a reduction in the weight stages and in the charge for letters weighing more than $2\frac{1}{2}$ tolas. Instead of having to pay $1\frac{1}{4}$ annas for every fraction above $2\frac{1}{2}$ tolas, the rate proposed is half anna for every tola. The loss on a letter weighing more than $2\frac{1}{2}$ tolas may therefore be as large as nine pies but in some cases, as in that of letters weighing more than $4\frac{1}{2}$ tolas but less than five tolas, there will be an increase of revenue of three pies. It is impossible to estimate the effect on these heavier letters but there is no doubt that the loss will be appreciable. The net additional loss on this proposal as a whole may itself be estimated as between 5 and 8 lakhs and that, Sir, I maintain, in the light of considerations I have endeavoured to place before this House, is more than we can afford.

The point, Sir, that I wish to make in dealing with this and all other amendments relating to letters, book packets and parcels is that their acceptance by this House must inevitably delay the day when it would be safe to reduce the post card. I have been long enough in this House to know that there is no change in our postal rates which would be more welcome to Honourable Members opposite than a reduction in the rate of post cards; and, as my Honourable colleague, the Finance Member, said the day before yesterday, there is none which it would give us greater pleasure to make. But I do want the House to realise that it is

going to cost a very large sum of money when it comes, at any rate in the initial stages. I trust I have said enough to show that it would have been absolutely out of the question for us to propose a change this year. Apart from the fact that according to our estimates it would have cost us 56 lakhs against the 27 lakhs we are losing on the adoption of the lower letter rate, we should have been bound to make the two changes together at a total cost of 83 lakhs, for otherwise the diversion of traffic from a letter rate of 1¼ annas to a post card rate of half an anna would have been very serious indeed and would have entailed further large losses.

I would appeal to the House in conclusion to let us go ahead with our experiment and let us see how that works before embarking on a larger one. Let us see how near our estimates are to being correct. If they prove unduly pessimistic no one will be more pleased than myself. I should be only too glad to concede to Honourable Members opposite that all the additional revenue is due to increased traffic resulting from reduced rates and none to that revival of economic prosperity which we all devoutly hope will come about before we meet again here to discuss this subject.

Sir, I regret to have to interrupt my Honourable friend, Mr. Maswood Ahmad's triumphal career. He has placed two amendments to the Finance Bill before this House which have met with unanimous approval, but I am sorry to say that I have to oppose this one.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I rise to support this amendment. The issue involved in this amendment is whether the present weight of 2½ tolas should be reduced to half tola. In considering it, I shall restrict myself to the point, because there is a similar amendment standing in my name—No. 22—which is exactly the same as the first part of the amendment we are discussing, except that I have put the words "one tola" while the words in the amendment are "not exceeding one tola". The question is whether there is a reduction at all in the proposal of the Government to change the postal rate. I would submit, it is not a reduction at all: rather I call it an increase in disguise. No doubt at present we pay 1¼ annas, and it is going to be reduced to one anna. But, on the other hand, the weight allowed at present is 2½ tolas, while the proposed reduction would make it half a tola: so that, on the one hand, we get a reduction by one pice in the charge, while the weight is being reduced from 2½ to half tola. The disparity is so much that it can be easily seen that the Government cannot profess that they are giving a concession to the people. This postage was increased at a time when there was a crisis in the finances; and as my Honourable friend, Sir Frank Noyce, read just now, the Member in charge then made a statement that this increase was not going to be made permanently, and that when circumstances changed, the rate would again be reduced. The question is, when they see the time has come to reduce the rates, are they reducing it really? It is no good giving with one hand and taking away with the other more than they give. The lowering of the rate, and the reduction in the weight allowed are disproportionate to each other. At present we can send in an envelope nine sheets of note paper: here is a note paper that we have been ordinarily using in the Assembly writing room—the thin paper—not the red embossed thick paper which has a correspondingly thick envelope: I have weighed this letter paper in the post office here in the Chamber and it weighs one-fourth of a tola, and the envelope weighs another one fourth

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of a tola, so that, under the proposed rate, I can put one sheet and nothing more in this envelope, and since one writes generally on one side, it does not come to much . . . .

The Honourable Sir Frank Noyce: Sir, we do not all write quite as long letters as my Honourable friend.

Mr. Lalchand Navalrai: It is no question of writing long letters As I was saying, for the present 2½ tolas weight being allowed, I can write nine sheets like this, and, if I write on both sides, I can write an enormous amount of matter. But if under the new rate one can write only one sheet—and cannot write on both sides—he can as well write on a postcard on both sides. There is also another difficulty. I am an educated man, but still I had to go before the post office to have it weighed and ascertained as to how much it was. In this manner, everybody will have to be carrying with him a pair of scales and weights. It will be absurd to expect the general masses to do this sort of thing every time they write a letter.

There is yet another difficulty. Supposing I use two sheets instead of one: the total weight would then come up to ¾ tola: and if I put stamps for one anna, then the post office will charge me double the difference or two pice more.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

I have, therefore, to be very careful that I do not exceed half a tola: even a *bania* sitting in his shop cannot possibly weigh such a small weight as that. I do not know what my Honourable friend wants the people to do, but this is a very great difficulty to be considered.

It is said that certain kinds of thinner paper could be used: is all the paper at present in India going to be sent back to England and thinner paper obtained? And if I were to use thinner paper, people can easily read through the envelope, and there will be no secrecy: we could as well use a postcard then. All these difficulties have to be considered. If that is my difficulty, then the difficulty of poor and ignorant agriculturist and the like will be more. But apart from this, what is the view of the commercial people? The Delhi Piecegoods Association have passed a resolution and sent that resolution to the Honourable Member in charge, and a copy has also been sent to me which I will place before the House: they also express the same difficulty and the same inconvenience that I have laid before the House. The Secretary writes:

"My Committee has carefully considered the proposal contained in the budget speech of the Honourable Finance Member to reduce the rates of postage on inland letters weighing not more than half a tola to one anna. This reduction is of no practical benefit to the commercial community, in so far as commercial letters typed on ordinary letter paper and enclosed in an ordinary envelope invariably weigh more than half a tola."

—It means that the commercial people should also have thinner note paper—and I have already disclosed to the House the disadvantage of that thin paper—

"If in order to enjoy the benefit of these reduced rates of postage any very flimsy letter paper and envelopes are used the letters enclosed in such envelopes would be read through without opening and hence the secrecy of the letters cannot be maintained."

—This is a very serious point that the House should consider—

"I am, therefore, directed to request you to make the reduced rate of one anna applicable at least to letters weighing one tola, so as to enable the public to derive some real advantage by this reduction."

If you merely want to show a reduction in name, to show to the outside people that you have been reducing taxes, then you cannot give credit to Government for a thing like this where you give with one hand and take away more with the other. Then, further on, they say this:

"This, we feel sure, will greatly help the commercial community and at the same time will not adversely affect the Government revenues as the reduced income on such letters will be compensated by a corresponding increase in the number of letters sent."

Now, Sir, when you were charging one anna letter postage, what was the weight that could be carried for that sum? It was one tola. Then when you were charging six pies, you permitted to carry half a tola, and then again you allowed one tola one anna, and then it was increased to 2½ tolas for one anna and three pies. Now, from this rate you at once come down to half tola. Sir, I submit there can be no justice or reason in such a drastic and sudden reduction in the weight of letters. Let me tell my friend, Sir Darcy Lindsay, that to my knowledge I never knew of a time when the post office allowed quarter of a tola. He mentioned the year 1869, that was only a year before I was born. In those days, may I tell my friends that the post office was not so popular as it is today, the post office facilities were not availed of to the extent that we do today . . . . .

3 P.M.

The Honourable Sir Frank Noyce: Is the Honourable Member speaking from personal knowledge?

Mr. Lalchand Navalrai: No, I am not speaking from personal knowledge. I have already said that. The point is that there are many in this House who cannot talk of many things from personal knowledge. I don't challenge the statement of my friend, Sir Darcy Lindsay. I say it might be that the post office allowed quarter tola. In those days people had not much voice in these matters. Why, for that matter even in these days we are not allowed to enforce our will on the Government, we have no voice in many matters. Why if you put this motion to a division, you will find a large majority going over to the Government side, and that is why, knowing our weakness, Government are bringing forward unreasonable proposals like the one they have made. Sir, I submit it is simply a preposterous proposal to reduce the weight to half tola as is suggested.

Now, Sir, with regard to the economies effected by the Department,—the Honourable Member in charge made a reference to me. In my speech on the Finance Bill, I think, I did refer to it, and I did give credit to the Postal Department for effecting economies. There is no doubt that the Postal Department have tried to make economies, but my point is, and it should be taken note of even now that much economy is not made by the Government in the top officers. The figures given were one Deputy Director General, and one Deputy Chief Engineer were retrenched. Where there were two officers . . . .

Mr. S. P. Varma: I submit, Sir, that the Honourable Member is misquoting the information that Sir Thomas Ryan gave in his last speech . . .

Mr. Lalchand Navalrai: The information that you gave . . . .

Mr. S. P. Varma: Even that information is misquoted.

Mr. Lalchand Navalrai: I am saying that only two officers of that grade have been retrenched . . . .

Mr. S. P. Varma: One Deputy Director-General, one Deputy Chief Engineer and a number of Assistant Directors-General . . . .

Mr. Lalchand Navalrai: I am coming to that. I am talking of the topmost officers, I am talking of the officers at the top . . . .

The Honourable Sir Frank Noyce: How can the Honourable Member expect us to carry on without officers at the top at all? Without officers at the top, the Department could not carry on.

Mr. Lalchand Navalrai: If the posts of one Deputy Director-General and one Deputy Chief Engineer have been curtailed, have you not on the other side increased two more officers, one is a Deputy Director-General and the other is a Financial Adviser? One Deputy Director-General and one other officer were removed from the top, and, in their place, again, two new men have been put in. This is the sort of economy you are making Sir, I object to that kind of economy. Of course, it is very easy to reduce the salaries of Superintendents. You may on one side put the salaries of those Superintendents who have been retrenched, and, on the other side, take the salaries of the new officers who have been appointed and see if the reduction you are seeking to make is nothing when compared to the additional salaries you are going to pay to your new officers. Therefore, the economy which you say you have effected is no economy at all. Of course, some officers have been retrenched, but as against that retrenchment you are appointing more officers in disguise to the detriment of the public. Sir, I strongly deprecate this kind of retrenchment. They remove a few Superintendents or cut down their salaries, while at the same time they appoint a few more officers. Can this be called real retrenchment?

Apart from that, Sir, I feel that though the Department has effected certain economies, there is still considerable room for reduction of the postage rates, and, therefore, I pointed out in the beginning of my speech that while you have reduced the rate of an envelope to one anna, thus cutting out three pies, you have at the same time reduced the weight of the letters to a ridiculous extent, and I cannot understand this sort of concession.

Then, my friend, Sir Darcy Lindsay, said that we should wait until such time as the Department is able to make up its finances, and then we could ask for a reduction in the postal rates. The Honourable Member in charge also said that if, on further consideration and further test, Government found that the present proposals were affecting the public adversely, the matter would be reconsidered. May I point out, Sir, how many promises of that kind regarding taxes were made before which have not been fulfilled? My submission is that a tax once raised will never be brought down. Look at the income-tax. Promises were made that it would be reduced, but has it been reduced at all? I should be very glad to know which are the taxes which after being raised have been removed. Therefore, in this case also, we cannot rely upon the promises of Government, and in this matter I think Government would be doing bare justice if they maintain the 2½ tola weight for letters.

An Honourable Member: The amendment is for one tola.

Mr. Lalchand Navalrai: I know the amendment has been made like that, because we are asking the least now, and not that we do not like to have 2½ tolas, because then we will not make many mistakes. Every time we have to get our letters weighed, and, if there is a mistake, there will be penalties. I submit that the amendment of my Honourable friend is very modest, and, as I have read out the resolution of an Association, they also request the Government to take a reasonable point of view. If there is going to be a test made, let it be with one tola and not with half a tola. It is not yet too late to give relief to the people. One tola will not make much difference for the Government. Why should Government go down suddenly from 2½ tolas to half a tola, and why should they not go down to one tola? This is a reasonable amendment and I hope that Government will show their *bona fides* by at least accepting one or two amendments. Up till now no amendment has been accepted, and I have no hope that any amendment will be accepted, because the Finance Member began his speech the other day on salt with a statement which I thought was a thing that should not have come from a person like the Finance Member. He said that his reasons for opposing the amendment regarding the salt duty were the same as in 1929, 1930, 1931, 1932, and 1933. Is it a reason, because at one time certain reasons had been given for imposing or increasing the tax, that the tax should not be reduced and the same reasons should be repeated? This is a fallacy, and I hope the House will give full consideration to this amendment, this modest and reasonable amendment, and that it will accept it.

Diwan Bahadur Harbilas Sarda (Ajmer-Merwara: General): I think that the amendment which has been proposed to the effect that letters embossed with one anna stamp may weigh up to one tola and not half a tola only, is a very reasonable one. Half a tola is a very small weight, and used as we have been for a long time to writing letters on a much thicker paper than what we used 12 or 15 years ago, it is a little hard that people should be asked now to put an anna stamp and see at the same time that the paper plus the envelope does not weigh more than half a tola. It may not be hard on the people in the towns to see that their letters do not weigh more than half a tola, but people living in the villages and out of the way places and who have not got the same facilities for weighing letters or for getting thin writing paper as we have in the towns, will experience great hardship. The result will be that people would post their letters thinking that one anna stamp was sufficient on the envelope, but, as a matter of fact, those letters would become unpaid letters, and, instead of saving three pies on each letter which they thought they would be doing, the addressee would have to pay six pies. The Department would find that the number of unpaid letters had become double or treble of those which are not received unpaid. Such being the case, I think if the weight is raised to one tola, instead of keeping it at half a tola it will not work with hardship upon the people. It would be in the interests of those who live in villages and other out of the way places if this weight is raised to one tola. I personally think that people in those places would rather like that it may be kept at 2½ tolas for five pice, than that it should be kept at half tola for four pice.

An Honourable Member: Let the question be now put.

Mr. S. C. Mitra: Sir, I wanted to say only a few words on this particular motion, but I am tempted to say a great deal on the very exhaustive and illuminating speech that the Honourable Member in charge of the

[Mr. S. C. Mitra.]

Department has made covering the whole subject. But as we have to complete the Finance Bill before the month is over, I resist the temptation and I shall take another opportunity to deal with those matters. Government may have no interest in settling their inter-departmental accounts, but we on this side are very anxious to see that the Department is managed with the strictest economy, and, from this standpoint, we always want that the accounts on the postal side and the telegraph side should be maintained separately on a proper basis, because, whenever we raise the question of lowering the postage, it is said that it is not a paying concern. I fully agree with the Honourable Member in charge of the Department that people in general are more anxious to lower the price of postcard than that of the envelope, and there are difficulties also. We maintain that this half a tola letter is illusory, because the poor villager cannot carry with him a fine scale to weigh his letter every time he writes a letter. He will be liable to fines frequently unless the weight of the letter for one anna stamp is raised to one tola. I took an envelope and a letter paper from the Secretary's table and had it weighed, and found that the weight was one tola. If you raise the weight to one tola for one anna, it will not mean so much loss as is apprehended. If Government have no idea of setting a premium on the sale of the scales, I think they will accept this very modest suggestion.

Some Honourable Members: Let the question be now put.

Mr. A. Hoon (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): When I read the speech of the Finance Member I found that there was a proposal in it to reduce postal charges, and I thought at that time that the whole thing was entirely illusory. After hearing the speeches which the Honourable Members have made this morning and after seeing how much paper can be put into an envelope which can be covered by one anna stamp, I have come to the conclusion that the concession granted is not at all illusory. As such, I regret I cannot support the amendment of my Honourable friend, Mr. Maswood Ahmad. The reason is this that I look at the question from this one point of view that it is our duty to see that the Budget is generally balanced, and, particularly, that of the Postal Department, which I can, without fear of contradiction, state is the best Department worked under the Government of India.

An Honourable Member: Then do not complain of any taxation.

Mr. A. Hoon: I can safely say that this Department is free from almost any kind of corruption. Honourable Members who have spoken have said that the concession offered is illusory, and they have also laid great stress on the point that villagers are likely to suffer hardship and that even people in the towns are likely to make mistakes with regard to the question of the weight of letters and that when letters are posted in those circumstances extra fees will be charged by the Postal Department. I may be wrong, and if I am wrong, I shall be pleased if any Honourable Member corrects me when I state that it is within our living memory that we had a six pie envelope, and, at that time, all that could be sent in that envelope was not more than half a tola. The villager used to use that envelope, the man in the city was using that envelope, and I do not think there were many cases where letters had to be paid for extra on account of the additional amount of weight

Sir Darcy Lindsay: May I say that for 35 years, from 1869 to 1905, there was a half an anna rate for half a tola?

(Interruption by Mr. Lalchand Navalrai.)

Mr. A Hoon: If Honourable Members think that the hardship is going to be abnormal now, how is it that at that time, when half a tola could be sent with a six-pie stamp, we had not had many complaints. With the advance of education in villages, why should the ordinary villager be put to that trouble which some of us in this House are anticipating? There is one other aspect, and that is that the illiterate villager generally gets his letters written by a scribe who takes his seat in the village post office and that man is supposed to know the rules with regard to the stamping of letters. I look at the question from one other point of view and that is that we should be thankful for whatever little concession we can get these days. There was a time when the stamp was only six pies for half a tola. Later on, it went up to one anna, and then it was raised to one anna and three pies. Now, we are going back to the stage when the stamp duty is reduced from one anna three pies to one anna, and we can send an ordinary letter in an envelope by paying only one anna. My learned friend, Mr. Navalrai, said that he shall not be able to send four or five sheets of paper in an envelope. I submit, certainly the advantage will not be much to a person who wants to send long speeches to the press, but it will certainly be a great concession to those who write letters to their friends and relations. (Interruption by Mr. Lalchand Navalrai.) Under these circumstances, my submission is that as it has been explained by the Honourable Member in charge of the Postal Department that further concessions on this point are not possible, there is no reason why we should not accept whatever is offered to us with good grace.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): I did not want to intervene in this debate, but I am constrained to do so by the speech delivered by my friend, Mr. Hoon. I thought that there was an agreeable unanimity among the Members on this side of the House on the amendment moved by my Honourable friend, Mr. Maswood Ahmad, but a discordant note has been struck by my friend, Mr. Hoon, which compels me to correct a misconception which seems to have driven him to oppose this amendment. He has recalled the good old days of a half anna postage, so has my friend, Sir Darcy Lindsay. Will they once more throw their mind back to those days? Will they not remember that those were the days when letters were written on tissue paper? Will they not remember those days in the monsoon when letters were wet and the ink perforated the flimsy paper, and it was difficult to read either one side or the other? Will they not remember that complaints were made not only by the public, but by the departmental heads who said: "We cannot have reading glasses to read the letters which the public send them", and the filing Departments of Government complained that they could not even bore holes on those letters, because the moment they bore holes, the paper tore into two or three pieces? That was the reason why a thicker paper was encouraged, and I ask the Honourable Member in charge, if he is going to make an experiment, why not make a fair experiment. Does he expect my friend, Mr. Hoon, the apostle of the half tola postage, to come one fine morning into this House with a pair of scales dangling over his shoulders, and when my friend, the Honourable Member for Industries, asks

[Sir Hari Singh Gour.]

him: "What is this", Mr. Hoon will reply "posting a letter". That would be the situation that will be created. It would be a most unwelcome change in the existing rate of postage, and if the Honourable Member for Industries does wish to make any experiment at all, let it be a good and fair experiment, an experiment in which the people will co-operate and an experiment which will bring to the coffers of the post office the revenue which they expect from it. Let it not be a bait for a surcharge of half an anna, because I venture to submit that if the Government proposal goes through, within a very short time, the post offices, if they are conscientious, and they all are, will be weighing letters after letters to recover a surcharge, and the Honourable Member for Industries knows how difficult it is to trace the recipient of a bearing letter, for this would be a bearing letter. The postman goes to the person and the man says "come tomorrow". The man goes the next day, and the man says "Father is ill, come day after tomorrow" Look at the inconvenience that would be caused by a very large number of letters marked bearing, because due postage has not been paid. I ask in all fairness to the Honourable Member for Industries that he should really accede to the amendment which has been moved and which will support the very purpose he has in view. Whatever may be the fate of this amendment, let it go out that we on this side of the House are unanimous in asking the occupants of the Treasury Benches to accede to the amendment.

Diwan Bahadur Harbilas Sarda: In view of Sir Darcy Lindsay's reference to those days when for years letters weighing half a tola only bore a half anna stamp, I wish to ask the Honourable Member whether he proposes to issue embossed anna envelopes of the same size and weight as he used to do in the old days, without charging anything extra for these envelopes.

The Honourable Sir Frank Noyce: Sir, my Honourable friend could not have read the Honourable the Finance Member's Budget speech carefully. His suggestion is exactly what we are proposing to do, except that we are not proposing to issue embossed half anna envelopes: we are going to issue embossed anna envelopes free of charge.

Several Honourable Members: The question may now be put

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The question is that the question be now put

The motion was adopted

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The question is:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post ice Act, 1898, for the entries under the head *'Letters'* the following be substituted:

'For a weight not exceeding one tola	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas.	One anna and three pies.
For every additional tola or fraction thereof . .	Half an anna'."

The Assembly divided:

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

AYES—37.

Abdul Matin Chaudhury, Mr.
Azhar Ali, Mr. Muhammad.
Bhuput Sing, Mr
Das, Mr. A.
Das, Mr B
Dutt, Mr. Amar Nath.
Fazal Haq Piracha, Khan Sahib Shaikh.
Gour, Sir Hari Singh
Ibrahim Ali Khan, Lieut. Nawab Muhammad.
Jadhav, Mr. B. V.
Jha, Pandit Ram Krishna
Jog, Mr. S. G.
Joshi, Mr. N M
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Mitra, Mr. S. C.
Muazzam Sahib Bahadur, Mr. Muhammad.
Mudaliar, Diwan Bahadur A. Ramaswami.
Murtuza Saheb Bahadur, Maulvi Sayyid.
Neogy, Mr K. C.
Pandya Mr Vidya Sagar
Parma Nand, Bhai
Patil, Rao Bahadur B. L.
Rajah, Raja Sir Vasudeva
Ranga Iyer, Mr. C S.
Rao, Rao Bahadur M. N.
Sant Singh, Sardar.
Sarda, Diwan Bahadur Harbilas.
Sen, Pandit Satyendra Nath.
Shafee Daoodi, Maulvi Muhammad.
Singh, Mr Gaya Prasad.
Sitaramaraju, Mr. B.
Thampan, Mr K. P
Uppi Saheb Bahadur, Mr.
Ziauddin Ahmad, Dr

NOES—49

Abdul Aziz, Khan Bahadur Mian.
Ahmad Nawaz Khan, Major Nawab.
Allah Baksh Khan Tiwana, Khan Bahadur Malik.
Anklesaria, Mr. N. N
Bajpai, Mr. G. S.
Chatarji, Mr. J. M.
Cox, Mr. A. R.
Dalal, Dr. R. D.
Darwin, Mr. J. H.
DeSouza, Dr F. X.
Dillon, Mr. W.
Ghuznavi, Mr. A. H.
Graham, Sir Lancelot.
Grantham, Mr. S. G.
Haig, The Honourable Sir Harry
Hardy, Mr. G. S.
Hezlett, Mr. J.
Hockenhull, Mr. F. W.
Hoon, Mr. A.
Hudson, Sir Leslie.
Irwin, Mr C. J.
Ismail Ali Khan, Kunwar Hajee.
Ismail Khan, Haji Chaudhury Muhammad.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Lal Chand, Hony. Captain Rao Bahadur Chaudhri.
Lindsay, Sir Darcy.
Macmillan, Mr A. M.
Metcalfe, Mr. H. A F
Millar, Mr. E S.
Mitter, The Honourable Sir Brojendra.
Morgan, Mr. G.
Mukharji, Mr D. N
Mukherjee, Rai Bahadur S. C
Noyce, The Honourable Sir Frank
Pandit, Rao Bahadur S. R.
Rafiuddin Ahmad, Khan Bahadur Maulvi.
Ramakrishna, Mr. V.
Rastogi, Mr. Badri Lal.
Rau, Mr P. R
Row, Mr K Sanjiva
Sarma, Mr R. S.
Schuster The Honourable Sir George
Scott, Mr J. Ramsay.
Sher Muhammad Khan Gakhar, Captain.
Singh, Mr. Pradyumna Prashad.
Sloan, Mr T.
Tottenham, Mr. G. R. F
Varma, Mr S P

The motion was negatived.

Mr. Amar Nath Dutt: May I be permitted to make one observation? I am told by those who know that the Parliamentary practice is that when a division is called, there should be no change in the personnel

[Mr. Amar Nath Dutt.]

occupying the Chair. That is the convention of the British Parliament. Of course, we always follow the conventions of the British Parliament, and I only hope that the change in the personnel will not vitiate the taking of these votes.

Mr. N. M. Joshi: It is very useful for us.

Mr. Amar Nath Dutt: But there should not have been any change in the personnel when the division was going on.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Chair is a constant factor and it never changes. (Laughter.)

Mr. Amar Nath Dutt: My submission is that the convention of the British Parliament is like that.

Mr. President (The Honourable Sir Shanmukham Chetty): There is no difference between the person and the Chair. The Chair is the Chair.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Letters*' the following be substituted :

'For a weight not exceeding one tola	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas.	One anna and three pies.
For every two and a half tolas or fraction thereof exceeding two and a half tolas.	One anna and three pies'. "

Sir, I do not want to make any speech in this connection, but only wish to say that my Honourable friend has today replied on behalf of the Government on the many questions which were raised at the time of the Budget and at the time of the cut motions. So, I think the points which have been raised by me today will be replied at the time when supplementary demands will be discussed. I want really to inform my Honourable friend that in an envelope weighing half a tola no paper except the bromo paper can be used. (Laughter.) My Honourable friend has shown several kinds of paper, but my own experience with these two kinds of paper which have been taken from the library and are the lightest kinds of stationery is that when I took their weight at the post office attached to this House they were found to be more than half a tola, and if you add the weight of the ink, their weight will be just one tola.

The third point to which I wish to reply, because I could not reply at that time, is that my Honourable friend has said that there are two reasons for the decrease in income. The one, as they have admitted, is the enhanced rate, and the other is due to the economic depression. There I do not agree. If you will look at the figures, you will find that the number of British postal orders has increased in the same period. So, the economic depression is not the reason for the decrease in the income. Rather it is really the enhanced rate only.

Sir, this amendment may be acceptable to Government, because I have left everything as they have suggested. Only I have raised the weight which can be carried for one anna stamp—from half a tola to one tola.

In other respects, it is just the same as it has been proposed by the Government. So, I think, it may be acceptable to the Government. Sir, I want to suggest that these rates are the maximum rates, and if Government should oppose us at this time, I would suggest that they should re-consider this point calmly after the Session of the Assembly. And if they find that our suggestions were reasonable, then I would ask them to reduce the rate by means of an executive order. Under the Act, these proposals are for the maximum rate, and by an executive order they can reduce them. So, I suggest that they should reconsider these points, when the Session of the Assembly is over in a calmer atmosphere. With these words, I move my amendment.

Mr. President (The Honourable Sir Shanmukham Chétty): Amendment moved:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Letters*' the following be substituted .

'For a weight not exceeding one tola	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas .	One anna and three pies.
For every two and a half tolas or fraction there of exceeding two and a half tolas.	One anna and three pies '. "

Mr. Lalchand Navalrai: Sir, this is a still more modest amendment and I think it should be accepted. I support it.

Mr. N. M. Joshi (Nominated Non-Official): Mr. President, may I say one word in support of this amendment? My reason is this I see great force in the argument of my Honourable friend, Sir Hari Singh Gour, in which he stated that if you are going to make an experiment, let it be an experiment in which people too can join wholeheartedly. This is not a question of the Department being administered at a loss. I do not wish myself that the Department should be run at a loss. The question of the rate of postage which is concerned in this amendment is not a question of loss at all. The difference will be only of a few lakhs of rupees, and the question of profit and loss does not arise It may be that there was a time when we used to have half a tola weight for a letter, but the habits of people have now changed, and it is very difficult for people to go back to the habits of 25 years ago. I, therefore, feel that the Government of India should take advantage of this amendment and reconsider their position. What might happen is this that, people, who will post their letters without weighing them, may have to pay a penalty, or people, who will not take the care to weigh their letters, will put quarter of an anna more in order to avoid penalty. I think that this is not quite a fair arrangement. I would, therefore, suggest to the Government of India that, as a large sum of money is not involved in this question, they should reconsider their position and accept the amendment.

The Honourable Sir Frank Noyce: Sir, less than five minutes ago, we voted on an amendment which, to all intents and purposes, was exactly the same as this one. Mr. Maswood Ahmad's amendment No. 16 was that the rate for a letter not exceeding one tola should be one anna with certain changes in the higher categories. This amendment is also the same except that the changes in the higher categories, which are not important, are slightly different. But the gravamen of the amendment is that the rate for a one tola letter should be one anna. The House rejected an amendment to that effect a few minutes ago

Mr. S. C. Mitra: It will mean less loss to Government.

The Honourable Sir Frank Noyce: The House rejected that a few minutes ago, and I cannot ask it, I would not be justified in asking it to reconsider its decision after such a short space of time. But there is just one word I should like to say, and that is to give an assurance to the House. There seems to be a general impression abroad that post offices are going meticulously to weigh every letter that is put in the letter boxes. I can assure the House that it will do nothing of the kind. As far as my knowledge of the Department's methods goes, the sorters can by long experience tell the weight of a letter within a minute fraction merely by handling it, and it is only if a letter is obviously over-weight that they throw it out to be weighed and charged. There is not going to be any great increase in the number of letters on which such charges will be levied. My Honourable friends opposite have returned to the charge time and again that, in order to take advantage of the half tola rate, the most flimsy note paper will have to be used I thought that I had given sufficient reasons for confuting that view, and I have explained that I myself use a note paper which I do not think anybody could call flimsy. The ordinary Crown Bond note paper with its appropriate envelope weighs less than half a tola, and that is enough for half or three quarters of the communications which most of us write. This half a tola rate was practicable for 35 years, and I cannot believe that it will not be practicable now and that the poorer classes, for whose benefit it is being introduced, will not be able to take the fullest advantage of it. Sir, I regret I must oppose this amendment as I did a similar amendment moved by my Honourable friend, Mr. Maswood Ahmad, just now.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Letters*' the following be substituted:

'For a weight not exceeding one tola . . .	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas.	One anna and three pies.
For every two and a half tolas or fraction thereof exceeding two and a half tolas.	One anna and three pies'."

The motion was negatived.

Mr. K. P. Thampan: Sir, I beg to move.

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Letters*' the following be substituted:

'For a weight not exceeding one tola . .	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas.	One and a half annas.
For every two and a half tolas or fraction thereof exceeding two and a half tolas.	One and a half annas'."

I suggest an increase in the weight of the first item, and if there is a reduction of revenue on that by the adoption of this motion, I believe that it will be compensated by the revenues from the second and third items, both of which I have increased by three pies. The surcharge of 25 per cent was imposed in 1931 on account of the financial stringency. Since then, conditions have improved: trade is increasing and the Budget has been balanced As a matter of fact, half the cut in salary has been

restored. The time has, therefore, come to reduce this burden, and, I am sure, the Government will not be running any enormous risk by accepting this amendment. I commend it for the acceptance of the House.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Letters*' the following be substituted:

'For a weight not exceeding one tola	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas.	One and a half annas.
For every two and a half tolas or fraction thereof exceeding two and a half tolas.	One and a half annas'."

Mr. M. Maswood Ahmad: I do not want to oppose my Honourable friend. But, for future guidance, I want to know whether an increase in the postal rates can be suggested because this amendment is neither to maintain the *status quo* nor to decrease the rates.

Mr. President (The Honourable Sir Shanmukham Chetty): It decreases the burden as compared with the one proposed by Government.

The Honourable Sir Frank Noyce: Sir, this amendment is so similar in character to one which has already been disposed of . . . .

An Honourable Member: No, it is not similar.

The Honourable Sir Frank Noyce: If my Honourable friend had not interrupted me, I was about to say that this amendment is so similar in character to one which has already been disposed of that I have very little to say about it except to deal with the last of the three proposals, namely, the raising of the rate for letters weighing over two and half tolas from one anna and three pies to one anna and six pies. I understand the motive with which my Honourable friend Mr. Thampan, has moved his amendment in this form, and he has very obligingly made the suggestion for which we are indebted to him-that we should try and get back some of the loss through the raising of the half tola to one tola by increasing the rates on the higher category. The difficulty I have in accepting his amendment is that it is very doubtful whether the increase from the heavier weight letters would be sufficient to cover the loss.

Mr. K. P. Thampan: Why not try it for a year?

The Honourable Sir Frank Noyce: I have said already that we are making one experiment, and we do not feel that we should be justified in going further.

As I said, Sir, the loss we estimate from accepting the increase in the half tola rate to one tola is something like Rs. 5 to Rs. 7 lakhs and, as far as we can judge, we can only get Rs. 3 lakhs by accepting the proposal made in the third item, namely, to increase the rate for letters weighing over two and half tolas to one anna and six pies. But there is also the danger that we might promote a form of smuggling, that is by sending letters by parcel

[Sir Frank Noyce.]

post. There is another objection which ought to appeal to my Honourable friend, Mr. Lalchand Navalrai, namely, that the amendment would penalise the large commercial concerns which are in the habit of sending large packets by letter post. For these reasons, though I appreciate my Honourable friend, Mr Thampan's motive in moving this amendment, I regret that I am unable to accept it.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Letters*' the following be substituted:

'For a weight not exceeding one tola	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas.	One and a half annas.
For every two and a half tolas or fraction thereof exceeding two and a half tolas.	One and a half annas'."

The motion was negatived.

Mr. Amar Nath Dutt: Sir, I beg to move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first and second entries under the head '*Letters*' for the words 'One anna' and 'One anna and three pies' the words 'Half an anna' and 'One anna', respectively, be substituted."

I find myself in a little embarrassing position to have to move this amendment after the other amendments which ought to have come after mine and after voting was taken on this, yet I move my amendment for the acceptance of the House, if possible. My Honourable friend, Mr. Maswood Ahmad, complained against me that I was racing with him to get priority. The House is probably not aware as to who was racing. When I honestly believed that a reduction of salt duty to two annas was necessary, I sent in my amendment, and my Honourable friend at once sent in an amendment to reduce the salt duty to one anna which, Sir, I am thankful that you found to be frivolous and did not accept.

Mr. M. Maswood Ahmad: I sent in my amendment only for this reason that I wanted to show that not only my Honourable friend could draft an amendment to get priority, but others also could.

Mr. Amar Nath Dutt: Honourable Members know that you, Sir, as the custodian of the rights and privileges of the Members . . . . .

Some Honourable Members: Please do not take notice of his remarks.

Mr. Amar Nath Dutt: In accordance with the desire of my Honourable friends, I shall not pursue his remarks.

Sir, what I was pointing out about my embarrassment was that a little trouble taken by those who were responsible for putting it up before you would not have placed me in this embarrassing position of coming after those amendments which . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Honourable Member started by making a remark of a similar nature which the Chair did not choose to reply to, but he is again persisting in repeating that remark. The Honourable

4 P.M.

Member must know that the procedure of the House that has been followed all these years, in relation to the Finance Bill or in relation to any other Bill, is that an amendment which seeks to substitute an entire clause or an entire Schedule or a part of it is always given priority. That has been the practice that has been followed and that practice is being observed.

Mr. Amar Nath Dutt: I was speaking about my own embarrassment, and, certainly, if the Chair does not like it, I shall not do it

Mr. B. Das: Is not your embarrassment due to the fact that you were a member of the Postal Retrenchment Committee, and, therefore, you cannot justify this amendment?

Mr. Amar Nath Dutt: I do not think I can reply at once to Honourable Members who have been interrogating me.

The Honourable Sir Brojendra Mitter: So better withdraw (Laughter.)

Mr. Amar Nath Dutt: I would have been glad to accept that advice if it had been in the interest of my country and countrymen. But I believe that the advice just now given by my Honourable friend over there is not conducive to the interests of the millions of my countrymen. People who have any memory of the past will remember that letters were carried for half an anna. Suddenly the War came in, the Government treasuries were empty, and they probably wanted to make money by taxing in this way Those days are gone, and, in place of a high price level, we have now the lowest price level that we at least in our lifetime have ever seen. That being so, I think Government ought not only to welcome this amendment, but find out means to give other reliefs that are possible to the men who have occasion to use these envelopes and postcards. If they do not do that, they would be lagging in their duty towards the masses of this country from whose pockets they are maintained. Sir, you will find that I have also put one anna for heavier letters, and it is only with regard to a few letters of half a tola that I want half an anna. I think the arguments that I may adduce in moving this have been repeatedly adduced on the floor of this House and have been repeatedly replied to in the same strain year in and year out. My Honourable friend, Sir Darcy Lindsay, said that he would deprecate any attempt to reduce and he also reminded us of the days after 1869, and he has held out hopes to us that from next year there will be a reduction of postage rates. Sir, hope deferred maketh the heart sick. We have been waiting and waiting for years, and I remember a very responsible Member of Government once assuring us in the year 1931 that he expected to take away all these surcharges, etc., by the end of the financial year 1933 Sir, 1933 has passed away and 1933-34 is also passing, and still we are not in sight of it. My Honourable friend, Sir Frank Noyce, has been pleased to observe that the tale is a cheerful one. If the tale is a cheerful one, why not give us a little more cheerfulness by giving us relief in postage rates? But, later on, he has given us an idea as to when we may expect a reduction of postal charges. It is after they have been able to do away with the five per cent cut in salaries, after they have replenished their depreciation fund, and many other things for which we shall probably have to wait till Doomsday. Then, what does this improvement in revenue mean?

[Mr. Amar Nath Dutt.]

Nothing. It has been said they have been experimenting, but experimenting with what? One pie from the price of the envelope which they used to charge? But, I may remind them that since the introduction of the one pie charge for these envelopes, very few people used their envelopes, but purchased a dozen envelopes for one pice from outside and used them So, that is no relief. Then, again, about this one pice reduction I think very few will avail of it. If really they want to make an experiment, I would invite them to accept my amendment, and that experiment will be a real experiment and not an illusory one. Sir, I once more repeat that the House should forget the embarrassing position to which I referred and decide independently on the merits of this amendment. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first and second entries under the head '*Letters*' for the words 'One anna' and 'One anna and three pies' the words 'Half an anna' and 'One anna', respectively, be substituted."

Mr. Lalchand Navalrai: Sir, there are two points which may be considered with regard to this amendment. The amendment proposes that for weight not exceeding half a tola the charge should be half an anna. Now, Sir, we have heard from Sir Darcy Lindsay and also from Mr. Hoon that there was this practice at one time and it went on for 35 years. Therefore, I submit that the practice which went on for 35 years may be restored now and tried, because there is a desire on the part of the Postal Department to make an experiment. There is a precedent for this amendment, and it should, therefore, commend itself to the Government as well as to the people. I think this should be tried. That is one point.

The second point is this: my Honourable friend, the Member in charge, said that there would not be many who are accustomed to write many sheets—and he instanced my case: but I think that something should be done to help such people and enable them to write at least two sheets and put them in an envelope. Otherwise, it becomes more or less absurd, that we should be expected to use only one sheet of this thin paper and this thin envelope to come within the half tola weight. For these two reasons, I think this amendment is a very good one, and I think it should be accepted.

The Honourable Sir Frank Noyce: Sir, my Honourable friend, Mr. Amar Nath Dutt, suggested that whilst we were making an experiment, we might make a real experiment. All I can say is that if we accepted this amendment, it would be a very real experiment, as it would cost us a crore and a half (Laughter and Interruption.) My Honourable friends, Mr. Amar Nath Dutt and Mr. Navalrai, want us to go back to the glorious days of old, of the half anna postage. I would appeal to Mr. Mitra and ask him how he would like us to go back to the old rates of pay of those days. I think we have got to face the fact that there is no hope of ever getting back to the half anna postage. I hope we shall get back to the one anna postage for 2½ tolas in the near future, but there is no hope of going back to the half anna postage at any time that I can see. I may as well disabuse my Honourable friend, Mr. Amar Nath Dutt's mind if he has any expectation that we shall ever be able to do that. I have no doubt whatever myself that the wages of our inferior

staff, which is a fairly big item, probably the largest item, in the cost of the Department, are never going again to the old level, and I do not think any of us would wish that they should: we want a higher standard of living than was common in India thirty or forty years ago. As I have said, this experiment would cost over a crore and a half, and I do not think my Honourable friend's amendment is likely, therefore, to commend itself to the House.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first and second entries under the head '*Letters*' for the words 'One anna' and 'One anna and three pies' the words 'Half an anna' and 'One anna', respectively, be substituted."

The motion was negatived.

Mr. Amar Nath Dutt: Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first entry under the head '*Letters*' for the words 'One anna' the words 'Nine pies' be substituted."

I shall most eloquently appeal by not saying anything on this amendment, save and except leaving it to the good sense of the Honourable Members to accept it.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first entry under the head '*Letters*' for the words 'One anna' the words 'Nine pies' be substituted."

The Honourable Sir Frank Noyce: Sir, I will follow my Honourable friend's example and be very brief indeed. I will merely say that we estimate the cost of this proposal, assuming that there is a 12½ per cent increase in traffic, at 76 lakhs.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first entry under the head '*Letters*' for the words 'One anna' the words 'Nine pies' be substituted."

The motion was negatived.

Mr. S. G. Jog (Berar Representative): Sir, I am really very enthusiastic about this amendment. I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, after the existing entries under the head '*Letters*' the following be inserted :

'A letter for local service..... .....Six pies'."

I may take this opportunity of making a few general observations so far as the department is concerned . . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): That would not perhaps be permissible now. There was a very comprehensive discussion about the general postal rates and the Postal Department. The Honourable Member must now confine himself to the merits of his own amendment.

Mr. S. G. Jog: I quite see the point raised by the Chair, and I will certainly restrict myself to my amendment; but, before I speak on it, it is necessary to make a few introductory remarks by way of preface. What I want to bring to the notice of the Department is that, in foreign countries, England and others, the rates of postage have gone down. Let me appeal to the Postal Department here to do the same. I am speaking with some authority, and unless I am contradicted by some definite information, I would like to stick to my own view—I am reading from an article—I think it comes from a responsible paper, *the Servant of India*, which was at one time edited by the Right Honourable Srinivasa Sastri; so I cannot take assertions and allegations made in that paper as coming from irresponsible people. That paper says:

"Although England and many other countries have long ago brought down their rates of postage to the pre-war level there is no sign that India will witness any reduction in its rates in the near future ....."

The Honourable Sir Frank Noyce: Sir, I can very definitely contradict that statement. The rate of postage in England is not at the pre-War level. England had a penny postage before the War, and the rate is now a penny halfpenny.

Mr. S. G. Jog: I am sorry I have been a bit misled by what has appeared in the paper. Anyway, I should like to suggest to the Department that the time has really come when a detailed inquiry should be made and every possible attempt must be made to go back to the old days and to old ways. The prices of all commodities have gone down to their pre-War levels, and there is no reason why postage rates and postal charges and the postal establishment should not go back to the old scale. I would appeal to the Department to make every effort to bring it to the old level. The Department is very still and very conservative; they have no idea of making any new experiments and they have got no imagination and they never invite any suggestions, and if any suggestions are made, probably they never think of investigating those cases. I may bring to the notice of the Honourable Member that, in the last three years, year after year, I have been making suggestions as regards the local service. We can introduce the local service both in the case of letters as well as postcards. Take, for instance, these big Presidency towns—Bombay, Calcutta and Madras, or big cities with a population of 50,000 and above. There is a lot of correspondence sent in such big cities locally. Many people want to send invitation cards, greetings and things like that. There are different ways of sending such things, and this is one of the methods by which a cheaper means of communication can be made available to the public in big towns and cities. My friend might probably suggest that the acceptance of this proposal might affect the revenues of the Department but I can give him an assurance that this proposal, if given effect to, will not affect the revenues of the Government in any way. On the contrary, I believe that it will add to the postal revenues. This will be a new source of income, it will be a new line of communication which will be introduced in big cities;

it will encourage correspondence locally. For instance, if you have to communicate with your friend, instead of sending a letter through a messenger, you would prefer to write a letter if you can send it for six pies, or if it is a postcard at some reduced rate. I submit, Sir, this is a new line of communication which will considerably add to the income of the Postal Department. I earnestly appeal to the Government that this is an experiment that is worth undertaking, and, although it is a new thing, it is worth encouraging. It is possible that the postal officials might say that, by the adoption of this proposal, there would be some increase of work requiring additional staff, but I do not think there would be any necessity for having any additional staff to cope with the increase of work that is expected. We have got the postal service already at work, and if some more letters or some more cards have to be carried, I don't think it will be a great burden to the postal peons, and so I don't think you would need any special or additional establishment. The existing establishment would be quite able to cope with any slight additional work that might be thrown on them by the adoption of my proposal. I, therefore, earnestly request that the Government should investigate this matter and introduce the local service. Let us have a sort of experiment, and let us see how it results next year. If the Postal Department find that it is a remunerative line, it is a line which would add to the convenience and comforts of the people, I think it would be worth continuing. With these words, Sir, I again earnestly appeal to the Government that this experiment should be given a fair trial.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, after the existing entries under the head '*Letters*' the following be inserted :

'A letter for local service.....**Six pies**'."

The Honourable Sir Frank Noyce: Sir, my Honourable friend, Mr. Jog, complained that we never paid any attention to the suggestions that came to us from various quarters of this House, but I can assure him that it is very far from being the case. He put forward this interesting suggestion last year, and I promised I would examine it as *prima facie* there appeared to be certain attractions about it, I did examine the question. I asked my Department to get information as to the other countries in the world in which a local service had been introduced. I find, in point of fact, that there are very few countries which have this local service system. There is a system of local service for letters and postcards in Denmark, Mexico, Holland, Venezuela, Peru, Turkey and Italy. Local rates for parcels exist in Mexico, but there are special rates for printed papers sample packets, etc., in Denmark, Mexico, Holland and Venezuela. Now, I would like to draw the attention of the House to the list of the countries I have read out. They are all, with the exception of Italy and Mexico, small countries and I think it would be correct to say that some of them are rather backward countries—I am referring to the South American Republics in which the state of communications, I believe, leaves something to be desired . . .

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): May I point out, Sir, that this system of local service exists in Germany where the postal system is best developed after England.

The Honourable Sir Frank Noyce: I am much obliged to my Honourable friend. I am sorry if my Department did not obtain information for me from Germany, but I will have it verified. In any case, Germany would only be an exception to the general rule, that the countries in which the local service system is in force, with the exception of Italy and Mexico, which are big countries, though they are not as thickly populated as India, can fairly be described as small countries . . . .

Mr. Amar Nath Dutt: May I know, Sir what connection has the size of a country got to do with the introduction of the local service system?

The Honourable Sir Frank Noyce: That, Sir, is a point to which I was about to come. The point to which I was about to direct the attention of the House is that this proposal goes directly counter to the whole system of uniform rates on which the Posts and Telegraphs Department in this country has been working up till now. I admit that the proposal did attract me at first sight last year when the outlook was rather bad, and I thought it might be possible to give some relief in certain directions in view of the fact that we might not be able to give general relief all round. But there has been some small improvement, as I said in my long speech earlier in the afternoon, and it does seem to me, Sir, that if relief can be given, it is better that it should be spread over a wider area rather than that it should be confined to a few big towns. What I do wish the House to realise is, that we are really anxious to bring the postcard rate down, as we realise that that is the change which will appeal most to the class of people whom my friend, Mr. Amar Nath Dutt, eloquently described as the dumb millions of India. That is a change to which our efforts are being directed, and any deviation of this kind must inevitably put off the date when it can be effected. I do not wish to drive a wedge into the ranks of the Opposition. I am not really desirous of dividing them, but it does seem to me a little surprising that a proposal of this character should have come from a representative of a rural constituency, as I think, my friend, Mr. Jog . . .

An Honourable Member: He does not come from a rural constituency.

Mr. S. G. Jog: I come from an urban constituency.

Mr. Amar Nath Dutt: He is a Nominated Member, Sir.

The Honourable Sir Frank Noyce: He is a Nominated Member from Berar, and Berar as a whole can fairly be described as a rural constituency. His proposal would only benefit the big towns, and why, I ask, should the people in big towns have facilities in the way of cheap postage that are not available to the rural population? That is the real argument against this proposal so far as India is concerned. The Department can only pay its way if the profits on the short distance traffic go towards making up for the losses on the long distance traffic, and that is the answer to my Honourable friend, Mr. Amar Nath Dutt's question "What has the size of a country got to do with this proposal?" It has a great deal to do with it in a sub-continent like India. I would repeat that it is on the profits that we derive from short distance traffic in great cities that we are enabled to send letters at the same rate from Tuticorin to Peshawar as we are from one part of Delhi to another. I regret for this reason that, while my Honourable friend's suggestion has been well worth examination, I have found it impossible to accept it. I need hardly say that the arguments I have now adduced against accepting the proposal in regard to postcards and letters apply equally to book packets and parcels.

Mr. B. V. Jadhav: Sir, I rise to support the motion moved by my Honourable friend from Berar. I have carefully heard the arguments advanced by the Honourable Member in charge of the Postal Department, but let me bring to his notice that this motion is intended not for any reduction of revenue by lowering the postage rate to half an anna; on the other hand, it is intended to increase the revenue. At present the number of letters that are sent locally is so small, and the expectation of a great increase in such local service, if the postage rate, is reduced is so large, that I think it can be taken for granted that there will be actually no loss if this experiment is undertaken . . . .

The Honourable Sir Frank Noyce: I am sorry to interrupt the Honourable Member. I do not believe that the number of letters would be doubled if this rate is introduced, and that is the main point.

Mr. B. V. Jadhav: I think invitations and other letters that are now sent through a servant will be sent by post, and, especially in big towns like Poona, Bombay, or Calcutta, there will be a great increase in the delivery of such letters. There is no use making this difference between the rural area and the urban area. The inhabitants of the town area are our friends, and belong to ourselves, and, if they are benefited to a certain extent, the rural people need not go against it. As a matter of fact, what is expected is that the revenue from such lower postage will not be lost to the Department, but will add something to the revenues of the Department. I would urge upon the Government to reconsider this question, if not this year, at all events, next year.

Sir Hari Singh Gour: I am afraid, in giving his reply to the motion of my Honourable friend, Mr. Jog, the Honourable Member for Industries has forgotten an episode of his own Department. He will recall the fact that as soon as the postage was raised to five pice for 2½ tolas, a very large number of messenger services cropped up in the Bombay Presidency which immediately began to tell upon the income of the post office as the monopolist carriers in this country, and they had to issue a circular to the effect that under the Post Office Act the post offices hold the monopoly of carrying letters, and, therefore, any letters delivered by messengers in the same town would be contravening the provisions of the Post Office Act. Now, Sir, that is a very telling argument against my Honourable friend's opposition to this motion. In large cities like Calcutta and Bombay, and may I include even in a small city like Delhi, we have a very large number of letters exchanged between friends and families which are sent by messengers. If the local service is introduced, it would not be worth while sending these letters through messengers, but then they would be delivered by post, and to that extent it would be an accretion to the income of the post office.

My Honourable friend wanted to set up the urban against rural interests, and he said that if this benefit is to accrue at all, it should accrue to a wider area. But he forgets altogether the fact that, as it is, *nolens volens* local delivery by messengers affects the income of the post office, of which the post offices themselves complained, I think, only a few months ago, and, if the amendment of my Honourable friend is accepted by the Government, they will be able to realise the revenue which they are losing at present. It is for that reason that I ask the Honourable Member for Industries to reconsider his decision.

There is one more point, and it is this. Whatever the post office may do and whatever prohibition they may publish as the monopolist carriers, the fact remains that a very large number of letters and parcels and packets

[Sir Hari Singh Gour.]

are delivered in the large towns, mostly business centres, not through the medium of the post office, and as the post offices have been unable to check private delivery of this matter, I think they should now come into line with the author of this amendment and realise the revenue which they have been losing for many months, if not for many years. I am afraid my Honourable friend has been impelled by what he considered to be departmental consideration of the question. I prefer to follow the Sir Frank Noyce of last year to the Sir Frank Noyce of today, because last year he was sympathetic to this proposal, but this year it seems that, owing to a departmental report, he has been converted to an opposite view. But if he will only give a short trial to selected centres, where private delivery seriously competes with the activity of the post office, he would then see that the amendment was moved in time and that it was bringing more revenue to the post office.

Sir Darcy Lindsay: If my Honourable friend, the Mover, had increased the postage rate for this town service, I might have supported him. I think there is a great deal to be said for a quick delivery of town service. I believe they have arrangements in France, I know in Paris, where you can post a letter by express, and it is delivered within a couple of hours.

Sir Hari Singh Gour: You have got that here, but nobody takes advantage of it.

Sir Darcy Lindsay: I think, if that was adopted in the cities, it might be of great use. I do not agree with my Honourable friend, Sir Hari Singh Gour, when he says that here locally in Delhi if you send letters by messenger it will be cheaper than the present postage. I think, if the Honourable Member in charge of the Department would consider the expediency of encouraging express delivery, there might be some benefit from it.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): In connection with the local delivery system, I may say that some time back, some of the leading Banks in Madras felt that their expenses for local delivery by means of their own peons were a very heavy charge. Therefore, half a dozen Banks met together and wanted to try a system of common delivery, but then, as was pointed out by Sir Hari Singh Gour, trouble came about the monopoly of the Government as carrier.

Mr. S. G. Jog: It becomes an offence under the Post Office Act.

An Honourable Member: It is committed.

Mr. Vidya Sagar Pandya: As such, we had to give up the idea. But we all felt that if we could have a system by which letters could be delivery for half an anna postage, we should gladly welcome such an arrangement, and it was with that object that we wished to pool the system of sending letters by some private arrangement. In large commercial places like Bombay and Calcutta, where letters have to be delivered at long distances, and similarly in Madras also, a system by which the letter can be carried for half an anna will be useful, and I feel that the post office will be sufficiently compensated for the new departure that they would make. I earnestly request the Honourable Member to try the experiment, as suggested in certain localities and see how it works.

Mr. M. Maswood Ahmad: In this connection, I would say that I wholeheartedly support the motion moved by my Honourable friend, Mr. Jog. I do not agree with my Honourable friends, Sir Hari Singh Gour and Mr. Vidya Sagar Pandya. They have suggested that particular areas should be selected for this experiment. I want to say that the people residing both in rural and urban areas should be given the same facilities. There should not be any differential treatment, and my suggestion is that, apart from that, I hope the Department will gain. If letters are sent as a local delivery, for which six pies are suggested, then in that case the Department will have little trouble. They do not send this letter by rail, not it requires the same system of handling and so there is little trouble on the Department.

Sir, I support this amendment, and I suggest that local area should mean the area under one delivery post office—if the letters are to be delivered from the same delivery post office where it has been posted, the letter should be treated as a local service letter throughout India. For instance, if letters are posted in Bombay to be delivered in Bombay, they should be treated as local service, and, in the same way, if a letter is dropped in a village post office and if that letter is to be delivered within the area of the same post office, then in that case it should be treated as a local delivery. Under one post office eight or ten villages come. In some cases, under one post office fourteen or twenty villages come. At present the rate is one and a quarter anna, and so people do not send their letters from one village to another and they prefer to send these letters through messengers. If this system is introduced in the villages, they will gain much more than they expect in urban areas, because people residing in one village will use the post office for sending their letters to the other villages which are four or five miles away, and by this means volume of traffic will increase. I do not agree with my friend that only towns should be selected or particular areas.

Mr. S. G. Jog: If my Honourable friend agrees to the principle of local service, the details can be left over to the Department.

Mr. M. Maswood Ahmad: I totally agree with the suggestion, and I wholeheartedly support the motion which is before us. I only disagree with the suggestion of my friend, Sir Hari Singh Gour, and my friend, Mr. Pandya, that local service should mean only urban or a particular place. Rather, local service should mean the area under one post office or under one delivery office.

Further, I say that the suggestion that, because the experiment is made only in small countries, it should not be followed here, is not a sound one. My friend should see whether the experiment is good or not, irrespective of whether it is a big country or a small country, and if they find that these experiments are good, they should not hesitate in accepting them. We are following many experiments which were started in England, and England is a small country. So this argument about a small country is not a sound one. We have followed so many experiment, and what is the harm if we follow one more experiment? If it is not a paying system, we can change it afterwards. With these words, I support the motion moved by my Honourable friend, Mr. Jog.

Mr. Amar Nath Dutt: I also agree with my friend, Mr. Maswood Ahmad, that this local service should not be restricted only to selected towns, but that it should be extended to all urban areas, and, if possible, to rural

[Mr. Amar Nath Dutt.]

areas. Of course, there is some difficulty in having these things in rural areas, because there the postman comes only twice or thrice a week. The words "local service" can apply both to rural and urban areas, but I beg to point out this difficulty in regard to rural areas. I do not know whether it is so in Bihar, but in Bengal I know village peons go to villages on alternate days, some times three days in a week or two days in a week. It will not be needed there. It is only in big towns and in big villages that this is possible, but the sizes of the villages in Bengal ordinarily are such that I think it will not at all be profitable to have a local service by means of the post office. It can be sent through a man or one may go himself. So it is not feasible to have this local service in rural areas, unless they are villages only in name, but really towns and such towns we have everywhere They may not have municipalities and there may be no Magistrate or Munsif or Judge, and yet it might be a very big place, and it may be a mercantile place. There the suggestion of my friend, Mr. Maswood Ahmad, may be acted upon to some extent, but not wholly; but, considering all these things, the letter for local service will be, I am sure, very paying in such big cities as Calcutta or Bombay or Poona, and, I am sure it will be paying even in smaller towns like Burdwan, Midnapore or Howrah, where people would send a letter by post to a place which is about three miles off instead of sending a man, and this will also be of great service to the commercial community and also to professional men like medical men and lawyers and tradesmen. That being so, I give my wholehearted support to the amendment which has been moved by my friend, Mr Jog.

Mr. S. P. Varma: The reason why the Department advise against the adoption of this experiment is very clear, and, in fact, the arguments advanced by my friend, Mr. Maswood Ahmad, in supporting the motion, really give the case away. We started with the idea of the amendment proposed by my friend, Mr. Jog, that this local service was to be confined to large towns where there is a heavy density of traffic between one part of the town and another. In such circumstances, it is possible to imagine that such a service can be rendered at a fairly low cost, and that, therefore, it may be remunerative to the post office. Mr. Maswood Ahmad wants to extend that service to rural areas where the density of traffic cannot be very heavy, and any local service, if it is to be attractive, would be very expensive to maintain. That is the first argument that a good local service is not a cheap service to maintain. The second argument against it is that if we have a specially cheap service confined to one locality, there is nothing logically to prevent having yet another rate lower than the uniform rate for a particular area. We shall then be beginning to have a complicated set of distance rates and then I tremble to think of what my friend from Patna would have to pay on a letter that he wants to send to Peshawar. Throughout the whole modern history of the Department, we have been working on uniform rates.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): I did not want to interrupt my Honourable friend, but may I ask whether even in those countries where they use this system, when they send those letters to different places, there are different rates for different distances.

Mr. S. P. Varma: I have not been quite able to make out the question of my Honourable friend, but the answer, as far as I can make out, is

in the affirmative. In those very countries, which the Honourable Sir Frank Noyce mentioned by name, the local rates are lower than the rates for the transmission of correspondence throughout the country.

Mr. D. K. Lahiri Chaudhury: My point is—does the rate vary with the distance?

Mr. S. P. Varma: I believe, Sir, in the United States of America, for certain classes of postal matter the rates do differ according to the distance to be carried

Sir Hari Singh Gour: That cuts at the very root of your argument. Are you aware of it?

Mr. S. P. Varma: It supports my argument, Sir! They have a system of different rates for different distances. We have not worked on that system, and we have a system of uniform rates, irrespective of the distance over which a letter has to be carried or a postcard or telegram has to be delivered That is really the chief argument against specially cheap rates for confined areas. As regards the comparison between India and some other countries that were mentioned, it was certainly not the intention to cast any reflection on the postal organisations of those countries. They have got a system that suits them: we have got a system that suits us.

Sir Hari Singh Gour: You have not tried the other system.

Mr. S. P. Varma: As regards the example of England, I will just say one thing. If England charges 1½*d.* in a small country, for her internal correspondence, she does not charge more than 1½*d.* for a letter to Australia So, Sir, on the whole, the whole system of local service rates goes so directly against the system on which the Department has been working that Government do not feel justified in embarking on the experiment, especially in the present financial position of the Department. It might lead them into a position which, I am sure, the House would regret. With these remarks, Sir, I beg to oppose the amendment

Dr. Ziauddin Ahmad: Sir, I had no intention to speak today, but I should like to impress upon the Honourable Member in charge of the Posts and Telegraphs Department the desirability of exploring this system of cheap rates for local letters a little more minutely. You follow either the English system or the continental system. In England, we have got one and a half penny stamps for every country and every town within the British empire, and, for every place outside the British empire, we just put a penny extra. That is a simple method, it is quite logical and it works very well. If you have differential rates for different countries outside India, then, in that case, I think we should follow the system which is prevalent in most of the other countries. In most countries in Europe, there you will find that they have got differential rates for town deliveries and for deliveries inside the country. I do not want to fight with my Honourable friend, Mr. Maswood Ahmad, because he is simply fighting on sugar-cane when the sugar-cane field is not there. (Laughter.) When once we have introduced this system of deliveries, then we can discuss the question as to how far it can be extended. As an experimental measure, let it be introduced in certain selected big towns, and, after gaining some experience

[Dr. Ziauddin Ahmad.]

and the financial results, it might be extended further, and this is the practice that was adopted in most of the countries in the west, and I would like that that possibility should be further explored.

Sir, from the speeches delivered today, I find that the post office is in a hopeless position as regards information. On the floor of the House the Honourable Member, who is brought in as expert in post office affairs, said that he did not know the weight of the envelope supplied by the Government. So, without knowing the weight of even their own envelope, which they are supplying to the public, they come forward to discuss the question of weight. It is regrettable that the post office expert shall depend upon the Opposition and find that the weight of post office envelopes is ½ tola. Again, we have the example of other countries where the system is being worked. It was said that they did not know. Therefore, I request . . .

The Honourable Sir Frank Noyce: I would ask my Honourable friend whether his information is based on personal knowledge. I have, in the course of the last few minutes, again made inquiries from my Department . . . .

Dr. Ziauddin Ahmad: I am not referring to my Honourable friend, Sir Frank Noyce

The Honourable Sir Frank Noyce: I am asking whether his information about local services in Germany is based on his own personal knowledge.

Dr. Ziauddin Ahmad: Yes. It is based on personal knowledge. I have used it for many years, I have used it this time when I was in Germany, and I know this system is in vogue in most countries of Europe.

What I wanted to impress upon the Government is that the possibility of this system should be further explored, and we ought to find out—whether it will be a source of income. I believe that it will not be a losing system, because larger numbers of people will be using this local post. With these words, Sir, I beg to support the motion.

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): Sir, I rise to support this motion. In Calcutta, with which I am acquainted, we have to post many letters for people who live in Calcutta, as otherwise our costs would be more, and if this system is adopted, I am sure, the Government will not lose anything, but they will gain something. I know in Calcutta, some years ago, a system was introduced for town deliveries which was known also as the system of hourly deliveries. That was quite successful, but unfortunately, with the retrenchment, all the peons lost their services and this system was also withdrawn. I do not know whether the Member in charge of Posts and Telegraphs will not rather gain if he decides to introduce this new system of a half anna postage for town deliveries and then see after some time whether that will or will not succeed and whether that will or will not be prosperous to his Department. It was known as the town delivery system, or the hourly delivery system,—deliveries being made every hour.

Sir Hari Singh Gour: But the postage was the same.

Mr. S. C. Sen: Of course at that time the postage was not much, not like the present one. That is what we want to be done, we want the Government to renew that experiment again in Calcutta for, say, three months, so that the Government might know whether they are losing or gaining in this matter. Any way, they would not lose much if they ultimately found that it was a losing concern, I know that, in some offices in Calcutta, about one hundred letters are posted in the evening when they cannot get hold of peons to go round the whole town of Calcutta for the purpose of delivering these letters.

The Honourable Sir Frank Noyce: I am not quite sure to what my Honourable friend is referring. Is he suggesting that we should put an extra half an anna stamp on envelopes to ensure the quicker delivery of letters?

Mr. S. C. Sen: No, no.

The Honourable Sir Frank Noyce: Then, if he is suggesting that for half an anna we should give ten deliveries of letters a day, that is absolutely out of the question.

Mr. S. C. Sen: I never suggested hourly deliveries. I suggested they should have town deliveries. They should deliver such letters only in the town, where they have not to use the railways, but their vans go from one Sub-post office to another in the same town. They can easily deliver these letters to the different post offices without any extra cost. Therefore, Sir, I support this motion, and I hope the Honourable Member will try the experiment and then come before the House after he has gained some experience, if it does not succeed.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, after the existing entries under the head '*Letters*' the following be inserted:

'A letter for local service . . . . . Six pies'."

The motion was negatived.

The Honourable Sir George Schuster: Before you proceed, Sir, with the business, I would like, on behalf of the Government Benches, to ask you whether it would be possible today to sit sufficiently long to get the clauses of this Finance Bill through. I would like to put before the House our position in this matter. Honourable Members know perfectly well that it is very important—in fact, I might say almost essential if we are to proceed regularly—to get the Finance Bill passed before the 31st March. We also have another measure—the salt measure—which it is essential to get through before the 31st March. Unfortunately in the next week there are several holidays. There are only three effective days, and the Council of State will require at least two days for discussing the Finance Bill. If we could get all the clauses through, at any rate, this evening, and then have a short third reading debate on Tuesday morning, we may have some chance of getting both the Finance Bill and the Salt Bill through before the 31st March. Therefore, I would request you that we should sit long

5 P.M.

[Sir George Schuster.]

enough to get the Finance Bill clauses through, and I hope that Honourable Members will take into account the practical needs of the situation and co-operate with us in this attempt. I would also like to remind the Honourable Members of the rest of the programme that lies before us. We have next to proceed with the two Excise Bills, and if the House decides that these Bills should be submitted for consideration by Select Committees, that is a course which we should be prepared to accept. Then it would be greatly to the convenience of everybody if these Select Committees could sit during the Easter holidays. Those are the practical considerations that we have to bear in mind if we are to get through the very important business that is before the House this Session within a reasonable period and without great inconvenience both to Honourable Members and to the public. Therefore, I would request you to consider whether you could not sit long enough to get the clauses through today.

Diwan Bahadur A. Ramaswami Mudaliar: May I point out that while we on this side of the House agree with the Honourable the Finance Member in the necessity to get through the Finance Bill, we are very much handicapped. Since 9 o'clock this morning, I have been in this building along with 14 other Members of the Assembly. This Session has been a great strain on many of us. I would only like to point out that, although the Members on the Treasury Benches have to devote their time to their Departments, some of us have got to stick to these Benches all through the debate and look into every proposal that is brought forward by every Member of the Treasury Bench. It is no exaggeration to say that those Honourable Members, who have taken keen interest in the legislative and other work that is brought in this House, are feeling the strain even more than any of the Honourable Members individually on the Treasury Benches.

The Honourable Sir Frank Noyce: I should like to point out to my Honourable friend that I have done the same as he has. Like him, I have been in the House all day. I am not denying the force of his argument, but I think he is doing a little injustice to us on this side of the House by thinking that our lot is easier than his.

Diwan Bahadur A. Ramaswami Mudaliar: I am sure, I shall have the sympathy of Sir Frank Noyce in what I am saying. I can only say that, speaking on behalf of my Party, we shall try our level best to finish the Finance Bill on Tuesday.

Mr. President (The Honourable Sir Shanmukham Chetty): What about the request of the Finance Member which he made just now?

Diwan Bahadur A. Ramaswami Mudaliar: I am coming to that. It will be really impossible to sit much longer today. In any case, it will certainly not be possible to finish all the clauses of the Finance Bill today. We do not know how long it will take to finish them. So, I regret very much that it will not be possible to sit very much longer today.

Dr. Ziauddin Ahmad: May I ask a question about the legal position? May I know whether it is possible to extend the time beyond the 31st March?

The Honourable Sir George Schuster: It is very difficult for me to explain shortly the precise position. All I can say is that an irregular and difficult position will be created. I cannot say that we have got any particular device ready for getting over that irregularity. It will lead to a very great inconvenience.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): May I, Sir, suggest an all-night Session, a practice which we have in the House of Commons, because it is necessary that important matters must be got through. It is perfectly true that Honourable Members on either side have worked very hard. I do not think there is any Member in this House, even if he is not present in the House right from the morning, who is not doing some very useful work. I have been writing about 40 letters today in my own hand-writing to the Members of the Assembly in regard to a farewell lunch. I would suggest that we should, instead of saying that one Member is more worked or less worked than the other, show that we are capable on occasions of sitting up and getting through our business. For instance, we have been making more speeches than is necessary on certain items. Yet we thought that if it were necessary, the way in which to tire out Honourable Members who wanted to make the same speeches on the same motions was to have an all-night Session. And that is, as I have said, the practice in the House of Commons. We adopted it in the past, and I do not see any reason why we should not make it a regular practice of the Assembly. I think we ought to start it by having an all-night Session today. I was also on the same Committee of which my Honourable friend, Mr. Mudaliar, happens to be a very useful Member.

Mr. Amar Nath Dutt: If that proposal is accepted, who will give us "dinner at eight"?

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): While I sympathise with the Government, I am bound to point out that the Members of my Party, who have been working from this morning in the Select Committee, find it absolutely impossible to continue any further in the evening in the House. I quite realise that the fact that we have got two holidays coming on very soon complicates the situation. While I entirely agree that we must make every effort to finish this Bill by Tuesday next . . . . .

Diwan Bahadur A. Ramaswami Mudaliar: With an all-night Session, if necessary.

Mr. K. C. Neogy: I do not know about that. Having regard to the fact that several important amendments have yet to be taken up about book posts and postcards, I do not know how far we will succeed in finishing the third reading on Tuesday. I very much hope myself to be able to finish all the clauses of the Bill today, but, judging from the progress we have made, I do not suppose we can do that. I, therefore, think that it will not be right to have a prolonged sitting this evening, but we can make our best efforts to finish the whole thing on Tuesday. That is all I can say at present.

Sir Hari Singh Gour: I should have thought and I think my Honourable friends behind me agree that we should co-operate with the Government by every means possible to finish the Finance Bill, so that it is enacted

[Sir Hari Singh Gour.]

into law before the end of this month. The circumstances of this year are very exceptional, and, as the Honourable the Finance Member pointed out, the next two days are holidays, and the alternative of the suggestions made by my friends on the right is that, if we sacrifice one of these holidays and sit here to finish this Finance Bill, then there would be no necessity of sitting late today. Otherwise, there must be no other alternative. I do not know whether the Honourable the Finance Member has any objection to sit tomorrow or some other day, that is one of these days during the holidays. I understand that some Select Committee meetings are taking place during these holidays, but the matter is a matter of detail and can be left to your judgment. It is, however, agreed on all sides that we should be very anxious to finish the Finance Bill, not only all the clauses, but the third reading of it, so as to give the Government sufficient time to take it to another place and enact the Bill before the close of the year. Two suggestions have been made by my Honourable friends here that we go on sitting now or have a little respite and refreshment and meet again after dinner. I happen to know that one of your predecessors sat one day very late, I think it was about till 10-30 P.M.

An Honourable Member: No, the present President also sat late last year.

Sir Hari Singh Gour: If we can finish the clauses tonight, I should certainly assist the Government in doing so.

Mr. President (The Honourable Sir Shanmukham Chetty): What the Chair desires to know as a practical suggestion is whether the House would like to continue the sitting today until the Bill is finished or whether they would like to sit tonight and finish the Bill.

Mr. Vidya Sagar Pandya: I wish to submit . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair must have the views of the Leaders of Parties. There is no use of every individual Member getting up and making a suggestion. The practical suggestion, so far as today is concerned, is, either that we continue now and sit until the Bill is finished or until a specified hour. It might be one of the two. We may adjourn now and meet again after dinner and continue till the Bill is finished or sit till a particular hour. The Chair would like to know what the Independent Party thinks.

Diwan Bahadur A. Ramaswami Mudaliar: Neither alternative would be acceptable now, but we have no objection to sit late on Tuesday night.

Mr. K. C. Neogy: I agree with Mr. Mudaliar.

Sir Leslie Hudson (Bombay: European): We are quite prepared to continue to sit now till 8 P.M. or after dinner.

Mr. President (The Honourable Sir Shanmukham Chetty): There is no unanimity. The two principal Parties are not agreeable to this course The Chair does not wish to force a night sitting or sit until the Bill is finished without due notice. In any case, we might go on for half an-

hour today and the Chair would suggest that on Tuesday we might begin our sitting at ten o'clock and finish the Bill on that day, and, if necessary, have a night sitting to finish the Bill. The House ought to recognise that position.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): My submission with regard to that matter is that, whatever you arrange, you should allow us one full day for the third reading stage of the Bill, because there are many of us who have not spoken on the Finance Bill at all and who have important observations to submit to the House.

Mr. President (The Honourable Sir Shanmukham Chetty): Now that the House knows the programme, Honourable Members can regulate their speeches and their motions accordingly. In any case, we will go on for half an hour more today, and, on Tuesday, we begin at ten o'clock, and either continuously sit the whole day until we finish the Bill including the third reading, or, if necessary, meet after dinner and sit until the Bill is finished.

Mr. C. S. Ranga Iyer: My Honourable friend, Mr. Mody, wanted "a full day" for third reading, I hope it will be nearly 24 hours. (Laughter.)

Mr. Amar Nath Dutt: Sir, I beg to move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *'Postcards'* the following be substituted :

'Single	Two pies.
Reply	Four pies'."

This is a little less than what the price of the postcard formerly was, and if I have reduced the price of postcards to that extent, it is because I feel that the prices have gone down so much lower in level that people must have relief in this direction in the same ratio as the price of agricultural produce has gone down. I think, within the last forty or fifty years, no one purchased food grains at the price at which it is available at the present moment. The price of paddy in Bengal was Rs. four per maund, while it is now less than a rupee in many places. That is, the prices have gone down to one-fourth, and, therefore, I submit, why should not the postal charges go down? Am I to understand that it is the Government servants alone who are to enjoy the benefit of the rise in prices during the War time and continue to enjoy the same even now in spite of the low level of prices that is to be found in the country at the present moment? It is known to every one of us that the income of all professional men has gone down by 50 per cent. and 60 per cent. I mean the lawyers and medical men and traders have been ruined in several places, and agriculturists are going without food. Am I to understand that all these millions of my countrymen exist for the few people who have entered the sacred field of Government service and that we exist for them and that we are to supply them the same rate of high salaries, and ourselves go on starving. Some feel the difficulty of having retrenchment in their salaries, but not to the extent of what I would say has been the fall in the price of commodities. Those whose salaries I want to reduce are the men who are most benefited by this reduction in the price of foodstuffs. And knowing human nature, as we do, I believe, even you, Sir, will not agree to a 10 or 15 or 20 per cent. cut. That

[Mr. Amar Nath Dutt.]

is human nature, not to speak of those who have power in their hands. Sir, I think I should not be long in my speech, because I find several people are going away, and it is better that we go to vote on this very important amendment about postcards which affects the poorest of our countrymen. And I can assure my Honourable friend, Sir Frank Noyce, that there is every likelihood of some increase if we reduce the price of postcards to two pies; at any rate, even if there is no increase, it will surely pay its way, because there will be an enormous increase in the use of postcards. People have now got to be careful about writing letters in a postcard which is worth three pice which probably brings them more than one seer of rice or one seer of wheat with which they can feed their wives and children for a whole day. I beg to submit, Sir, that it is not a Utopia that I am hoping for when I am asking for this reduction.

Mr. S. C. Mitra: Is it two pice or two pies for a postcard?

Mr. Amar Nath Dutt: Two pies, that is, three postcards for half an anna. (Laughter.) There is nothing to laugh at. I remember, Sir, in your own Presidency, when I was there for about a year, none in my family would take the curd that was being sold by the low class *goalas* who would come to our houses but myself, and they used to sell us one pie worth for my use and it was more than enough. So, Sir, I submit that this should not appear to my friends to be unacceptable. I think they should vote for it, and Government should remain neutral, if not support us. **Sir, I move.**

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted :

'Single	Two pies.
Reply	Four pies'."

Dr. Ziauddin Ahmad: Sir, I support this amendment, but on entirely different grounds, *i.e.*, in the interest of my eyes. Since the time the rates were increased, people began to write first horizontally with black ink, then vertically with red ink and now they have commenced to write at an angle of 45 degrees with blue or violet ink. I think it is exceedingly difficult to read these letters, because people want to get the best of their nine pies which they spend on their postcards and they wish to write three times, once vertically, then horizontally, and then at an angle of 45 degrees. Therefore, in the interest of the eyes of the people, I support this motion.

Mr. M. Maswood Ahmad: Sir, I am glad that my Honourable friend, Mr. Amar Nath Dutt, has more sympathy for the poorer classes of this country than I have. I gave an amendment for three pies, and now my Honourable friend wants two pies. I do not say he had given notice for this amendment to get priority. I am sorry that I cannot support him, because in my opinion, it is not workable. It will be very difficult for the Department, and it will be very difficult for the villagers too, because in the villages now-a-days pice are being used, and

not pies. So, it will be difficult to introduce the pie system there, which is not a good system, and it will be difficult to keep these smaller coins like pies. So, I think, it is not workable, and I oppose it.

The Honourable Sir Frank Noyce: Sir, I have only to add to the objections that my Honourable friend, Mr. Maswood Ahmad, has brought against this proposal the further objection that it would cost 1,53 lakhs.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted :

'Single	Two pies
Reply	Four pies'."

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted :

'Single	Three pies.
Reply	Half an anna '."

I shall not make any speech on this, because I find that my Honourable friends are in a hurry to go. Sir, I am sorry Government have brought forward this Finance Bill so late in this month that we cannot do justice to it and discuss all the items, because we have to pass it before the 31st March. It is a great grievance of ours, and Government could have placed this Bill for discussion much before the other Bills which we have discussed. It is very difficult to give arguments in these circumstances specially when we are busy from 10, and some from 9 in the morning. So I move this amendment without making any speech.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted :

'Single	Three pies.
Reply	Half an anna '."

The Honourable Sir Frank Noyce: Sir, the loss in this case is estimated at 1,29 lakhs on the assumption that there will be a 15 per cent. increase in traffic. I think the exposition of the financial conditions of the Posts and Telegraphs Department, which I placed before the House this afternoon, shows that we are not in a position to incur that loss.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted :

'Single	Three pies.
Reply	Half an anna '."

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *'Postcards'* the following be substituted :

'Single	Half an anna.
Reply	One anna '. "

In this connection, I want to submit that this is a point which should be considered by my Honourable friend there. My Honourable friend, Sir Frank Noyce, said that he had got sympathy for the poorer classes and he really wanted to decrease the rate for postcards. The amendments which have been lost would have improved the system if they had been accepted; but this amendment is really a kind of necessity. We know in what condition the villages now-a-days are—it is unnecessary to place that before my Honourable friends. It is the postcard which is used by the poorer classes of the people. Now, the time has come when the Government themselves have reduced the rates for envelopes and letters, and they should, therefore, reduce the rates for postcards also. In the past, they did great injustice to the poor man using the postcard. When I come to amendment No. 34, I shall quote some other thing, but here I want only to remind the Government that they have done great injustice . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Nos. 32 and 33 are the same as this, is it not?

Mr. M. Maswood Ahmad: I have moved No. 29 at present: The others are for a reply postcard for five pice, and that will come later on, and, at that time, you will agree, Sir, that it is admissible and I can move that also.

Now, I only want to remind my Honourable friend that when the surcharge was imposed on different articles, it was for 25 per cent. only; but, on the poor man's postcard, they put the surcharge at 50 per cent. I cannot understand really why they have no sympathy, rather why they are so hard on the poor man who uses postcards. In the income-tax and on other articles in the Tariff Act, you will find that the surcharge was only 25 per cent. in those days—whether you call it surcharge or increase, it does not matter, the result is the same—but the price of the postcard was put up from two to three pice, and my Honourable friend has already realised a very high rate: the argument at that time was that it would not be practicable to raise it by 25 per cent. as it would work out to 2½ pice and it would not be practicable to sell them at that rate. But I say, you have raised it by 50 per cent. and got it from these poor people, and now the time has come when you must consider the matter and give up this surcharge on the postcard at least and fix the rate at half anna single and one anna reply. There is no question about your losing anything. You have already realised from the people 50 per cent. more in the past two years: and the time has now come when you should give up that amount and fix the rate at half an anna. I think this amendment should be accepted. I admit that we cannot carry any amendment in this House, because our attendance is thin: our troubles are well known to all Honourable Members in this House, and so I really want that my Honourable friend, Sir Frank Noyce, must consider this point that when they have taken an extra 25 per cent. over and above 25 per cent. surcharge on postcards, during the past two years, they have no justification for continuing it again for years and years. Really if he has got any sympathy for the poor classes in this country and the poor villagers who really use these cards, is it not justifiable to reduce the rate from three pice to two pice? With these words, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted :

'Single	Half an anna.
Reply	One anna '. "

Pandit Satyendra Nath Sen (Presidency Division: Non-Muhammadan Rural): Sir, I beg to support the amendment, knowing full well that we have very little hope of success. It has been our common experience that we cannot pass any amendment, in fact, any measure, if Government will otherwise. Still we have to do our duty—Government have made Vedantins of us—we are only to do our duty with no eye to the results likely to be achieved.

In the very beginning, I should point out that this discussion has been taken up at a very unusual hour, but I hope that that will be no reason why the subject should be treated lightly. I should point out that this is the most important of all the amendments relating to postal rates. (Hear, hear) The complaint against the enhanced rates of postage is universal. The Honourable the Finance Member will perhaps at once come upon us with the argument that there will be a loss of revenue to the tune of 56 lakhs, or perhaps a little above that amount. But I do not see why he should worry himself about the loss of revenue when a single stroke of the pen can bring him lakhs and crores—I do not see why he should bother himself about these figures. I can at once give him some 20 lakhs if he is pleased to accept it, as I have been proposing every year, provided he is prepared to levy a heavy and prohibitive duty on vegetable ghee. I single it out of many other subjects, because that is a subject which has been discussed in this House on more than one occasion. There are lots of other things which can bring him lakhs and crores in this way. He may order an all round retrenchment of five or ten per cent of salaries, and that will bring him crores. Government should not grudge a loss of revenue of 56 lakhs, because it is a very important subject I do not agree with my esteemed friend, Sir Darcy Lindsay, that the Postal Department is a commercial Department. I think it has been held by many Honourable Members in charge of this Department, as well as by various Commissions, that it is a Department of public utility. That being the position, I do not think that the loss of a small revenue is of much importance in this matter. And where is the certainty that there will be a loss to the tune of 56 lakhs? We were told last year by Sir Frank Noyce that they do not keep any separate returns for postcards: the question is mixed up with so many subjects—there are cards of private manufacture—that no legitimate conclusion can be arrived at on the basis of these figures. I think the revenue of the Postal Department as a whole should be considered, and our interpretation of the figures of postal income is that the law of diminishing returns has begun to operate in the Postal Department. The income is going down with the increase of postal rates. That is our interpretation of the postal figures when they are taken as a whole.

There is only one point which I should like to impress upon Honourable Members. I would make a pathetic appeal to the Honourable Members. It is almost certain that the present Assembly is going to be dissolved shortly. With what face can we return to our constituency if we cannot achieve even a single point during our whole career. Therefore, I appeal to my friends that we should gain this point, so that we

[Pandit Satyendra Nath Sen.]

may show our face to our countrymen. With these words, Sir, I support the amendment.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): Sir, it is after a long time that I venture to stand up in this House to support the motion that is now before us. I am one of those who would not like to stand in the way of the business of the House being proceeded with, but, today, in standing up on the floor of the House to speak on this motion, I do so with the utmost confidence that the Honourable the Finance Member, in making the calculations he has made in regard to the loss of 56 lakhs, was not quite accurate. I shall presently explain the reason, Sir. Very recently,—to our deep sorrow we do not find our old and dear friend, Sir Thomas Ryan, on the floor of the House today,—very recently I had occasion to discuss this question in his private chamber, and I asked him whether the value of the postcard could be reduced to two pice. I took down the figures for the year when postcards were sold at two pice. I also took down the figures of the traffic, and also the present rate of traffic from him, and I gathered from him that his whole idea of the loss of 56 lakhs was calculated on the basis of a loss of ten per cent traffic. I, however, found on calculation that when the postcard was sold at two pice, the traffic was increased by 30 per cent. I have not brought those figures with me,—because I did not expect that this debate would come on today,—but I have got the figures with me relating to the sale of postcards in the year 1929, and also in the year 1932-33. If I could produce these figures, the House would have appreciated the fact that the loss of 56 lakhs which was based on the loss of traffic of ten per cent is not correct. On the other hand, the traffic will be increased by 30 per cent, and not by ten per cent. Now, the question that arises is this. When the price of the postcard was raised from two pice to three pice, who was responsible for this loss in traffic, which, in other words, means loss of service to so many people? Sir, today, owing to the trade depression, if even a single officer is retrenched, it means that the whole family will starve, and we are told from very high quarters that it is only as a result of the increase in traffic that Government would be able to keep the staff in service. If that be the position, under whose inspiration did Government take this measure of raising the price of the postcard from two pice to three pice? There was no justification at all for it. When this proposal to raise the price of the postcard from two pice to three pice was made, very vehement opposition was raised from this side of the House, but all that opposition was to no purpose. The Honourable Member turned a deaf ear to all our pleadings and arguments, and today we find that, by raising the price of the postcard from two pice to three pice, the traffic has fallen by 30 per cent.

Now, if Government could undergo this kind of loss for these two long years, why should they not take the risk of a loss of 30 lakhs for another year? My point is, if they fix up the price of postcards at two pice, the loss will be not 56 lakhs, but it will be 30 lakhs. I have calculated the figure, and I can tell the House that my calculation is correct, and the Honourable Member in charge will not be able to contradict me there. I am quite convinced that in two years' time our traffic will be increased by 30 per cent. If that is so, the question is whether the Government will be prepared to undergo the loss of 60 lakhs in two years or not, and if,

by these 60 lakhs, you can feed the poor people, if you can satisfy 360 millions of Indians, you can get really the blessings of all those who will be serving under you. Sir, very recently I received a telegram from my district to the effect that fifty clerks including postmen were going to be retrenched. I at once brought the matter to the notice of the Director-General of Posts and Telegraphs, and I am glad to say that he very sympathetically took up the matter and sent a wire to the Provincial Government to look into this matter, and he has already taken the case in his own hands.

Now, Sir, if we can increase the traffic in the Postal Department, that will be the only solution to feed these poor people, and, at the same, help the public. The public will get the postcard at two pice, while the traffic will be increased by 30 per cent which will go to maintain all those officials who are working in the Postal Department. With these words, Sir, I strongly support the motion before the House.

STATEMENT OF BUSINESS.

The Honourable Sir Brojendra Mitter (Leader of the House): With your permission, Sir, I desire to make a statement as to the probable course of Government business in the ensuing week. It is hoped to conclude the Finance Bill and the Salt Additional Import Duty (Extending) Bill on Tuesday, the 27th, whereafter the next business will be certain Supplementary Estimates followed by motions for reference to Select Committee of the Bills to impose excises on matches and sugar. On the conclusion of these motions, the House will take up the consideration of the Indian States (Protection) Bill, as reported by Select Committee.

The Assembly then adjourned till Ten of the Clock on Tuesday, the 27th March, 1934.

LEGISLATIVE ASSEMBLY.

Tuesday, 27th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Ten of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

RETRENCHMENT ON COMMUNAL BASIS IN THE POSTAL AND RAILWAY MAIL SERVICE, PUNJAB CIRCLE.

549. ***Sardar Sant Singh:** (*a*) Will Government be pleased to state whether there is any order to the effect that retrenchment in the Postal and Railway Mail Service, Punjab Circle, should be made on communal basis? If so, are there any further orders that, due to communal basis, officials with less than thirty years' service may be retrenched in case no official with thirty years or more service is available in any particular community?

(*b*) If the reply to part (*a*) be in the negative, are Government prepared to issue instructions to the Postal Authorities in the Punjab Circle to retrench officials according to seniority of service and not on communal basis?

(*c*) Are Government aware that in the Punjab Postal and Railway Mail Service Circle, Sikh officials with less than thirty years' service are being retrenched and that officials of other communities with much more than thirty years' service are not affected?

(*d*) In case retrenchment is made on a communal basis, are such officials of the minority community, especially Sikhs, affected who do not even complete thirty years of service?

The Honourable Sir Frank Noyce: (*a*) There are no special orders of retrenchment applicable to the Punjab Postal and Railway Mail Service Circle but the general orders of Government are being followed there as elsewhere and are as explained in the reply given by the Honourable Sir Harry Haig to part (*a*) of Mr. Muhammad Anwar-ul-Azim's starred question No. 439 in this House on the 21st February, 1933. According to these orders, when no official of a particular community having at least 30 years' service is available, it is permissible to retrench one of that community having less service, in preference to officials of other communities with longer service, so as to maintain the ratio between the various communities which existed before the retrenchment.

(*b*) Does not arise.

(*c*) Government have no precise information, but the occurrence of such cases is not improbable, as the Honourable Member will see from the reply given to part (*a*).

(*d*) The Honourable Member is referred to my reply to parts (*a*) and (*c*).

OVERHAULING OF THE ARCHÆOLOGICAL GALLERIES OF THE INDIAN MUSEUM, CALCUTTA.

550. *Mr. Gaya Prasad Singh: Will Government please state:

(a) whether the archæological galleries of the Indian Museum, Calcutta, were re-arranged by Rai Rama Prasad Chanda Bahadur, the late Superintendent of the Archæological Section, with the approval of Sir John Marshall who was then Director-General of Archæology in India;

(b) whether it is a fact that the same galleries are again being overhauled? If so, whether and when the present scheme of re-arrangement was submitted to and approved by the present Director-General of Archæology;

(c) what was the urgent necessity for overhauling these galleries within such a short period of time and also when the Government of India have not yet tided over their present financial stringency: and

(d) how far the Muslim gallery has been added to or otherwise improved upon?

Mr. G. S. Bajpai: (a) and (b). Mr Chanda re-arranged only two galleries dealing with the Hindu and Buddhist periods and organised one gallery of exhibits of the Muslim period. The remaining two galleries, *i.e.*, the Gandhara and pre-historic galleries have been re-arranged since under the instructions of the present Director General of Archæology.

(c) This was necessary in the interests of visitors and students as well as of the exhibits and has been accomplished within the departmental budget.

(d) No important additions have been made

PROPOSAL TO INCREASE THE OVERSEAS PAY AND OTHER ALLOWANCES OF THE MEMBERS OF THE IMPERIAL SERVICES WITH A NON-ASIATIC DOMICILE.

551. *Mr. Gaya Prasad Singh: Will Government be pleased to state whether any recommendations have been made to the Secretary of State for India to increase the overseas pay and other allowances given to members of the Imperial Services with a non-Asiatic domicile? Has any proposal to increase such allowances been recently considered by Government, and, if so, with what result?

The Honourable Sir Harry Haig: The Government of India have recently forwarded to the Secretary of State their recommendations in regard to the pay of future entrants to the Indian Civil Service and the Indian Police, but I regret I am unable to disclose their nature.

DISBURSEMENT OF SALARIES TO THE EMPLOYEES IN THE RAILWAY OFFICES IN BURMA.

552. *Mr. Gaya Prasad Singh: (a) Are Government aware that many departments in the railway offices in Burma do not disburse the salaries of their employees till the 10th or 12th of the month following the one

for which the salary is earned, and, if so, do they propose to issue instructions that the salaries be paid on the 2nd or 3rd of every month as is done in other branches of the service?

(*b*) On what date are the wages due to workmen in railway and public works and other workshops belonging to Government paid?

(*c*) Are Government prepared to consider the question of paying all workmen's wages weekly, or fortnightly, as recommended by the Royal Commission on Factory Labour?

Mr. P. R. Rau: (*a*) Government understand that the position in the Burma Railways is at present generally as stated in the Honourable Member's question but the question of earlier payment presents serious difficulties as 25,000 employees scattered over 2,000 miles of line are involved The Agent reports that it would be impracticable to pay salaries within 2nd or 3rd of the month without very considerable extra expense but he is endeavouring to devise means to pay the staff within a week of the period for which the salary is earned. This is what other Railways are also attempting to do.

(*b*) The date of payment of wages to workmen employed on railways, Public Works and in other Government workshops is not fixed. The general practice is to make payments as soon as possible after the end of the wage period.

(*c*) The recommendation of the Royal Commission on Labour is under the consideration of the Government of India, who expect to reach a decision shortly.

DEFECTS IN CERTAIN QUARTERS ON THE FEROZSHAH ROAD, NEW DELHI.

553. ***Pandit Satyendra Nath Sen:** (*a*) Are Government aware that the Central Block (No. C) of No. 13, Ferozshah Road, is north-faced and is closed on the east as well as on the west?

(*b*) Are Government aware that solar rays cannot and do not enter any of the bed-rooms in that quarter and that those rooms are perpetually cold throughout the year?

(*c*) Have Government ever consulted medical opinion as to whether such a quarter is worthy for human habitation during the winter season?

(*d*) Are Government aware that the position of Blocks (B) and (D) is also the same as that of (C), except that one of the bed-rooms in each has got a window on one of the sides?

(*e*) Are Government prepared to consider whether Blocks Nos. (B) and (D) will be greatly improved if Block No. (C) is demolished?

(*f*) Is it a fact that several new quarters facing north are being constructed? If so, will they contain any Block of the type of 13 (C) Ferozshah Road?

The Honourable Sir Frank Noyce: (*a*) No. 13C, Ferozshah Road faces north west and is open to the south east, but is closed on the other two sides, being the central quarter of a block of three.

(*b*) There is only one bedroom in this quarter, and the verandahs on the north west and south east protecting this room open to the sun during the day.

(*c*) No.

(*d*) Yes.

(*e*) No.

(*f*) Several of the new quarters under construction face in the same direction as No. 13(C), Ferozshah Road. The answer to the second part of the question is in the negative.

Pandit Satyendra Nath Sen: I have been told that the quarter faces north west. If it is not fully north facing, is it not sufficiently north facing to preclude the sun's rays from entering the bed rooms?

The Honourable Sir Frank Noyce: I have no knowledge of the particular quarter, but I understand that my Honourable friend is speaking from personal experience. I only hope that next year he will get a quarter which suits him better than this one.

Pandit Satyendra Nath Sen: Is the Honourable Member aware that north facing houses, especially when they are closed on all other directions, are very much condemned by the Hindu Shastras and customs (Laughter), although they are sanctioned by western engineering based on modern science?

The Honourable Sir Frank Noyce: I am sorry that this quarter was sited in such a way as to be repugnant to Hindu thought. (Laughter.) As I have said, I hope that my Honourable friend will get a better quarter next cold weather.

Mr. D. K. Lahiri Chaudhury: Who was the engineer who designed these quarters?

The Honourable Sir Frank Noyce: I should have to ask for notice of this question.

Mr. Gaya Prasad Singh: Are Government aware that an orthodox Member of this House, Mr Amar Nath Dutt, was an inmate of this quarter two years ago? (Laughter.)

Mr. Amar Nath Dutt: I am not orthodox. (Laughter.)

ABSENCE OF A SHED ON THE PLATFORM OF THE HARDWAR RAILWAY STATION.

554. ***Pandit Satyendra Nath Sen:** (*a*) Are Government aware that Hardwar is a famous place of pilgrimage for the Hindus and that it is attended by a very large number of pilgrims generally accompanied by ladies and children, and mostly travelling third class?

(*b*) Is it a fact that there is no shed on the platform for those passengers?

(*c*) Is it a fact that the pathway is a sloping one?

(*d*) Was there any representation made by Sri Ganga Sabha to the railway authorities on behalf of the pilgrims regarding the aforesaid grievances? If so, what was the reply?

(*e*) What is the annual income (net and gross) from that station?

Mr. P. R. Rau: (*a*) Yes.

(*b*) to (*e*). I am obtaining the information and will lay a reply on the table in due course.

DROP IN THE INCOME-TAX REVENUE OF THE UNITED PROVINCES.

555. *Mr. Muhammad Azhar Ali: (a) Will Government please state whether there was a great drop in the income-tax revenue of the United Provinces during the year ending 31st March, 1933?

(b) What was the amount of tax left uncollected at the close of the year and how does it differ from the arrears of the previous year?

(c) What was the number of cases that could not be disposed of within the year, and what was the amount of tax thus remaining unassessed?

The Honourable Sir George Schuster: I would refer the Honourable Member to the reply which I gave to Mr. M. Maswood Ahmad's question No. 512 on the 19th March, 1934.

REPAYMENT OF CERTAIN GOVERNMENT OF INDIA LOANS.

556. *Mr. Sitakanta Mahapatra: (a) Will Government be pleased to state the month and date of repayment of the following Government of India loans?

(i) 5 per cent. of 1925—29 repayable in 1935,

(ii) 4½ per cent. of 1928 repayable in 1934,

(iii) 6½ per cent. of 1931 repayable in 1935,

(iv) 5½ per cent. of 1932 repayable in 1938—40, and

(v) 5 per cent. of 1932 repayable in 1940—43.

(b) Are Government bound to repay the loans on the dates mentioned, and can the security-holders enforce payment on the date when repayment is due?

The Honourable Sir George Schuster: (a) I would refer the Honourable Member to the "Return of the Rupee Debt of the Government of India" which is published monthly in the Gazette of India by the Controller of the Currency.

(b) The column of that return headed "Conditions of Repayment" sets out the dates on which Government are bound to repay each of these loans, and also the conditions on which in certain cases Government have the option of earlier repayment.

ESTABLISHMENT OF MOTOR BUS SERVICES BY THE RAILWAYS.

557. *Sir Darcy Lindsay: (a) Will Government be pleased to state which railway companies, if any, have taken advantage of the powers granted under the Railways (Amendment) Bill of 1933 and established passenger motor services in connection with their railways?

(b) Have the Railway Board sanctioned any motor bus service to run in connection with any State-managed Railway or have they any such sanction in contemplation?

(c) Has the attention of Government been drawn to recent reports of motor bus accidents, entailing a heavy loss of life which are showing an alarming increase?

(d) Will Government please state whether there is any Act in force which requires passenger carriers on land to meet claims for injury and

loss of life? If not, are Government prepared to recommend to Provincial Governments and Local Boards the importance of making it a condition of licence that by means of third party insurance, or otherwise, payments will be made for injury or loss of life due to accidents?

Mr. P. R. Rau: (*a*) None.

(*b*) No.

(*c*) The control of motor vehicles is a provincial subject. The Government of India do not receive reports of road accidents and have no information regarding the number of such accidents beyond what appears in the daily Press.

(*d*) There is no specific provision in any Act. Under the provisions of section 11 of the Indian Motor Vehicles Act, 1914, Local Governments have powers to make rules in this behalf.

The Government of India have already drawn the attention of Local Governments to the desirability of such rules. So far, only the Government of Bombay who have recently amended their Public Conveyance (Motor Vehicles) Rules, 1922, in this respect, have acted upon the suggestion.

Mr. M. Maswood Ahmad: Will Government be pleased to say whether any railways are actively considering the question of establishing passenger motor service?

Mr. P. R. Rau: Not as far as I am aware.

Sir Darcy Lindsay: Are Government aware that in Rangoon there is a regulation which requires the insurance of motor buses against third party risks?

Mr. P. R. Rau: No, I am aware only of regulations by the Government of Bombay.

Dr. Ziauddin Ahmad: Are Government aware that the Rohilkund and Kumaon Railway ran motor service between Kathgodam and Naini Tal, but gave it up afterwards on account of competition?

Mr. P. R. Rau: That must be past history. I am not personally aware of it.

Mr. Gaya Prasad Singh: Is it not a fact when the Railways (Amendment) Bill was under discussion, the case of the Government was that certain railways were losing a lot of money on account of motor bus competition, and, therefore, it was necessary to pass that piece of legislation as an urgent measure?

Mr. P. R. Rau: I believe that was one of the reasons adduced for the legislation, but Indian legislation affected only a small number of companies in India.

Mr. Gaya Prasad Singh: How many of those in whose interest this legislation was undertaken have taken to running motor services?

Mr. P. R. Rau: As I have already said, none have yet made any representations to the Government of India on the subject.

Mr. Gaya Prasad Singh: Then where was the urgency of the measure?

Mr. S. C. Mitra: Were there any representations from those Company-managed Railways even before the Government took the initiative in regard to this legislation?

Mr. P. R. Rau: There were certain representations received from certain Companies, but I am not sure whether these Companies were amongst those who made representations.

Mr. S. C. Mitra: May we take it that all those Companies who asked the Government to enact this legislation are not now taking advantage of that Act?

Mr. P. R. Rau: There were certain Companies that asked Government to take up this legislation, but almost all were subject to parliamentary legislation, and the amending Act of 1933 did not give them any special privileges.

SURPLUS OUT OF THE SALT ADDITIONAL IMPORT DUTY.

558. ***Mr. S. C. Mitra:** Will Government be pleased to state:

(*a*) the amount that will be available as surplus in the hands of the Central Government out of the salt additional import duty at the end of the current financial year 1933-34;

(*b*) the share that has been contributed by Bengal in the above surplus;

(*c*) whether Government are prepared to utilise Bengal's share of the above surplus, at least for the development of the salt industry in Bengal immediately;

(*d*) whether, in the event of the reply to part (*c*) being in the affirmative, Government propose to consider the desirability of keeping the surplus fund in their hands instead of allocating it to the Local Government;

(*e*) whether any scheme has been suggested by the Local Government since the publication of the last Salt Committee Report, to start the salt development work in Bengal immediately, and, if so, of what nature, and

(*f*) whether Government are prepared to give the Salt Industry Committee an opportunity to discuss such a scheme before it is actually launched into operation?

The Honourable Sir George Schuster: (*a*) As nearly as may be estimated, the amount in hand at the end of the financial year 1933-34, will be Rs. 2,57,950.

(*b*) Adopting the basis that was followed for the distribution of seven-eighths of the additional import duty to the Provinces, Bengal may be taken to have contributed Rs. 1,03,600 to this total.

(*c*) and (*d*). The Government propose to consider the question of devoting a portion of the surplus in their hands to measures for the encouragement of the salt industry in Bengal, and the question as to the best method of so utilizing the funds, when they are in possession of the views of the Assembly as reflected in discussions on the motions for the

consideration and passing of the Salt (Additional Import Duty) Bill which is now before the House.

(*e*) The answer is in the negative.

(*f*) I should prefer to consider this point when the subjects of parts (*c*) and (*d*) of the question come under the consideration of Government.

Mr. S. C. Mitra: Do Government propose, in connection with the Additional Import Duty Act, to bring in the Resolution that was adopted in connection with that Bill for consideration?

The Honourable Sir George Schuster: We have not contemplated that in preparing the business for this Session. We consider that the discussion on the Additional Import Duty Bill will give Honourable Members every opportunity of expressing views on that subject.

Mr. S. C. Mitra: Are not the Government of India aware that the spirit of this Resolution has not been acted up to at least by the Bengal Government—spending the money for the encouragement of the manufacture of salt?

The Honourable Sir George Schuster: I think my Honourable friend, the Government and myself are all quite aware of what has happened since this measure was passed, and it is quite clear that the Bengal Government have not acted in accordance with the views that have been expressed by this House, but my Honourable friend is also aware that we have no means of dictating the use to which this money should be put.

Mr. K. C. Neogy: Is it not a fact that in the Fourth Report of the Salt Committee which has been circulated recently to Members of this House, there are certain suggestions which virtually amount to a variation in the terms of the Resolution that was adopted in 1931?

The Honourable Sir George Schuster: I should be glad if my Honourable friend would make the implications of his question more precise.

Mr. K. C. Neogy: The Honourable Member stated that he has no intention of bringing up the Resolution before the House in connection with the Bill for consideration. I suggest that, according to the present position of the Government, the terms of that Resolution have got to be varied, and is it the intention of Government to vary the terms of that Resolution without giving this House an opportunity of reconsidering those terms?

The Honourable Sir George Schuster: Again I would ask my Honourable friend to explain to me precisely in what way he arrives at his conclusion?

Mr. K. C. Neogy: I do not know whether any long statement would be justified now. I might reserve the question for tomorrow when I have an amendment on this question; but with reference to the answer given by the Honourable Member to part (*a*) of the question, may I know how much of this amount has been spent in the development of Northern India salt resources, particularly Khewra, and with what result.

The Honourable Sir George Schuster: I am afraid I must ask for notice of that question. I cannot tell my Honourable friend off hand exactly how much of that one-eighth reserve has been spent at Khewra.

Mr. K. C. Neogy: Is the Honourable Member in a position to state as to whether the expectations, that were held out in respect of the development of these Northern India salt resources, particularly for the benefit of the markets of Bihar and Orissa and Bengal and Assam, have been realised to any appreciable extent?

The Honourable Sir George Schuster: We are not yet in a position to say. We have not yet put to the test in the market the fine white crushed salt produced at Khewra, because the machinery for producing that is not yet properly in operation. We have not tested out that particular quality of salt in the Bengal market, but in the meanwhile the price of salt, owing to the modification of our policy and competition, has fallen considerably from the Rs. 66 100 maunds on which the original plans were based. It is, therefore, clear that Khewra cannot sell at the present competitive prices and the urgency for proceeding with the development of Khewra has, therefore, become less.

Mr. K. C. Neogy: May I know whether the Government of Bengal have been addressed by the Government of India in regard to the question as to whether they have carried out what was understood to be the implications of the Resolution that was adopted in this House?

The Honourable Sir George Schuster: Yes, Sir. We have had frequent communications with the Government of Bengal on the subject.

Mr. K. C. Neogy: May we expect the Honourable Member to lay the correspondence either on the table of this House or in the Library?

The Honourable Sir George Schuster: I think that would not be in accordance with the practice that has generally been followed.

Mr. S. C. Mitra: In view of the fact that the Local Governments were not acting up to the spirit of that Resolution, do Government propose now to keep the entire amount to itself and spend it for the very purpose in the local areas?

The Honourable Sir George Schuster: My Honourable friend can gather from the answer I have given to his question that we contemplate now giving to the Government of Bengal a portion of the surplus which is in our hands for the specific purpose of developing certain schemes with regard to salt in Bengal.

Mr. K. C. Neogy: Having regard to the interest so far displayed by the Government of Bengal in this matter, do the Government of India think that the Government of Bengal will act according to the instructions of the Government of India in this matter simply because they would get some additional funds?

The Honourable Sir George Schuster: Our view of the matter is that they will not get the additional funds unless they are used for certain purposes.

Mr. K. C. Neogy: Having regard to the apathy displayed by the Government of Bengal, do not the Government of India think it more proper to take the matter in hand themselves under the direct control of the Central Board of Revenue, and, if necessary, to appoint an officer with local experience in Bengal for the purpose of carrying out the necessary investigations?

The Honourable Sir George Schuster: I should be very pleased to take into account my Honourable friend's suggestion.

Mr. Gaya Prasad Singh: Will the Honourable Member tell us how the Government of Bihar and Orissa have utilised this surplus of the additional duty in the development of salt industry in that Province?

The Honourable Sir George Schuster: I must ask for notice of that question.

Mr. M. Maswood Ahmad: What exactly is meant by the surplus amount? Is it the surplus after deducting the expense in collecting it or surplus after distribution of the amount to the different Provinces?

The Honourable Sir George Schuster: The amount refers to the 1/8th share of the total proceeds of this additional import duty which has been retained by Government in their own hands and not distributed among the Provinces.

Mr. D. K. Lahiri Chaudhury: What is the reason for the keeping of that amount in the Government of India? Have they got any schemes?

The Honourable Sir George Schuster: The Central Government have got plenty of schemes. We have spent a substantial amount of the surplus on schemes of our own.

PENSION RULES OF THE GOVERNMENT OF INDIA PEONS EMPLOYED IN BOMBAY.

559. ***Mr. Lalchand Navalrai:** (*a*) With reference to starred question No. 623, asked by Mr. B. V. Jadhav on the 3rd March, 1933, will Government be pleased to state if they have since then proposed to revise the pension rules of the peons in the Departments controlled by the Imperial Services?

(*b*) Is it a fact that they are now entitled to only Rs. 4 as pension, irrespective of their pay?

(*c*) Will Government be pleased to state how much extra charge there will be on Imperial revenues if the pension of these peons is raised to half of their pay as is the case in the Provinces?

(*d*) Will Government be pleased to state their reasons for not fixing the amount of pension of these peons at the same scales as those of the peons under the Bombay Government?

The Honourable Sir George Schuster: (*a*) and (*d*). No; the question of the revision of pensions of inferior servants (including peons) under the Central Government has been postponed until the financial position improves.

(*b*) Yes.

(*c*) To obtain the present cost of the pensions of peons under the Central Government would necessitate much labour in accounts offices, and even then the estimate of the extra cost that would be incurred by raising the pension to half average pay would only be approximate, as it is impossible to forecast accurately the future of each peon now in service. Any such enquiry would also involve a vast amount of labour and result in no accurate answer. The Government of India estimate, however, that roughly speaking the present pensions bill of peons, including the temporary increase in pensions they now receive, would be about doubled were pensions raised to half average pay. I trust this estimate will be accepted as sufficient answer to the question and thus obviate a lengthy and laborious enquiry. It is important to note in this connection that pensions on the half average pay basis are not granted to peons employed under any Local Government except Bombay.

STOPPAGE OF TRAFFIC AT CERTAIN BRIDGES IN DELHI.

560. ***Mr. S. G. Jog:** (*a*) Are Government aware that on the 12th March, 1934, between about 9 A.M. and 10 A.M., all traffic, vehicular and otherwise, was stopped by police from crossing the Pul Bangash, the Pul Mithai and the Dufferin Bridge at Delhi from one side to the other? If so, why?

(*b*) For what duration was the crossing of these bridges stopped?

(*c*) Are Government aware that these bridges connect the city proper with two of the most important localities and business centres of Delhi, *viz.*, Mori Gate and Subzi Mandi, and that there is no other way to cross from one side to the other except a very long route, *viz.*, Kashmere Gate and Lothian Bridge?

(*d*) Are Government aware that the blocking of traffic at these bridges in the morning resulted in great inconvenience to the general public and serious loss of business to a large number of men, especially the fruit and vegetable sellers? If so, what action do Government propose to take to avoid in future such inconvenience and hardship to the public?

(*e*) Are the public notified beforehand of the stopping of traffic on such occasions? If not, why not?

The Honourable Sir Harry Haig: (*a*) to (*e*). Directions were issued that all traffic over the three bridges mentioned should be stopped for 5 minutes on the 12th March, 1934, before the passage of the special train conveying His Excellency the Viceroy. In applying these orders traffic may have been held up for a slightly longer period than was intended. In future it will be arranged as far as possible that traffic is not stopped for longer than 5 minutes.

PROMOTIONS IN THE GOVERNMENT OF INDIA OFFICES.

561. ***Rao Bahadur M. C. Rajah:** (*a*) Is it a fact that the Public Service Commission and its predecessor held qualifying examinations for the promotion of the ministerial establishments employed in the Government of India offices from the Third to the Second and from the Second to the First Divisions?

(*b*) Will Government please state whether the men, who have been declared qualified as a result of those examinations, have to pass any

further tests before they are promoted and confirmed in the Government of India offices?

(*c*) Is it a fact that the Home Department issued orders under their No. F.-452/27-Ests., dated the 8th December, 1928, for the recruitment of men for the ministerial establishments of the Government of India offices under which departmental promotions from the Third to the Second and from the Second to the First Divisions were restricted to 20 and 50 per cent., respectively?

(*d*) Is it a fact that in order to accelerate absorption of these passed clerks in the Divisions for which they had qualified themselves, the Home Department issued special orders on the 18th February, 1931, raising these percentages to 50 and 66 2/3 per cent. in the case of Third and Second Divisions, respectively?

(*e*) Is it a fact that owing to heavy retrenchments, a large number of the passed clerks still remained to be provided for in the various Divisions?

(*f*) Is it a fact that the orders of February, 1931, have now been extended for a further period of three years with effect from April, 1933, under Home Department Memo. No. F.-537/31-Ests., dated the 27th February, 1934?

(*g*) Is it a fact that in the orders of February, 1934, Government have imposed the condition of "exceptional merits" even in the case of qualified departmental men, for purposes of promotions, and that no such condition was imposed in February, 1931, orders? If so, will Government kindly state the reasons for placing men who have not yet been confirmed owing to the paucity of vacancies in a worse position than that of their colleagues who got promotions under the previous orders between the period 1st April, 1930, and 31st March, 1933?

(*h*) If the reply to the first portion of part (*g*) above be in the negative, do Government propose to issue clear instructions to various offices of the Government of India with a view to ensuring uniformity in the matter of interpretation of the orders in question?

The Honourable Sir Harry Haig: (*a*) Qualifying Examinations were held by the Public Service Commission and the Staff Selection Board to enable departmental candidates to qualify for higher divisions and thus render themselves eligible for promotion.

(*b*) Candidates who have qualified are not required to pass any further written or formal tests but they must satisfy the head of their Department that they are fit for promotion.

(*c*) to (*f*). Yes.

(*g*) The answer to the first part is in the negative. The orders contained in the Home Department Office Memorandum of the 27th February, 1934, require that the test of fitness for promotion laid down in the Office Memorandum of the 8th December, 1928, should be strictly applied before a qualified candidate is promoted. I should add that the orders of the 18th February, 1931, do not affect the orders of 1928, so far as the test of fitness for promotion is concerned. The second part of the question does not arise.

(*h*) Government do not consider any further instructions are necessary.

SHIFTING OF THE KALPATHY POST OFFICE IN MADRAS.

562. *Mr. K. P. Thampan: With reference to my question No. 641, dated the 22nd September, 1932, regarding the shifting of the Kalpathy post office in Malabar, will Government be pleased to state:

(a) whether the idea of reverting to the old place has been given up definitely;

(b) whether the Department is satisfied that the new place is more favourably located to the business and professional men who are the chief clientele of the post office;

(c) whether the new office is a better type of building and suited to the purpose;

(d) whether they have opened an extra departmental post office at the old place, as was promised to the deputation of the leading men of the locality by the Postmaster General, Madras; if not, why not; and

(e) whether they are prepared to find out what the opinions of the various superior officers, who visited the place, about the relative merits of the two places, were?

The Honourable Sir Frank Noyce: (a) As the lease of the building in which the post office is now located is not due to expire until 1935, the question of its removal to any other building cannot be taken up at present.

(b) In the opinion of officers who have visited the place the existing locality is as favourable as the old one.

(c) Yes.

(d) Government have no information as to the promise referred to by the Honourable Member but the question was examined and in view of the proximity of the two localities the Postmaster-General decided that no extra-departmental post office at the old place was required. The Postmaster-General is again reviewing the question.

(e) The Honourable Member is referred to my reply to part (b) above.

DISCHARGE AND RE-INSTATEMENT OF EMPLOYEES ON THE EAST INDIAN RAILWAY.

563.* { **Pandit Satyendra Nath Sen:** / **Mr. S. G. Jog:** } (a) Is it a fact that quite a large number of non-gazetted employees have been discharged and dismissed by the Divisional Superintendent, East Indian Railway, Dinapur, in 1932 and 1933? If so, will Government please furnish this House with a list of the names of such employees (Indians and Anglo-Indians) along with the charges against each?

(b) How many cases of discharge and dismissal have taken place in Allahabad, Lucknow and Asansol Divisions on the East Indian Railway during the same period?

(c) How many discharged employees have been re-instated and re-appointed in the Divisions mentioned above?

Mr. P. R. Rau: I have called for certain information regarding the total number of discharges and dismissals in the various divisions and shall lay a reply on the table of the House, in due course.

PUNISHMENTS INFLICTED ON THE STAFF OF THE RAILWAY CLEARING ACCOUNTS OFFICE.

225. **Pandit Satyendra Nath Sen:** Will Government please lay on the table of this House a statement showing the punishments inflicted on the staff of the Railway Clearing Accounts Office from the 1st January, 1932, to the 31st December, 1933, with the names of the men, the Province they belong to, and the punishment accorded, together with the reasons for the same?

Mr. P. R. Rau: Government do not consider that it will be in the public interest to collect and publish the information required.

PROMOTION OF CERTAIN CLERKS IN THE RAILWAY CLEARING ACCOUNTS OFFICE

226. **Pandit Satyendra Nath Sen:** Will Government please state if certain Appendix D or E clerks in the Railway Clearing Accounts Office, confirmed in Class I, were confirmed strictly in accordance with the rules for promotion and whether the names of all the men eligible for confirmation were considered and reasons recorded for selecting such men for out of turn confirmation in Class I? If so, will Government please lay a copy of those reasons on the table of this House?

Mr. P. R. Rau: The confirmations in question were made in accordance with rules under which promotions are made by selection based on merit. I am informed the claims of all the men eligible for confirmation were considered before such confirmations were made but the reasons were not specifically recorded.

STAFF IN THE CENTRAL PUBLICATION BRANCH.

227. **Mr. M. Maswood Ahmad:** Will Government please state the total number of the staff, permanent and temporary, in the Central Publication Branch?

The Honourable Sir Frank Noyce: I propose to answer questions Nos. 227 and 228, together. A statement furnishing the information in respect of the superior establishment is laid on the table.

STAFF IN THE CENTRAL PUBLICATION BRANCH.

†228. **Mr. M. Maswood Ahmad:** Will Government please state:

(*a*) the total strength of the Central Publication Branch, both permanent and temporary;

(*b*) the number of men borne on each existing scale of pay; and

(*c*) the number of Muslims holding permanent posts in each scale of pay, and the number of Muslims holding temporary posts on those scales or on fixed pay?

†For answer to this question, *see* answer to question No. 227.

Statement referred to in the reply given to parts (a), (b) and (c) of unstarred question No. 228.

Appointments.	No. of appointments.		Old scales.	New scales.	No. of persons appointed.		No. of Muslims.		
	Permanent.	Temporary.			Old scale.	New scale.	Permanent.	Temporary.	
Assistant Manager . .	1	..	300—20—400	300—15—375	1	..	..	..	
Head Assistant . .	1	..	200—10—250	175—10—225	1	..	..	..	
Accountant . . .	1	..	250—10—350	225—15/2—300	1	..	..	..	
Assistants . . .	7	1	80—80—100—5—150—10—200	80—5—160	6	1	1 (old scale.)	.	1 post vacant.
Clerks	53	4	45—45—50—3—65—4—85—4—105—5—140.	40/40—5/2—80—3—95	50	7	11*	..	*9 on old scale, 1 on special personal scale of Rs. 50—160, and 1 on new scale.
Clerks	..	7	40	..	7	..	..	2	
Typists	3	..	45—45—5/2—100	40/40—5/2—80	2	1	..	..	
Sircar and junior Addressographer.	2	..	25—1—35	25—1—35	2	..	..	..	
Total . .	68	12			70	9	12	2	
	80				79		14		

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

229. **Mr. S. G. Jog:** (*a*) Will Government be pleased to refer to their answer to parts (*a*) and (*b*) of unstarred question No. 141, dated the 9th March, 1932, and to part (*d*) of starred question No. 1543 of the 5th December, 1932, stating 'because there is no evidence to show that the disability was contracted on field service'?

(*b*) Will Government be pleased to refer to Recommendation No. XIII of the War Pensions Committee given in brackets (No adverse presumption should be raised against an applicant owing to the loss or failure to produce record, which, according to rule, should be permanently retained) and state if medical history sheets and hospital cards, and casualty forms, are not the records falling under the last portion of the aforesaid recommendation?

(*c*) Will Government be pleased to state the probable time which the adjudication of the point referred to in part (*c*) of my unstarred question No. 325 of the 14th December 1933 will take?

(*d*) Is it not a fact that all the information necessary for the adjudication of the point referred to in part (*c*) above was collected on the 9th March, 1932, when the point was first brought to Government's notice, *vide* part (*b*)(i) of the unstarred question No. 141 of the 9th March, 1932?

Mr. G. R. F. Tottenham: (*a*) Does not call for an answer.

(*b*) A reply will be laid on the table in due course.

(*c*) and (*d*). A final reply to the question was laid on the table on the 14th March, 1934.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

230. **Mr. S. G. Jog:** (*a*) Will Government be pleased to refer to their statement laid on the table on the 15th September, 1932, in reply to unstarred question No. 283, parts (*a*), (*b*) and (*c*) of the 29th March, 1932, admitting that there was no documentary evidence to show that the re-employed service was of a satisfactory nature?

(*b*) Will they please state the reasons for stating recently through the Officer In-charge, Indian Army Service Corps Records that there was evidence to show that the re-employed service was not satisfactory?

(*c*) Will they please reconcile the two statements referred to in parts (*a*) and (*b*) above?

(*d*) Will they please refer to Recommendation No. XVII of the War Pensions Committee, given in brackets (It should be presumed in favour of an applicant claiming under A.I.I. 171 of 1921 the revised rates of pension published in A.I.I. 805 of 1920 that his re-employed service was satisfactory) and state if they intend to go back on the phraseology of the Recommendation?

(*e*) Have not their audit offices decided that the revision of pension under A.I.I. 171 of 1921 is admissible even if one was re-employed, during the War for a single day?

(*f*) Do Government intend to base the nature of satisfactory service on the duration of re-employed service?

Mr. G. R. F. Tottenham: (*a*), (*b*) and (*c*). During the Great War, to conserve man-power, no man was prematurely discharged if he was capable and efficient. Subedar Mam Raj, whose case was referred to in the statement to which the Honourable Member refers, was discharged within about seven weeks of his re-employment. In the opinion of Government this fact does constitute evidence, though admittedly not documentary evidence, that his re-employed services were not satisfactory. If they had been so, he would certainly have been retained until hostilities terminated. Further if the Subedar himself had felt that he had a genuine case for the re-assessment of his pension, he would not have waited twelve years before he submitted his application. This constitutes further evidence, in the opinion of the Government of India, in favour of their decision to reject his claim.

(*d*) Certainly not; but no presumption can prevail in the face of reasonable evidence of any kind to rebut it.

(*e*) Government know of no such general decision.

(*f*) No, but in the absence of any other evidence the duration must naturally be taken into account.

Lino Operators in the Government of India Press, New Delhi.

231. Mr. S. C. Mitra: (*a*) Will Government be pleased to state (i) whether at the introduction of the Lino Machines in the Government of India Press, New Delhi, in 1921, a graded pay of Rs. 100—5—125 was sanctioned for Lino Operators, and (ii) whether on that graded pay six Lino Operators were recruited from Calcutta? If so, how many have reached their maximum?

(*b*) How many Lino Operators are there from among the first batch which came from Calcutta?

(*c*) Is it not a fact that some Lino Operators from among the first batch were unable to give the stipulated outturn (4,000 ens) on account of the nature of work and resigned within a short time?

(*d*) Is it also a fact that at present out of 18 Lino Operators only four exceed the speed?

(*e*) Is it also a fact that Government have abolished the sanctioned grade of Lino Operators? If so, what has induced Government to abolish it before the lapse of a decade?

The Honourable Sir Frank Noyce: (*a*) (i) and (ii). The reply is in the affirmative. As regards the last part none of the operators reached the maximum.

(*b*) None.

(*c*) Only one operator resigned shortly after coming to Delhi, but there is nothing to show that his resignation was due to his inability to produce the required outturn.

(*d*) On the assumption that an outturn of 4,000 ens per hour is meant, I would inform the Honourable Member that even learners on the Linotype machines are giving this outturn and that the average outturn on the 18 machines in the Press was nearly 5,000 ens per hour in the month of February, 1934.

(*e*) No. Government have sanctioned revised rate of pay for new entrants. The second part does not arise.

LINO OPERATORS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

232. **Mr. S. C. Mitra:** (*a*) Will Government be pleased to state how many Lino Operators in the Government of India Press, New Delhi, have, since the last 14 years, been promoted either in their own branch or in any other branch of service? If not, why not?

(*b*) Will Government also please state how many employees in other branches are on the same stationary pay since the last fourteen years?

The Honourable Sir Frank Noyce: (*a*) There has been no occasion to promote linotype operators to higher posts outside their Branch. As regards their promotion in their own Branch the attention of the Honourable Member is invited to the reply given by me on the 6th March, 1934, to part (*a*) of Kunwar Haji Ismail Ali Khan's question No. 159.

(*b*) I regret that I cannot furnish the information required by the Honourable Member as its collection would entail an amount of time and trouble disproportionate to the result.

LINO OPERATORS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

233. **Mr. S. C. Mitra:** (*a*) Is it a fact that the Lino Operators in the Government of India Press, New Delhi, receive a pay of Rs. 85 only, pay on which they were confirmed in 1923 or so? If so, what future prospects have they?

(*b*) Is it a fact that if their out-turn exceeds five thousand ens per hour, they receive Rs. 100 as pay and some bonus for extra ens?

(*c*) Is it also a fact that the Lino Operators are held responsible for their out-turn?

(*d*) Do Government propose to make a Mechanic show an out-turn of his work by adopting a suitable system of computation?

The Honourable Sir Frank Noyce: (*a*) The attention of the Honourable Member is invited to the reply given by me on the 6th March, 1934, to parts (*a*) and (*b*) of unstarred question No. 159 by Kunwar Hajee Ismail Ali Khan.

(*b*) and (*c*) Yes.

(*d*) No.

DISCREPANCIES IN THE LEDGER BOOKS OF THE CENTRAL PUBLICATION BRANCH.

234. **Mr. S. C. Mitra:** (*a*) Is it a fact that the Central Publication Branch has had to start new ledgers in Delhi?

(*b*) Is it a fact that boxes containing publications of various descriptions are still lying unpacked in the same condition as they were while in transit from Calcutta to Delhi?

(*c*) Is it a fact that the publications contained in the boxes have remained uncounted?

(*d*) Is it a fact that in the course of scrutiny discrepancies in respect of 7,000 and odd items out of 12,000 items of civil publications have been disclosed in the ledger books of the Central Publication Branch?

The Honourable Sir Frank Noyce: (*a*), (*b*) and (*c*). There are a number of boxes which have been left unopened since they reached Delhi, but the contents of each box were counted and verified before despatch from Calcutta to Delhi and these quantities have been included in opening the ledgers.

(*d*) I understand that discrepancies have been noticed but I have no information as to their nature and extent.

MAINTENANCE OF LEDGER BOOKS IN THE CENTRAL PUBLICATION BRANCH.

235. **Mr. S. C. Mitra:** Is it a fact that only two clerks of the Central Publication Branch are to do the work of maintaining ledger books in respect of 12,800 kinds of civil publications while in the Calcutta Forms Store there are 13 clerks who are entrusted with the task of maintaining 5,000 kinds of Forms issued from that office?

The Honourable Sir Frank Noyce: The staff employed is as stated by the Honourable Member, but the numbers of publications and forms quoted by him are not correct. I should add that the allotment of clerks for maintaining ledgers depends not on the total number of items in the ledgers but on the actual work involved in their maintenance.

OVERHAULING OF THE CENTRAL PUBLICATION BRANCH.

236. **Mr. S. C. Mitra:** (*a*) Is it a fact that the system of working the Central Publication Branch has undergone fundamental changes off and on and the process of experimenting with one system in preference to another has gone on for some time past?

(*b*) Are Government prepared to depute a special officer to bring about a thorough overhauling of the Central Publication Branch?

The Honourable Sir Frank Noyce: (*a*) The Branch was treated as a commercial department from 1927 to 1931, when it was again made a non-commercial department, and its location was changed in 1933. But none of these changes was made for purposes of experiment.

(*b*) Government have no such proposal under consideration.

APPOINTMENT OF CONTROLLER OF PRINTING AND STATIONERY.

237. **Mr. S. C. Mitra:** Are Government prepared to appoint a member of the Indian Civil Service, or at least an officer outside the Printing and Stationery Department, to the post of the Controller?

The Honourable Sir Frank Noyce: The post is not vacant and the question of the selection of a new officer has not arisen.

PURCHASE OF ADDRESSOGRAPH MACHINE BY THE CENTRAL PUBLICATION BRANCH.

238. **Mr. S. C. Mitra:** (*a*) Will Government please state whether it is a fact that an enormous amount of expenditure has been incurred by the Central Publication Branch on the purchase of a new Addressograph machine? If so, will Government please state the amount spent on this account?

(*b*) Is it a fact that the new machine was purchased in spite of the fact that there was already a machine?

(*c*) Will Government please state why the purchase was sanctioned?

The Honourable Sir Frank Noyce: (*a*) The machine was purchased during the current financial year at a cost of Rs. 1,500.

(*b*) and (*c*). As the old machine had rendered over 11 years' service and was continually breaking down the purchase of a new machine was necessary.

PURCHASE OF "KARDEX "CABINET BY THE CENTRAL PUBLICATION BRANCH.

239. **Mr. S. C. Mitra:** Will Government please state the expenditure incurred in purchasing the "Kardex" cabinet by the Central Publication Branch?

The Honourable Sir Frank Noyce: Rs. 2,013-5-0.

PURCHASE OF FURNITURE, ETC., BY THE CENTRAL PUBLICATION BRANCH.

240. **Mr. S. C. Mitra:** (*a*) Will Government please state the amount spent by the Central Publication Branch at Delhi on the purchase of furniture and other sundry articles during the current financial year?

(*b*) Is it a fact that chairs and tables, the total value of which works out to some hundreds of rupees have been purchased by the present Officiating Manager at prices much higher than the market rates?

(*c*) Will Government please state whether tenders were invited for the purchase of chairs, tables, etc.?

(*d*) How many tenders were received?

(*e*) Who is the contractor who supplied these chairs and tables, etc.?

The Honourable Sir Frank Noyce: (*a*) Rs. 3,611-9-0 (including Rs. 2,013-5-0 spent on the "Kardex" cabinets referred to in question No. 239).

(*b*) and (*c*). No.

(*d*) Does not arise.

(*e*) Purchases were made from various suppliers.

PROMOTIONS IN THE CENTRAL PUBLICATION BRANCH.

241. **Mr. S. C. Mitra:** (*a*) Is it a fact that the Officiating Manager of the Central Publication Branch has of late sent up to the Controller his recommendations for promotions from clerical to Assistants' grades?

(*b*) Will Government please state whether the recommendations have duly been based on seniority and efficiency?

(*c*) Will Government please state whether any consideration other than merit and seniority has weighed with the Officiating Manager in the matter of proposed promotions? If so, what?

(*d*) What are the respective academical qualifications of the persons recommended for promotion to the Controller?

(*e*) What are their respective lengths of service?

(*f*) What are their respective positions in the gradation list?

The Honourable Sir Frank Noyce: (*a*) to (*f*). Government are not prepared to disclose departmental recommendations on subjects of this character, as these are confidential.

APPOINTMENT OF MUSLIMS AS COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

242. **Kunwar Hajee Ismail Ali Khan:** (*a*) Will Government be pleased to state the number of vacancies of copyholders which fell vacant and which were created in the Government of India Press, New Delhi, since 1928, and the number filled by Muslims?

(*b*) Is it a fact that only one Muhammadan copyholder has been appointed in the Government of India Press, New Delhi, since 1928, against a number of members of other communities? If so, why, and what action do Government propose to take for the appointment of Muslims on the posts of copyholders which are recently created?

The Honourable Sir Frank Noyce: I propose with your permission, Sir, to answer questions Nos. 242 and 243, together. Government have no record of the particulars of these vacancies to which appointments are made by the Manager of the Press. The methods followed in making the appointments was explained by the Honourable Sir Joseph Bhore in answer to the Honourable Member's unstarred questions Nos. 252 to 258, on the 23rd March, 1932.

PROMOTION OF MUSLIM COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

†243. **Kunwar Hajee Ismail Ali Khan:** (*a*) Will Government be pleased to state the number of posts of readers and revisers in the grades 60—4—100 and 45—3—75, respectively, which have fallen vacant and which were created in the Government Press, New Delhi, since 1931, and filled by each community?

(*b*) Is it a fact that no senior Muslim copyholders have been given any promotion to the grades mentioned in part (*a*) since 1931 and all the promotions have been given to non-Muslims?

CORRESPONDENCE IN CONNECTION WITH THE PROSECUTION OF MR. RABINDRA NATH DHAR.

244. **Pandit Satyendra Nath Sen:** Will Government be pleased to lay on the table copies of the correspondence that has passed between Mr. Lansbury and other Members of Parliament and the Right Honourable Sir Samuel Hoare in connection with the prosecution of Mr. Rabindra Nath Dhar some time in the beginning of 1933?

The Honourable Sir Harry Haig: The Government of India are not aware of the existence of any such correspondence.

†For answer to this question, see answer to question No. 242.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir George Schuster (Finance Member): Sir, I lay on the table the information promised in reply to unstarred questions Nos. 173 and 174 asked by Mr. Jagan Nath Aggarwal on the 10th March, 1934.

EXAMINATION FOR RECRUITMENT TO THE UPPER DIVISION HELD BY THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, DELHI.

173. (*a*) Yes.

(*b*) No. The candidates who passed the examination and continued in service have all been provided for substantively in the lower division and as a concession have also been treated as direct recruits for the purpose of appointment to the upper division.

(*c*) Yes.

(*d*) Under the rules, vacancies in the upper division are filled *alternately* by lower division men who have passed the departmental examination and by 'direct recruits' who have passed the recruitment examination. The two sources of recruitment and the two examinations are quite different, and there is no question of comparing the men who pass one examination with those who pass the other. Men who passed the recruitment examination, but for whom there were no upper division vacancies were as a concession given lower division posts but must await their turn for promotion to the upper division as direct recruits.

UPPER DIVISION SENIORITY IN THE OFFICE OF THE ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS.

174. (*a*) Yes.

(*b*) The decision of Mr. Jagat Prasad has not been changed.

The Honourable Sir Harry Haig (Home Member): Sir, I lay on the table the information promised in reply to unstarred question No. 177 asked by Bhagat Chandi Mal Gola on the 10th March, 1934.

TRAFFIC CONTROL IN KHARI BAOLI AND NAI SARAK IN DELHI.

177. (*a*) to (*e*). One-way traffic was introduced in Khari Baoli and Nai Sarak at the request of the Municipal Committee because of the congestion of traffic in those thoroughfares. The Government are not aware that there has been an unusually large number of accidents in this area, but congestion of traffic naturally tends to lead to accidents and one-way traffic minimises this risk. They are also not aware that the arrangement has caused undue inconvenience to the public; on the contrary measures to prevent traffic congestion are in the general interests of the public and the arrangement in question is reported to be working satisfactorily.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table:

(i) the information promised in reply to part (*a*) of starred question No. 225 asked by Bhai Parma Nand on the 24th February, 1934;

(ii) the information promised in reply to starred questions Nos. 396 and 397 asked by Mr. S. C. Mitra on the 6th March, 1934; and

(iii) the information promised in reply to starred question No. 440 asked by Bhai Parma Nand on the 13th March, 1934.

Alleged Existence of Communal Tension in the Postal Department at Cawnpore.

*225. (*a*) Government have ascertained that certain articles of a communal character appeared in two Muslim newspapers in Cawnpore in July last and that representations in connection with them addressed by the Hindu clerks of the Cawnpore, Post Office to the Director-General were withheld by the Postmaster-General. They have no reason to believe that any strong communal tension exists in the Postal Department at Cawnpore.

Tenders for Conveyance of Mails by Konkan Ferry Steamers.

*396. (*a*) No; the present contract which was entered into in October, 1933, is not due to expire until the 31st May, 1936.

(*b*) Does not arise, but I may add for the information of the Honourable Member that the steamers of the Bombay Steam Navigation Company touch Jaygad harbour in both journeys, namely Bombay to Ratnagiri and Ratnagiri to Bombay.

(*c*) Government have no information.

(*d*) No. Arrangements exist for the conveyance of mails to and from Dabhol and Jaygad without suffering heavy detention.

(*e*) A copy of the Question and Answer will be sent to the Postmaster-General, Bombay, who will be asked to take such action as may be practicable to secure further acceleration of mails to the two places mentioned.

Tenders for the Treasury Work of the Post Offices in Bombay, Poona and Ahmedabad.

*397. (*a*) Yes.

(*b*) The work of escorting cash between different post offices in Bombay City had not been included in the tenders, which were called for in the year 1924, because at that time it was not considered desirable to give out this work on contract. A separate contract was, however, entered into for this purpose later on. When a fresh contract was given in 1930, this work of escorting cash was included in the main contract for the performance of treasury work in Bombay and the separate contract was cancelled. This work is now included in the fresh contract for which tenders have been invited.

(*c*) and (*d*). No such instructions were issued in this particular case. The principle, however, is that the amount of subsidy payable for a contract system should be less than the expenditure incurred departmentally.

(*e*) According to the agreement in the prescribed form executed by the Contractor, a fixed amount as subsidy is paid to him monthly by Government. The remuneration of the persons engaged by him is fixed as he considers proper, and Government have no concern with it.

(*f*) Yes, before May, 1928, when the revision of pay was effected.

(*g*) No. In 1930, when the contract was given, the pay of the departmental stamp vendors in Bombay was Rs. 60—4—100 and by giving the contract the Department was able to secure a substantial saving.

(*h*) Contracts are given only when the Department is satisfied that the business entrusted to the Contractors is performed with efficiency combined with economy.

Members of the Board for Recruitment of Postal Clerks in Peshawar.

*440. (*a*) As regards the first part, the members of the board are the Superintendent of Post Offices, Peshawar Division, and the Postmaster, Peshawar, Head Office.

Both of these are at present Muslims. As regards the last part, it may be mentioned for the information of the Honourable Member that such posts are not filled on communal considerations.

(*b*) Yes, except that there is no post designated as "appointment clerk".

(*c*) Yes. The attention of the Honourable Member is invited in this connection to the reply given to Seth Liladhar Chaudhury's unstarred question No. 322, in this House on the 14th December, 1933.

(*d*) No percentage of Hindus in the services in the Peshawar Division or elsewhere has been prescribed. The last part of the question does not arise.

(*e*) Government are not prepared to go further than to ensure that their orders regarding communal recruitment, as in force from time to time, are carefully observed.

(*f*) The fact is not as stated by the Honourable Member. Ten such posts are also held by non-Muslims, *viz.*, 8 Hindus and 2 Sikhs.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I lay on the table the information promised in reply to starred question No. 378, asked by Mr. M. Maswood Ahmad on the 6th March, 1934.

ALLOTMENT OF PLOTS IN NEW DELHI TO THE MINISTERIAL STAFF OF THE IMPERIAL SECRETARIAT AND ITS ATTACHED OFFICES.

*378. (*a*) No.

(*b*), (*c*), (*d*), (*e*) and (*f*). Do not arise.

(*g*) Government already house a large proportion of its staff on favourable terms and do not consider that any further concessions are necessary.

Mr. G. R. F. Tottenham (Army Secretary): Sir, I lay on the table the information promised in reply to unstarred question No. 117, asked by Khan Bahadur Haji Wajihuddin on the 3rd March, 1934.

CONSOLIDATION AND TARRING OF THE BANK ROAD IN AMBALA.

117. (*a*) The answer is in the negative. The Executive Officer, Ambala, did not reconsolidate Bank Road, but repaired it under the orders of the President as the latter had received complaints that the Road was in a dangerous condition and required immediate attention. It is understood that the Road is a through main road and is much used by the civil population. The Executive Officer only purchased the stone metal under section 25 of the Cantonments Act, 1924. The action was also agreed to by the vice-president (who signed the estimate for the stone metal), and was subsequently confirmed by the Board.

(*b*) The answer to the first part is in the affirmative. As regards the second part, a reference is invited to the answer to part (*a*) above.

Mr. P. R. Rau (Financial Commissioner, Railways): Sir, I lay on the table:

(i) the information promised in reply to starred question No. 693, asked by Khan Bahadur Haji Wajihuddin on the 6th September, 1933;

(ii) the information promised in reply to starred questions Nos. 1346, 1347 and 1350, asked by Mr. S. G. Jog, on the 11th December, 1933; and

(iii) the information promised in reply to starred question No. 326, asked by Sir Muhammad Yakub on the 2nd March, 1934.

Consolidated Allowance of the Travelling Ticket Inspectors and their Divisional Inspectors on the East Indian Railway.

*693. The Agent, East Indian Railway, reports that the question of the admissibility of the consolidated travelling allowance to travelling ticket examiners employed on stationary duty was re-examined, and it was decided to grant them the allowance referred to.

Denial of Hill Allowance to the Railway Staff stationed at Dehra Dun.

*1346. A list showing the classes of staff employed at Dehra Dun with their scales of pay is attached herewith. The same classes of staff on the same scales of pay are employed at several other stations on the East Indian Railway. The following allowances are paid in addition to the scales of pay shown in the attached list :

Hardwar Dehra Railway Allowance.

1. Indian Assistant Station Masters and Station Masters drawing below Rs. 200 Signallers, Train Clerks, Booking Clerks, Ticket Collectors and Relieving Clerks Rs. 5 per mensem.

Transportation Re. 1 per mensem Menial Staff.

2. Loco., Carriage and Wagon staff . . Pay up to Rs. 25 Rs. 3 p. m.
Pay above Rs. 25 Rs. 5 p. m.

Hardwar Dehra Railway Allowance is not given to inferior staff who have elected the Revised Scale of pay.

Hill Allowance.

Hill allowance is paid to staff at Mussoorie and Rajpur as follows :

	Gr.	Rs.
Supervisor, Mussoorie	78—3—90	30 p. m.
Goods Clerk ,, ...	55—3—70	20 p. m.
Parcel Clerk ,, ...	55—3—70	20 p. m.
General Clerk ,, ...	28—2—50	15 p. m.
Goods Clerk, Rajpur	30—4—66 (revised).	15 p. m

Local and bad climate allowance.

Local and bad climate allowance at Rs. 2 per mensem is paid to all lower paid employees at stations Lhaksar exclusive to Dehra Dun inclusive who are governed by the revised scales of pay.

Malaria Allowance.

An allowance at 1/3rd of the pay is paid to staff at Lhaksar during the months of August, September and October for the days they are present on duty.

CLASSIFICATION OF CERTAIN ASSISTANT STATION MASTERS WITH STATION MASTERS.

*1347. The Agent, East Indian Railway reports as follows:

"No anomalies exist in the classification of certain Assistant Station Masters and Station Masters on the O. & R. Section of the East Indian Railway. The classification and line of promotion of such staff is as tabulated and explained below:

Assistant Station Masters.		Station Masters.	
Old.	Revised.	Old.	Revised.
Rs.	Rs.	Rs.	Rs.
A. 40—3—55 . .	40—4—68	A. 60—3—75 . .	52—4—76
B. 60—3—75 . .	..	B. 78—3—90 . .	78—4—90
C. 78—3—90 . .	70—5—95	C. 100—5—140 . .	95—5—120
D. 100—5—140 . . obsolete.	100—5—110		

Promotions of Assistant Station Masters and Station Masters are made on the following principles:

A Class Assistant Station Masters grade 40-3-55 who have passed the Goods Audit examination are promoted as B Class Assistant Station Masters grade 60-3-75 or A Class Station Masters 60-3-75 as vacancies occur.

B Class Assistant Station Masters 60—3—75 are promoted as C Class Assistant Station Masters 78—3—90 or as A Class Station Masters 60—3—75 as vacancies occur.

Hence for promotion to B Class Station Master grade 78—3—90, the C Class Assistant Station Masters and A Class Station Masters are borne on a common seniority list, the relative seniority in which is reckoned from the date of promotion to the grade Rs. 60—3—75."

PUNISHMENT METED OUT TO CERTAIN SUBORDINATES OF THE MORADABAD DIVISION, EAST INDIAN RAILWAY.

*1350. The Agent reports as follows:

"The staff are not punished before receipt of their explanations. It was formerly the practice in certain cases to use the expression "Fined pending receipt of a satisfactory explanation", but the fine was in no case made absolute prior to the explanation being received. The practice has been discontinued."

Statement showing the staff employed at Dehra Dun with their scales of pay.

Staff.	Scale of pay.
	Rs.
Transportation staff.	
Station Master	350—25—400
Assistant Station Master	260—10—290
Assistant Station Masters	40—4—68
Trains clerks	30—4—70 28—3—67
Station Master's clerk	28—3—52
Ticket Collectors	37—3—52
Relieving Ticket Collectors	37—3—52
Lady Ticket Collector	75—5—125
Signaller	30—4—70
Signallers	40—2—52
Platform Assistant and Head Ticket Collector	130—5—190
Commercial Staff.	
Goods clerk	100—5—120
Goods clerks	28—2—50 30—4—70 30—4—66
Booking clerk	78—3—90
Booking clerks	28—3—52 28—2—50
Parcel clerk	78—3—90
Parcel clerks	28—2—50 (Old.) 28—3—52 (Revised.)
Inferior staff.	
Gunners	36—3—66
Line Jemadars	20—1—25
Pointsmen	14—1—19
Shunting Porters	16—1—23 (Old). 17—1—22 (Revised).
Station porters	12—1—17
Station peons	12—1—17
Waiting room bearer	12—1—17
Waiting room Ayah	12—½—15
Telegraph peons	12—1—17
Bhisties	12—½—15
Hindu waterman	12—½—15
Sweepers, Gr. I	12—1—17
Sweepers, Gr. II	12—½—15
Bearer, Rest House	12—1—17
Conservancy Cartman	15—1—25—1—35
Conservancy Jemadar	Gr. I . 20—1—26/2—30 Gr. II . 20—1—25 Gr. III. 15—1—20
Running Room staff.	
Cook for European guards	Gr. I . 20—1—25 Gr. II . 15—1—20
Running room bearer	Gr. I . 14—1—19 Gr. II . 12—1—17
Box coolies	12—1—17
Sweeper	Gr. I . 12—1—17 Gr. II . 2—½—15

Statement showing the staff employed at Dehra Dun with their scales of pay—contd.

		Rs.
Power staff.		
Running Shed Foremen		450—25—475
Drivers		30—65 Scale I.
		35—70 Scale II.
Shunters		0-12-0—0-1-0—0-15-0 Scale I.
		0-15-0—0-1-0—1-2-0 Scale II.
Firemen		0-10-7 to 0-13-7
		0-7-6 to 0-10-6
		15—18
Cleaner		17 to 19-8-0
		12—17
I. A.		20—1—26
School Master (under C. O. P. S.)		
Clerks		28—4—80
		55—3—70
Boiler maker		0-12-0—0-1-0—0-15-0
		1-0-0—0-2-0—1-10-0
		1-12-0—0-2-0—2-0-0
Fitters		Do.
Shed apprentices		8—1—12
Fitter coolies		0-7-0—0-0-8—0-9-8
		13—1—18
B. Maker coolies		Do.
Boilerwasher		23—3—35—5—45
Steam man		15—1—25
Fire droppers		12—1—18
Cooks		15—1—20
Callmen		12—1—17
Peon		Do.
B. W. Mates		0-7-0—0-0-8—0-9-8
		12—1—17
Store cooly		Do.
Water chowkidar		Do.
Sweeper		12—½—15
Rolling Stock staff.		
Head Train Examiner		240—20—340
Train Examiner "C"		55—5—95
Fitters, Revised grade		18—2—36
		38—2—50
		0-12-0—0-1-0—0-15-0
		1-0-0—0-1-0—1-10-0
		1-13-0—0-1-0—2-0-0
Carpenter	Revised grade	18—2—36
	Old grade	0-12-0—0-1-0—0-15-0
		0-15-0—0-1-0—1-10-0
		1-13-0—0-1-0—2-0-0
Lifter	Revised grade	15—1—20
	Old grade	0-7-0—0-0-8—0-9-8
		0-12-0—0-1-0—0-15-0
Wheel tapper and gaugers	Revised	15—1—20
	Old	0-7-0—0-0-8—0-9-8
		0-12-0—0-1-0—0-15-0
Oilers and Repackers		Do.
Coolies	Revised	12—1—17
	Old	0-7-0—0-0-8—0-9-8
Cleaner		Do.
Bhisty		12—½—15
Sweeper		Do.
Cleaning Jamadar		0-12-0—0-1-0—0-15-0
		1-0-0—0-1-0—1-10-0

PAY OF TEACHERS AND CLERKS OF THE EAST INDIAN RAILWAY SCHOOLS AT CERTAIN PLACES.

*326. The Agent reports that the following Indian schools are maintained by the East Indian Railway at Tundla, Moghalserai, and Bareilly :

A. V. High School, Tundla.

Indian M. E. School, Moghalserai.

Victoria Railway School, Bareilly.

The pay of teachers employed in these schools has been assimilated with that of the teachers possessing similar qualifications employed in schools managed by the Provincial Government.

As regards clerks employed in these schools, the Local Committees of Management of these schools are at liberty to allow the clerks either the scales of pay in force in the Provincial Government Schools or such other scales as are considered commensurate with the class of work required to be done. It is understood that the scale of pay of the clerks in the A. V. High School, Tundla and Indian M. E. School, Moghalserai is the same as that of clerks in the Provincial Government schools.

THE INDIAN FINANCE BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Indian Finance Bill—Schedule I. The question before the House is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted :

'Single	Half an anna.
Reply	One anna'."

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, I beg to support the amendment which has been moved,—a similar amendment stands in my name also. Sir, I think very few words are needed to give our support and to convince this House of the necessity of reducing at least the price of postcards to half an anna and that of reply postcards to one anna.

Sir, only about fourteen years ago, the price of postcards in this country was one pice. Then, owing to the deficit in the Government's finances, it had to be increased to half an anna. The people every year hoped that from half an anna it would be reduced to its original price as soon as possible. With that hope, year in and year out, amendments were put forward by Honourable Members in this House owing to the persistent demand from the public for a reduction of the price of postcards at least. Those amendments were rejected every year and probably the Government thought that as people had become accustomed to this high rate of postcards by this rate having been in vogue for more than ten years, they could now also help the Finance Member by raising the price of postcards by fifty per cent again. Sir, the price of postcards has been raised by 200 per cent above what it was formerly. I would like to know from the Government whether there is any other mode of indirect taxation and taxation of the poor people by which these taxes have been increased by 200 per cent within recent years or within living memory. Sir, we have failed in our attempt to bring down the price of the postcard to its original level. The reason for not accepting the proposal, as generally given out by the Government, is that it would entail a loss of so many lakhs of

[Mr. Amar Nath Dutt.]

rupees. Sir, I beg to submit that if the Government think that they cannot reduce the postage rate because there will be a loss of so many lakhs of rupees a year or a few crores of rupees a year, it is better for the Government that they should hand over the Postal Department to a Board of Directors to be managed by them. (Hear, hear.) Sir, I have been carefully thinking over the matter for several nights before placing my suggestions before this House, and I say, Sir, that if the Government are unable to carry on the Postal Department without inflicting such high charges on the people, they should give up this Department either to a Board of Managing Directors or to private individuals, and I am sure that they will be able to run this Department with lesser postage rates, thus giving the much-needed relief.

Mr. Muhammad Anwar-ul-Azim (Chittagong Division: Muhammadan Rural): Question.

Mr. Amar Nath Dutt: Sir, my friend from Chittagong says "question".

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): My friend, Mr. Vidya Sagar Pandya, is willing to take it up for fifteen lakhs

Mr. Amar Nath Dutt: Well, one gentleman questions the feasibility of the scheme, and there is another gentleman who is ready to work the scheme!

Sir, I ask the Government in all seriousness to consider this matter that if they even oppose us in the matter of this reduction of postcards from three pice to only two pice which was its more recent original price, then they have no business to remain in charge of the Postal Department if they cannot make two ends meet.

Sir, various ways and means can be suggested by Non-Official Members as to how they can run this Department at a lesser cost, but these will not generally be acceptable. We are thus faced with this dilemma that the Government will neither accept our suggestions for the economical running of the Department, nor will they be agreeable to reducing the high postal charges. The only alternative, in these circumstances, I say, that the representatives of the people can suggest as a way out of the difficulty, is for the Government to hand over the Department to the public, and I am sure that either by a Board of Managing Directors or by any other such concern the Postal Department can be managed more efficiently and more economically, thus securing to the sorely-tried people the much-needed relief. If they are not willing to do this, then I shall be obliged to observe that it is their intention to have all the benefits of the high postage rates for themselves only and not for the benefit either of the people or of any other people belonging to the Department, save and except for the benefit of those who are in charge. Why should they be unwilling to hand over this Department? We have such large concerns being managed by Indians. I am sorry I do not find my capitalist friends in the House today. They are always asking for some tariff protection and bounties. They manage huge concerns.

Mr. N. M. Joshi (Nominated Non-Official): They will come for protection again.

Mr. Amar Nath Dutt: In that case we shall place Mr. N. M. Joshi in charge of the Department rather than our capitalist friends, and I am sure Mr. Joshi will look more to the welfare of the poor postal officials, and not those highly paid officials. Be that as it may, my demand is most emphatic, namely, that if they cannot reduce the rates of postcards at least to half an anna, there is no justification for their existence, and they must either hand over the Department or abolish it altogether.

Sir, with these words, I support the amendment

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I rise to support the amendment moved by Mr. Maswood Ahmad for reducing the price of postcards from nine pies to six pies. I appreciate the difficulty of the Government in the Postal Department to accept this amendment in view of the deficit Budget. But, Sir, we on this side of the House also feel it our duty to give expression to the strong public feeling in the country about the high price of postcards in India.

The Government this year have suggested only the lowering of the telegraphic rates. They have suggested nine annas for a telegram consisting of eight words although there was not half the demand that was made for the postcards. They are anxious to keep all the Anglo-Indians who are employed in the Telegraph Department in service so far as practical. I have full sympathy with that attitude of Government. In these days of unemployment, Government should certainly try to keep as many of their employees in service as possible. Perhaps, that is the reason why, in view of the very strong recommendation made by Mr. Varma's Committee on Telegraph Retrenchment, the Government took no great steps for several months to give effect to those recommendations. But, so far as the postal side is concerned, it is just the other way. I was telling this House the other day how a number of postmen and delivery peons had been discharged under various excuses, particularly in Burdwan and Sylhet Circles in Bengal and Assam, so that the Department might be able to re-employ some other people on a lower scale of pay. As I have said, I do not believe that the Postal Department is a commercial department of the Government of India at all. So far as I remember, the Government maintain that the accounts should be commercially kept. It is not like the Railway Department, which is like a commercial department, where the only thing that we should look to is that there should not be any deficit at all. For unemployment in other countries, throughout the world Governments there are spending lots of money. But here the Government have not taken up this question at all. Even if, in this indirect way, by lowering the postage, they can find occupation for a large number of people, who will otherwise be unemployed, I think they will be helping the people of this country in these days of depression. So, even if there is an apprehension of a little loss, the Government should, in our view, try this experiment of lowering the price of postcards. I am sorry that some of our aristocratic friends are not here but if Sir Muhammad Yakub, the Knight of Moradabad, were here, he would have said that it is only a matter of three pies, and, therefore, it does not concern the people very much. But, Sir, we should not forget the average income of an Indian when we consider these questions. It is necessary even for the poorest people to communicate

[Mr. S. C. Mitra.]

to their relations when they are away, and it is really a great grievance in the country that the postage rates have been still maintained at such a very high figure. Sir, I would like to emphasise that the Government should take the first opportunity to lower the rates of postcards if they are to lower the postage rates anywhere. Any other items, such as, the foreign postage or the postage of registration should be taken into consideration afterwards. Sir, I support the amendment.

Khan Bahadur Haji Wajihuddin (Cities of the United Provinces: Muhammadan Urban): Sir, I rise to support the amendment moved by my friend, Mr. Maswood Ahmad. I wish the old cheap rate of postage revived in this critical period of general depression throughout the world, and, with a view to lightening the burden of the people of this poor country and to creating a fresh temptation among the public in general and businessmen in particular, I propose to issue two sizes of postcards, one of the ordinary size and the other of small size at reduced rates, which will, I hope, bring more revenue as this will be a source to increase the use of postcards throughout the country.

Sir, before the War, a postcard was sent for three pies. Its value was subsequently increased to six pies after the War. The price of the postcard for the last few years has been increased to nine pies. Postcard, as we all know, is used generally either by the poorer classes or by businessmen, and no well-to-do people ever use it. The burden of this, therefore, falls entirely upon a certain particular section of the country. By increasing the price of the postcard the consumption has gone down enormously. If I remember aright, my Honourable friend, Sir Frank Noyce, on the floor of the House once said that the increase in the income was only five per cent, while the price has been increased by 50 per cent, and this increase must have been due more to postage stamps than to postcards. I strongly advocate that the price of ordinary size card should be reduced to six pies. My additional argument is that the Government have now reduced the price of postage for a letter weighing half a tola from 15 pies to 12 pies. In other countries, the price of a postcard is half of the price of inland stamps. I, therefore, say that the nine-pie card is not justifiable and the loss of three pies on a postcard will be very much compensated by the larger use of postcards. I also suggest the issue of half size postcards for three pies for the use of commercial houses generally which they will be able to use as printed circulars in large number to their customers which would be a source to bring more revenue through them. I may be pardoned, Sir, if I say that Government should run the Postal Department on commercial lines and should always remember that the business is the soul of life, and unless the need of the hour is realised and proper action is taken in this direction forthwith, no increase in revenue must be expected. Sir, necessity is the mother of invention and we must respond to the call of the time. I do hope that my proposal will be adopted by the House and that the Department will be able to bring huge profit on account of immense increase in the number of postcard traffic throughout the country. With these words, I support the amendment.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I rise to support the amendment. I congratulate the Honourable Member, who just sat down, for suggesting the idea of a smaller size postcard. It is well known that when the postcards were first started, the

size was smaller. It was only afterwards that the bigger size postcard was introduced. I think the two sizes should be maintained now for the present, and the smaller size postcard should be half anna. As in the case of the letter postage one anna postage has been prescribed for half a tola letter, so, in the case of the smaller size postcard, half anna should be charged. It will be a compromise between the Government proposal and the amendment. Those who have to communicate very little matter will use the smaller size postcard and those who have to write almost a full letter will use the bigger size postcard.

In this connection I must say a few words about the proposal of my Honourable friend, Mr. Amar Nath Dutt. At the outset, I must say that I do not accept his idea. It is the cry of the present age that all such concerns of national utility should be nationalised. The Post Office is one of the concerns which is already nationalised, and to go back and hand it over to a Board of commercial men will be giving a premium to capitalism. At the same time, I may point out that there is no guarantee that the new administration will be more efficient than the present one. The Post Office has been all along managed admirably and it has received the encomiums all these days. Now, since the slump in trade, the income from Post Office has dwindled down. I think it is a passing phase and we need not be scared away by the present deficits. The Post Office income will recover before long, and I think everything will go on all right. At the same time, I do not mean to say that retrenchment need not be taken in hand on a larger scale. At present the income is less and the expenditure heavy. There ought to be retrenchment, and I welcome the step taken by the Department in appointing a Committee. I hope that as a result of the enquiries of that Committee, the Department will be so well organised that duplication will be done away with, and, at the same time, persons whose services are not required at present on account of changed circumstances will be retrenched. I must also say that taking the present prices in the market into consideration, the salaries of all, from top to bottom, ought to be reduced in a certain proportion. There are some people who maintain that the lower subordinate salaries should not be touched. I do not subscribe to that view, although this statement of mine will be very unpopular. I think if real retrenchment is wanted and if a big amount is to be saved in consequence of retrenchment, as the number of lower subordinates is much larger, the largest amount is to be got by reducing the salaries of the lower subordinates. It is these lower subordinates that are benefited by the low prices. With these words, I support the amendment.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Sir, of all the Departments under the Government of India, I think the Postal Department is one which comes more intimately into touch with the daily life of the people, both in the villages and towns, to such an extent that I may say it is a popular Department, and as a whole the Department has also been running on efficient lines; but I regret to say that some of the suggestions which have emanated from this side of the House have not been given proper consideration by the Government. For instance, this particular suggestion of reducing the rate of postcard to half an anna is one which ought to commend itself to the acceptance of the Honourable Member in charge. I believe that if this change is made, it will result in a substantial rise in the revenues of the Department, and

[Mr. Gaya Prasad Singh.]

whatever little loss it will entail it might be recompensed in various other ways The suggestions which have emanated from different Members on this side of the House, from Mr. Mitra and Mr. Jadhav, go a long way in meeting any deficit that might arise in giving effect to the particular suggestion embodied in this amendment.

The price of a letter has been reduced to one anna, but the weight also has been reduced to half a tola. I submit this is not very helpful to the general body of the public. It will be very helpful to commercial bodies, but not to individuals when the weight has been reduced to half a tola.

In the same way, the telegraph charges have been reduced, but the number of words has been limited to nine words only, and this will be helpful to those who use code telegrams for their addresses which are mostly European commercial bodies So far as the general body of Indians are concerned, that change is one of doubtful utility. However, we are thankful for the little relief that the Department has given us.

So far as this particular amendment is concerned, I believe that if this change is given effect to, it will bring a substantial increase in revenue, because more people will utilise the postcard to such an extent that whatever little loss of revenue the Department might suffer, it will be made good in an expanding traffic, and the result will be taken in the natural course of things After all, this is a utility Department, but if none of these improvements are effected, much of the utility will be gone and it will be reduced to a futility Department.

I wish to refer to another point which was made on this side of the House during the general discussion on the Budget, namely, that the accounts of the telegraph as well as postal side should be kept separately in order to indicate which side is costing more and which side gives revenue and which side is running at a loss or profit. If these things are done, I think it will be a decided improvement upon the present condition of things, and the change will be greatly appreciated by the public at large. I, therefore, strongly support this amendment, and I earnestly appeal to the Honourable Member in charge to give his sympathetic and earnest consideration to this subject, because, after all, the object of this Department and our own object is virtually the same, namely, to make the Department as popular as possible, and to increase the facilities which the Post Office gives to the public and to see that as little loss is inflicted on the Department as possible. With these words, I support the amendment.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I dealt with this question very fully in the long speech I made on the first amendment relating to the postal charges. But I am sorry to find that the arguments I then adduced have not proved as convincing to Honourable Members opposite as I could have wished. I assured them then and I would repeat the assurance now that we on these Benches fully realise that there is no change in the postal rates which would be more welcome to Honourable Members opposite than a reduction in the postcard rates. (Hear, hear.) I can assure them that all our energies will be bent during the coming year, as for that matter, they have been in the past year and in the year preceding it, to bringing about such a state of equilibrium in the finances of the Posts and Telegraphs Department as to enable us to achieve that reduction. Further than that I cannot go.

I regret that I am unable to accept this amendment, since as I mentioned in my speech, and as the Honourable the Finance Member also mentioned in his Budget speech, it would involve a loss of 56 lakhs and that we cannot afford. I am aware that many Honourable Members opposite hold that the loss would not be 56 lakhs; in fact they go so far as to say that we should bring in vast increases in our revenue if we made the change at once. They have not explained the grounds on which they base that optimistic estimate and I trust they will forgive me if I say that I naturally prefer the estimate that my own Department which has expert knowledge on this question has framed. Our estimate is based on the assumption that if the postcard rate were reduced, the traffic in postcards would increase by ten per cent of its present volume. My Honourable friend, Mr. Lahiri Chaudhury, thought that this was over-cautious and that an increase of 30 per cent might be expected in two years. If that increase were obtained, he held that the loss would be reduced to about 30 lakhs, so that, all we would have to face would be a loss of 60 lakhs in two years. But, Sir, 60 lakhs is a very large figure. As far as we can frame an estimate, there is very little ground even for his estimate of 30 lakhs a year. I should like to draw the attention of the House to the past history of this question.

The postcard rate was increased from December, 1931, but the volume of postcard traffic had begun to decrease before that time, and that is a point which I should like to emphasise. The total traffic in postcards was at its highest in 1928-29 with which year Mr. Lahiri Chaudhury compares 1932-33. The figures in 1928-29 were 588 millions, in 1929-30 they had fallen, though very slightly, to 583 millions, and in 1930-31 they were 538 millions. They fell again in 1931-32 to 491 millions, although the increase in the rate only happened in December, 1931. Now, Sir, it is obvious that this very great fall in the traffic, which was going on before December, 1931, had nothing whatever to do with the rates, but was entirely due to the economic depression and there is no doubt whatever that the figures would have fallen very much further and our revenue would have decreased very greatly indeed if we had not put up the rate. It was due to the increase in the rates that we managed to retard the drop in revenue. From that it follows, I think, that an increase of 30 per cent, that is from 450 million postcards to 585 millions cannot be expected without an extensive improvement in the general economic situation, and of this the signs at present are unfortunately very faint. But there are signs, and that is the reason why we have reduced the rate on letters at a cost of 27 lakhs. We cannot go further this year and reduce the rate on postcards at a cost of 56 lakhs, as it would bring the total loss up to 83 lakhs.

My Honourable friend, Pandit Satyendra Nath Sen, made a very moving appeal to me, in the course of which he seemed to hold that a public utility department need not worry about making both ends meet. He thinks apparently that it does not matter what loss is incurred by the Department provided it is of use to the public. That, Sir, is not our idea of a public utility department. As has been said by myself, by my predecessor and by successive Finance Members, we do not expect the Post Office to yield a large surplus in relief of general taxation as it does in England, but we do expect it as a public utility department to pay its way and we have to fix our charges accordingly.

My Honourable friend, Mr. Amar Nath Dutt, apparently thinks that we are of very little use and that it would be very much better if we closed

[Sir Frank Noyce.]

down completely and handed the Post Office over to a Board of Directors or to private individuals. Well, Sir, I cannot imagine any Board of Directors or Corporation of private individuals coming forward with a capital of 25 crores which they would require merely to take over the assets of the Department and with another 12 crores which would be wanted to provide its working capital. More important still,—and this is a point which ought specially to appeal to my friend, Mr. Mitra,—I can imagine no Board of Directors or Corporation of private individuals giving the employees of the Post Offices the terms and conditions with regard to service, leave and pension, which the Government of India do. That is one of the reasons why our financial position is not stronger than it is. As I pointed out last year, it is the large increase in the pay of the subordinate ranks of the Department which has proved a heavy burden on it. Those rates were given when the outlook was very much better than it is today. I am not criticising them in any way, but all I would say is that we are suffering from them now.

My Honourable friend, Mr. Mitra, repeated his charge that we were retrenching on the postal side disproportionately with the retrenchment that has been carried out on the telegraph side. I hoped I had provided sufficient refutation of that argument. Retrenchment as retrenchment has, as a matter of fact, proceeded *pari passu* in both departments We have carried out all the retrenchments that we could in both branches on broad general principles. As regards the Telegraph Committee, whose report is now under our consideration, I would point out that to that extent the Telegraph Department is worse off than the Postal Department, because their reorganisation committee came first. The reorganisation of the methods of work in the Postal Department has yet to be examined by a Committee We hope that in both cases we shall get economies, but, as I have said here, our primary object is to bring about a reorganisation of our methods and to bring them up to date.

My Honourable friend, Mr. Gaya Prasad Singh, referred once more to the separation of postal and telegraph accounts. I dealt with that in my speech last week and pointed out that, as regards revenue, we will have the matter examined again and as regards expenditure we will place the whole question before the Public Accounts Committee for their advice.

Before I sit down, I should like to refer to the interesting suggestion put forward by my Honourable friend, Khan Bahadur Haji Wajihuddin, that we should have a special small postcard the rate for which should be three pies. I should like to show the House the size of the postcard that he suggests.

(The Honourable Member then showed a card about the size of a visiting card.)

Mr. Amar Nath Dutt: That will serve our purpose.

The Honourable Sir Frank Noyce: This is the size of the postcard he suggests. The measurements are exactly those which have been stated in

his amendment. What he has evidently forgotten is that if you halve the size of the postcard each way, the result is a quarter of the size of the original postcard and not half. I am afraid business firms would find it extremely difficult to get anything of importance on a postcard of this size and that there would not be room for the stamp and the post-mark, much less for the address.

Khan Bahadur Haji Wajihuddin: The measurement was given in my notice of amendment: I mentioned it there Half of the ordinary size.

11 A.M.

The Honourable Sir Frank Noyce: And this is the size of your postcard. (Laughter.)

All I can say in conclusion is that we simply cannot afford a loss of 56 lakhs this year. I can only repeat once more that our efforts will be directed to bringing about such an improvement in the financial position of the Department as to enable us to introduce this change at the earliest possible moment, because we do realise and realise very fully that it is a change which will commend itself most heartily to Honourable Members opposite. I hope they will be content with that assurance.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted :

'Single	Half anna.
Reply	One anna '."

The Assembly divided:

AYES—37.

Abdoola Haroon, Seth Haji.	Muazzam Sahib Bahadur, Mr. Muhammad.
Abdul Matin Chaudhury, Mr.	Mudaliar, Diwan Bahadur A. Ramaswami.
Abdur Rahim, Sir.	Neogy, Mr. K. C.
Aggarwal, Mr. Jagan Nath.	Pandya, Mr. Vidya Sagar.
Azhar Ali, Mr. Muhammad.	Parma Nand, Bhai.
Bagla, Lala Rameshwar Prasad.	Patil, Rao Bahadur B. L.
Bhuput Sing, Mr.	Rajah, Raja Sir Vasudeva.
Chandi Mal Gola, Bhagat.	Sant Singh, Sardar.
Das, Mr. A.	Sarda, Diwan Bahadur Harbilas.
Das, Mr B.	Sen, Mr. S. C.
Dutt, Mr. Amar Nath.	Sen, Pandit Satyendra Nath.
Gour, Sir Hari Singh.	Singh, Mr. Gaya Prasad.
Ismail Ali Khan, Kunwar Hajee.	Sitaramaraju, Mr. B.
Jadhav, Mr. B. V.	Thampan, Mr. K. P.
Jha, Pandit Ram Krishna.	Uppi Saheb Bahadur, Mr.
Lahiri Chaudhury, Mr. D. K.	Wajihuddin, Khan Bahadur Haji.
Mahapatra, Mr. Sitakanta.	Ziauddin Ahmad, Dr.
Maswood Ahmad, Mr. M.	
Mitra, Mr. S. C.	
Mody, Mr. H. P.	

NOES—45.

Abdul Aziz, Khan Bahadur Mian	Lal Chand, Hony. Captain Rao Bahadur Chaudhri.
Ahmad Nawaz Khan, Major Nawab.	Lindsay, Sir Darcy.
Allah Baksh Khan Tiwana, Khan Bahadur Malik.	Macmillan, Mr. A. M.
Anwar-ul-Azim, Mr. Muhammad.	Metcalfe, Mr. H. A. F.
Bajpai, Mr. G. S.	Mitter, The Honourable Sir Brojendra.
Bhore, The Honourable Sir Joseph.	Morgan, Mr. G.
Chatarji, Mr. J. M.	Mukharji, Mr. D. N.
Cox, Mr. A. R.	Mukherjee, Rai Bahadur S. C.
Dalal, Dr. R. D.	Noyce, The Honourable Sir Frank.
Darwin, Mr. J. H.	O'Sullivan, Mr. D. N.
DeSouza, Dr. F. X.	Rafiuddin Ahmad, Khan Bahadur Maulvi.
Dillon, Mr. W.	Ramakrishna, Mr. V.
Fazal Haq Piracha, Khan Sahib Shaikh.	Rau, Mr. P. R.
Graham, Sir Lancelot.	Row, Mr. K. Sanjiva.
Grantham, Mr. S. G.	Schuster, The Honourable Sir George.
Haig, The Honourable Sir Harry.	Scott, Mr. J. Ramsay.
Hardy, Mr. G. S.	Sher Muhammad Khan Gakhar, Captain.
Hezlett, Mr. J.	Singh, Mr. Pradyumna Prashad.
Hockenhull, Mr. F. W.	Sloan, Mr. T.
Hudson, Sir Leslie.	Talib Mehdi Khan, Nawab Major Malik.
Irwin, Mr. C. J.	Tottenham, Mr. G. R. F.
Ismail Khan, Haji Chaudhury Muhammad.	Varma, Mr. S. P.
James, Mr. F. E.	

The motion was negatived.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I beg to move.

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head '*Postcards*' for the words 'One and a half annas' the words 'One and a quarter annas' be substituted."

Sir, in this connection, I am very sorry to say that even my modest suggestion about the reduction in the price of the postcards has not been accepted by the Government. We have no other alternative but to place our views before the Government. We have no power to keep a check on absentee Members or to cancel the election of the Members who are always absenting themselves from this House or to nominate their substitutes, nor have we any powers to dictate to certain Members that they should vote in a particular manner. I want to point out that if Government have not been good enough to accept my suggestion to reduce the price of the single postcard, they should at least accept the suggestion contained in my amendment, and that is, that they should reduce the price of the reply postcard. The Honourable Member in charge just now admitted that the main cause of the fall in traffic of postcard was because the price of the postcard was raised, but my Honourable friend has suggested that the rate was increased in the month of December, and so the cause of fall in traffic was not due to the increase in the rate of the postcard, but was due to the economic depression. If my Honourable friend will look at the figures of that year, he will find that the fall in traffic occurred only in the last four months since the price of the postcard was raised. If he will see the figures for eight months, he will find that the natural decrease in traffic which he found in the last two or three years has been due to the economic depression. Further, I want to satisfy my Honourable friend that it is not the economic depression alone that has been responsible for the decrease in the sale of postcards. If, as is contended, the economic

depression alone has been responsible for the fall in traffic of the postcards, why has there not been a corresponding decrease in the British postal orders,—on the other hand, the British postal orders have increased. In the same year, you will find that the number and value of British postal orders sold in India have increased, but the traffic in postcards has decreased. Therefore, we have to judge this by three criteria. The first is, what is the justice for the demand, the second is, what will be the loss if the suggestion is accepted by Government, and the third is, whether my suggestion will be a workable proposition or not. These are the three main points which have to be considered in connection with the amendment I am moving.

With regard to the loss that is apprehended that might accrue if my suggestion was accepted, I want to point out that the number of postcards sold last year was 282 millions, and if Government accept my suggestion, and if it is assumed that ten per cent of the postcards sent were reply-prepaid, then the loss will not be more than Rs. 22,000. If, however, my suggestion to reduce the price of the reply-paid postcard is accepted, it will increase the traffic, because even now they get about five per cent increase by the reply-paid postcard system, and the anticipated loss of Rs. 22,000 will be much less, because the traffic in the reply-paid postcard will increase. This is my reply with regard to the apprehended loss.

With regard to the second point that my scheme may not be workable on the ground that if the price of a single postcard is three pice and that of a reply-paid postcard is five pice, the public will, after purchasing a reply postcard divide it into two halves and send only one, but I want to point out that this is not possible, because, Sir, in the other half of the postcard which is meant for reply it is clearly written Reply-paid . . . .

An Honourable Member: It is already there.

Mr. M. Maswood Ahmad: Sir, the single postcard and reply-paid postcard can be printed in two different colours, and if the postal authorities find a single postcard having the colour of a reply-paid postcard without the word "Reply", therein, they can demand extra payment for it. Suppose a reply-paid postcard is in blue colour and the single postcard is shown in green colour, the postal authorities would surely be able to distinguish between the two, and can certainly charge the excess rate. Therefore, the fear that one portion of the reply-paid postcard will be used by the public as single postcard is without foundation, because they will know that the colour cannot be used for a single postcard. Therefore, if my suggestion is adopted, there will be an increase in reply-paid postcards. The fact is, there are a large number of people who leave their villages and go to outside places like Calcutta and Bombay for industrial and other work, and now they generally don't get reply to single postcards, but if reply postcards are made cheap, they will certainly use them readily, and it will act as an inducement to reply to their relatives as soon as they get a reply-paid postcard in their hand. Thus the traffic in reply-paid postcards will increase

Then, Sir, coming to the third point about the justice of my demand, as I have said on several occasions before, it is a great injustice to the poor people that they have to pay 50 per cent surcharge on these things while the general surcharge is 25 per cent only. When the Honourable Member has been good enough to reduce the rate of the letters, it is surely a

[Mr. M. Maswood Ahmad.]

great injustice to the poor people that the rate of the postcard has not been reduced, because if Government were in a position to reduce the rate of the letters, they should certainly have seen their way to reduce the rate of the postcards too, because it is the poorer classes of this country who deserve a greater amount of sympathy than those who write letters sitting on tables and use very nice letter papers. Instead of affording any real relief to the poor, Government are giving a certain relief to the richer people of this country, and this is hardly just

Then, the last point to which I want to draw the attention of the Member in charge of the Department is that there should be an Advisory Committee for the Postal Department. There are certain Advisory Committees appointed to advise Railway and other Departments. But I am sorry to say that I do not see any Advisory Committee elected by this House for advising the Department on postal rates and other postal matters. If Government agree with my suggestion that they should have Central and Local Advisory Committees for the Posts and Telegraphs Department as they have in the Railway Department, the Government will be spared many of the criticisms which are now made against them. It is possible that I might not have been able to satisfy the Honourable Member in charge in regard to the reply-paid postcard rates, but if I were on such a Committee, I would have been in a better position to convince the Committee. With these words, I move my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head *'Postcards'* for the words 'One and a half annas' the words 'One and a quarter annas' be substituted."

Sir Darcy Lindsay (Bengal: European): My sympathies are entirely with the Honourable Member who has moved this amendment. I do consider that there was great hardship involved to the poor people who use these postcards when the rate was increased by 50 per cent. I will await what the Honourable Member has to say as to the loss this proposal would entail, but, on the other hand, I do hope that he will take into serious consideration, as soon as an opportunity offers, a reduction of the postcard rates even on the lines proposed by the amendment. To my mind, it would be quite feasible to have a reply postcard—the first card to be stamped with a nine pie stamp and the reply with a six pie stamp. It seems to me a matter of no importance whether these two cards travel attached one to the other. All that we want to do is to give to the poorer class of people a reduction in postage. I am perfectly convinced that the villager would willingly buy this reply postcard for five pice, he can possibly pass it on to his neighbour or he can use it for himself on a later occasion, and it brings to him the advantage of only being taxed 25 per cent instead of 50. The reason for the 50 per cent was that we have no comage that would have given 7½ pies. I ask the Honourable Member to give this his very serious consideration, and if, in the course of the year, he finds that it would be feasible, I hope he will carry out the proposal put forward. I agree that it were better to have reduced the postcard rate rather than reduce the letter rate by three pies for the half a tola envelope. Another point that was made by my Honourable friend, the Mover of the amendment, was what he had to say about an

Advisory Committee. I think that of all Committees an Advisory Committee in the Posts and Telegraphs Department would be of the utmost value. The Department is rather inclined to go slapdash at these increases in rates, whereas with a little consultation with an Advisory Committee that would not happen. Any way, if the Government were able to convince the Advisory Committee that those increases were necessary, they would probably have the House with them instead of against them as is the case at present.

The Honourable Sir Frank Noyce: As regards the specific proposal before the House my Honourable friend, Sir Darcy Lindsay, has supplied the answer to the amendment. What his argument amounts to in effect is that there is no conceivable means by which the Department can prevent people from buying only reply cards, cutting them into two, and using them as single cards, and he appears to hold that it would not matter very much if they did Therefore, the answer to the amendment is that this would cost us about Rs. 30 lakhs. It may be that we should have been better advised if we had adopted this method of procedure in preference to the reduction of the letter rate. But what I would point out to the House . . . .

Mr. M. Maswood Ahmad: What percentage do you calculate if reply cards are used?

The Honourable Sir Frank Noyce: It does not matter to what extent they are used now. If this proposal were adopted, the position would be that only reply postcards would be used in future and that everybody would buy reply postcards, cut them into two and pass on the other half to some one else if they do not wish to use it themselves. That is the trouble.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): May I ask the Honourable Member for Industries, supposing a rule were made that a reply postcard must contain the address of the sender—if I want to send a postcard and also a reply postcard with it, I give my own address on the reply postcard, and consequently it prevents the misuse of the reply card, because the recipient is then limited to replying to me?

The Honourable Sir Frank Noyce: That is a question which would require careful examination, but the point I would urge on the House is that it is far better to direct our aim to a reduction of the postcard all round than to adopt the principle that if you buy a certain quantity you get a reduction. It is not a principle that we have adopted in selling our postal wares hitherto, and I doubt if it is desirable that we should introduce it now As I was saying, it might have been preferable, possibly some Members of the House would think it preferable, that, instead of reducing the rate on letters, we should have adopted the procedure which is being suggested in this amendment. But, I trust that what I have said would convince the House that it is not desirable at this juncture. It is very much better to adhere to our straightforward policy of the same rate for all postcards. As regards the interesting suggestion which has been put forward by my Honourable friend, Mr. Maswood Ahmad, and supported by my Honourable friend, Sir Darcy Lindsay, that we should have an Advisory Committee in the Posts and Telegraphs Department, I need hardly say that I shall be glad to give it my careful consideration. In these circumstances, I regret that I am compelled to oppose this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head '*Postcards*' for the words 'One and a half annas' the words 'One and a quarter annas' be substituted."

The motion was negatived.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act 1898, for the head '*Book, Pattern and Sample Packets*' and the entry thereunder the following be substituted:

'Pattern and Sample Packets	
For every five tolas or fraction thereof	Nine pies.
Books.	
For every five tolas or fraction thereof	

I venture to put it to the House that this is a most modest and moderate amendment that has so far been proposed in connection with the Posts and Telegraphs Department.

An Honourable Member: By a Moderate Member!

Diwan Bahadur A. Ramaswami Mudaliar: An Honourable Member says, by a Moderate Member. Yes, I am not ashamed of my moderation. I have accepted the reasoning that has been put forward by the Finance Member for raising the rate from six pies to nine pies. He said that the system of parcel postage was being abused, that many people were taking advantage of it, and that commercial firms in particular were abusing it by sending large quantities of matter through the parcel packet postage. I do not want to disturb any of that. Therefore, I have ventured to accept the suggestion of the Government that, so far as pattern and sample packets are concerned, the increase to nine pies was justified, but I can find no justification whatsoever for increasing the rate on books as such. I do not know whether my Honourable friend would ask me the question "what are books", just like the individual who asked the question "what is truth". I can only say that we all understand what books are. At any rate, I intend by the term books that it should be printed matter, bound or stitched as a book. I can see no reason at all why, so far as books are concerned, the rate should have been increased. There is no question of abuse with reference to books, and I venture to think that it will be a great hardship if this particular tax was raised. It will certainly be a tax on knowledge. If my Honourable friend, the Industries Member, will pardon me for saying so, I know that he yields to none in his literary proclivities and in his literary pursuits, and I venture, therefore, to suggest to him that it would be penalising a large section of the people, and particularly a certain class of commercial men, if this increased taxation was put. I have had during the past few days shoals of telegrams from all sorts of booksellers from all over the country. They point out that their trade would go, that individuals would rather have cheap postage by getting books direct from England singly and individually rather than by ordering them from booksellers here. In

England, they have tried to get over the difficulties of high postage in a variety of ways. My Honourable friend knows that many books are published in what is called featherweight paper with a view to avoiding the heavy costs of postage. In this country, we are not in a position to do that. I do not think that many books published locally can be published in featherweight paper I can find no justification whatever for these increases from the point of view of revenue, nor from the point of view of abuse. I can only say that this was a composite heading which was adopted long long ago in the Department, and, as they wanted to raise the figure from six pies to nine pies, they did not want to split up this head and make books a separate category altogether, and, therefore, they adopted the increased charge for the whole composite heading. I, therefore, suggest to the House that it will be absolutely unfair and unjust if the bookseller is penalised and the producer of books is penalised. Many students and pupils in our secondary schools have to get books from the metropolitan centres like Calcutta, Bombay or Madras, and it would be hard, in these days of poverty and depression, if these enthusiastic students were to be deprived of getting their books at a fairly cheap rate owing to the prohibitive cost of postage.

My Honourable friend said the other day something about the intial charges being only nine pies. I was not able to follow him, but even so I do not think the proposal can be seriously justified on the ground of increased revenue. In fact, I believe that is not the ground on which the proposal has been put forward and, therefore, I venture to submit that this tax should be restored to its old level.

There is only one suggestion I should like to make following the suggestion of my Honourable friends, Mr Maswood Ahmad and Sir Darcy Lindsay. They have advocated the establishment of an advisory body. It seems to me, following the discussion on the posts and telegraphs during the last two days, that the constitution of such a body would have considerably helped the Industries Member and the House also in appreciating some of these problems. This is not the proper place whether the question of local service for covers or cards or the question of a reply postcard being of a particular value or the question of postcard being of a particular size can properly be discussed. If these things had been remitted to an advisory board or if the proposals of the Government had been scrutinised by an advisory board beforehand, it would have greatly helped the Industries Member and greatly helped the House. These proposals are not coming into force from the 1st March like other financial proposals. They are to take effect from the 1st April. They are not like customs duties which can be anticipated and can be taken advantage of in case of premature consultation with anybody. We are aware how the closely guarded secrets of the Finance Department are not as closely guarded as the Finance Member would like them to be. We know that these secrets do leak out. For instance, this very year, the question of excise on sugar had leaked out. There was at least one year when it became an open scandal and when some of the most confidential secrets of the Finance Department, with regard to the taxation proposals, did leak out and some persons did profit out of them. This is not a case where any leakage of secrets is possible or where any damage could be done by the leakage of secrets, and, therefore, if the Honourable Member had placed before the Advisory Committee the question whether they would have a reduction in the letter rate or in the rate for cards,

[Diwan Bahadur A. Ramaswami Mudaliar.]

I am almost sure, he would have got the right advice from that body. I have not taken part in the discussion before, but personally I would have postponed this reduction in the letter rate, because I feel that by the adoption of this proposal you have postponed the day when the reduction in postcard is possible. I do not know in what form the advisory body may be constituted. I am not quite sure whether a Central Advisory Body would be desirable or necessary. For my part, I think that local advisory committees in some of the Provinces would be able to do a great deal, because it is not merely with general questions, such as the postal rates or telegraph rates, but on subsidiary questions, which affect a district or a Province, that the advisory committee will have something useful to say. I should like to exclude one category of questions from these advisory bodies, whether they are Central or local, that is, all questions in regard to the grievances of the postal staff. They should not go before the advisory committee. It should deal purely with questions of public convenience. Commercial opinion and other opinion will be represented on that advisory committee, so that the Postal Department may get the benefit of the views of commercial and other public bodies and their work may be adjusted to suit the convenience of a large body of public. I do not want to take up more of the time of the House, but I would press very strongly on the attention of the Industries Member and the House my amendment regarding the reduction of rates for books.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act 1898, for the head '*Book, Pattern and Sample Packets*' and the entry thereunder the following be substituted

'*Pattern and Sample Packets*

For every five tolas or fraction thereof . . . Nine pies.

Books.

For every five tolas or fraction thereof . . . . Six pies'."

The Honourable Sir Frank Noyce: If I might be allowed to intervene at this stage, I think it would be advisable that I should do so in order to remove a misapprehension My Honourable friend, Diwan Bahadur Ramaswami Mudaliar, has put in an eloquent appeal against the proposed alteration in our rates, on the ground that it was a tax on knowledge. I think he could not have been here when I explained to the House last week the exact significance of this proposed change, this raising of the initial charge on inland book packets not exceeding five tolas in weight from six to nine pies. What I said then was that:

"I would invite the special attention of the House to the word 'initial' in that sentence,—for it may save misapprehension if I explain that, though we should, under the Schedule as it will now stand, be able to put up the rate for the second and subsequent categories of five tolas for book-packets to nine pies, we do not propose to do so and that the nine pies rate will apply only to the initial category. The drafting of the entry merely follows the practice followed in connection with that relating to parcels which has been in its present form for some years though the rates were only enforced in respect of parcels weighing more than forty tolas in June, 1931."

Therefore, Sir, the position is that, under our proposals, as I have explained, the additional charge on book-packets will be three pies on the first five tolas. That is all: one-quarter of an anna; and, therefore, my Honourable friend's apprehensions about a tax on knowledge are unfounded. But, Sir, if it would give him any satisfaction, I am quite prepared to accept an amendment which will not give us this power to go up to the scheduled rates. I am quite prepared to accept an amendment:

"That for the present entry under *Book, Pattern* and *Sample Packets*, the following should be substituted:

'For the first five tolas	Nine pies,
For every five tolas or fraction thereof exceeding five tolas	Six pies'."

That will make it perfectly clear that there will be an increase of only three pies on the first five tolas.

Mr. S. C. Mitra: What is the difference?

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): How much is the loss expected if we remove this charge from the initial rate?

Mr. M. Maswood Ahmad: Is it not the same as amendment No. 42?

The Honourable Sir Frank Noyce: It is not the same as No. 42. That amendment is:

'For every five tolas or fraction thereof exceeding five tolas	Six pies.'

The amendment I suggest would be:

'For the first five tolas	Nine pies.
For every five tolas or fraction thereof exceeding five tolas	Six pies.'

That, Sir, would remove any misapprehension in the minds of the public, and especially the book-selling trade, that we are proposing to put up the rate and I trust that it will go some way to meet my Honourable friend. The difficulty in accepting his amendment, as it stands, is that it would not prevent the evasion we are trying to stamp out. Book-packets, as we propose, would continue to include all other forms of printed matter: and as was explained in this House, what we want to get at is the postcard which is put inside an envelope and sent at the half anna rate. I have received interesting examples of what is happening during the last few days. I have had a number of applications for posts which have taken the form of a personal letter—an ordinary letter, accompanied by copies of testimonials. They have been stitched up at both ends and marked on the outside—"by book post". If they had come by the letter post, they would have cost about 2½ annas, but as they have been marked "by book post" they have come at the rate of half an anna. Now, that is the sort of thing we want to get at. What I can promise the Honourable Member is that we will go into this question of categories again during the coming year and see whether we can devise some definition of a book-packet. We do not want to get at books: we want to get at literature or so-called literature which can masquerade under the designation of a book-packet. If we can find some satisfactory

[Sir Frank Noyce.]

definition of books, we shall be able to reduce this maximum rate of nine pies to six pies in such cases under our own powers which will not necessitate a reference to this House, but I would suggest to the House that we are justified in attempting to stop this evasion, which we estimate involves us in a loss of some five lakhs a year, and we do want that five lakhs. As I said before, we have to look for every economy we can find in order to bring about that happy day when we can reduce the postcard rate, and it was that object we had in mind when we suggested this change. I trust, therefore, that my Honourable friend will, with your permission, Sir, be permitted to move his amendment in the form I have suggested, and that he will be content with my assurance that we will endeavour, in the course of the coming year, to devise some satisfactory way of defining a "book" to which the initial rate of six pies for the first five tolas can be applied.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): I am afraid the Honourable Member in charge has done less than justice to my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, when he said that he was under a misapprehension with regard to what was the exact object of the Government proposal.

The Honourable Sir Frank Noyce: Sir, I would call upon my Honourable friend, the Diwan Bahadur, to judge between us. I do not think my Honourable friend, the Diwan Bahadur, would describe an increase of a quarter of an anna on a book as a very serious matter, or as anything but a small tax on knowledge. I think he must have been under the impression that we were proposing to put up the rate all through and not to stop at the initial category. Sir, an additional three pies on such packets is not heavy.

Mr. K. C. Neogy: Whatever it is, my friend made it quite clear that so far as weights beyond five tolas were concerned, they would be charged at the old rates. Now, the position is this. The lighter the book, proportionately the higher the postal rate that it shall have to bear. Although the statement made by my Honourable friend to the effect that he would examine this position as to whether a more satisfactory kind of a definition could not be adopted for book-packets goes to meet the position of my Honourable friend to a certain extent, I am afraid that this proposed increase in the postal rates will not commend itself to the general public.

Now, Sir, I remember there was a time when the Postal Department was regarded by the authorities themselves as an engine of education. I think that was the exact term that was used by a Viceroy in days past. I do not know whether my Honourable friend considers that the mission of the Post Office in this matter has been completely fulfilled, so that he can go on putting on higher and higher duties on various articles of postal traffic regardless as to whether such traffic did suffer on that account or not.

The Honourable Sir Frank Noyce: I should like to point out to my Honourable friend that contrary to the anticipations of at least one Journalists' Association, from which I have received a telegram, we are not proposing to put up the rate on registered newspapers, and I would also

draw attention to the very heavy loss that the Posts and Telegraphs Department incurs in the matter of press telegrams. I do think my Department does its best as regards using the Posts and Telegraphs Department as a vehicle of education.

Mr. K. C. Neogy: I did not know that the Government were so partial to newspapers in these days, but I am glad to be assured that the cause of newspapers is so very dear to my Honourable friend's heart. But, I am sure, the Honourable Member will recognise that book-packets also do serve the purpose of education to a certain extent. The Honourable Member has not, so far as I remember, explained as to what additional income he expects from the proposed increase in the rates.

The Honourable Sir Frank Noyce: Five lakhs.

Mr. K. C. Neogy: And what is the amount of the loss that the Department is incurring on account of the abuse of the book-packet postage?

The Honourable Sir Frank Noyce: Five lakhs.

Mr. K. C Neogy: When I look to the graphs that form part of the annual report of the Department, I do recognise that the number of packets that were carried during the year 1932-33 stands at a suspiciously high figure as compared particularly with postcards, letters and other articles of traffic.

The Honourable Sir Frank Noyce: I am glad that my Honourable friend has drawn my special attention to that fact as I had hoped to have an opportunity of doing later. I am much obliged to him for strengthening my argument in that way.

Mr. K. C. Neogy: The Honourable Member should not misunderstand my attitude. I am perfectly ready and willing to help the Government in the matter of tightening up our present rules in regard to the postal traffic, but the way he is seeking to do it does not commend itself to us. The Honourable Member should devise some means of checking the particular abuses to which he referred, for instance, where postcards are carried under the stamp of half an anna. All of us know that the visiting cards, for instance, are sometimes sent by members opposite to us under a postage of half an anna. I do not know whether that is in consonance with the rules of the Department. But what I say is: by all means devise some kind of a rule which would stop this kind of abuse, but do not put up the rate in the case of all articles of traffic weighing half a tola in regard to book-packets and similar things. The Honourable Member's assurance does go a great way in meeting the point of view of my Honourable friend, the Diwan Bahadur, but I should like to re-inforce his suggestion about an Advisory Committee in this connection. These are matters in which the advice of such a Committee would be very valuable, and I put it to my Honourable friend that it would be an advantage to him to consult even the Standing Committee which is attached to the Department of Industries and Labour before he gives effect to any scheme that may be finally approved by the postal authorities.

Mr. President (The Honourable Sir Shanmukham Chetty): If there is a general agreement to substitute that amendment, the Chair thinks the House can proceed with the new amendment.

Diwan Bahadur A. Ramaswami Mudaliar: I wish to withdraw my original amendment.

The amendment was, by leave of the Assembly, withdrawn.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I beg to move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entry under the head '*Book, Pattern and Sample Packets*' the following be substituted :

'For the first five tolas or fraction thereof . . .	Nine pies,
For every additional five tolas or fraction thereof in excess of five tolas	Six pies '."

Sir, with regard to this new amendment, I only wish to say that the booksellers were generally under the misapprehension that this applied to every five tolas, but I know that the Honourable the Industries and Labour Member on Thursday last said something about the "initial" five tolas being alone charged at that rate and the subsequent five tolas being charged at the old rate. In the course of my speech, I also referred to that In any case, if this is specifically provided in the Bill, I think that we could re-assure the traders generally and also the purchasers of books.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entry under the head '*Book, Pattern and Sample Packets*' the following be substituted :

'For the first five tolas or fraction thereof . .	Nine pies.
For every additional five tolas or fraction thereof in excess of five tolas	Six pies '."

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, before you put this motion to the vote of the House, I wish to speak a few words. We on this side of the House are grateful to the Honourable Member in charge of Post Offices for making the promise to accept this amendment I would, however, like to point out one aspect of the question to which reference has not been made. Mostly the books are purchased under the V. P. system. For the last two years, the Post Office has insisted on these book-packets being registered whenever they are sent out per value payable post. That means an additional charge of three annas is unnecessarily imposed upon the book-packet.

The Honourable Sir Frank Noyce: Is my Honourable friend referring to book-packets sent per value payable post?

Mr. K. P. Thampan: Yes. Students and others who buy books from booksellers generally indent on the value payable system. It is, therefore, a great handicap for the poor students. I would, therefore, request the Government to review the position, and try, if possible, to abolish this surcharge, as it were, on the value payable system.

There is another question which I wish to put before the House. If this amendment is adopted, all other amendments on the book-packets will lapse. But, before doing that, I would like to invite the attention of the House to my amendment No. 41. There I propose that the

minimum unit be reduced to 2½ tolas. My object is not altogether unselfish. We are told that the elections to the Assembly are coming on this year. The election manifestoes are generally sent under the book packets. On an average, each of us has got about 30,000 voters. If one manifesto is sent to all these 30,000 voters, it will be an additional cost of about Rs. 400. So, you can imagine, Sir, what will be the increase in the cost of elections if we have to send to our constituents three or four such manifestoes? I would, therefore, suggest that if Government cannot accept my suggestion to reduce the minimum unit to 2½ tolas for all packets, they will at least make election manifestoes a separate category and treat them on half an anna basis. These are days of great depression, and it is not fair that an additional tax should be imposed upon the Members of the Assembly. I, therefore, put forward that proposal for the consideration of the Government.

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Sir, I believe many great British thinkers and also our great and good Government attribute terrorist activities as well as the non-co-operation movement in India to the imparting of English education to Indians. I do not say that there is no truth in it. Our rulers repent now that education amongst Indians is spreading rather too fast. So, nowadays all possible and probable steps are being taken to curb our educational activities. Those, who keep information about the slow and imperceptible changes that are being introduced in the educational policy in the country from the village school to the University, will agree with me in this. Imposition of this tax,—I mean increment in the rate of book-posts and book-packets,—is, I believe, one of those precious activities. A serious obstacle has been put on the way of spread of education. It is a millstone round the neck of our goddess of learning.

12 NOON. I congratulate and take my hat off to the Honourable the Finance Member or rather I should say the Honourable the Industries and Labour Member for his very clever measure. It is like a double-edged weapon. It will, I admit, replenish the depleted treasury and also it will effectively curb the spreading of knowledge amongst Indians. I can clearly visualise that when he goes back to his native land, he will be acclaimed as a great hero, almost as great as Lord Clive, for having put mother Saraswati in shackles, for having clogged the wheels of the chariot of education which unfortunately generates patriotic feelings and perhaps many other unpleasant items. It is all very good, and I personally have no objection to be taken back to the good old days when Adam wove and Eve span. But I do not understand how a highly cultured man like the Honourable Sir George Schuster could be party to such an outrageous measure. Does he not think that such a measure is a great crime, a crime against culture and civilisation, a crime against humanity and progress of society? It is almost a direct tax on knowledge, and by imposing such a tax at the most inopportune time, when India is suffering from the most terrible economic depression that she ever knew, when every educational institution is striving for bare existence, when every publishing concern and every press is undergoing loss, he is committing an outrage which has its parallel in modern history only in Czarist Russia or German Nazi. Sir, I have absolutely no doubt that howsoever outrageous the measure may be, it will be carried in this House as the Honourable the Finance Member has got the majority under his thumb. But that is nothing. The mighty Roman Empire also was once very powerful. What

[Mr. Sitakanta Mahapatra.]

I mean to say is that he shall have to explain for this before his God and conscience. Sir, we have got the general election in front of us. Many of us may have to take part in election contests. Those of us who have ever been through such ordeals know too well what large part book-posts play in elections, particularly in such huge constituencies as Members of this House have got. Imposition of this tax is a direct tax upon us. I fail to understand the psychology of the Government when they preach co-operation and ask people to take part in elections and enter legislative bodies instead of non-co-operating, and then when times seem favourable for the same, place a barrier over their election campaigns all on a sudden. Is it because Government want that only Rajas and Nawabs, bankers and merchants and rich people should come here, and none else? Anyway, I am sure, it is the intention of Government to exploit the next elections to their financial benefit.

I shall conclude by relating an anecdote. A certain Raja in our parts, as powerful in his own estate as the Finance Member is in India, in order to improve his income from the estate, went on imposing taxes on his tenants, taxes of many and various kinds. People paid those taxes. In this way he imposed 64 kinds of taxes in his estate. Even then people paid. He was very much amused and said "How foolish these people are!" Then he imposed his last and 65th tax called in my language *Ullu Kara*, which means a fool's tax. I do not know if this is the Finance Member's 65th tax or his last tax, but I know it for certain that this is his *Ullu Kara* or fool's tax, and he enjoyed a hearty laugh when he thought of imposing it.

Mr. M. Maswood Ahmad: Sir, I wholeheartedly support the amendment which has been moved. First, of all, this came in my mind and I also gave notice of this amendment. I could not understand when my Honourable friend said that amendment No. 42 was not an amendment which was practically the same as the one which has been moved just now. I want to satisfy my Honourable friend on this point, and I want to make only one observation. In amendment No. 42, I suggested:

"For every five tolas or fraction thereof exceeding five tolas . Six pies",

and to add this to the original proposal. So my amendment also says the same thing as has been proposed in the amendment suggested by my Honourable friend, Sir Frank Noyce. Perhaps my Honourable friend forgot that I suggested in my amendment that this portion should be added. However I leave it now.

The Honourable Sir Frank Noyce: I should like to apologise to my Honourable friend. He is perfectly right. His amendment is "for every five tolas or fraction thereof exceeding five tolas—six pies". He is quite right. I was wrong. I misunderstood the nature of his amendment and I am glad to find that it is exactly the same as the amendment moved by my Honourable friend, Diwan Bahadur Mudaliar.

Mr. M. Maswood Ahmad: Thank you for that. I leave that point. I now come to circular letters and I want to say that, according to the wording of this amendment, because the heading is "book, pattern and sample packets", circular letters do not come under books, nor under patterns, nor under sample packets. So I suggest that there must be a heading for circular letters. If the circular letters are put under this head, then they will have to charge nine pies.

Sir Hari Singh Gour: They are being treated as packets.

Mr. M. Maswood Ahmad: Here I do not find any special rates for packets. The heading is "book, pattern and sample packets". There is no mention made of ordinary packets, and so circular letters will be quite different. If my Honourable friend will see, he will find that the heading deals with sample packets, that is a particular kind of packet which is used only for the purpose of samples. These circular letters are neither books nor patterns, nor sample packets. So there must be a special rate for circular letters and the Government should not increase the rate for circular letters. I hope they will come forward and accept this suggestion that the heading "circular letters" be added in this. Otherwise, this will be meaningless. Really it will be very hard for all the public movements in this country. I do not say about Members of the Legislature, because there are only about 110 Members. This is nothing, and if they are taxed a bit more, it does not matter. Apart from the question of Members of this House, I submit that invitations for conferences meetings, *Id* greetings and other things are issued in the form of circular letters and they are at present charged six pies. Now, if these circular letters are to be charged at the rate of nine pies, not only the Members of the Legislature, but the entire public in the country will suffer and all movements of political organisations in this country will suffer to a great extent. The Department as well will suffer. So this question has to be considered by the Government, and even if the Government are not willing to propose any amendment at this stage, I hope they will consider this point and by executive order will make reduced rates of six pies for five tolas for circular letters also.

Khan Bahadur Haji Wajihuddin: They must be treated as printed matter.

Mr. M. Maswood Ahmad: Call it what you like, I have no objection. But you must include this printed matter in the heading, because I do not like that nine pies should be charged for these circular letters or printed matter or whatever you call them. There must be reduced rate for these.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entry under the head '*Book, Pattern and Sample Packets*' the following be substituted :

' For the first five tolas or fraction thereof	Nine pies.
For every additional five tolas or fraction thereof in excess of five tolas	Six pies '. "

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): That question is:

"That Schedule I, as amended, stand part of the Bill."

The motion was adopted.

Schedule I, as amended, was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That Schedule II stand part of the Bill."

Khan Bahadur Haji Wajihuddin: Sir I beg to move:

"That in Part IA of Schedule II to the Bill, for the words 'In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—' the following be substituted :

'In case of every individual, Hindu undivided family, registered or unregistered firm, company and other association of individuals'."

Sir, I find no justification in imposing a higher rate of taxation in case of registered firms. I think registered firms are entitled to have facilities and advantages over unregistered firms, but here I find the reverse. The Partnership Act was passed only last year, and, under that Act, thousands of private firms have now been registered. Many out of them are owned by more than one person, but, having small capital are not in a position to bear this high rate of taxation. May I ask, Sir, whether the rate of taxation for registered firms has been increased by way of penalty for having themselves registered? If this is not the case, as I believe, then there should be no difference between each other and the scale of rate fixed for various figures of income for unregistered firms or individuals should also apply to the registered firms. May I ask my Honourable and esteemed friend, the Finance Member, to give relief, to a certain extent, at this critical juncture to those who do not come under the category of well-to-do people and who are very much helpless nowadays? My Honourable friend will be well advised to divert his attention somewhere else for more revenues and not to create further complications and increase the difficulties of traders in these difficult times.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Part IA of Schedule II to the Bill, for the words 'In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—' the following be substituted :

'In case of every individual, Hindu undivided family, registered or unregistered firm, company and other association of individuals'."

The Honourable Sir George Schuster (Finance Member): Sir, this is rather a technical matter. We have had amendments of this kind moved before. The effect of the proposed amendment would be to do away with the flat rate of income-tax which is now levied on companies and registered firms. I can only assume that my Honourable friend has really moved his amendment under a misapprehension. The object of imposing the maximum rate is merely to facilitate refunds. In these cases, the assessment is ultimately made on the total income of the individual shareholder or partner as the case may be; and, in the case of registered firms, in practice as far as possible the assessment is made direct on the partners. If all the partners in a firm put in personal returns and the total of their shares shown in the individual returns agrees with the total income of the firm shown in the firm's returns, we do, as a matter of fact, proceed to deal with the individual partners direct and only make a formal assessment on the firm. We must keep to our administrative practice in this matter, and, on these grounds, I must oppose the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Part IA of Schedule II to the Bill, for the words 'In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—' the following be substituted:

'In case of every individual, Hindu undivided family, registered or unregistered firm, company and other association of individuals'."

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

'(1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Four pies in the rupee.
(2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Nine pies in the rupee.
(4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and four pies in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and seven pies in the rupee
(7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 1,00,000 or upwards	Two annas and one pie in the rupee'."

Sir, in this motion I have reduced certain rates on certain income to a certain extent, and, at the same time, I have suggested that there should not be any tax on an income of less than Rs. 2,000. I want to explain the difficulties which at present are felt on account of having income-tax on an income of less than Rs. 2,000. Sir, at present people who have small business like *panwallas*, etc., have been taxed, and, further, the method in which they are taxed is also very objectionable. The main idea of income-tax was that those who earn a large income must pay something to Government, but those who earn less than Rs. 2,000 a year practically earn much less nowadays than their necessities. These men have at least four or six dependants on them whom they have to feed and provide for to some extent. If you divide this amount of money among all the dependants, the average will be about 100 or 200 rupees a year; and on this income they have to bear many other items of expenditure also. The way in which they are summarily taxed is another hardship to them. Though my Honourable friend has provided that, if they are not satisfied with the decision, they can produce their income papers, we can realise that these people in the street who earn this low amount are such as keep some small articles for sale—in Calcutta and other places even those who sell betel have been taxed under this system. It is very difficult for this class of people, many of whom are illiterate, to keep any records of their income. The amount they earn is so small that they cannot keep clerks to keep their registers which they can show to the Government. In these days of depression, when they are in a very difficult

[Mr. M. Maswood Ahmad.]

position and are not earning sufficiently, they have been taxed. Last year and in previous years, several attempts were made, but Government did not think over this question.

Others, regarding whom I have suggested these rates, are in a more difficult position today than they were in previous years. I have come to know of several cases in which the registers of men who submitted them to the Government have not been accepted. These men who earn low amounts do not maintain big registers in a particular way that may satisfy the authorities or that might be of much value in the Courts. The trouble is that, in the absence of any good register, they are taxed on the basis of previous assessment, and the result is that they are taxed at present on the basis of their previous assessment while their incomes have gone down to 50 per cent or 70 per cent in some cases. So for these classes of people getting very little as profit, the present rates of income-tax are very troublesome, and I suggest the time has come when they must consider this question and they must exempt this class of people whose annual income is less than Rs. 2,000, and they must reduce their rates for those as well whose income, although above Rs. 2,000 a year, is still not sufficient enough. With these words, I move my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted :

'(1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Four pies in the rupee.
(2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Nine pies in the rupee.
(4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and four pies in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and seven pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 1,00,000 or upwards . .	Two annas and one pie in the rupee'."

The Honourable Sir George Schuster: Sir, my Honourable friend has devoted most of his speech to that portion of his amendment which would remove incomes below Rs. 2,000 a year from liability to income-tax. But he has also in his amendment proposed very substantial changes in the rates on the higher levels of income. The total loss involved in my Honourable friend's proposals would be Rs. 3,12 lakhs, about Rs. 2,37 lakhs being accounted for by the reductions in the rates on the higher incomes, and Rs. 75 lakhs by the exemption of incomes below Rs. 2,000. It is quite obvious that we cannot stand a loss of this kind, and even if we were in a mood or in a position to be generous to this extent, I would

strongly argue that this is not the kind of reduction which we should choose first. On all grounds I must oppose my Honourable friend's amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

'(1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Four pies in the rupee.
(2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Nine pies in the rupee.
(4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and four pies in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and seven pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 1,00,000 or upwards . .	Two annas and one pie in the rupee'."

The motion was negatived

Mr. Amar Nath Dutt: Sir, I beg to move:

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

'(1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Four pies in the rupee.
(2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Five pies in the rupee.
(3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Six pies in the rupee.
(4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	One anna and six pies in the rupee.
(8) When the total income is Rs. 1,00,000 or upwards . .	Two annas in the rupee'."

The House will see that I have done away with the first two items of taxation under the income-tax schedule, *viz.*, incomes over Rs. 1,000 and below Rs 1,500, and incomes over Rs. 1,500 and below Rs. 2,000. I need hardly point out that people with such a small income as Rs. 1,000, or Rs. 1,500 or even Rs. 2,000 of all men need relief from income-tax.

[Mr. Amar Nath Dutt.]

Then, again, the rates which I have placed against the other items are a little low, but are on a more equitably graded scale than the ones provided in the Finance Member's Bill.

Sir, I may be permitted to observe that in olden times the Kings were known as *Shashthansha Bhag*, that is to say, a person who shares one sixth of the produce of the land,—in other words, that was the revenue. Gradually, with the improvement in the administrative machinery, besides revenue, several other taxes have been put on the people of this country. For instance, in the year 1793, when Lord Cornwallis introduced the permanent settlement in Bengal it was solemnly promised that there would be no further imposition on the people. Sir, why was the revenue collected in those good old days? It was collected for maintaining roads, for maintaining *sarais*, hospitals, for looking after education, administration of justice, and so forth; but, now, Sir, we have to pay for every one of these items separately. For instance, in Bengal, we have to pay an education cess. Even in regard to public works like roads, we have to pay a road cess, and so on, and this cess was introduced in spite of the solemn promises that no further tax or cess would be imposed on the people. But when the Duke of Argyle pointed out that it was a mistake to impose this road cess and that no further imposition on land can be made, somehow public opinion was conciliated and this cess was allowed, but, in addition to that, we have got another Act in Bengal,—which is called the Village Self-Government Act,—I do not know if such an Act exists in other Provinces,—and by this Act a tax is imposed for roads, medical relief, and so on Therefore, imposition after imposition of taxes has been the order of the day, and one does not know why the land revenue is collected by Government if every item of convenience that is afforded to the people is to be taxed. For example, take the administration of justice, one cannot get justice from a British Court without paying a price for it. It is certainly a very dreadful thing. A poor man may not have money to pay Court-fees, and so he will be deprived of his property and he won't get justice. That was not the case in olden days . . .

An Honourable Member: Pauper suits.

Mr. Amar Nath Dutt: I think my Honourable friend has sufficient experience at the bar to know how many pauper suits are allowed in Courts and how loath our Judges are to allow pauper suits, because upon the levy of the Court-fees depends their very existence.

Now, I submit assessment of land revenue is the only tax that should remain, and there should be no other kind of tax by saying that a certain tax is meant for education, a certain tax is meant for medical relief, and so on I do not know for what kind of relief this income-tax is imposed, unless it be to save us from invading armies.

An Honourable Member: It is to relieve your income.

Mr. Amar Nath Dutt: If that is a relief, then I think my Honourable friend may be relieved of that; but, for our part, we do not want such luxuries as to be relieved of the little income that we get. Government, I submit, in these days have become, instead of *Shashthansha Bhag*, *Samagrah Bhag*, that is to say, they take everything, and if one looks into the matter closely, he will find that a person, who fortunately or unfortunately happens to have an income of six or seven lakhs, has to pay very nearly half of his income to the Government in the name of income-tax.

This is a state of affairs of which any one would be ashamed. I know zemindars are victimised by telling them that no *Abwab* should be collected, and what is the percentage? It may be an anna or half an anna per rupee. But, Sir, here is an *Abwab* of the Government of India. I cannot give a better appellation to income-tax than the word *Abwab*. *Abwab* is a term known to all students of the Bengal Tenancy Act. Sir, I submit, there should be some law which can put restrictions on *Abwabs* upon the honest income of honest individuals.

Then, again, Sir, I do not know if it has occurred to the officers of the Finance Department that poor widows are put to considerable difficulties. Poor widows, who happen to possess a few thousand rupees worth of Government promissory notes, are charged income-tax at the source. For instance, if a widow happens to have, say, Rs. 5,000 or Rs. 10,000 worth of Government promissory notes, the Income-tax Officer takes away more than Rs. 0-2-6 in the rupee, and the poor widow is taxed at the source. Of course, there are ways by which they can get a refund, but it is a very cumbersome process to get refund from the income-tax authorities. If a widow gets an income of, say, Rs. 200 a year, or, say, Rs. 100 every six months, more than Rs. 15 is taken away out of this sum by the over-zealous income-tax Officers who are the subordinates of Government and whose promotions depend upon the amount of income-tax collected by them. Of course, as I have said, several methods have been devised to get exemptions, but looking to the enormous trouble that the assessees are put to, many people do not care to apply for refunds. That being the case, if income-tax has to be levied, it must be levied in more equitable considerations than merely with a view to filling the coffers of the Government which do not know how to retrench and how to spend, because they want to spend as much as they like and nobody can put restrictions on their spending propensities. That being the position, I trust, Sir, that my Honourable friends will give their full support to this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

" That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

'(1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Four pies in the rupee.
(2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Five pies in the rupee.
(3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Six pies in the rupee.
(4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One annia in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	One anna and six pies in the rupee.
(8) When the total income is Rs. 1,00,000 or upwards . .	Two annas in the rupee'. "

The Honourable Sir George Schuster: Sir, I really am surprised at my Honourable friend who generally appears before us as the supporter and protector of the poor man, but now he has tried to excite our sympathy for the man with an income of six or seven lakhs a year. His amendment is particularly kind to certain classes, for example, gentlemen with an income of Rs. 10,000 or Rs. 15,000 a year will find their income-tax halved. Those with an income of Rs. 40,000 to one lakh a year would find their income-tax reduced by about 30 per cent, and even those with an income over a lakh would get a substantial reduction according to my Honourable friend's amendment. I must oppose this amendment which would involve for us a loss of Rs. 4½ crores.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

'(1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Four pies in the rupee.
(2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Five pies in the rupee.
(3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Six pies in the rupee.
(4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	One anna and six pies in the rupee.
(8) When the total income is Rs. 1,00,000 or upwards . .	Two annas in the rupee'."

The motion was negatived.

Mr. M. Maswood Ahmad: I beg to move:

"That in Part IA of Schedule II to the Bill entries (1) and (2) be omitted and the subsequent entries be re-numbered accordingly."

My Honourable friend, the Finance Member, said that the previous amendment helped the richer classes and not the poorer classes, and he went further and said that the proposal would involve a loss of over three crores of rupees. I hope that my present amendment will be more acceptable to him. The first two entries relate to incomes between Rs. 1,000 and Rs. 2,000. I do not want to repeat my arguments, but I may say that the people sought to be taxed to income under these two entries are the very people who pay a heavy burden of taxation to Government in other ways. The imported article that they sell is not free of duty. When they import anything for their necessities, they have to pay for that to the Government, they pay to the Government in regard to what they use at home, and in so many other ways also they pay taxes to Government to the extent of 25 to 50 per cent,—both to the Central Government and the Local Governments.

Therefore, I submit that these people must be exempted from income-tax. Income-tax should be levied from those people who have such a large amount of money that they cannot spend. But an income of Rs. 2,000 a year is only sufficient for livelihood, and so Government must have some sympathy for such people. These people cannot engage clerks and keep registers in particular ways. Moreover, this taxation was imposed on these people as an emergency measure. At that time the Government imposed a cut of 10 per cent in the salaries of their employees, and, therefore, they proposed taxation on a person whose income was only Rs. 2,000. But when Government have reduced the cut to five per cent, that is, they have given relief to the extent of 50 per cent to their own servants, the Government must give equal relief to the poorer classes of people. There should not be any differentiation between the Government servants and other people, and relief should be given to both equally on a universal basis. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Part IA of Schedule II to the Bill entries (1) and (2) be omitted and the subsequent entries be re-numbered accordingly."

The Honourable Sir George Schuster: This is an old controversy which was fully fought out last year and the year before. My Honourable friend's amendment would mean a loss of about Rs. 75 lakhs. We feel that this taxation, a very moderate levy on these low incomes, is absolutely justified, and I do not wish to go over again in this House into the arguments that I used last year in defence of this particular feature of our taxation system. I would only put it to the House again that, with the present low level of prices, a cash income of Rs. 1,500 or Rs. 2,000 represents very much more than it did four or five years ago, and that in relation to those whose income is derived from agriculture the small trader gets off very lightly. Sir, on financial grounds and on the merits, I oppose this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Part IA of Schedule II to the Bill entries (1) and (2) be omitted and the subsequent entries be re-numbered accordingly."

The motion was negatived.

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): I beg to move:

"That in Part IA of Schedule II to the Bill, entry (1) be omitted and the subsequent entries be re-numbered accordingly."

That means that I wish this House to omit the first line and not to tax those persons who are having an income between Rs. 1,000 and Rs. 1,500. Though their income is taxed at two pies per rupee, the revenue from that, according to the figures of 1931-32, is about Rs. 9½ lakhs. Assessees number over 77,000, the exact expenditure is not known, but in answer to a question which I put about it on the 26th September, 1932, the total amount of extra expenditure incurred on assessees below Rs. 2,000 was about Rs. 2½ lakhs. I take it that half of that would be spent on those getting incomes between Rs. 1,000 and Rs. 1,500. Therefore, the expenditure on that account I can put down at Rs. 1¼ lakhs. So, the loss on the item will be about Rs. eight lakhs. When the income of the Government from the

[Mr. A. Das.]

income-tax is several hundred lakhs, I think the Finance Member can well afford to give relief to the very poorest and let go about Rs. 8½ lakhs.

There are several points in connection with this which I want to bring to the notice of this Honourable House, both in regard to the nature of the taxation and the method of taxation. As you will see in the Bill, in Part III it is mentioned that the income-tax officer should make a summary assessment of the income of an assessee to the best of his judgment and then leave it to the assessee to file an objection. This leaves a very great loophole on the part of the income-tax Officer to assess even those whose income is below one thousand. This is an inducement which it is difficult even for an honest man to resist. The difficulty is enhanced further from the fact that those whose income is between Rs. 1,000 and Rs. 1,500 hardly keep any account, and so they cannot challenge any assessment or any estimate which may have been made by the Income-tax Officer.

The Honourable Sir George Schuster: I do not want to lengthen the proceedings, but I think my Honourable friend is misleading the House. The House, I think, is well aware that the summary assessment is only applied at the option of the assessee. My Honourable friend is suggesting that a summary assessment can be made and then the assessee can appeal against it. It cannot be made at all unless the assessee elects to have it made.

Mr. A. Das: As I read page 4 of the Bill, the Income-tax Officer may, save when he has served a notice under sub-section (2), make a summary assessment of the income of an assessee to the best of his judgment. He serves a notice and if the assessee does not come forward, the officer has to make a summary assessment. The difficulty of showing that his income is below Rs. 1,000 and not between Rs. 1,000 and Rs. 1,500 is very great. What is to happen if the assessee says that his income is below Rs. 1,000 and the Income-tax Officer says that it is about Rs. 1,100 or Rs. 1,200? The Income-tax Officer has got the law on his side. His mere statement is sufficient, and whatever the assessee says will not be believed unless he has got account books to prove to the satisfaction of the Income-tax Officer that his income is below Rs. 1,000. Then there is another point. In assessing to income-tax all higher incomes, there is always an allowance for expenditure which is in the nature of a business expenditure. In the case of assessees, whose income is between Rs. 1,000 and Rs. 1,500, there is hardly any business expenditure except their own labour and no reduction would be allowed in the case of their own labour. Supposing there were a number of clerks engaged, there would be a corresponding reduction from the business point of view on account of business expenditure, but if the man carries on his own business, I do not think, under the present rules,—I am speaking subject to correction,—any reduction would be allowed.

These are two great hardships which, I submit, exist in the case of those persons whose income is assessed between Rs. 1,000 and Rs. 1,500. One is the absence of account books and the other is non-allowance for business expenditure. The third thing is this. It is true that the price of foodstuffs has gone down, but expenditure in other directions has not decreased, for instance,—the expenditure on education of the children, medicine and house rent. All these remain the same, and, especially when you tax the lowest rung of the ladder, that is, men who have an income of about Rs. 85 a month, it means there is hardly any margin left for them to pay income-tax after

they have met their ordinary expenses in life. Merely the reduction in the price of foodstuffs would not reduce their expenditure to any material degree, because the expenditure on foodstuffs is hardly 10 or 15 per cent.

The last point which I want to submit in this connection is the temptation to rope in even those whose income is below Rs. 1,000 as evidenced by the fact that in reply to a question which I put last year I was told that there were as many as 25,000 appeals of which over 40 per cent were successful. I know that a rider has been added that this does not show that the Department is not working efficiently for it was stated that even an appeal which made an alteration in respect of even one pice is included in it, I submit that even then that does show an abnormal state of affairs, when 25,000 appeals are made, in over 40 per cent of cases in which the assessment is varied. On these grounds, I submit that if the financial reasons would permit the Finance Member, he would be pleased to see that these incomes between Rs. 1,000 and Rs. 1,500 are not assessed. If they are assessed, then certain departmental rules should be made, so that every care is taken in the assessment of these incomes; and, lastly, I would appeal that if no relief is possible this year, I hope he would be able to see that next year, if any relief is granted to the assessees about income-tax, this will be the class of persons who deserve the first consideration. With these words, I move my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in Part IA of Schedule II to the Bill, entry (1) be omitted and the subsequent entries be re-numbered accordingly."

Mr. M. Maswood Ahmad: I wholeheartedly support the motion moved by my Honourable friend. There is no need to support this amendment with a long speech. I wanted to support this in order to show to Government that this is not the desire of individual Members only, but that the whole House is in sympathy with these amendments. If we make a smaller number of speeches, it does not mean that a greater number of Members are not interested in the matter. The reason is that we have to finish this Bill today and for that reason we do not make long speeches. With these words, explaining our position, I wholeheartedly support the amendment of my Honourable friend, Mr. A. Das.

Mr Sitakanta Mahapatra: I also gave notice of a similar amendment. Every one of us is so well aware of the implications of this amendment that it is needless for me to inflict a speech on the House. It is purely a poor man's burden. I wholeheartedly support the amendment.

Khan Bahadur Haji Wajihuddin: I rise to support the amendment of my friend, Mr. A. Das. The present depression has affected every class of people in the country. The persons most affected are those whose incomes are between Rs. 1,000 and Rs. 1,500 and they are small shopkeepers. These people have to maintain a large family and a number of relatives who are unable to find employment, and the burden of indirect taxation which falls on this class is most acutely felt. Any remission to this class will be a great relief. Sir, this class are not generally educated, nor can they afford to meet the expenses; and in these hard days many of them are the worst victims of the general depression all around the country. Of course in the absence of their having proper

1 P.M.

[Khan Bahadur Haji Wajihuddin.]

accounts of income, the Income-tax Officer may feel justified in making such estimate of the income as he likes of the assessee. But this class of people is subjected to very great hardship and are really in a helpless position, and something should be done in their case. With these words, I support the motion.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, this is a very hard case indeed. It may be called a sort of privileged robbery—this taxing of a person who has got a mere income of a thousand rupees to fifteen hundred rupees a year. Sir, people all over the country are nowadays suffering in various ways. In some places they have got the ravages of the earthquake, in some other places there is a very severe depression, in other places there are famines, in some other places there are floods and such like scourges from the heavens. In these days, we should realise how difficult it is to earn one's livelihood. Everywhere we find there is unemployment, and poor people everywhere are trying their level best to get something either by manual labour or by sitting in the streets and hawking goods. Now, such a very low income as a thousand rupees a year is being taxed by the present Government.

Sir, the way in which the Income-tax Department have been seeking to tax these people has been described by several of the Members here. Now, we find that these people who are alleged to possess an income of a thousand rupees a year have no accounts themselves, and the result is that the moment they receive their notices of assessment from the Income-tax Officer, they have to rush to other people, as they are mostly illiterate, for enlisting their help. The result is that it is not only the Government that are taxing them, but those literate people to whom they go for help also try to fleece these poor people. If it were the case that people who have got an income of a thousand rupees were capable of keeping ledgers and account books and engaging some clerks, then the Government might justifiably have asked them to subscribe their mite towards the Government relief fund, but, Sir, this is indeed a very hard case that such people, who are trying their best to eke out a bare existence somehow or other, should thus be sought to be taxed. Sir, it may be quite justified if you seek to tax such incomes which are running incomes; you may have super-tax, you may have any kind of taxes you like in other cases of high and stable incomes, but to tax a man who earns by some hook or by some crook just a bare thousand rupees a year is really very hard.

Mr. N. M. Joshi: The tax on matches?

Mr. Muhammad Azhar Ali: If the tax on matches even goes beyond one's means and beyond the necessity of affording protection to the match industry, well, I will be the first person to oppose it, but what we are concerned here with is generally the income of the middle classes, and we know the condition of the middle classes in this country.

Sir, I do not want to inflict any long speech on this subject. If the Government consider that a man who earns a thousand rupees a year should be classed among those people who are considered to be flourishing

and in a fit condition to pay an income-tax, I regret we cannot possibly agree. Sir, with these words, I support the motion.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Mr. President, I fail to understand why the town or urban interests get so much sympathy in this House, representing as it does a country—mainly rural. I must point out that in these abnormal times when the peasants do not get even two meals a day, they have to pay their contribution to the taxation of the Government of the country by way of the land revenue tax.

An Honourable Member: Do not they get remissions?

Sirdar Harbans Singh Brar: Sir, when they do not even get any income from their lands, the tax is there, because the Government must be kept on going. And these people who live and work under fans and are seated in comfortable cushions and chairs, if they get as much income as one thousand rupees a year or more, why, I ask, should they be afraid of paying a little contribution to the exchequer? Surely they are much better off than people working from morning till sunset in the fields in the hot burning sun all the year round. Now, when those people are made to pay their quota to the revenues of the Government, why should not the rich people, who are comparatively in much better circumstances, who are comparatively in the enjoyment of many more necessaries of life and of a convenient and comfortable way of living, why should they grudge paying a small amount by way of their contribution to the revenues of the country so that the Government may be able to balance their expenditure? But every year we find that these urban people manage to get so much sympathy and support out of the other people who represent the masses. Now, when such people do possess an income of a thousand a year or more, and in other cases several thousands or even lakhs and enjoy comfortable and settled modes of earning incomes and who can afford to part with a small portion of that income in the interest of the general tax-payer, I ask, why should they escape? I, therefore, oppose this amendment and support the provisions of the Finance Bill.

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): Sir, I was surprised to hear the speech delivered by the last speaker. He said that the agriculturists pay a revenue to Government, and why should other people who work in shops and other places and earn small incomes should be exempted? Sir, my friend does not belong to the agriculturist class at all, he is a landlord and, as such, fleeces his tenants for his own living. He is a collector of revenues from the agriculturists, but the income he derives is not subject to taxation under the Income-tax Act, and I wish to know why such incomes should not in future be taxed. (Hear, hear.) Sir, there are people in this House who are crying against a small income being exempt from income-tax, but they forget that the large income which the landlords get as collector of taxes from the tenants is exempt from income-tax,—and such income often extends to lakhs and lakhs of rupees, and if Government would only tax such incomes, very likely the burden on the poor people of this country, namely, that falling on the small traders and others could be freely taken off and the men concerned exempted.

[Mr. S. C. Sen.]

Sir, I also support the motion of my friend, Mr. Das, not on the ground suggested by him, but because of the hardship which these poor people have to undergo by reason of the method of the assessment proposed in the Act. I have my own experience about this matter. In Calcutta, demand is made for income-tax from those shopkeepers whose bare income is of Rs. 50 a month. The procedure says that the Income-tax Officer shall make an assessment according to his own judgment. How is that judgment to be formed? Nothing is said about it. He is not bound to go to the shopkeeper and find out what his income is. He makes no such inquiry, but only sits in his office room and makes some sort of inquiry. He makes no calculation. He only makes a declaration and sends out a notice calling for a certain amount of money. If the poor man, from whom the demand of income-tax is made, has the temerity to go before the Income-tax Officer and says that such and such amount is big, he is asked to go to a pleader and file a protest or objection against the taxation. He is also at the same time threatened that any such protest or appeal would be decided by the Income-tax Officer himself, and probably on his income the tax would be enhanced. I know that serious complaints have been made about this matter. Of course, these matters do not come before the Honourable the Finance Member, nor do they go before the Members of the Central Board of Revenue. I wish that some sort of inquiry should be made about the grievances of these people in order to find out whether there is any truth in the allegations which have been made in this House.

Mr. Amar Nath Dutt: Sir, it would not have been necessary for me to rise to support this amendment, because I know that this side of the House is almost unanimous except a very few Members like my Honourable friend, Mr. Joshi (*A Voice*: "No, no"), who is crying out "No, no". But I beg to submit that the remarks of Sirdar Harbans Singh have provoked Mr. Sen from Bengal to make observations which probably in his cooler moments he would not have liked to make with the knowledge of the revenue laws of his own Province. He has been pleased to say why should the agricultural income be exempt from assessment. I know that is the burden of the song of those who do not possess either landed property or agricultural lands. I beg to submit that they forget that they are the men who had been bearing the burden of the cost of administration from time immemorial. Some people, who live in towns and cities, derive an income without being the owners of villages or agricultural lands, and they do not pay anything for the cost of the administration and enjoy all the amenities of life. As we are living under a civilised administration, there may be some justification for this income-tax, but I fail to see how people, with an income of Rs. 100 or Rs. 125 per month, may have cushioned chairs and electric fans over their head.

Mr. A. Das: It comes to Rs. 85 only.

Mr. Amar Nath Dutt: My friend has been pleased to say that these people sit on cushioned chairs and have electric fans over their head. Will he find out a single individual with an income like this who can afford to pay for the electric bills of his *punkhah*. Surely, he will not be

able to do so. So, I think this sort of outrageous remark provoked my friend, who is otherwise sober, to make such remarks about the agriculturist. Sir, I support the amendment, and I also appeal to the Government to see that these poorer class of people are exempt from this income-tax.

The Honourable Sir George Schuster: My Honourable friend who moved this amendment was inaccurate in the estimated loss of revenue which he gave. The actual figure of the income-tax for the year 1932-33 on incomes from Rs. 1,000 to Rs. 1,500 was 41 lakhs. That was when the rate was four pies in the rupee. This House voted last year that the rate should be reduced to two pies in the rupee, which is the present rate. Therefore, if my Honourable friend's amendment is passed, the loss would be something like Rs. 21 lakhs. The point which I have to put to the House is that a tax which represents only a shade over one per cent. on incomes of this kind is a very small burden, and that, at a time when every class in the country has to contribute to maintaining the common expenditure according to its means, this particular class would be unreasonably favourably treated if they did not pay some small contribution in the form of direct taxation. We have had the comparative burdens of taxation dealt with by one or two speakers in this debate, and I do put it to the House that the class of the small trader, who is in receipt of an income of from Rs. 1,000 to Rs. 1,500 a year, is very lightly treated in comparison with those who work on the land and who are subject to fixed and unavoidable burdens. Therefore, on the ground of equity, as also on the ground of financial necessity, I must oppose this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in Part IA of Schedule II to the Bill, entry (1) be omitted and the subsequent entries be re-numbered accordingly."

The Assembly divided:

AYES—37.

Abdul Matin Chaudhury, Mr.
Abdur Rahim, Sir.
Aggarwal, Mr. Jagan Nath.
Azhar Ali, Mr. Muhammad.
Bagla, Lala Rameshwar Prasad.
Bhuput Sing, Mr.
Das, Mr. A.
Dutt, Mr. Amar Nath.
Gour, Sir Hari Singh.
Ismail Khan, Haji Chaudhury Muhammad.
Isra, Chaudhri.
Jadhav, Mr. B. V.
Jog, Mr. S. G.
Krishnamachariar, Raja Bahadur G.
Lahiri Chaudhury, Mr. D. K.
Liladhar Chaudhury, Seth.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Mitra, Mr. S. C.
Mody, Mr. H. P.
Mudaliar, Diwan Bahadur A Ramaswami.
Murtuza Saheb Bahadur, Maulvi Sayyid.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Parma Nand, Bhai.
Patil, Rao Bahadur B. L.
Ranga Iyer Mr. C. S.
Rastogi, Mr Badri Lal.
Sant Singh, Sardar.
Sen, Mr. S. C.
Sen, Pandit Satyendra Nath.
Singh, Mr. Gaya Prasad.
Sitaramaraju, Mr. B.
Thampan, Mr. K. P.
Uppi Saheb Bahadur, Mr.
Waiihuddin, Khan Bahadur Haji.
Ziauddin Ahmad, Dr.

NOES—50.

Abdul Aziz, Khan Bahadur Mian.
Ahmad Nawaz Khan, Major Nawab.
Allah Baksh Khan Tiwana, Khan Bahadur Malik.
Anklesaria, Mr. N. N.
Anwar-ul-Azim, Mr. Muhammad.
Bajpai, Mr. G. S.
Bhore, The Honourable Sir Joseph.
Chatarji, Mr. J. M.
Cox, Mr. A. R.
Dalal, Dr. R. D.
Darwin, Mr. J. H.
DeSouza, Dr. F. X.
Dillon, Mr. W.
Fazal Haq Piracha, Khan Sahib Shaikh.
Graham, Sir Lancelot
Grantham, Mr. S. G.
Haig, The Honourable Sir Harry.
Harbans Singh Brar, Sirdar.
Hardy, Mr. G. S.
Hezlett, Mr. J.
Hockenhull, Mr. F. W.
Hudson, Sir Leslie.
Ibrahim Ali Khan, Lieut. Nawab Muhammad.
Irwin, Mr. C. J.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir
Joshi, Mr. N. M.
Lal Chand Hony. Captain Rao Bahadur Chaudhri.
Lindsay, Sir Darcy.
Macmillan, Mr. A. M.
Metcalfe, Mr. H. A. F.
Mitter, The Honourable Sir Brojendra.
Morgan, Mr. G.
Mukharji, Mr. D. N.
Mukherjee, Rai Bahadur S. C.
Nihal Singh, Sardar.
Noyce, The Honourable Sir Frank.
O'Sullivan, Mr. D. N.
Rafiuddin Ahmad, Khan Bahadur Maulvi.
Ramakrishna, Mr. V.
Rau, Mr. P. R.
Row, Mr K. Sanjiva.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan Gakhar, Captain.
Singh, Mr. Pradyumna Prashad.
Sloan, Mr. T.
Talib Mehdi Khan, Nawab Major Malik.
Tottenham, Mr. G. R. F.
Varma, Mr. S. P.

The motion was negatived.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That Schedule II stand part of the Bill."

The motion was adopted.

Schedule II was added to the Bill.

Clause 4 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 5 stand part of the Bill."

Mr. Amar Nath Dutt: Sir, I beg to move:

"That in sub-clause (*1*) of clause 5 of the Bill, the words 'increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate' be omitted "

If that is omitted, the clause will read thus:

"Income-tax for the year beginning on the 1st day of April, 1934, shall be charged at the rates specified in Part I of the Second Schedule."

The portion which I want to have deleted increases the tax in each case except the first two items by one-fourth. I beg to submit that if it was the intention of Government to have taxes at that rate, they might have incorporated it at once here. But this is a very clumsy procedure which is being adopted only for the last few years in order to have a surcharge. Looking to the genesis of this addition, we find that probably it was not the intention to continue this surcharge for a long time, so that the income-tax rates as given in the Schedule may continue for some time, but that this surcharge may be taken away after a year or so. But that has not been the case. I beg to submit that if it was the intention of Government to perpetuate this rate, they might have at once embodied it in the Schedule itself. It is a most clumsy procedure which can be tolerated only when there is relief in sight. But when we see that there is no relief in sight of us, what is the use of having an eye-wash as if the income-tax rates are like this? But there is this section which increases it by one-fourth. I beg to submit that we are already tired of the income-tax rates that are being attempted to be imposed by the passing of Schedule II, and again to impose a surcharge of one-fourth more is not only excessive, but, I may say, almost tyrannical. Whatever may be the loss of Government on this, I think the loss will not be large and so they should see their way to omit this portion of the section.

Sir, I move:

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in sub-clause (*1*) of clause 5 of the Bill, the words 'increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate' be omitted."

The Honourable Sir George Schuster: Sir, I am not sure whether my Honourable friend's objection is to the form or to the substance of the surcharge. But in any case I am afraid I must oppose his amendment which would involve a loss to us of two crores and 70 lakhs.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in sub-clause (*1*) of clause 5 of the Bill, the words 'increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate' be omitted."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clauses 6 and 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir George Schuster: Sir, I beg to move:

"That the Bill, as amended, be passed."

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill, as amended, be passed."

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, if I rise to speak at this stage, it is not with the hope that what I may say will enable me to arrest the further relentless progress of this Car of Juggernauth. I could have cried with some of my friends "*Sitaram ki Jai*", but my conscience rebels against accepting the proposals which we two years ago rejected, even when it was said that they were an expedient to meet an emergent situation, now becoming standardised in the present proposals, with, of course, a few additions like the excise on sugar and matches which, as Honourable Members are aware, are coming in for separate discussion under separate Bills. Whether the smooth passage of this Bill is due to the belated discovery on our part of the merits of the taxation policy of Government or due to our increasingly weakened resistance, I do not venture to answer. The country has done that. Sir, the one privilege that we have on a Bill of this nature is to review the whole administration of the Government of India. To a certain extent we have taken advantage of it in the limited time allowed for that purpose, but what was the result? The result was a discourse on the ethics of law and order by the Honourable the Home Member and a sermon by the Finance Member on the ways and means—not of maintaining the financial equilibrium of the country, mark you, but—of how best we on this side of the House could employ our time. I am sure we all feel grateful for that advice of the Honourable the Finance Member. The pleasure is heightened, because it was not solicited, and I venture to submit that we, some of us at any rate, however dispirited and degenerated we are, lay some importance on the privileges we have been permitted to have under the Constitution To ventilate grievances, criticise the Government, refuse its supplies before such grievances are redressed are not only legitimate, but the fundamental rights of the Legislature under a Finance Bill. This is the one occasion when that can be done, at any rate to our satisfaction. We desire to utilise the time allotted to us to the best of our ability in the manner best suited for our purpose. It may be that we could have utilised that time in the direction of the more important of our grievances, but all that is our own concern. We are not in the dock: it is the Government who ought to feel that they are in the dock under the Finance Bill: they cannot feel that they are in the pulpit, unless we remember in the words of Emerson and say that the preachers of yesterday are the subjects of today's sermon. Grievances and supplies are the two subjects which we are entitled to discuss, and I propose to discuss them both. Grievances arising out of the financial and the administrative policy of the Government are many. The financial and the administrative policy of the Government reminds me of the words of General O'Duffy when he said of his own Government:

"If the Government were to go on as it has been going, one-third of the people of this country would be in jail, one-third in the lunatic asylums, and one-third in the poor houses."

I have always maintained that Ireland holds a parallel to India . . . .

Captain Sher Muhammad Khan Gakhar (Nominated Non-Official): Where will the Honourable Member go? (Laughter.)

Mr. S. C. Mitra: He will go to the poor house and you to the lunatic asylum. (Renewed Laughter.)

Mr. B. Sitaramaraju: My friend, Mr. Mitra, has answered the Honourable gentleman.

To enumerate the grievances under both the heads will be to keep this House till next week. I can simplify that process by following the example of the Finance Member and inviting the Honourable Members on the Government Benches to read the speeches of the Non-Official Members of the old Imperial Legislative Council and the present Legislative Assembly from 1921 onwards. But even that is setting a herculean task for the Government. However long my list, I forbear to discuss most of them.

The most important of my grievances is that the Government have not created that necessary and peaceful atmosphere absolutely essential for the inauguration of any Constitution they may give. In the name of law and order, the Government have been pursuing a policy of unparalleled repression. We desire very much, whatever Constitution we may get, to say that unless the atmosphere is prepared for that purpose, with all your repressive measures your Constitution will be no good to us. The Constitution may give us perhaps a wider franchise, may give more appointments to Indians, but that will not exalt the nation. The Constitution may enable us to meet a few necessities, but that will not call forth the enterprise of the country. The errors of the past may be repaired, but the hopes of the future will not be fulfilled. We may be told that we may be free under the new Constitution, but according to the latest reports you are not giving us the character of freemen—our spirits to dare and our energies to act. So long as we are dependent upon another people, we cannot build either our finances or our country. To do so we must be strong. To be strong we must be self-reliant, self-ruled and self-sustained. Our dependence exempts us from our just duties and responsibilities. Peace you may give us by your repression, for peace and slavery are after all compatible; but that will not enable us to accumulate wealth or win even a character. Your driving all political activities underground is to deny them the merits of an enlightened administration. We will not be honest men if we did not bring home to you the dangers that may be ahead of you and through your short-sighted policies the dangers that may be ahead of us also. The Honourable the Home Member asks us why they should single out Bengal and Bengal alone for this treatment. He asked "Was patriotism the monoply of Bengal alone?" No: he was perfectly right there. But may I ask whether political murder is characteristic of that Province? If he wants to know the real cause for the miseries of that unfortunate Province, the history of repression, since the days of the Partition of Bengal, will enable the Honourable the Home Member to be put on the right track. Nobody denies, none can ever deny the right of a Government to rule. But the rule must be a rule of law in which people can have both sympathy and respect. The majority of the people must be shown that the law is not only meant but administered justly and fairly without prejudice or partiality between all classes and all communities alike for their benefit. Then only you will have that sympathy towards that rule of law. Without sympathy and respect the maintenance of law and order is impossible. By their methods, the Government may be able

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to terrorise the terrorists, put down crime, but it will not be by sympathy and respect, but by sullen submission of the guilty and the desperation of the innocent. The Government will be no farther than the maintaining of a smothered war, with all respect for law and order gone. What a bequest to their successors!

There is another grievance, perhaps not so formidable as the one I have just mentioned, but nevertheless a very important grievance. Though I have many grievances, I choose this one; though one of many, it is at the present moment the one most urgently calling for redress. I allude to that act of omission on the part of the Government to redress and take the necessary steps to relieve the situation regarding rice in this country. The importance of rice cannot be exaggerated. (Interruption.) However much a few Honourable Members on this side of the House with proportions like those of a Falstaff grown fat on *chappatty* and ghee may decry the dietetic properties of rice, I still maintain that rice is a very important production in this country. About 8,00 lakhs of acres, that is to say, 40 per cent. of the land under food cultivation is under rice. The figures show that if we put the value in rupees, the crop in Bengal is worth 83 crores; Madras 61 crores; Bihar and Orissa 48 crores; United Provinces 22 crores; Burma 25 crores; Bombay 18 crores; Central Provinces 16 crores; and Punjab one crore 89 lakhs.

Thus, out of a total value of 5,36 crores of food crops, rice occupies 277 crores worth; that is to say, rice occupies 52 per cent. of the total agricultural produce of the country whereas when compared with wheat, wheat occupies only nine per cent., oil seeds eight per cent., sugar cane seven per cent and cotton only four per cent. A comparison of these figures will convince Honourable Members about the importance of rice production in this country. It is said that a rise in the price of Re. 0-1-0 in a Bengal maund would add to the national wealth of this country by five crores and 60 lakhs. A short rise and fall over a fairly long period affects (1) the land values, (2) the prices of other stable commodities and (3) detriments the purchasing power of the people. That the purchasing power of the people has been considerably diminished endangering the safety of the several Budgets and causing considerable distress, not only to the cultivator, but to the labourer alike, cannot be gainsaid. The distress is great throughout in all rice producing Provinces in general, and the distress is more particularly great in Madras owing to her geographical position. Madras has a great coast land, and her nearness to importing countries has added much to the depression, and the depression is intensified, therefore, by these incessant foreign imports as well as the inundation from Burma, and, further, in these uncertain market conditions, the merchants who till now were keeping large quantities of rice have been throwing again into the market the rice stock thus adding further to their distress. The Provincial Governments have realised to a great extent the distress that has been caused in this matter, and they have tried their best to give some relief by way of remissions. But after all that is not a remedy, but it is only an earnest of their sympathy. The remedy lies with the Government of India. They have the power to give that remedy, and I hope they will have the wisdom to give it.

Sir, to my mind, there are several ways in which the Government could have taken action. So far, in spite of our incessant demands, nothing has been done, and I am very sorry to say that this morning's

papers also disclose the fact that we have been dumped again with rice in Madras. I do suggest that the Government should take their responsibilities much more seriously in a matter of this kind and take immediate steps, (1) by prohibiting all these imports, (2) by controlling that inter-provincial distribution, particularly with reference to Burma, if necessary by fixing a quota to Burma, and (3) by removing the export duty on rice, in view of the fact that our export trade in rice has deteriorated in figures, and if this is done, it would be a great help to the rice producer in this country.

I turn now, Sir, to the observations made by the Honourable the Finance Member, and accept his invitation and discuss more even at this late stage his budgetary position and taxation policy. It is not at all difficult to accept that invitation and discuss them; but the difficulty lies in trying to convince him. I can turn towards his expenditure and question the justification to keep the military expenditure still at such a high figure. It is easy to congratulate his achievement to reduce it from the Inchcape figures, but hard to justify the growth from pre-war level, a growth justified only by the then high prices. There is no justification whatever to maintain the same high level of expenditure which was found necessary by reason of the high prices then, now, when the prices are so low, not to justify to maintain the same expenditure out of proportion to the actual requirements of the country. But, Sir, I forbear. I can question the propriety of affording relief from the ten per cent. cut to the most highly paid civil servants in the world governing one of the poorest countries in the world, but I forbear today. I can call forth, if not further economies, at least economies to the extent recommended by the various Retrenchment Committees. Sir, I forbear. I can point out that the whole taxation policy is misconceived, and pursued through age long furrows regardless of all known principles of sound taxation policy. I may remonstrate that the whole policy is not directed to reach the people in proportion to their ability to pay, but is trying to destroy the initiative which produces the wealth in which the whole country should share. Sir, I forbear. I may say that the way in which the Government are handling customs, the principal source of their revenues, is very much like the way in which a child pulls out a plant by the roots to see how it is growing. Unable to bear this constant torture, it is no wonder that it is showing unmistakeable signs of decay, driving the Government to its wits' end to find a substitute. Once they sacrificed a steady income of several crores of rupees in a misguided philanthropy to save the Chinese from getting intoxicated of opium even when that meant the denying the poor of this country bare necessaries of life. Today they are experimenting with this the mainstay of central revenues, driving trade and business into uncertainties if to nothing worse. I forbear to discuss all that today. Why? Because we have had an answer from the Honourable the Finance Member. To all this the Finance Member has given us one reply—"Here we are again". During the general debate, I wondered and asked why the Government of India's financial year begins on the 1st of April. When the Finance Member borrowed this language from the Musical Comedy or circus and said "Here we are again", I had my answer. Sir, the very idea of our discussing the burdens of the financial administration is disgustingly ridiculous to Government. He has given us an indication of what we should have done or should not have done. He was sorry that his new proposal of benefiting certain Provinces at the expense of others was not sufficiently discussed and would like to hear more. "Come into my parlour, said the spider to the

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fly". If there is one proposal which is vicious in principle and mischievous in its effect on the Honourable Members on this side of the House at any rate, it was that. Should we be taunted for not presenting a sorrier spectacle of ourselves in the mad provincial jealousies roused by his proposals?

Sir, we have heard the woes of Bengal and Assam, we have heard the plight of Bihar and Burma. We have heard the sorrows of even the prostitutes of the U. P. on the authority of my friend Sir Muhammad Yakub. Sir, a colleague of mine, coming from the same Province as I do, asked me: "Why are all these people crying loud in lamentation, when if any Province has a reason to lament against this year's proposals of the Finance Member, it is Madras notwithstanding the fact that two distinguished civilians of that Province are today in the Government". All his proposals are calculated to affect Madras. It was said that the Budget was a pro-Bengal Budget; it was said that it was a Bombay Budget. No, Sir. This Budget is neither pro-Bengal nor Bombay, but it is anti-Madras. While Bengal, Bihar and Burma are benefited, Assam is promised and Bombay is humoured. Madras is invited to foot the bill. I told my friend that we from Madras are credited with intelligence by our friends here. Let us not insult that intelligence by entering into this Guerilla warfare in mutual recriminations, fanned by provincial jealousies. Now that the warfare has come to an end, the Knight from Bombay is not in his seat today no longer to thump the tables, the Knight from the U. P. is taking his well earned rest, the Knight from Bengal is no longer emphasising the needs of Bengal. The European Bench Members who, like their ancestors who carved an Empire here, championed the cause of Burma left by Burmans into their capable hands, are no longer vociferous. I may invite Honourable Members from the nights to the sunshine of reason and unfold the tale of Madras in a calmer atmosphere.

3 P.M. These financial proposals are calculated to injure Madras It is given no share in the benefits that have been given under these proposals, but it has been hard hit. Take, for instance, one case, that of hides. Of what avail were all the protests against proposals calculated to injure that great industry in the South? That the whole imposition is inspired by British interests, in spite of repeated denials on the other side of the House, is made plain today by the telegram which was received from England a few hours back. And this is the telegram which was sent:

"Hoare (meaning the Secretary of State) promised communicate Government of India suggestion of Granville Gibson that Government of India should abolish export duty 5 per cent on raw goatskins exported various parts Empire particularly Britain in order to encourage British tanners who now second largest consumers in world Indian goat skins."

I wondered very much when Mr. Maswood Ahmad moved the other day a motion to remove the export duty on skins also why my Honourable friend, the Finance Member, readily said that it was a proposition worth considering. I would like to take Mr. Maswood Ahmad into confidence and ask him how he was inspired to make that proposal, whether his inspiration came directly from England or whether through the legitimate channels in Delhi, for him to make such a suggestion which undoubtedly is dictated by Whitehall's interests.

Mr. B. Das (Orissa Division: Non-Muhammadan): Through the middlemen of Calcutta.

Mr. B. Sitaramaraju: With your permission, let me take the case of Madras. With reference to Madras, I would like to divide my speech into three portions:—one the settlements before the Reforms. The basis of those settlements, the basis of the provincial contributions, is not population, area, income, capacity to pay, or anything in which equity forms a part, but pure expediency based upon the results of the financial arrangements now admitted to have been thoroughly inequitable. The earlier stages of these arrangements were described by Sir Richard Strachey in a passage which was quoted in paragraph 105 of the Reforms Report which runs as follows:

"The distribution of the public income degenerated into something like a scramble, in which the most violent had the advantage, with very little attention to reason. As local economy brought no local advantage, the stimulus to avoid waste was reduced to a minimum, and as no local growth of the income led to local means of improvement the interest in developing the public revenues was also brought down to the lowest level."

That gives a fair indication of the nature of the settlements before the Reforms. With regard to the post-Reform period, the proposal of the Reforms Report was that contributions should be based upon surpluses and that Madras should pay Rs. 4,28 lakhs or 32 per cent of her estimated revenue of 13,31 and 31 per cent of the estimated deficit of the Government of India of 13,63 lakhs. The deficit declined successively first in 1919 to 12 crores, secondly, in 1920 to Rs. six crores. On the latter basis, the share of Madras would have been 2,11 lakhs or nearly 16 per cent of her estimated revenue and 35 per cent of the estimated deficit. But the Meston Committee increased it to 9,83 lakhs, with a view to benefiting, according to the statement, the Governments of poorer Provinces. In this statement they overlooked the fact that the real effect of the transfer would be, not the benefit they supposed to the poorer Provinces, but a perpetual benefaction to the two richest. The Committee went on to propose that basis of the contributions should be, not the surpluses, but the increased spending power of the Provinces. Thus, it penalised the levy of high taxation for the common benefit as well as the exercise of thrift in the administration. In a book called "The Full Story of the Milking of Madras", details of the points that I have made are given, but I do not wish to tire the House with a long recital of them.

Now, let me take Honourable Members to the period from the Settlement in favour of Bengal. Before six months had passed of the one year of Reforms, the Finance Member of the Government of India came before this House with a proposition to depart from the Statutory provisions of the Devolution Rules in order to suggest, to use his own words, "the abandonment of an important receipt of Central revenues", namely, the contribution by the Government of Bengal. Apart from the question of the constitutional propriety and legal aspects of this proposal, it is interesting to know the reason why. The reason put forward for this special treatment was that Bengal was working under an unavoidable deficit and the Committees and Conferences which had settled the contributions had not foreseen the increase in provincial expenditure. The question whether any attempt had been made to cut down expenditure was ruled out of order as being a matter within the purview of the Local Government and not the Government of India. The Finance Member refused to consider questions of taxable capacity or of incidence of taxation as between Bengal and other Provinces. He ignored the fact that that increase of expenditure in Bengal was a factor common to all. However, when an

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amendment was moved by Madras representatives that Madras should be given the same treatment, as she was similarly faced with Bengal, regarding her financial situation, the Government opposed the amendment on the ground that Bengal should be dealt with as a self-contained problem. When the Financial Relations Committee transferred to the Provinces General Stamps, they declared that it was a measure to benefit poorer Provinces. But this adversely affected Madras to the extent of 80 lakhs a year, and Sir Malcolm Hailey has estimated that it benefited Bengal to the extent of 47 lakhs.

Mr. K. C. Neogy: Has my Honourable friend taken into consideration the fact that this relief to Bengal was granted in pursuance of a distinct recommendation made by the Joint Parliamentary Committee in their report which accompanied the Devolution Rules themselves under which the financial adjustments were made?

Mr. B. Sitaramaraju: My Honourable friend, Mr. Neogy, will be more enlightened if I read those pages which I have passed over owing to shortness of time. I hope that one of my Honourable friends from Madras will read those pages, and when they are read, I am sure, my Honourable friend, Mr. Neogy, will be more enlightened upon the subject than he is apparently now. As a matter of fact, I have got the whole thing here, but I have not got very much time.

An Honourable Member: There is no time limit. Go ahead.

Mr. B. Sitaramaraju: I am reading from the book, "The Full Story of the Milking of Madras":

"These being the circumstances, it becomes necessary to examine whether there was any demonstrable and unavoidable deficit in the case of Bengal such as did not exist in any other province and whether there was any self-contained problem which could be dealt with without affecting the other provinces of India. The case of Bengal is very fully dealt with by the Financial Relations Committee, who, while admitting that it would receive only a very moderate start in its new financial career, added the statement that its size, intrinsic wealth and general economic possibilities prevented them from treating it more favourably than the other provinces in the same category. They did not say that they had in fact treated Bengal with exceptional favour by the proposal to transfer General Stamps to the provinces, which they declared was a measure for the benefit of the poorer ones. It has been shown above that this was a measure which affected adversely to the extent of 80 lakhs a year, and the Hon'ble Sir Malcolm Hailey has estimated (on figures for a later year) that it benefited Bengal to the extent of 47 lakhs. In calculating the standard and equitable burden, according to taxable capacity, which is the sum of the incomes of its taxpayers or the average income of its taxpayers multiplied by their number, the Meston Committee found that Bengal should stand first, and pay 19 per cent. of the deficit, that is to say, its equitable share of the 983 lakhs is, not the 63 lakhs which they fixed for it, but 187 lakhs. The Joint Committee while relieving Bengal of her equitable obligation to bring her contribution up from 63 to 187 lakhs had made the contribution of the former sum part of the law of the land by embodying it in statutory rules. It is true that they added an *obitur dictum*, of which great use was made in the debate, commending the immediate financial difficulties of the province to the attention of the Government of India, but it is believed that they would have been the first, if they had been consulted, to repudiate the suggestion that that *obitur dictum* could properly be used as the basis for a modification within six months of the rules that they had recommended to be made law of the land. Meanwhile Bengal had started the reforms with balance on hand amounting to no less than 360 lakhs and had shown its own absence of any apprehension regarding the future by immediately paying off to the Government of India the whole of the outstandings of its provincial loan account amounting to 88·54 lakhs, instead of adopting the alternative, which all provinces had been offered and

which Madras had been forced to adopt, of spreading the payment over twelve years. Had Bengal done this, it would have an additional sum of between 60 and 70 lakhs, out of which to meet unexpected demands in 1922-23. Further evidence of the optimism that prevailed in the Finance Department of the Bengal Government was to be found in the fact that it had budgeted for borrowing for Public Works, which were not at the time believed to be remunerative, to an amount of 70 lakhs. Had it anticipated bankruptcy, it could not reasonably have proposed to meet the service of such a loan On the other hand Bengal claimed to be the richest Province in India and the Government of India clearly contemplated an increase in its taxation."

Mr. B. Das: Don't insult Bombay by telling that Bengal is the richest Province.

Mr. B. Sitaramaraju: I won't insult anybody, not even Orissa:

"Leaving for the moment the permanent settlement out of the question, its taxation, on country spirit per gallon was Rs. 10-11-4 as against Rs. 13-5-5 in Madras. We have been told that the case would not stop with the demonstration of resentment by the public but that very practical proof of such feelings might be given by the local Council and even by Ministers."

and so on and so forth.

Now, Sir, I will not tire the patience of Honourable Members with any more extracts, but I do say that there were protests from all parts of Madras. As a result of that, a Conference of Finance Members of all Provinces was called for in 1922. In the meantime, attempts by Madras and the U.P. representatives were in vain, though when the case of Madras was strongly pressed, the Government of India promised to remit 98 lakhs to Madras if they had 1,83 to spare. Nothing was done. Subsequently, the contributions were abolished, but the character of the Government of India was not changed. The Honourable Sir Malcolm Hailey has described the Government of India as the pensioner of the Provinces, and here is the passage in which this is described.

"The Honourable Sir Malcolm Hailey has described the Government of India as the pensioner of the provinces. The pension is governed by peculiar conditions. The amount is fixed by the payee; the period is determined by him; the proportion in which it is shared among the payers is variable at will; and the chief of the latter is given no remission even if rendered bankrupt as a consequence of the deliberate policy of the payee himself."

If there is anything like a fair comparison between the Provinces to be arrived at, it should be in relation to their taxable capacity, and amount spent on beneficent services. I think a table of the expenditure incurred by each Province on the beneficent services would give an indication of the prosperity of the Province concerned. I have got here some figures for the period before the period of depression from the Simon Commission report. The expenditure per head of the population according to 1929-30 Budget estimates is as follows. The expenditure on education, medical and public health, land revenue and general administration, law and order, civil works and miscellaneous are, in Madras, 4·188, Bombay 8.291, which is double, Bengal 2.554, United Provinces 2.729, Punjab 5·549, Burma 8·620, Bihar and Orissa 1·800, Central Provinces 3·792 and Assam 3·920. I have also taken the figures from the Provincial Budgets for the four Provinces of Madras, Bombay, Bengal and the United Provinces. From this will be seen what each of these Provinces spends on education. Bengal spends one crore 30 lakhs, Madras two crores 46 lakhs, the United Provinces one crore 92 lakhs, and Bombay one crore 74 lakhs. On Medical, Bengal spends 52 lakhs, Madras 85, the U. P. 32 and Bombay 48. On Public Health, Bengal spends 39 lakhs, Madras 25,

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the U. P. 19 and Bombay 24. On Agriculture and other subjects, Bengal spends 25 lakhs, Madras 36, the United Provinces 29, and Bombay 24. On Industries, Bengal spends 12 lakhs, Madras 15, the United Provinces 11, and Bombay 8. The total for Bengal is 2,60,81,000, Madras 3,09,15,500 the United Provinces 2,85,45,390 and Bombay 2,80,61,000. Now, take the principal source of revenue, the land revenue. Land revenue is ridiculously low in Bengal with a population of 50 millions. It is only three crores. In Madras, it is seven crores with a population of 48 millions; in the United Provinces, with a population of 47 millions, it is five crores, and, in Bombay, with a population of only 20 millions, four crores for less than half the population. Again, Excise revenue in Bengal is 1·55 crores, in Madras 4·48, in the United Provinces it is 1·30 and in Bombay 3·49 In Stamps, Bengal is 2·71 crores, Madras 2·37, the United Provinces 1·81, and Bombay 1·54. Thus, for a Province like Bengal, its total revenue is only nine crores where the revenue of Madras is 17 crores, the United Provinces is 11 and Bombay 14. It will be seen that neither Bengal can complain unless she revises her land revenue settlement, nor Bombay can complain, and in any case neither can be called the Cinderella of the Provinces in India.

The administration of Madras is very peculiar and certainly in some way requires notice by my Honourable friends coming from other Provinces. One feature of the Madras administration is the relatively small number of the districts, that is to say, as the number of districts in the Madras Presidency are few therefore, the expenditure to be incurred on account of the district officers must necessarily also be low, whereas, in the case of the United Provinces and other provinces you will find from the following table that their administrative district units are far too many for them. For instance, Madras has got about 24 districts, whereas Bombay has got 26, Bengal 28, the United Provinces 48 and the Punjab 30 districts. The population of the first three Provinces mentioned—*viz.*, Madras, Bengal and the United Provinces,—is less than fifty millions and above forty-five millions each, whereas Bombay and the Punjab have less than 20 millions or about 20 millions each. What is true of the districts is also true of the sub-divisions in Madras That is one great difficulty in their administration. The second feature of the Madras administration is that she is obliged to maintain 19,000 square miles of Agency tracts. Large sums of money are spent for that purpose. Thirdly, in the Province of Madras, local self-government has made such rapid progress that it has practically taken over all the roads, all the educational and medical institutions, hospitals and dispensaries, and today for want of assistance they are all starving. And, fourthly, there is the question of land revenue. I have shown from figures that Bengal has a very small land revenue due to her permanent settlement—only three crores—whereas Madras pays more than double that amount. Fifthly, a great deal has been said by the representatives of Bombay that Bombay spends a lot of money and pays a lot of tax. Sir, it must be remembered that Bombay has grown fat at the expense of the rest of the country, and whatever amount Bombay spends today is in fact not her legitimate income, but the income which she has derived from the consumers of the rest of the country which mainly contributes to their income. (Hear, hear.)

Mr. N. M. Joshi: How have the Bombay Government got any money from the consumers in other Provinces?

Mr. B. Sitaramaraju: Not Government, but business men of Bombay from incomes.

Mr. N. M. Joshi: Very little—very little of income-tax goes to the Provinces.

Mr. B. Sitaramaraju: Well, the other day, my friend, Sir Cowasji Jehangir, calculated the receipts from income-tax on account of Central revenues as well as provincial revenues, and grouped them together. Whatever it is, the fact remains that your income is not *bona fide* income (Hear, hear), but income which we pay for you. Now, Sir, that is the case of Madras. Therefore, it is ridiculous for any particular Province other than Madras to come before the House and say that it is the Cinderella of the Provinces.

Diwan Bahadur Harbilas Sarda (Ajmer-Merwara: General): Not Ajmer-Merwara even, which has always been treated in a step-motherly way?

Mr. B. Sitaramaraju: Sir, Ajmer-Merwara is not a Province, but it is an apology for a Province. Therefore, my point is this that while Bihar in her destitution cries, "I have nothing to wear", Bombay, affluently circumstanced Bombay like a Hollywood star cries. "I have nothing to wear!" (Laughter.) Sir, the poor are naked, because, they must be so: the rich are naked, because they may be so. To use the words of the *Indian Finance* with so many Cinderellas competing to dance with the prince of Finance and put their feet in the lost slipper of India's prosperity, who can say that the future of India is not bright:

"When all are for a section,
And none is for the nation,
And while the poor go on starving,
The Services ask for ration."

(Applause.)

Mr. Bhuput Sing (Bihar and Orissa: Landholders): Sir, at the outset, being a representative of Bihar, I must take the opportunity of thanking the Honourable the Finance Member for coming forward with relief for the sufferers of the Province to which I have the honour to belong. Sir, help rendered from the Central Fund, though welcomed, cannot be called sufficient to meet the situation. The horrors of the situation in Bihar, due to the earthquake, are better imagined than described. My thanks are also due to His Excellency the Viceroy for raising funds for the help of the stricken. My thanks are also due to Babu Rejendra Prasad for the prompt measures he took for the immediate relief work. Our thanks are no less due to the Tatas and the Mayors of Calcutta and London for raising funds for Bihar relief. Still, Sir, the help rendered is too small in comparison with the gigantic task of reconstruction or relaying a part of our Province and not of a town or district.

Then, Sir, before the Finance Bill is passed, I would like to make a few observations as to how the public feels about these Annual Budgets of the Government of India. The whole Budget consists of supplies and demands. The demands on the expenditure side have already been passed,

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but the question of the voting of the supplies is the subject under discussion. Sir, the Finance Bill remains practically the same without any alteration worth the name. The taxes imposed by the Finance Act, 1931, as an emergency measure, are being still maintained. The surcharge on all taxes, including the taxes on incomes, levied as an emergency measure has neither been removed nor reduced. The people, with an income of Rs. 1,000 and over, were taxed to meet the emergency, but they have not been exempeted from such taxes. The postal rates which were increased during the last few years have been established as a permanent measure, in spite of the fact that the law of diminishing returns is having the fullest play over the postal incomes. The volume of sales of envelopes and postcards has considerably decreased in comparison with what it used to be when the rates were half an anna and a quarter anna, respectively. The masses do not use envelopes or they very seldom use them. The reduction in the rate for envelopes proposed does not at all affect the poor cultivators and labourers who form the bulk of the postcard consumers. If any relief from taxation is required, it is required by such poor people. The first charge on the revenues for the reduction of taxes must be for the poor and not for the richer and the middle classes. Further, taxes by way of an excise duty on sugar and matches and the duty on tobacco are being levied in the present Bill. The country, Sir, even after a British rule of over 150 years, has got no authentic records as to the *per capita* income of the people of this country. There is also no authentic record of the *per capita* burden of taxation on the people of this country, though every civilized Government in the world worth the name has got such records to compare the incidence of taxation on different kinds of people. Committees and Commissions have been appointed in the past, and are being appointed at the present moment, only for allowing some Britishers to come to India and exploit the country's resources before their return home. The Statutory Commission, envisaged in the Government of India Act, has taken five years to produce a mole hill in the form of the White Paper, and the way in which the mountain in the Joint Committee is in labour will produce another ant hill. (Laughter.) Sir, the constitutional enquiry made in 1917 and 1918 could be finished in two years by the late Mr. Montagu when the whole structure of the Government of the anti-reform days had to be changed. But, at the present moment, when the whole machinery of the representative form of Government is already in working order, it could not be improved even within the last few years. The late Mr. Montagu, Sir, was a believer in the proverb as to, where there is a will, there is a way, and as he had the will to evolve a new machinery of Government for India, he found the ways for translating his will into facts. The present Conservative Government is biding time to create a public feeling in England against Reforms and is waiting to see how far it has succeeded in achieving that object, because, in case they can carry England with their views, they will scrape off the whole question of Reforms and will rule India with mercenary troops from Nepal and the North-West Frontier Province and the United Kingdom.

The conservatives in England are the top dogs at present, because they think they have been able to crush the Congress and to crush the political spirit of the country in the name of suppression of terrorism and the Civil Disobedience Movement. But, Sir, they forget that a national

movement once generated in a people can never be crushed. The Englishmen of the present generation are bankrupts in politics. They only understand physical force and thereby they are strengthening the feeling in this country, that national salvation, if required, is to be won by brute physical force, either in the form of communist revolution or by terrorism or by armed revolution. It is the rulers who by their actions are teaching the Indians to be believers in violence. India being an Eastern country still believes in the mandates of religion and are, therefore, law abiding by nature, but if Government, by their actions, goad them to take to violence and remove the influence of religion, the country will be caught in the whirlwind of revolution. Let the Britishers not forget the fate of the Austrian Hapsburgs or the Russian Tsars. Those autocratic rulers were also enthroned on autocratic powers based on the strength of the army. But, in the twinkling of an eye, they vanished. If England desires peace for themselves, if she desires to keep the Empire intact, let them change the present tactics of ruthless suppression and oppression of the people as described by Mr. Mitra the other day in this House, and on the contrary conciliate Indians by giving advanced reforms.

The present tantalization and procrastination in the matter of Reforms is only increasing the extremist section of the Indian politicians. Younger generations are getting it instilled into their hearts not to believe the promises of the Britishers, however, *bonâ fide* they may be. Like the business world the political world also is guided by credit. The political credit of the British people before the orientals is now minus.

The Army of occupation in India is devouring nearly 40 per cent of her revenues. Is there any country in the world whose expenses on an Army is as great as 40 per cent of her total revenues? Indianisation in the Army Department is an eye-wash. Even the branches of the Army, such as veterinary services, chemical research services, remounts department services for the grass and dairy farms which are non-combatant, have not only not been Indianised, but no beginning has as yet been made for Indianising them. Are not Indians available with veterinary qualifications? Are not Indians available with the knowledge of chemistry to fill up the posts of chemical research officers? Are not Indians available to fill up the posts of officers in the grass and the dairy farms? Sir, it sounds like fiction that military grass farms require British officers from England to come to India and show the agriculturists of India to grow grass. It is as preposterous as absurd. The whole policy of the Army is based on the policy of exploitation of the country by British troops and officers alike. The whole of the Army Headquarters are full of officers, and probably their number in those offices is equal, if not larger than the clerks. Government wish to retain the Army in India in different garbs in different places.

I now come to the civil administration which is run by the "steel frame" with high fabulous salaries which is found only in India in the whole world. The heaven-born services must have all their comforts and luxuries including the luxury of the hill moves. Let India go to rack and ruin, but the Government officials must have the hill moves. Economy and retrenchment are only meant for the poor menials, inferior servants and the ministerial staff and the subordinate services. Reduction of pay is required only for those services which are mostly manned

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by Indians. But, for the heaven-born services are required bribery and corruption by way of further Lee *loot*, which will come with further Reforms. Without bribing her services, India could not get her Reforms in 1919, and she cannot expect to advance constitutionally in the future as well without further bribing her services. If the Lee *loot* is not bribery and corruption, then the word bribery should better be taken out of the English vocabulary. Compare the pay of the lowest paid official in a country with the pay of the highest paid official, and it will probably stand in the ratio of 1 is to 32, whereas the pay of the lowest paid official in India and the pay of the highest paid official stands somewhere in the ratio of 1 is to 132. But, in order to avoid criticism, Government have no authentic records about it and occasions are not wanting when Government demanded authentic records about such figures from the non officials instead of giving them such figures. India is everyone's land excepting the Indians themselves, and Indian money is only Britain's money. Indian jails are meant for India's best sons. The present day administrators of India are working just as the Pharaohs did against Jesus and his followers. Whenever Indian leaders agitate for political advance the crocodile tears of the white masters overflow the eye sockets for the Indian masses. But when it is a question of squeezing the masses for filling their own pockets, the masses are then left to the Indian politicians for being defended against higher taxation.

The present bicameral Indian Legislature is a farce. In coming to the Legislature, may I ask as to the justification for paying the Official Members a daily allowance of Rs. 20 a day over and above their pay? Had they come on tour, would they have been entitled to draw Rs. 20 a day as halting allowance under the Civil Service Regulations and the Fundamental Rules? If not, what is the justification of this increased rate of halting allowance?

Then, I come to the question of the provision of saloons for Executive Councillors. Are they not meant only for going to Bombay when Executive Councillors and their families leave for England or arrive from England? Why cannot they travel in first class compartments by drawing one and three-fifths fares like all other officers? Are these luxuries allowed to the Cabinet Ministers in England?

There is wastage everywhere, because the bureaucracy only thrives in wastage and coercion for a time which ultimately bring their end and ruin, and it is not long when the history will repeat itself in India. There is even time now for them to retrace their steps and reduce the cost of administration by reducing the pay of high salaried officers, reducing the Army expenditure and reducing the taxation of the masses and the poor.

Raja Bahadur G. Krishnamachariar: (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, having been away throughout the discussion on the Budget and the Finance Bill, I have not had the opportunity of making the few observations that I would have done. I find from a close reading of the debate that took place during my absence that there is only one subject which has been left out, and that is the solar system. I am afraid to talk of it, for the reason that, while casting the horoscope of a nation, I found that on the 20th or the 21st of March, war would break out and war has broken out between Arabia and some other smaller State Who knows that it is like the legandary cloud: no bigger than a man's

and, which might cause a great conflagration. Therefore, I am afraid o speak of the solar system. So, I find that I have not got anything in articular to say except to make one or two complaints.

The first complaint is this. Reading through the proceedings I found hat my Honourable friend, the Finance Member, said that he was dis-ppointed with the criticisms and I was more disappointed and I entirely gree with him. Whatever my Honourable friends on this side may say, ve do dissipate our energies here a great deal. But I thought that even ve were entitled to a little bit of pity, because, if the newspapers said orrectly, he was disappointed that there was no criticism on the Match Industry Bill. If he has said that, I do not know what happened here when I was absent, but I believe he said that we need not dissipate our nergies over the Match Industry Bill and the Sugar Bill, because he said we would have opportunities of discussing them later on in more detail. Now he twists us for not discussing them.

The Honourable Sir George Schuster: My Honourable friend has obviously read a misquotation. I was referring to the proposals for distribution of revenues to Bengal.

Raja Bahadur G. Krishnamachariar: I read in the newspapers, but I stand corrected. There is a more important complaint on which I do not think the Honourable Member can make me sit down by his reply, and that is when the economic planning resolution was on, I spoke of agriculture. I said that economic plan in India meant agriculture and nothing else. All my complaints were entirely ignored and there was not even vouchsafed that sympathetic reply which at times we used to get, because sympathy from the official side brings us some little relief in the shape of money which we might spend. Even that sympathetic answer was not vouchsafed to us, and, therefore, I am standing here today and repeating my complaint that although we pay and pay and pay, there has not been any relief vouchsafed to us, not immediately, but at least in the near future, as to how those problems that affects us would be tackled and how they would be met. The first and the most important thing is the indebtedness of the ryot, the next is the trouble about marketing, and the third and most important is that rice business about which my Honourable friend, Mr. Raju, spoke so eloquently in the beginning of his speech. A few days ago, when the dispute between Bombay and Bengal people arose about the one and half crores which the Honourable the Finance Member gave to Bengal, I pointed out that it was I of all persons representing the Madras Presidency who was entitled to the greatest amount of relief, and, at that time, I simply mentioned roughly the extent of contribution we were making under the old Meston settlement. I am glad that my Honourable friend, Mr. Raju, a younger man with a great deal of energy and industry, has brought out the whole thing and showed how Madras was milked and my Honourable friend gave you all the figures necessary to completely justify my position and my demand that Madras should have been given some relief. What is the result? The result is that whereas we in Madras were able by screwing out to the last pie the amount that is due from the peasant, we were able to balance our Budget, and my Honourable friend, the Home Member, says "Oh! Madras is all right, you leave Madras alone, they will take care of themselves, and so do not trouble yourselves about Madras". Today, if, in spite of the fact that time after time we put forward our grievances, they are not heard, I find

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the most widely circulated newspaper in Asia took us to task and it did us a little bit of harm, because I read an article from the special correspondent of that paper that the Assembly wantonly wasted a whole day in discussing the export duty on hides. Sir, there is an old tale in the Aesops fables which says that the toad beneath the harrow knows exactly where each tooth-point goes, and similarly it is only we in Madras that know how this infant tanning industry is going to be killed if this export duty is taken away. We did on the floor of the House cry probably a little bit irrelevantly, but surely as the old Urdu proverb says:

"Zabar dast mare Roney nahin Deya."

which means that you beat us, and surely it is our privilege to cry. This gentleman from Bombay says that we were wantonly wasting our time in the Assembly. Curiously, in a later portion of the same correspondent's article, he says that even in England the elected Members cannot be prevented from taking as much time as they want in order to discuss questions of taxation during Budget time. What then shall I do? I have got a complaint, I make the complaint, but nobody listens to it I cry myself hoarse, but some other gentleman says, you have been wantonly wasting the time of the House. What remedy have we got? We have simply to come here and do what the other gentleman from Bombay wants us to do and then go home and be satisfied with drawing an allowance of Rs. 20 which, even according to my Honourable friend, Mr. Bhuput Sing, is not sufficient. We have only to go home and feel quite satisfied, feel ourselves six feet high and think that we are M. L. A.'s and that we did a lot during this Session. That is not the way our work should be judged. There is an old Sanskrit saying which says:

"Kritam ch prati kartavyam yesha Dharma Sanatanah."

You must repay whatever good has been done to you, and that is the old sanatan dharam, and the application of that is, the other day we were given a very good certificate by the Honourable the Finance Member that during this Session we had assisted the Government a great deal in getting through their business. In return, what have the Government given us. Nothing. That is my complaint. I think we are entitled to some sort of sympathy, some sort of good treatment and some good work at least, because the Indians are big fools. They do not want anything If you speak to them nicely, they are quite satisfied. No one understood that principle better than one of our Viceroys about whom it was said that to Englishmen he gave appointments and to Indians he gave speeches. Even that has not been vouchsafed to us, and consequently, today, during the final discussion on the Finance Bill which is the only time when we can cry ourselves hoarse, we have been making complaints, never mind if any reply comes or not. I submit, the most important thing that has got to be done is relief to agriculturists. They have not been taken care of. The most important consideration ought to be given to the relief of the agriculturists.

Before I sit down, I make one appeal to the Honourable the Finance Member. In a few weeks time he will be leaving us to our great regret. As I said in one of my previous observations, the portion of the Budget regarding the economic future of the country shows how clearly the Finance Member has grasped the position. It would have been well if this subject had been taken up by him earlier during his regime. We cannot stop

him from going away. But I would earnestly request that he should leave behind him a note as to what he would do in case the principles he enunciated have got to be put into practice and substantial relief to be given to the agriculturists. I make this appeal, because he is a little bit more than a mere Finance Member. I said he was more a philosopher and it was only a cruel fate that brought him and put him in the Finance Member's chair at a time when we were passing through a very severe period of depression. I am not talking the language of convention, but I earnestly request that he do give us a programme which he understood, so far as the economic improvement of the country is concerned should be done, so that we might some day reap some benefit from it. Sir, this is all I have got to say.

Pandit Satyendra Nath Sen (Presidency Division: Non-Muhammadan Rural): Sir, I rise to make a few observations on the motion before the House. In the very beginning, I should offer my thanks to the Finance Member for his kindly giving Bengal a very substantial amount out of the export duty on jute. I am not going to indulge in provincial jealousies and I should not grudge the people of other Provinces getting their due share. I might also thank my Honourable friend, because he has not made a greater addition to the list of taxes that are now in existence. But when we give him this compliment, we should not be oblivious of the fact that there are very few items in the market which my Honourable friend could lay his hands on. He has practically exhausted all the items created by God and man for human use.

Sir, it is a pity that the high rates of income-tax and postage have not been substantially revised. It is a greater pity that the surtaxes which were brought into existence by the Emergency Finance Act remain unaltered. Sir, the income-tax is rendered more obnoxious by the vagaries of the Income-tax Officers in making assessments and by the conduct of some petty officers who often move about in plain clothes to trouble innocent people whom they are empowered to victimise, sometimes without any justification and always with impunity. I should suggest that the first item in the Schedule of income-tax should be omitted, specially in regard to undivided families.

As to postal rates, I should say that the concession that has been granted is only nominal. The weight that has been allowed for the concession rate is a discouraging element. The little concession that has been made in regard to book-packets will not very much help the ordinary people. Sir, the reduction in the price of postcards is a much greater necessity. When it is the universal demand that their price should be reduced, Government ought to devise means how to meet that demand. It will not do for them to simply say that this will cost so much and that will cost so much. When it is the popular demand, it is up to Government to devise means to meet that demand. That is the connotation of the word "Raja",—not simply to enjoy, but to feel for and to serve the people in right earnest.

Sir, in my speech on the amendment regarding the price of postcards, I referred to the tax on vegetable ghee. I will take a few seconds of the House to read out what was said by Sir George Rainy in 1931 as Commerce Member. Before doing that, I should remind Honourable Members that a Resolution for levying a heavy tax on vegetable ghee was passed in this House by an overwhelming majority. That Resolution has been flouted, and when the question was re-opened by my Honourable friend, Sirdar

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Harbans Singh Brar, in the form of a question, this is what was said by Sir George Rainy:

"Government recognise that if the customs duties are to be maintained for any length of time at the high level to which they have been raised, it may become necessary to consider whether the levy of new excise duties is not essential if serious loss of revenue is to be avoided. But they can find no special reason why vegetable ghee should be singled out for such a duty at the present time."

Honourable Members should note the last portion of his statement, namely, that they can find no special reason why vegetable ghee should be singled out. Now that special duties are going to be levied on many other articles, it is time for Government to seriously think on the question relating to this obnoxious product. Sir, I do not see why Government should be so reluctant to put a prohibitive duty on this article when they are so very eager to levy taxes on such innocent necessaries of life as matches and sugar.

Sir, this much regarding the shaping of the Finance Bill, but we have other grievances also. First and foremost comes the question of unemployment. I am sorry to say that Government have not done much to tackle this serious problem. Rather they are carrying out their retrenchment policy which is making the question of unemployment more complicated. What they should have done is not retrenchment of posts, but retrenchment of salaries.

Sir, next comes a serious question, interference with our religious matters. The Sarda Act, which, as a piece of law, is a misnomer, is still on the Statute-book. Other Bills also, such as the Temple Entry Bill and the Abolition of Untouchability Bill are on the anvil. And, when this is the position, there is no adequate safeguard against religious interference in the White Paper. Sir, Government are perhaps aware by this time that the entire orthodox community, Hindus, Muslims and Parsees, are very much perturbed over this question. Hundreds of meetings are being held in the country, hundreds of newspapers are being started, and I hope Government will take note of these things.

Sir, next comes the question of the Communal Award, and, to crown all, the Poona Pact, which, I should say, is a foolish and impudent mishandling of our constitutional problem. While the former is a negation of nationalism, the latter is opposed to all common sense. "It is the privilege of the fools to be guided by the wise", says Carlyle. This sound principle, enunciated by one of the greatest of political philosophers, has been trampled under foot by that unholy pact. To play with seats in the Legislature on the ground of disqualification instead of qualification at the cost of some people who have now become the eyesore of some public men is, I should say, if not foolish, a mischievous exploitation. When so many grievances are hanging over our heads, if we are to give our consent to the passing of the Finance Bill, it is with the hope that these grievances would be redressed in no time. With these few words, I conclude my speech.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): Sir, my Honourable friend, Raja Bahadur Krishnamachariar, deplored that there was nothing left to talk about on the Finance Bill except the solar system. I am surprised at the want of imagination of my Honourable friend. I could suggest to him

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a number of subjects which would be of absorbing interests, not only to this side of the House, but even to the sober and sedate Members occupying the Government Benches. My Honourable friend can for instance talk about the inadequacy of midwives in his Province or the increasing number of divorces or the efficiency of the monkey-gland treatment. I am quite sure that if I discourse on any one of these subjects, my Honourable friend, Sir George Schuster, in spite of his protestations to the contrary, would like to hear me a great deal more than if I were to speak on any one of the numerous items arising out of the Finance Bill which he has heard discussed some hundreds of times.

Sir, my object in speaking on the Finance Bill is merely to draw attention to a matter of growing importance to Bombay and to the rest of India.

An Honourable Member: Textile interests!

Mr. H. P. Mody: Textile interests you will hear about next week or the week after, to your heart's content. I refer to the increasing menace of the Kathiawar ports. In the observations I offered on the Budget, I referred very briefly to the extent of this menace and to the practices which have made it possible. On that occasion my Honourable friend the Finance Member, stated that I should have some proofs with regard to what I was saying if I expected him to take notice of the allegations which I made. I certainly have proofs, and I hope to place them before the House presently. But I should have thought that my Honourable friend was in a much better position to obtain the proofs than any private individual, because Government have their Customs Department and other channels of information, and what has become a notorious fact to the general public should have been known with a greater deal of definiteness to the Members of Government

I shall first of all deal with the history of the question. The Kathiawar ports first thrust themselves upon the notice of the Government of India somewhere about the beginning of the century, and as a result of certain discussions which took place and finding that they were not amenable to the customs jurisdiction of British India, the Viramgam cordon was first imposed in 1905 It continued in force till 1917 when it was abolished on the States undertaking to observe the same customs regulations as British India and to levy the same scale of duties. Owing to the enormous development which took place as a result of the post-war boons and the extension of the railway system in Kathiawar the question of diversion became a matter of great importance, and the Mount Abu Conference was the result of the public protests which were heard in increasing numbers on all sides with regard to the various practices which were alleged to prevail at the Kathiawar ports. The Abu Conference failed to produce any result, and the Government of India were obliged once again to impose a cordon at Viramgam. In spite of that, trade continued to be diverted and the Government of Bombay were obliged to make representations to the Government of India. The Government of India, after deliberating for a couple of years, replied that they were unable to do anything for the reason that Federation was in the offing, and that the position of the States *vis-à-vis* the British Indian Provinces could not be allowed to be compromised by any measures taken with regard to the Kathiawar ports. That is the position today, and the menace has gone on increasing with the result that not only is Bombay crippled,

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but the customs revenue which the Government of India expected to derive from the levy of duties has been seriously affected. The extent of the menace can be realised from the fact that the total imports into the Kathiawar ports according to the official figures rose from 2,76 lakhs in 1931-32 to 4,14 lakhs in 1932-33. The amount of trade which passed over the Viramgam line during the same period rose from 77 lakhs to 2,25 lakhs.

These figures take no account whatsoever of the smuggling which is going on all over the place. It is not possible to get any direct or definite evidence of smuggling. We can only form conclusions on such figures as we have before us, and which are not open to challenge. According to official estimates, something like 21,000 packages went to Cutch as on-carried cargo between the month of November and the end of January last, comprising largely art silk goods. I received a telegram three or four days ago which is from non-official sources and for the accuracy of which, therefore, I cannot vouch, which stated that as many as 28,398 packages have been shipped from Japan to Cutch since the end of January. Another piece of evidence of an indirect character is to be found in a telegram which was received by an importer on the 8th of March. The telegram stated, with regard to bleached goods:

"Cannot ship March shipments. Could we ship to any non-Indian ports, say Baluchistan or Cutch?"

Sir, these goods, which come into India, either from Japan or any other place, can find their way into British India by a variety of ways. They get into Sind by way of Nagar Parkar; they get further south into British territory by way of Dhrangadra and other Kathiawar States, with the result that a great deal more than the people of Cutch can ever require for their own consumption is finding its way into Cutch. Since I spoke last, I have received letters from various people indicating the nature of what is exactly going on. I shall quote from one of them. This is from a gentleman who was coming from Karachi and who had as his cabin companion some one who also hailed from Karachi, who said that anybody wishing to avoid the customs duty at Bombay had only to order the stuff he wanted at the port of Mandvi which is on the way from Karachi to Bombay, and pay for it the customs duty in force at Mandvi which would be about five or seven per cent., because Cutch is outside the customs union. The next thing for him to do would be to take a first or second saloon passage to Bombay, and get the man who bought the goods for him to hand over the package to him at Mandvi; this he would carry to Bombay with his luggage which would not be subject to examination, because he was coming from Karachi.

Another method—and now I am quoting the exact words, is:

"To make a trunk of silver sheets, paint it up, fill it with clothing and pass it through barriers as an ordinary steel trunk. I understand that the duty on silver is much more in Bombay than in State ports, and it is easy for anybody . . . ."

Raja Bahadur G. Krishnamachariar: I think your friends will take note of all these things.

Mr. H. P. Mody: I hope they will. Then, there are other ports through which smuggling is taking place, and that is within the knowledge of Government, because they have taken action. There are certain small ports to the North West of Karachi in the States of Kelat and Rasbella in the

Baluchistan Agency Tracts where goods are imported and which subsequently find their way to Quetta. The fact that smuggling was taking place along this frontier is amply evidenced by the fact that the Government of India very recently imposed a customs cordon round this tract. In spite of that, large quantities of goods were smuggled through, but were subsequently seized by the customs authorities. There are other places such as Pondicherry. In the six months ending October, 1933, 3,600 packages of direct shipments were received at Pondicherry as against 1,100 in the same period the year before, and 2,466 packages were diverted from Madras as against 600 in the corresponding period. Included in these figures or otherwise, there were as many as 1,147 packages of art silk taken to Pondicherry. There is round about Pondicherry a customs cordon, but it is very difficult to administer it; from both Pondicherry and Cutch it is the easiest thing in the world to smuggle goods into British territory by carts, camels and by other means of transport.

Raja Bahadur G. Krishnamachariar: Not near Pondicherry.

Mr. H. P. Mody: Another instance has been brought to my notice by somebody who was connected with an Indian State up to very recently, and that is with regard to imports of sugar into Jaffarabad. An arrangement was arrived at by the administration of Janjira with the Government of India a few years ago, whereby sugar was allowed to be imported into the State through Jaffarabad without having to account to the Government of India in regard to the customs duty. The understanding was that if the Janjira State was to be allowed to retain the customs duty, then no more than the actual requirements of the State were to be imported. Very recently some enterprising gentleman,—I am told he is a Parsi, but I have no definite information, ...

An Honourable Member: All honour to him.

Mr. H. P. Mody: We are always in the van of progress! I am told he has started importing sugar in considerable quantities at Jaffarabad, quantities which are many times the actual requirements of the State of Janjira; all this sugar possibly finds its way later on into British territory in defiance of the understanding with the Government of India . . .

Raja Bahadur G. Krishnamachariar: What an enterprise!

Mr. H. P. Mody: These are just a few instances of smuggling; there are many other ways in which the Government of India and the port of Bombay are being systematically defrauded. What are the arrangements with regard to the levy of proper customs duty at these ports? The basis of the arrangements is that, in respect of all goods which are consumed in the territories of the Kathiawar States, the States are allowed to retain the duty which they collect provided they levy the same scale of duties, and, in respect of goods which pass into British India over the Viramgam line, the duty has to be refunded to the Government of India. Now, if the basis of this understanding, namely, that the same customs duty should be levied, were observed by all the Kathiawar States, it is impossible to believe there can be any substantial variation in the prices of various articles in Kathiawar from those which obtain in British India, and yet what do we find? Taking art silk piecegoods, in respect of which most of the evasion and smuggling is going on, the Bombay rate is Rs. 0-5-1 per linear yard, while the Kathiawar rate is Rs. 0-3-3 per yard. In respect of a well-known grey shirting,

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which comes from Japan, the Bombay price is Rs. 10-12-0 per piece, while in Kathiawar it is Rs. 7-6-0 per piece. I wanted to get something more definite, and I asked a friend of mine in a large way of business in Bombay to buy some goods himself. This he did, and he purchased five cases of art silk goods, on which the scale of duty is very high and in which evasion would be most profitable, 60 or 100 miles from the coast inside the State of Wankaner. These goods carry a duty of Rs. 0-3-0 per linear yard, and yet my friend was able to purchase them 60 miles from the sea board at Rs. 0-3-1 per linear yard; that is to say, after paying a duty of Rs. 0-3-0, the goods could be had at three annas and one pie!

Sir, I submit, these examples should be enough in the way of proof for my Honourable friends. It cannot be that, if there was no evasion, these prices or anything approaching these prices would ever be possible, and if the Government of India are satisfied that goods are actually being sold at these prices, I submit they should not require any further proof of what is going on in the Indian States. But, Sir, this is not the only way in which we are being robbed of the revenues which are legitimately ours on account of the taxes that we pay. At British Indian ports, goods are not taken at their invoice value, nor according to the description which is put down in the invoice. Goods are subjected to very meticulous checks. Now that the customs duties have become so prohibitive and our tariffs so very complicated, a great many questions arise in which differences of opinion prevail at ports even in British India. The interpretation in Bombay is not always the same as in Calcutta, and very often references have to be made to the Central Board of Revenue. The Central Board of Revenue gives decisions which ensure that duties are being levied upon goods at a valuation which is uniform. Are there similar methods in vogue in any of these Kathiawar ports? My submission is that even when the standard customs duties are levied at the Kathiawar ports, they might be much less than those levied in British India, because there is no check on the goods such as there is in British India.

The same remarks apply to the customs line at Viramgam. Here, again, by some curious arrangement, that the Government of India came to with the Indian States at the time of the Abu Conference, goods are being allowed to enter into British territory on the mere production of a certificate that they have paid duty at the ports. If, as I contend, even when there is no question of dishonesty, goods have escaped to a certain extent the proper duty leviable against them at the Kathiawar ports, then, I say, they have also escaped it at the Viramgam line, and this is another way in which we are losing revenue.

Mr. S. G. Jog (Berar Representative): Have not the Davidson Committee made any recommendations in this matter and suggested a uniformity of control so far as customs in States and British India are concerned?

Mr. H. P. Mody: My Honourable friend has obviously read the report of the Davidson Committee. The Davidson Committee has dwelt upon the menace of Kathiawar ports and made various recommendations, but the Government of India have for one reason or another not been able to take decisions. It is just possible that when Federation comes into being, and I hope some of us will be alive at that date, something will be done.

Before I come to the remedies, I would like to take up the special case of Bhavnagar. With Bhavnagar a treaty was entered into somewhere about 1865, by which she was put in the privileged position of not only being allowed to retain duties on goods which were consumed in her territory, but also on all goods which passed into British India. We are seeing the results of that policy at the present moment in the enormous expansion which has taken place in the Bhavnagar customs revenue and in the development of the Bhavnagar port. Incidentally I may remark that the half anna duty on foreign cotton which was levied in the interests of British Indian revenue is now being shared between the Government of India and the Bhavnagar Durbar, and the figures of April to December, 1933, are that, out of Rs. 30 lakhs duty collected on foreign cotton, Rs. 23 lakhs went to British India and Rs. seven lakhs to Bhavnagar. I should be the last person in the world to say that the sanctity of treaties should not be observed, but my submission is that conditions have materially altered. The basis upon which the two parties came to an agreement has been completely changed, and a great deal is going on at the present moment which should justify the Government in approaching the Bhavnagar Durbar for a revision of the treaty. I do not wish to charge the administration with any malpractices. In all the investigations which I have conducted, I have not found anything to substantiate any such charge. All that I say is that even at Bhavnagar, so long as the Government of India have no assurance that duties are properly levied by seeing that invoices are checked, appraisement is properly done, under-valuation is not allowed, and the description of goods corresponds actually to the contents of the packages—so long as the Government of India have no assurance on that point, I submit that they have every justification, without touching the treaty, to ask the Bhavnagar State to confirm in every particular with the system of customs administration obtaining at British Indian ports. Apart from that, I would like to bring to the notice of the Government of India a case which is almost on all fours with that of the treaty with Bhavnagar. In 1887, a treaty was signed by which trade was regulated between Siam and British India. When I say British India, I mean Burma whose borders are contiguous to those of Siam. According to the terms of that treaty, it was provided that trade movements over the frontier should be free of duty. In that treaty there was no provision for denunciation, as there is none in the treaty with Bhavnagar. Yet, what happened? Siam began to develop her railways, and what appeared to be a trade of insignificant dimensions assumed serious proportions, and a good deal of stuff came into Burma without paying any duties. In 1923, His Majesty's Government were obliged to review the conditions then existing, and it was laid down, with the consent of both parties, that the conditions had changed so materially, since the treaty was originally signed, that the Government would be justified in denouncing it. The treaty was denounced in 1924, and a new treaty substituted in its place. Without any question of going back upon one's word, I say, this parallel case is one which the Government of India might well investigate. When the treaty of 1865 was arranged with Bhavnagar, nobody could have anticipated the enormous development which has since taken place. Nobody could have anticipated the serious diversion from British Indian ports, which was rendered possible by the provision with regard to retaining the duty on even those goods which cross over into British India. Therefore, the time has arrived when an approach ought to be made to the Bhavnagar Durbar with a view to reviewing the existing conditions and finding out whether an arrangement more equitable to both sides could not be arrived at. In this connection, without charging the Bhavnagar Durbar with any

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malpractices, I desire to bring to the notice of my Honourable friends how evasion of duty can be carried out even in the territories of Bhavnagar. Here is an example given to me:

Goods are packed in travelling trunks from Rajkot, Porebunder and Jetpur, etc., and smuggled to different places in the following manner:

A number of men start from any of the above places. Out of the group, one man leaves a day earlier and goes to Bhavnagar. The others start the next day with tickets from Dhola Station each with a trunk as their luggage containing Japanese taffettas, or other highly tariffed textiles. At Dhola Station, which is a junction, goods are not examined if a person does not leave the station. The one man who had previously left for Bhavnagar meets the remaining people of the party at Dhola with tickets for all of them to Ahmedabad. The whole party leaves for Dhola by a train which arrives at Ahmedabad at 8 A.M. *via* Dhundhuka and Sabarmati. At Ahmedabad, there is no examination of goods for passengers coming from Bhavnagar and from there goods are easily despatched to different places in British India.

The question that the Government of India have to examine in this connection is, whether on account of the immunity enjoyed by Bhavnagar, goods are not taken to junction stations in Bhavnagar and then find their way across the frontier into British India without any examination or without any question of refund of duties. The arrangement with Bhavnagar is, or should be that only goods coming from the port into British India would be allowed free of duties. I do not think the arrangement goes beyond that and contemplates that goods which find their way into Bhavnagar territory from other Kathiawar States could go across to British India without having to fully account for the customs duty which would be ultimately payable.

Sir, I recognise that the remedy may not be very easy in view of the constitutional position of the Government of India *vis-a-vis* the Indian States. My submission is that the time has arrived for making a re-arrangement of the treaty relations between the Government of India and these States, and that the Government need not wait for Federation to come into existence before tackling a problem which is becoming such a menace to Bombay and British India generally. There are certain steps which can be taken immediately without creating any conflict with the States. In the first place, in view of all that has been going on, the Government of India are fully entitled to insist that the customs administration of the Kathiawar ports should be put upon the same basis as that of British Indian ports, and that every check which obtains in British India should also be exercised at the Kathiawar ports.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

I will go a little further and say that the Government of India are fully entitled to insist that they shall have British Indian customs officers at the Kathiawar ports. My next suggestion is that the Viramgam cordon ought to be tightened up, that goods ought not to be allowed to pass into British Indian territory merely on the production of a certificate that they have paid duty at the Kathiawar ports. Goods should be properly appraised in exactly the same fashion as they are at Bombay, Calcutta, Madras or Rangoon. My last suggestion is that the customs barriers at Cutch,

Pondicherry, Ras Bela and other places should be strengthened, regardless of any increase in the cost that may be involved. After all, one consignment such as I have indicated, would more than make up for the extra expenditure which the Government of India would have to incur in properly staffing the customs lines at the various frontiers. Sir, the position has become very serious so far as Bombay is concerned. There have been something like 24 crores of rupees spent on the Bombay Port Trust. Not a pie of that expenditure has been incurred without the sanction of Government. During the War, when Bombay became the base of all the operations in the East, enormous sums had to be spent in enlarging the facilities of the port, and these sums were spent at a time when materials were abnormally high. The result is to be seen in the accumulation of debt charges which today stand at a figure of 1,23 lakhs of rupees out of a total revenue of something like 2,48 lakhs of rupees. The Port Trust have not been sitting idle while trade has been vanishing; they have retrenched in the last few years to the extent of something like 44 lakhs of rupees in those items of charges which are under their control. Nothing, of course, could be done in respect of the debt charges which are exactly half of the revenue. At the same time, the charges against the trade have not been raised for years together, and today the ratio of working expenses of the port to income is the lowest of all the major ports and stands somewhere in the neighbourhood of 51 per cent. Sir, the Port has shown every anxiety to meet the altered situation and has done everything possible to effect economies, to put its house in order, to use a phrase which is so popular in this House. What are the Government of India going to do? When I appeal to them to come to the rescue of the Port Trust, to restore to Bombay the trade which legitimately is hers, I am not putting it on the ground of charity, I am putting it on the ground of the barest justice. We can stand on our legs, but we require to be protected against the practices which are not legitimate. By all means, so far as the Kathiawar ports are concerned, let them derive to the fullest any advantages which they may have in respect of their more favourable position or their cheaper costs in certain items, but the Government of India's bounden duty is to see that when we are threatened with a competition which is not fair, every possible assistance is rendered to the port and to the City of Bombay, which has suffered so greatly through the inroads of the Kathiawar ports. This heavy capital expenditure of 21 crores, as I have said, has been incurred with Government sanction. Is my Honourable friend prepared seriously to examine the question as to what relief he can give in respect of the debt charges? Is my Honourable friend prepared to take immediate action to see that trade is not filched from Bombay and its port by means which are grossly unfair? I have said enough. I would very much like my Honourable friend, when he replies, to indicate what action the Government of India are prepared to take in this matter. Today, it is the turn of Bombay. Tomorrow it will be the turn of other ports. There is enough to indicate that that turn is coming. Above all, the Government of India themselves are losing revenue. Why are we in British India submitting to all the exactions made upon us if we are not going to get the fullest return out of it in the shape of increased revenues? We do not want our sacrifices to be exploited by the States, and, in the interests of Bombay and its port, in the interests of other ports, in the interests of the revenues of the Government of India, immediate action is called for, and I hope the Government of India will not be found wanting in taking that action.

Mr B. Das: Sir, when my Honourable friend, Sir George Schuster, returns to England by the middle of May and returns to the City Finance of London, there will be various banquets in the City Financial Circles of London, and he will no doubt meet Sir Basil Blackett who will ask him: "Well, how did you leave the Indian Finance?" The Finance Member will reply: "Well, that little baby, the 18*d.* ratio which you left me, took all my time these six years. That baby was not to my liking, but I had to feed, clothe and nurse that baby. I had many sleepless nights over that baby. With a view to nurse it, I had to scroop all the gold out of India to the tune of 180 crores of rupees. Not only that, I raised heavy taxation out of the poor Indian agriculturist who has nothing left in his home. Anyway I can tell you, Sir Basil, that the baby is now a strong and hefty boy and I had to take precaution that nobody would kill him". This, in short, is a review of Sir George Schuster's career in India during the last six years.

Now, Sir, in spite of his fondling that baby, he himself has taken the credit that he has improved the financial position and the credit of India. I can concede to him, as I conceded before, that he has to a certain extent improved the financial credit of India. But at the same time I must say that he has not devised a scientific system of taxation for India whereby his successor will be happy in his position. The other day I asked him the question, but I did not get a reply thereto, as to whether it was not time for the Government to appoint a Committee to inquire into the evasion of income-tax by the multimillionaires and other rich people. My Honourable friend, Mr. Mody, illustrated the ingenuity of a certain Parsi gentleman in smuggling silk and sugar into the Janjira State. Now, what has the Finance Member done to prevent the evasion of taxation, particularly income-tax on the high levels? If a Committee is soon appointed, I think, Sir, the income-tax figures will go up by three or four crores and then this House will be justified in reducing the income-tax on the low levels and raise the taxable income to two thousand rupees Sir, I also suggested and many others suggested on this side of the House that the gold exports should be taxed, but we have got no reply, and I do hope the Honourable the Finance Member will reply whether he will tax gold exports and thereby secure a goodly income for the Government of India.

Sir, I have already stated and I again state that the time has come when excise duties will be a general feature in the taxation scheme of the Government of India and also specific duties would be another feature. Sir, I find, working on different Select Committees, that in connection with the taxation proposals specific duties have come to remain a feature. I would advise the Honourable the Finance Member to appoint a Committee which will call forth evidence from all the Chambers of Commerce, Indian as well as European, as to what is their idea about a proper and scientific scheme of taxation, so that the Government of India could balance their Budget without running into deficits. Sir, if the newspapers are to be trusted, the various Chambers are shouting hoarse that such and such a duty should not be levied, that such and such a taxation is immoral or is injurious to the trade and industry of the country. So I think Government ought to appoint a Committee and ask the Chambers of Commerce to bring forward their alternative proposals. If, for instance, they want heavy protection whereby our customs revenues are bound to go on

diminishing and deteriorating, then would it not be put right and proper that they should pay on the basis of their profits for the upkeep of the Government? Sir, so far, Government have not brought forward any suggestions, and they ought, therefore, to appoint such a Committee; and probably when the scientific system of taxation is devised, then the poor classes will be relieved, to a certain extent, of taxation which they are now bearing on behalf of the rich.

Sir, I would like to know from the Finance Member the position with regard to the collection of the excise duty on matches and the excise duty on sugar from the 1st April. When my Honourable friend introduced the Finance Bill, he said that these taxes would be collected from the 1st April, but I find from the progress of these Bills that they cannot be passed before the middle of April or so. I would like to have a reply whether he is taking steps to collect these excise duties from the 1st of April. Then, my Honourable friend, the Finance Member, calculated that he is going to get a very heavy amount from the excise duty on matches. Now, the duration of interval he has allowed to the match manufacturers has enabled them to work day and night at high speed. They have so flooded the market that I think for the next year they need not manufacture any matches and India has got enough stock to last for nine months to one year. So the Finance Member in his hurry to collect more taxes has given a chance to these exploiters to go on exploiting not only the Government, but the consumers, because I find that in the Bazaars matches are selling at almost the same price as they will sell when the match excise duty will actually be levied. So, not only consumers have been deprived and exploited by these match manufacturers, but the Government are going to be exploited for nearly a year, and I do want to know whether the Finance Member when he designed his new scheme, thought of that eventuality and how he is going to collect the sum which he had budgeted for.

Sir, I would like the Honourable the Finance Member to explain the debt position of India a little more in detail than he did. He has taken a great deal of pains in explaining the position in his Budget speech. I tried to understand it as far as I could, but I find there are certain loopholes which are beyond my comprehension, and I would like him to explain the position. Sir, I would like him to tell the House whether he has left out any unfunded debt which is not included in the Explanatory Memorandum at page 43; and I do hope there is no other uncovered debt left.

The Honourable Sir George Schuster: This is a complete statement.

Mr. B. Das: I am glad to know that, but I shall come back to it later on. But what is the most alarming feature is that now, during the six years of the regime of the Honourable the Finance Member, he has drawn very largely on the public for his various needs. As regards the Post Office Savings Banks deposit, when he took charge in 1929, the deposits were 34·49 crores. They have now become 52·5 crores. Cash Certificates were 32·3 crores. They are now 63·44 crores. Then the Provident Funds and the other funds, of which we heard so much in the evidence before the Joint Parliamentary Committee, were 60 crores in 1929, and they have now become 82 crores. As regards this particular latter item, I would like to inquire from the Finance Member as to whether the Provident

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Funds and all these family pension funds for the services have not already reached the saturation point. I find that every year they are going up by five crores or so. I ask—how long will these funds go on increasing, because the Government were there and those funds existed also before my Honourable friend came. How is it, I ask, that these funds are increasing every year?

Then, Sir, when the Honourable the Finance Member took charge, the amount in the Depreciation and Reserve Fund was 31 crores, and now it has become 15 crores. Leaving aside the Depreciation Fund, he has drawn Rs. 71 crores from the public to meet his own expenditure. Not only that, in the last item on page 43, I find that when the Finance Member came, there was an unproductive debt of 170·71 crores which has become now 207·83 crores. That means that the Honourable the Finance Member, during his six years of management of India's finances, has added nearly 38 crores to India's unproductive debt. The previous Finance Members, since 1914, went on adding up the non-productive debt only to meet their Budget deficits, and the Honourable the Finance Member has added up by nearly 38 crores to the non-productive debt of India during the last six years.

Then, Sir, I would like to see information from him about the conversion loan. The other day, in reply to a question asked by my Honourable friend, Mr. Lalchand Navalrai, he said that all the War Loans had been converted, but I find that there are certain sterling loans of the Government of India which bear interest charges at six per cent, 5½ per cent and five per cent which have not yet been converted. Sir, England has converted all her loans bearing high interest into loans bearing low interest.

The Honourable Sir George Schuster: My Honourable friend is entirely incorrect. England converted such loans as she was entitled to repay. If I have a loan which I can repay at any time between 1929 and 1947, obviously I can force the conversion on the public. If I had a loan which is not re-payable until two or three years, I cannot force the public to take a lower interest bearing loan without the consent of the British Government.

Mr. B. Das: My point is that if the British Government did the same, we, being, the junior partner of the British Empire, could have asked the . . . . .

The Honourable Sir George Schuster: But the British Government did not do the same. They have been able to convert the loan which was due for repayment.

Mr. B. Das: I am grateful to the Honourable the Finance Member for this elucidation that England did not convert all her loans. Then, last year, in 1933, the Honourable the Finance Member took loan in India at the rate of 3½ per cent and he also floated a loan in London at the rate of four per cent. I should like to know why he did so when cheap money is available in India.

Mr. B. V. Jadhav: It caused a setback to the loan here.

Mr. B. Das: Yes, I agree with my Honourable friend, Mr. Jadhav, that it caused a setback here.

Then, Sir, my Honourable friend, the Finance Member, has been able, after six years, to provide only three crores for the reduction or avoidance of debt. In 1931, we raised a debate, and, before that, Mr. Jamnadas Mehta also raised this question that the seven crores that was being provided yearly was rather too heavy a sum. The other day, in reply to the general debate, the Honourable the Finance Member pointed out that the reduction in provision from Rs. seven crores to three crores did not in any way lower the credit of India, rather the prices of Indian loans and stocks in London had gone up. If that be so, why was not this thought out before; and why such heavy sums were provided in the past by means of heavy taxation?

Then, Sir my Honourable friend, the Finance Member, said that in future the Finance Member would draw 30 crores on the public in the shape of treasury bills. He also said that 17½ crores of treasury bills had been debited to the Paper Currency Reserve. Thus, the Honourable the Finance Member has taken away nearly 100 crores of money which would have gone to the public for the development of the industries of India. Sir, if the Government of India devour all the savings that the poor people of this country can save in these hard times and in these days of economic depression, then the industries in India and the trade and commerce of India cannot get money at cheap rates. The bank interest may be cheap, but the ordinary commerce and industry does not get money at cheap rates. I consider that the Honourable the Finance Member has drawn too heavily on the public during the last six years.

Then, Sir, I would like to know from the Honourable the Finance Member what is the loan policy of the Government of India towards the Indian States. We find that every year Indian States are taking more and more money and some of these States are well known as bankrupt States. Sir, the credit of the Government of India and of India as a whole is lowered when bankrupt Indian States take loan from the Government of India. The Bahawalpur State took from the Government of India a loan of 11 or 13 crores for the Sutlej Valley Scheme, and the Government of India were considering to remit a few crores of that heavy loan. I know that the Bahawalpur State has not been able to pay any interest so far and it is piling up.

Then, Sir, I would show presently that the Honourable the Finance Member's policy of capital expenditure has not been based on sound finance. As an example, I will mention the Vizagapatam Harbour in which my Honourable friend, Mr. Raju, takes so much pride. Even in this year's Budget, I find that there is a provision of nearly 18½ lakhs of rupees for the Vizagapatam Harbour. I am not exactly sure of the figure. The Honourable the Finance Member knows and the House knows also that the Vizagapatam Harbour will never pay more than ·15 per cent on the money that is invested on that Harbour. That is the view of those who are controlling it.

Mr. B. Sitaramaraju: Have you got any reason to advance in support of that statement?

Mr. B. Das: My Honourable friend, Mr. Raju, does not know that originally it was estimated to spend only two crores on the Vizagapatam

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Harbour, and now the capital expenditure has gone up to four crores, and, in the statement that Government put up before the Public Accounts Committee, it was shown that the investment will not earn more than ·15 per cent.

Mr. B. Sitaramaraju: If my Honourable friend applies his mind, he will find entirely the cause. It is because that Bombay and Calcutta think that they will be affected, this trouble has arisen. All I would like to say is that Vizagapatam be given a fair chance to develop her Harbour without any interference from the Chambers of Commerce and people like them who are interested.

5 P.M.

Mr. B. Das: My Honourable friend entirely misunderstood me. I am stating that the Government based their capital expenditure on wrong calculations and on wrong estimates. The Vizagapatam project was estimated at the outset to pay 3½ to four per cent, but now the capital expenditure shows that that project will never earn more than ·15 per cent. I hope I have satisfied my Honourable friend, Mr. Raju.

Now, I would like the Honourable the Finance Member to say something about these Family Pension Funds and all those funds about which so much noise was made by the Service Associations in London when they gave evidence before the Joint Parliamentary Committee. May I ask the Honourable Member why these funds should bear interest every year at the current rate of interest of the Government of India. I find from the Gazette of India of the 17th March, 1934, that these funds—fourteen of them are mentioned—have to bear interest at the rate of 5·25 per cent. If the Government of India today can borrow money at 3½ per cent, I should like to know why these funds of the services should be paid at such a high rate. My Honourable friends of the services claimed in London that they had no trust of the future Indian Government that they would pay their pensions properly, and, I ask, why interest at 5·25 per cent should be paid on these accumulated funds when money is available very cheap,—not to me, but to the Government of India—at 3½ per cent.

The Honourable Sir George Schuster: I wish to explain the position. In the first place, these Provident Funds are almost entirely held on behalf of Indian officials of the Government. Secondly, as regards the rate of interest, the rate of interest which we pay is calculated according to the Government's average borrowing rate for the five preceding years. Therefore, at a time when the rate is coming down, the Provident Fund gets the benefit. We have not yet got on to low average rates. On the other hand, when the rates of interest were going up, the Provident Fund suffers. It works out on the whole fairly for both sides.

Mr. B. Das: I am not so optimistic as to believe that the fund will bear interest at four per cent or 3½ per cent during the period of five years. These are the few remarks that I have to make on the debt position of India.

There are one or two points which affect my own Province of Orissa. My Honourable friend, Mr. Raju, talked so much about the benighted Province from which he comes, but I do not know how we can call Madras a benighted Province when I find, from the Honourable the President

downwards, everybody is such a good champion of the cause of Madras. I am not envious of that. On the other hand, I find great joy in seeing them. I have myself most intimate and pleasant connections with Madras. I asked in my Budget speech as to what happened to the Orissa canal debt. It seems there are some non-existing canals which are still on the books of the Provincial Governments and they are made to pay interest as those debts. I do not know whether the Honourable the Finance Member will write off those debts from the book, because it is no use compelling the Government of Bihar and Orissa or the Governments of the U. P. or the N. W. F. P. to pay debts on canals which do not exist or which were built to be navigation canals, but which are now shown as irrigation canals. I wish just to refer to one other point. The other day, my Honourable friend, Sir Cowasji Jehangir, waxed eloquent over the woes of Bombay to which my Honourable friend, Mr. Mody, gave testimony also today. Of course, one likes to hear the groans of our Bombay friends, because it is a pleasure to hear them. When I raised a debate on the Federal Finance on the floor of the House, my Honourable friend, Sir Cowasji Jehangir, who was a party to the different Round Table Conferences, was afraid of facing the issue. He said that the future was in the laps of gods, and he asked me why I raised the issue of Federal Finance. Just four days thereafter, my Honourable friend cried hoarse and said that Bombay must get relief, and my Honourable friend, Mr. Mody, today wants to get relief for Bombay and the port of Bombay as against the Kathiawar ports, and he wants to have a full field for Bombay, because merchandise is diverted from Bombay to Kathiawar Ports. I have a good deal of sympathy with Mr. Mody's point, but when my Honourable friend, Mr Mody, advises the Honourable the Finance Member to compel these Indian States to spend more money on their customs management, I do not agree with his views. My views are well-known. I do not like these Indian States at all. But, at the same time, if today I am willing to swallow the bitter pill of Federation, though against my will,—my Honourable friend, Mr. Mody, has been a party to it from the outset—how can I advise the Government to compel the Indian States to adopt the same method of collection of customs revenue as it exists in British India? I have my sympathy with the Bombay Port But such ports, such as Travancore, Cochin and Kathiawar, must prosper, and when they are dishonest, the Government of India must exercise their power of control and superintendence and sovereignty, so that these Princes do not profiteer and exploit the resources of British India.

I started my speech by talking of a baby which my Honourable friend, the Finance Member, nursed, and that is "the 18*d*. ratio baby", and he is leaving behind a sturdy baby which nobody could harm. I will now conclude my speech with the tale of another baby.

The Secretary of State, in his speech at the Third Round Table Conference, on the 24th December, 1932, announced and heralded the birth of that baby—the new Orissa Province, and said that the new Province would soon come into existence. Since then, doctors and nurses and guardians in the shape of the Hubback Enquiry Committee have sat and they have recommended that the new capital for Orissa, also the provisional capital, should be built and they also recommended that the necessary expenditure should be provided. This Budget does not provide any expenditure for the provisional capital of the new Province of Orissa. I do hope that the Government of India will realise their deficiency in the matter

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and will provide adequate funds, so that the new heralded baby will grow into a lusty baby, and, so that, in future, I will represent here the Orissa Province just like other friends from Bombay and Madras and not remain as at present as the tail end of my Honourable friend, Mr. Gaya Prasad Singh, from Bihar.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I wish to say just a few words on the Finance Bill which, I believe, will be passed very soon. Sir, the Honourable the Finance Member, in one of his speeches, said that this Bill, except for one or two items which are the subject of separate Bills, this Bill was in the main a non-controversial Bill, and, therefore, there was not much need for him to explain its different clauses. Sir, I remember when in September, 1930, he brought in his emergency Finance Bill, we were all taken by surprise and the country could hardly believe what it was in for. About three years have elapsed since then, and we are now asked by the Honourable the Finance Member to say that this is practically the normal state of things now and that we must be prepared to go on passing the taxation that he is proposing for the third time this year. He says that the economic depression still continues all over the world, and, therefore, India also must go on meeting this emergency. But, Sir, one would have expected after these three years that the Honourable the Finance Member would be in a position to tell us if there was any prospect, so far as this great country is concerned, for its finances to improve, so that the trade and business of the country might revive and the people of India, who were the poorest on earth, might get some relief. He has given no relief except perhaps to the extent of five lakhs in the matter of the hide export duty. My Honourable friend has not even held out any sort of prospect. He has given us a very useful and interesting discourse on economic planning for the future. Even that comes only to this that the Government of India are contemplating and have already engaged some experts in order to put their Statistical Department in order. But is that all that is wanted in the situation? Is not the Honourable the Finance Member in a position to tell us what his own view of this economic depression, so far as it affects India, is? Are we to wait till the whole world's economic condition has improved?

So far as one can judge from the facts, there are certain features in the present world economic depression, as it is called, which are not likely to be removed for a very long time. For instance, the general complaint is that there is over-production in certain products, specially the primary products. Now, India is a debtor country and has to pay a very substantial amount in interest charges, and, therefore, it is necessary for her to maintain a favourable balance of trade. She cannot go on indefinitely, as my Honourable friend opposite himself recognises, exporting gold, because there is not an indefinite amount of gold in the country. Now, I put it to him that if countries like Canada, Australia, the United States and the Argentine also produce grain and other primary products on a scale for which there is no adequate market, how is India going to balance her Budget in the future? How is India going to meet her obligations? I should have liked to learn from him, who certainly has a full grasp of the economic and financial situation of the country, what really are the chances of India improving her financial position, which undoubtedly is based on the economic position of her people? My Honourable friend has been telling us repeatedly that India's credit stands very high, it stands higher than most countries, and he, therefore, congratulates us upon that fact. India, he

says, is able to balance her Budget which few other countries in the world are able to do. But is that the only question before us? In a country like India, you can balance the Budget by means and methods which may mean untold misery to the people. Surely no one recognises that better, I am sure, than my Honourable friend himself, that balancing the Budget in a country like India, in the circumstances in which the country is placed, does not amount to very much. Are we to assume that India must for ever remain a debtor country? Are we to assume that we must go on paying 10½ or 11 crores every year in interest charges? Are we to assume that we are not in a position to develop the resources of the country sufficiently in order to make India entirely self-sufficient? It is an elementary fact as regards this country of ours that nature has heaped on her all resources, but it is also an unfortunate fact that those resources have not yet been properly developed, and I see that no promise has been made by the Honourable Member that anything is going to be done or there is any chance of anything being done which would enable India to stand on her legs. I for one think that the economic depression is not everything that accounts for the position in India. We have our own internal difficulties, that is, difficulties which handicap the growth of industries in this country and keep the purchasing power of the people at its present low condition, so much so that it is not possible for India to regain her prosperity unless there is a complete overhauling of the Government's financial and economic outlook Sir, this is not the time when one can dilate upon a point like that, but I must say that this last Finance Bill of my Honourable friend does not hold out any prospect of improvement in the financial position of India, no improvement at all of a lasting character. All that the Finance Member is able to tell us is, let us wait and hope for better times. Sir, with all the resources at his command, with the vast and unlimited resources of a country like this, I do not think he really can expect us to be satisfied with the maxim, wait and see. I think it is up to the Government of India to take the necessary steps, in order to put the country in a proper solvent condition, in a financial condition which will enable the Government, not only in the Centre, but also in the Provinces, to do something for the uplift of the people. The difficulties are well known.

As regards the economic condition of the people, I believe the economic condition of the Indian people is the most unsatisfactory of any country comparable to India. We know what the health conditions of the people are. We know that there is really no education among the masses of the people; hardly even 20 per cent. can be said to be literate. So long as this condition lasts, what is the chance of India attaining any sort of position among the civilised nations of the world? We all want provincial autonomy. We want the Provinces, most of which are as big as any of the countries of Europe, to be self-contained regarding their finances and economic resources. At present the Government of India have direct control over the entire resources of the country; but, so far, those departments whose activities ought to be directed towards the uplift of the people and the improvement of their living conditions have been made over to the Provinces, with the result that those departments have been crippled.

We have heard a great deal of acrimonious debate regarding certain Provinces including mine, and my Honourable friend has asked us to devote our special attention to the question of distribution or allocation of half the export duty to Bengal, Bihar and Assam. I should be very sorry indeed to be trapped into a controversy like that. I wish my Honourable friend had explained a little more clearly what he really wants of us, what is the

[Sir Abdur Rahim.]

point on which he wants our advice or wants us to express our definite opinion in this matter. I should have thought, that, so far at any rate as the Government of India were concerned, and my Honourable friend was concerned, the matter had been concluded a long time ago. At the sittings of the Round Table Conference, it was absolutely and finally decided, that half at least of the export duty must be given back to Bengal, though Bengal has been claiming and still claims, and, I am sure, she will go on claiming that that duty entirely belongs to her and to her alone. I do not wish to go into the facts and figures which have already been cited, but I want to point out one set of figures which, I think, Honourable Members will consider are very significant and do support the claim of Bengal that at least this much relief must be given to her. In the Simon Commission's Report, it is pointed out that, in the year 1926, the total revenue raised in Bengal was 35 crores; but the Central Government took away from that 24½ crores, leaving only 30 per cent. of her revenue for the benefit of the Province. What are the facts regarding other Provinces? The United Provinces got 78·4 per cent: Madras 69 per cent: Bihar and Orissa 92·8 per cent: Punjab 85·9 per cent: Bombay 40·7 per cent., *i.e.*, at least ten per cent more than Bengal: Central Provinces 90 per cent: and Assam even 85 per cent. Therefore, on the basis of these figures, can it possibly be denied that there is a complete justification for the claim of Bengal that this export duty should be given to her? As a matter of fact, I think it is the general opinion of this House that export duties of this character are really bad and they can be only justified by need for revenue. If there is a surplus produce which the country cannot consume the country ought to be permitted to export that surplus produce and realise whatever it can for it Now, jute is entirely a monopoly of Bengal, and, according to well-known economic principles, the duty on it really ought to belong to Bengal entirely; but, I believe, it has been settled that one half of it must be allotted to Bengal to relieve her of her present economic distress from which she has been suffering from year to year, and which the figures cited by my Honourable friend amply prove. I submit that this question ought now to be treated as beyond all controversy. I wish also to mention in this connection that people, who talk of Bengal and suggest that Bengal has not been doing enough to put her finances in order, are really no cognisant of the facts. Since 1929-30, Bengal retrenched to the extent of about a crore—to be exact, Rs. 94¾ lakhs—and only the other day I think the Bengal Government have retrenched to the extent of Rs. 40 lakhs. That does not show that Bengal has been extravagant. As regards the charge of extravagance that is levelled against Bengal, the very figures cited by my Honourable friend, Mr. Raju, show that Bengal is the worst off of all Provinces with perhaps the exception of Bihar. The expenditure per head of people in Bengal is 2·5, while in Madras is 4·2, United Provinces 2·7, Burma 8·6, Central Provinces 3·8, Bombay 8·3, Punjab 5·5, Bihar and Orissa, which is in equal distress is 1·8, and Assam 3·9. I do hope that the decision which has been already arrived at and the relief which has been promised to Bengal should no longer be a matter of dispute.

There is one other matter which I wish just to refer to and that is regarding the military expenditure upon which I moved a motion the other day. I read with a great deal of surprise and pain a speech that was made the other day by an eminent Member of the other House. I do not want to say anything about it, because I believe it is the well-known etiquette of the two Houses not to comment upon speeches made in one House by

Members of the other House; and I wish certainly to observe that etiquette strictly. I put the question to my Honourable friend opposite and the Army Secretary on the last occasion—was it or was it not a fact that the Government of India put forward certain claims before the Capitation Tribunal, and I asked categorically, is it to be suggested that the Government of India put forward a case which they did not believe in? I should like the Government of India to give a categorical answer to that. If they did believe in their case, and the least amount that was claimed by the Government of India was much larger indeed than the amount of contribution awarded by His Majesty's Government—then, in that case, I should say, we are perfectly justified in saying that the award given by His Majesty's Government on the report of the Capitation Tribunal is not just to us. We ourselves are not in possession of all the facts and materials. Apparently, as we have been told by the Honourable the Finance Member, the matter had been under the consideration of the Government of India and of the Secretary of State in Council, I think, for ten years, or something like that. I know they have been fighting very hard, and we are very grateful to them for fighting so vigorously for us, but surely when we find from the case of the Government of India put before the Tribunal that the award of His Majesty's Government falls far short of our expectations, we are entitled to complain, unless we get a categorical statement from the Government of India including the military authorities that the case which was put forward by the Government of India was a case which they did not believe in. I don't wish to take up any more time of the House. I am prepared to admit that the Finance Member, who will be soon leaving us, has done his best for the country, but there can be no doubt from what we know that he has been acting under very severe limitations. He has throughout not been free to do for India what India demands and what he would have been in a position to do if he had been responsible to us. (Applause.) This is our feeling; this is our conviction, and I hope the day is not very far distant when the Finance Member or Finance Minister who will sit opposite, will have far greater freedom to adjust the finances of the country and to develop the resources of the country entirely for the benefit of the country. We do not grudge Britain to share in the prosperity of India. If India is prosperous, we shall be very glad if Britain also shares in her prosperity, but so long as Britain controls our finances and our political destinies, we expect that Britain must look, first of all, to the interest of this country and not to that of her own country or any Province in Britain . . . . .

An Honourable Member: This is against human nature.

Sir Abdur Rahim: It is not against human nature. It is surely taking a very narrow view of things to think that the prosperity of India means somehow a handicap to Britain. It certainly does not mean that, and I do hope that the new Constitution, as soon as it comes into being, will at least guarantee that the finances of the country will be entirely in the hands of our representatives. I can assure British statesmen, that if we have the finances of the country in our own hands, Britain will not suffer; on the other hand, Britain will gain; but so long as the conviction remains in us, so long as there is a feeling in the country that our finances are controlled by Britain, that our economic resources are left undeveloped for some fancied benefit of another country, the struggle will continue and no Finance Member will be able to enjoy the entire confidence of this side of the House. I do hope, now that our Honourable friend, Sir George Schuster, is going to leave us, he will tell the Secretary of State and the British

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Government in clear and unambiguous terms that, whatever Constitution they give to India, whatever safeguards they may put into it, they should give poor India a chance to stand on her own legs, to adjust her finances in order to develop her own resources, so that the people of India may have a decent standard of living, some kind of living conditions which is the minimum necessary for civilized life. I do hope, Sir, that my Honourable friend will impress this fact upon the Secretary of State and the British Government.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair understands that there are other speakers anxious to take part and that it will suit the convenience of the House to sit after dinner. The House stands adjourned till 9 P.M.

The Assembly then adjourned for Dinner till Nine of the Clock at Night.

The Assembly re-assembled after Dinner at Nine of the Clock at Night, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. Jagan Nath Aggarwal (Jullundur Division: Non-Muhammadan): I am glad to have an opportunity of speaking on the third reading of the Finance Bill. In fact, it appears to me that if we do not have an opportunity of speaking on the third reading, it is a sad state of affairs indeed. It so happened in the year 1931, when the Finance Member did not move the third reading, and he took to other methods to have the Bill passed through, and we look back with sorrow—not that we are sorry for having done it, but as a constitutional question it is a matter of regret that the third reading should not have been moved. So, if for no other reason, at least for that reason we are here to have a third reading of this Bill, and I am glad of this opportunity.

What is the tale that this Finance Bill has to tell us? If one might say, the Honourable Sir George Schuster started with emergencies, and we piled up measure after measure to cope with emergencies, and all those burdens remain. One of the outstanding features of the debate on the present Finance Bill has been the manifestation of provincial jealousies. I wish that these provincial jealousies had not been let loose, but having been let loose, I think it will do no harm if I also look at this matter. (Laughter.) My friends on this side, and my friends from that side have been trying to outbid each other as to who will shriek the most, either Bengal or Bombay, and I do not know to whom to give the pride of place, whether it is Bombay who has shouted the most,—Mr. Mody is not here in his place,—or whether it is Bengal. I feared that my claim might go by default, and, therefore, I will take this very late opportunity indeed to see if I cannot put in a claim on my own. Let us see what these provincial claims come to. Bengal claims that because she has a very low land revenue, a very lucky Province . . . . .

Mr. Amar Nath Dutt: No land revenue?

Mr. Jagan Nath Aggarwal: Very low land revenue. I think Mr. Amar Nath Dutt will admit that.

Mr. Amar Nath Dutt: I do not admit. I thought you said revenue from lowlands

Mr. Jagan Nath Aggarwal: He is in that happy position that he can slap his finger at the Finance Member of the Government of India and say, you cannot raise my land revenue. They have a huge bill for the police and the C. I. D. and other things, and are, therefore, chronically in a deficit. And what is more? They never discovered that they had a potential source of revenue by levying an export duty on jute till the Government of India, in a moment of brain wave as it were, hit upon the expedient of having an export duty on jute. That brings in such a large and handsome revenue that Bengal says, "We cannot balance our Budget unless that duty or a portion of it is surrendered to us". If the Finance Member were to surrender a portion of this duty or grant a subvention, with which we have become only too familiar, to the Province of Bengal, one might not raise any question, but when it comes to the question of surrendering the revenues of the Central Government which will in future become Federal Revenues, one is bound to look with some suspicion upon a measure of this kind Now, if one were to translate this in ordinary language, it would mean this, because Bengal has a monopoly of jute, the revenue raised from jute should be handed over to Bengal. Coming nearer home, I might put it like this. The huge salt deposits at Khewra happen to be in the Punjab, and still the Finance Member has never been asked to surrender any portion of that revenue.

Mr. A. H. Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): But salt is to be had all over the world.

Mr. Jagan Nath Aggarwal: But the Finance Member only takes his salt from the Khewra mines; he does not take it from salt scattered all over the world. I know why Mr. Ghuznavi was trying to interrupt. The thing was going to pinch him. The way Bengal puts forward her claim appears to be like this. Here is jute It gives you good revenue, and because it happens to be in Bengal, surrender it to us. By parity of reasoning—and I do not think the Government Benches will deny the justice of this claim—by parity of reasoning, Khewra happens to be in the Punjab and all the revenue derived from salt must be surrendered to the Punjab . . .

Captain Sher Muhammad Khan Gakhar: To the Jullundur District.

Mr. Jagan Nath Aggarwal: The gallant Captain is going to spoil the game. I am asking for the Punjab, and I know the Jhelum district will have its share. and more than its share with all its martial traditions. If that is so, by parity of reasoning we should have all the profit from Khewra mines handed over to the Punjab. Bombay comes in and Bombay says, we have no jute, we have no fertile field of revenue from any such source, and we should also be given something. If Bombay can take pride of place, she can do so for the reason that they have been able to balance their Budget. All that they have is they have no permanent settlement, and they raise a good deal out of their trade and industry and from their income-tax . . . . .

Mr. B. V. Jadhav: But the Government of India take away the whole of the income-tax.

Mr. Jagan Nath Aggarwal: Bihar had its claim because of her distress, and Bengal piled up her claim because of chronic deficits.

An Honourable Member: What about Madras?

Mr. Jagan Nath Aggarwal: I am coming to Madras. The next proposition came from Madras and that almost took away our breath. We were told by Mr. Raju that Madras had been milked. I do not know who did the milking. Madras may have done it for her own advantage Nobody else could have done it.

Mr. B. Sitaramaraju: The Government of India.

Mr. Jagan Nath Aggarwal: They cannot reach there. It is all one way traffic. (Laughter.) I never knew of any Finance Member turning that way and going to Madras to milk it

Raja Bahadur G. Krishnamachariar: Have you heard of Sir James Meston?

Mr. Jagan Nath Aggarwal: He has gone long ago.

Raja Bahadur G. Krishnamachariar: After taking away the money.

Mr. Jagan Nath Aggarwal: The Raja Bahadur is living on old ideas. This proposition from my friend, Mr. Raju, came rather strange that Madras was having anybody to milk her. If I may be pardoned for drawing a close parallel—I hope the House will pardon me including those who have leanings towards Madras, yourself included, Sir (Laughter), I may say that in the British Empire there is a portion of the United Kingdom which is called Scotland, and that is the closest parallel. Just as the Scotchman has the high road to England as his highest ambition, the Madras man has his ambition towards the north, he is always coming to the north. I have never heard of any one from the north going and milking Madras. You remember the great hue and cry that was raised about the speed of the Grand Trunk Express. Madras is always anxious about trains bringing people from Madras, so that Mr Raju need not be under any fear that anybody would take away anything from Madras. Madras is there to rule us, govern us, run the accounts, tariffs, and, in the process of doing that, they put something into their pockets. There is no fear of Madras being milked.

Now, Sir, my proposition, so far as the Provinces are concerned, is this, that we should try to see that capital and brains are mobilized for the service of the country as a whole. If any Province has a speciality, certainly it cannot claim that it shall have the whole of the yield from that source of revenue. If any Province has any peculiarity, it should be so utilised as to yield the maximum of income with due regard to all the Provinces concerned. If that test is applied, I look at it like this. Our biggest concern is agriculture and our attempt is to industrialise the country. If we look back during these years we have passed through a period of unexampled economic depression. Agriculturists have been hard hit in every country. Our crops now fetch in most cases only half their value and our exports of certain commodities have practically dwindled to very small proportions. We have heard something with regard to rice.

My friend, Mr. Raju, was at pains to tell us that rice is the biggest item of agriculture in the economy of this country. If that is so, I would only be too glad to give it all the protection that we can afford. It is only yesterday that we read that a question was put to the Secretary of State that if Burma separated there should be no violent wrench with regard to her commercial relations with this country. That is the quarter from which protection with regard to rice will be needed. If Burma is going to enjoy the luxury of separation and she is going to separate from this country, then she should have the disadvantages of separation too. Whoever heard of this proposition that Burma shall separate from India and we shall not be allowed to erect a tariff wall against Burma. Anyway, that is the quarter from which protection is needed, and Government should devise some steps if Burma is going to separate. Now, that is with regard to rice, but it does not concern my Province. I am more concerned with the question of wheat.

I had pointed out on another occasion that the index number had fallen by half, and another important factor is that wheat has ceased to be an exportable commodity. Europe does not need any of our wheat. We can only eat it or send it inside the country wherever we like. That is a problem of the first magnitude, so far as the Punjab and the United Provinces are concerned. If wheat has ceased to be exportable, how is the agriculturist to get the money to pay the land revenue? How is he to get money for his dire needs all through the year? The demands made by the money-lenders and various other classes upon the agriculturist were measured in terms of the price of wheat when it stood high and now that wheat has ceased to be an exportable commodity, the problem that faces the agriculturist is how are you going to give him the surplus cash so that he may be able to live and meet the legitimate demands made upon him? If that is so, I must say that Government have not been able to do much for the growers of wheat. We have heard many a time that the Punjab agriculturist has the ear of the Government of India. I should like to know what has been done for this agriculturist who finds that the ancient trade of agriculture is a losing concern. He cannot make both ends meet. What has been done for him beyond keeping the Australian wheat from competing with the local wheat? He has no home market. If that is so, you must be able to find markets by raising the value of commodity prices or by manipulating your exchange if need be.

Similarly is the case with cotton. Perhaps we are slightly better there; as the result of the Indo-Japanese talk, we have been able to ensure that a certain amount will be taken, but the fact remains that, so far as commodity prices and the realisation of money values is concerned, we are in a sorry way, and, if that is so, one must confess that my Province, which took a pride of place so far as agriculture is concerned, has been in a sorry plight.

Now, Sir, the accumulation of gold about which we have heard so much represents the savings of past years which the agriculturist in the boom years had managed to lay by, and, in these lean years, when the demands of the State cannot be met, the agriculturist turns to that reserve which he had built up, and, to make both ends meet, the agriculturist had to part with his gold all these two years. That is a serious problem which, I am sorry to say, has not been tackled on any definite plan. It cannot be claimed, of course, that a man's reserves should not be parted with. I do not claim that, but the drain of gold at the rate at which

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it has gone on is such a serious problem that the Government of India ought to give greater thought to it that they have. We suggested many a time that there should be an export duty on gold or an embargo put on gold, because, when other countries build up reserves of gold, it was not fair to this country when it is tied to a sterling basis to be losing gold at the rate at which it was losing and I feel that, so far as the Punjab and the United Provinces are concerned, they have lost most of their gold and this gold has been drained away to foreign countries.

If that is the state of agriculture, on the industrial side my Province has fared even worse. The great mass of the people living on agriculture started little banks and took some interest in industry and what do we find? Either due to the mismanagement of the finances or the depression, the Banks are in a sorry plight; some other concerns have failed and the latest venture on the industrial side in the Province was sugar, and this nascent industry is again in a serious plight because of internal competition and because of the excise duty which we find facing us in the next Bill that will be before us soon. If that is so, one would find that the small industries of this Province do not find much that is encouraging and may find themselves in a sorry position in a year or two hence. Sir, we have not much of textiles in the Punjab. The Punjab is not the place for that, and Bombay is the only place for textiles, it would seem. There is the flour industry which is not in a happy way either. Similarly with regard to sugar.

Now, if that is the state of affairs with regard to the industries also in this Province, then, my fear is that we are in a bad way, both with regard to agriculture and with regard to industries, both in the matter of some that had been started sometime ago and others that are slowly coming into being. If that is so, one has to look back to the financial situation with a certain amount of despair. What, Sir, do we find? Among the items of income, we find the railways are not paying, they have long ceased to pay anything to the State; the opium revenue is gone, and what have we? Income-tax and super-tax are rising higher and higher, and the customs tariff is manipulated till from a modest 3½ per cent and five per cent, we come up—thanks to Mr. Mody—to 75 per cent! (Hear, hear.) Sir, if that is so, then it is no wonder that those small items have been almost ridden to death. We have gone on manipulating those two sources of revenue till those upon whose backs these burdens have been laid are unable to bear them any longer.

Mr. Mody told us that the Kathiawar ports have diverted the trade of Bombay, and he also told us that the Government of India had these Kathiawar ports forced to their notice somewhere in the days when a treaty was made with the Bhavnagar State. Sir, if one were to be quite correct, Mr. Mody and his ancestors had discovered these Kathiawar ports long, long ago, because when the Parsis first came to this country, it was the Kathiawar ports to which they turned. (*Voices*: "No, no.") Anyhow, if my friends cannot accept the theory that it was to the Kathiawar ports that the Parsis first came up, I looked up the reference and I find in the Encyclopædia Brittanica the following passage:

"The Parsis, the followers in India of Zoroaster, being the descendants of the ancient Persians who emigrated to India on the conquest of their country by the Arabs in the eighth century. They first landed at Din in Kathiawar, (A. D. 76)."

An Honourable Member: Probably that Kathiawar was bigger than the present one.

Mr. Jagan Nath Aggarwal:

"And 19 years ago moved to Sanjan on the coast of Guzerat, where the Hindu rulers received them. To this day their vernacular language is Guzerati. Their settlement in Bombay dates from 1640."

Now, Sir, this is a queer proposition that my friend, Mr. Mody, was trying to force down the throat of the Government of India Here are these princes who happen to have ports on the sea. Nobody can stop them or prevent them from having commerce, but what my friend, Mr. Mody, wants is not that we should have a customs line; what Mr. Mody wants is to have our own customs establishment or something like this in other ports. Sir, it is difficult to see how that can work.

An Honourable Member: Why not?

Mr. Jagan Nath Aggarwal: Well, my friend, Mr. Mody, and his ancestors had discovered these Kathiawar ports long, long ago, they discovered the virtues of those ports, and if they are carrying on trade across the border, he should take steps to catch them.

Mr. H. P. Mody: My ancestors were honest men.

Mr. Jagan Nath Aggarwal: That is a different proposition—I am not accusing any one. I say, it is too much of a practical proposition for Mr Mody to say that these people cannot have commerce in those ports again. All I say is that these people would be soon coming into the Federation and we shall then have an opportunity of coming into line and then discovering means with regard to having regulations on matters of customs and tariffs, but so long as that is not done, I do not see by what processes—unless you were to arrange it by treaty—you can again impose your customs rules and regulations on another State. That is asking really too much, and, in fact, even Bombay would not be able to ask us to disregard the sovereign rights of other States.

An Honourable Member: It can be done by treaty.

Mr. Jagan Nath Aggarwal: I know it can be done by mutual treaties.

An Honourable Member: The Government are doing it in the Sugar Excise Bill.

Mr. Jagan Nath Aggarwal: That is a forerunner of the Federal Constitution, and, in fact, that would be our grievance, that you are practically doing well in advance of the Federation what we should have left to them to do, that we in respect of certain matters are practically stealing a march over the Federation. We should, I think, really have allowed these things to take their natural course when we came to that state.

Mr. B. V. Jadhav: We might have our customs officers there.

Mr. Jagan Nath Aggarwal: Well, things like these, Sir, keep the princes away from the Federation, and I do not wish anyone in this

[Mr. Jagan Nath Aggarwal.]

House should indulge in such talk that we can force any customs regulations on the princes or disregard the treaties with them. There is no point to be gained by trying to force the pace of things. (Hear, hear.) If Bombay has got her port dues at such a high rate, well, that must drive away her commerce; she must put her house in order (Hear, hear), and Bombay has to learn the obvious lesson just as everybody else has to do it.

So far as one can see, Sir, the situation from the economic point of view is gloomy enough, but our difficulties are aggravated, as my friend, Mr. Das, has said, by the various small infants that have come into being. My friend, Mr. Das, has referred to two. One, he said, was left by Sir Basil Blackett, namely, the eighteen pence ratio—the infant that has grown up and been nurtured by the present Finance Member—and the other was his own infant Province of Orissa for which he was looking for a subvention, and perhaps, not finding it in the Budget, he got disappointed. But, Mr. Das should not have forgotten that there were other infants—some are prattling, and some of them are about to be produced in this House. (Laughter.) Now, one such infant is the North-West Frontier Province which gets a huge subsidy, another is Sind which also is expecting a large subsidy, and another Province.—someone is busy with it,—is to be created. My friend, Mr. Ranga Iyer, is going to be responsible for another Province. Well, Sir, the tendency has been to multiply Provinces and build up deficits and nobody has taken the trouble to see where all these deficits are going to be met from

My friend, Mr James, pointed out that there should be planned economy I say, it should be planned money. All that we need is an attempt to restrain the huge deficits that are being piled up by the multiplication of baby Provinces. We should wait for another time

Mr. B. Das: There will be another Basil baby.

Mr. Jagan Nath Aggarwal: As I said, Sir, our attempt should be not to fritter away our resources at a time of great economic crisis, and my friend, Mr. Das, has chosen a very bad time indeed for bringing his baby into the world. At this time, restraint on our part will be all to the good. Our attempt should be, if I may say so, to pursue a bold policy with regard to agriculture by which we might be able to see that we have made the agriculturist feel that agriculture is a paying proposition. It may not pay very much, but certainly the man should be able to make both ends meet. We should see that his spare time is utilised in small cottage industries or in some other ways, because he is one of those people who are not engaged all the time. For this surplus population, we should have a bold economic policy by means of which we may be able to mobilise the capital of the country and to afford opportunities of employment for the capital and the labour of the country. I hope that if some of these things are attended to, we may be able to feel that these burdens, which have been piled up, may be lifted from the backs of the people. Otherwise, if we go on at this rate, adventitious things like the export of gold could not be able to help us for long.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, the Honourable Member, who, I believe, is still the Deputy Leader of the Democratic Party, ...

Mr. Jagan Nath Aggarwal: I am not.

Mr. C. S. Ranga Iyer: He says he is not. Obviously they have found him out. (Laughter.) I thought he would have left my poor Province alone, the Province of which I have been dreaming and about which I shall be speaking some five or six days after, the Province of Malabar. Little could I imagine then that the Member from the Punjab was afflicted so early in the night by a nightmare. I thought he would at this hour of the night, though the night is young, taken a cheerful view of things, of the coming Federation and the young Provinces that naturally ought to come into existence. I do not want to make this the occasion to deliver a speech on the necessity for the separation of Malabar from that octopus, called the Madras Presidency. But when he was just trying to measure swords with Mr. Mody and justifying what some people apprehend to be a form of smuggling going on through a neighbouring port, smuggling into this country goods which ought to pay the tax that is paid elsewhere, when he was trying to defend a very indefensible position, I thought he was developing a very gloomy outlook on the Federation that is coming sailing on the wind whether the Punjabis like it or not. I should not say Punjabis, for there is my friend, the Honourable Sardar from Lyallpur, who, at any rate, believes in a Federation. But when Mr. Aggarwal spoke of the maiden Province of Malabar, I could only think like this:

Maidens like moths are ever caught by glare.

And Aggarwal wins his way where seraphs might despair.

I could little imagine, though it is nice to see, that a seraphim and cherubhim on the Democratic Benches would be going for each other. But when he talked about planned money, I, at any rate, was pleased that as he found me bathing, he walked away with my clothes. (Laughter.) It is nice to see a democrat hugging an idea even from the Nationalist Benches of planned money. It is rather late in the day on the third reading of the Finance Bill to talk of planned money. Where was he when we were discussing planned economy? Why did he not direct his broad side against the broad shoulders of the Honourable the Finance Member and ask him "Why do you not give us planned money? Why did you not persuade the Government of India to have a policy of planned economy?" Five years have passed. Schusters may come and Schusters may go, but taxes will go on for ever. Sir, even though in these days of economic depression it has not been possible for the Honourable the Finance Member to give us a programme of planned economy, we are very grateful to him, I should say, for his vision of the future, when the Government will be coming into our own hands for us to plan our economic plans. Let us hope we shall also have our own planned money. The present ratio has worked most unjustly against India. I do not want to use this occasion at this late hour to give a discourse on the folly of the present ratio. I do not want to give such a bad example to others who might follow, for I, at any rate, do not want this debate to go on till the small hours of the morning. I do not want the Honourable Members to go on crowing until the cock crows. I would rather that they are short in their speeches and sensible and a little strong in their attacks if they mean to attack. I, at any rate, dare not when I see my friend, Mr. Mitra, over there, though his Leader is absent, criticise the policy of the Honourable the Finance Member about giving to Bengal half of her jute money. I think that is the success incidentally of the Leader of the House also.

[Mr. C. S. Ranga Iyer.]

We do not know how these great men conspire in their Cabinets. I wish Sir George Schuster had left it to the future to deal with Bengal money and Bengal jute. He has set a very bad example, because the Bengalis are the most greedy people on the face of the earth, greedy from a provincial financial point of view. (Laughter) They want to keep their own money to themselves. The Bengalis can think only of Bengal first and all-India afterwards. I am glad that the Leader of the Opposition and of Bengal has come into the House now I remember, Sir, when I was one day going to some committee, the Leader of the Opposition emerging with a smile from some other Committee which was appointed by the Finance Member and that Committee had something to do with jute and the Honourable the Leader of the Opposition was so happy, though he is very inattentive at present, to have achieved or at any rate at the thought that he would be achieving what the Honourable the Finance Member has revealed Bengal and India have achieved. I personally do not know whether it is a good example that he is setting, for I know that under provincial autonomy Bengal,—so patriotic because Bengal is India and India's freedom must come from Bengal,—will say that provincial autonomy means that Bengal must have all her money so that Bengal's administration can be run on lines that appeal to Bengalis. That is the lead that she has given and that is the lead that his friend and neighbour, the Leader of the House, has taken from him. He goes back to Bengal with a bright legacy for Bengal. I do not know what to say from the point of view of India. Provincial autonomy will breed a good deal of provincial jealousy and we must be prepared for it if Indian Swaraj that is coming is to succeed, and it will succeed only if we have sufficient money, and it will go to pieces if we do not have sound finance. This leads me to the tribute richly deserved given by *The London Times* to the Honourable the Finance Member that he, in these strenuous days, did not depart from the path of orthodox finance. I wished in the past, and probably from an orthodox point of view I may be wrong in wishing, but still I wish that he had borrowed money instead of imposing an excise duty on sugar. I wonder what the Honourable the Finance Member really means by committing us to the collection of money based on excise duty and then bringing afterwards the Sugar Excise Bill. We are committed to it. Supposing we do not pass the Sugar Excise Bill, what then? Will the Honourable the Finance Member explain to us why he is putting the cart before the horse? Why did he not bring forward the Sugar Excise Bill earlier? Why should he bring it after passing the Finance Bill? The bottom of our arguments would be knocked off. He will now come and say, you have passed the Finance Bill and so you have got to give us money by passing the Sugar Excise Bill.

Mr. N. M. Joshi: He can borrow.

Mr. C. S. Ranga Iyer: My Honourable friend, Mr. Joshi, suggests that he can borrow. Well, he does not believe in borrowing, because he believes, as in the case of individuals, so in the case of nations, he who goes aborrowing goes asorrowing and it is useless to argue with him in that line. But I am asking why did he not bring that Bill first? Why did he not give us an opportunity of voting on that Bill first? I know that he cannot today talk of my "rolling eye", he cannot compliment me on the form or my voice, he will have to speak less of myself and more on the

facts of the case. I shall not talk today of slight Sir George with his watery or, is it, wintry smile. I shall not talk of Sir George mocking in his beautiful way, of his cold harangue as clear as it is cold falling at this hour of the night soporific on listless ears. I shall not talk of his lustrous blue eyes (Laughter), I shall not imitate his example. I should, on the contrary, think that he wields the longest sword, because the man with the longest purse conquers. His conquest is near and I know it and his arguments have always been the same, the arguments of all Finance Members all over the world have been the same. They are great students incidentally of Burke and his speech on American taxation. "To tax and to please no more than to love and be wise is not given to men." The Honourable Sir George Schuster is unpleasant when he taxes us and unwise because he does not please us. But no Finance Member can please. But why should he choose to go out of the orthodox way and tax the poor man's sugar, the production of that sugar. He told us India will not produce her sugar so cheap as Java does. Java produces sugar three times more cheap than India does, and that is why Java will feed the Empire more than India. I am turning his arguments on himself. Why, I ask, do you put an excise duty then, because our production of sugar is so expensive? Is not the excise duty an imposition on production? I read his speech carefully, he had no answer, and his answer was, well if you export you will get a rebate. That was not my question. My question was why should you not allow sugar factories to come into existence all over the country. Why should it not be possible for India to produce sugar so cheaply and efficiently as Java is producing? The Honourable the Finance Member of the Government has to answer that question, not I, I am not the Finance Member, I am not the Government of India, I have not the capacity to educate my people, to organise the resources of my country to produce sugar so cheaply as Java produces sugar.

Mr. F. E. James (Madras: European) Do not deliver your speech on the Sugar Excise Duty Bill now?

Mr. C. S. Ranga Iyer: My friend, Mr. James, suggests that I should not deliver my speech on the Sugar Excise Duty Bill. I am merely delivering a warning to the Honourable the Finance Member that he should not have introduced that duty at all, and it is my duty at this stage of the Finance Bill to deliver that warning, because, very dexterously and most unfairly to this House, he has placed before us the Finance Bill instead of placing before us the Sugar Excise Duty Bill first. He takes the money, he takes our sanction by the backdoor. That is a policy to which I very strongly object. It may be parliamentary dexterity, but it is cheap cleverness. Well, Sir, the Government ought to know how to arrange their business. Various Bills were brought before this House. Why did they not bring forward first the Sugar Bill? Why did they not allow us to talk on the merits of the question. He told us that sugar factories had grown and multiplied with the rapidity of the prophet's gourd, but he never expected that they would prosper so quickly as they have prospered or that they would have made so much profit as they have made. If only he makes a careful examination of what has happened to the sugar factories, he will find that some of the big factories have certainly made a profit, but some of the poor factories are languishing.

Seth Haji Abdoola Haroon (*Sind: Muhammadan Rural*): *It is only* the old factories that have made some profit.

Mr. C. S. Ranga Iyer: *My friend says that it is only the old factories* that have made profit and the Finance Member has dug the grave of the new factories. He ought to know that in this country finances are shy. Because the Government gave a pledge to protect sugar factories for seven years upto a point and 14 years after that, people came with their finances and they founded factories, and now Sir George Schuster will be remembered as a surcharge Schuster as he has not even taken away the surcharge on sugar which the factory people would prefer to the imposition of this excise duty. Sir, Indians will remember what Dickens in "David Copperfield" put in the mouth of Mr. Barkis:

"It was as true as taxes is, and nothing is truer than them."

Yes, India knows this to her cost. Fortunately there are the millions who Sir George may think pay no direct taxes and who may say:

"What is it to us if taxes rise or fall,
Thanks to our fortune, we pay none at all."

But what about the poor man, the man who earns a thousand rupees a year? Today Sir George and his Ironsides snatched a victory at the expense of the poor man earning not more than a thousand rupees a year. Why did he not, I ask, take the taxation minimum back to its old level of Rs. 2,000?

Captain Sher Muhammad Khan Gakhar: Rs. 500 was older still.

Mr. C. S. Ranga Iyer: Old things like old men must die. My friend says Rs. 500 should be the taxable minimum. I believe things will come to that. Then the Congressmen will take off their hats and salute you from their trenches. I hope it will not come to that. I hope we will not promote discontent in this country. The lowering of the taxation level has promoted discontent and is promoting discontent. With one hand you build up the tariff wall, the other hand you put everywhere to raise money without building up the national resources. I ask, why have this Government not followed the Japanese example and built up our industries? How can India have money without industrial wealth? So long as she continues to be a purely agricultural country,—and even her agricultural products are not wanted,—how can you find money in this country? You will have to increase and increase your taxes and with it the discontent. I want that you should increase the sources of taxation. Where is the industrial plan?

Mr. Aggarwal was trying to repeat in a rather clumsy and unpremeditated way a very good idea which I expressed in this House some time back. (Laughter.) And that idea is this. An industrial plan. India is an agricultural country, I admit. We cannot abandon the agricultural improvement of India for any time to come, because with her 350 millions of population which she must feed with her grain, she must continue to be an agricultural country. But if you take a census of unemployment in India,—and unemployment is a very important question in England,—you will find that in no country in the world is there so much unemployment as in India. For six months or more in the year, our village people, our rural people, do not have any work. Could not the

Government develop an industrial plan,—but not by multiplying mills in this country? No. That way India cannot develop,—but by building rural factories. If rural factories had been built all over the country producing cloth which the masses want, then the villagers would have found an occupation.

An Honourable Member: Why cloth only?

Mr. C. S. Ranga Iyer: I shall deal with cloth first; I have already dealt with sugar. Sir, Mahatma Gandhi talks of *charkha*. He has done a great deal to bring a new spirit into the country regarding cottage industries, but in this chemical age, in this mechanical age, the *charkha* cannot prevail where machinery holds sway, because it is too primitive. Therefore, my suggestion is, why not have baby machines in small factories producing cloth? Why should the Government not have given their mind to this subject?

(Interruption by Mr. F. E. James.)

My Honourable friend, Mr. James, is already bathing in his own ideas. He is rather troubled with the prospect of rural factories coming into existence in this country. Being so western he would rather have a multiplication of mills. I blame him not, but let me develop my idea.

Sir, in our country people are spread out in the villages, and I want to solve the problem of village unemployment and I also want to promote the industries of this country. The handloom industry cannot face the severe competition unless you go on building tariff barriers upon tariff barriers. But there is a limit to the tariff policy. Therefore, the time has come when Government should see if they cannot have a five year industrial plan and revive our old village industries when we shall be free from the disadvantages about which Mr. Joshi constantly and rightly groans.

Sir, I think I must near my conclusion. Who can help recalling with a pang that this is the last financial day of Sir George Schuster? I have criticised him hard, very hard, but it is the privilege of an opposition to pelt stones, even though they do not break the Finance Member's bones. A nocturnal session is a happy crown of much of the labour after the burning of the midnight oil which Sir George Schuster has presented for the last five years of his financial regime in this country in the shape of an annual Budget. And the sentinel stars have set their watch in the sky, and there is also the moon though I wish she had moved his heart more potently, specially, as I must repeat, when I think of sugar excise for which I must keep my powder dry.

Mr. F. E. James: It is not a full moon. (Laughter.)

Mr. C. S. Ranga Iyer: Mr. James is right on this occasion. It is a sad moon, Sir, that has risen today. It is not pleased with the victory that Sir George snatched over the poor man's postcard, myself not voting having paired, my pair returning late, having yesterday vexed with mirth the drowsy ear of night. Nor is the moon pleased with our failure to take up the minimum tax to the old level, the arguments on which I must not repeat. I wonder whether, when Sir George Schuster was coming to this Assembly, he noted with how sad steps the moon was climbing the skies, how silently, with how wan a face? Sir, was it Napoleon who said that

[Mr. C. S. Ranga Iyer.]

he found vices very good patriots and he got five millions from the love of brandy and he should be glad to know which of the virtues could pay him as much? Speaking very seriously, putting aside my "stinging terms",—I hope I put them aside for the last time on this last occasion of his crowded career, greatly lived and nobly fought,—Sir George has been handicapped because ours is not a country of vices, it is a virtuous country. Eating sugar is not a vice (Laughter), but we must not eat it in excess in this land of diabetes. (Laughter.) That is why he is excising it.

Sir, our military burden is heavy, too heavy; but Tottenham says with Tacitus: "The peace of nations cannot be secured without arms nor arms without pay nor pay without taxes". (Laughter.) Sir George has been obviously re-reading Hobbs' Leviathan and has told us this year for the fifth time: "All men are by nature provided of notable multiplying glasses—that is their passions and self-love, through which every little payment appears a great grievance, but are destitute of those prospective glasses, namely, moral and civil science—to see afar off the miseries that hang over them and cannot without such payments be avoided".

10 P.M.

If we have criticised him, the Opposition must criticise; if we have fought him, the Opposition must fight; but well might he say with Lowell:

"Taxes milks dry, but, neighbour, you'll allow
That having things onsettled kills the cow."

Lastly, we have seen him throw his baited lines about. He has played this House as anglers play their trout. Now, then, let me not stand between you and him, and I hope others too will not add to his burden, having talked all that they have to talk, avoiding repetitions, so that after the weary fight, after a taxing fight, which has taxed us and our resources, Sir George might have the rest he so badly needs, to come back like "a giant refreshed" to fight us again on the Sugar Excise Duties Bill. We cannot deny he has instructed us, he has moved us, he has delighted us. And, lastly, as Lloyd George said at the conference of Paris, in 1919—fine words those, pregnant with meaning: "The finest eloquence is that which gets things done; the worst is that which delays them". Sir George Schuster is eloquent; he is almost like a siren; but his finest eloquence rises to the Lloyd Georgian standard and has got things done. I wish him a happy and a prosperous career to serve India and England for the greatest good of the denizens of the Empire. (Applause.)

Mr. S. C. Mitra: Sir, some Honourable Members have discussed the Finance Bill for the whole day, other Honourable Members will continue the discussion for the rest of the night, and so I hope, you will not mind very much if I say a few words on politics.

Sir Harry Haig perhaps thinks that I do not follow the strict procedure when I bring in politics on the discussion of the Finance Bill; but I can tell him that I follow the noble convention of the Mother of Parliaments, and the practice that has been obtaining here in this House now for the last decade and more.

On the last occasion, I was dealing with the treatment meted out by soldiers to the people inhabiting Midnapur in Bengal, and Sir Harry Haig truly realised that for a Bengali there was nothing more important than to discuss about the political situation in Bengal; but if he thinks, as he said

on the last occasion, that I deal only with politics, I may say that he is very much mistaken: I believe at least my Honourable friend, Sir Frank Noyce, knows that I put more questions on the Postal Department and discuss more about postal matters than even politics. In the absence of the Commander-in-Chief, who, for reasons best know to himself, does not care to come to this House, Sir Harry Haig gave the reply, and, following the etiquette that has been observed by my Leader, Sir Abdur Rahim, that we should not discuss anything here that is said in the other House, I refrain from criticising the speech delivered in the other House, but I will only say that it has fallen on the broad shoulders of Sir Harry Haig to deal with the army administration in India also. He told us about the elementary things, that the utility or the necessity for keeping an army was not only to provide against external aggression, but also to secure the internal security of the country. I never quarrelled with him that it was not the purpose of the army to render help in securing the peace of the country in case of emergency. But where I join issue with him is when he further says that in almost the day-to-day administration of the country, the army should have a share with the police in keeping the peace. We in this House knew that in times of great emergency, when the civil power, the civil police, fails to cope with a situation to keep peace, say in the case of a great riot or anything in the nature of a big disturbance, certainly the civil authorities are entitled to ask for the co-operation of the army; and there may be certain circumstances when it may be necessary to dispense, for the time being, with the civil administration and to enforce martial law. But as soon as the emergency ceases, in every civilised Government, it is the civil authority who should govern and carry on the day-to-day administration and be responsible for law and order in the country. Sir Harry Haig here enunciates the novel principle that the army, even in the day-to-day administration, for days and months and years, should, in conjunction with the civil authorities, govern the country. There were other occasions also when Bengal had to pass through very hard times. There was terrorism, there was violence; but no other administrator thought that the permanent administration of the country should be carried on only with the co-operation of the army. It is, as a matter of fact, terrorising the people.

I do not believe in the terrorist methods of the anarchists, and I also do not believe in the terrorist methods of the Government. During the Jallianwalla Bagh days, an honest soldier, General Dyer, when he thought that it was his duty to make an impression on the people, killed unhesitatingly lots of people as he thought that it was necessary in the discharge of his duties. It now looks, in another way, as if the Government were doing in a far more subtle manner the same thing in Bengal. I can show that not only terrorism, which should certainly be suppressed by all possible means, that the Government or the people can think of, is sought to be checked, but all political agitation, all political movement, all social movement, the Congress movement—in fact all constitutional movements, everything is being suppressed now in the name of terrorism.

I do not claim any clemency or leniency from this Government, but I certainly demand justice from the Government. The other day, when I was narrating some of the events, I received a few reports from some leading men. I placed those reports with full description of the events before the House so that the Government might inquire into these matters, and if they found that the facts were very much distorted, then they might give out their own version of the case. Before any inquiry was made, I think the Honourable Sir Harry Haig said that there was nothing to suggest

[Mr. S. C. Mitra.]

that the discipline had in any way fallen short of its usual standard. Now, Sir, the House can well judge if judgment is to be given by a responsible Minister like the Home Member, if a certificate is to be given by the Home Member,—even before an inquiry is made,—what will be the outcome of the inquiry . . . . .

The Honourable Sir Harry Haig (Home Member): Would the Honourable Member mind reading out the whole of that sentence instead of only a portion of it?

Mr. S. C. Mitra:

"I have seen a number of reports in connection with their work, and I have seen nothing to suggest that the discipline has in any way fallen short. . . ."

The Honourable Sir Harry Haig: Exactly, I was referring to reports which I had already seen.

Mr. S. C. Mitra: In this connection, I should like to read a few extracts from the "Life of the Lord Curzon" written by Lord Ronaldshay, to show how, on a similar occasion, a Viceroy, who was considered in India as perhaps the strongest Viceroy, dealt with a similar situation. There was a judgment from a Court stating that the allegations were not correct, but, Sir, in these cases, how judgments are obtained, is well-known to this House. I read from page 71, Vol. II, of the "Life of Lord Curzon":

"In the meantime, amid these grave pre-occupations, Lord Curzon's peace of mind was suddenly disturbed by an untoward occurrence which stirred to its depth the love of righteousness and hatred of iniquity which were so deeply implanted in his moral nature. An offence of a peculiarly revolting character had been perpetrated by British soldiers against a native woman in Burma. Both on moral and on disciplinary grounds, the crime itself called for swift and exemplary punishment. Not only was punishment not meted out, but the military authorities on the spot showed a culpable disposition to hush the whole matter up, and were seconded in their attempt by the apathy of the local officials. Any hopes, however, which they may have cherished that the matter would pass unnoticed, were destined to be rudely shattered. Whispers of what had occurred reached the ears of the Viceroy, and the matter speedily acquired a wide publicity and those concerned in it an unenviable notoriety.

The prosecution which was ordered broke down on a technical point, though it was plain to every one that an acquittal of the accused persons involved a grave miscarriage of justice. Lord Curzon was determined, not only that the offenders should suffer the punishment which they deserved, but that it should be made manifest to the world that official laxity in bringing to account persons guilty of offences against the people of the land would not be tolerated. He pursued the matter with a vehemence born of his horror of injustice and for his passionate regard for the honour of his race. No considerations of personal ease, no risk of unpopularity with his own people, no suggestion that with the best will in the world he might only end by fanning into flame the smouldering embers of bitter racial animosities, would induce him to rest until their reputation for justice, which he regarded as the greatest asset of the British people in the discharge of their task in India, had been vindicated. It was not that he was insensible to the danger of his attitude being misunderstood. He did not disguise from himself the possibility that the public, unaware of the extent to which the officials, both civil and military, had failed in their duty and viewing the matter as an isolated instance of depravity on the part of a handful of soldiers, might regard the wide range and severity of the sentences which he was determined to see enforced, as being out of all proportion to the seriousness of the case. 'It may well be that. . . . . there will be a great outcry on the part of the services against the apparent harshness of the verdict' he wrote to the Secretary of State, when he had finally decided upon the nature and extent of the action to be taken, and 'and even a formidable attack upon myself'; and reverting to this aspect of the case a little later,—'I have throughout felt rather like some one standing

on the brink of the roaring crater of Vesuvius with justice and honour imperiously thrusting him forward, and circumspection and self-interest more cautiously pushing him back'.

The action eventually taken in conjunction with the Commander-in Chief, who was throughout in full agreement with him on the necessity of stern measures, was, as he had informed the Secretary of State he intended it to be, 'unmistakeable in significance as well as trenchant in operation.' The culprits were dismissed from the army; high military officers were severely censured, and in certain cases relieved of their commands; the regiment was banished for 2 years to Aden, where all leave and indulgences were stopped; the civil officials were severely censured, and, finally on the insistence of the Viceroy, and in the face of some doubts and hesitations on the part of the Government, an Order-in-Council was issued on which 'the sense of profound sorrow and repugnance' with which the incident was viewed by Government was placed on record, and 'the negligence and apathy that were displayed in responsible quarters' were reprobated "

Sir, I maintain that it is on acts of justice like this stands the British Government in India. It is by shaking the very foundations of British justice that the British Government which, as some characterised this morning as bankrupt of all statesmanship, have lowered themselves in the eyes of the people. Sir, I repeat, what I want is bare justice. I do not expect any leniency, I do not pray for any mercy. Let there be a full investigation in all these cases. The charges in these cases are far more dangerous than those dealt with by Lord Curzon in a similar case. But what is the attitude of Government? I maintain that, in spite of all efforts, you cannot have true relationship established, you cannot have true co-operation between England and India. True co-operation and friendship can only be established, as we all desire it to be established, when the angle of vision is changed. Some members of the bureaucracy in India think that by the adoption of mere strong measures they can crush the spirit of patriotism in this country. I repeat, Sir, that I am not a man to be cowed down by Government. I tried to serve the Government and my people. I justify my existence here. How can I do it? It is by echoing the feelings of my people that I can justify my existence here. Why am I here? What is the use of having a representative Government? A single individual like my friend, Sir Harry Haig, can carry on the Government. If the British democracy in England wants this country to be governed on democratic principles, then they should try and find out what is passing in the minds of the people of the country. Now, the Press is under very strict censorship. The speeches that we deliver here are not reported. I do not want them to be reported, but I should like to tell the Government . . . .

Mr. A. H. Ghuznavi: Is that the fault of the Government?

Mr. S. C. Mitra: You just wait. My friend, Mr. Ghuznavi, wants to interrupt me, but I shall not give way now.

Now, Sir, my friend, Sir Harry Haig, says that I claim the monopoly of patriotism for Bengal. Sir, I never claimed the monopoly of patriotism for Bengal, but I certainly claim that Bengalees are patriots. My friend, Sir Harry Haig, was full of praise for the army, and he denounced the Bengali *Bhadralok* classes. But may I ask him, who saved the country from anarchists in Bengal? It is, again, not Mussalmans like my friend, Mr. Ghuznavi, who comes to the rescue of the Government every time, but it is the Hindu *Bhadralok* classes, the Hindu police officers, the Hindu C. I. D. officers and others who help the British Government in Bengal . . . . . .

Mr. A. H. Ghuznavi: Muslim police officers have also risked their life . . . . .

The Honourable Sir Harry Haig: On a point of explanation . . . .

Mr. S. C. Mitra: I shall yield to the Honourable Sir Harry Haig, but I shall not give way to my friend, Mr. Ghuznavi. I know what his potentialities are for rendering real assistance to the Government in grave emergencies in Bengal.

The Honourable Sir Harry Haig: Sir, on a point of explanation. I think my friend, Mr. Mitra, is mistaken in suggesting that I made any attack upon the *Bhadralok* classes in Bengal.

Mr. S. C. Mitra: Sir, in his speech, the Honourable the Home Member gives all the praise to the army. They may deserve it; let them have it.

Then he says that the Bengalis—I shall quote from his speech, I have got a copy:

"Has Bengal the monopoly of patriotism? Is it not rather that Bengal has what I am afraid very nearly the monopoly of something very different, and that is political murder?"

If Bengalis have the monopoly of political murder, they have also the monopoly of protecting the Government of the Province against anarchists. It was not necessary to import officers from the United Provinces or from any other Province to save the Bengal Government from the hands of the anarchists. Times without number I have heard Mr. Ghuznavi here and in London saying that there was no Muslim anarchist. I ask, how many Muslim officers, as compared with Hindu police officers, have laid down their lives . . . . .

Mr. A. H. Ghuznavi: We have not even one per cent of Muslims in the service. What are we to do? Government would not employ the Muslims.

Mr. S. C. Mitra: The reason is they are not up to the mark or they are inefficient. I tell the Government that, if they are to conciliate the country, they shall have, I feel proud to say,—they shall have to conciliate Bengal and even the Hindu Bengal. A great man like the late Mr. Gokhale once said, "What Bengal thinks today, the rest of India will think tomorrow". (Hear, hear.) I can still say, if you look at the history of anarchism in Bengal,—from which date did it come into the Province? From 1905, owing to the unequal treatment that the Hindus of Bengal were subjected to by the Partition. That gave rise to these political difficulties. See the Meston Award. Mr. (now Lord) Meston comes from the United Provinces, and his award has created the present financial difficulties in Bengal. The condition of the Government as well as of the people is extremely bad, and I maintain that it is the economic condition, the financial condition of Bengal that is responsible for coming into field of these anarchists.

[At this stage, Mr. Muhammad Yamin Khan rose in his seat.]

I do not want to give way. I know your views. I have my own views.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): What has the United Provinces got to do with that?

Mr. S. C. Mitra: I find that Sir Harry Haig thinks that Bengal is a place only for anarchists and not a place for patriots or the very good efficient servants both in the police and other departments who help the

Government. My point is that the Government should not look at one side of the question only, but should look at the question as a whole. I do not want to dilate further on this topic. I can name any number of very efficient police officers who have laid down their lives, gentlemen coming from the much maligned *Bhadralok* classes, of whom very little is known to my Honourable friend, Sir Harry Haig,—who have, at considerable risk to their lives, served the Government loyally.

The Honourable Sir Harry Haig: No one has greater admiration than I have for the Hindu officers in the police in Bengal.

Mr. S. C. Mitra: I am extremely thankful to the Honourable Sir Harry Haig for his compliment to the Hindu *Bhadralok* police officers who every day endanger their lives to serve their country and their Government.

Mr. A. H. Ghuznavi: And not the Mussalmans?

Mr. S. C. Mitra: As I have said before, I do not think that the army should be utilised for the purpose for which they are being utilised now. I leave that matter there, and I shall come to the old question about the classification of prisoners. I have recently got a letter, and I shall give facts and figures to show how the political prisoners are treated. The other day, Sir Harry Haig was under the wrong impression that I was speaking only about the Andaman prisoners. My main contention was about the civil disobedience prisoners in Bengal. I have enquired and I can give facts, especially about the district of Dacca. There were more than 2,000 convictions, and only one gentleman, a leader of the Bar, Mr. Birendra Nath Majumdar, a lawyer, was classed "A" by the trying Sub-Divisional Officer, but then the Magistrate made him class "B", and because there was this difference of opinion between these two officers, Mr. Majumdar was kept as a class "C" prisoner for a long time. And I am told—and I challenge the Government to contradict me with facts—that, out of these 2,000 civil disobedience prisoners, most of them are students of colleges, schools, and teachers, but not more than ten were given even class "B", and the rest were, I have come to know from reliable sources, given class C. The Home Member has said that there is now no division between special class and ordinary class prisoners, but in actual effect, what happens is that the political prisoners are now getting a worse treatment than they used to have before, and here I can give names of the prisoners who, because they were convicted of a political crime, had to suffer worse than other people of the same class. Here are a few cases, a few names of *Bhadralok* convicts with non-political offences put in class B:

(1) Gopal Krishna Beradas—Murder with abduction, transportation for life sentence, now in the Alipore Central Jail.

(2) Dharani Dhar Sasmal,—Rape, seven years sentence, now in the Alipore Central Jail.

(3) Abdul Jabbar—Murder, six years sentence, now in the Alipore Central Jail.

(4) Suren Ghosh—Cheating, 4½ years sentence, now in the Alipore Central Jail.

(5) Baridbaran Hazra—Riot and murder, five years sentence, now in the Midnapore Central Jail.

[Mr. S. C. Mitra.]

(6) Mahiuddin of the well-known Sobhana abduction case of Barisal —now in the Dacca Central Jail.

(7) Sajani Das—cheating and forgery, 9½ years sentence, now in the Alipore Central Jail.

These have all been placed in class B, while for political offences:

(1) Amalendu Bagchi—a graduate, son of a taluqdar of Rajshahi, now in the Andamans.

(2) Manoranjan Guha Thakurta, a graduate, son of a very respectable gentleman of Noakhali, now in the Andamans.

(3) Sunil Chatterjee passed Final Chemical Engineering Course of the Jadavpur College of Technology, was the Chief Chemist to the Parijat Soap Works of Calcutta, now in the Andamans.

(4) Miss Sunity Chowdhury, uncle a Professor, family very respectable, now in the Rajshahi Central Jail.

(5) Ajit Mitra, a student of the Calcutta Technical School, father contractor, maternal uncle District Engineer, 24-Parganas, now in the Alipore Central Jail.

All these have been given class "C". There are any number of cases if the Home Member merely cares to have more information from the Province of Bengal. He will see, as if out of grudge, all these political prisoners, without consideration of their status in life and the life they were accustomed to, are classed "C". I read in the papers recently that there was a big Conference of Inspectors General of Jails of the different Provinces. As a result of their Conference, what I find is that they were thinking of how to put down cases of hunger strike, how to treat the political prisoners in all other matters But in any civilised country outside India the Inspectors General are all expected to be experts in penology, and they would consider these crimes from the standpoint that these are more or less cases of disease, and they require treatment and proper behaviour to bring them round, and not harsh treatment and forced feeding, and whether they should be whipped without the permission of the Government of India, or whether the Superintendents themselves could whip them. These matters have now become the concern of these Inspectors General of Police Jail is a transferred subject, and now I find that, in the interest of the Provinces, the Central Government should not have interfered in these matters. Their interference, instead of liberalising the administration of jail, is found to be merely making the life of political prisoners impossible. When a man is convicted and is within the four walls of a jail, how can a Great Government bear a grudge against these men. By all means keep them out of harm's way, so that they may not do anything criminal, but to have vengeance on them even when they are confined, is not worthy, I think, of any civilised nation. What I maintain is that it will not help in re-adjusting the attitude of the people at large to the Government, because a generous treatment, even of the criminal, will influence people's minds to the good offices of Government and may reconcile them to foreign rule. The idea obtains at present among officers that by strong measures they will succeed for all time in governing the country, not in Indian interests, but in British interests. That has proved fruitless many a time in the past and will prove the same in future.

Now, I do not want to take any more time on financial matters. I know my views are well-known to the Honourable the Finance Member with whom I have worked for more than five years in the Public Accounts Committee. I believe that the people of India should be convinced that this Government is primarily in the best interests of the people of India and not for any other people, not even the British. I personally believe with my Leader, Sir Abdur Rahim, that if India is governed in India's interest, there is enough scope for the British people to derive any amount of profit out of their connection with India, because, I have confidence in British connection When there is anything in my mind, I speak it out I can be a hypocrite like many a Member in this House, flattering and fawning on Government . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order.

Mr. S. C. Mitra: I withdraw that expression. The truth is known of what I wanted to convey; Government will do well to gauge the proper feeling in the country, and not be carried away by the words of the sycophants and the flatterers. As I have said, it is due to bankruptcy in British statesmanship that the relationship of the Indian people and the British people cannot be adjusted If the British Government think of having the sympathy of men like Mr A. H. Ghuznavi and have the best of Indian trade, they are seeking in vain. I say, again, that time will prove that they are very much mistaken, and I also say that if they truly realise the position, there is time yet when the true relationship between the British people and the Indian people can be established; and a true national Government alone can tackle the financial position in this disturbed time The Government of the country may be carried on, Budgets may be balanced, but, I maintain, that is not good Government; and this kind of condition cannot continue for a very long time. That is the reason why I emphasize about the political situation even in financial matters, and I hope the Honourable the Finance Member, who, in his own way, tries his best to serve this country, will convey our feelings to the British people that it is necessary to change the present system of government entirely if they are to have the goodwill of the people of India.

Lieut. Nawab Muhammad Ibrahim Ali Khan (East Punjab: Muhammadan): *Sir, the position as regards the Budget now before us would appear to be even worse than what it has been in previous years. Two years before, our income stood at 126 crores. In the present year, it is estimated at 120 crores. Laying aside the capital reserved for meeting debts, it drops down to only 117 crores. Then it would appear from the Budget that, compared with the figures of the last two years, there has been no reduction in the expenditure, while the income has further gone down by six crores. To meet this deficiency a sum of Rs. three crores, as against Rs. six crores has been placed in reserve, but here again there remains a deficiency of Rs. two crores.

It is somewhat gratifying to note that military expenditure has been reduced by 75 lakhs. For this we are thankful to His Excellency the

*Translation of the Honourable Member's original speech delivered in the vernacular.

[Lieut. Nawab Muhammad Ibrahim Ali Khan.]

Commander-in-Chief and hope that he will reduce it still further, considering that there is yet much room for reduction in military expenditure. The fact is that unless we think of economy in every possible item of expenditure, we cannot hope to see a well-balanced Budget, and people would come in for increased taxation. Experience has proved that increase in taxation does not necessarily tend to increase in income. On the other hand, what generally happens is this that when an article is taxed and goes up in price, it does not remain much in demand. The result is that very often the estimated yield of income, calculated according to the rate of fresh taxation, goes wrong. The tax, as a matter of fact, should be imposed at such rates and on such articles as can be easily tolerated by the average consumer, and the public, particularly the poor, do not thereby suffer.

The welfare of India depends on her agricultural progress and the prosperity of the zamindar.

In Northern India, by far the most important product is that of cotton and of wheat. I do not here propose to say anything on the subject of foodstuff, as much has been said on this already. But as regards cotton, I must emphasise that any particular benefit of protection should be withheld from our cloth-makers so long as they do not promise to use only the Indian cotton in their mills. If the millowners of Ahmedabad and Bombay do not undertake this, there is no reason why we should, for their sake, allow the price of cloth to rise and hit the agricultural population. If millowners are not disposed to help the agriculturist, they might as well entertain no hope that we would help them by allowing them to raise the price of cloth to our detriment. They are equally bound to help the country in increasing the price level of agricultural products; and the first step on their part should be the use by them of purely Indian cotton. I wish in this connection to say that Japan has offered to purchase ten lakhs of bales or 50 lakhs of maunds of cotton from India. The question of price has not yet been settled. Evidently, as Japan alone will arrange to transport this cotton, there is fear of the Japanese offering a lower price, and Government would do well to take note of this.

Last of all, I invite the attention of Government to the land and irrigation taxes which constitute a great source of Government revenues. The poor cultivator pays off his land-tax and irrigation tax by selling his produce. But the price he gets for it is even below the cost he has spent on it. For instance, the land tax he formerly paid by selling a maund of wheat can hardly be paid now by selling even three times as much. Apart from this, the productive capacity of the land is on the decrease. Government can solve this riddle either by adopting methods whereby the level of price of the agricultural products can be raised or by reducing the land-tax itself to one half or one-third. Unfortunately they are planning to raise the prices of manufactured goods, but they are not paying any heed to doing the same in respect of agricultural products. The result is that there is already a hue and cry in the country on this account, and one cannot say what evil effect this policy on the part of Government will lead to. All the same, I congratulate my Honourable friend, Sir George Schuster, on the presentation of his last and best Budget. Today keen economic distress is prevailing everywhere.

in the world, and it is due to the wisdom of Sir George Schuster that the position with regard to the Indian Budget this year is more re-assuring than is the case with the Budgets of other countries

Seth Haji Abdoola Haroon: Sir, I would not probably have risen tonight to speak, but my friend, Mr. Jagan Nath Aggarwal, has sought to make two points. So, I think it is advisable for me to clear up these two points and put my views before the House

The first is this, that some time back, my friend, Mr. Mody, suggested to the Government to consider the question about the customs arrangements with the Kathiawar States. My friend, Mr. Aggarwal, I think, either did not know about the trouble which might be created on account of these customs arrangements in States, but probably, living far away from these seaport coasts, he did not know. But, today, Sir, I strongly support my friend, Mr. Mody, when he says that the time has come when the Government should consider it very seriously, that not only we, the merchants of Karachi and Bombay, are losing our trade, but the finances of the Government of India, under the head of customs, are suffering very much, far more than anybody expected in this House. Sir, I know that formerly it was only the Kathiawar ports that were importing foreign goods, but, Sir, lately the Baluchistan ports also have commenced to import some foreign goods like sugar, silk, foreign liquor and many other such-like things Sir, I know that the Viramgam cordon is already established at Viramgam, but I want to inform the House that there are plenty of goods that are being smuggled through bullock carts and in many other ways into British territory, and I have got instances to show that, through the Baluchistan ports, sugar, liquor and silk are being imported and carried by camels, lorries and in many other ways into Sind, the Punjab and Baluchistan.

An Honourable Member: By steamers at the Baluchistan ports?

Seth Haji Abdoola Haroon: Yes, Sir, the time has come when the Government of India should consider it very seriously what should be done. They have many times stated that they have some sort of treaties with these States. I do not say that these treaties should be thrown away into the waste paper basket, but I suggest that the Government should reconsider all these treaties: and if the Government want that their customs revenue should not fall and fall badly, then they should consider this matter very seriously.

Sir, another point my friend, Mr. Aggarwal, brought up before this House, namely, that all these difficulties of finance are coming up because of the new small Provinces being created lately. I want to point out to my friend, Mr. Aggarwal, that the North-West Frontier Province was already getting a subvention of about a crore of rupees which the Government of India were already spending upon them since many many years past, but since they have now got a Provincial Government of their own, therefore we should now see that the Government of India do provide in the Budget a subvention for that Province.

With regard to Sind, I want to inform my friend that if he were to look to the Budget of the Bombay Government from the year 1922-23, he would find that Government to have been always in deficit. They have been balancing their Budget either by borrowing money from the Government

[Seth Haji Abdoola Haroon.]

of India or approaching the Government of India from time to time and asking them for subventions. The Government of India must help them, otherwise they cannot continue their government in the Bombay Presidency. If my frjend will look to the speeches of the Finance Members of the Bombay Government—Sir Ghulam Hussain and Sir Pradhan—he will find that they have clearly stated that they are unable to balance their Budget, because Sind is a very expensive Province. Therefore, they said that if Sind was separated, they would be able to have some financial relief These are the documentary speeches of the Finance Members of the Bombay Government. I want to inform my friend again that lately the Sind Administrative Committee sat at Karachi and I was one of its members I cannot disclose all the things at present, but I would like to inform him that, on account of the administration of Sind, Government have to incur an expenditure of five or six lakhs of rupees.

Bhai Parma Nand (Ambala Division: Non-Muhammadan): Is it for a year or a month?

Seth Haji Abdoola Haroon: They spend five lakhs a year. All the other expenses are borne by the Government of Bombay.

I do not know about Bihar and Orissa but even that Province is not in a flourishing condition and cannot balance its Budget. Therefore, the Government of India are giving them some sort of a subvention from income-tax or other things.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Bihar has been maintaining Orissa.

Seth Haji Abdoola Haroon: So, Sir, if these small Provinces are separated, there is not much of a financial difficulty.

Mr. S. G. Jog: What was the recommendation of the Brayne Committee? Was it not 90 lakhs?

Seth Haji Abdoola Haroon: For the Sind separation they recommended only 12 lakhs, but now we have brought it down to six or seven lakhs.

Mr. S. G. Jog: One more Committee and I think it will come to nothing.

Seth Haji Abdoola Haroon: Sir, I wish to put my views how to economise the Indian finance. Sir, time has come when you have to consider the frontier policy of the Government of India. I have seen in the Budget that, on account of the so-called strategic railways, the Railway Department is suffering a loss of about two crores of rupees; on watch and ward, Government are spending 1,81 lakhs of rupees; on account of Baluchistan, Government are spending 75 lakhs of rupees, and on account of the subvention to the Frontier, about one crore of rupees. These different items come to about six or seven crores, but there are other heads such as political pensions, etc. Besides that, there are several roads in the Frontier. These are to be found not only in the North-West Frontier Province, but also in Assam and other places. I do not know how much money is being spent by the Military Department to keep up these roads open for the traffic. Besides, Government have to keep some military to keep those roads open in the Frontier. I think this House should compel the Government to form

a Committee to go through all these things and bring the accounts before this House as to how much money is being spent on these nonsensical things. If the Government of India consider this point properly, I think India can save not less than 15 crores of rupees a year. The present position of India has been changed very much, and it is not the same now as it was when the British Government inaugurated the policy of the Frontier. Today, according to my information, Russia is not in a position to cross the Afghanistan border and enter into India, and Afghanistan also is not in a position to level an attack on India, So, the time has come, if we want to save these 15 crores of rupees, to consider our policy in the Frontier. As a layman and as a businessman, when I find that any branch of mine is not paying any profit to me, I try to close it down. Sir, our natural frontier was quite different to the Frontier that has lately been created by the Government. I might suggest to the Honourable Members that they should consider this point very seriously. If I had any power, I would immediately have withdrawn from the Frontier and guarded my natural frontier.

Major Nawab Ahmad Nawaz Khan (Nominated Non-Official): What natural frontier you propose?

Seth Haji Abdoola Haroon: Sir, time has come when this House should consider, if there is any sort of a fear from the Frontier, that we should make the North-West Frontier Province an independent Province and we must have a mandate on that Province as the British Government have a mandate on Iraq and the French Government on Syria. If we have a mandate, we can give a little subvention to the Frontier Province and we can keep a few people in the Frontier who can look after the safety of the place, and if any danger should arise, then we can enter immediately. Normally we should put the whole burden on the people of the Frontier and on the Government to maintain peace and order in the whole Province and in this way we can save 15 crores.

Sir, I do not want to take much time of the House in discussing the excise duty on sugar and matches. I shall speak on these subjects when the proper occasion arises. Today my Honourable friend, Mr. Ranga Iyer, has already spoken many things about this duty and there are still plenty of things left, and I want to put them before the House, so that it might consider them and decide whether it is wise to pass such a measure or not. My only duty is to place all the difficulties that the industries are experiencing and my duty is to stand by the country and the industries and it is for the House to reject or pass the Bills.

11 P.M.

Some Honourable Members: The question may now be put.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is . . . . .

Sardar Sant Singh (West Punjab: Sikh): I want to rise to a point of order.

Mr. President ((he Honourable Sir Shanmukham Chetty): There can be no point of order when the question is being put. The Chair would like to point out to the House that there have been thirty-six speeches so far on the general consideration of the Finance Bill.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): I want to rise to a point of order.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair cannot allow any point of order to be raised just now.

The question is:

"That the question be now put."

(The Assembly then divided and when the votes were being counted, the Leader of the House made a statement that there was some confusion in this matter and requested the Chair to put the question again. The Chair did so, and the motion was negatived.)

Mr. Sitakanta Mahapatra: Sir, as a new Member in this House, I think this is an occasion when provincial grievances, which can be redressed by the Central Government, can be dilated upon with absolute safety and even with some amount of profit.

Sir, it is no news to this House that sooner or later Orissa would be formed into a separate Province. The break-neck speed with which the Orissa Administration Committee, the Report of which was supplied to Honourable Members of this House in December last, finished its labours gave us the impression that the Government of India wanted to tackle the question in a businesslike way. The Report of this Committee was published in December last, but since then it seems the Government of India have forgotten all about it. The Committee reported that about 38 lakhs of rupees would be required from the Central revenues for the capital outlay of the new Province. This is a sum which is quite a fraction of what Bihar or Assam got or what even the tiny North-West Frontier Province got But not a farthing has been set apart for the new Province of Orissa in this year's Budget. We have been utterly disappointed by the fact that the Honourable the Finance Member has not thought it fit to provide even for some preliminary expenses for acquiring lands, etc., in this connection. While other Provinces have received money not in lakhs, but in crores, probably much beyond their expectations notwithstanding their show of dissatisfaction, my poor Province of Orissa has gone by default. My poor country has been for decades and decades simply a consumers' Province. Since the advent of British rule, we have all along bled white to fatten other Provinces. We have got no industry and no commerce,—nothing of the sort. I hope this one factor is enough for a generous response to our demands by the Government. If the Honourable the Finance Member expects any representation from the Bihar Government before he decides to take any action in this matter, I am afraid his expectation will not be fulfilled. Sir, the great Province of Bihar is in the grip of an extremely severe calamity.

The Government of Bihar have moved heaven and earth for relief measures and their actions have evoked the highest praise from all quarters My unfortunate country was stricken last year with almost an equally severe calamity. But although the poor Divisional Commissioner and the District Officers concerned did all that was humanly possible for individual officers, the Government at the head preserved a stoic silence. The Government of India did not hear of it, or if they

did, they did not realise how grave the situation was and is still. So I say that we in Orissa do not expect much from the Local Government. Sir, the Sind Committee have recommended a separate University and a separate chartered High Court for that Province. I am quite sure that, in spite of bigger deficits in that Province, the Government of India will find money for these purposes. Our claims also are no less. But I shall deal with these subjects on proper occasions.

The question of a satisfactory settlement of the boundaries of Orissa is still hanging fire. The non-acceptance of the majority recommendations of the Orissa Boundary Committee has plunged the whole nation in the deepest grief. The situation in Orissa has become extemely grave, and unless Government come to the rescue, the co-operating section of the public men in Orissa will be placed in the most delicate and difficult position.

Sir, I now come to another vital question that agitates the Oriya mind today, the question of interest that is paid to the Central Government annually on pre-Reform irrigation debt, by poor Orissa. This interest comes to a sum of about ten lakhs a year. But when Honourable Members of this House learn the history of this irrigation debt, they will simply be astonished. Sir, there was a day, not very long ago, when the Oriya Empire extended from your own constituency of Coimbatore to the river Ganges in Bengal from which my Honourable friend, Mr. Amar Nath Dutt, hails. Then we were happy and contented living in the most fertile country on the face of the earth. But our woes began with the advent of the British mercantile community in our fine country. The commercial activity of these British merchants is responsible for all our miseries. Orissa is composed mainly of coastal districts and is a deltaic country. Formerly we used to have floods in our rivers every year as a blessing, because the flood water used to come and fill our cultivated lands with sufficient water, deposit silts in abundance, and all surplus water used to pass on to the sea. We looked upon our rivers as the mother; but when the British merchants came, they saw that we had no railways and hence they thought of digging waterways throughout the country as a business proposition, and so the canals were introduced, to our great misfortune, in our fair land. I shall give you a history of this project in short from a Government Report, the Report of the Orissa Flood Committee of 1928 composed of the three best available engineers in India that year.

"History of the introduction of canal irrigation into Orissa.

It will suffice to say that as a result of a report of Sir Arthur Cotton which has since been shown to have been based on incorrect premises the Orissa canals were taken in hand in 1863 by a private company, the East India Irrigation and Canal Company, in spite of a warning from the Government that the profits anticipated were almost certainly over-estimated. The company failed in 1868, when the works were only half-completed, and Government took them over and finished them, although on a less ambitious scale than had originally been contemplated. Owing to the huge capital cost the canal system has never been remunerative; it does little more than pay its working expenses, leaving the bulk of the interest on the original expenditure to be met from other sources."

So you will find that a private British mercantile concern built these canals in Orissa, anticipating over-estimated profits based upon incorrect premises. That company failed. But the blessed British Government, in order to save the British promoters of the company, purchased their

[Mr. D. K. Lahiri Chaudhury.]

project and completed them, and we are now required to pay an interest of Rs. ten lakhs a year upon the misfortunes of that British business company. Besides this huge burden on our resources, the canal system introduced has laid our country in ruins today. Our periodic floods are entirely an outcome of this system. I shall quote a few lines from the above mentioned Report:

"After two tours throughout the areas in question, one of which was undertaken during the flood season, after consideration of the records of past years and of previous investigations which have been placed before us, and after collecting a large amount of new data on our own account, we have come to the conclusion that the problem which has arisen in Orissa is due in the main, to the efforts which have been made towards its protection. Every square mile of country from which spill water is excluded means the intensification of floods elsewhere; every embankment means the heading up of water on someone else's land. Orissa is a deltaic country and in such a country floods are inevitable; they are Nature's method of creating new land and it is useless to attempt to thwart her in her working. The problem in Orissa is not how to prevent floods, but how to pass them as quickly as possible to the sea. And the solution lies in removing all obstacles which militate against this result."

And, again, they say:

"That the embankment system is at the bottom of their troubles is, we have found, fully realized by the people of Orissa, and one of the most insistent demands made to us by the inhabitants of the semi-protected and unprotected areas is for the complete abolition of the canal systems and the throwing open of the fully protected area to the spill of the rivers. They argue that the effect of this protection is to intensify the floods on the remainder of the country and, as we have stated, there is clear justification for this view."

Sir, this is the opinion of the three best engineers in the country as regards the root cause of our woes. So, due to the avarice of a firm of British merchants, we have been paying a toll of ten lakhs a year since 1868—that is for the last 68 years—and no one knows how long we shall continue to pay it. We are helpless and at the mercy of the Honourable the Finance Member. The Central Government spent less than three crores over the whole project and they have received in interest more than six crores already. I think the time has come when the Honourable the Finance Member should take all these facts into consideration and relieve us of this unbearable burden imposed upon us much against our will. I sincerely believe, before leaving the shores of India, the Honourable Sir George Schuster will find his way to bind the Oriya nation in a bond of gratitude to him. Sir, I have done.

Sirdar Harbans Singh Brar: Mr. President, it has been unfortunate that all the five years of my Honourable friend, the Finance Member's career have been years of deficit. But he has tried to manage it as best as he could. In a few days time, he is calling a Conference of all the provincial representatives for solving that urgent problem of rural indebtedness and other cognate problems, and I would just like to put a few points in that connection for his consideration that they may receive attention from the Conference to be called. The agricultural indebtedness at the time is pressing very hard on the cultivator. The *sahukars* or *baniyas* or money-lenders have resorted to the expedient of not going to the Courts, but getting arbitration decrees, so as to save them money on stamp fees and litigation and keeping the total burden on the debtors intact. The instalments and other things do not come in the way in arbitration decrees, and, therefore, the burden becomes much severer and harder on the peasant. Some means

must be found that the machinery of the law is not abused and that the debt which appears to be at this time impossible for the cultivator to pay in full is reduced to the proportions of his capacity to pay and that a sword is not kept hanging over his head so that his efforts and energies may not be dissipated from continuing his profession. And some other avenues may be found, some of which I myself a few days ago suggested at a zamindars conference at Moga in the Punjab, and which Mr. Jagan Nath Aggarwal repeated this afternoon in this House, for adding to the income and prosperity of the agriculturist by way of a subsidiary profession or industry in the rural areas, so that the time, when he is not occupied on his farm, may be utilised for some productive purposes and his profession kept going. With these provincial representatives, schemes may also be canvassed and investigated for rural uplift, by way of rural communications and rural sanitation, so that work may be found for the labourer and better ways of speedier and convenient transport for the marketing of agricultural produce may be increased and some ways suggested for taking alternative plants instead of wheat, which at present appears to be an unprofitable crop to grow. We may consider the establishment of some central or provincial committees to advise the peasants for such kind of crops for which there may be a possibility of finding a profitable market. These items might, I suggest, be considered by the Conference which will be meeting in a few days time next week under the distinguished chairmanship of perhaps the Finance Member himself.

One other subject I would like to be considered before the Finance Member goes Home, and that is that some scheme should be evolved for the solution of the unemployment problem among the educated classes, and it has been suggested in certain quarters, both in the Provinces and at the Centre, that the Government of India might be pleased to retain the services of Sir George Schuster on special duty to investigate the problems of solving both rural indebtedness and unemployment. It has been suggested in many quarters that this is a subject which cannot be lightly treated, nor can it be solved without a thorough investigation and without the strong efforts of one individual specially devoted to that task. So, if possible his services may be placed on special duty for that purpose, and he may be persuaded by Government to accept that arrangement, so that some ways of establishing Land Mortgage Banks, as in Germany and other places, may be discovered. I was told by some of the Provincial Ministers that they had not enough material to proceed with their schemes, and that it would be advisable if a special officer with expert knowledge and experience were asked to carry on that duty.

As the jute duty has been remitted to Bengal, and as has been pointed out by my friend, Mr. Jagan Nath Aggarwal, the claims of the Punjab salt require attention. I would ask that the excise duty on oil produced in the Punjab may also be remitted to the Punjab. I do not grudge any remissions to any Province, much less to Bengal, but the other Provinces have as much right to claim the same privilege which is granted to one Province, and, as has been shown during this debate, Bengal is the most lightly taxed Province . . .

An Honourable Member: No, no. not lightly taxed.

Sirdar Harbans Singh Brar: It has been shown by figures that the tax per head in Bengal is the lightest except perhaps in Bihar and Orissa. That being so, if Bengal had been reluctant to tax her own people and her own resources and thus make her Budget always a deficit Budget, the other Provinces have a much better claim to a remission from the Central

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Revenues. So I suggest that, if it is possible, a portion of the excise duty on oil and salt should be remitted to the Punjab, so that they may carry out their own schemes of uplift and progress within their own borders for the benefit of those unhappy zamindars and martial classes who have rendered no less service to the cause of the King and the country than any other within the borders of India.

Next, I find that instead of having either provincial autonomy or responsible Government in India, the local self-government institutions are crumbling; even the little autonomy we are enjoying in the small institutions of local self-government like the Municipalities and District Boards is being taken away from us. If that be the attitude of the Paramount Power or its agents, the bureaucrats in the Provinces, then we can hardly expect much from the Joint Select Committee or the Government Even up to now, when our own statesmen are considered fit to hold responsible positions of Executive Councillors and Ministers in the Provinces, when these Ministers are put in power and profit, they do not consider their own colleagues and equals fit to be Presidents of District Boards and even Municipalities. The Punjab is in the happy position of having as her Minister for Local Self-Government one of those great nationalists who suffered at the hands of Government during the martial law days for his advanced views, but, unfortunately, the little progress which was made by his predecessors in office, I mean Sir Fazl-i-Hussain and Sir Feroze Khan Noon in advancing responsibility in local self-government institutions like District Boards, he has taken those powers out of the electorates in those places. Even to this day, in almost all the District Boards official Chairmen are kept, and District Boards are told that if they desire it, they can carry a resolution by a majority to be permitted by the Ministry of Local Self-Government to substitute a non-official Chairman in place of the Deputy Commissioner. But what do we find? Even when District Boards carry such resolutions, for full nine, ten or even eleven months the Ministry for Self-Government do not grant their sanction to the District Boards of electing their own President, so as to give time to the Deputy Commissioners to try to get those resolutions cancelled by coercion and other means Even when they fail to do so, Government put those Deputy Commissioners as nominated members by name in those District Boards, so that they may get themselves elected by the Boards. If that be the attitude of our Ministers towards these small local self-governing institutions, little can we expect in the way of provincial autonomy or even responsibility at the Centre. Further, when elections take place, more often than not, many an executive head exercises his influence in favour of certain pet children or pet friends of his own. A few days ago, I happened to visit my constituency in connection with the zamindars' conference at Moga. Certain facts were brought to my knowledge that the Sub-Divisional Officer had actively canvassed in favour of a particular candidate by calling particular individuals to his house and asking them to canvass in favour of his own friend. On an interview, my information was confirmed that complaints were received even by the Chief Secretary, but no action was taken and the thing went on. If such things can be allowed at this time of the day, when we are expecting the second instalment of Reforms or responsible self-government in India, what can we expect to be the nature of those Reforms? I submit that the Government must take serious notice of these things and press on the Local Governments and their executive agents that such action on their part breeds discontent and disrespect

and suspicion in the minds of His Majesty's Indian subjects. The time has now come when suspicion should be removed and better feelings should be established between the subjects and the Government, and if the things which I have mentioned are allowed to continue, the reverse will be the result. As Lord Morley has said, moral and intellectual conditions are not the only motive forces in a community. Political and material conditions set the limits at which speculation can do either good or harm, and these discontents are a sort of an indication of political conditions which may do harm. We know that the material conditions are much worse and so I do not want to detain the House any longer on this question. With these few words, I wish to bid farewell to the Honourable the Finance Member for the way he had helped us in every possible manner.

Mr. A. H. Ghuznavi: I have been hearing four electioneering speeches. The first electioneering speech which we have heard tonight was from my friend, Mr. Aggarwal. I shall give him a reply when the salt question is taken up. Then came a speech from my Honourable friend, Mr. Ranga Iyer. He will be replied to when we shall be considering the match-making and sugar-making Bills. I will also reply to my Honourable friend, the ex-Chief Justice of Patiala, who has just spoken.

Now, I am going to deal with the speech of my Honourable friend. Mr. Mitra. I was having temperature the whole day and was not in the House, and I did not have the intention of making a long speech tonight except to place certain facts before the House as I may not stand for election again to this Legislative Assembly. But, after hearing Mr. Mitra, I had to change my mind. I shall confine myself at this late hour to giving him a reply. Mr. Mitra complained that his and our speeches were not reported and he was taking the Home Member to task for that. What was perhaps in his mind was that the Government of India were subsidising a news agency. Nowhere else in the world is a news agency subsidised except in India, and what do we find? The subsidised news agency is attentive as soon as a Member of the Executive Council is on his legs to make a speech. It seems that after the death of Mr. K. C. Roy, who used to control the Associated Press of India in Delhi and in Simla, the control passed on to Bombay, and what have these poor fellows to do? They are told that they must restrict themselves to a certain limit in sending telegraphic news, and, therefore, the best thing they can do is, since they get a subsidy from the Government of India, to send out *in extenso* the speeches of Honourable Members of the Executive Council. Again, this is the first time, as far as I remember, within the last ten years, that an Anglo-Indian paper does not publish the Associated Press news, but they get their own people to report, and they are also now publishing the reports sent by the United Press. I have no objection to the Government of India subsidising the Associated Press of India or the Indian News Agency, but surely, if they want to do that, they ought also to give a certain amount of help to this infant news agency which has just been started. I want to make this point that if that news agency was not a reliable agency, the Anglo-Indian papers would not have accepted and published their news. The Associated Press, as far as I know, make it a condition precedent that the newspapers which subscribe to their news should not subscribe to any other news agency, but, inspite of that condition, the *Statesman*, an Anglo-Indian paper, refused to carry out their obligation in that sense and they are now taking the United Press news. The Government-subsidised Associated Press are not able in many instances

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to get important and up to date news available to the United Press in Bengal. For instance, day in and day out, I find in the *Statesman* many items of news sent by the United Press and not by the Associated Press. Therefore, I am in entire agreement with my Honourable friend, when he was attacking the Home Member for the meagre press report of most of the speeches on the non-official side.

The next point that he made was, he attacked the Home Member regarding certain statements of his as to the terrorist activities of the Hindu *Bhadralok* classes, and he said that the Home Member had been condemning the *Bhadralok* classes. Unfortunately, I was not present when the Home Member delivered his speech with reference to the *Bhadralok* classes, and so on. At the same time, what he said was, and it is true, that it is the Hindus who are terrorists, but it is not as if the Hindu officials only are shot. Sir, I am very glad you have given me an opportunity of placing certain facts before the House. I am going to read one or two passages from the address which was presented to His Excellency the Viceroy by the Central National Muhammadan Association, the oldest Muslim political body in India, founded in 1877, by the late Right Honourable Syed Ameer Ali, P.C., which has to its credit 52 years' service. What did that Association say when they approached His Excellency the Viceroy in December, 1932? I want to place this before the House for the information of my Honourable Muslim friends from the Punjab and the United Provinces, to give them an idea of the reason why Muslims in Bengal are behind hand It is due to the fault, not of Hindu brethren, but of the Government:

"When the British East India Company acquired from Shah Alam, the last Moghul Emperor, the Dewani of the Eastern provinces of India, Moslems, throughout India, particularly in Bengal, held predominant position and commanded wealth and political influence Persian was then the court language and civil, criminal, executive and revenue officers were mainly Moslems. Members of the Moslem aristocracy such as feudal lords, Jagirdars, Mansabdars, Amadars and Lakhirajdars, who held rent-free grants generously utilised their resources for the general well being of the country. The Civil Lists of 1793, when Lord Cornwallis made the Permanent Settlement of land revenue, show that Moslems then formed more than 75 per cent of State servants. It was not until 1828, when the Resumption Proceedings were instituted in Bengal and conducted for 18 years with a degree of harshness leaving a legacy of bitterness, that serious disaster overtook many ancient Moslem landholding families."

Sir William Hunter, in his "Indian Mussalman", speaking of these disastrous effects, said that at an outlay of eight lakhs pounds upon resumption proceedings, an additional revenue of three lakhs pounds a year was permanently gained by the State. A large part of the sum was derived from the land held rent-free by the Mussalmans. Hundreds of ancient families were ruined and the educational system of the Mussalmans, which was almost entirely maintained by rent-free grants, received its death blow. Speaking of the condition of the Mussalmans in the public services of India in 1872, the same writer says:

"There is now scarcely a Government office in which a Muhammadan can hope for any post above the rank of porter, messenger, filler of the inkpots and the mender of the pens"

These are not my words, but the words of an *ex*-I. C. S. officer, Sir William Hunter. Then the address says: Turning now to only one of the grievances of the Mussalmans which vitally affect our well being while we

are aware of the decision of the Government to have one-third representation of the Mussalmans in all the services, we regret to observe that this has so far remained more or less a pious wish. So far as Bengal is concerned, in 1906, Sir Lancelot Hare, the then Lieut.-Governor, declared that the Mussalmans had not received as much employment in the public services as was laid down, that they should be given one-third of the representation in all branches of the public service and that two out of three appointments should be given to them until that proportion was reached. After the settled fact of the partition of Bengal was unsettled. Lord Carmichael, the then Governor, declared that the principle of one-third representation of the Mussalmans in the public services should be maintained. During the regime of Lord Lytton it was laid down to the effect that 45 per cent of the representation should be given to the Mussalmans of Bengal in the civil services and 33 per cent in all other services. Yet today, says this address, there are departments of Government where there is not a single officer who is a Mussalman with the exception of a few and the proportion of the Mussalmans is far below the one-third, and it says "we beg leave to append a brief statement showing the present position of the Mussalmans in the principal services of the Province". Mr. President, I will only read one or two of these statements. In the High Court of Calcutta, out of 17 Judges, we have got only one Muslim Judge. In the appointments in the High Court, out of a total of 32, we have got two Muslims, among the District officers, additional District Magistrates and Joint Magistrates, out of 62, we have got two Muslims. These are all from the Bengal Civil List. District Judges,—out of 68, there are six Mussalmans.

Mr. M. Maswood Ahmad: May I know if the appointments are under the Local Government or the Government of India?

Mr. A. H. Ghuznavi: Under the Local Government.

Mr. Muhammad Yamin Khan: How many Mussalmans are there in the Cabinet of Bengal?

Mr. A. H. Ghuznavi: There are two Ministers and one Member out of seven.

Mr. Amar Nath Dutt: How many are Europeans?

Mr. A. H. Ghuznavi: I shall place the list on the table and you can have a look at it yourself. That there are a large number of Hindus cannot be denied.

Mr. Amar Nath Dutt: There is only one Hindu Minister and one Executive Councillor.

Mr. A. H. Ghuznavi: I will now straightaway go to the question of the terrorists. Whether my friends admit it or not, the movement is entirely confined to the Hindus of Bengal.

Mr. S. C. Mitra: Is the Honourable Member aware that there are Muslim detenus also?

Mr. A. H. Ghuznavi: There were no Muslim detenus at all till 1934. I have been informed that there was a conspiracy to get hold of one or two Mussalmans in Chittagong to give the appearance that Mussalmans were also in it, and I can assure my friend that as soon as I go back, I will take up that matter myself and I will see that according to the Islamic traditions and laws and according to the Quran, it is enjoined that every Mussalman, if he is a true Mussalman and not a Mussalman only in name, cannot go against his King and the King's servants. That is the injunction given in the Quran. If you want the quotation from the Quran . . . . .

Mr. S. C. Mitra: What is the Hindu tradition?

Mr. A. H. Ghuznavi: I will give it to you from a translation which makes it abundantly clear that no one who follows the Muslim religion can go against the King, be he a Muslim King, or an English King or any other King.

(Interruption by Sardar Sant Singh.)

Now, Sir, as this is a Finance Bill, I am going to draw the attention of my Honourable and esteemed friend, Sir George Schuster, to the state of things in the Income-tax Department. This was submitted to His Excellency in December, 1932. What is the proportion of the Muslims in the Income-tax Department? The total of Income-tax Commissioner and Assistant Income-tax Commissioners is six. Of this, only one was a Muslim, but today there is not a single Muslim in the Department. There is not a single Assistant Commissioner of Income-tax. I hope and trust that Sir George Schuster will look into this matter before he leaves the shores of India. Surely in a Province where the Mussalmans are in a majority, it should not be the case that there is not a single Muslim as an Assistant Commissioner or Commissioner.

Mr. Amar Nath Dutt: How many Assistant Commissioners are there?

Mr. A. H. Ghuznavi: Sir, the third point I wish to make is this. With regard to the post and telegraph service, when one looks at the conditions in England and here, one finds a tremendous change. For instance, in England, they have got cheap greeting telegrams, X Mas and Easter telegrams and they have got beautiful forms and they are making very great propaganda for its large use and introduction. Here also they have introduced the *Diwali* and the *Holi* and the *Christmas* forms, and so on. Now, yesterday was our *Id* day, and I wanted to send some *Id* greetings by means of cheap telegrams. In spite of my best efforts for the last six days to get some of these forms, I failed. I went myself yesterday to a telegraph office and asked them to show me the rules and the forms. He kept *choop*, and then he pointed out a dirty and filthy board and said: "Look here, you better read that". I asked, "What about the forms?" "Don't ask me", he said, "read that and make up your mind". When I said, "Well, I am going to report the matter to my Honourable friend, Sir Frank Noyce," it appeared that that gentleman did not even know who Sir Frank Noyce was, it had no effect at all. Three times I repeated my request for a form and for a copy of the rules, but it fell on deaf years, and the man went on talking about his daughter's marriage, and so on. I then left the place and I said I better save some money I wanted to spend and send a few letters only.

12 MID NIGHT.

An Honourable Member: Where was that?

Mr. A. H. Ghuznavi: I will not give the name of the telegraph office, because Sir Frank Noyce will probably take very serious steps, and I do not want to put that man to trouble.

The Honourable Sir Frank Noyce: Sir, it is not much good making any complaint to me unless the details are also given.

Mr. A. H. Ghuznavi: Sir, it is a pleasure to go to a post office or a telegraph office in England. But take a telegraph office in Calcutta apart from Delhi. You will have to wait for one hour before your message is taken. The man goes on talking about his daughter's marriage, his son's marriage and illness in the house. He does not even look at you, he simply tells you, "Wait, let me finish what I have to say about my daughter's marriage and my son's marriage". (Laughter.) Sir, it is a pleasure on the other hand to go to a telegraph office in London, and why? Because it is not a Government service there, but a commercial service.

Mr. Amar Nath Dutt: Hear, hear.

Mr. A. H. Ghuznavi: Even before I produce the money, the receipt is ready and not one man is standing. I used to go to the St. James's Street Post Office What a clean post office it is there, and it is a pleasure to buy your postage there. Not even half a second are you detained. Here, on the other hand, you have multifarious arrangements about registered letters being accepted up to 3 o'clock, money orders being accepted up to 4 o'clock, with late fee up to five o'clock, and with additional late fee up to six o'clock, and so on. They in England have the offices open for all these transactions from eight in the morning to eight at night, and there is no late fee: you can have your registered letters, your money orders, your telegrams, and so on, done for you in the post offices; and, of course, the telegraph offices are open day and night, excepting one holiday, that is Sunday Here we have one delivery, thereby disturbing the peace of the rest of the day. Now, I ask, how can a man remember all these different hours for different kinds of postal business? Now, I, for instance, the other day wanted to send a very urgent letter down to Calcutta, and here is an E. I. R. time-table where is mentioned a train, called the Calcutta-Delhi Mail. Now, the use of the word "mail" there led me to think it carried mails. Now, on Sunday, that letter was completed, and I sent my man with a late fee and an extra late fee and the letter to be posted at the Delhi station at 11 o'clock at night, believing that this Calcutta-Delhi Mail would carry this letter Now, I spent, apart from the late fee, about Rs. 4-8-0 on petrol in order to carry the letter to the post office—and you know, Sir, how the petrol bill goes up with a car knocking about in New Delhi round and round all these corners. The man came back at twelve saying that the mail is carried by a slow passenger train from Delhi to Mughalsarai and that slow passenger train leaves here at half past ten. So, he was only half an hour late, and that train will catch the Punjab Mail at Mughalsarai. Now, what is the idea? Why do you call this the Calcutta-Delhi Mail? I always understood that a mail train carries letters and other mails. Then I thought, probably the best thing would be to send my letter by the Air Mail and I thought the

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Air Mail was going to Calcutta every day. Now, I sent my man to a place called the "*Gol* Post Office." Now, the man on duty there kept my man waiting . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member might have sent his man to Calcutta, after spending all that money.

Mr. A. H. Ghuznavi: The difficulty is that the Calcutta-Delhi Mail had left at half past eight in the morning.

Mr. D. K. Lahiri Chaudhury: The telephone was open.

Mr. A. H. Ghuznavi: Then, Sir, there is one more point, and I have done.

Now, when the excise duty on sugar and the excise duty on match-making will be taken up, you will hear a lot from me. I will give a complete reply justifying these two excise duties,—the match-making and the sugar-making both! Sir, the excise duty on kerosene is, I understand, 11 pies, and the import duty on kerosene is 15 pies The difference between eleven and fifteen pies is four pies. I understand that these four pies—if the tax is raised to fifteen pies—will bring in a crore of rupees which the Government, however, are making a present of to the Burma Oil Company.

Sir, there is another thing I want to bring to your notice. You have directed us to sit here the whole night in order to finish the Finance Bill. Sir, you will remember that you wished to give us at least four days to finish the third reading of the Finance Bill; and the late Mr. Patel—I remember in 1929—went on till the seventh day and he gave us seven days to discuss it. I realise, Mr. President, that this Bill has to go through tonight as the 31st is coming very soon, but what I want to point out is this. Surely the Treasury Benches knew their programme of legislation. The Tariff Bill was introduced on the 22nd of December last and the Government knew that they were bringing up that comprehensive Bill on the 22nd January again. The Bill, which was introduced only on the 22nd of December, was a short Bill and a temporary Bill for two months only. Look at the time that has been wasted of this House, see to the day-to-day debate with regard to that short Bill, and what is the result? We are again sitting with this comprehensive Bill which will come before us. Who is to blame? Why do you force us to sit from 9 o'clock in the morning in the Select Committee and then from 11 o'clock in the Assembly, and then you force us to sit in the night. When the Treasury Benches know that all these things cannot be finished, why do they keep the most important Bill for the final discussion at the latter part of the Session. I protest against this procedure. It is not fair. We are not paid for sitting here for such a long time. We get an allowance of Rs. 20 only, and we are made to sit in the Select Committee from 9 to 11 A.M. and then from 11 A.M to 5 P.M. in the Assembly, and you have directed that the sitting of the Assembly should take place for the whole night I hope and trust that in future we will not be compelled to work from 9 o'clock in the morning till midnight or even later.

Sardar Sant Singh: Sir, during the course of the debates on several Bills, an appeal has been addressed by several Honourable Members on the Treasury Benches to this side of the House for responsive co-operation.

This side has been offering co-operation to the Government rather too lavishly. The Government, on the other hand, has not only refused to respond, but has consistently demanded what may be termed slavish co-operation. This side is always willing to offer co-operation to the Government on equal terms, but never on terms of abject slavery to their views.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

The unpleasant incident of this evening, Sir, goes to show that the Treasury Benches are bent upon having not only the satisfaction of carrying out everything in their own way in this House, but they are now developing a mentality which cannot tolerate any criticism and so the Government want to gag us. Under the catching phrase of balancing of the Budget, the Government want to get huge sums of money from the poor masses of India. The previous Government used to get huge sums from their subjects by sheer force of arms. Though the form has now changed, yet the substance remains the same. Sir, the position is this that we have been reduced to this pass on account of the attitude of those gentlemen who are elected representatives of the people. If they have the least sense of respect for their electors, they would act here as the real representatives of the people who have sent them here. I do not want to use any uncharitable expression towards them, but I cannot help saying that they are the mere henchmen of the Government. On this important occasion, when the Government demand supplies from us, we have constitutional right to express the grievances of our constituencies and of our country.

First of all, I want to discuss a question, which is regarded as not of any importance but which is a very important question, and that is the question of granting or refusing a passport for foreign countries. Sir, so far as I am aware, there is no legislative authority to the grant or refusal of a passport for the foreign countries. The necessity for issue of a passport is to extend recognition of the status of British subjects to the applicant who intends to go out to travel or for any business or commercial purpose in a foreign country. Thus the getting of a passport is a right of the people. It is the inherent right of a British subject to get a passport. So long as he pays the taxes and retains the status of the British subject, he can claim the protection of the laws of the State. It is the duty of the Government to issue a passport when one is demanded. But, as a matter of fact, the passports are refused on grounds which cannot stand examination I want to bring to the notice of this House a recent case where I sent an application of a Sikh for the grant of a passport. It was refused by the Punjab Government and the Honourable the Home Member of the Government of India sent me the following reply:

"I have received your letter of the 9th March, 1934, forwarding an application from Mr Amar Singh for a passport to Japan. The question is one for the decision of the Punjab Government and I regret that from the papers I have seen the case is not one in which I can possibly make any recommendation in his favour."

The whole letter is Greek to me. I really cannot understand why a passport should be refused by the Punjab Government, and why the Government of India should not exercise their power by asking the Punjab

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Government to do their duty in the matter. As I submitted before the House, the getting of a passport is an inherent right of the British subject. He pays the taxes for the protection which he expects to get from the Government of India. He expects the same protection when he goes out to a foreign country. Even if he were the worst criminal, even if he were the worst political suspect, he has a right to go out of the country so long as he is not accused of any offence and remains a free man in the country. Government probably overlook the provision in the Penal Code which confers jurisdiction over the acts of British subjects wherever they may be if they commit any acts which infringe the provisions of the penal laws of this country. In the face of these provisions, I do not see any justification for refusing a passport. But the case I have just cited is a hard one. I could not possibly find what objection the Government could have had in granting a passport to a person who was going to Japan to push the trade interests of India. A special commodity consumed in Japan was arranged to be exported from India and introduced into Japan by this gentleman who applied for a passport, but was refused. Not only that, the purpose was commercial but the employer of this applicant for passport is a gentleman of very high status and approved loyalty to the British. He is Raja Daya Kishen Kaul. I do not understand the reasons which led to the refusal of the passport. He was no doubt once convicted of an offence of political nature, and there may be police reports against him on account of his political activities, but these are not grounds for refusing a passport to him. But this is not the only case of its kind. I have applied for passports for several other individuals, and one of them was Sardar Mangal Singh, B.A., a respected member of the Sikh community. But the passport was refused. I, therefore, submit that it is high time that a strong protest be made in this House against the manner in which the power of issuing passports is used. Will the Government maintain the position that India is a cage from which nobody should escape? Or, is it the reason that Japan or any other country is the breeding ground for political discontent and that no person should be allowed to enter that land lest he may prove a dangerous criminal? I do not think there is any such feeling here at all. I do not think why the passport should be refused so lightheartedly without any reason or justification.

The next point with regard to the Finance Bill is the question of expressing another grievance of my community. At this time probably the House does not know that the whole Sikh community is agitated over the question of the coming reforms. Not only on the merits of the various proposals that are engaging the attention of the Joint Select Committee in England is the Sikh mind agitated, but the question of Communal Award is also agitating very strongly the Sikh community in the Punjab. Those of us who have been reading the newspapers know that recently a Conference has been held in Lahore and very strong speeches are said to have been made against the Communal Award. Again, I will, in response to the demand for co-operation which the Government make upon us, sound a note of warning to the Government of the dangers of this step they are taking if they are pushing forward the Reforms on the basis of the Communal Award. His Majesty's Government issued that Award on the pretext that the communities whom the Reforms are likely to affect did not come to any mutual agreement between themselves. This reasoning does not convince anybody. As a matter of

fact, if His Majesty's Government were honest in their effort to bring about a solution of the communal trouble in India, this was the greatest blunder, a Himalayan blunder, that His Majesty's Government could commit in making any Award at all. As a matter of fact, if honesty were behind this decision, His Majesty's Government should have set their face against it and should have made it clear to the communities concerned that so long as there was a mutually agreed formula between the various communities, the Lucknow Pact, on which the present Constitution is being worked, and to which the Hindus and Muslims and others were parties, would hold the ground. My submission is that His Majesty's Government should have taken their stand on that formula and should have told all the contending parties that they would not interfere.

Mr. A. H. Ghuznavi: But the conditions have changed. When that formula was accepted, there was the official block and the nominated block and all these will disappear under the new Reforms.

Sardar Sant Singh: I am very glad that my Honourable friend has come forward as an advocate of His Majesty's Government's decision, and I take his word that the conditions have changed. Quite so, the conditions may have changed, this argument may be correct, but still the point remains that it is the primary duty and the primary object and concern of the communities themselves to settle the communal question among themselves. It is the principal concern of the contending parties to arrive at a mutual agreement. If they failed to do so, it is not the business of His Majesty's Government to decide it for them. His Majesty's Government must maintain the *status quo*. If the conditions and the circumstances have changed, then it is for the communities themselves to take note of the changed circumstances and to come to a decision. Where one party, on account of certain encouragement from a third party, refuses to come to a settlement, the best position of the Government as an arbitrator or as an impartial judge would be to maintain the ***status quo*** till that is altered by mutual agreement. This proposition is sound in principle and sound in conception and very sound in practice. I still maintain my ground that His Majesty's Government has made the greatest blunder by announcing that Communal Award. At this time, when still the question is before the Joint Select Committee, I want to raise my voice of warning to the British Government and to the Government of India that if any Reforms are based upon this Communal Award, the Government shall be responsible for the state of affairs that will result in the Punjab. This is not a language of threat, this is the language of truth, this is the language of sincere conviction. The consequences, as I narrate them, are likely to happen if the Communal Award is not changed. I understand and appreciate the difficulties of the Joint Select Committee wherein, if my information is correct, and I speak subject to correction, wherein the Muslim Members of the Joint Select Committee threatened to stage a walk out from the Joint Select Committee if the question of Communal Award was brought under discussion. I know that in the face of such difficulties the Sikhs have a very feeble voice in this House and I know that the Sikhs can never claim a majority in any Legislature, and if the question is to depend upon vote, I know we will fail miserably. But this is not a question of votes at all, it is a question of the community and I tell you that the Sikh community is strong enough to fight its battle in the Punjab.

Captain Sher Muhammad Khan Gakhar: I challenge you, we are ready to fight, and work according to this Communal Award.

Sardar Sant Singh: We have fought you before, and we will fight you again and crush you again. It is not a question of my fighting with you, but it is the concern of the Government that have to remain in power. If the Government still want to settle the matter amicably, the settlement can come. But if the Government want to see us fight the Government will have that pleasure in the matter. However, I come to another aspect of the Communal Award. I understand that in the Councils of the Government of India certain serious misrepresentations are being made by interested parties to the effect that the Sikhs are not as serious in the matter of the Communal Award as they appear to be on the public platforms. I know that certain objectionable language has been used in the Cabinet of the Government of India about the capacity of the Sikhs and the intellect of the Sikhs in general. Well, I do not want to use that expression, but I warn the Government of India against listening to such a language which misleads and brings nobody any good This is the same sort of language as was used at the time when the first Sikh War was fought in 1848. If I have had time, I would have read from the history of the Sikhs by Mr. Cunningham. The book is with me now, wherein the author states that before the Chillianwala battle, the Governors and the Agents of the Governor General used to use a very disparaging language about the bravery of the Sikhs and about their capacity to fight and about their inner quarrels and disputes. But after the battle all that had to be modified. Mr. Cunningham states that the whole mentality of the British Government underwent a change after that battle. Similar will be the conditions later on. You may be laughing in your sleeves when you find that the Sikh leaders are fighting among themselves in the Punjab. Yes, Sir, at this time they are fighting, but do you know on what points they are fighting? Each party accuses the other of the lack of sufficient enthusiasm in the matter of setting aside the Communal Award. They are not fighting on any other issues. They are fighting, because one party accuses the other of apathy and inactivity in fighting this Communal Award. So you can judge the nature of the fight that is being carried on. The Communal Award is going to create the greatest trouble in the Punjab and in duty bound I bring it to the notice of Government to take whatever steps they think necessary in the matter of modifying it so far as the Punjab is concerned.

The next point which I want to discuss in this connection is the attitude of Government in under-mining the respect for the law in the country. It will probably sound a surprising declaration that Government should be accused of undermining respect for the law in the country. Before this, such charges were made against the Congress which is responsible for the Civil Disobedience Movement and which movement had resulted in undermining respect for the law. No doubt this charge against the Congress is true if we look at it from one point of view. But Government should be the last body to undermine respect for the law, that law which is passed with their consent, by their votes and under the Constitution given by them. I will illustrate my position by one example only and that is this. The cases have happened,—and I do not want to quote

those cases,—but cases have happened where people have been acquitted by Courts of Justice after a regular trial. But as soon as they were acquitted, even by the High Court, a notice restraining their movements is served upon them even on the jail gate. Is that the respect which you pay to the judgment of the High Courts established by yourselves, of the Courts which, if they are partial at all, are partial to the executive and not to the people?

Mr. S. C. Mitra: I thought this was confined only to Bengal.

Sardar Sant Singh: No, it is not confined to Bengal only, but extends to other Provinces, and more to the Punjab than anywhere else. The Criminal Law Amendment Act was passed by this Legislature and assurances were held out that it would be applied very judiciously, being a very extraordinary power arming the executive with the greatest powers which a Legislature can arm the executive with. How is it that after a person has been tried and the executive has placed all the evidence in its possession before a Judge to examine it, who, after sifting the whole of the evidence finds him not guilty, he is served with a notice of restraint and his movements are restricted? I do not understand how any fair-minded gentleman, to whatever nationality or community he may belong, can defend this action of the executive authority. My friend, Mr. Mitra, reminds me that this was the case with Bengal only. But it is not confined only to Bengal. I refer to another point now. It was a painful surprise for me to discover that a shrewd and intellectual lawyer like the Honourable the Home Member should have laid down some sweeping propositions in his statement made the other day.

An Honourable Member: He is not a lawyer.

Sardar Sant Singh: Yes, he is a lawyer and a very good lawyer. But I cannot allow this opportunity to pass without challenging some of the propositions laid down by him in this statement. This is what he said:

"I would remind the House that the troops in this country are maintained not only for the purpose of defence against external enemies but for the purpose of giving aid to the civil power in internal emergencies."

Rao Bahadur S. R. Pandit (Nagpur Division: Non-Muhammadan): What is wrong there?

Sardar Sant Singh: My Honourable friend, Rao Bahadur Pandit, asks me what is wrong with that. I am going to show what is wrong with it. This statement lays down wrong principles as to the use of troops in aid of the civil power. In no civilised administration is it the function of the troops to aid the civil power in internal emergencies.

An Honourable Member: Question!

Sardar Sant Singh: The Honourable Member who questions this is not a lawyer, and so I will ignore him. The position of the troops or the army in any civilised administration is assigned a definite place. The foremost duty of the army is firstly to defend the country against external attacks, and, secondly, to maintain internal tranquillity. We are not concerned now with external aggression. We are concerned with maintaining

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the internal tranquillity in the country. Now, two sorts of forces are to be found in the country, namely, one which always aids the civil power and that is the police force and the other is the troops. Ordinarily the civil power requires the help of the police in maintaining law and order in the country. That is perfectly justifiable and there can be no exception to that statement. But troops are only called out when there is internal disturbance which cannot be put down by the aid of the police and there the civil power has to abdicate its functions and hand its administration over to the military.

The Honourable Sir Harry Haig: Sir, though I am not a lawyer, I cannot possibly accept that as a fair description or anything approaching the facts.

Sardar Sant Singh: I wish my Honourable friend had heard me a little more and probably I should have been able to convince him of the position which I take; and if he is not convinced after that, I would then quote certain authorities from jurists in order to convince him that the position I am taking up is absolutely correct in law. First, let me state my proposition fully and completely. The first point I tried to make clear was that the troops are only called in where the civil power is unable to carry on the administration and is practically on the verge of abdicating their functions in favour of the military. This may happen in two ways. One is a temporary way, when a riot or a disturbance takes place and the police force is insufficient to quell that disturbance. There will be a temporary use of the army to quell the disturbance. The second is a more widespread disturbance of the peace which we call a rebellion or revolution. There the civil power passes its functions entirely to the military authority, and we call that a declaration of martial law. I understand that the case of Bengal does not fall in the second category, but it falls in the first category. The power of the troops in quelling the disturbance is limited to the emergency for which they have been called out. Now, in the case of riots, the emergency lasts as long as the unlawful assembly is not dispersed. But if the unlawful assembly has been dispersed and reasonable order has been restored, at once the troops are withdrawn and the police and the civil power assume charge of the situation. But what has happened in Bengal? From December, 1932, up till now, the troops have been maintained. Are we to understand that the state of emergency that is prevalent in Bengal is such that the civil power cannot put it down? If they maintain that position, then I would ask, why is the civil power functioning there at all? I am talking only of general principles: I am not helping the terrorists at all I am illustrating this principle only for this purpose that if you hold that the civil power is functioning along with the presence of the troops, may I ask, what is the function of the troops? If their functions are the same as the police functions, then do you maintain that the powers of investigation, search and arrest have been passed on to the troops or they are still in the police there? If they are vested in the police, then the troops have no business to be there. That is the legal position But if the troops are sent to make searches and arrest people, then I will ask him, can he point out any provision in any civilised country which is governed by any system of jurisprudence, whether troops have ever been given such a power? I do not want to go into the truth or otherwise of the allegations made in this House: I have no

knowledge of them. But I lay down this proposition solely from the lawyer's point of view. I say and maintain that the troops are being employed in order to terrorise people into submission, and are not there to aid the civil power in an emergency. As a matter of fact, there is no such emergency as needs the aid of troops. If it is otherwise, why not honestly declare a state of martial law in Bengal? But you are aware that martial law has got its own limitations, and those limitations are those of time. If martial law is not to be declared, why not strengthen the civil power and restore to the police the power of investigation, arrest and search, and whatever powers are given under the ordinary law of the land. So this proposition is a very sweeping proposition which this House, I am afraid, cannot accept in its entirety.

The second point which has been tried to be made out in that statement is the justification for detaining people without trial. The cases of persons who are detained without trial are sent to two Judges and are examined by them, and, after examination, certain recommendations are made to the executive and the executive acts upon those recommendations. This is how I understand that sentence. May I ask a few questions about this? First of all, how many cases have so far been referred to these Judges? In how many cases their recommendation went against the executive authorities and with what result? The figures should be interesting. But apart from this, there is the more serious objection to this system, and that is that without giving the accused an opportunity to cross-examine the witnesses whose testimony is to be used to their prejudice —such testimony has no value in law. Hearsay evidence is scrupulously excluded by all jurists. This evidence taken behind the back of the person is of a very tainted character and is such that no Judge, however capable, however eminent, is able to form an opinion on the evidence, and, more so, when it has been recorded by an interested person, interested in collecting material against the man, who has not had an opportunity of testing it by cross examination. So, if it is an emergency case, you are welcome to use all your power; but always remember that this should be for a limited time and for a limited purpose. In case of Bengal, the time taken has been too long: These measures have not succeeded so far, and so the Government must revise their plans. They must find out some other remedy for this disease. In this connection, I want to point out a historical fact which is probably forgotten by the Government of India, but which I cannot forget at all, because I was a victim of that myself, and that is the declaration of martial law in the Punjab and subsequent appointment and report of the Hunter Committee. That Committee went into the circumstances of the disturbances of 1919, examined the witnesses who were the actors in the Jallianwalla Bagh and perpetrators of other atrocities in the Punjab in the name of law and order. Their report should not be forgotten. The Government should understand this, that the findings of that Committee forcefully condemned the Dyer mentality which wanted to create a moral effect and not to put down the disturbance for which the troops were sent for. Therefore, if that means failed in the Punjab, where the disturbances were more widespread than probably it is in Bengal, I would remind the Government of India that this Dyer mentality can neither be tolerated by the people of this country nor should they be a party to such a mentality in their subordinates. The main argument for the continuance of this policy has been furnished by the Honourable the Home Member in his speech and his justification was,

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as stated by him, that leniency had failed, amnesties had failed and smoother measures had not succeeded with the terrorists and they have, therefore, been compelled to use these measures. This may be correct, and probably this is correct. I can appreciate the difficulties of the Government in this matter; but the question is whether the severer measures which are now being employed can succeed. The verdict of history is against it. Read the old history from time immemorial: history records the clear verdict that one kind of terrorism has not been able to put down the other kind of terrorism. Such use of brutal force has never succeeded. In this connection I will quote from a chapter of the history of the Sikhs in the Punjab. Farukh Siyar wanted to extirpate the whole of the Sikh community in the Punjab. He actually set a price on each Sikh head, and, after some time, he boasted that no Sikh had been left in the Mughal Empire. At that time, 60 Sikhs came . . . .

An Honourable Member: Where is this written?

Sardar Sant Singh: Come to the Library and I will show you the books. Sixty Sikhs came out and told him "No, the Sikhs have not been exterminated: here we are, willing to suffer the penalty of your laws". They were, of course, put to death. After some time, he again ordered a search to be made for Sikhs and declared again that they had been exterminated Again the Sikhs came out and suffered martyrdom. Now, we find that the Mughal Empire has gone, while the Sikhs have survived in the Province of the Punjab. The verdict of history is, therefore, clear. I will, therefore, tell the Government that for some time these measures may succeed, but not for all time, and I hope that the Government will take the necessary steps to put an end to this state of affairs in the country.

Mr. Uppi Saheb Bahadur (West Coast and Nilgiris: Muhammadan): Sir, this is perhaps the last Budget of ours in this Assembly, because, I understand that fresh elections to this Assembly are likely to take place some time about the end of this year. This is also perhaps the last time when we see the Honourable Sir George Schuster amidst us to discuss financial matters. Sir, it has been my great privilege to sit in this House and watch the discussion and his speeches on financial matters with great attention and profit . . . .

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

Sir, I have all the admiration for the masterly way and for the clear exposition with which the Honourable Sir George Schuster always expounded his case. It is really a sad event that we may have to lose him very soon, but he will carry with him our great admiration and gratitude to him.

Sir, this year the Budget has been the occasion of creating provincial jealousies. We find that for the last few years the Government of India have been treating the Madras Presidency with step-motherly affection. Sir, I come from a far off land which is shut out from the rest of India by the western ghats, and the voice from that land is not heard by many. In recent years, the Government of India have been sacrificing the Madras Presidency for the sake of vociferous capitalist Bombay and for the rest of India We have been very often asked to pay high prices for the protection given to the produce of other parts of India. We have been asked

to pay for wheat protection; we have been asked to pay for sugar protection; we have been asked to protect the salt industry; we have been asked to pay for the protection of steel industry; we have been asked to pay for the textile industry. But when it came to a question of protection for us, I mean for the tanneries, the Government of India have treated us with scant courtesy . . . . .

An Honourable Member: They are going to destroy the industry.

Mr. Uppi Saheb Bahadur: And the Government seem to propose to take the last step to destroy this industry, an industry which stood by them when they were in great peril. Secondly, Sir, the one industry of that part of the country from where I come which requires protection is the cocoanut industry. The total number of people who are engaged in the cocoanut industry number about a crore including Cochin and Travancore. Sir, in order to give protection to the textile industry, Government have sacrificed us. When we look into the statistics to see what the Government of India have done for us, we find at once how far they have helped us or rather how far they have sacrificed us for the sake of the textile industry of Bombay, and, in order to encourage Ceylon to buy the cotton produce of Bombay, they have taken away the little protection that the cocoanut industry enjoyed some years ago. Sir, if we look into the statistics of the cocoanut industry for the last four or five years, we find that the Government of India have been sacrificing Malabar at the altar of Ceylon. In 1923, the tariff value of copra was Rs. 23. In 1930, it was reduced to Rs. 17, in 1931, it came down to Rs. 16, in 1932, it came down to Rs. 11-8-0, in 1933, it came down to Rs. ten and, in 1934, it has come down to Rs nine. Then, with regard to cocoanut oil, in 1929, the price was Rs. 30, in 1930, it was Rs. 26, in 1931, it was Rs. 21 8-0, in 1932, it came down to Rs. 16, and in 1933 it came down to Rs. 15-8-0, that is to say, the prices have almost come down by 50 per cent. What has been the result? The result has been enormous imports of foreign copra and cocoanuts into India. The following are the figures relating to the imports of copra from foreign countries:

	Cwts.
In 1930	1,361
In 1931	22,000
In 1932	292,508
In 1933	486,000
	Cwts.
Then coming to cocoanut oil—	
In 1930	73,759
In 1931	188,947
In 1932	511,252
In 1933	358,000
In 1934	77,759
	Cwts.
Again, number of cocoanuts imported were—	
In 1930	19,000
In 1931	47,459
In 1932	6,912,416
In 1933	3,700,000

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This has almost destroyed the cocoanut producer. This industry is the chief mainstay of the people of Malabar.

Now, Sir, I will make a special plea. You know, Sir, that I represent a community which is much maligned, I represent the Moplahs of Malabar. It has been said occasionally from responsible quarters that outbreaks in Malabar were due to want of education among the Moplahs who were held responsible for the Malabar rebellion that took place in 1921 The reason for such occasional outbursts on the part of the Moplahs is that the Moplahs are lacking in education. Economic distress too has added to increase the trouble. But, recently, within the last ten years, after the rebellion, they are taking to education. There are a number of graduates. But neither the Government of India nor the Local Government are helping them. It is not so much as a communal claim as an affair of an all-India importance that I ask that they must be brought into line with all other communities, by encouraging them to take to education I appeal to the Government to encourage education among them by taking some of these people in the services. I hope that my appeal will not go unheard, as this is a matter of all-India importance. Sir, in the interests of Malabar and in the interests of Madras, and in the interest of India, I appeal to the Government to take some of these people in the services and encourage education among the Moplahs

1 A.M.

Some Honourable Members: Let the question be now put.

Mr. President (The Honourable Sir Shanmukham Chetty): If there is a general desire for closure, the Chair has no objection, and it would like to know what the general desire is.

Mr. C. S. Ranga Iyer: I suggest at this very late hour, especially after the speeches that we have been making for the whole of the week, that Honourable Members, the three of them who stood up, will take only five minutes each to drive home their arguments, because nobody wants to sit from 10 o'clock in the morning till the cock crows. If the Honourable gentlemen are willing to speak only for ten minutes, we would not like to use our privilege of closure Otherwise we would insist on applying for closure.

Dr. Ziauddin Ahmad: Might I just say that the Honourable gentleman had been away from the House and he did not hear the speeches that had been delivered in his absence? And it will be unfair to us not to have a chance of reply.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair must make it perfectly plain that if closure is applied for and persisted in, the Chair is bound to accept the closure, and this must be made perfectly plain at this stage.

Mr. C. S. Ranga Iyer: Having agreed to a night Session, we do not want to exercise the prerogative of the majority, the very legitimate prerogative of what is known as parliamentary gag, but we expect the three Members who stood up to just control themselves and speak for five minutes or seven minutes, so that we might hear the Finance Member and conclude this debate.

Maulvi Sayyid Murtuza Saheb Bahadur (South Madras: Muhammadan): Let me associate myself in thanking my Honourable friend, the Finance Member, for having come forward readily to render financial help to our unfortunate brethren of Bihar. The House knows perfectly well how promptly he deputed his Secretary, the Honourable Sir Alan Parsons, to Bihar to see things for himself and hold discussions with the Local Government there and come to conclusions as to what their needs were.

An Honourable Member: Why not a Persian couplet to start with?

Maulvi Sayyid Murtuza Saheb Bahadur: Sir, the House will be at one with me when I say that he would have financed the Government of Bihar more liberally if the financial position of the Government of India had permitted him to do so. If he had simply put forth his genuine endeavours in curtailing the military expenditure of the Government of India, he would have endeared himself to Indians and would not have been put to the necessity of going in for new taxation. Our North-West Frontier colleague interrupted me just now as to how it was that I did not begin my speech with a Persian couplet. To him I will recite this couplet:

"Raiyyat chu Beeqasto Sultan daraqt.
Daraqt ai birather ze Beeqast Saqt."

It means, the king may be compared to a tree and his subjects to the roots of that tree. The stability and strength of the tree rests with the roots thereof.

Major Nawab Ahmad Nawaz Khan: Internal security of India by troops—that is the meaning of your couplet.

Maulvi Sayyid Murtuza Saheb Bahadur: The Nawab Major, I am sorry to say, does not know its meaning. This is the advice given to all rulers, particularly to those of Persia, as to how they should run their administration, as to how they should mould their conduct towards the ruled. In this connection I have to say that this advice has been given not only by that practical philosopher of Persia, but also by the ex-Governors of Bombay and Bihar and Orissa and also by His Excellency the ex-Viceroy. What they have said is, that unless this Government enlist the co-operation and goodwill of Indians, there is no salvation for the Government of India and even for the British Empire as a whole. Sir, you know I was the first Muslim elected Member of the Madras Legislative Council under the Minto-Morley Reforms. For some years I was a no-changer, and I had no idea of getting into the Council or the Assembly. How a change was brought about in me may not astonish the House. When our late lamented C. R. Das visited Madras to consolidate the Swaraj Party and delivered his first memorable speech in Madras, I had the honour of presiding over that meeting—it was then that I was won over to the Swaraj Party, and I have been here for the last 11 years. I have seen many vicissitudes in life, I have experienced the ups and downs thereof, and so I am in a position to give this piece of advice to the rulers that unless they enlist the co-operation and goodwill of the ruled, they cannot run the administration with the help of repressive measures and Ordinances.

Sir, you might have heard that one unfortunate fellow, Mr. Obeidulla Khan by name, is the worthy nephew of that renowned Khan Abdul Ghaffar Khan, to whom the Government should feel indebted. He is the

[Maulvi Sayyid Murtuza Saheb Bahadur.]

one who moulded the conduct of these young Pathans. Sir, you have visited the North-West Frontier Province as I have done. You know what kind of zeal and fervour these young men have. It is Khan Abdul Ghaffar Khan that gave them such a training that they might not be led away from the creed of non-violence under any circumstances, under any provocation. You know how they behaved when they were trampled down by armoured buses. Even then they did not raise their voice. One of the flowers of that family, the nephew of Khan Abdul Ghaffar Khan and the son of Dr. Khan, has been on hunger strike for the last 56 days. We waited in deputation on the Home Member. Many of us saw him individually. The unfortunate mother of Obeidulla Khan and his unfortunate brother have addressed telegrams after telegrams to the Non-Official Members and also to the Official Members, even the Viceroy was addressed by so many ladies and gentlemen, and, lastly, by Pandit Madan Mohan Malaviya. What is the reply—"Oh, we cannot interfere in this matter. It rests with the Government of the North-West Frontier Province". The same reply was given to us by the Home Member also. Now, the House should decide—had it been the case of some ordinary Anglo-Indian with no status in life, would they have meted out the same treatment to him as they have done in the case of Obeidulla Khan?

An Honourable Member: Why not?

Maulvi Sayyid Murtuza Saheb Bahadur: Certainly not. As an Indian you ought to have realised our position. Government do not generally care for the lives of Indians as they do in the case of Anglo-Indians or Europeans This is how the roots of the tree are being cut off, and how ill-feeling and disaffection are being created. Had this Obeidulla Khan, who is already suffering from tuberculosis, been released it would have produced a salubrious effect in all non-co-operators. Sir, his last appeal to do away with communalism and take to nationalism deserves to be acted up to by all communities in India. It is such a noble-minded gentleman who is being treated like a felon and not like a political prisoner whose only fault is that he has not furnished security.

I have now to say a few words about the forward policy of the Government of India. Last year, you know bombs were thrown on the unfortunate and defenceless Pathans of the tribal area, and some agreement was come to between the Government of India and those tribes. Now, we have received an appeal and warning issued by the Haji Sahib of Turangzai. Most probably the Foreign Secretary's attention has been drawn to it. He has appealed in Persian. I am sorry I have not the time to read it to the House and translate it into English. I will only give the sum and substance of it. He says that some military police people are encroaching upon their dominion on the plea of hunting purposes. He says that if some of his people were to open fire on them, this will be taken as a pretext for pouncing upon them and undermining their liberty. He has warned the Government of India as also the North-West Frontier Province Government. I do not know if the attention of our Honourable friend, the Home Member, also has been drawn to it.

Mr. H. A. F. Metcalfe (Foreign Secretary): My attention has been drawn to it and practically every statement made by the Haji of Turangzai is completely untrue.

Maulvi Sayyid Murtuza Saheb Bahadur: May I know if any investigation has been made after the receipt of the representation made by the Haji of Turangzai?

Mr. H. A. F. Metcalfe: May I point out that the Haji of Turangzai has made no representation to Government. What he has done is to broadcast among our tribes on the frontier a series of complete misstatements.

Maulvi Sayyid Murtuza Saheb Bahadur: Am I to understand that the forward policy of the Government of India has been abandoned? If not, we, all Indians, Hindus, Muslims, Christians, Sikhs and Parsis, condemn such a policy. The tribal area people are our neighbours. We have lost our freedom. They are enjoying it which the Government of India want to undermine. This kind of thing is quite detrimental not only to the interests of the Government of India, but also to those of the British Empire. Moreover, it is involving us unnecessarily in so much of expenditure. Crores and crores are being swallowed by this forward policy.

Mr. H. A. F. Metcalfe: May I ask if the Honourable Member has ever considered the interests of those people who live in the administered districts? Is it his idea that they should not be protected?

Maulvi Sayyid Murtuza Saheb Bahadur: I shall be the last man not to recommend protection for those who are under the protection of the British Government, but my point is that, on the plea of giving protection to these persons, can you undermine the liberty of those who have been enjoying freedom, simply because they are not in a position to defend themselves effectively.

Mr. H. A. F. Metcalfe: Liberty to raid and kidnap?

Maulvi Sayyid Murtuza Saheb Bahadur: Liberty to manage their own affairs.

Now, Sir, a word about the unfortunate residents of Baluchistan. The House may be aware that one Mir Abdul Aziz is undergoing imprisonment for three years, simply because he was the Secretary of the Conference which had passed a Resolution to the effect that they should have the same reform as was being enjoyed by the rest of India.

Mr. H. A. F. Metcalfe: On a point of order. Mr. Abdul Aziz is a State subject of the Kalat State and any punishment which has been awarded to him has been awarded by the Kalat State. The Honourable Member is touching on a matter which affects the internal administration of a State.

Maulvi Sayyid Murtuza Saheb Bahadur: I am sorry, Sir. I am dead against the *jirga* system. The *jirga* system is being dictated by a third party. Justice is being administered in British Baluchistan with the help of the *jirga* system and the same abominable system was obtaining in the North-West Frontier Province which has now got reforms. The House will remember that it was I who moved the Resolution regarding the introduction of reforms into the North-West Frontier Province. Now, as has been pointed out by my Honourable friend Seth Haji Abdoola Haroon, this subvention question of one crore of rupees is nothing. Had our Hindu brethren, who object to this subvention, gone into the financial question

[Maulvi Sayyid Murtuza Saheb Bahadur.]

and seen as to how much was being spent upon the North-West Frontier Province *before* the introduction of the Reforms, I am sure they would have been satisfied that this one crore of rupees was nothing. Then, Sir, I want to know if Abdus Samad Khan, who was the Chairman of the Reception Committee and who is now undergoing trial, has not been permitted even to produce evidence in his defence

Mr. H. A. F. Metcalfe: Sir, on a point of order, as the case of this gentleman is *sub judice* is the Honourable Member entitled to discuss that on the floor of the House?

Maulvi Sayyid Murtuza Saheb Bahadur: This much only has been said, namely, is it a fact that he has not been allowed . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. In the case of any matter which is *sub judice*, the Honourable Member should not refer to it at all.

Maulvi Sayyid Murtuza Saheb Bahadur: Before concluding, I have to say one thing about my Province. Sir, out of fourteen High Court Judges, we have not had even a single High Court Judge in Madras who is a Muslim. Sir, my esteemed friend and Leader, Sir Abdur Rahim, who was our High Court Judge, retired, as you know in 1920. Ever since we have been raising our voice and requesting the Government to give us at least one Muslim High Court Judge, so that the Islamic laws may be properly interpreted and administered in Madras. No doubt, when he was serving on the Public Services Commission, one Mr. Faiz Tyabjee was appointed to act for him, but when there was a permanent vacancy in 1920, ever since fourteen years have rolled by, not even a single Muslim has been made a High Court Judge. Though I know that Madras is a major Province, yet I trust the Government of India, particularly the Law Member and the Home Member may interest themselves in this matter and see that out of fourteen at least one Muslim is appointed as a High Court Judge.

Then, Sir, as regards the abolition of the export duty on hides, I have to say that it is an unredeeming feature of this Finance Bill. The tanning industry in Madras has been killed, and now if what has appeared in today's papers about the abolition of export duty on skins be true, if that scheme should come to pass, then the tanning industry will have to bid farewell to and the tanners of Madras will have no other go but to close all the five hundred tanneries in Madras. With these few words, Sir, I resume my seat.

Several Honourable Members: The question may now be put.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That the question be now put."

The motion was adopted.

The Honourable Sir George Schuster: (Applause.) Sir, we have moved rather far from that atmosphere of post-prandial facetiousness which my Honourable friend, Mr Mody, is so fond of talking about. We have

covered a very large range of subjects, and I feel sure that there is no Member here who will not appreciate that this is not exactly an easy debate to reply to.

I had thought, in the first place, that the most appropriate speech on which I might frame my own reply would be the speech made by my Honourable friend, the Leader of the Opposition, but my Honourable friend has been unable to bear the strain and the heat of the night and I, therefore, must deal rather shortly with what he said. I had intended to answer his particular and specific question about the Capitation Award. He asked us very definitely to explain the position in that respect What I had wished to put to him was this, that our original claim was based on several grounds and that it was only on one ground that the Tribunal supported our claim. It was then left to His Majesty's Government to assess the value of that ground. My Honourable friend asked whether we had put forward a claim that we did not consider to be just. Certainly we put forward no claim in which we did not believe. But, like other litigants, we do not always win on all our claims The only question was whether His Majesty's Government's assessment of the one ground on which we won was a fairly reasonable assessment or so unfair and unreasonable that we ought to protest against it. As to that, there was no doubt as to our decision and that has already been communicated to the House.

Now, my Honourable friend dealt with another matter which has also been touched upon by other speakers, and, therefore, I will say something about it. He complained again that we had not a sufficiently constructive economic policy and he complained that the conclusion of my own review on the subject of an economic policy had been one which was no better than "wait and see". Now, Sir, that is not a fair account of the position that I took up. I claimed and I still claim that there had been proceeding, and that there is proceeding, a very definite industrial development and that India in the last few years has made remarkable strides towards being more industrially self-supporting than before. At the same time I made it clear that India cannot expect, at least in my view, to achieve her maximum economic development and well-being merely by relying on her own industries and being entirely self-contained and self-supporting. I made it quite clear that India must have a substantial foreign trade; and although she has become more self-supporting, although, for example, as regards cement, matches and a large range of iron and steel products India is now entirely self-supporting, although she has enormously diminished her need for outside supplies in such articles as cotton piecegoods, cigarettes, tobacco, electric fittings and electrical appliances of all kinds, of which I gave a list still she does need external trade in order to find a market for those products which she is specially adapted to produce and on the production and sale of which so large a proportion of her people rely. I then dealt with the question of how we were to secure our markets for those goods and made certain suggestions and indicated to the House the lines on which we were working. I need not go over that ground again. I merely wish to emphasise the point that we have a constructive plan, that we are working on a constructive plan and that we can claim very substantial results from that plan. On the other hand, we cannot claim and we do not claim that we can from India regulate the world economic position. Now, Sir, if there had been time, I would have dealt much more fully with that, but I think that the House is weary and will no doubt wish me to conclude as quickly as possible.

[Sir George Schuster.]

I wish to deal especially with the speech made by my Honourable friend, Mr. Mody. Mr. Mody raised an issue of very great practical importance. He raised, in fact, two issues. He dealt with the growing competition of the Kathiawar ports from two points of view,—first, the threat to the financial stability of the port of Bombay and, secondly, the loss to the Government of India's customs revenue; and, in dealing with the latter, he raised two questions—dangers to our revenue from smuggling and dangers to our revenue from the working of the agreements which we have with the various States. I would remind my Honourable friend that it was as regards his allegations under this last-mentioned head that I told him that he would have to make good what he had said and that we could not allow the matter to rest as he had left it. Now, as to all those matters which concern the effects on our customs revenue, I do not wish to say anything very detailed or full tonight. I wish to say no more than this—that we are fully alive to the importance of the points which my Honourable friend has raised. Our attitude must be one, of course, of treating all sides fairly, but we must also see that we ourselves are fairly treated. As regards the question of smuggling, active steps are now being taken and, so far as it is possible to minimise that danger, I hope that in a short time all that can be done will have been done. But as to the other issue—the financial position of the port of Bombay, I wish to say this. The Government of India recognise that the maintenance of the trade and the financial stability of the port of Bombay is a matter of far more than local importance in which they have a very direct concern. The Government of India have assured the Government of Bombay that they will do all that is in their power to ensure to the port of Bombay conditions of fair and equal competition with other ports and the ability to hold its place in such conditions The Government of India propose to institute an early inquiry into the financial position of the port of Bombay in order to determine what measures on their own part may be necessary. So, on that point at least I have been able to deal definitely with what has fallen from my Honourable friend

Then, Sir, I should have liked to say something with reference to the speech made by my Honourable friend, Raja Bahadur Krishnamachariar, who leads the Centre Party. But he unfortunately is also not in his place, and my remarks may fall rather flat. If he had been here, I would have given him the assurance for which he asked, though he was one who apparently did not ask for very much. He said, he would be contented with an assurance of sympathy. I could perhaps have offered him more than that. He complained that I had not emphasised again in my latest speeches the importance that we attach to all the agricultural interests in this country. I could have assured him that there is no one of us, Members of the Government, today who does not realise that it is the agricultural interests which should have our primary consideration. (Applause.) I could have explained to him that, of the various issues which he raised, there was not one which was not down on the agenda of the Conference which we intend to hold next week with the representatives of the Provincial Governments. We certainly are fully alive to the urgency of the issues to which he referred, and we shall do our best in consultation with the Provincial Governments to find the best method for dealing with them.

Now, Sir, my Honourable friend, Mr. B. Das,—and he is still with us—raised one or two points on which I feel I ought just to say something.

My Honourable friend, I think, said, "we want a better designed system of taxation", or words to that effect. I might go so far as to say that in a certain sense I agree with him. I think the time has come when the relative reliance we place on the various heads of taxation should be reviewed and I have already made it clear in my Budget speech that we intend to go over all the heads of customs revenue very carefully. I think the time has come when this is perhaps the most important task in the field of the Finance Member's responsibilities. My Honourable friend wished for some information as regards the administrative side in connection with the proposed new excise duties. That perhaps can be dealt with more fully when we come to discuss the Bills, but I can tell my Honourable friend this—that the arrangements are all made for keeping a record of the issues of excisable articles made from factories as from the 1st April. No payments will be due until the 1st of May, but on the 1st of May payments will be due on issues made as from the 1st April, so that, if the measures are passed, everything is in train for collecting the revenue. My Honourable friend raised another point as to the amount of stocks which would be available and on which we should be unable to collect an excise, because they might have been issued from the factories before the 1st of April. That is an important practical point, and it is quite possible that as regards matches we may not collect the full amount of revenue which we have estimated in the course of next year. It is impossible really to say for how long the stock of matches, which will have already been issued and in the hands of retailers before the 1st of April, will last. But the point that I want to make is that, whenever we had introduced an excise measure of this kind, we should have been up against a practical problem of that nature, and there is no reason to suppose that the stocks which will evade the imposition of the excise duty are at present larger than they would normally have been.

Then, my Honourable friend asked some particular questions about the debt position of India. First of all, he asked me whether there was any unfunded debt which did not appear in our tables. I answered that question that our tables are quite complete and there is no hidden liability not there revealed. He commented on one particular feature which is important. He commented on the fact that since 1928 the margin shown as uncovered debt had risen by something like 30 crores. It is, of course, almost impossible in such a table to explain all the factors which go to affect our debt position, but the one important factor which accounts for practically the whole of the increase of our uncovered debt is the result of our sales of silver. When we sell silver, silver which has stood in our currency reserves at its full face value in rupees, we only, of course, get in return the bullion value of the silver, and in order to maintain the full margin against the currency notes issued, we have to create treasury bills to make up the gap. That process has created a debt which on the whole of our silver sales amounts to about 34 crores, and that accounts for practically the whole of the increase shown in our uncovered debt. I think those are all the special points with which I need deal.

So far as the general issues are concerned, I think I may say that the debate has shown that they have, in the sense I had hoped, proved non-controversial, for what I meant by that was that after a bitter controversy raised on our proposals when we first introduced them in September, 1931,

[Sir George Schuster.]

I hoped that the House had come to accept the fact that those proposals were really necessary in order to meet the needs of the situation and that apart from criticisms of detail Honourable Members had not got any alternative plan to suggest to us by which it would have been practically possible to meet the needs of the situation.

The greater part of the discussion this evening and tonight has ranged over a wide field of subjects and has hardly touched upon the special financial problems. The question of Bengal and the justice of our proposals for Bengal have been dealt with, and there, in that connection, I should like to say that my Honourable friend, Mr. Raju, who started by talking about the "milking of Madras" went on to give us a series of figures which seemed to me to make out the most convincing case possible for giving some special assistance to Bengal, and I was very glad to see my Honourable friend, the Leader of the Opposition, take up that point from those figures which had been quoted and elaborate and add force to it by other figures which he was able to present to the House. I hope very much that in the sense used by my Honourable friend, the Leader of the Opposition, that particular part of our proposals may now be regarded as having been accepted by the House, and having passed out of the range of controversy. (Hear, hear.)

This, Sir, is the last debate on the last Finance Bill that I shall have to handle in India and, on such an occasion I should, if the hour had not been so late, have ventured to make a few particular remarks. I will only say one thing and that is this. A good many Honourable Members who have spoken—I revert again to this question of a constructive economic plan—a good many Members who have spoken, I think, have felt that the Government of India have not been very enterprising in their methods and they felt that they would have liked to have seen a popular Finance Minister dealing with the plan more in consonance with the popular demand Well, Sir, history has not yet passed its verdict on the rightness or the wrongness of the various methods which have been tried by many countries for dealing with the present situation. It still remains to be proved whether the bold experiments such as President Roosevelt has been trying in America are right. It still remains to be proved what the ultimate reactions of plans of that kind may be. We have followed less ambitious plans, but yet plans that have been just as carefully thought out. We have been influenced, and let us be quite clear about that, we have been influenced very much by British methods, but let us also be clear that we have not been influenced by British motives. I wish to make that very clear, for there was only one point in the whole of the speech made by my Honourable friend, the Leader of the Opposition, which gave me a certain amount of pain, and that was when he suggested that we here are still under the influence of British motives. Well, Sir, there is no Member of this Government who ever looks at any question except from the point of view of what is right for India (Applause), and there is not one of us here who would consent to continue a policy which was influenced by other motives. There may sometimes be differences of opinion, there may be choices of courses which may be taken and there may be one course which would be more popular and more easy to take, but, when the balance is even, then sometimes one has to choose the course which is the harder one and the less popular, if it appears on

principle to be right. We, in judging of our financial principles, have definitely staked our faith on British methods. Well, Sir, I believe that British methods may in the long run prove the best. We have kept our position sound, and I venture to think that when the Indians of the future look back on the history of these years, they will not be so critical as many are today of us who have adhered to a difficult course and sometimes an unpopular course, but a course which has at all times been guided by a desire to follow right principles and to avoid quack remedies. (Applause.)

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): The House now stands adjourned till eleven of the clock, this morning.

The Assembly then adjourned till Eleven of the clock on Wednesday, the 28th March, 1934.

LEGISLATIVE ASSEMBLY.

Wednesday, 28th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

DISCHARGES IN THE BHURKUNDA COLLIERY.

564. ***Pandit Satyendra Nath Sen:** (*a*) Were there any case or cases of discharge in Bhurkunda Colliery in April and May, 1933? If so, how many, and what were the circumstances relating to each?

(*b*) Were the discharges made for the purpose of reduction? If so, were the prescribed rules for reduction strictly followed in those cases? If not, are Government prepared to set the matters right?

Mr. P. R. Rau: I have called for information and will lay a reply on the table of the House in due course.

INCONVENIENCES TO LONG DISTANCE RAILWAY PASSENGERS.

565. ***Pandit Satyendra Nath Sen:** (*a*) Are Government aware that Railway journeys for long distance passengers generally become very inconvenient owing to the following among other facts:

(i) rush of passengers,

(ii) constant vexation owing to ingress and egress of passengers, and

(iii) greater possibility of the presence of cheats in the compartments?

(*b*) Have the Railway Board received any scheme from one Mr. H. C. Dev, regarding facilities for long distance passengers? If so, what are the suggestions contained in it?

(*c*) Are the Railway Board inclined to accept them? If not, why not?

Mr. P. R. Rau: (*a*) Government recognise that there are certain inconveniences which are inseparable from a long distance journey in any public conveyance.

(*b*) and (*c*). I understand a letter was received from Mr. Dev by the Railway Board in 1931. The main suggestion contained therein, so far as

I can gather from the papers in the Railway Board's office, which do not contain a copy of the letter in question, was the segregation of long distance passengers in separate compartments in through trains. This proposal was considered impracticable because it was liable to result in some carriages being overcrowded and other running practically empty and it was impossible to compel long distance passengers to travel in the particular compartments of the train reserved for them.

Pandit Satyendra Nath Sen: Is it not a fact that a special carriage for Dehra Dun is attached to some of the important trains that leave Howrah?

Mr. P. R. Rau: Yes, Sir. The Honourable Member is doubtless aware that railway administrations do whatever they can in this matter.

Dr. Ziauddin Ahmad: Sir, before I ask this question, I should like to know whether I would be constitutionally right in asking it. According to our rules, questions are to be asked in the first hour of the day's meeting, but this is really a continuation of the meeting held today which was adjourned to meet again 'today' at eleven. So this is not the first hour of today's meeting, and I do not think questions can be asked now.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member can ask the question if he wants.

SENDING OF ADVANCE COPIES OF APPEALS TO THE RAILWAY BOARD.

566. ***Dr. Ziauddin Ahmad:** (*a*) Is it a fact that a circular letter has been issued, prohibiting the railway employees from sending an advance copy of their appeals to the Railway Board?

(*b*) If so, will Government be pleased to state the method by which they can find out whether the appeals tendered by the staff have or have not been withheld by the Agent or any subordinate officer?

(*c*) Do Government propose to take disciplinary action against officers who withhold such appeals without bringing them to the notice of the Railway Board? If so, what?

Mr. P. R. Rau: (*a*) The circular in question, a copy of which I lay on the table of the House, pointed out that as no action is taken on advance copies they serve no useful purpose and only occasion unnecessary clerical work. The Railway Board asked that instructions may be issued that the practice of sending advance copies of appeals should be discontinued.

(*b*) The rules provide that when an appeal is withheld the appellant should be informed of the fact with reasons for it and a quarterly statement of appeals so withheld, except for the reason that the appeal is to an authority to whom no appeal lies, shall be submitted to the authority to whom such appeals were addressed.

(*c*) If any breaches of these rules are brought to the notice of Government, they will be taken serious notice of.

No. 2035-E. G.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

Dated New Delhi, the 1st September, 1933.

To

The Agents,
North Western, East Indian, Eastern Bengal, Great Indian Peninsula and Burma Railways.

Dear Sir,

The Railway Board have noticed that when appeals are submitted for their consideration, it is becoming the general practice for appellants to transmit advance copies direct to the Railway Board, bearing the endorsement that the original is being submitted through the proper channels. I am to point out that, as no action is taken on such advance copies, they serve no useful purpose, and only occasion unnecessary clerical work. The Railway Board therefore consider that the practice of submitting advance copies of appeals should be discontinued, and I am to ask that instructions may be issued accordingly.

Yours faithfully,

(Sd.) L. H. KIRKNESS,

Secretary, Railway Board

D. A.—*Nil.*

No. 2035-E. G., dated the 1st September, 1933.

Copy forwarded for information and guidance to the—
(1) Central Publicity Officer, Indian State Railways,
(2) Chief Mining Engineer, Railway Board.
(3) Senior Government Inspectors of Railways, Circles Nos. 1, 4, 5, and 7.
(4) Government Inspectors of Railways, Circles Nos. 2 and 2-A.
(5) Chief Controller of Standardisation.

(Sd.) L. H. KIRKNESS,

Secretary, Railway Board.

No. 2035-E. G., dated the 1st September, 1933.

Copy forwarded to the Controller of Railway Accounts, Chief Accounts Officers, N. W., E. B., E. I., G. I, P, and Burma Railways and Director Railway Clearing Accounts Office, for information and guidance.

(Sd.) BARKAT ALI,

for Financial Commissioner, Railways.

APPEALS SENT TO HIS EXCELLENCY THE VICEROY BY RAILWAY EMPLOYEES.

567. *Dr. Ziauddin Ahmad: (*a*) Is it a fact that the appeals sent to His Excellency the Viceroy by railway employees are sent by the Private Secretary to His Excellency the Viceroy to the Railway Board?

(*b*) Is it not a fact that such appeals, with a printed memorandum signed by a subordinate clerk, are sent back to the Agents for disposal? Can Government give any instance during the last four years in which the

Agent sent back these appeals to the Railway Board with any remark of his own? If so, will Government please lay on the table a statement giving reference to such cases?

Mr. P. R. Rau: (*a*) The procedure in the Railway Department is the same as in other departments of the Government of India. Appeals or memorials sent directly to His Excellency the Viceroy are forwarded by the Private Secretary to the Department concerned for disposal or remarks.

(*b*) When such an appeal or memorial is forwarded to the Railway Board for disposal and when an appeal lies to the Railway Board, it is carefully considered by the Board before final orders are issued. When under the rules no appeal lies beyond the Agent, it is ordinarily forwarded to the Agent for disposal. Such letters are signed by a gazetted Superintendent on behalf of and under the instructions of the Secretary. When such appeals are sent by the Railway Board to an Agent for disposal there is no occasion for the Agent to send them back to the Board with his remarks.

Mr. M. Maswood Ahmad: Do I understand the Honourable Member to mean that the Railway Board only consider those cases in which an appeal lies to the Railway Board and that if an appeal does not lie to the Railway Board, they do not consider it?

Mr. P. R. Rau: That is the ordinary practice.

Mr. M. Maswood Ahmad: Then is it not useless to send an appeal to the Viceroy, because it is not considered by the Railway Board if an appeal does not lie to them?

Mr. P. R. Rau: I am afraid my Honourable friend has got rather mixed up between the question of appeals and memorials.

Dr. Ziauddin Ahmad: As the intention of an appeal is that some authority higher than the authority which decided the question should have a kind of review, if these applications are not read by the Railway Board, but sent back to the Agent from whose order the appeal is filed, is not my Honourable friend, Mr. Maswood Ahmad, right in saying that it is useless to send any kind of memorial to His Excellency?

Mr. P. R. Rau: I stated quite plainly that appeals and memorials sent to His Excellency the Viceroy are forwarded to the Department either for disposal or remarks.

Dr. Ziauddin Ahmad: May I ask whether these appeals are read by any Member or Officer of the Railway Board?

Mr. P. R. Rau: Certainly. My Honourable friend put that question to Mr. Colvin during the Budget debates and got a categorical answer.

Mr. M. Maswood Ahmad: After remarks are made on these appeals, are they returned to the Private Secretary to the Viceroy?

Mr. P. R. Rau: If remarks are called for, certainly they would be returned.

TIME LIMIT FOR FORWARDING APPEALS OF RAILWAY EMPLOYEES.

568. *Dr. Ziauddin Ahmad: Is there any time limit prescribed within which the Agent of a Railway or other subordinate officers, must necessarily forward the appeal of railway employees to the next higher authorities?

Mr. P. R. Rau: No time limit has been prescribed as to the forwarding of appeals regarding an order against which a right of appeal lies.

Dr. Ziauddin Ahmad: Will it be correct to say that the Agent may withhold an appeal during the whole tenure of his office?

Mr. P. R. Rau: No, Sir. The rules provide that when an appeal is withheld, the fact must be communicated to the person appealing, and when an appeal is decided by the Agent himself, the decision should be communicated to the person concerned.

Dr. Ziauddin Ahmad: In view of the fact that we have stopped a person from sending an appeal direct to the Railway Board, what is the method left to the Railway Board to determine whether a certain appeal has been forwarded or withheld? Do the Railway Board demand any kind of statement showing the number of appeals which are lying there?

Mr. P. R. Rau: I replied to this question a few minutes ago. There is a quarterly statement prescribed which shows all the appeals withheld.

Mr. M. Maswood Ahmad: Are Government aware that there is great discontent among the employees about these appeal rules, and do Government propose to reconsider them?

Mr. P. R. Rau: I quite agree with the Honourable Member, and the Railway Board are quite convinced that it is essential that in any case if an appeal lies to the Railway Board, the right of appeal should be a reality, and that all appeals should be carefully considered by the Board. We quite recognise that and our procedure does in practice give effect to it.

Mr. M. Maswood Ahmad: Do Government propose to consider this question of appeal rules either in the Local Advisory Committees or in the Central Advisory Committee, because there is great discontent among the employees about the present appeal rules?

Mr. P. R. Rau: My Honourable friend has not stated specifically what are the particular rules which he considers are sources of this discontent.

Mr. M. Maswood Ahmad: I think I will not be right in stating those facts, because I am entitled to ask questions here only, and so my question is that, in view of so many questions about these appeal rules, is it not better to consider the question in the Central Advisory Committee as to how far the rules require any change and how far Government are ready to amend the rules?

The Honourable Sir Joseph Bhore: If my Honourable friend makes that suggestion and puts it up for consideration at the next meeting of the Central Advisory Committee, I shall consider whether it should be included in the agenda or not.

Dr. Ziauddin Ahmad: Is it not a fact that a deputation of officers of the East Indian Railway met the Railway Board and mentioned their grievances about similar practices?

Mr. P. R. Rau: I have no personal information about it. If my Honourable friend wants the information, I shall have to ask for notice of the question.

EXAMINATION IN GURMUKHI HELD BY THE POSTMASTER GENERAL, LAHORE.

569. ***Sardar Sant Singh:** (*a*) Is it a fact that the Postmaster General, Post Office, Lahore, held an examination in Gurmukhi on the 22nd October, 1933? If so, is it a fact that 75 per cent marks were required for passing the examination? If so, how many candidates appeared and how many were declared successful?

(*b*) What purpose does this qualification serve in the Post Office?

(*c*) Were the examinees required to transliterate the Gurmukhi characters into Roman characters? If so, with what object?

The Honourable Sir Frank Noyce: (*a*) to (*c*). Enquiry is being made and a reply will be laid on the table in due course.

PERSONS ARRESTED WRONGLY BY THE DELHI POLICE FOR CERTAIN ALLEGED OFFENCES.

570. ***Mr. S. G. Jog:** (*a*) Will Government please state the number of persons the Delhi Police arrested wrongly for certain alleged offences since the 1st March, 1933?

(*b*) How many of them were let off without being challaned before a court because the police subsequently found out that they were not the wanted persons?

The Honourable Sir Harry Haig: With your permission, I will answer questions Nos. 570 and 571 together. I have made enquiries of the Chief Commissioner, Delhi, and will lay the result on the table in due course.

ARREST OF ONE CAPTAIN G. M. SEKHRI BY THE DELHI POLICE.

571. ***Mr. S. G. Jog:** (*a*) Do the Delhi Police arrest respectable persons after making due enquiries as to their identity, etc.? If not, why not?

(*b*) Are Government aware that one Captain G. M. Sekhri, A.I.R.O., B.Sc., M.B.B.S., and a Municipal Commissioner, was arrested by the Delhi Police on the 25th January, 1934?

(*c*) Are Government aware that he was let off by the police after a few days as it was found out that he was not the wanted man?

(*d*) What is the provision in such cases as to the arrest of a person? Do the police tally before arrest the identity of the supposed culprit with the identification details given by the complainant? If not, why not?

(*e*) Do Government propose to provide for preliminary identification by police before arresting a person? If not, why not?

(*f*) Is there any provision for compensating such persons who are wrongly arrested, detained and unnecessarily harassed?

† For answer to this question, *see* answer to question No. 570.

WHEAT EATERS AND RICE EATERS IN THE FINANCE DEPARTMENT AND IN THE DEFENCE FORCES AND POLICE.

572. *Dr. Ziauddin Ahmad: (a) Will Government be pleased to state the number of wheat eaters and rice eaters (i) in the Finance Department of the Government of India, and (ii) in the defence forces and police?

The Honourable Sir Harry Haig: I regret to find that the Government records are silent on the point. If the Honourable Member wishes to start research into the subject, I would suggest that he should conduct a census of the Members of this House.

Mr. K. C. Neogy: Do I understand the implication of this question to be that wheat is good for building up brawn, but not brains?

The Honourable Sir Harry Haig: I would suggest that the Honourable Member addresses his question to the questioner.

Mr. B. Das: If such a census is made, will the statistician also collect statistics as to how many are herbivorous and how many are carnivorous?

RACE-HORSES IMPORTED INTO INDIA.

573. *Mr. M. Maswood Ahmad: (a) Will Government be pleased to state (i) the number, and (ii) the value, of the race-horses imported into India, from the 1st April, 1931, to the 28th February, 1934?

(b) Were any or all these horses insured? If so, what was the total amount of such insurance?

(c) Was any import duty realised on these race-horses? If so, how much and at what rate?

The Honourable Sir Joseph Bhore: (a) The information asked for is not available, as race-horses are not separately recorded in the annual or monthly Sea-borne Trade Accounts of British India.

(b) Government have no information.

(c) No. Import duty is not levied on race-horses, all animals being admitted free.

Mr. M. Maswood Ahmad: Are Government aware that lakhs of rupees and even more have been laid on race-horses here, and that this great luxury is troubling many people in this country, and do they propose to impose any import duty on these race-horses?

The Honourable Sir Joseph Bhore: Does my Honourable friend suggest that this import duty should be levied as a measure of protection for horses bred in this country?

Mr. M. Maswood Ahmad: I do not suggest it as a protective measure: I want to know from my Honourable friend, Sir George Schuster, because this is his department—the imposition of duty—whether Government propose to impose an import duty on race-horses which are of large value to save the poor tax-payer from the burden of heavy taxes?

The Honourable Sir George Schuster: I shall have great pleasure in considering my Honourable friend's suggestion when we go through the whole of our import duties.

Dr. Ziauddin Ahmad: May I ask whether Government will not consider it as a temporary measure to give temporary shelter to this particular industry in India and even to raise the price level to 1931 conditions?

The Honourable Sir Joseph Bhore: I did not know that my Honourable friend was so interested in horse-racing. Now that I find where his predilections lie, I shall certainly consider his suggestion.

RECRUITMENT OF CLERKS AND COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

574. ***Lieut. Nawab Muhammad Ibrahim Ali Khan:** (*a*) Will Government be pleased to state the method of recruitment of clerks and copyholders in the Government of India Press, New Delhi?

(*b*) Is it a fact that only those candidates, who have recommendations, are called by the Manager for interviews and the same candidates are selected after interview?

(*c*) Is it a fact that the Manager has already decided to take an undergraduate in preference to local graduates because he is the son-in-law of the Secretary of the Works Committee?

(*d*) Are Government aware that there is great discontent among the workers of the Government of India Press, New Delhi, owing to the policy of pleasing the members of the committee by taking their relatives in Government employ?

(*e*) Is it or is it not a fact that some relations of the Works Committee have been taken in service of the Press recently?

The Honourable Sir Frank Noyce: (*a*) The recruitment of clerks is made with the approval of the Controller of Printing in accordance with a set of rules which may be seen in his office.

The recruitment of copyholders is made by the Manager of the Press who, I understand, tests candidates in reading and generally satisfies himself that they are suitably qualified.

(*b*), (*c*) and (*d*). No.

(*e*) No persons known to be relatives of members of the Works Committee have been employed recently.

EXEMPTION OF POSTAL EMPLOYEES IN BIHAR FROM THE EMERGENCY CUT IN PAY.

575. ***Mr. S. C. Mitra:** (*a*) Have Government received any representation from the Postal Unions for exempting the postal officials who have suffered in the Bihar earthquake from the five per cent. emergency cut in pay?

(*b*) Do Government propose to consider the cases of the earthquake sufferers in the Postal Department sympathetically as regards their cut in pay?

(*c*) Is it not a fact that Government have in some other Departments, particularly in the Army Department, exempted from the operation of percentage cut in pay several persons on special considerations?

The Honourable Sir Frank Noyce: (*a*) Yes.

(*b*) The matter is receiving the attention of the Director-General.

(*c*) Yes.

SHORT NOTICE QUESTION AND ANSWER.

Import of Foreign Rice into India.

Diwan Bahadur A. Ramaswami Mudaliar: With regard to the statement made by Mr. Bajpai in the course of the debate on the Wheat Import Duty (Extending) Bill on the 26th February that Government were considering what action, if any, was necessary to prevent the disturbing influence of imports of foreign rice on local rice prices, are Government in a position to state now what action they have taken?

Mr. G. S. Bajpai: At the request of the Government of India, His Majesty's Government have instructed His Majesty's Ambassadors in Paris and Bangkok to make representations urgently to the Governments concerned that they should take remedial action.

Mr. B. Sitaramaraju: Has the attention of the Government been drawn to the following news that the Japanese steamer "Toho Maru" steamed into the Madras Harbour on the 21st March, with 4,500 tons of rice, 400 tons to be landed in Madras and the rest to be distributed in other parts of the coast, and it is further stated that 38,000 tons of Siamese rice have been landed in Madras within the last three months—a quantity twice that of the whole annual importation of foreign rice into this country? If that is a fact, will Government be pleased not to delay further in the matter but expedite these proceedings as far as possible lest they may be locking the stable after the horse is stolen?

Mr. G. S. Bajpai: Having a somewhat religious reverence for truth I avoid newspapers in the morning; but I do happen to have information in my possession which shows that imports in March are considerably lower than what they were in January.

Mr. B. Sitaramaraju: Has the attention of Government been drawn to the whole of the imports of foreign rice for the last three months and whether the quantities now imported into Madras are far in excess of the total amount imported into this country in a whole year—I gave the figures for three months—and whether the imports of foreign rice in that period do not amount to twice the amount ordinarily imported within a year into this country?

Mr. G. S. Bajpai: That is a fact: I myself drew attention to the excessive imports of rice during the last three months from countries such as French Indo-China and Siam into this country.

Mr. B. Sitaramaraju: In view of what I stated yesterday, as the Government are now considering the action which they have to take in regard to imports of foreign rice, what do the Government propose to do with

regard to the inter-provincial distribution—particularly with regard to the importation of rice from Burma and with regard also to the question of an export duty?

Mr. President (The Honourable Sir Shanmukham Chetty): That question does not arise.

Mr. B. Sitaramaraju: I have given short notice of the question and

Mr. President (The Honourable Sir Shanmukham Chetty): Any further question now must arise out of the present question.

Mr. B. Sitaramaraju: I am asking whether Government, in view of the fact that as they are only taking action upon the question of foreign imports, are also going to take further action in regard to inter-provincial distribution: I submit it is arising out of the question.

Mr. President (The Honourable Sir Shanmukham Chetty): That question does not arise on this.

Mr. Vidya Sagar Pandya: Will Government kindly lay on the table any representations made by the Government of Madras in this matter?

Mr. G. S. Bajpai: The matter is still under correspondence with the Government of Madras, and I do not think I would be justified in laying copies of the papers on the table yet.

Mr. F. E. James: Will the Government of India take advantage of the presence of representatives from the Government of Madras and also from Burma and other affected Provinces next week at the Provincial Conference to discuss this matter with them?

Mr. G. S. Bajpai: That is a suggestion which will certainly be considered.

Mr. M. Maswood Ahmad: Will Government please state what is the amount of rice imported into India in the last three months and in the financial year 1933-34 for 11 months?

Mr. G. S. Bajpai: I gave the figures of imports for the months of December and January in the course of the statement which I made when the Wheat Import Duty Bill was under discussion. I can now give the figures for February and March. For the month of February, 15,643 tons and for the month of March up to 15th, it is 12,805 tons.

Mr. M. Maswood Ahmad: Up to November 1933?

Mr. G. S. Bajpai: It was 19,000 tons or 3,000 tons less than for the corresponding period of 1932

Mr. K. P. Thampan: The Honourable Member referred to certain representations made by the Government of Madras. Were those representations sent after the deputation of some of the Members of the Madras Legislative Council and other leading men of Madras who waited on the Governor in this matter, or before that?

Mr. G. S. Bajpai: I think that the first representation of the Government of Madras was certainly received before that deputation.

Mr. K. P. Thampan: Have Government received any fresh representation after that?

Mr. G. S. Bajpai: There has recently been a representation, but I could not very well say the date of that representation.

Raja Bahadur G. Krishnamachariar: Can the Government inform us the probable date when a final decision will be arrived at in this matter?

Mr. G. S. Bajpai: My Honourable friend is asking me really to assume the role of a prophet, but he will recognise that when we are conducting negotiations with foreign powers, it is difficult to fix the precise date for the termination of those negotiations. But I can assure the Honourable Member and the House that we realise the necessity of a speedy conclusion of these negotiations.

Mr. K. P. Thampan: May I ask whether the question of import of rice from foreign countries will be given due consideration at the economic conference that meets in early April?

Mr. G. S. Bajpai: My Honourable friend, Mr. James, made that suggestion a little while ago and I said that we would consider that suggestion.

Mr. Sitakanta Mahapatra: Will any steps be taken for a complete stoppage of imports of rice?

Mr. G. S. Bajpai: I am afraid that that is a hypothetical question at this stage, and I cannot give an answer.

UNSTARRED QUESTIONS AND ANSWERS.

PROMOTION OF CERTAIN RESERVE CLERKS IN THE ROHILKHAND POSTAL DIVISION.

245. **Mr. M. Maswood Ahmad:** (*a*) Will Government please state the number of the reserve clerks in the Rohilkhand Postal Division who were appointed as clerks, permanently or officiating, during the period from April, 1933, to July, 1933?

(*b*) Is it a fact that according to the present orders no official is to be permanently promoted due to retrenchment? Did any of the reserve clerks mentioned in part (*a*) above get promotion as clerk permanently?

(*c*) Will Government please state the position held by the reserve clerks mentioned in part (*a*) above in the gradation list of the reserve clerks of the Rohilkhand Division prior to their appointment as clerks?

(*d*) Is it a fact that some of the reserve clerks mentioned in part (*a*) above superseded about 15 senior reserve clerks of the Division about the month of June, 1933?

(*e*) If the reply to part (*d*) above be in the affirmative, will Government please state whether reserve clerks, with equal qualifications and fitness

are appointed as clerks according to their seniority or by selection, and what were the special considerations in favour of the reserve clerks who were allowed to supersede a large number of their seniors?

(*f*) Do Government propose to issue orders that the reserve clerks who have superseded their seniors during 1933 should be reverted in order to give place to those who have been superseded?

The Honourable Sir Frank Noyce: (*a*) to (*f*) Enquiries are being made and a reply will be laid on the table in due course.

RETRENCHMENT IN THE UNITED PROVINCES POSTAL CIRCLE.

246. **Mr. M. Maswood Ahmad:** (*a*) Will Government please state whether it is a fact that under the retrenchment scheme, the officials of the clerical group who have put in 30 years' service in the Indian Posts and Telegraphs Department have to be retrenched before the retrenchment of those with less than 30 years' service?

(*b*) Will Government please state whether it is a fact that in the United Provinces Postal Circle some officials of the clerical group (including the lowest selection grade) who had not completed 30 years' service prior to the 31st December, 1933, were ordered to proceed on retrenchment leave due to the length of service, despite the fact that there were officials in the same group of clerks who had completed 30 years' service?

(*c*) Will Government please place on the table a statement showing the names of officials of the clerical group in the United Provinces Postal Circle who (i) had completed 30 years' service prior to the 31st December, 1933, but were retained, and (ii) those who had not completed 30 years service but were retrenched?

(*d*) Do Government propose to issue orders that those officials who have put in 30 years' service should be retrenched and others who have been forced to go on retrenchment leave be called back?

The Honourable Sir Frank Noyce: (*a*) The fact is substantially as stated by the Honourable Member but I may explain that retrenchment is made by selection and that when no official of a particular community having at least 30 years' service is available it is permissible to retrench one of that community having less service, in preference to officials of other communities with longer service, so as to maintain the communal ratio.

(*b*) and (*c*). Government have no information and do not consider it necessary to call for it as there may be such cases for the reasons explained in the reply to part (*a*).

(*d*) In view of the application of the retrenchment rules as explained in the reply to part (*a*), Government are not prepared to issue any such orders as those suggested by the Honourable Member.

RECRUITMENT OF POSTAL CLERKS.

247. **Rao Bahadur M. C. Rajah:** Is it a fact that the recruitment to the clerical staff in the Post Office has been ordered to be made from the postmen class?

The Honourable Sir Frank Noyce: Qualified men of the postmen class have been made eligible for appointment to the Lower Division of the clerical cadre.

EXAMINATION FOR INSPECTORS IN THE PUNJAB POSTAL CIRCLE.

248. **Rao Bahadur M. C. Rajah:** Is it a fact that no examination in the Punjab Postal Circle will be held for the Inspectors this year? If so, will Government be pleased to state if those candidates of the Post Office who were last nominated for Inspectors' examination will be allowed to sit in the next examination even if they cross the age bar?

The Honourable Sir Frank Noyce: The reply to the first part is in the affirmative and to the second in the negative.

INDIAN OFFICERS EMPLOYED ON RAILWAYS.

249. **Mr. Nabakumar Sing Dudhoria:** Will Government be pleased to state:

(*a*) the name of the Indian railway which has got an Indian as its Agent;

(*b*) the name of the Indian railway which has got an Indian as its Chief Operating Superintendent;

(*c*) the name of the Indian railway which has got an Indian as its Chief Commercial Manager;

(*d*) the name of the Indian railway which has got an Indian as its Chief Locomotive Superintendent;

(*e*) the name of the Indian railway which has got an Indian as its Chief Carriage and Wagon Superintendent;

(*f*) the name of the Indian railway which has got an Indian as its Chief Engineer;

(*g*) the name of the Indian railway which has got an Indian as its Chief Audit and Accounts Officer;

(*h*) the name of the Indian railway which has got an Indian as its Chief Controller of Stores; and

(*i*) the name of the Indian railway which has got an Indian as its Chief Medical Officer?

Mr. P. R. Rau: Presumably my Honourable friend is referring to State-owned railways. If so, of the various posts referred to by him, the following are at present held by Indians—Agent, Eastern Bengal Railway, Chief Accounts Officers, Great Indian Peninsula, East Indian, Madras and Southern Mahratta Railways and Chief Medical Officers, East Indian and Great Indian Peninsula Railways.

ACTION TAKEN BY AGENT OF THE EAST INDIAN RAILWAY ON CERTAIN QUESTIONS ASKED IN THE LEGISLATIVE ASSEMBLY.

250. **Mr. S. G. Jog:** Is it a fact that Mr. P. R. Rau in reply to starred questions Nos. 1398 and 1399 of the 12th December, 1933, informed this House that Government have sent copies of these questions to the Agent, East Indian Railway, for such action as he may feel necessary to take? If so, are Government prepared to enquire and state the nature of the action taken by the Agent?

Mr. P. R. Rau: The answer to the first part of the question is in the affirmative. As regards the second part, Government did not ask for a report from the Agent.

STAFF ENGAGED FOR PAYMENT OF PENSIONS TO ARMY RESERVISTS.

251. **Mr. D. K. Lahiri Chaudhury:** With reference to the credit of Rs. 2,72,000 in demand No. 23, page 79, under the head "Payment of military pensions and subsistence allowance to army reservists", will Government please furnish a statement showing (i) the number of clerks and other staff engaged for payment of pensions, and (ii) their pay, pensionary charges, leave provision, cost of stationery, etc.?

The Honourable Sir Frank Noyce: Information is being collected and will be laid on the table in due course.

CLERKS PERFORMING SAVINGS BANK AND CASH CERTIFICATE DUTIES IN CERTAIN POST OFFICES AND AUDIT OFFICES.

252. **Mr. D. K. Lahiri Chaudhury:** (*a*) Will Government please lay on the table a statement showing the number of clerks engaged on the performance of Savings Bank and Cash Certificate duties in the Post Offices in the Madras and Burma Circles and the number of clerks engaged in the Madras Audit Office to audit the work?

(*b*) Will Government please furnish a statement showing the number of clerks engaged on Savings Bank and Cash Certificate duties in Bengal and Assam and Bihar and Orissa Circles, and the number of clerks engaged in the Calcutta Audit Office to check the work?

The Honourable Sir Frank Noyce: (*a*) and (*b*). A statement showing the number of officials employed in the Madras and Calcutta Audit Offices on Savings Bank and Cash Certificate work is annexed. Separate figures are not available in respect of the staff employed in the Post Offices in the Madras, Burma, Bengal and Assam and Bihar and Orissa Circles for the performance of Savings Bank and Cash Certificate work as in most of the offices the same staff are employed on these as well as on other classes of work.

Statement showing staff employed on Savings Bank and Cash Certificate works in the Madras and Calcutta Audit Offices.

		Savings Bank.			Cash Certificate.		
		Accounts.	Clerks.	Total.	Accounts.	Clerks.	Total.
Madras Audit Office.		2	89	91	..	9	9
Calcutta Audit Office.		3	137	140	1	17	18

STAFF PERFORMING SAVINGS BANK, CASH CERTIFICATE AND GOVERNMENT SECURITY WORK IN POST OFFICES AND AUDIT OFFICES.

253. **Mr. D. K. Lahiri Chaudhury:** (*a*) Will Government be pleased to furnish a statement showing the number of (i) supervisors, (ii) clerks, and (iii) inferior servants engaged in Post Offices and Audit Offices for the performance of Savings Bank, Cash Certificate and Government security work during the year 1932-33?

(*b*) What was the pay, pensionary charges, and cost of leave provision of the staff in post offices and audit offices, separately?

(*c*) What was the proportionate rent for the accommodation of the department in post offices and in audit offices?

(*d*) What was the cost of stationery, printing and contingency?

The Honourable Sir Frank Noyce: (*a*) A statement showing the number of officials employed in Audit Offices in 1932-33, on Savings Bank, Cash Certificate and Government Security work is annexed. Separate figures are not available in respect of the staff employed in the Post Offices for the performance of Savings Bank, Cash Certificate and Government Security work as in most of the offices the same staff is employed for the performance of these as well as other classes of work.

(*b*), (*c*) and (*d*). The information relating to the charges incurred in the Audit Offices is given in another statement annexed. As regards Post Offices, a separate record is not maintained in respect of such charges.

Statement showing the Staff employed in Audit Offices on Savings Bank, Cash Certificate and Government Security work during 1932-33.

	Savings Bank.				Cash Certificate.				Government Security,			
	Supervisors.	Clerks.	Inferior servants.	Total.	Supervisors.	Clerks.	Inferior servants.	Total	Supervisors.	Clerks.	Inferior servants.	Total.
Calcutta Audit Office .	3	137	4	144	1	17	1	19	3	58	2	63
Delhi Audit Office . .	3	138	3	144	1	27	1	29	..	..	..	..
Nagpur Audit Office . .	2	96	2	100	1	33	1	35	..	..	..	..
Madras Audit Office . .	2	89	1	92	..	9	..	9	..	..	..	..
Total .	10	460	10	480	3	86	3	92	3	58	2	63

Statement showing expenditure incurred in Audit Offices during 1932-33 in connection with Savings Bank, Cash Certificate and Government Security work.

	Savings Bank.	Cash Certificate.	Government Security.
	Rs.	Rs.	Rs.
Pay including leave provision	5,84,606	1,03,657	76,485
Allowances	39,765	4,250	830
Pensionary charges	42,716	6,041	4,257
Contingencies including share of rent of buildings.	61,955	7,807	6,805
Stationery and Printing	29,365	422	166
Total .	7,58,407	1,22,177	88,543

GENERAL SERVICE TELEGRAPHISTS.

254. **Mr. D. K. Lahiri Chaudhury:** (*a*) Will Government please furnish a statement showing the number of departmental telegraph offices converted into combined offices during the year 1933-34 and up to the 31st January, 1934?

(*b*) Will Government please also furnish a statement showing the number of general service telegraphists employed during the year 1932-33 and up to the 31st January, 1934?

(*c*) How many general service telegraphists worked in the Calcutta, Bombay, Madras and Agra Central Telegraph Offices during the years mentioned above?

(*d*) How many of them were transferred?

The Honourable Sir Frank Noyce: (*a*) Nine departmental telegraph offices were converted into combined Post and Telegraph Offices during the first ten months of the year 1933-34.

(*b*) The number of general service telegraphists (including those who were officiating as telegraph masters) on the 31st March, 1933, and on the 31st January, 1934, was 1,959 and 1,862, respectively.

(*c*) 126, 320, 124 and 146, respectively on the 31st March, 1933, and 124, 332, 120 and 138, respectively, on the 31st January, 1934.

(*d*) 125.

THE SALT ADDITIONAL IMPORT DUTY (EXTENDING) BILL

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That the Bill further to extend the operation of the Salt (Additional Import Duty) Act 1931, be taken into consideration"

Sir, in making this motion, I hardly think that the House will require any long explanations from me. I should only like to take this occasion to express my appreciation of the value that we have received from the Committee of the Assembly in handling this very difficult and intricate question of encouraging the production of Indian Salt. We have followed a novel procedure and I think the plan which we have evolved is one which contains very valuable lessons. There are two essential features, the first that, combined with the import duty, there is a provision by which the Government reserve power to buy in salt at a certain fixed maximum price from those manufacturers who get the benefit of the import duty. That is the first feature, and the second feature is that we have always refrained from recommending the fixation of the duty for a long period of years. We felt that this was a matter which must be watched and reviewed from year to year, and although the Committee in its report makes it quite clear that they recommend the continuance of this system, they have also made it clear that they think that the actual level of the duty should be subject to examination from year to year. I trust that after the experience we have had in the last three years of the working of this measure, its continuance will prove to be a non-controversial issue. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931, be taken into consideration."

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I beg to move:

"That the consideration of the motion be postponed pending an opportunity for this House to re-consider the terms of the Resolution (dated 1st April, 1931) regarding distribution of the proceeds of the additional import duty on foreign salt, in the light of the action taken by the Government of India and the Provincial Governments thereunder."

Sir, I want to assure the Honourable Member in charge at once that it is with no desire to impede the progress of this measure that I am moving this motion, and I also want to assure him that it is with no desire to raise any controversy with regard to the principle underlying this measure that I am making the present motion.

Sir, it is within the recollection of this House that the Tariff Board made an enquiry into the question as to what action might be taken by Government for the purpose of making India self-supporting in regard to her needs of salt. This was done in pursuance of the insistent public demand that was voiced in this House from time to time. Now, the Tariff Board made certain recommendations which were in course of time referred to a committee of the legislature, which in itself was rather an extraordinary measure, and as a result of the examination of the recommendations of the Tariff Board by this committee of the legislature, a Bill was brought forward in 1931 by the Honourable Member in charge seeking to impose an additional duty on the imports of foreign salt and also seeking some powers for the purpose of regulating the price of salt in the interests of the consumers. Now, Sir, when that Bill came up for consideration in this House, there were signs of a storm being raised over it, and as soon as one Member from Bengal had spoken in opposition, you, Sir, it was who intervened and made the suggestion that perhaps it would smooth matters if Government were to move a Resolution laying down the manner in which the proceeds of this additional duty were proposed to be distributed among the Government of India on the one hand and the Provincial Governments on the other in accordance with certain recommendations made by the Committee of this Legislature on the basis of which that Bill had been drawn up. The intention of Government on that occasion was expressed by the Honourable Member in charge to be to take further time and have the Resolution brought up at the next Session of the Assembly in Simla, so that the Government might meanwhile have more particulars to go upon for the purpose of drawing up a scheme of the distribution of the proceeds of this additional impost. But, Sir, in order to meet the opposition that was raised to this question, the Government, within, two days of the passing of this measure, brought forward a Resolution which was adopted by this House. My point is this, that the two measures go together and form a comprehensive scheme, the Bill which later on became the Act giving the authority to Government to raise additional taxation, and the Resolution laying down the lines on which the proceeds of that taxation were to be distributed. In 1931, the Honourable Member in charge emphasised the temporary character of that measure. I take it that the Resolution was no less temporary than the Bill itself. But whereas the Government have found it necessary to come up to this House from year to year for the purpose of giving an extended life to the legislative measure, they have not thought it right to place the Resolution before this House for the purpose of being reviewed in the light of the experience of the administration of that

[Mr. K. C. Neogy.]

measure and that Resolution. If the Bill has to be dependent upon the assent of this House for the purpose of getting a continued existence, I for myself cannot see any reason as to why the Resolution itself should be considered to be sacrosanct which need not be brought up before this House every year for consideration and assent. I have already stated that the Honourable Member in charge had definitely regarded the two measures to be of a temporary character in 1931. Not merely that, but I find that, when Sir Hugh Cocke sought to move an amendment, which attacked the very basis of the distribution as contained in the Resolution, he was assured that that matter would be gone into at the next Simla Session and the House would have a fuller opportunity of considering the question, and it was on that assurance that that particular amendment was withdrawn. I do not think, however, that the House was given any further opportunity for going into this question at the next Simla Session. Furthermore, I find from the speech of the Honourable Member in charge that he himself pointed that, in as much as the Government had to expedite the bringing forward of the Resolution in deference to the wishes of the Opposition, certain particulars had necessarily to be left rather vague, and more powers had to be left to the discretion of the Governor General in Council in the matter of the distribution of the proceeds of the taxation, than would be necessary if the Government had the time to consider the detailed scheme. That also shows that the Resolution itself did not represent the considered views of the Government at that particular moment, and that the original intention of the Government was to bring up a Resolution which would be more precise in its terms Now, Sir, I would read that Resolution. The Resolution has been reproduced in the fourth Report of the Salt Industry Committee of the Legislative Assembly at page 2!

"This Assembly recommends to the Governor General in Council that in the event of the Bill to impose a temporary additional duty of customs on foreign salt becoming law, the proceeds of the additional duty, after deducting such amounts (not exceeding one-eighth of the whole) as may be required for disbursement by the Governor General in Council for the development of certain Northern India Salt Sources in the manner recommended by the Salt Survey Committee and for the investigation of the possibility of the development of other sources in India for the supply of salt to those areas which at present consume imported salt, shall be distributed to the Governments of those provinces in which salt liable to the additional duty is consumed; and that this apportionment shall be conducted by the Governor General in Council in accordance with his decision as to the extent to which the burden of the additional duty falls upon customers in the various provinces mentioned; and this Assembly further recommends that the attention of the Provincial Governments who may receive a portion of the revenue which is to be distributed should be called to the views expressed in this Assembly as to the desirability of applying such revenue in certain ways and in particular to the development of salt production where economically feasible within their own provinces."

This Resolution, apart from making a distribution of the proceeds of this additional taxation in a certain manner as between the Government of India on the one hand and the Provincial Governments on the other, lays down certain duties for the Government of India as also for certain Provincial Governments. So far as the proportion in which this distribution of the proceeds takes place as between the Government of India and the Provincial Governments is concerned, I have nothing to say at the present moment. But we should like to examine as to how far the Government of India and the respective Local Governments have carried out the intentions of this Legislature as expressed in this Resolution. In the first place, the Governor General in Council was expected to devote a portion of

their share of the proceeds of this additional taxation to the development of certain Northern India Salt sources in the manner recommended by the Salt Survey Committee. That was the first obligation that was laid upon the Government. In what manner has that obligation been discharged by the Government of India? A question, or rather a series of questions, was asked yesterday on this point and the Honourable Member in charge was not in a position to state as to what amounts out of the Government of India's share of this taxation had been spent for the purpose of the development of the salt mines at Khewra. Furthermore, he was not in position even yesterday to state as to how far the Government of India had succeeded in getting salt produced at Khewra to supply the needs of the markets in Bihar and Orissa, Bengal and Assam. On a reference to the report of the Central Board of Revenue on the working of the Salt Additional Import Duty Act during the period 1st January, 1933, to 30th September, 1933, we find that, so far as Khewra is concerned, there is little prospect of the expectations that were held out by the Government in regard to the development of the salt sources for the special benefit of the markets of the three Provinces that I have mentioned being realised. Honourable Members will find at pages 4 and 5 of this report what the Central Board of Revenue think about the present position with regard to this matter. I will just briefly indicate the salient points mentioned by the Central Board of Revenue on this point.

In the first place, it appears that the additional machinery which had been requisitioned for the purpose of crushing the salt at Khewra to the required fineness and for its necessary purification had not been working in the manner expected. That is one point. Then, the uniformity of the crushed product was very seriously below the results which were anticipated, and next, that the results are not quite so satisfactory in respect of the colour of the crushed product. Lastly, the Board summarise the position in the following manner:

"It is at the present stage impossible to give any accurate date for the time when the plant may be expected to deliver salt of a uniformity of grain and colour suitable for Bengal; a relatively lengthy period of experiment may be necessary in this regard. We should, however, in one year from the present date be in a position to state whether Khewra can produce crushed salt of the required whiteness."

So, after a good deal of money has been spent, we are still in a stage of uncertainty, and nothing is known yet as to whether in the future there is any possibility of Khewra being able to supply the necessities of the markets of the three Provinces that I have mentioned. A strange fatality seems to dog the career of the Government's salt sources.

I remember that in 1921, Sir Charles Innes got the Legislative Assembly to make very large grants of money for the purpose of enabling the Northern India Salt resources of the Government to be developed, and very alluring prospects were held out by Sir Charles Innes on that occasion when he assured that the measures contemplated, for which the money was duly sanctioned by the House, would greatly increase the supply, that the price of salt would go down and that apart from all that Government would get a direct return on the investment of the additional capital. But, as a member of the Public Accounts Committee and as a Member of this House, I had opportunity in the past to show that none of these three expectations had been realised. The additional expenditure had not increased the supply, had not lowered the prices, and instead of their being a direct return on the capital spent so far, the

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additional capital entailed in these schemes had been a source of additional loss to the Government. Now, Sir, I am not, therefore, surprised, knowing as I do the history of these development projects with reference to the salt resources of Government, that the expectations that were held out to this House in regard to certain measures of reform to be carried out at Khewra have not borne fruit. My Honourable friend, in answering a supplementary question yesterday, stated as follows:

"We have not tested out that particular quality of salt in the Bengal market but in the meanwhile the price of salt owing to the modification of our policy and competition has fallen considerably from the Rs. 66 per hundred maunds on which the original plans were based. It is therefore clear that Khewra cannot sell at the present competitive prices and the urgency for proceeding with the development of Khewra has therefore become less."

May I remind my Honourable friend that the particular reason why the development of Khewra was considered important was this, that apart from making India self-supporting from Indian sources, the Tariff Board had laid great stress on the desirability of meeting the Indian demand from sources in India itself and in particular from places so situated that transport to Bengal would be by rail. If you bear that very important consideration in mind, then it is very difficult for one to agree with the conclusion of the Honourable Member in charge that in view of the reduction in prices the importance of going ahead with the project at Khewra had been diminished.

The Honourable Sir George Schuster: I did not say "importance". I said "urgency".

Mr. K. C. Neogy: I stand corrected, the urgency had been diminished. I should like to have a statement from the Honourable Member in charge with regard to the future policy so far as this particular point is concerned.

As I already stated, I have no great faith in these development projects having regard to our past experience with regard to Khewra. There is a passing reference in this report to Pachbhadra where also there does not seem to be any very great improvement. Apart from the development of the Northern India Salt sources, the Resolution, which was adopted by this House in 1931, expected the Governor Genreal in Council to investigate the possibility of development of other sources in India for the supply of salt to those areas which at present consume imported salt. The only step that has been taken in pursuance of this particular recommendation, so far as I know, has been the inquiry which was undertaken by Mr. Pitt. A copy of that report was made available to us, but I must point out that that report, whatever its value may be as the opinion of an expert officer, evidently was completed within a short time, with the result that the necessary data which Mr. Pitt had every right to expect to be placed before him were not forthcoming. I do not conceal from the House the fact that the prospects of the development of salt manufacture on the coast of Bengal and Orissa do not appear to be very rosy from that report, but we find that Mr. Pitt himself was not quite satisfied that the last word had been said by him on this subject. For instance, he himself has suggested the collection of certain data. He has suggested, for instance, the collection of the readings of the strength of the brine at different points during different periods of the year. Then, although he has expressed the

view that manufacture on a large scale will not be remunerative along the coast of the Bay of Bengal, he has also expressed the view that this opinion of his does not rule out processes of manufacture, for instance, on the footing of a cottage industry and for the purpose of supplying the needs of definite localities within easy reach of the manufacturing centres. I do not know what action has been taken by the Government of India, in the first place, to investigate all these various matters which Mr. Pitt obviously expected some authority to investigate. I come to the responsibility that was laid upon the shoulders of the Provincial Governments in regard to this matter in the latter part of this Resolution The Honourable Member in charge, while moving that Resolution, made it abundantly clear that although the wording of the Resolution does not lay down any specific duties to be discharged by the Provincial Governments, the Government of India thought that the Provincial Governments could carry on their own investigations and experiments side by side with any investigation that the Government of India might undertake. I must confess that the wording of this Resolution, particularly the latter part of it, is very unsatisfactory, inasmuch as it does not accurately give expression to the views that were expressed on the floor of the House while the Bill and the Resolution were under discussion. And what have the different Provincial Governments done in pursuance of this recommendation? I find that the Bombay and the United Provinces Governments, although they perhaps have benefited the least out of this additional impost, did make a serious effort to push on with certain investigations in regard to the manufacture of salt within their respective charges; but so far as the two Provinces, which have a large seaboard and which had sometime back a flourishing salt industry of their own, are concerned, they have completely failed to carry out the intentions of this House. The Government of Bihar and Orissa and the Government of Bengal have utilised their respective shares of the proceeds of this taxation for the purpose of swelling their general balances and spending the amount for general purposes. That they have not carried out the intention of the Government or of this Legislature does not admit of any dispute, because the Honourable Member in charge himself only yesterday stated in reply to a supplementary question that—I am quoting his words:

"It is quite clear that the Bengal Government have not acted in accordance with the views that have been expressed by this House. But my Honourable friend is also aware that we have no means of dictating the use to which this money should be put."

I do not know why my Honourable friend considers himself and this House to be so helpless in this matter. I take it, my Honourable friend does not approve of the manner in which the Government of Bengal have disregarded the opinion of this House. Now, that is the reason why I want him to give an opportunity to this House to put right any loopholes in the Resolution under which the distribution of the money has so far taken place, and taking advantage of which the Governments of Bengal and of Bihar and Orissa have not spent one pice out of these grants for the purpose of developing the salt resources in their own territories.

Now, Sir, I wanted to know yesterday as to whether the Government of India were prepared to place on the table of this House the correspondence that had passed between them and the Government of Bengal in regard to this matter, and the Honourable Member stated that he could not oblige me in that particular. We have the advantage of having before

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us one of the letters at least that passed between the Government of Bengal and the Government of India. The letter is dated 28th September, 1932, in which, in the concluding paragraph, the Government of Bengal stated as follows:

"In conclusion, the Government of Bengal desire to make it clear that they adhere to the view they have already expressed as to their freedom to utilize their share of the proceeds of the additional import duty on salt in the way most advantageous to the people of Bengal, from whose pockets it has come."

So they claim absolute independence in this matter.

Now, this question was also raised for discussion in the Bengal Legislative Council on the 16th March, 1933, and there, in replying to the debate, the Honourable Mr. Woodhead stated as follows:

"We have used it for improving our financial position, and surely our financial position is bad enough."

While I entirely sympathise with the financial difficulties of the Government of Bengal, I do think that this House was entitled to a better treatment than has been accorded to its Resolution by the Government of Bengal.

Now, Sir, Mr. Pitt, in the course of his report, has mentioned one very significant fact, and that is that there is a suspicion in the minds of the people that the Government—and I think he meant the Government of Bengal in this particular reference—were unsympathetic towards the cause of the salt industry, and he thought, therefore, that the industry should be left as much as possible to private enterprise. This is what Mr. Pitt says:

"There is a tendency to consider that Government is antagonistic to the manufacture of salt in the areas I have mentioned."

Having regard to the attitude taken up by the Government of Bengal in this particular matter, I am not surprised that there is a suspicion of that character in the minds of the people.

Now, what is the position in Bengal at the present moment? Taking advantage of this measure of protection, several private individuals, and at least two limited companies, have come forward to undertake the manufacture of salt, and some of them have already been granted licences; and if we are to believe what was stated by a writer not long ago in a Calcutta newspaper, the manufacture of salt is progressing very rapidly on the coast of the Bay of Bengal—in the districts of Midnapore, the 24-Parganas, Khulna, Barisal, Noakhali and Chittagong. This writer, who is an engineer in Calcutta, has given us very detailed figures of production at each of these centres, and his estimate is that in the entire seaboard area of Bengal the production of salt amounts to about ten to twelve lakhs of maunds per season, and this production is increasing by leaps and bounds. I do not know whether the Central Board of Revenue, or the Officers directly concerned in the administration of the Salt Department, have any information on this particular point. Now, when I read that account, I could hardly believe that the industry had made such progress within this short period without any kind of Government assistance. But, then, just a few days ago, I found that a Muhammadan gentleman writing to the *Star of India*—an evening paper in Calcutta—had also supported the statement of this writer, so far as the districts of Chittagong and Noakhali were concerned.

12 Noon.

I do not know whether there is any exaggeration in the figures given in these accounts; on reference to the figures of imports and clearances of salt in the various ports of India, and so on, which are to be found in Table I of the Statistical Supplement to the Report of the Central Board of Revenue on the working of the Salt (Additional Import Duty) Act,—I find that there has been a remarkable diminution of the clearances of salt in the Bengal ports during the year 1933. Honourable Members will find that in 1931 the clearances in Bengal ports amounted to 1,53 lakhs of maunds—foreign salt, Indian salt and Aden salt, all three taken together. There were 1,53 lakhs of maunds in 1931 and the corresponding figure in 1932 was 1,49 lakhs of maunds and the figure for the year 1933 was 1,35 lakhs of maunds. Here is a sudden drop which can only be accounted for by an increase in the manufacture of salt along the coast of the Bay of Bengal. And if we take this figure of 1,35 lakhs of maunds, it just fits in with the claim put forward by the writer, whom I have already quoted, that the local manufacture has reached the neighbourhood of 12 lakhs of maunds. Now, Sir, a proportion of this manufacture is certainly legitimate, although duty is not paid on it, because, according to the agreement reached, I think, between Mahatma Gandhi and the Government of India and which was embodied in a Government circular, people living along the coast of the Bay of Bengal and the other seaboards are entitled to prepare salt for their own consumption or for sales in their own localities without having to pay any duty. That certainly is a legitimate kind of manufacture which is reflected in this figure of 12 lakhs of maunds, but I daresay a good proportion of the manufacture is of an illicit kind. That is to say, there is some amount of smuggling going on, otherwise it is very difficult to account for such a large extent of manufacture.

Now, Sir, the position, therefore, comes to this: manufacture of salt is going on along the coast of the Bay of Bengal: Government are losing revenue because of the restricted imports of foreign salt whose place has been supplied by this indigenous salt: and in so far as a proportion of this home manufacture is of the contraband variety, Government are losing revenue in respect of excise duty. Although this manufacture is going on merrily, the Government of Bengal do not seem to have any information in their possession as to the feasibility of the manufacture of salt along the coast line of Bengal nor do the Government of India seem to be anxious to see as to what is actually happening. If manufacture is possible to be carried on in such large amounts, is it not worth while to step in with necessary assistance for the purpose of developing this particular manufacture on a regular basis which incidentally will also benefit the Government by way of excise duty.

Sir, I had occasion to discuss this question with some of the promoters of the two companies that are at the present moment striving to set on foot an industry in Bengal. I find that their experience has not been very happy in regard to the assistance which the Government of Bengal are prepared to render to any *bonâ fide* enterprise of this character. In first place, they complain that it was very very difficult to get the necessary licence from the Government of Bengal and that there was an inordinate delay in the issue of licences. Then, they tell me from their own experience that there are certain suitable places along the coast line for the manufacture of salt which are owned by numerous co-owners under the

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system permanent settlement, with the result that it is very difficult for them to get any settlement of those lands, and when they approach the Government for undertaking land-acquisition proceedings which are very legitimate in the interest of industrial ventures of this kind, they are given a flat refusal. Then, Sir, when they want to take settlement of Government's own *Khas Mahal* lands, their experience is no better. There are certain spots which have been mentioned by Mr. Pitt in his report as being suitable centres for the manufacture of salt, and when these concerns made an application to the Government of Bengal for a settlement of limited areas in those places, their applications were rejected. Then, Sir, another complaint of theirs is that they have not succeeded in getting any warehouse licence. It will be in the recollection of the Honourable Member that one of the specific suggestions that were made by Mr. Pitt for the purpose of encouraging the salt industry on the basis of a cottage industry in Bengal was that proper facilities might be granted for the purpose of constructing warehouses where the small manufacturers might bring their own small quantities of salt for sale and storage. There was a specific application for permission to build a warehouse at a particular place in the district of Midnapore, and that application was turned down on the curious ground that the circular, which I have referred to, did not contemplate any warehouse to be put up in this fashion, but that it merely contemplated local manufacture on a small scale for the benefit of the local people. The Government of Bengal obviously ignored the fact that the application for permission to build a warehouse was based on a scheme under which the people who wanted that facility would be liable to pay the excise duty to Government at the stipulated rate. Sir, these are the ways of the Government of Bengal. The application was rejected with the result that a particular recommendation made by Mr. Pitt has not yet been put to the test as to whether, if warehouses were constructed at suitable places, the salt industry could be developed on the footing of a cottage industry. Then, there are further complaints regarding facilities for obtaining fuel necessary for the manufacture of salt. To sum up: the Government of Bengal, apart from granting licences in certain individual cases, have not done anything yet, as far as we know, to advance the cause of the salt manufacture in Bengal, or even to enable suitable experiments to be made as to whether such manufacture can possibly be made on commercial lines, and yet during the past three years the Government of Bengal have got more than 12,58,800 (up to September of 1933) as their share of the proceeds of the additional taxation which we are now asked to sanction for one more year.

Now, Sir, I want my friend to review the whole situation in the light of experience and tell this House as to whether the terms in which the Resolution was passed in 1931 do not require to be amended. In the first place, the Northern India salt resources have virtually failed us. I am afraid it would be idle to expect any great results from Khewra. What is the justification, therefore, to spend any more money out of this taxation for the development and improvement of the process of manufacture at Khewra? It must be remembered that the proceeds of this additional taxation have been dwindling of late, firstly, because of the reduction in the rates that have been imposed with effect from last year, and, secondly, because of the success which this policy has borne so far, namely, in restricting the foreign imports. As the foreign imports go on diminishing,

the proceeds of this additional duty are also bound to go down, and, therefore, we will not have any very large amounts now to devote either to the development of Khewra or the distribution to the Provinces. Having regard to the manner in which the Government of Bengal and the Government of Bihar and Orissa, which were expected to take some additional measures for the purpose of developing the salt industry, have failed to carry out the intentions of the Resolution of 1931, and having regard also to the fact that the amounts at our disposal henceforward will be comparatively small, I ask the Honourable Member whether it is right to distribute the money between the Government of India and the Provincial Governments, or whether it would not be more proper to keep the entire amount in the hands of the Government of India for the purpose of undertaking whatever necessary investigations may be called for in the different areas, or for the purpose of giving due encouragement to the pioneer concerns that are already in the field. If, however, the Government of India do not desire to undertake the responsibility directly through the agency of the Central Board of Revenue, they might set apart sufficient amounts for the purpose of being utilised by the Provincial Governments in the development of the salt industry with a specific condition attached to it that not a pice out of that shall be spent on any other purpose. Either of these two things are called for having regard to our experience in the past, and that is the reason, Sir, why I want that this Resolution should be brought up before this House for being reviewed in the light of the circumstances that I have related, so that the House may decide as to whether to continue the policy of distributing the proceeds of this taxation between the Government of India on the one hand and the Provincial Governments on the other in the proportion specified in that Resolution. If it appears to the House that the money could be more usefully utilised through the agency of the Government of India themselves for the purpose of developing the salt industry in certain areas, it would perhaps be more desirable to leave the entire amount at their disposal for the necessary purposes. Sir, I do not want to express my own opinion on this particular point just now, because what I want at present is that this House should be given an opportunity of reconsidering the terms of that Resolution. There will be ample time for Honourable Members to decide as to whether the money could be better utilised if it were left entirely with the Government of India to develop the salt resources of India or whether certain portions of it could be earmarked for that specific purpose and made over to the Provincial Governments. All that I want on the present occasion is that this Resolution should be considered along with this particular measure, so that while we give an extended life to this additional taxation for one year, we might also consider as to whether the terms on which the proceeds of this taxation are to be distributed deserved to be amended having regard to our experience in the past.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That the consideration of the motion be postponed pending an opportunity for this House to re-consider the terms of the Resolution (dated 1st April, 1931) regarding distribution of the proceeds of the additional import duty on foreign salt, in the light of the action taken by the Government of India and the Provincial Governments thereunder."

Mr. G. Morgan (Bengal: European): Sir, in view of the note of dissent which I have appended to the Report of the Salt Industry Committee,

[Mr. G. Morgan.]

I support the amendment of my Honourable friend, Mr. Neogy. At the same time, Sir, before I proceed further, I should like to point out that in the printed official Report of the 1st April, 1931, in the question put from the Chair, and adopted, the last line reads "applying such revenue in certain ways and feasible within their own Province", but according to the Report which we have all signed, the words used are "and in particular to the development of salt production where economically feasible". This is the official report sent to us. I do not know which is the correct one, but I should think probably the wording given in our Report is the correct wording . . . .

The Honourable Sir George Schuster: The official record of the Assembly proceedings is in accord with the passage quoted from the Report. I do not know where my friend gets the other version from.

Mr. K. C. Neogy: May I point out, Sir, that in the Resolution as originally moved by Sir George Schuster, the word "economically" was there, but in the form in which it was adopted by the President this and a few other words do not occur. Technically, I think the Resolution which was put by the President is the correct version.

The Honourable Sir George Schuster: It is a very curious case. Certainly my attention was not drawn to it. I do not think it has ever happened before. Anyhow, I think the significance of the difference is not very great.

Mr. G. Morgan: I did not notice it before either. It was only when my Honourable friend, Mr. Neogy, read out those words, I noticed it, and I was following the matter in the official Report.

I am going to confine myself to a few remarks on the amendment itself. I think my Honourable friend, Mr. Neogy, has put the case perfectly clearly. With regard to the Northern India sources, I have no hesitation in saying, and I am perfectly certain that the Finance Member will bear me out when I say,—and I have been quite consistent in this matter,—that there was not the slightest chance of crushed salt being supplied from Khewra for the Bengal market at anything like an economic price. This is also the view held by the Tariff Board, as far as we could make out from their Reports. Since then, various complications have arisen which I need not specify,—they are already mentioned in the Tariff Report.—one is the machinery and the other is the colour of the salt. It just shows how dangerous a thing a Tariff Board Report may be. They have definitely stated that the quality of salt which would be procurable at Khewra is equal to the finest white salt, the Aden salt. Now that the actual crushing has been attempted, this is proved not to be the case. Whether it can possibly be overcome is a question for chemists to decide. So far as the salt is concerned, there is not the slightest doubt that there is a strong pink tinge in the salt. But, Sir, it is with regard to the allocation of the additional duty that my Honourable friend, Mr. Neogy, has brought up this amendment. I am strongly of opinion that no money should be retained by the Government of India for the reasons conveyed in the Resolution as it stands at present, that is the development of certain Northern India salt sources. The money for that is

supplied by the consuming Provinces, mostly Bengal and Assam, Bihar and C. P. to a small extent. Now, Sir, it has proved so far, and I am perfectly certain . . . .

The Honourable Sir George Schuster: Sir, I do not want to interrupt my Honourable friend, but I would like to make a suggestion to him. If it can be arranged that this Resolution can be discussed, obviously I think the House would not want a discussion twice over. It appears now that my Honourable friend is really not discussing the point whether the Resolution should be put to the House, but is actually entering upon a discussion of the Resolution. The point I want to put to my Honourable friend who has moved this amendment is this. I want to have an opportunity for dealing fully with all his points, but I want to put this particular point to him. We must get this Bill through before the 31st March. It is merely extending legislation. If we do not get it through before 31st March, the original measure will lapse and we should have to introduce a new Bill, and there will be a great complication owing to the gap that will occur; and I am sure nobody wants,—and certainly that my Honourable friend does not want,—to produce that result. I think my Honourable friend is perfectly reasonable in asking for an opportunity for this House to discuss the Resolution again, and if the point had been raised earlier in the history of this case, we should certainly have acceded to the wishes of Honourable Members who put it forward. The only question is what will be the opportunity for discussing the Resolution. The time of the House is very fully occupied this session and of course anything one can say about Simla is rather hypothetical; but I am quite prepared to say that as far as Government are concerned we recognise that it is a reasonable request and that we will do our utmost to secure time for the discussion of the Resolution as such. If it should be the wish of the House that it should be brought up before the end of this Session, it might mean prolonging the Session a bit, but, as far as Government are concerned, we should raise no objection to that. Sir, I really want to put that point to my Honourable friend who has moved the amendment and to you. If the amendment is passed, it would mean that we could not go on with the discussion of the Bill. We might fail to get the Bill through in time. I would ask our friends to accept our assurance that we will do our utmost to find time for the discussion of this Resolution, if desired this session; but in that case it would have to go on after the more urgent business which has already been provided for.

Mr. K. C. Neogy: Sir, I gladly accede to the request of my Honourable friend, and I would be perfectly willing to withdraw this amendment of mine on the assurance that, if this Bill is passed, Government will find some time for us to discuss this Resolution during this Session.

The Honourable Sir George Schuster: Yes, as long as my Honourable friend is clear on this point that we have a programme mapped out and this Resolution may have to come up at what Honourable Members usually describe as "the fag-end of a very long Session".

Mr. President (The Honourable Sir Shanmukham Chetty): If the Honourable Member is satisfied with the assurance given by the Honourable the Finance Member, I think the best course for him would be to withdraw the amendment.

Mr. K. C. Neogy: I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. President (The Honourable Sir Shanmukham Chetty): The discussion is now to be confined to the Bill itself. Would Mr. Morgan like to continue his speech on the Bill?

Mr. G. Morgan: No, Sir.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I rise to support the motion moved by my Honourable friend, the Finance Member, that the Bill to give additional protection to salt be taken into consideration. Sir, I am grateful to the Honourable the Finance Member for one portion of his observation that he agrees that the present system of review of the protection to the salt industry by the Assembly Committee is a wholesome practice and has resulted in bringing reduction not only to the protective duty, but also in reducing the price level from what was fixed by the Tariff Board. The Tariff Board fixed the price level at Rs. 66; afterwards it was reduced by the Assembly Salt Committee to Rs. 54-12-0 and this time this Committee has recommended that the same be reduced to Rs. 50. As a member of that Assembly Committee, I find that the Tariff Board recommendations are always out of date. After the Tariff Board report is published, if we impartially review their recommendations, we find that the facts were wrong in the Tariff Board's report. I am at present a member of the Select Committee on the Cotton Textile Bill. I find that the Tariff Board's report on cotton textiles was handed over in 1932 and printed in 1932. But it was published only the other day, and all the facts and figures are wrong. They are based on wrong calculations; they are antiquated and ante-diluvian in the course of a year and a half. I placed a note in the fourth report of the Assembly Committee and I will refer the Honourable Members to page 7 of that report which contains the note signed by me and by Mr. Mitra. This is the second paragraph of the note:

"Particularly in the present uncertain economic conditions, the factors that lead the Tariff Board to reach certain conclusions are so often found to lose ground even at the time of the publication of the report of the Tariff Board. The Tariff Board in their latest report on Cotton Textile Industry in paragraph 199, appear to be alive to the question of constant review of prices. While we recognise that industries must receive an assurance of a definite period of protection, in fairness to the industries and consumers, there should be yearly review of the balancing factors operating these schemes of protection. Such a Committee should consist of at least two official members—the Finance Member and the Commerce Member—and ten non-officials elected by the Non-Official Members of the Assembly. Thereby confidence will be restored in all schemes of protection and the interests of the consumers and the manufacturers will be properly safeguarded. We make these observations from the long-felt want that the Assembly has often expressed that the Legislature and the Government cease to exercise effective control over an industry once it has secured protection for a definite period. If Government accept our recommendation and introduce clause to the effect in every protective measure, the demand for protection for a second time would not arise."

Sir, some Honourable Members might ask why I did not give notice of such an amendment. Before I give notice of such an amendment to this Bill and to other tariff measures that this House will shortly discuss, I would like to know the viewpoint of Government. I am very grateful to my Honourable friend, the Finance Member, for when I broached this particular subject, my Honourable friend expressed sympathy with the

purpose for which I made that suggestion. I do not find the Commerce Member here now. We are still sitting in the Textile Committee. I do not like to fight single-handed always to bring forward a clause to be introduced in every Tariff Bill. It is for the Honourable the Finance Member and the Commerce Member to put their heads together, and if this suggestion of ours—Mr. Mitra's and mine—should commend itself to them, and from our experience in the past we know there is justice in our demand, because the Tariff Board's recommendations are always going wrong in these days—whether the Tariff Board members are suffering from economic depression of lack of brains or lack of expert knowledge I do not know—I do hope, my Honourable friends, the Commerce Member and the Finance Member, will put their heads together, and they will now introduce a new clause in every Bill; and if the Honourable the Finance Member so agrees, I will, with your permission, at a later stage bring forward such a clause to be incorporated in this Bill. But what is required is this that it is no use giving protection for a number of years to the industries that come to ask for it: we knew when we gave the Tatas protection for steel in 1927, we had no opportunity to review or to ask them to produce before the Government their cost of production and their balance sheet and how the tariff proposals are benefiting them; but when the Government brought forward a measure and my Honourable friend, Sir George Rainy, brought it to give protection to the galvanised sheet industry, I had the privilege to bring forward the suggestion that the protection should be given for one year only, because the Tata steel industry took no pains to reduce their overhead cost of expenditure. That had a very salutary effect, and you, Sir, also knew it when you were on this side of the House with us, the representatives of the Tatas used to come and explain to you and to us as to how they had reduced the large number of Europeans from 225 to 75. We have that experience and we have the experience in this salt protective measure: we have the certificate of the Honourable the Finance Member that this practice has worked well. So I do hope it is high time that the Government of India adopt a definite policy, a policy of control, a policy whereby the industries produce their balance sheets from year to year, bring forward a report to the Government as to how the protective measure has helped that particular industry during the year and what profit they are making. I do hope this small suggestion coming from this side and which, I find, has the approval of the Honourable the Finance Member,—may be in his personal capacity and not as the Government of India—would now be a regular feature in every Tariff Bill. With these remarks, I support the consideration of the Bill.

The Honourable Sir George Schuster: Sir, I do not wish to burke any proper discussion of this measure; but possibly in view of the undertaking I have given the House may agree to take the Bill into consideration without much further discussion. I was prepared to deal with all the points of my Honourable friend who moved this amendment, but I think it will be better to defer that until we come to the discussion of the Resolution. There is only one point that I have just to clear up at the present moment and that is the position as regards Khewra. My Honourable friend said he wished to know precisely what Government's policy was on this matter. I was not able to deal with that fully in answer to supplementary questions yesterday; but my failure to reply was not really due, as my Honourable friend supposed, to ignorance of the situation

[Sir George Schuster.]

except as regards the precise figure of the expenditure at Khewra up to date, that I have now got. The position as regards Khewra is this: that, in the first place, with the fall in the price of imported salt, that is to say, of fine white crushed salt—which, of course, is a very good thing from the point of view of the consumer,—the possibility of Khewra becoming a commercial proposition has been very much diminished. In fact, I think we must accept the fact that we cannot put Khewra crushed salt into the Bengal market at anything like the prices which are ruling for fine white crushed salt today. Therefore, Khewra becomes not a potential source of immediate supply, unless the Government with the support of the House likes to subsidise Khewra: it becomes valuable, not so much as a source of immediate supply, but rather as a reserve on which Government could draw in case of difficulties, like another war, when sea-borne supplies would not be available. And our policy really, if I may put it very simply, is this: to go on with our Khewra experiments until we can establish that Khewra can produce the kind of salt which is required and then to keep Khewra working on a scale which will enable us to test out the practical operation of mining and crushing the salt on a commercial scale, but not to its full capacity; so that we shall have it working and shall be in a position to enlarge it if at any time a special demand occurred. That is really our policy, and I submit to the House that it is a reasonable policy. We do not want to incur the loss of producing salt in large quantities which can be produced cheaper from the sea-borne sources. On the other hand, we want to have Khewra developed up to a point at which we can at any time enlarge it if any real emergency should arise. I wanted to make that position clear to the House. Otherwise I think I need say no more on the subject. I should only like to say that I am very glad that my Honourable friend who moved this amendment has gone so carefully over the whole position. I am very glad to find that there is so much interest taken in the House on this subject, and we will, in order to make the discussion of the Resolution more valuable, forward copies of my Honourable friend's speech and the other speeches that have been made to the Government of Bengal, so that they may consider all these points that have been raised, before the Resolution comes up for discussion, and I hope that we shall then be in possession of the views of the Government of Bengal on the matter.

As regards what my Honourable friend, Mr. Das, said, I can certainly promise that the Commerce Member and I will put our heads together on this matter; but it would be rather a large order to expect me now to answer on behalf of the Government of India that they would adopt his proposal for Standing Committees on all protection measures. I will certainly talk it over with my Honourable colleague, and I think my Honourable friend will appreciate that there has hardly been time during the course of this Session, since this report appeared, to examine a matter of that kind fully.

I trust that, in view of the position that I have taken up, the House will be able to proceed very expeditiously with the passing of this Bill into an Act.

Mr. G. Morgan: I did not quite understand when you asked me whether I wanted to go on: I was thinking of the amendment and not thinking of the Bill. If you will permit me, Sir, I should just like one minute in order to justify my note of dissent on the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): Yes.

Mr. G. Morgan: Sir, unfortunately every year I have to enter an objection to the consideration of this Additional Salt Duty Bill. This year, the protest, although it has to be put forward, has lost a little of its strength in that Bengal has been able to purchase her salt at a much more reasonable price. In fact, during the discussions last year we thought that if Bengal could get salt at about Rs. 45 a hundred maunds, Bengal would probably be satisfied. That position has eventuated. In the Bill the price put down is Rs. 54-12-0, and it is suggested it should be Rs. 50. Personally, I should have liked it to be lower than that, but still something is better than nothing. The question of Khewra has been explained by my Honourable friend, the Finance Member, but I should like to make it quite clear that from the very beginning and on the Tariff Board's own Report and the various paragraphs 64 to 67 and also 74 and 75 contained in their Report with regard to rail-borne salt, I have had no hesitation in saying that whatever machinery, so far as one knows anything about salt machinery, is put in, Khewara could not supply salt to the Bengal market at Rs. 66 a hundred maunds. There is no doubt that with the help of Aden we have got things very much better, and we cannot do without the supply from Aden.

The only other point is that the Government of India have made a great point about the stabilisation of price, and if the price is a fair price, we in Bengal would be only too glad. It could have been done originally, of course, by admitting the salt free and putting a buying price in the first Bill, but that is too late now. We rely on the Indian sources including Aden, and so far they have been fairly satisfactory, and they have also been more satisfactory recently as regards price. Having entered my protest against the consideration of the Bill, I have nothing more to say at this stage. I will speak on the amendments.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I do not remember that there have been very many measures passed in this House which attained their object in the manner we have achieved in this particular measure, and here we have secured, by putting an additional import duty, two objects, the first is the encouragement of the indigenous industry of manufacturing salt, and the second is the steadying of the price of salt. I shall only quote a few figures to show how far the indigenous industry of salt manufacture has been encouraged by this measure. I give figures for 1930 to 1933 for the 12 months

	1930.	1931.	1932.	1933.
	Per cent.	Per cent.	Per cent.	Per cent.
Foreign salt	64	35	30	17
Indian salt	8	11	20	26
Aden salt	28	54	50	57

As regards the question of steadying the price in 1931-32, the price was about Rs 60 per 100 maunds, but it has now gone down to below Rs. 50. In view of the agreement for the consideration of the Resolution, I do not like to say anything more at the present stage, but I would only request the Government that, before the Resolution is disposed of, the money that will be collected from additional duty should not be distributed to the Provinces. With these words, I support the Bill.

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): Sir, having regard to the trend of the discussion we have had this morning, I do not think there is much to be said in this matter. I support wholeheartedly the principles of the Bill, and I do not think that any serious discussion will arise on it. We are all agreed that some money should be allotted for the purpose of developing the indigenous supplies of salt, and I am particularly glad that Bengal may regain the position which she held about 50 or 60 years ago in the salt industry if sufficient money can be had to develop the industry. We find, Sir, that, during the time of the East India Company, Bengal used to produce more than 80 lakhs of maunds of salt, and all of it was consumed by the people of Bengal. I do not see why that condition of things should not come back again, but for this purpose money is wanted, and the only way by which money can be obtained is by means of this Act. But having regard to the apathy of the Government of Bengal in connection with other measures relating to industries, I submit that no money should be given to that Provincial Government for this particular purpose. I want that the Government of India should make arrangements through their own agency for taking steps to see how best salt could be manufactured in Bengal. With these words, I support the Bill.

An Honourable Member: The question may now be put

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I find that as a result of this measure the price of salt has gone up immensely. My friend, Mr. Mitra, said that the additional import duty measure would lead to a reduction in the price of salt, but I do not know how the additional import duty will reduce the price of salt. On several occasions, my friends have said that if an import duty were levied on certain articles, prices would be increased. No doubt, the price of salt has gone down to some extent, but it is not on account of this import duty. Sir, I think if this import duty had not been levied on the imported salt, the price of salt would have gone down much further, because, in that case, the salt that was imported into this country could have been obtained at a much cheaper rate.

With regard to the development of the indigenous industry, in order that a few persons, who have invested their money in Aden, may fill their pockets, it is not desirable to tax the poorer classes of this country. The great salt demonstration that was made in this House on this question is probably still fresh in the minds of Honourable Members. On several occasions, my Honourable friends have said that salt should be as cheap as possible, but by this import duty I think that salt at the rate of 2½ annas a maund is dearer, and if this import duty were abolished, I think to that extent salt would be cheaper. So far as my Province is concerned, I find that the Government of Bihar and Orissa are not also in favour of this import duty, and whatever amount may be paid out of this taxation to them will not be sufficient, because, as a result of this tax, the price of salt has not gone down to the extent it should have. Therefore, the poorer consumers will have to pay a heavy amount to these millionaires who have already got sufficient wealth and do not need this kind of protection. With these words, I oppose this Bill.

Seth Haji Abdoola Haroon (Sind: Muhammadan Rural): Sir, I support this Bill. I do not agree with my Honourable friend, Mr. Maswood Ahmad, when he said that India was getting her salt at a

dearer price than previously. In 1927-28, the price in Calcutta market was Rs. 100 per 100 maunds. When this Bill was first passed, we fixed the rate at Rs. 66 per 100 maunds after giving protection to the industry. Last year, it was reduced to Rs. 54, and this year you will find that we have fixed only Rs. 50. But still I received a telegram a few days ago that the Aden people were selling their salt at Rs. 42. If you go into facts, you will find that Bengal and Bihar and Orissa are getting cheaper salt now than before.

Mr. M. Maswood Ahmad: Then why do you fix it at Rs. 50 when it is selling at Rs. 42?

Seth Haji Abdoola Haroon: We have fixed Rs. 50 as the maximum price, so that neither Aden nor any indigenous industry here can charge more than Rs. 50. Besides this, I want to bring to the notice of the Government of India that at present we are giving all this protection to the Kathiawar States. I have no objection to giving protection to the Kathiawar States, but I submit that the Kathiawar ports are importing direct foreign goods from different countries. I do not know what sort of agreement has been reached over cotton textiles some months ago, but in any case they have put nothing about the Kathiawar States. If we do not come to an arrangement with the Kathiawar States, then they may import piece goods direct from Japan, they will consume them in their own country and the benefit of the duty will go to the States. The Kathiawar States are at present importing sugar from foreign countries, because they will get Rs. 18-2-0 per bag as customs duty, and they won't consume Indian sugar on which they cannot get any duty for their own States. I do not know how these things will be continued. The States import their goods into British India without any import duty. At present we are importing cotton from Kathiawar and Cutch without charging any import duty. We are importing some seeds and other produce from these territories, I remember, three or four years ago, the Kathiawar States were importing sugar from foreign countries and they manufactured it into candies and despatched it to British India without paying any duty, and they were passing it on as a produce of Kathiawar. This was brought to the notice of Government, and it was after a year or so that we succeeded in charging a duty on the Viramgam Line, and so on. I submit that all these things must be settled on a proper basis. We are giving protection to their salt, we are importing their goods without charging any duty, and the Government of India should make some sort of treaty that the Indian production also must be consumed in Kathiawar or in Kashmir. The Kashmir State gets all those customs duty, which is recovered at the Indian ports, on sugar which goes to Kashmir. The Kashmir Government do not consume Indian sugar, because they do not get any duty from the customs. So, all these things must be considered very seriously, otherwise industry and trade will suffer. With these words, I support the motion.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Sir, I should like to add one word by way of support to this motion. But, before doing so, I must refer to the speech of my Honourable friend, Mr. Maswood Ahmad, who, on behalf of Bihar, has said that the price of salt has increased since this import duty was imposed. In that connection I should like to refer him and the House to the report by the Central Board of Revenue on the working of the Salt (Additional

[Mr. Gaya Prasad Singh.]

Import Duty) Act, during the period 1st January, 1933, to 30th September, 1933.

Mr. M. Maswood Ahmad: I have said, it would have been much less than what it is at present.

Mr. Gaya Prasad Singh: I need not read out the whole thing, but I will refer to Table II at page 28, in which it is stated that the wholesale price in Ranchi was Rs. 3-14-0 in 1929, Rs. 2-12-0 in 1931, Rs. 3-2-0 in 1932, Rs. 3-2-0 in 1933, and so on. The latest figure, that is, up to the 31st May, 1933, is Rs. 2-12-0—that is, the wholesale price. There are other figures also here which I need not read out to the House. There is one point which is involved in this. There is, I understand, a foreign combine in this country which lower the price of salt in the first instance in order to crush indigenous industry, but when that indigenous industry has been crushed out of existence, they increase the price of salt to the top of their bent. That sort of thing will do incalculable harm to the indigenous industry of this country. The Taxation Enquiry Committee in 1926 reported that it was desirable to make India self-supporting in the matter of salt supply. India possesses a peculiarly salubrious climate in the matter of salt industry and it is surrounded on three sides by sea. It has got plenty of sunshine all the year round, and this country is quite favourable to the production of salt, not only for its own consumption, but also for export outside. This proposal of the Taxation Enquiry Committee was subjected to an enquiry by the Central Board of Revenue who at first refused to refer the matter to the Tariff Board, but, later on, under pressure of this House in 1929, the matter was referred to the Tariff Board which ultimately recommended an imposition of protective duty for the purpose of giving encouragement to the manufacture of salt in this country. Since the imposition of this additional duty, the consumption of foreign salt in India has dropped from 63 per cent. in 1930 to 19 per cent in 1933, and this reduction has not resulted in any increase in the price of salt. The Salt Survey Committee of 1931 also supported the conclusions of the Tariff Board. Then, this House appointed a Committee which went into the question in 1931. It recommended an additional duty of 4½ annas per maund on all salt, Indian and foreign, imported by sea into British India, and it was in consequence of all these transactions that the Salt Additional Import Duty Act of 1931 was passed for one year. It was subsequently renewed from year to year. There is one point which I should like to refer to. It is the question whether the benefit of this protection should, as before, be extended to the salt works at Aden or it should be confined only to the salt works in the mainland of India. Now, there are four salt works in Aden. One is an Italian firm, and three are Indian firms. Even before the outbreak of the War, the salt supply of Aden has been coming into this country in sufficient quantities, and this has resulted in steadying the price of salt and in keeping off foreign salt from this country. So long as Aden remains a part of India, I do not think there is any justification for making any sort of discrimination against the import of salt from Aden. My Honourable friend, the Finance Member, also, in a Conference, which was held at Simla, in May 1932, said as follows:

"And as to that, I would like to make the position clear again and to put the Government's position as shortly as possible. Our position is this, that if we take any steps to interfere with free competition among Indian producers, I include Aden

producers, if we were to interfere with the free competition between Indian producers in the same way as we have already interfered with the Indian producers on the one hand and foreign producers at the other, we should do that for one object alone, and that is the National interests of India. We should not do that for the sake of putting profits into the pockets of one set of manufacturers and producers at the expense of another set of producers and manufacturers and I would remind you, gentlemen, that as far as the Indian interests are concerned, according to Tariff Board's report, there is really nothing in it, I say as far as Indian interests are concerned, between Aden and other sea borne sources of production."

This is, what my friend, the Honourable the Finance Member, rightly said on that occasion.

1 P.M.

Now, Sir, there are also a few considerations which might weigh with the House in considering the claim of Aden to protective duties and these considerations are as follows. The works at Aden give a royalty to the Government which brings in a substantial amount of revenue. I understand they also give heavy annual ground rent for the works that are established in Aden, whereas the Karachi works do not pay any royalty and they do not pay anything like the ground rent as Aden, and these are some of the advantages in allowing Aden to be included within the benefit of this duty. The imports from Aden have increased from 40,000 tons to 1,30,000 tons per year, and to 2,60,000 tons per year since protection was granted in the year 1931.

There is only one point which I should like to make, and it is this that when this additional import duty was first imposed, it was decided that a part of this, seven-eighths of the proceeds, should be allotted to the Local Governments in which imported salt was consumed in proportion to their share in the trade. But reports obtained by the Central Board of Revenue show that very little money has been devoted by the Local Governments out of these proceeds to expenditure in connection with the development of the salt industry in their areas, and practically the whole has been absorbed by the Local Governments concerned for meeting expenditure incurred for general purposes. This is a very disquieting feature of the situation. The Government of Bengal and the Government of Bihar, instead of utilising their shares of the proceeds to the development of salt industry in their respective areas have absorbed the money for general purposes, and this is a matter which ought to engage the serious attention of the Government of India, because, after all, the significance of this additional import duty is to give an impetus to the indigenous industry of this country, and if the money which is realised out of this additional duty is not utilised for the purpose of the development of the industry in the respective areas, I think it will defeat its own purpose. Therefore, I would request the Government of India to look into the matter and to devise some means by which the share of the duty which is given to the Local Governments concerned is utilised for the development of the industry in their respective areas. This is all I have got to say. I do not agree with my friend, Mr. Maswood Ahmad. As I have said before, the price of salt has not increased since the imposition of this duty. Even if we suppose that the price of salt has increased a little bit, I should think that our countrymen should cheerfully accept this additional duty in the interests of the development of the national industry of this country. With these words, I support this motion.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): My Province, the United Provinces, has not got great possibilities for the development of salt. There are only a few places where

[Mr. Muhammad Azhar Ali.]

there is some sort of possibility, still the way in which the Government of the United Provinces have cheerfully taken up the lead from the Resolution of this Assembly shows that the interpretation of that Resolution has been quite different in different Provinces. We in the United Provinces are acting according to our present conditions. The United Provinces Government spent some money also over it, but the experiments unfortunnately have not been so encouraging. My chief complaint is this, that the Departments of Industries and Co-operation in the United Provinces are being worked together and it is difficult for one officer to look to the Industry and to the Co-operative Department at the same time. Both these Departments require some sort of expert knowledge, and, as you know, co-operation especially is a very important subject in itself, but the United Provinces Government have not considered it in the interest of the people to keep the Departments under different heads. Formerly when that was so, I remember that the work of the Industries Department and the Co-operative Department was being run on very good lines, and I should say they could show very encouraging figures and a good deal of success, but since these two Departments are under one head, we find that none of these Departments work so efficiently as they did before. But still, in pursuance of the Resolution of the Assembly, the Government of the United Provinces have taken a keen interest in the solution of the question of salt manufacture. It was in two districts—in Jaunpur and in Muttra—that this experiment was tried, and there may be some possibility of improvement. I hope, if the Government of India encourage them by means of money, the Government of the United Provinces will not lag behind any other Province in encouraging the salt industry in the Province. Sir, we in the United Provinces and our Government do not very often come before this House or before the Government of India with a beggar's bowl as do some of the other Provinces. It is a matter of great gratification, not only to us as Members from the United Provinces, but also, I am sure, to the Government of India, that the United Provinces Budget is well balanced even this year. Our sense of prestige and self-respect is not such that the United Provinces should come always to the Government of India or to this House asking for doles for different things as does Bombay or Madras.

Diwan Bahadur A. Ramaswami Mudaliar (Madras: Non-Muhammadan Urban): No, no, not Madras. Madras has given doles to the Government of India.

Mr. D. N. O'Sullivan (Bombay: European): Sir, as I understand, there is a possibility of two of the three amendments which stand in my name and in that of my Honourable friend, Mr. Lalchand Navalrai, being ruled out of order. I wish to say a few words at this stage. In the first place, I would refer to the happy remarks of the un-official members of the Salt Industry Committee of the Assembly with reference to the assistance given to them by the Honourable the Finance Member. They are in these terms:

"The unofficial members of the Committee, and more particularly those who have sat on the Committee since it was first formed, wish to take this opportunity of expressing their appreciation of the sincere and helpful spirit in which Sir George Schuster has presided over their deliberations and assisted them in finding a way along a path which, they are constrained to claim, has been one beset with exceptional obstacles and pitfalls."

Sir, on behalf of the Karachi salt industry, I wish to associate myself with these expressions and with all they say in that behalf. Not long ago

in this House, Sir, my friend Mr. James, in the course of a speech, recommended the re-shuffling of portfolios of Members of Government and in a graphic manner described a cartoon he once saw with the caption—"The same old birds, the same old birds". If I, for one moment, may be permitted to speak in terms of ornithology with reference to the Finance Member, I would be greatly tempted to say that it would be very difficult to catch him up by that old expedient—the application of salt to his tail. He is far too wily a bird. The best compliment I can pay him in this respect is that he is amenable to all sorts of reason and never turns a deaf ear to anything in the nature of cogent argument, but he is impervious to applications of salt on his tail and even to infusions of hot air. The object of the amendments which we tabled to this Bill was to provide what the salt industry in India considered necessary for the further security and further protection of that industry and for a longer defined period. The salt industry in India, and principally the Karachi salt industry, have carefully considered this matter, and their considered opinion is that four essentials are necessary for . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Honourable Member can resume his speech after Lunch.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. D. N. O'Sullivan: Sir, as I was saying before the adjournment, the indigenous salt industry in India presses for four conditions without which the industry cannot continue to exist in this country. Those four requisites are that this Act, affording protection, should be extended for a period of at least three years, if not five, that the duty should be fixed at four annas and six pies as it previously was, that the maximum selling rate should be fixed at Rs. 54-12-0 as it was and finally that there should be a certain degree of protection from imports of Aden salt. The burden of my argument is that if there is a case for protection at all and if one can justify protection at all, then give adequate protection. Half measures are useless. Do not hesitate or vacillate, but embark on a bold and straightforward policy and give all the protection that is necessary to this infant industry, so that it may flourish in this country and may eventually be able to provide the whole country with all the salt that is required. I think, from the trend of what we have heard today, there is no doubt that it is the general opinion that these protective measures are fully justified. I make no apology whatever for briefly referring to the state of affairs which existed prior to the time when the protection was first granted in 1931. We all know that the needs of Bengal for salt are about 550,000 tons per annum. While I mention Bengal, I would add that I for one, speaking on behalf of the Karachi salt industry, would agree that if it is possible to develop Bengal's resources in salt by encouraging either a cottage industry or in any other way, by all means do so. But, as far as we can see at present, the

[Mr. D. N. O'Sullivan.]

climatic conditions in Bengal are not conducive to the manufacture of salt by any method whatsoever. So, in the meantime, our concern must be for the production of salt in other parts of India to meet the needs of the Bengal market.

Now, Sir, as this House is well aware, the bulk of the salt trade was formerly in the hands of foreign importers. At one time it was almost exclusively in their hands, but during the last 35 years the imports from Aden have had a share. It is also unnecessary to remind the House that prior to the protection of 1931, prices fluctuated and rose to enormous and unparalleled heights. With apology, I would refer to certain figures in this respect. Take, for instance, the statistics for the last 70 years from 1862. If we have a glance at them, it will be seen that as far back as 1862 the prices were Rs. 66-0-0 and over for a 100 maunds. From 1862 onwards, with the exception of short periods when the Aden salt began to be sold in the market right up to the time of the protection, the average price of 100 maunds of salt was approximately Rs. 80. We see that in 1875 there was a sudden drop from Rs. 90 to Rs. 59, and it went down as low as Rs. 50 during the next two years owing to the entry of the Italian salt works at Aden. Then presumably when the Italians, with the resources at their command, demonstrated that they could compete successfully, the prices again soared. Then, again, the price suddenly dropped about the year 1908 when other works at Aden were commenced. The prices then remained low from 1907 to 1910 presumably while foreign interests were endeavouring to crush the new Aden interests and then soared again Coming to more recent times I might refer to the war period and thereafter. Take the war period—from 1915 to 1918. During this period, the prices were simply enormous. In 1915, the price was Rs. 124 per 100 maunds; in 1916, it was Rs. 117; in 1917, it was Rs. 227, and in 1918, it was Rs. 241. I may point out that these are average prices, and, as a matter of fact, during the year 1917, the price actually at one period went up to Rs. 434, and the salt was frequently sold at Rs 300 per hundred maunds Enormous profits were made Then, one would have supposed that after the war prices would have again come down more or less to their normal condition, but they continued to be very high from 1919 right up practically to the time of protection. In 1919 the price was Rs 176 per hundred maunds, and, from 1920 to 1928, the price was round the average of Rs. 100 and more. In 1929 the price was Rs. 84 per hundred maunds, and in 1930, it was Rs. 73 per hundred maunds. Then of course we had the protection and the maximum price was fixed. Obviously, therefore, somebody profiteered to an enormous extent during these years Fabulous profits were made and enormous reserves must have been built up by these foreign importers Referring to profits, the Karachi Salt Industry, in one of these excellent pamphlets they have produced from time to time, have pointed out from statistics in their possession that on an average from 1911 to 1931, a period of 21 years, before India came into the field to manufacture salt in this country, an average of a crore of rupees per annum was paid out to these foreign interests and to Aden. Twenty crores, we might say, of excess profits in twenty years. These figures are startling. I would submit then that these details show clearly that it became manifestly important that some measure of protection should be brought into being so as to encourage the indigenous industry and it was none too soon

that in the year 1929, I think it was, Mr. Kelkar on a cut motion introduced a discussion on this subject in this House and we know the rest of the history of this legislation. There was a Tariff Board enquiry in 1930, and eventually in 1931 this Bill, the first Bill, was introduced in this House. Since then we have seen that the measures of protection introduced by the Bill have been fully justified.

As my Honourable friend, Mr. Gaya Prasad Singh, pointed out this morning, there are certain parts of India eminently suited to the manufacture of salt and not the least in this respect is Karachi with its excellent dry climate, its sea-coast and its excellent port. This enterprising city took full advantage of the protection afforded by the Act and there are now five salt works on the outskirts of Karachi 15 miles away, all built up since 1931. I understand that something like 25 lakhs has already been expended on the development of these works. An area of about 3,000 acres has been included, a small township has sprung up and large numbers of labourers are housed there and involved in this work. Where there were merely sand-dunes previously along the sea-shore, we now have a prosperous township, the inhabitants of which are mainly engaged in the manufacture of salt. The local bodies have assisted and canals have been dug and wharfs are being erected and the enterprise is well on the way to prove a success. I think my Honourable friend, Mr. Mitra, referred this morning to this report of the Salt Industry Committee and gave the House the figures for the last year regarding the increase in the manufacture of indigenous salt. The report says:

"In the meantime, the statistics of imports and clearances show a substantial increase in the proportion of the market commanded by the Indian sources of supply balanced by a decline in transactions in foreign salt. The result is that at Calcutta clearances foreign salt represented during the calendar year 1933 only 17 per cent of the whole, whereas they stood at 64 per cent in 1930, 34 per cent in 1931 and 29 per cent in 1932."

Then, they refer to clearances of Aden salt, and, with regard to clearances of Indian salt other than Aden, this accounts for 29 per cent of the whole in 1933 as against eight per cent in 1930.

Now, with reference to what I said just now, if it is worth protecting this industry and if circumstances require it, then let us have an adequate protection. I would point out and I think everybody will agree with me that no industry can possibly flourish if kept in continual suspense. If there is a recurring risk from year to year of protection being removed, then capital will not be forthcoming and the development of the industry suffers. I would emphasise that the industry is in its infancy at the moment and should not be permitted to wither or die. Furthermore, I would submit that a continual change in the tariff policy—an annual change—is to be deprecated, and, therefore, next year when this matter comes up again, I would urge Members of the Committee seriously to consider bringing this enactment into operation for a period of at least three years. On this point, as far as I can see, the Committee have offered no very cogent reasons for refusing to extend the Bill for more than one year. They rely more or less, on this point, on the constitutional position of Aden today and the uncertainty in connection with it. They say in paragraph 5 of their report:

"When the future constitutional position of Aden is decided the whole position will have to be reconsidered, and until then we regard it as wiser not to ask the Legislature formally to commit itself for any long term of years."

[Mr. D. N. O'Sullivan.]

With the greatest deference I fail entirely to see what the constitutional position of Aden has to do with this question. So long as Aden remains a part of British India, she will naturally receive a measure of protection under the enactment. If circumstances arise which cause Aden to be administered in the future by the Colonial Office, then naturally the exports of salt from Aden will be treated as foreign salt and taxed accordingly. It seems to me that the question of Aden is entirely extraneous to the point and the Committee have failed to take the economic situation into consideration. In other words, this part of the report should be taken with a grain of salt.

One or two words more with regard to the argument about the consumer. There are very few Honourable Members I notice in this House who today advanced the time worn argument about the added expenditure to the consumer—the argument that countless millions have to suffer by the additional duty. I would point out in this connection that, as far as one can gather, the imports of foreign salt into India during the last year only constitute ten per cent. of the total imports—something like 50,000 tons out of a total of 500,000. These 50,000 tons of salt were either Liverpool or Hamburg salt which, I understand, is of special quality and is only consumed by the comparatively wealthy. Therefore, the argument that the consumer will suffer can hardly arise by the extension of the import duty.

One word more, and that is with regard to what we are pleased to call in Karachi the "Aden Menace". My Honourable friend, Mr. Gaya Prasad Singh, referring to Aden said that whatever protection Indian salt receives should also be afforded to Aden. I agree, but only up to a certain point and for these reasons. My Honourable friend quite rightly pointed out that exports of salt from Aden into India have gone by leaps and bounds and I will not waste the time of the House by quoting statistics. I will simply say that from 132,090 tons in 1927 it has gone up to 280,000 tons in 1933. Obviously, therefore, Aden requires no protection, because she flourished even before these protective measures were brought into being and she also participated in the enormous pre-protection prices. She consequently built up enormous reserves and now we find today that you can buy, as one Honourable Member pointed out, Aden salt in Calcutta at Rs. 36. I had a telegram on the point yesterday. There has been a drop from Rs. 70 and Rs. 80 per 100 maunds in 1929 to Rs. 36 today. Does the general level of prices of other commodities justify this drop? I respectfully submit that it is not the case. Why this sudden love of Bengal by Aden?

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): The drop in price is so in regard to rice also.

Mr. D. N O'Sullivan: There obviously seems to be a ring of some kind with the avowed object of bringing down the prices and thereby ruining the indigenous industry. After this is accomplished, the prices will again rise. I would further point out that if salt is sold today at Rs. 36 a hundred maunds and Rs. 42 a hundred maunds and at prices of that kind under Rs. 45, then the duty of two annas and six pies is obviously inadequate to protect the local industry and that is the most

cogent argument in favour of reverting to the old rate of four annas and six pies. That is all I have to say at present, and I support the motion on the principle that some protection is better than no protection.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That the Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931, be taken into consideration."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 2 stand part of the Bill."

Has Mr. O'Sullivan got the sanction of the Governor General to his amendment?

Mr. D. N. O'Sullivan: No, Sir, I have not.

Mr. President (The Honourable Sir Shanmukham Chetty): Then it is not in order. Mr. Morgan.

Sir Lancelot Graham (Secretary, Legislative Department): Sir, before Mr. Morgan moves his amendment, I shall be grateful to get a direction about this amendment. The form of this Bill is an amending Bill and there is an established ruling in this House that the scope of an amending Bill is limited either to the insertion of the new sections which actually it is proposed to insert or to those sections of the original Act which it sets out to amend. Now, Sir, as I said, the form of this Bill is an amending Bill, and it sets out to amend sub-section (*3*) of section 1 which gives the life of the original Act. It also makes an amendment in sub-section (*4*) of section 5. Now, Sir, if this really were in substance an amending Bill, I should feel bound to take objection to the relevancy of this amendment on the ground that Mr. Morgan was setting out to amend a provision of the original Act which is not touched by the Bill as introduced; and, Sir, it is because of my natural apprehension that if I let this amendment pass without seeking your direction, it might be held that that very salutary rule of procedure by which the scope of amending Bills is determined had been tacitly abrogated. That, Sir, is one point on which I seek your ruling. The other is as to what is the effect of a continuing Bill like this. You have a Bill to continue the life of an Act already on the Statute-book; and I suggest that it ought to be possible for Government to put before this House a Bill merely extending the life of such an Act, if such Act has a limited life, without putting before the Legislature the whole contents of the original Act. That is to say, there ought to be a possibility of having an extending Act which did not place before the Legislature for the purpose of amendment the whole contents of the original Act. And it is because this amendment of Mr. Morgan's might seem to imply that it was possible to go beyond the scope of an amending Bill on the one hand and on the other to have access to the whole contents of the original Act that I would seek your advice. I trust I have made a somewhat difficult point comparatively clear.

Mr. President (The Honourable Sir Shanmukham Chetty): It is now a well-understood principle in this House that an amending Bill does not throw open for discussion or amendment the entire sections of the original Act which the Bill seeks to amend. All amendments relating to an amending Bill must clearly be within the scope of the amending Bill. Ordinarily what the Legislative Secretary has pointed out would follow from this, that is, that the scope of an amending Bill is to be sought either in the new clauses that the amending Bill seeks to incorporate or in those sections of the original Act which the amending Bill seeks to amend. It is, however, conceivable that in certain exceptional cases the scope of an amending Bill might be covered by certain sections of the original Act which are not specifically referred to in the amending Bill. If such a contingency arises, it would be in order to move amendments for those relevant sections. In this particular case, applying these principles, we have to find out what exactly is the scope of the Bill that is before the House. The scope of the Bill is to extend the life of the Salt Import Duty Act. The Chair must hold that when Government come before the House with an amending Bill to extend the life of an existing Act which imposes a duty or levies taxation, the amount of that duty or taxation will also be open for discussion. For instance, in the present Bill, the import duty on salt is two annas and six pies per maund. The existing Act will expire on the 31st March, and Government want by this amending Bill to extend the operation of the Act for one year more. Under such circumstances, it will be perfectly open to this House to say that they would agree to the extension of this Act for one year more provided the duty is reduced to two annas or one anna and six pies. Therefore, all amendments which aim at reducing the amount of duty would be in order in such circumstances. The Chair finds that the amount of the duty under the Salt Import Duty Act is found in section 3 of the original Act. That section is not specifically referred to or mentioned in the amending Bill. Now, Mr. Morgan, who seeks to reduce the duty on one class of imported salt, has necessarily to incorporate his amendment in section 3 of the original Act if he is to carry out his purpose, and, therefore, his amendment in these circumstances, will be in order. The Chair is sure, the position is clear and there is no danger of this principle being extended.

Mr. G. Morgan: Sir, I beg to move:

"That after clause 2 of the Bill the following new clause be inserted:

'2A. To section 3 of the said Act the following proviso shall be added, namely,—

'Provided that Liverpool shall be permitted to import into any port in British India free of any additional duty of customs salt not exceeding fifty thousand tons in quantity'.' "

Sir, although a somewhat similar amendment was moved by me last year, and I am very sorry to say, was very unfavourably received by this House, I am emboldened to bring forward this amendment, because, during the past eight or nine months, conditions generally have rather changed Last year, the Honourable the Finance Member, when speaking on my amendment, said:

"If it can be established that Liverpool salt is an entirely special article which has its own market and its own price, in no way competing with Indian salt, then a case might presumably be made out for reducing the duty on Liverpool salt and thereby relieving the consumer."

That is one of the remarks which emboldened me to come forward. Reference was made to the Central Board of Revenue, I understand, and in their report they remark with regard to Liverpool salt as follows:

"One conspicuous fact which the figures bring to notice is the complete absence of importations into Calcutta of Liverpool salt (fine white Cheshire) in the six months April to September 1933 and the very greatly reduced sales of salt in the same period."

They give some figures and then go on to say:

"This abrupt decline must be attributed rather to German than to Indian competition, as the figures of imports from these two sources will readily show."

Now, it is on that report that I base my amendment. Hamburg salt has been imported to the extent of something like 45,000 to 50,000 tons. We have a very strong feeling that that salt is being subsidised in some way or other—whether of the actual salt producers or whether through the shipping companies it is impossible for me to say; but we have a very very strong suspicion that it is subsidised in some way or other, and, therefore, Liverpool salt which is not subsidised or given a bounty or any other help, finds itself unable to compete. The Honourable the Finance Member, in his Budget speech, referring to the necessity of trade and co-operation between Britain and India, said:

". . .and thirdly by finding an increased market for her agricultural exports in the United Kingdom in exchange for the United Kingdom imports into India."

During this Session, every section of this House has laid considerable stress on the necessity of India for Britain and Britain for India. I do not think there can be any question about that. Everybody has come to the conclusion that we must stand together and there must be trade exchange and increase of trade exchange and service . . . . .

Mr. N. M. Joshi (Nominated Non-Official): What are you offering in return?

Mr. G. Morgan: I am offering in return what the Honourable the Finance Member made a point of in his speech, finding an increased market for her agricultural products in the United Kingdom in exchange for United Kingdom imports into India. If you buy, you can generally sell: there must be exchange of trade and services: that is an established fact: you cannot only buy: you cannot only sell . . . .

Diwan Bahadur A. Ramaswami Mudaliar: Can the Honourable Member say how much of German salt is coming, this subsidised salt?

Mr. G. Morgan: 45,000 to 50,000 tons.

Diwan Bahadur A. Ramaswami Mudaliar: May I give him the figures? 5,000 tons during the last ten months and 5,000 tons during the previous ten months, from the whole of Germany. I refer him to the January number of Sea-borne Trade Accounts, p. 104.

Mr. G. Morgan: I cannot accept those figures, but I think I am right in saying that salt of that Hamburg quality comes to very nearly 50,000 tons on an average; that is the quality which is consumed in the Bengal market.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): What is your authority for making that statement?

Mr. G. Morgan: I cannot find it just now. It is in the report. I merely put this forward, because, I think, that as things stand today, there is a case made out for Liverpool salt up to a certain amount.

Diwan Bahadur A. Ramaswami Mudaliar: I am sorry I was mistaken. The Honourable Member is right: it is about 50,000 tons.

Mr. G. Morgan: I did not like to be too definite, but having followed this for three years without ceasing . . .

Seth Haji Abdoola Haroon: At what price is German salt selling in the Calcutta market?

Mr. G. Morgan: Liverpool salt sells in the Calcutta market at Rs. 8 per hundred maunds over the price of Aden Solar Fine. The Honourable Member ought to know, he has a great deal to do with salt business.

There is a special price for that particular quality and that has been brought out in every report that I have had to deal with and I know that Liverpool salt has a special market for a certain quantity and it sells roughly at Rs. 8 per hundred maunds over the Aden Solar Fine price. Supposing the price today—I am afraid my friend, Mr. O'Sullivan, must have been quoting some other quality—suppose the price today is round about Rs. 49 to Rs. 50, then add to that Rs. 8, and you get the price of Liverpool salt. The Hamburg salt is just the same. I am talking about that particular special quality for which there is a limited demand: In connection with that the Indian Salt Association on two occasions, once in 1932, which elicited from my Honourable friend, Mr. B. Das, a very stinging remark, and again in January, 1934, said that if the Bengal consumers were keen to have to some extent Liverpool salt besides Aden and Indian salt to suit their taste, it was then right to ask for a provision in that class of salt to a limit commensurate with the actual demand for that variety. That is why I have placed my limit at 50,000 tons.

A short time ago, even the Burma salt people sent in a representation to either the Governor or the Financial Secretary and said:

"The inference is therefore, obvious that these foreign salts were being subsidised by their respective governments, the only possible exception being British salt which suffered in common with Burma salt and so was practically excluded from the Rangoon market."

That was in a representation made by the Burma indigenous salt producers to the Government.

I have nothing else to say on this matter. I hope that the House will view it in the spirit with which I have put it forward and also with regard to remarks made by the Honourable the Finance Member as to exchange of trade. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That after clause 2 of the Bill the following new clause be inserted:

'2A. To section 3 of the said Act the following proviso shall be added, namely,—

'Provided that Liverpool shall be permitted to import into any port in British India free of any additional duty of customs salt not exceeding fifty thousand tons in quantity'.' "

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Sir, I oppose the amendment just moved by my friend, Mr. Morgan. My Province was one of the most prosperous Provinces in India due to the existence of salt industry, but unfortunately this industry was sacrificed at the altar of the avarice of the British merchants interested in Liverpool and Cheshire salt. Mr. Sterling, who was the Divisional Commissioner in Orissa in 1822, paid a tribute to the fine quality of salt manufactured in Orissa. This is what he said:

"In this inhospitable tract,. . . . . .

An Honourable Member: Do you take this description as a correct description of your country?

Mr. Sitakanta Mahapatra: We did not hospitably receive the British. However, I would ask Honourable Members to particularly mark the words:

"the finest salt of all India is manufactured, which, under the monopoly system, yields annually to the Government a net revenue of a little short of eighteen lakhs of rupees."

But this industry was killed to make room for Cheshire salt in India. Even in spite of the imposition of heavy duties on Orissa salt, they could not compete with salt made in Orissa. The grant of monopoly for salt manufacture to the East Indian Company accentuated the distress of the Orissa people. I shall read out a portion from a book by my friend, Mr. B. Das . . . .

Mr. Gaya Prasad Singh: What is the name of that book?

Mr. Sitakanta Mahapatra: The name of the book is "Salt Manufacture in Ancient Orissa" by Mr. B. Das:

"But the pressure by the Cheshire manufacturers in England grew stronger and stronger in the meanwhile. Before 1829, the consignments were trials only, but by 1832 nearly two lakhs of maunds were imported and hence Cheshire producers compelled the House of Commons to examine the situation in 1836. The Select Committee of the House of Commons of 1836 recommended that the Government monopoly should be reduced only to a monopoly of manufacture. This monopoly of manufacture was further criticised from time to time while the imports of foreign salt grew to 29 lakhs of maunds in 1851."

Sir, in this way the salt industry of my Province was killed for the benefit of Liverpool salt merchants. Sir, I oppose the idea of any sort of concession being granted to Liverpool salt.

The Honourable Sir George Schuster: Sir, my Honourable friend already knows my views on this subject, because he had put forward his proposal in our Committee discussions. What I chiefly wish to point out to him is, without in any way taking the line that a proposition of this kind is totally inadmissible, I would put it to him that this is not the way in which to bring it up. We have now entered into definite relations with the United Kingdom as regards the preferences and trade arrangements and it is impossible to consider propositions of this kind in isolation. If the United Kingdom manufacturers wish to press for preferential terms as regards salt, that is a matter which can be considered as part of a general discussion in which a number of questions can be raised and in which India

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will have the opportunity to raise reciprocal questions. Therefore, Sir, I must oppose my friend's amendment on those grounds, quite apart from the fact that, as at present advised, I cannot see that he has established his case on its merits.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That after clause 2 of the Bill the following new clause be inserted :

'2A. To section 3 of the said Act the following proviso shall be added, namely,—

'Provided that Liverpool shall be permitted to import into any port in British India free of any additional duty of customs salt not exceeding fifty thousand tons in quantity'.' "

The motion was negatived.

Mr. G. Morgan: Sir, I beg to move the amendment which stands in my name:

"That after clause 2 of the Bill the following new clause be inserted :

'2A. In section 3 of the said Act after the words 'two and a half annas per maund' the words 'and in the case of Liverpool at the rate of one anna and three pies per maund' shall be inserted'."

Sir, the Honourable the Finance Member says that I have not made out a case for Liverpool. I think that it is very hard. I thought I had made out quite a good case. The Finance Member's ideas of the merits of the case and mine may be entirely different, but I really thought that my case was quite a good one. The Finance Member has stated that the proper way to make any change in any tariff arrangement between Britain and India is to bring the matter up in the trade agreement which, I understand the Finance Member to say is under consideration . . . .

The Honourable Sir George Schuster: What I really suggested to him was that it should be brought up through the proper channel to enable the case to be examined properly. Matters of this kind cannot be brought up on the floor of the House by individuals who claim to speak on behalf of particular commercial interests in England.

Mr. G. Morgan: That, I take it, has to come from the other side through the British representatives up to the Government of India. That may be so, and the House will decide whether that is the proper way to deal with this matter. I shall be very glad to place my amendment before the House. This second amendment is merely put in on the principle that half a loaf is better than none, but I should like to place my amendment before the House in order that they may say definitely that this is not the way to bring forward this amendment. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That after clause 2 of the Bill the following new clause be inserted :

'2A. In section 3 of the said Act after the words 'two and a half annas per maund' the words 'and in the case of Liverpool at the rate of one anna and three pies per maund' shall be inserted'."

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I rise to oppose this amendment. Salt is one of the necessaries of life, and, therefore, India ought to be independent of any foreign supplies. This is a just principle, and, in order to carry out that principle, an import duty has been levied, because the Province of Bengal did not produce the salt it needed. All the maritime Provinces in India make their own salt and are independent of any foreign salt, but the Province of Bengal has ceased to manufacture salt for its own use, and it is the intention of Government to encourage that manufacture even in Bengal, and with a view to protecting Indian salt, an import duty of Rs. 0-2-6 per maund has been levied. This import duty is necessary in the interest of the salt that is manufactured in India. We have been told that new manufactories in Karachi, Kathiawar and other places are springing up to supply the necessary quantity of salt required by Bengal. If this preference is given to Liverpool salt and if the duty is halved, then the condition of salt manufacture in Sind especially, and in Kathiawar will be very bad, and they will have to face competition which they are not able to face even at present. Therefore, I maintain that this amendment ought to be opposed.

The Honourable Sir George Schuster: Sir, I must oppose the amendment, I am afraid, on the grounds I have already explained.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That after clause 2 of the Bill the following new clause be inserted :

'2A. In section 3 of the said Act after the words 'two and a half annas per maund' the words 'and in the case of Liverpool at the rate of one anna and three pies per maund' shall be inserted'."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 3 stand part of the Bill."

Mr. D. N. O'Sullivan: I beg to move:

"That clause 3 of the Bill be omitted."

The effect of this will be to maintain the old maximum selling price of Rs. 54-12-0 as against the proposed maximum price of Rs. 50-0-0, and I will be very brief in my remarks on this point. It was the idea of the Tariff Board in fixing a maximum price to fix a fair and economic selling price. In 1931, a fair selling price was Rs. 66 in the estimation of the Tariff Board. It was subsequently reduced for no adequate reason, in my submission, to Rs. 54-12-0, and now it is proposed to reduce it to Rs. 50. I would point out to the House that it is the maximum selling price that has been fixed and not the minimum selling price. We all know that the

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price is now considerably lower than the proposed maximum price. The points at issue are these. First of all, is there any justification for reducing the maximum selling price to Rs. 50, and, secondly, if the old rate of Rs. 54-12-0 is retained, is anybody prejudiced thereby, that is to say, does the consumer or any one suffer? The last report of this Salt Industry Committee has given no valid reasons at all for this reduction, none whatsoever. It is impossible to say on what premises they based their conclusions. Their remarks in relation to this are contained in paragraph 4 of their report:

"While for these reasons we recommend no change in the import duty we think that the time has come to make a change in the price at which the Government has power to buy in salt which power, we may point out by way of reminder, is the controlling factor in the whole plan which we originally recommended, and distinguishes this plan from an ordinary scheme of protection. We consider that this buying in price can now be brought more into touch with the actual *realities* of the situation."

—What those realities are, of course, they do not say—

"The original buying price was fixed according to the Tariff Board's assessment of a fair selling price and the reduction which we recommended last year, was based on the establi hed fact of a reduction in the cost of one of the Tariff Boards factors, namely, sea freight. We recognise that in proposing a further reduction now we are departing in a new manner from the Tariff Board's basis without actually reviewing the other items which made up this basis."

—They make no enquiry on the point at all as far as one could see—

"Nevertheless we consider that on *broad grounds* some revision is justified for in the present economic depression the whole scale of values has changed and every industry has had to accept lower prices for its goods."

Is it a fact that in the last year the whole scale of values has depreciated to that extent? I respectfully submit that that is not
3 P.M. the case. Therefore, I submit that this report itself does not establish that there is any justification on economic grounds for the lower rate, and I shall be glad to hear of any adequate reasons. On the other hand, is there any prejudice to anybody by the retention of the old rate? Again, the old consumer argument cannot be brought into play here, because the difference to the consumer in the two rates is practically negligible. A very large family would consume about one-third of a maund of salt per annum, and the difference in the two rates would work out, according to our calculation, to about three pice per annum per maund to the consumer. So, the extra cost to even the largest family would be about one pice per annum. As against this negligible increase of one pice to the consumer, considerable prejudice is done to the manufacturer because, as I said previously today, if you are granting protection, grant adequate protection, protect this infant industry adequately, and a rate of Rs. 50 per 100 maunds will not enable the indigenous industry to put away any reserves against a rainy day or afford protection against this rate cutting war which is now in being or which is commencing. I have pointed out that today the rate is Rs. 46 in the Calcutta market and Little Aden crushed salt is being sold at Rs. 42-0-0. Aden Italian is being sold as low as Rs. 36-0-0 per 100 maunds. How, unless this indigenous industry is permitted to build up some sort of reserve against a rainy day, are they to continue? I submit for the serious consideration of the House that there is absoultely no case made out for the lower maximum selling rate, and I would urge upon the House in the interests of the indigenous industry to retain the old rate of Rs. 54-12-0.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That clause 3 of the Bill be omitted."

Mr. M. Maswood Ahmad: I oppose this amendment, and I want to say in this connection that the price of Rs. 50 which has been proposed is already a very large amount. My Honourable friend has himself admitted that nowadays the price is Rs. 36, and that is the reason why the Committee has reduced the amount to Rs. 50.

Mr. D. N. O'Sullivan: I said temporarily owing to rate cutting war.

Mr. M. Maswood Ahmad: When the price rises, then my Honourable friend can come later and say that the amount must be raised, but at the present moment there is absolutely no case for my Honourable friend's amendment. My point is that this Rs. 50 is already an exorbitant amount for the poorer classes. My Honourable friend does not realise what one pice makes in the Budget of a poor man who earns six pice after toiling the whole day. To people who spend hundreds of rupees at bridge tables, one pice does not matter much, but it means everything to the poor people. Again, my Honourable friend has said that this is an infant industry. I do not know when this infant industry will grow into young, healthy manhood. I suggest to the Honourable the Finance Member that instead, he should, by executive order, reduce this Rs. 50 and fix it at Rs. 36, as he has power to do.

The Honourable Sir George Schuster: Sir, I take my stand halfway between my Honourable friend who moved this amendment and my Honourable friend who has just spoken. We have given this matter a great deal of consideration in the committee and I think our proposal is right to reduce the maximum price now to Rs. 50. We are definitely feeling our way in this matter. What we are doing is to bring this maximum price rather more into touch with the prevailing market price than it would be if we left it at Rs. 54. I would ask the House to support our conclusion in this matter.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 3 of the Bill be omitted."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir George Schuster: Sir, I move that the Bill be passed.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that the Bill be passed.

The motion was adopted.

OPIUM.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 13,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Opium'."

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum*. Orissa Muhammadan): This amount is required by Government to pay the price of the opium. At present opium is grown in British India and in the States as well and the amount demanded by my Honourable friend is for the excess of the opium which has been grown in British India and the larger portion of this is to defray the charges of opium grown in Indian States. In this connection, I want to say that except Gwalior and Indore, they have got contracts with other Indian States and they inform the States that a particular quantity of opium . . . .

The Honourable Sir George Schuster: On a point of order, I think my Honourable friend is raising questions of policy on this matter and I understand that the general rule of procedure is that in the case of supplementary grants the question is merely one of whether the money should be voted. Moreover, in this case, I may point out to my Honourable friend that it does not represent expenditure in the ordinary sense. We have to take over this opium according to the amount of the crop which is grown and we may get a little more than our forecast in one year and a little less in another year.

Mr. M. Maswood Ahmad: This amount is wanted by Government to pay the States for the excess of opium which they have supplied to them. I want to suggest to Government that they should not take this excess amount of opium. That is my point. So I say that we should not give this money to them.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is . . . . .

Mr. M. Maswood: I have not finished my remarks. I was only explaining my point in reference to the point of order.

The Honourable Sir George Schuster: My Honourable friend surely admits that we must carry out our agreements in this matter. What my Honourable friend is doing is to raise questions of policy. That is the point of order I raised. Our policy has been to get control of all these stocks of opium that are produced in the States, and unless we take over those stocks, they become a real menace to the carrying out of our policy of controlling the production of opium.

Mr. M. Maswood Ahmad: I oppose this motion and say that the amount should not be sanctioned.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member knows perfectly well the restricted scope of the discussion on these demands. He cannot discuss the question whether the Government are right in pursuing the policy of purchasing all the opium that has been produced in the crop of a particular year, and he will not be in order if he wanted to stress that point.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): My Honourable friend is discussing the question on its merits. The outturn has far exceeded the estimate and, in order to cover that expenditure, my Honourable friend, the Finance Member, wants that this sum should be granted and Mr. Maswood Ahmad is going to discuss that question. I cannot understand how that can be out of order.

Mr. President (The Honourable Sir Shanmukham Chetty): What the Chair said was that he could not discuss the policy of the Government—whether they were following a right policy in contracting to purchase all the opium grown in a particular year.

Mr. M. Maswood Ahmad: I do not want the Government to purchase this excess amount of opium as being against the public interests.

Mr. President (The Honourable Sir Shanmukham Chetty): This point ought to have been raised during the Budget. It is a question of policy as to how they are to spend the money in the purchase of opium. He has missed his chance.

Mr. M. Maswood Ahmad: If that is your ruling, then I cannot discuss this question. In opposing this grant, certainly I must place the facts before the House as to why the sanction of this amount by the Assembly is not in the interests of India. Rather it is against the interests of India.

Mr. President (The Honourable Sir Shanmukham Chetty): The ruling has been given on a number of occasions in the past. It is not a new ruling.

Mr. M. Maswood Ahmad: Then I oppose this amount and submit that it should not be sanctioned by the House.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): We do not question the policy of the Government to control the opium that is produced in India, but what I understand Mr. Maswood Ahmad to argue, and I agree with him, is this. Should it be left to the sweet will of the Native States to produce any amount of opium they like, and then to force the Government of India to buy that? If that be so, ...

The Honourable Sir George Schuster: If my Honourable friend would read the papers that have been supplied, he would realise that we have definite agreements with the States. They cannot control the weather conditions. Sometimes they produce a big crop and sometimes they produce less. It happened in this particular year that the crop production far exceeded any reasonable estimate, and that is why there has been an excess.

Mr. President (The Honourable Sir Shanmukham Chetty): Under the agreement the States are bound to limit the acreage under cultivation of opium. That is governed by the policy of the Government and the agreement that they have entered into with the States. If, as a result of favourable weather conditions in that particular area, there is more crop than can be anticipated at the time of the Budget, then what can we do.

Mr. S. C. Mitra: The Honourable the Finance Member referred to the papers supplied to us. The proceedings of the Standing Finance Committee, Volume XIII, No. 9, is the only one that has been supplied to us. He has referred to a number of other proceedings Nos. 8, 5, and so on, which we cannot get hold of.

The Honourable Sir George Schuster: Will my Honourable friend refer to page 415 of the proceedings of the meeting of the Standing Finance Committee of the 23rd January?

Mr. S. C. Mitra: The members of the Standing Finance Committee have got it, but it does not follow that it has been supplied to us. (*Voices*: "No, no, the other volumes were supplied.") Very well, can you tell us why this volume was circulated?

Mr. President (The Honourable Sir Shanmukham Chetty): Have all the volumes been circulated?

The Honourable Sir George Schuster: Yes.

The Honourable Sir Brojendra Mitter (Leader of the House): Sometimes they go with the proceedings of the Legislative Assembly, and Honourable Members, thinking that they are all merely proceedings of the Assembly, never look at them.

Mr. S. C. Mitra: Many papers are supplied to members of the Standing Finance Committee, but that does not necessarily mean that all the papers supplied to those members are supplied to every other Member as well. The Honourable the Leader of the House does not perhaps know that the members of particular Committees get much more papers than those supplied to other Members in the House.

The Honourable Sir George Schuster: I am quite clear that my Honourable friend has been supplied with a copy of this volume of the proceedings of the Standing Finance Committee.

Mr. S. C. Mitra: Why is it that this volume No. 9 alone has been tacked on to this supplementary demand?

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair finds this number tacked on to the supplementary demand on its table also.

The Honourable Sir George Schuster: Because that particular volume had not been circulated before.

Mr. S. C. Mitra: Sir, we are getting this particular copy on our table here for the last three or four days. However, if that be the point, then I have nothing to say.

Mr. Gaya Prasad Singh: Sir, I understand that this sum is required to meet extra payments due to the outturn of opium during the season 1932-33 having far exceeded the estimated yield due to favourable weather conditions. Now, a reference has been made to the Standing Finance Committee's report, Volume XIII, No. 7, pages 415-16. Well, I have turned to those pages and this is what I find:

"1. *Concise Statement of the proposal and reasons therefor.*—The amounts provided in the current year's budget estimates on account of 'payments for special cultivation in Malwa' and 'Payments to cultivators in the United Provinces' are Rs. 24,18,000 and Rs. 17,87,600, respectively, but due to favourable weather the outturn of opium has exceeded the anticipated yield on which the budget was framed. According to the latest revised estimates, the expenditure under the two sub-heads is expected to

be Rs. 30,81,500 and Rs. 26,84,100 and an excess of Rs. 15,60,000 is therefore anticipated in the budget grant of the Opium Department for 1933-34 under these sub-heads. A portion of the excess will be met by the re-appropriation of funds to the extent of Rs. 1,36,800 from the savings anticipated under other sub-heads in the Opium grant. As regards the balance it is proposed to submit a supplementary demand to the Legislative Assembly for Rs. 14,23,200."

A supplementary demand has been put before the House. Now, unfortunately I find from my own experience as a member of the Standing Finance Committee for a long number of years that these recurring demands very often come, owing to the weather conditions becoming very favourable so far as the cultivation of opium is concerned. Sir, the Government of India are under an obligation to bring into control the traffic in opium within a prescribed number of years at the end of which—it was probably in 1934-35, any way by the end of that year the cultivation of opium is to be strictly limited only to the medicinal and scientific requirements of the country and by the end of that period our exports of opium to China and other places should also be stopped, but I find very often that these favourable weather conditions prevail and the cultivation of opium within the prescribed area exceeds the estimated outturn. I would, therefore, suggest that some drastic steps should be undertaken by the Government, if possible, to restrict the cultivation of opium within the territories of the Indian States, so that the obligations of the Government of India may be carried out without prolonging the interval which they have stipulated in that agreement. Therefore, while I am not exactly opposing this demand, I would press upon the Government the necessity of exploring some avenues through which the necessary arrangements might be made for strictly controlling this immoral traffic in opium and restricting the outturn to the actual requirements which the Government themselves have undertaken years ago by the end of which period our exports to other countries should automatically cease. I shall be glad if my Honourable friend, the Finance Member, throws more light on this proposal.

The Honourable Sir George Schuster: Sir, I am very glad to throw light on the proposal. I thought my Honourable friend, as an old member of the Standing Finance Committee, was very familiar with it. As a matter of fact, if I look back over my own period of office here, I can remember periods like the present when we have had an excess production. I can also remember two or three years back a period when the Central Board of Revenue authorities came to me in considerable panic owing to the fact that there had been a shortage of production. We were likely to have an insufficient quantity of opium in order to carry out our programme. It so happened that in 1932-33 there was an excess. I am told in the current year there is actually going to be a shortage and we are going to have a substantial saving on our estimates of expenditure. On the whole I think we have been pretty accurate in handling this matter and in regulating the area under cultivation so as to produce the amount of opium that we require. There is, however, a considerable fluctuation in the yield from year to year and I am afraid no suggestions from any Honourable Member opposite will make us able to guess the position more accurately than we do at present.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 13,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'opium'."

The motion was adopted.

INTEREST ON MISCELLANEOUS OBLIGATIONS.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 4,59,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Interest on Miscellaneous Obligations'."

The motion was adopted.

COUNCIL OF STATE.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 55,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of the 'Council of State'."

The motion was adopted.

LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY DEPARTMENT.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,32,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of the 'Legislative Assembly and Legislative Assembly Department'."

The motion was adopted.

FINANCE DEPARTMENT.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of the 'Finance Department'."

Mr. N. M. Joshi (Nominated Non-Official): Mr. President, before I vote for this supplementary demand, I would like to get some information from the Honourable the Finance Member, and, while asking for this information, I assure you that I have no desire to go against your ruling. At the same time, I am sure, you will consider the difficulty of Members who have to vote for a particular grant and make their position quite clear in opposing or supporting it. Having made that request to you, Mr. President, I would like to ask for certain information from the Honourable the Finance Member. The first point on which I would like to get information is whether the economic experts for whom Rs. 20,000 have been asked in the supplementary grant have made any report. If they have made any report, when is it going to be published, or is it going to be a confidential report? If it is going to be a confidential report, I am afraid I shall not be able to support this demand at all.

The Honourable Sir George Schuster: If my Honourable friend would just ask his questions, it would save lot of time in answering them.

Mr. N. M. Joshi: I hope the Honourable the Finance Member will permit me to ask my questions in my own way. If the report is going to be confidential, I really cannot support this demand. But there is no reason for the report to be confidential.

The Honourable Sir George Schuster: May I tell my Honourable friend at once that it is not going to be confidential. I think it is now in the press and it will be published very shortly.

Mr. N. M. Joshi: Well, Sir, it is very difficult to understand the exact meaning of the words "very shortly". If the Honourable Member had told me that it would be published within a week's time, I would not have spoken at all on that point.

The Honourable Sir George Schuster: May I tell my Honourable friend that probably within a fortnight's time it will be published.

Mr. N. M. Joshi: Sir, I am quite satisfied on that point. My next question is whether Government propose to waste this money on an inquiry by not taking any action. My experience is that the Government of India have spent lot of money several times on these inquiries for the collection of statistics. They appointed a big Committee going round the country with several members and spent lot of money. The Committee made certain recommendations, but the Government of India did not give effect to any of those recommendations. Now, I want to ask before I vote for this demand whether the Government of India have decided to give effect to the recommendations of this Committee. Sir, the third question that I would like to ask is this. From the report of the Standing Finance Committee, I find that the Government of India have decided to associate two Indians with the two experts who have been brought from England. I want to know whether the position of the two Indian members was that of equality with the British experts who were brought here? From the words used by the Honourable Member that two Indians will be associated, my fear is that the position of Indians will not be that of equality. If that is so, I find it very difficult to support a demand of this kind, because I feel that there should always be co-operation between the British and the Indians, but it should be as between two equals and not as between superiors and inferiors.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Sir Abdur Rahim, one of the Panel of Chairmen.]

I am not, of course, against the experts being brought to India either from Great Britain or from anywhere else.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): May I know what was the position of my Honourable friend on the Joint Select Committee?

Mr. N. M. Joshi: My question, therefore, is whether the position of the Indians was that of equals. If the position was not that of equals, I am afraid that I shall not be able to vote for this demand. My reason is this, that if Indians are appointed in the position of inferiority, then the decision of a Committee like this will not carry that influence in the country which it would otherwise have carried. We want these Committees to be received

[Mr. N. M. Joshi.]

well by the public. We want their decisions to be received well by the public and I feel that if we allow Indians to be associated in a position of inferiority, the decisions of a Committee of this kind will not be properly received. I hope that the Government of India will give me satisfactory information on these three questions.

Mr. M. Maswood Ahmad: Sir, I want to know only one thing. In the memorandum placed before the Finance Committee, it was said that if the experts were unable to complete their inquiry during the cold weather, it might be necessary to invite them to return to India during the cold weather of 1934-35. I want to know in this connection whether the inquiry has been completed and whether the report which will be supplied within a fortnight's time to us will be a complete report or whether it will be a preliminary report. Also, if it is a preliminary report, whether another report will be made only after they have made more investigations in the year 1934-35. I would like to have information on this point

Dr. Ziauddin Ahmad (United Provinces Southern Divisions. Muhammadan Rural): Sir, I gave notice at the meeting of the Standing Finance Committee that I would oppose each and every item contained in these supplementary demands on the ground that there is one very important item which the Government of India have turned down on account of the financial stringency which, to my mind, is much more important than any of these demands that are mentioned in the agenda paper. Unless the Government of India put that particular demand in the forefront, all the other demands must wait. If my Honourable friend wants, I will make a short speech on the occasion of each and every demand or I will make only one speech and then oppose every motion. Sir, we know that the Simon Commission appointed a Committee known as the Hartog Committee. That Committee made one very important recommendation for the appointment of an Advisory Board. The Government of India accepted this principle and the Local Governments supported the measure, and it received the unanimous assent of the people. When I moved a motion sometime ago, ...

The Honourable Sir George Schuster: Sir, I feel bound, as a matter of principle, to raise a point of order although I am sorry to do so, because nothing would have given me greater pleasure than to hear my Honourable friend make a speech. My Honourable friend is opposing these motions of supplementary demands on the ground that Government have not proposed expenditure under some totally different head. If we are to follow the ruling given by the President, it appears to me that my Honourable friend must be out of order in making speeches on these lines.

Dr. Ziauddin Ahmad: I am not raising any question of principle just now. I am really pointing out that we are in a very bad state of financial stringency which is evident from the fact that the Government have turned down this important proposal. Therefore, we have got no money to sanction all these supplementary demands. I am opposing them on the ground of economy and financial stringency. In proof of the fact of financial stringency is the statement made by the Government of India in connection with this particular proposal, and because this thing was turned down on account of financial stringency that the Government of India have no money, I say that we ought to turn down every proposal which is really of less importance than the other one.

Mr. Chairman (Sir Abdur Rahim): On the point of order raised by the Honourable the Finance Member, the Chair would say that if the Honourable Member wants to oppose this demand on the ground that there is no money in the exchequer of the Government of India, he is perfectly within his bounds in doing so. Otherwise he must confine himself to the subject to which this motion relates.

Dr. Ziauddin Ahmad: I am really taking my stand on this ground that we have got financial stringency and we have really no money.

The Honourable Sir George Schuster: We all admit that.

Dr. Ziauddin Ahmad: My Honourable friend agrees that we have got financial stringency, and, in spite of that, he brings forward this proposal. May I ask him if it is not inconsistent?

The Honourable Sir George Schuster: Not at all inconsistent. Financial stringency is an elastic term, within the limits of financial stringency, there are certain items of expenditure which are really obligatory or which we think are likely to produce results which make it worth while undertaking at present.

Dr. Ziauddin Ahmad: Financial stringency is an elastic term which can be used in any way that the Finance Member likes.

Mr. Chairman (Sir Abdur Rahim): That will not justify an Honourable Member in dealing with all sorts of questions bearing on the financial condition of the Government of India. He must really confine himself to the subject to which this motion relates.

Dr. Ziauddin Ahmad: I am confining my remarks to the subject matter of this motion. I do not want to enter into the merits of the case, because this may be a very good one. But I want to mention particularly that we have got no money to spend on this particular demand,—and that is the whole point of my objection. That the Government have no money is evident from the fact and from the action they took in connection with certain other items of expenditure which, in the opinion of this House, is much more important than any of the items mentioned here. That is really the ground on which I stand. I already said that the Government of India have accepted that the recommendations of the Hartog Committee were very good and very desirable. The Local Governments wanted it, the public wanted it and everybody wanted it and said that it was absolutely essential for the progress of education in this country. In spite of all these, it was turned down on account of financial stringency. Therefore, am I not right in asking this House to turn down this particular proposal on the same ground which my Honourable friend used in turning down the recommendations of that Committee? With these words, I oppose the motion.

The Honourable Sir George Schuster: I will do my best to answer the questions that have been put to me.

As regards my Honourable friend, Mr. Joshi, I am afraid that having heard his questions we must on this side face the appalling but not entirely unusual prospect of having to do without my Honourable friend's vote.

[Sir George Schuster.]

My Honourable friend has asked us to give an undertaking that we would act on all the proposals that may be contained in this report. I could not possibly give any such undertaking. We shall certainly treat with the greatest seriousness all these recommendations and I trust that the report will be of such value that we can act upon all of them but until we have seen the report, we cannot possibly say what our action will be. My Honourable friend asked whether the Indians were given equal status. Well, I may inform the House that the Indians themselves never raised this question. They were extremely pleased to have the opportunity of working in association with these two experts that we brought from England and no one took the trouble to raise that question as to whether their status was equal or not.

Mr. Gaya Prasad Singh: As a matter of fact, were their status equal or not? That is the point Mr. Joshi wants to know, whether the status of the Indian Members was equal to the status of the European Members.

The Honourable Sir George Schuster: The position is this, that two economic experts were brought from England and they were men, specially selected for this purpose, of world-wide reputation. They were the two whom we selected for carrying out and guiding this work and it is useless to ignore or to attempt not to face the fact that there was in India no statistician, for example, of the same rank, reputation and experience as Professor Bowley. I do not think anyone would dispute that. Those two experts from England were chosen as I say primarily on their own merits and with them three Indian economists were associated. They were chosen purely with a view to their being able possibly to undertake work in the future in case there would be any sequel to this enquiry. They were not chosen as being men of the same standing and age and experience as those who came out from England. There is no suggestion in that that the Indian is put on a lower status than the Englishman, it is simply a question of the individuals who were employed. My Honourable friend, Mr. Maswood Ahmad, wished to know whether the enquiry had been completed or whether it was merely a first step to a larger enquiry on which possibly some experts might be invited next year. It is difficult to answer that question until we have the report before us and have considered our action upon it. But I may tell my Honourable friend that the report which is now in the press,—although I have not seen it in full, I have seen only certain sections of it, I know the scope of the report,—that report will deal merely with statistics, the organisation for statistical and economic intelligence work in the Government of India It will suggest a setting up of certain organisation and keeping of certain statistical records. It will also suggest the undertaking possibly of a very full enquiry what is generally known as the "census of production" or an "economic census" of the whole of India. That enquiry if it is undertaken might be a task which would last four or five years and would be an important and costly bit of work. I wish to express no opinion at present on the merits of that. I am merely explaining the position in order that my Honourable friend may understand what is involved in his question. I think it is not at all probable that either of these two gentlemen, who have come out for the present enquiry, will be willing to come out again to take part in the larger and longer enquiry of the nature which I have just described. That, Sir, I think answers all the questions. As regards my Honourable friend, Dr.

Ziauddin Ahmad, I would point out to him that there is a certain distinction between allowing expenditure for a non-recurrent item and embarking on setting up a new department which would involve a regular recurring expenditure. I think what he had in mind was an item of expenditure which would have fallen in the latter category.

Dr. Ziauddin Ahmad: Will this committee of enquiry not be a permanent department? Do you mean to say that the enquiry will be held one year and then it will be over?

The Honourable Sir George Schuster: Undoubtedly these particular recommendations may lead to recurrent expenditure, but the item which is now before us and which my Honourable friend wishes to oppose is an item which involves a single non-recurrent payment.

Mr. Chairman (Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of the 'Finance Department'."

The motion was adopted.

CENTRAL BOARD OF REVENUE.

The Honourable Sir George Schuster: I beg to move

"That a supplementary sum not exceeding Rs. 6,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of the 'Central Board of Revenue'."

The motion was adopted.

ADMINISTRATION OF JUSTICE.

The Honourable Sir George Schuster: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 5,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Administration of Justice'."

Mr. M. Maswood Ahmad: Sir, the great trouble is that certain information has been supplied to us by Government after the Budget debate, and it was not possible for us to discuss that policy of Government at the time of the Budget debate. So I think I am entitled to ask questions and criticise their attitude in regard to those items which have cropped up after the debate, and this is a case of that kind. This is what I find on page 419 of the Standing Finance Committee's report, Volume XIII, No. 8:

"It has since been reported that the actual cost incurred by the Local Government during 1931-32 and 1932-33 in the prosecution of cases relating to the administration of Central subjects was Rs. 6,192-13-3, *viz.*, Rs. 5,779-8-3, in 1931-32 and Rs. 413-5-0 in 1932-33. The total amount payable for the two years inclusive of the annual contribution of Rs. 3,000, thus amounts to Rs. 12,192-13-3."

[Mr. M. Maswood Ahmad.]

I do not understand how the total comes to Rs. 12,192 odd. After adding these sums of Rs. 6,192-13-3 and Rs. 3,000, the total comes to only Rs. 9,000 odd, and not to 12,000 odd. I want an explanation of this from my Honourable friend.

Mr. T Sloan (Government of India: Nominated Official): Sir, I can answer the Honourable Member's question. The position is that in the Budget annually there is a provision of Rs. 3,000 for the services of the Law Officers of the Local Government of Assam. We also undertake to pay the annual amount of fees and other charges incurred in the conduct of cases connected with Central Departments. The provision for that amount is small and was greatly exceeded in the years 1931-32 and 1932-33 on account of certain important cases connected with the Posts and Telegraphs Department which were prosecuted in the Lakhimpur, Sylhet and Darrang districts of Assam. The actual expenditure in those cases was Rs. 6,192. We had also to meet Rs. 3,000 each year for the services of the Law Officers, the total thus came to Rs. 12,192. Of that amount, Rs. 7,000 was adjusted in March, 1933, which leaves an amount of Rs. 5,000 to be adjusted in the present financial year. I think that explains the Honourable Member's difficulty.

Mr. M. Maswood Ahmad: Then, this Rs. 3,000 is really Rs. 6,000?

Mr. T. Sloan: Yes, that is the sum paid each year, and for two years it comes to Rs. 6,000.

Mr. Chairman (Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 5,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Administration of Justice'."

The motion was adopted.

POLICE.

The Honourable Sir George Schuster: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 4,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Police'."

Mr. M. Maswood Ahmad: I want to know whether this is an extra amount or an original demand. In all these demands, we find they say that this is an extra portion of the cost, etc But here that word is not found. The note says that it is required to meet the cost of police guards by the Punjab Government for guarding the Viceregal Lodge in Simla during the six winter months and for the protection of the press attached to the office of the Private Secretary to the Viceroy during the whole year. I want to know whether this is an extra portion of some expenditure or a new demand. If it is extra cost, I have nothing to say, but if it is a new demand, then I have to say something.

4 P.M.

Mr. T. Sloan: Sir, the position is that the Government of the Punjab were paying for the police guards at Viceregal Lodge in Simla, both while His Excellency was in residence and during the winter while His Excellency was not in residence, and also paying for the guards in the Viceroy's press. It is a practice in the case of other Government buildings in Simla, which belong to the Central Government, that the Central Government pay for their protection. The Government of the Punjab pointed out that when His Excellency was not in residence in Simla, the protection was really for Government buildings only and that the Central Government should pay for it and that the same applied to the Viceroy's press for the whole year round. The Central Government accepted that claim, and they agreed to bear the cost of the protection during the winter months of Viceregal Lodge and of the press for the whole year. The annual recurring cost is estimated at Rs. 12,000 per annum and this amount of Rs. 4,000 is required to meet an excess in the present financial year.

Mr. M. Maswood Ahmad: Was this amount paid in past years also during the absence of His Excellency?

Mr. T. Sloan: The Punjab Government paid it previous to the present financial year.

Mr. M. Maswood Ahmad: It is quite surprising that the press is maintained even in the absence of His Excellency in Simla. If His Excellency is not in Simla, then, I think, there should not be such a large number of police to watch these buildings: when, in past years, the Punjab Government did not claim, why should they claim it this year? I think they must bear these charges, and I think this expenditure is not justified.

Mr. T. Sloan: Sir, I have already said all that is necessary to say. The Punjab Government have a just claim; they have made the claim and we have admitted it; I do not think that there is anything more to be said in the matter.

Mr. Chairman (Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 4,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Police'."

The motion was adopted.

PORTS AND PILOTAGE.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Ports and Pilotage'."

Dr. Ziauddin Ahmad: Sir, in this case I would like as an exception to support the motion (Laughter) as it is for an educational purpose; and that is why I speak. The Government of India now propose to open special classes for training mercantile engineers. (Interruption.) I know that this is an important thing—this particular ship, in which they are going to open these new classes, was very badly in need of repairs; and these repairs were necessary and desirable for re-equipment of the "Dufferin" for

[Dr. Ziauddin Ahmad.]

this new purpose. We have not provided anything this year for it, though there is something provided in the next year's Budget which has been passed. Till now the ship has been preparing men for the officer's class only, and it is really one of the important achievements of the Commerce Department that they have made this provision for training mercantile engineers in India. Till now such training could be had only abroad. But in future such training will be imparted in this country, and, therefore, I support this motion.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, I am much obliged to my Honourable friend for his support of this motion.

Mr. Chairman (Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Ports and Pilotage'."

The motion was adopted.

SURVEY OF INDIA.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,77,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Survey of India'."

Dr. Ziauddin Ahmad: Sir, I regret that the Army Secretary is not here as I wanted some information from him. This is required on account of a change in the policy of the Military Department. This particular Department was maintained by the Education Department and they repaired the mathematical instruments for the Army Department and, as a side issue, for other Departments as well. I should like to know whether the Army Department have now made other arrangements for the repair of their instruments, with the result that the income of this particular Department has very much diminished and the tax-payer has really to pay for the losses of this particular Department on account of this fact. I would like to know whether this arrangement is only temporary or whether it will be continued in future years and we will have to pay this deficit year after year. If it is only for this year, then there is no serious objection. But if it is to continue, then I must oppose it on the ground that there are more important things to be done, and I think it is unfair that we should really maintain such a costly Department for which there is no use whatsoever. It may be required in case of war, if unfortunately it breaks out. Therefore, I would like to know what is the policy of the Army Department. If they get their repairs done elsewhere, I see no reason why this thing should be continued and we go on paying for it year after year.

Mr. M. Maswood Ahmad: Sir, in this connection also I am sorry to say that the Departments from which the Army Department get benefit do not get back anything. We have pointed out on several occasions that many

other items of expenditure which really should be adjusted under the Army Department are not put in the Army Department Budget, but on the civil side—such as dairies, slaughter houses, and other things. I want to know whether they are sending their mathematical instruments now or not. The main reason for deficit in this Department is that their mathematical instruments are sent to another Department for carrying out the necessary repairs. May I know from the Army Secretary whether these mathematical instruments are repaired in their own workshops or they are sent to other Departments, and what is their policy in this matter, whether they want to continue the policy of sending their mathematical instruments to other Departments only for this year, or what exactly is the position.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I would like, with your permission, to answer the point that has been raised by my friend, Dr. Ziauddin Ahmad, and by my friend, Mr. Maswood Ahmad, on behalf of the Army Secretary, as he was not present when the questions were raised, and I happen to be more familiar with the case than he is.

The position, Sir, is, that the activities of the Mathematical Instruments office have had to suffer as a result of retrenchment which affects not only one department of the Government of India but also the Army Department. I think it was the Honourable the Finance Member who pointed out the other day that the Army Department had had to reduce expenditure by something like ten crores of rupees, and it is only natural that that reduction of expenditure should be reflected in all branches. My information is that the Army now propose to make use of their own arsenals and other facilities for the purpose of effecting these repairs, and I would invite the attention of my friends to the opinion of the Committee, which is stated at page 520 of the proceedings of the Committee, Vol. XX, No. 9, namely, that if neither work nor subsidy could be provided by the Army Department, the very substantial fall in the recoveries should be balanced by a corresponding reduction in expenditure. That is a point which we are going to examine very carefully in consultation with our Surveyor General, and I hope that next year we shall be in a position to give a better account of ourselves.

Dr. Ziauddin Ahmad: Will the Honourable Member be pleased to say whether he will be able to close down this Department altogether?

Mr. G. S. Bajpai: No, Sir; it will not be possible to close this Department altogether, because it carries out repairs to instruments sent to it by the Army Department, and it also does repairs for the Survey apparatus which belongs to the Department itself.

Dr. Ziauddin Ahmad: May I know, Sir, when the Army Department have made their own arrangements for getting their repairs done, why should you not close down this Department altogether, why can't the mathematical instruments be sent to them for any repairs that may be necessary?

Mr. G. S. Bajpai: I doubt very much whether it will be possible for us to send our instruments to be repaired in half a dozen arsenals spread all over India, and there is something to be said for centralised activity in the Department by a staff which has been trained practically through decades.

Mr. Chairman (Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 1,77,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Survey of India'."

The motion was adopted.

METEOROLOGY.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Meteorology'."

Dr. Ziauddin Ahmad: May I know, Sir, whether this particular demand is of a temporary or permanent nature, and whether it will not be repeated next year.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, the arrangement is obviously permanent. A new system of accounting has been brought into force in order to enable the cost of telegrams to the Meteorological Department to be definitely decided instead of being merely estimated as it has been in the past. This new system was introduced at the instance of the Standing Finance Committee, and obviously, therefore, it will be permanent in the future.

Dr. Ziauddin Ahmad: Then, I think, I am entitled to object to this particular item on the ground that this is of a permanent nature as the Educational Advisory Board. My friend, the Finance Member, opposed it on the ground that the item was of a temporary nature, while this matter is of a permanent nature. I should like to point out in this connection that the major portion of the expenditure lies in the appointment of the Educational Commissioner. The special man has already been brought out on a high salary . . . .

The Honourable Sir Frank Noyce: May I rise to a point of order. I think my Honourable friend has entirely misunderstood the case. There is no question of any additional expenditure here. What this has got to do with the additional expenditure involved in the appointment of an Educational Commissioner passes my comprehension. My friend seems to think that there is some permanent additional expenditure. It is merely a question of accounting. It is merely a question as to which Department the cost of telegrams should be debited. In the past the Meteorological Department apparently has been let off rather lightly. Under the new system, it will pay for all the telegrams it actually sends and the Posts and Telegraphs Department will, therefore, get the benefit. There is no new expenditure of any kind whatsoever. It is merely a matter of adjustment between one pocket of Government and another.

Mr. M. Maswood Ahmad: I agree with my friend when he says that this is merely a matter of adjustment between one Department of Government and another. With regard to the weather reports that are published, I should like to suggest to my Honourable friend, Mr. Bajpai, that

they should be published in the Gazette and in the press in ordinary plain language, so that they could be understood even by ordinary people. It is very difficult to understand the weather reports as they are published now. They say that the humidity at such and such a place is so much, and so on. They are published in technical language in the Gazette and other papers, and it is very difficult for ordinary people to understand them. Therefore, I would suggest that weather reports should be published in plain language, so that they could be understood by ordinary people. There is no use of publishing them in scientific language if they cannot be understood by ordinary folk. They must lay the information relating to the weather conditions in such a manner as could be understood easily by ordinary people.

Mr. S. C. Mitra: Sir, I am not satisfied with the explanation that inter-departmental accounts need not be accurate. In this particular case, I find in the proceedings of the Standing Finance Committee:

"Under the system of accounting in force in the Posts and Telegraphs Department prior to the 1st April, 1933, telegram charges were determined not on the basis of actual cost of telegrams issued during a particular period but with reference to the ratio of weather telegraphic traffic to the total telegraphic traffic in India. This ratio, in turn, was determined not by the actual count of telegrams in the year to which the expenditure related but with reference to certain periodical sample counts taken in the year preceding that to which telegram charges were debitable."

This is not the one case where we have reason to complain. Why should you proceed on whimsical ratios, and particularly in this case it is found out that the ratio is totally false and the accounts are very much artificial. In connection with the Telegraph Department too, we have had occasion to refer to this kind of manipulation of accounts, and this is a specific case which demonstrates how the accounts in the Postal Department are all fictitious and cooked up. That is the reason why on a similar case we pressed the view that, instead of putting these theoretical ratios on assumed figures, an actual account should be made, so that the accounts in this Department may not be unreal. I am glad to find now that they have come to actualities in this particular case, and that, in future, instead of depending upon these assumed ratios, they will keep an account of the actual expenditure. I do not oppose this demand, because they have come to their senses and now they will keep real accounts and not the so-called ratios.

The Honourable Sir Frank Noyce: I am grateful to my Honourable friend, Mr. Mitra, for his support. As regards his general criticism, I have nothing to add to what I said during the discussions on the Finance Bill, namely, that we are doing our best to bring about a satisfactory system of allocation of revenue and expenditure in the Posts and Telegraphs Department. The House will see that we have very willingly accepted the recommendation of the Standing Finance Committee on this matter, and if the Public Accounts Committee, before whom the general question is being put in the near future, has any suggestions to make, I have very little doubt that we shall take them into the most careful consideration and follow them if it is at all feasible to do so. I am afraid I cannot offer Mr. Maswood Ahmad much consolation. I shall, however, be glad to present him with a copy of a small book on Meteorology, which

[Sir Frank Noyce.]

will enable him to understand the scientific terms which are used in our weather reports and which are not really so formidable after all.

Mr. Chairman (Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 1,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Meteorology'."

The motion was adopted.

GEOLOGICAL SURVEY.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 5,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Geological Survey'."

The motion was adopted.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

EDUCATION.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Education'."

Mr. Bhuput Sing (Bihar and Orissa Landholders): I wish to say a few words on this motion. Government must come forward to help Indian Universities in times of difficulty, but I find that the amount is only Rs. 18,000 of which Rs. 15,000 is to be given to the Aligarh University It is only proper that when the Universities are not finding sufficient money, owing to unforeseen circumstances, to balance their Budgets, they should be helped. May I ask the Government whether they have helped other Universities which are running under a deficit and are unable to meet their expenditure. It is only meet and proper that the Government should not make any distinction between University and University. When the Government come forward to help one University, they ought to do the same in respect of the other Universities which are running under a deficit. In this connection, may I ask the Government whether they are aware that the Benares Hindu University is also running under a deficit for several years, and what they have done to help that institution financially? I hope that the Government of India will kindly come forward to help that University also.

Dr. Ziauddin Ahmad: I should like also to add a word. When they restored the partial grant to the Aligarh University, it is just and equitable that we should also restore the partial grant to the Benares Hindu University. I have been in the local Council for many years, and the Aligarh and Benares Universities were always considered in the same category.

Whatever grant was given to one University was given to the other University also, and no distinction was made by the U. P. Government as regards the grant to these two Universities. Therefore, I suggest that we should give a similar grant to the Benares University, because I know that their difficulties are also very great, and every one is practically in the same boat on account of financial stringency. Therefore, we would have very much appreciated on this side of the House had the Government seen their way to give relief to the Benares Hindu University as well.

Mr. M. Maswood Ahmad: In this connection I should be glad to hear that if any amount has been deducted from the grant to the Benares University, it should be restored to them. But I want to inform my Honourable friend, Dr. Ziauddin, that the amount that has been deducted from the Aligarh University is not going to be restored to the Aligarh University. My Honourable friend has not seen the report of the Standing Finance Committee or he has forgotten the memorandum. In the memorandum he will find that Rs. three lakhs was used to be given to the Aligarh University, and a ten per cent cut was made in that with the result that Rs. 30,000 were deducted, and out of that amount an *ad hoc* amount of Rs. 15,000 has been proposed to be given to this University. And even that amount is not proposed to be given to that University next year as well. My Honourable friend has misunderstood the case, and I hope that he now realises the true state of affairs, as well as my Honourable friend, Mr. Bhuput Sing.

Mr. G. S. Bajpai: I do not really know that any elaborate explanation is necessary from me after what my Honourable friend, Mr. Maswood Ahmad, has said. The Government of India undoubtedly look upon it as their duty to treat the Benares and Aligarh Universities alike, and, as Mr. Maswood Ahmad explained, when we introduced the ten per cent cut as regards salaries, there was a similar ten per cent cut in regard to grants in aid to these Universities. When there was a reduction from ten per cent to five per cent, there was no reduction in the grants in aid to both the bodies. But the point as regards Aligarh is that they were in a very critical situation financially. They had a retrenchment committee to go into their expenditure and they had actually effected reductions to an amount which is expected to be as much as Rs. 1,40,000 out of a budget of Rs. 9,00,000 in the course of the next 2 or 3 years. We felt that in order to enable them to tide over their difficulty we would be justified in making an exception and giving Rs. 15,000. There is no question of any disparity of treatment between the two Universities so far as grants in aid are concerned.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Is there no deficit in the Budget of the Benares University?

Mr. G. S. Bajpai: There is a deficit, but I think the conditions of the two Universities are somewhat different.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Education'."

The motion was adopted.

AGRICULTURE.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 28,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Agriculture'."

Mr. M. Maswood Ahmad: I want to quote a passage from the memorandum which has been given in the Standing Finance Committee's report in connection with this demand. It is to be found on page 371 of the report:

"The estimate of expenditure for fumigation of American cotton during the current year was framed on the basis of a probable minimum import of 40,000 bales and a maximum import of 50,000 bales. The actual import during the first seven months of the year have, however, amounted to 47,524 bales and the anticipated arrivals during the last five months are estimated at 10,500 bales making a total of 58,024 bales for the whole year."

This paragraph gives the information that cotton is imported in large quantity from America and the import has increased this year. I want to draw the attention of the Government that they must watch this question very carefully. Foreign countries are sending their raw cotton in large quantities to this country. Whatever might have been expected in the beginning of the year, the result is that a very large quantity of cotton has been imported into this country and 99 per cent is used in the mills which prepare cloth. Instead of decreasing the use of foreign cotton, the mills are using more and more foreign cotton nowadays. Government must watch it very carefully. This is the only suggestion which I have to make now.

Mr. G. S. Bajpai: I wish to explain to my Honourable friend that fumigation is not intended as a protective measure for the purpose of promoting or increasing the consumption of Indian cotton. It is really intended as a protection against the boll weevil. Now, the question which my friend has raised, namely, as to whether the Indian mills should use more Indian cotton does not directly arise out of this.

Mr. M. Maswood Ahmad: More cotton is imported into India.

Mr. G. S. Bajpai: There, again, if my friend had waited, I would have informed him that every year the estimate that we make of imports is to a certain extent falsified, because the importation of cotton into this country depends upon the requirements of the mills, which varies from year to year.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 28,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Agriculture'."

The motion was adopted.

IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH DEPARTMENT.

The Honourable Sir George Schuster: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 4,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Imperial Council of Agricultural Research Department'."

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): I congratulate the Government on their increased

activity in connection with the Imperial Council of Agricultural Research. My complaint is this. It is said here that the resources at the disposal of the Imperial Council of Agricultural Research are not sufficient to meet the cost of all the schemes which have been sanctioned by the governing body. Some time ago, when this question arose, I had asked that the details should be given to this House as to the schemes that have been sanctioned and as to the way in which these schemes are being worked. I was promised that information would be given to the House, but no such information has been given so far. So I am, therefore, glad that something is being done in this Imperial Council of Agricultural Research. We should be more happy if we knew exactly what they are doing, because, Sir, on some occasions they do things which are not particularly useful to the country. No doubt, as a research, I submit, it is all right, but I should have thought that in matters of this sort, those which are very urgently required should be given the first choice and they should be dealt with in the order of their importance. I wanted information as to whether that is the way in which they have been doing their work but unfortunately no such information was given. So I am glad that at least something is being done and something is being allotted to the Imperial Council of Agricultural Research in which my friend, Sir T. Vijayaraghavachari, and his staff do a good deal of useful work.

Lala Hari Raj Swarup (United Provinces: Landholders): I give my wholehearted support to this grant for the Imperial Council of Agricultural Research. My complaint against the Government is that they have not shown as much sympathy towards the Imperial Council as they should have done, and the activities of the Imperial Council have always suffered for want of funds. I have been associated with the Imperial Council of Agricultural Research for the last three or four years, and I can say from my experience that this Council has done much in carrying out researches for agriculture and other subjects allied with agriculture, and all these things should go to improve the condition of the cultivators.

Some time back, when the Sugar Protection Bill was before the House, the Government Members in the Select Committee as well as in the House gave an assurance that they would place ten lakhs a year at the disposal of the Imperial Council to carry out researches in sugar cane, etc., but, since the passing of that Protection Bill, for one reason or another very small sums have been placed at the disposal of the Imperial Council, with the result that the activities of the research on sugar cane, which was one of the main recommendations of the Tariff Board, have been greatly curtailed and it has resulted in great disadvantage to the grower. On the top of that, the Government have proposed an excise duty on sugar, and I will deal with this later on when the Bill comes up for discussion. In his Budget speech, the Honourable the Finance Member said that he would earmark seven lakhs of rupees for co-operative societies, etc. I was anxiously going through this Bill, and I could not find a word about it there. We now ask that he would be pleased to earmark a certain amount of money out of the excise for the improvement of agriculture and place it at the disposal of the Imperial Council of Agricultural Research. This shows that while the Government Members here talk so much about helping the agriculturists and the grower, they are only empty words and empty sympathies which are not followed by any financial help. I, therefore, urge upon the Government to place larger funds at the disposal of the Agricultural Research Department in order to enable them to continue their activities.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural). I wish to say that for the first two years of its existence, I was intimately connected with the Imperial Council of Agricultural Research, and I have been watching its progress since then. In reply to what the Raja Bahadur has said, I have to say that information has been placed in our hands. My information shows that Rs. 22,48,600 were sanctioned for research on sugar, out of which Rs. 9,25,962 have been spent and Rs. 13,22,638 are yet to be spent. Then, there are also other schemes undertaken and the statement provides for all of them. It also shows that a large number of schemes have been sanctioned by the Council and they are held up for want of funds. This new grant of four lakhs odd is a very welcome grant, and I support it.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, from Volume No. 8 of the Standing Finance Committee's report, the House will find that the Agricultural Research Council has started a scheme for the improvement of the marketing of agricultural produce. Sir, in that Council there are Directors of the Departments of Agriculture from all the Provinces; there are representatives and experts too from each Province to a certain extent on agriculture and other allied subjects. The recommendations that come to the Agricultural Council of Research from all the Local Governments and Indian States are well examined after sifting all the material and all the demands which are being sent to them either by the public or by the Departments themselves. Sir, under this grant, you will find that it is stated here:

"The scheme for the employment of an officer for the marketing of agricultural produce has been approved by the Economic Sub-Committee of the Viceroy's Executive Council. It has also been decided by the Government of India that the scheme should be worked by the Council and financed through the research funds."

Sir, every day we find in this House and from every side that some sort of demand is made to ameliorate the condition of the agriculturist, and the chief complaint in this House is that nothing is being done for the marketing of the produce of the agriculturist. Now, it is in that connection that this grant has been made by the Executive Council of the Government, and this money will be kept in the hands of the Agricultural Research Council. Thus the House ought to be satisfied that every attempt will be made by the above Council that this marketing business is started and the scheme is worked on financial and safe lines.

Mr. Gaya Prasad Singh: Sir, in spite of the remarks of my Honourable friend, Mr. Jadhav, I have not been able to understand the details of the scheme which has been sanctioned by the Governing Body, nor the details of the scheme for the improvement of the marketing of the agricultural produce. My Honourable friend, Mr. Jadhav, read out some figures. I do not know where he got them from, but, so far as I remember, we have not been supplied with them. However, the figures themselves do not explain the scheme for which this money is required. I only wanted to know one thing from Government, namely, whether it is intended to transfer elsewhere the activities of the Pusa Research Institute from my Province or not. I understand there was some project in view for transferring the activities of the Pusa Institute . . . . .

Mr. G. S. Bajpai: On a point of order, Sir. I think the question of the Pusa Research Institute is strictly not relevant to the point we are discussing now.

Mr. Gaya Prasad Singh: I wanted to know whether before this Council of Agricultural Research the activities of the Pusa Research Institute come up or not.

Mr. G. S. Bajpai: No, Sir. The Pusa Research Institute has its own separate Budget.

Mr. Gaya Prasad Singh: I am glad to know that. So far as this scheme is concerned, I hope my Honourable friend, Mr. Bajpai, will explain the details of the scheme which has been sanctioned by the Governing Body and the scheme for the employment of the officer—and by the way, who is that officer?—in connection with the improvement of the marketing of agricultural produce.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Mr. President, my friend, Mr. Hari Raj Swarup, drew attention to the fact that the Government have been starving the Imperial Council of Agricultural Reserach, and he referred to the proceedings of the Select Committee on the Sugar Protection Bill, of which you perhaps were the Chairman. If I remember aright, all of us were very anxious to provide as much funds for the Council of Agricultural Research as was possible, and to strengthen our hands in forcing the Government to provide larger funds for this purpose, we requested the Vice-Chairman of this Council to be present at our meeting and we put the straight question if he could spend a grant of five lakhs of rupees per annum, if we allotted that to him, and we were told that he was unable to spend the money already allotted to him for the schemes then on hand. In these circumstances, I do not think there was any ground for saying that the Government did not provide the funds which were required for the Council of Agricultural Research.

Lala Hari Raj Swarup: I think the Chairman never said that he could not spend the money?

Sirdar Harbans Singh Brar: We put to him the straightforward question whether five lakhs a year could be spent on research for sugar, and the answer was that the schemes in contemplation were not large enough to enable him to spend such a large amount as five lakhs a year. That is a fact which he will surely not deny if a reference is made to the Vice-Chairman and that will satisfy my Honourable friend; but, of course, be that as it may, we certainly do insist that larger and larger funds should be placed at the disposal of the Council of Agricultural Reserach if a satisfactory scheme can be evolved and placed before Government for research in directions which will lead to a better kind of crops and to the improvement of the condition of the agriculturist.

Mr. S. C. Mitra: Sir, any proposal from the Agricultural Department will have support from this side of the House. But as I read the report of the Standing Finance Committee (page 485), I find that that Committee itself has made a peculiar recommendation, namely, that all these grants should come up in the shape of supplementary grants. I think some member for the Standing Finance Committee should have explained why, going out of

[Mr. S. C. Mitra.]

its way, they said that the grants for this Agricultural Research Institute should be in the shape of supplementary grants alone. I read this from the report at page 485:

"As the Standing Finance Committee is aware, the annual research grant of five lakhs of the Council under Demand No. 60 was suspended for the year 1932-33 on account of financial stringency but subsequently on the recommendation of the Standing Finance Committee the Legislative Assembly voted a supplementary grant of five lakhs during that year. The intention then was that until the financial condition of the Government of India improved so as to ensure the restoration of the normal provision of five lakhs, the Legislative Assembly should if possible be approached towards the end of every year with the approval of the Standing Finance Committee for a supplementary grant and that there should be no provision in the budget for the normal grant."

Sir, I cannot understand why this particular Department which is considered to be the most beneficial for the general mass of the people, alone should have provision made for it by means of a supplementary grant? I ask, why not for every other item in the Budget put as supplementary grants in a similar way? Why is this Department singled out? Is it because it has a beneficial side that there should be special provision that this grant alone should come up merely in the shape of a supplementary grant and there should be no provision in the original Budget for this? Then, reading further on, I find this:

"It may be added that the scheme for the employment of an officer for the marketing of agricultural produce has been approved by the Economic Sub-Committee of the Viceroy's Executive Council."

Sir, I understand—here I speak subject to correction—that a European officer will be appointed from England—perhaps that will solve their unemployment to a certain extent—to look after this marketing of the agricultural produce of Indians here. Sir, during the Army Budget debates, we found that even our Indian horses required only European veterinary surgeons and not Indians. Thus, in these small matters, everywhere we find that Indians are considered unfit for discharging the duties of such simple work, while one should think they should be exceptionally fit for such duties knowing as they do their own Indian conditions and knowing as they do everything about their own Indian produce, whether it is likely to create an Indian market or not. So we shall be glad if we are further enlightened on this point. Who is the person who is going to be appointed in this behalf, and what is his special interest in the agriculture of India? Now, with regard to the point that my Honourable friend, Mr. Hari Raj Swarup, made, I think he is not correct. I attended one of these Committees, and my friend, Sirdar Harbans Singh, is perfectly right that the Vice-President of the Agricultural Research Institute was asked whether he could give well prepared schemes for the sanction of the grant of five lakhs of rupees. The Committee was very much anxious to help him with any additional amount that he wanted, and they publicly admitted that they had no scheme ready for which they could ask the Committee or the Government through them for any additional grant.

Lala Hari Raj Swarup: But did he not add a paragraph to the report?

Mr. S. C. Mitra: He might have added anything to the report six months afterwards. But it is a fact that we asked him repeatedly whether he could give us completed scheme, and the Committee was

anxious to give a grant of ten lakhs if it was deemed necessary. It was only at his instance that a grant of five lakhs of rupees was given. Sir, I do not oppose this motion, but I would like to have the information on the points I have mentioned.

Mr. M. Maswood Ahmad: Sir, I wish to make only two observations in this connection. The first point is that a Marketing Board is going to be constituted and some amount will be spent on it. I want to suggest that this Board should not restrict its activities only to wheat, but that it should interest itself in rice also and should find out markets for the rice from Madras, Bengal and Bihar.

The second point is that on research work they want to spend about four lakhs of rupees. At present it is very difficult for the poor agriculturists to know what kind of crop will be suitable for them and on what crop will they be able to earn some money. So, this Committee should investigate these things and prepare a chart every year showing the cost of producing different grains and what will be the real return to the agriculturist after deducting all the amount that he will have to spend for producing that crop.

The last observation which I want to make is this. I am very sorry that when the Budget discussion was going on, the Department of Agriculture was not allowed to open its mouth in reply to so many points which were raised on that occasion. All the important Departments of the Government of India, like the Home Department, and other Departments took part in the debate and replied to our points, but the Agriculture Department was not allowed even to open their lips and to say something on the points which were raised. My Honourable friend may say that the Foreign Department also did not open its mouth. But that is a secret Department and the Department of my Honourable friend, Mr. Bajpai, is not a secret one, and, therefore, that argument will not hold water. I do not know whether my Honourable friend himself did not like to reply or my Honourable friend, Sir George Schuster, did not allow him to speak. Whoever may be responsible for that, we have got a great grievance about this that we did not get any reply and we do not know the policy of the Government in connection with agriculture on which 09 per cent of this country live.

Mr. G. S. Bajpai: Sir, I think I would be justified in saying that there is not only general, but overwhelming support for the Imperial Council of Agricultural Research. I am sure that the Council will be greatly gratified to read the discussion that has taken place today. My remarks will be limited to a few points which have been raised by Honourable Members here and there, and I need not specify their names.

The first is as regards the lack of information about the activities of the Council. Sir, the Council issues a report annually and copies of that are available in the Library of the House. They give in clear conspectus what the Council is doing and I would suggest to Honourable Members who are interested in its activities that they might, when they have a little leisure, turn over the pages of those reports.

5 P.M.

The financial position was also alluded to and Mr. Jadhav read out from a statement which has been circulated to the members of the Standing Finance Committee. If Honourable Members here are interested in having that statement also, I shall undertake to place a few copies of it in the Library of the House, so that they may be able to appreciate without

[Mr. G. S. Bajpai.]

much effort what amount the Council has already allotted for research schemes and what amount it would welcome in order to complete the work that it is doing.

Then, Sir, my Honourable friend, Mr. Gaya Prasad Singh, wanted to know whether there was any talk of transferring Pusa from Bihar to some other place. I would tell him that Government have certainly taken no such decision and that the future of Pusa naturally depends upon the report of the engineers as to what it will cost to reconstruct it.

Then, my Honourable friend, Mr. Mitra, asked for certain information in regard to the activities of the marketing officer. Well, Sir, if he will permit me to point out to him, the position is that marketing is a highly specialised subject. It involves technical and practical experience which is not to be acquired in the class room and the intention is not that there should be a permanent appointment made in this country of somebody imported from outside, but that we should have temporarily in our midst an expert who will be able to give the requisite training to our own people so that they can carry on the work when he has finished his task of training them

Mr S. C. Mitra: For how many months is this officer going to be appointed?

Mr. Gaya Prasad Singh: What is the name of this officer and his qualifications?

Mr. G. S Bajpai: If my Honourable friend had carefully studied the proceedings of the Standing Finance Committee, he would have found that the idea is to work this provisional scheme for a period of three years only, and there is no question of any permanent arrangement being made. But I can assure my Honourable friend that in this case as in every case of technical appointments with which Government are concerned, there is absolutely no question of denying to Indians suitable opportunities for doing the work. The policy of the Department, for which I have the honour to speak, is that, other things being equal, we shall employ an Indian to do the work that we want done, and it is only because at the present moment, as I have said, the requisite technical experience is not available in this country, that we have decided to import an officer and to import him temporarily for the purpose of giving the requisite lead.

Mr. Gaya Prasad Singh: But you do not make other things equal.

Mr. G. S. Bajpai: I do not know what my Honourable friend is driving at

Mr. Gaya Prasad Singh: What I mean to say is that an equal opportunity is not given to Indians to be trained.

Mr. G. S. Bajpai: I am afraid that my Honourable friend has completely missed the point. I said a little while ago that it was not a question of passing examinations. Marketing is a very technical process for which you want practical experience. How are we to get that practical experience in this country? Although the Royal Commission on Agriculture reported more than four years ago, no Local Government has yet

taken the initiative in order to make experiments with marketing. We are now trying to do what we can. That is to say, we are trying to give the necessary stimulus to the provinces to proceed with this, and I have no doubt that, as a result of this initiative we shall be able to train Indians for this work and to find employment for them.

Then, Sir, my Honourable friend, Mr. Maswood Ahmad, wanted to know whether anything was feasible in regard to estimating the cost of production. I would ask him to read the report of the Council, and he will find that in regard to two important crops, namely, sugarcane and cotton, experimental work in that direction is being already done. But Honourable Members, who wish to make suggestions to the Imperial Council of Agricultural Research, will have an opportunity of doing so at the next meeting. They can meet the Vice-Chairman and the experts at the specially convened meeting which I understand will take place on the 11th or 12th April, and I can give everybody the assurance that any suggestion they might wish to make will be most carefully considered.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 4,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Imperial Council of Agricultural Research Department'."

The motion was adopted

EMIGRATION—EXTERNAL.

The Honourable Sir George Schuster: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 9,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Emigration—External'."

The motion was adopted.

Mr. S. C. Mitra: May I suggest to you, Sir, that for the proper discharge of our duty to this House, the House should adjourn now. Even yesterday we sat till 2 in the morning and, in consideration of this also, I suggest that the House should adjourn now.

The Honourable Sir Brojendra Mitter (Leader of the House): I have no objection.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 29th March, 1934.

LEGISLATIVE ASSEMBLY.

Thursday, 29th March, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

SHORT NOTICE QUESTION AND ANSWER.

BAKRID RIOT AT AJODHIA.

Mr. Muhammad Azhar Ali: (*a*) Are Government aware of a serious riot over Bakrid sacrifice in Ajodhia, Fyzabad District, Oudh?

(*b*) Is it a fact that rioters have set fire to Muslim houses and demolished a mosque at Ajodhia?

(*c*) Will Government state what arrangements have been made to deal with the situation?

The Honourable Sir Harry Haig: It is unfortunately the case that a riot has occurred. I regret that I have not yet received details of it from the Government of the United Provinces. I expect to receive them in the course of the day, and will lay the information on the table of the House as early as possible. Reinforcements of police were despatched from Lucknow and troops are available in Fyzabad. I think, therefore, there need be no apprehension that the situation is not fully under control.

Mr. M. Maswood Ahmad: Have Government seen a Press report in this connection that, a day before the Id, a large gathering of people came into the town who were not inhabitants of the town, but of neighbouring villages, and that no precaution was taken by the United Provinces Government?

The Honourable Sir Harry Haig: I have seen various Press reports, but, as I have said, I have received no official details yet.

DEMANDS FOR SUPPLEMENTARY GRANTS.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Demands for Supplementary Grants.

INDIAN STORES DEPARTMENT.

The Honourable Sir George Schuster (Finance Member): Sir, I move:

"That a supplementary sum not exceeding Rs. 2,20,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Indian Stores Department'."

The motion was adopted.

CURRENCY

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 78,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Currency'.".

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, by way of information I should like to know why this item is put separately and the item under 98 is not included here, which is tabled as No. 30 which is in respect of nickel coinage and that is part of the currency. Why could not that be amalgamated with this?

The Honourable Sir George Schuster: We are simply following the usual practice. The other item to which my Honourable friend referred is shown under a separate head. I think he is referring to item No. 30 which refers to "Interest-free Advances". We are following the usual practice in this matter.

Mr. Vidya Sagar Pandya: Would it not be better hereafter to put these under Currency instead of showing them separately.

The Honourable Sir George Schuster: There are very good reasons against altering the heads of these demands. It is important to be able to compare one year with another. If we start altering our heads of accounts, it makes it extremely difficult to make comparative examinations of accounts from year to year.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is.

"That a supplementary sum not exceeding Rs 78,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Currency'.".

The motion was adopted.

CIVIL WORKS.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 13,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Civil Works'."

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa Muhammadan): Sir, I find that there is going to be a higher income under petrol by about ten lakhs, and I want to suggest that out of the share of Governments which they will have in this connection, a major portion should go to Bihar towards the relief of roads in that Province.

The Honourable Sir George Schuster: Sir I will deal with this point on behalf of my Honourable friend, Sir Frank Noyce, who has had to be present in another place. The point raised by my Honourable friend

was considered, and it so happens that none of the provincial roads, *i.e.*, roads for which the Provincial Government are responsible have actually been damaged in Bihar. The damage is all in respect of roads for which the local authorities are responsible and the provision of funds for making good that damage is included in the free grant which we are making to the local authorities, as I have already explained to the House.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 13,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Civil Works'."

The motion was adopted.

SUPERANNUATED ALLOWANCES AND PENSIONS.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 14,14,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Superannuation Allowances and Pensions'."

The motion was adopted.

MISCELLANEOUS.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs 1,03,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Miscellaneous'."

Mr. M. Maswood Ahmad: Sir, this amount is required by Government for three reasons, as they have mentioned in the notes and also in the proceedings of the Standing Finance Committee. First, it is required to meet the total portion of the expenditure on account of the Committee appointed to examine the administrative problems connected with the formation of a separate Sind Province.

The second point for which they want this amount is that these are required to meet expenditure on account of the Indian delegation to the Joint Select Committee of Parliament on Indian Constitutional Reforms and the representatives of the Indian Legislature invited to attend discussions on the Reserve Bank and Statutory Railway Board in London. The Standing Finance Committee has agreed to it. Further, these are required to meet (*i*) increased payments to Indian Posts and Telegraphs Department anticipated on account of the difference between the public and concessional rates chargeable on foreign States telegrams and (ii) certain establishment and audit charges in connection with the final winding up of the affairs of the late Indo-European Telegraph Department.

I want to know whether the amount which has been paid to the witnesses has also been included in this or not. I want also to inform the Government, the Honourable Members and the public in this country

[Mr. M. Maswood Ahmad.]

that any attempt to worsen the Communal Award will not be acceptable to the Muslims, and any threat or challenge by Sardar Sant Singh is not the proper way to do it, and the Muslims do not like that this Communal Award be worsened any more.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 1,03,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Miscellaneous'."

The motion was adopted.

TRANSFER OF THE REVENUE SURPLUS OF 1933-34 TO FUND FOR RECONSTRUCTION OF EARTHQUAKE DAMAGES.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,28,89,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Transfer of the Revenue Surplus of 1933-34 to Fund for Reconstruction of Earthquake Damages'."

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Sir, I support this motion wholeheartedly, and, in doing so, my object is only to tender to the Government and to the Honourable the Finance Member our thanks for having made this grant and to the House also which has passed the Budget for having so readily accepted this proposal. It is too early to say at present whether the amount of relief which has been granted by the Government of India would be adequate to the requirements of the situation or not. But, so far as the attitude of the Government of India is concerned, I know that their attitude is very sympathetic, and I press upon the Government the desirability of making whatever additional grants may be necessary to reconstruct the Province and put people back in their normal condition of life.

Mr. M. Maswood Ahmad: Sir, I am thankful to the Government for having given this aid to the Bihar Government. But I wish to say that this amount is really nothing to cope with the work which is really required there. My Honourable friend has said in his speech that they are ready to give more money to the Bihar Government for relief work, but I wish to draw attention to paragraph 41 (*a*) of his Budget speech where he said that 50 per cent. of the amount would be given free and 50 per cent. as a loan—for the reconstruction of Provincial Government buildings. The condition of the Bihar Government is not good and their financial position is not sound now, and their income will fall much lower than is expected, because they will not be able to collect sufficient land revenue; and so, when their income is lessened, it is not advisable that the Government should give only 50 per cent. towards reconstruction: I would request them to consider whether the whole cost of such reconstruction of Provincial Government buildings should not be given free as a help and relief to the Bihar Government. Public opinion in Bihar is thankful to the Central Government and to my Honourable friend, Sir George

Schuster, and I hope he will consider this question again and that other relief measures which may be required by the Bihar Government will also be given.

The Honourable Sir George Schuster: Sir, I think my Honourable friend has gone perhaps rather outside the proper scope of this demand in his remarks on this particular grant; but I did not raise any objection, because I want to make one point clear to him and to the House. In offering the Government of Bihar a free grant of half their expenditure, we, as a matter of fact, went further than the Government of Bihar themselves asked us to go; and I want also to remind my Honourable friend that if the Government of Bihar have to raise a loan of 50 lakhs, the interest charges on that amount will presumably be something like Rs. 2½ lakhs per annum. Now, according to our financial proposals for this year, if our whole programme is accepted by the House, the Government of Bihar will stand to get an addition to their revenue of Rs. 12½ lakhs a year as their share in the jute export duty. Therefore, I think we have gone very far in our proposals to help the Government of Bihar and to put it in a sound financial position.

Mr. Vidya Sagar Pandya: Am I to understand that the interest will be charged at the rate of five per cent. to the Bihar Government on the 50 lakhs allotted to them?

The Honourable Sir George Schuster: I never said anything to justify such an assumption. I said that the interest charges on 50 lakhs would presumably be about Rs. 2½ lakhs—and twice 2½ works out to 4½ per cent.: it will probably be less than that: I said "about 2½".

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, is the Honourable Member aware that jute is grown in Orissa only and not in Bihar, and I do not want the Bihar Government to monopolise that tax and expend it in Bihar only.

Mr. President (The Honourable Sir Shanmukham Chetty): If Orissa is separated, that will be taken into account.

The question is:

"That a supplementary sum not exceeding Rs. 1,28,89,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Transfer of the Revenue Surplus of 1933-34 to Fund for Reconstruction of Earthquake Damages'."

The motion was adopted.

REFUNDS.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 18,74,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Refunds'."

The motion was adopted.

DELHI.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 2,08,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Delhi'."

The motion was adopted.

AJMER-MERWARA.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs 3,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Ajmer-Merwara'."

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I find that there is an item for the appointment of a special Additional Judge simply to clear off arrears in the District Courts of Ajmer-Merwara. My submission is that we have got too many grades in the appointment of Judges. There are Sessions Judges, Additional Judges, special Additional Judges, and so on, and the work that is done by this class of people can very well be done by honorary officers if such posts are created, just as we are doing in our own Province in Oudh. There we have got the system of Honorary Sub-Judges. To appoint special Judges and adding special officers does mean a great expense in these days of depression, and the work in Courts in these days, so far as I know, is not so great as to require the appointment of special Judges.

Mr. H. A. F. Metcalfe (Foreign Secretary): Sir, the explanation is given here as to why this appointment of a special Additional Judge is necessary. If the House wishes for further information, I can give it to them. The position was that in June, 1933, the Judicial Commissioner represented that there were 402 civil appeals and 67 miscellaneous appeals pending in the Court of the Additional District and Sessions Judge, Ajmer-Merwara. Additional staff was, therefore, considered urgently necessary. In order to avoid serious delay in the administration of justice, and consequent hardship to the public, the creation of an appointment of an Additional Judge together with the staff was sanctioned on the 26th July, 1933. Practically, the whole expenditure was covered with the exception of this Rs. 3,000 by re-appropriation of other money granted for other purposes, but it was impossible to cover the whole amount, although the Chief Commissioner had surrendered some Rs. 10,700 non-voted savings which could not be appropriated for voted expenditure. I cannot believe that it would have been possible to obtain the service which will be rendered by this additional Judge merely by the appointment of honorary Sub-Judges, and so forth, as suggested by the Honourable Member. I presume that the Judicial Commissioner considered this expedient and found it impracticable.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I oppose this motion, because Ajmer-Merwara

has sent here a gentleman who has peculiar ideas of social reform involving fundamental changes in the Hindu religion, and, therefore, I don't think Ajmer-Merwara is entitled to any consideration from this House. Therefore I strongly oppose this motion.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 3,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Ajmer-Merwara'."

The motion was adopted.

EXPENDITURE IN ENGLAND—HIGH COMMISSIONER FOR INDIA

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs 84,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Expenditure in England—High Commissioner for India'."

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, in this supplementary demand, I should like to refer to point I (8) (*d*), grants-in-aid, Rs. 22,000, where it is stated as follows:

"This is required to meet expenditure in connection with the payment of India's contribution to certain Inter-Empire Economic Organizations. Referring to the Standing Finance Committee's Report, I find that a copy of paragraph 358 of the Report of the Committee containing a summary of their principal recommendations will be found on pages 92 to 95. It may be observed that one of the chief effects of the Committee's recommendations is that the Empire Marketing Board as such will be discontinued after the 30th September, 1933. Certain of the economic and statistical services at present carried on by the Board, *viz.* : (1) periodic market intelligence notes, and (2) world surveys of production and trade, will, however, be continued and undertaken by the Imperial Economic Committee the continuance of which has been recommended"

Now, Sir, so far as I understand the position, this grant is for Indian expenditure of the Imperial Economic Committee which now replaces the Empire Marketing Board We had an Empire Marketing Board for a long time, and so far as I know, —I speak subject to correction,—India had not to contribute anything to this Committee's expenditure. Now, it is suggested that that particular Committee should be replaced by a similar Committee, and we are asked to share its expenditure. There is also a question put in the Standing Finance Committee—Is the proposal in respect of a new service,—and the reply is "No". It means that it is a principle to which this House stands committed, and it is an item which should be merely considered as an additional expenditure. I join issue with the Government and the Standing Finance Committee as well, and I submit that it is not a new service. Sir, in a matter like this, where the whole policy of Government is changed and in which India is now required to pay a certain share of the expenditure, this House should have a voice. I don't say that it should necessarily vote against such a grant, but there are various considerations which should be scrutinised by this House. For example, the Committee, as it is constituted, will be expected

[Mr. S. C. Mitra.]

to look after many matters of detail, so far as India is concerned, and there is no provision in this to show whether officers on this Board will be appointed from India. In paragraph 117 of the Report of the Indian Delegation to the Imperial Economic Conference, Ottawa, they say as follows:

"There is no question as to the high value of the work performed by the Imperial Economic Committee, and we consider that suitable arrangements should be made for the continuance and reasonable expansion of such work. Nor is there any doubt as to the value to India of the research work carried out by the Imperial Mycological Institute and the Imperial Institute of Entomology, or of the work performed by the Imperial Agricultural Bureaux. To all of these India pay annual contributions, and in each case satisfactory arrangements now exist for the maintenance of contact with scientific workers in India and for a periodical review of the work done."

Sir, I entirely agree with the views expressed here, but I would like to emphasise the point that before India accepts a burden to share the expenditure with other Empire countries for a Committee like this, this question should be thoroughly discussed in this House, whether, in view of the peculiar conditions of India, a Branch of it should not be established in India itself. If that is not possible, how the particular conditions of India should be taken into consideration by the Central Legislature is also a matter that requires consideration, and whether experts from India should be engaged to contribute their experience in the solution of these very difficult questions. These are all matters that require full consideration by this House, and a grant like this should not be put in in a supplementary demand saying that some amount has been received by reappropriation from certain grants, and we cannot be expected to vote 30 or 32 grants within an hour or so. I don't object to this grant, but I protest against the nature or the manner in which it is proposed to put it through this House without a full and proper consideration of the whole question.

Mr. B. Das: Sir, I fully endorse the remarks that have fallen from my friend, Mr. S. C. Mitra. Personally, I consider that when any new item of expenditure is incurred by the Government of India, and whenever any commitment has to be made on behalf of India, it should be brought out separately, and, as my friend has pointed out, Government should take this House into confidence about such commitments. The Empire Marketing Board has been abolished and I regret that a particular feature of the Empire economy and development has been done away with, but if the Government of India commit themselves that India should again assist Empire collaboration through this Imperial Economic Committee, then this should be a new feature and a new item of expenditure. I wonder if the Auditor General would allow the supplementary grant as an appropriation and whether he will not raise an objection that it should be considered a new service. I am not at present satisfied that India should at all participate in the new garb of the Empire Marketing Board as the Imperial Economic Committee, particularly when India does not get the necessary facilities that are required, as was pointed out by my Honourable friend, Mr. Mitra. For that reason, I oppose this grant.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): I think there is a certain amount of misunderstanding about this item of Rs. 22,000. It is not entirely a new item though my Honourable friend, Mr. Mitra, is perfectly right in saying that the Empire Marketing Board has ceased to exist and that its place has been, in a sense, taken by this new Imperial Economic Committee. I would point out that we are in this grant continuing to a certain extent the grants that we have in the past been making to certain agricultural and other Empire bureaux from which we have derived considerable benefit. Obviously, Sir, we could not expect His Majesty's Government to continue to finance the activities of the Empire Marketing Board for all time. They have now refused to do so. They are quite willing to bear their own share of the burden, but they have asked the other Empire countries, which benefit from the activities of that Board, to share in its expenses. So far as this item itself goes, the House will agree with me that it represents good value for the money. We have, as I have already said, obtained very material benefit from researches which have been carried out in the past by such bureaux as the Entomological Bureau, the Mycological Bureau, etc., and these will now be financed from the grant we are making.

I ought to bring two points in this connection to the notice of the House. The first is that we are only committed for three years, and the second is that for the first time the activities will be directed or controlled by a Committee, the Empire Economic Committee, upon which we receive as much representation as any Government in the Empire. On the last occasion, that is to say, the first occasion on which this Committee met, our two representatives were Sir Atul Chatterjee and Sir Padamji Ginwala. I may say that the House may rest content that our case will always be put fairly and squarely before the Board. I do not think, Sir, that the House need apprehend that we will be led into any further or any larger expenditure, and I personally am very strongly of the view that a contribution of this nature is a very small payment for the benefits that are likely to accrue.

Mr. S. C. Mitra: May I ask how many other dominion countries have agreed to this and whether they also contribute the same amount?

The Honourable Sir Joseph Bhore: The contribution is fixed on a *pro-rata* basis, and my recollection is that practically all the dominions have agreed to contribute.

Seth Haji Abdoola Haroon (Sind: Muhammadan Rural): What is that *pro-rata*?

Mr. S. C. Mitra: Population or revenue?

The Honourable Sir Joseph Bhore: I am afraid I have no information readily available. If my Honourable friend will put a question down, I should be happy to have the information collected and given to him.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 84,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Expenditure in England—High Commissioner for India'."

The motion was adopted

CAPITAL OUTLAY ON VIZAGAPATAM HARBOUR

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,38,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Capital Outlay on Vizagapatam Harbour'."

Mr. Muhammad Azhar Ali: The only thing I want to know in this connection is, if there is no appeal from the decision of the Subordinate Judge From the Standing Finance Committee's report I find that the party claimed about Rs. four lakhs, but the award of the Land Acquisition Officer was only for Rs. 17,745. But when the matter went up before the Subordinate Judge, he raised the amount to Rs. 1,30,000. When there is such a marked difference between about Rs. 18,000 and Rs 1,30,000, there ought to be a fairly good appeal to the High Court unless there is some special Act prohibiting any appeal to the High Court I think it would have been a good appeal, because my own experience in these cases is that when a case goes up before the High Court, either some sort of account mistakes are found out or some sort of compromise is made. On the other hand, the Government have nothing to pay by way of court-fees, because, if the court-fee is payable, it goes from one pocket of the Government to another pocket.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam Non-Muhammadan Rural): In this connection I would like to place before the House one piece of information. When the acquisition of this land was considered, the amount of money that was thought necessary for the purpose of acquiring this land was originally estimated to be something over a lakh of rupees. But the Harbour Authorities, when it came to a question of giving the money, offered a far lower amount than one lakh. The result was litigation between the two parties In the course of the proceedings in that case, it transpired by cross-examination of the Harbour Authorities themselves that the original estimated amount of the value of the property, even according to them, was over a lakh of rupees, and that was the basis of the Subordinate Judge's judgment in that case In view of those facts, it may be considered that the judgment of the Subordinate Judge is correct and no better claim can be made before the High Court on appeal

The Honourable Sir Joseph Bhore: I have really nothing further to add to what my Honourable friend, Mr. Raju, has said. That is the position as far as I am aware of it

Mr. Muhammad Azhar Ali: May I know what cost the Government have to pay in this case?

The Honourable Sir Joseph Bhore: I am afraid I cannot hear a word of what my Honourable friend said.

Mr. B. Sitaramaraju: A very large sum.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 1,38,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Capital Outlay on Vizagapatam Harbour'."

The motion was adopted.

COMMUTED VALUE OF PENSIONS.

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 22,76,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Commuted Value of Pensions'."

The motion was adopted

EXPENDITURE ON RETRENCHED PERSONNEL CHARGED TO CAPITAL

The Honourable Sir George Schuster: Sir, I beg to move:

"That a supplementary sum not exceeding Rs 3,01,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Expenditure on Retrenched Personnel charged to Capital'."

Mr. S. C. Mitra: Referring to the corresponding volume of the Standing Finance Committee proceedings, Volume XIII, No. 8, page 495, this is what we find:

"The excess is mainly due to larger payments to officers retiring from the Posts and Telegraphs Department under retrenchment concessions during the current year than were allowed for in the budget. When the budget of the Posts and Telegraphs Department for 1933-34 was framed, it was assumed that the retrenchment concessions would be in force up to the 30th June 1933 It was subsequently decided that in the case of the Posts and Telegraphs Department the period of concessional retirement should be extended up to the 31st March, 1934."

I like to be enlightened why there is this special vigour and enthusiasm for retrenchment in the Postal Department. Is it because that the largest number of employees in this Department are Indians? I am getting telegrams almost every day that the retrenchment campaign in this Department is going on ruthlessly, and officers, having 20 or 25 years' service and junior officers with less than two years' service and peons and lower class people are being retrenched. So, when this particular Department is asking for a big sum by way of supplementary grant, either the general charge of the accounts of this Department is deficient and not up to the mark as compared to other Departments or is it due to any special principle that has been adopted by the Posts and Telegraphs Department as regards retrenchment. I shall be glad to be enlightened on these two points.

Mr. S. P. Varma (Government of India: Nominated Official): I have not really much to add to what Sir Thomas Ryan said in this connection in the last speech that he made in this House. The principles on which the Posts and Telegraphs Department is making retrenchments are exactly the same as those on which retrenchment is being made in other civil Departments of the Government of India,—the selection of men for retrenchment the concessions payable to them, they are all exactly the same. The only speciality about the Posts and Telegraphs Department is that it is a public utility department and it is expected to balance its expenditure with its revenue. As the House is aware the Department has been examining every source of economy and has been carrying out those economies as far as practicable, but that does not really differentiate it from other

[Mr. S. P. Varma.]

Departments of Government which too have been making whatever economies are feasible to them. The amount bulks large in the accounts, because the Posts and Telegraphs Department is the largest single civil Department under the Government of India.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 3,01,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Expenditure on Retrenched Personnel charged to Capital'."

The motion was adopted

INTEREST-FREE ADVANCES.

The Honourable Sir George Schuster: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 2,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Interest-free advances'."

Mr. Vidya Sagar Pandya: Looking into the proceedings of the Finance Committee, I find that this expenditure of two lakhs is in connection with the loss incurred in destroying the uncurrent nickel coins returned. It was originally estimated that only 3,62,000 will be required, but a larger number of coins came back, with the result that they had to ask for this extra two lakhs in connection with the destruction of nickel coinage. As I pointed out previously and as the Honourable the Finance Member has explained, it was on account of the old system of keeping accounts that this item has come under the Interest-free Advances though I thought it should really go under the head of Currency. Now, Sir, looking into the blue books published by the Government and taking, for instance, the detailed Estimates and Demands for Grants on page 841, we find that the actual for 1932-33 was 5 lakhs 34 thousand and odd. The Budget estimate for 1933-34 was 3,62,000. Then the revised estimate for 1933-34 was 5,70,000. Then the Budget estimate for this year, *i.e.*, 1934-35 puts it at 4,53,000. Similarly, looking into the Report of the Controller of Currency, we find that these nickel coins are rather unpopular in the country, and, on account of the coins coming back in large numbers, the Government are incurring this expenditure, in connection with the replacement of these coins. Originally we had silver coins for eight annas, four annas and two annas, and we had no nickel for one anna. Subsequently probably to save some of our European and other friends from giving a tip of two annas, the Government very conveniently came forward and coined one anna so that they could give a waiter an anna instead of two annas and avoid carrying heavy copper coins. In connection with this, I would like to read a letter from an I.C.S. Officer who has written to me in this connection. This letter from a member of the Heaven-born service should carry more weight than any pleadings on my part. He says:

"I want some information which only a legislator can get. I am still interested in currency problems. And the greatest currency problem is the question of retaining silver and gold as the real coinage. Soon after the war, the silver subsidiary

coinage was replaced by nickel one, two, four and eight anna nickel pieces. Whatever the professions, the actual effect was that Canada which produces ninety per cent. of the world's output of nickel was given a subsidy from Indian revenues and a market for accumulated stocks and silver depreciated. I want information as to the total value in sterling or rupees of the purchases of nickel made by Government to replace the silver subsidiary coinage by nickel coinage and the annual subsidy we are continuing to pay for the annual wear and tear of nickel coins by buying more."

Of course, the Government experts said the replacement was made because nickel is harder, cheaper, etc., etc. But regarding things of value, we might consider long-time things and not wear and tear. Also, if you can agitate to replace nickel again by silver in the subsidiary coinage, it will be good. Silver and gold will last and have lasted as far as human eye can see . . . .

The Honourable Sir George Schuster: Sir, if my Honourable friend's speech is a move in this campaign of agitation to replace nickel by silver, I say that his whole speech is irrelevant to this particular issue and out of order.

Mr. Vidya Sagar Pandya: I simply want to draw attention to the point and not a move in any agitation for the present. Now, let me finish the letter.

"A wicked young friend of mine told me. . . .".

The Honourable Sir George Schuster: I really must raise the point of order. According to the rulings which you have given, Sir, I do put it to you that my Honourable friend's speech is entirely irrelevant to the issue before the House and to what the House is entitled to discuss under a supplementary demand.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member will not be in order if he wants, on this motion, to make out a case that it would be better to substitute silver for nickel as subsidiary coinage. Is that the object?

Mr. Vidya Sagar Pandya: No.

Mr. President (The Honourable Sir Shanmukham Chetty): Then what is his object in reading out that letter?

Mr. Vidya Sagar Pandya: My object is to show that there is so much of wastage on nickel and the Government have to come forward every year with a supplementary demand, and some better methods should be adopted . . .

The Honourable Sir George Schuster: If that is my Honourable friend's point, I put it again to you, Sir, that it is out of order because we are committed in any case to this policy. The nickel coin is in existence. Some of it comes back some years, in other years more goes out than comes back. That is not the issue before the House. The issue before the House is whether this small expenditure in connection with the return of a certain amount of nickel coinage is to be met: not the question of whether we ought to alter our policy regarding the issuing of nickel coins.

Mr. Vidya Sagar Pandya: Is it not relevant to point out to the Government how the country loses on account of this new nickel coinage, and to draw attention to that fact in connection with this demand? If that is out of order, I have nothing more to say.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member simply wants to point out that a great deal of loss is being incurred on account of this item coming up year after year. His remarks must be confined to pointing out that fact, but he is enlarging the scope of his argument and wants to prove that it would be more advantageous to substitute nickel by silver. He may just refer to that, but to read a long letter in support of that is not in order.

Mr. Vidya Sagar Pandya: Well, Sir, I bow to your ruling, and I hope I have not infringed any of your rulings; and if I may be permitted to read a couple of lines (Laughter), it won't do any harm:

"A wicked young friend of mine told me regarding the export of gold and its advantages of imports given by the Finance Member, "Peasants' gold is being exported by Indian princes and bullion dealers to English Banks to import French diseases to be cured by German remedies, which call for a further export of gold." (Laughter.)

"I hope you will excuse the facetiousness of the young man and let me have the favour of an early reply. I am sending this by registered post, not because I am afraid of your not noticing it, but because I have had reason to suspect that my letters are being intercepted and destroyed in the post by mysterious people whom I would like to catch" (Laughter)

Sir, that goes to show how the C. I. D. and the Postal Department are co-operating in the matter of this silver question—I mean the nickel question,—I won't mention silver, that is tabooed. Sir, with these words, I oppose the motion.

The Honourable Sir George Schuster: Sir, I am afraid ninety-five per cent of my Honourable friend's speech I cannot deal with, because I still maintain that it is quite irrelevant to the issue before the House. My Honourable friend also raised the point about the head under which this particular item of expenditure was charged. I would like to make it clear that I did not quite hear what he said on the first point, so that I did not give quite a correct answer to that. This particular head has to deal with nickel coinage. Therefore, if it did not come under this Interest-free Advances head, it would come under Mint and not under Currency, so that my Honourable friend's first point was quite incorrect. There is no question that anything to do with nickel coinage would have come under Currency. I may explain to my Honourable friend that this method of charging part of the expenditure in connection with the return of nickel coins to this head of Interest-free Advances is a matter of technical accounting. It is a rather complicated matter, but I think I can put the substance of it most clearly by saying that this Interest-free Advances head operates really like a suspense account until the whole transaction is concluded. That is why the cost of the return of nickel coins sometimes appears under this Interest-free Advances head. That is all I have to say.

Mr. M. Maswood Ahmad: Sir, sometimes we find the Government Members place before us certain items of new expenditure in the shape of supplementary demands. If we are not aware of those items and

those expenditure beforehand how could we discuss them at the time of the Budget? Can we discuss the policy of those particular items which are newly brought before the House or before the country in the shape of supplementary demands, or it is the case that that also cannot be discussed?

Mr. President (The Honourable Sir Shanmukham Chetty): The very name of the demand shows that it is supplementary to what has been sanctioned in the Budget, and, therefore, no question of policy can be discussed.

The question is:

"That a supplementary sum not exceeding Rs. 2,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Interest-free advances'."

The motion was adopted.

LOANS AND ADVANCES BEARING INTEREST

The Honourable Sir George Schuster: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,64,97,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Loans and Advances bearing Interest'."

Mr. B. Das: Sir, I welcome this opportunity that the Honourable the Finance Member has given to draw the attention of the House to the policy of Government regarding the granting of advances and loans to different Indian States, which policy, I say, is detrimental to the financial credit of India. Sir, if we refer to the Standing Finance Committee's report, Volume XIII, No. 8, page 499, we find that several Indian States are given loans—which raises important questions of policy in that supplementary demand.

Sir, a loan of Rs. 25 lakhs was granted to the Nawanagar State for certain so-called essential works. The Alwar State got Rs. 25 lakhs in order to prevent a serious breakdown in administration of that State; and then the Bahawalpur State—everybody knows about that State's bankruptcy—got another Rs. 12·97 lakhs for additional expenditure on the Sutlej Valley Project. Sir, I do not know whether the first two items are productive debts or not. At any rate, the Alwar State has not got the money to promote the development of that State. As regards the Bahawalpur State, I am sorry, that State is the victim of that one Provincial Government of my Honourable friend, Mr. Jagannath Aggarwal, and, Sir, that Government brought out a project called the Sutlej Valley scheme whereby the Bahawalpur State was committed to an expenditure of two or three crores. And, as I said the other day on the debate on the Finance Bill, the State has now been saddled with a debt of 12 to 13 crores from the Government of India I do not know if it is true that the Government of India are going to write-off a certain amount of the accumulated interest charges. I have a recollection that the Government of India have written off a certain amount, but the Honourable the Finance Member last year tried to shift

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[Mr. B. Das.]

the blame from the shoulders of the Punjab Government to the broad shoulders of the Government of India. The Government of India did not like even last year to throw the blame on the Government of the Punjab for this bad project and for the heavy loans that are being saddled on the shoulders of the Bahawalpur State. If the Government of India have written off a certain amount of the debt of the Bahawalpur State, it ought to be a burden on the shoulders of my friends from the Punjab, because it was their Government which designed the whole project, to which neither the Government of India nor the Bahawalpur State was a party. I want to have a definite reply from the Government. These States are clamouring for suzerainty, and how is it that we are financing their maladministration which is affecting the ways and means position of the Government of India finances, and probably the Government of India are incurring loans to advance money to these States. But this money is being advanced on unproductive debts on the so-called productive assets which will never prove to be so. Take, for instance, this Bahawalpur State which owes the Government of India 13 crores of rupees. Will the Government of India ever be able to get as much from the Bahawalpur State? The State has got an annual income of 60 lakhs only.

Another thing I would like to know from the Government of India is the rate of interest that these States pay, especially in view of the very antagonistic attitude of some of these towards British India. The Government of India reduce the rate of their interest annually according to their borrowings. Do these States also get the advantage of this reduction in interest? I would like to know whether the States pay the same rate of interest as the Provinces or they pay the rate of interest at which the money was borrowed in the year that a particular State received the loan? This remark of mine applies more to Nawanagar State and to Alwar State. Recently I find that it has become the established feature of the Government of India Budget that they give loans to those States the attitude of which is very hostile towards us. I do not want to see the credit of the Government of India deteriorate, because these insolvent States will be financed not on financial grounds or grounds of friendship, but on political grounds for which my Honourable friend, Mr. Metcalfe, sits there. I do not want a political reply, but I want a financial reply, and as this will be the last reply of the Honourable the Finance Member on the financial aspect of the Budget, I hope he will make it clear as to what has been the policy of his Department and that of the Government of India during the last six years in the matter of advancing money to these Indian States on such a large scale without any proper security or cover.

Mr. S. C. Mitra: Sir, I agree to a great extent with the points raised by my Honourable friend, Mr. B. Das. Referring to the proceedngs of the meetings of the Standing Finance Committee, I find the following question and answer:

"*Q.* Is the proposal in respect of a new service?

A. No."

It is true that the policy of lending money to Indian States may not be a new policy, but this practice of giving money to individual State is certainly a special feature, and, therefore, it is a "new service"

especially so far as a particular State is concerned. I cannot understand why this grant should come in the shape of a supplementary grant. I think Government are taking undue advantage of the ruling from the Chair that, in the case of a supplementary grant, we cannot raise the questions of policy. I take the first item—loan of 25 lakhs to the Nawanagar State. This was required mainly on account of certain essential works which could not otherwise have been completed for lack of funds. They had some beneficial works to perform in the State, and, therefore, they wanted money. (*A Voice*: "Essential works-") Everything is essential. Will the Honourable the Finance Member satisfy this House as to why he has come before us in the shape of a supplementary grant on this particular issue? There must have been demands from these two or three States for a long time asking for these loans. Could not Government get time during all these months to settle the conditions and come before this House? They have come before us at the fag-end of the Session when they want to sit late hours to finish these items. They have brought very important items before us, particularly the one which relates to the Nawanagar State. We know as regards the customs policy so far as the Viramgaum cotton is concerned. They were not accommodating and the Government of India did not do their duty to the people. Sir, before such grants are sanctioned, this House has every right to judge on the merits of each case whether these largesse should be made to these Indian States or not. The Honourable the Finance Member must justify before this House if he expects us to vote silently that this was a case of merely a supplementary grant and not of a new service in its technical sense.

Then, there is the loan of 25 lakhs to the Alwar State. This amount was required in order to prevent a serious breakdown in the administration. But the breakdown in administration cannot come all of a sudden as soon as March is over. If the administration was breaking down, it was breaking down for a long time, and it was known to the Government of India. And if they are to make charities from the public money, they should certainly come before this House to have its vote and not to come here and say that we cannot discuss the policy, because it is an old policy of lending money to anybody who may want it. Besides, the money has already been lent, and, after lending it, they have come before us to get our sanction. Sir, it is nothing short of an insult to this House to treat it in this manner. This House should have an opportunity to judge on the merits of the case. We do not know what is the rate of interest and what amount has been paid by some of the States, especially States like the Bahawalpur State. What is the time during which the Government of India expect these payments? I know that in certain cases all the estimates have gone wrong, as, for instance, in the case of the Sutlej Valley project, and each year additional amounts have got to be lent, and nobody knows when this capital expenditure is likely to be paid up. I do not know if there is any amount fixed to be paid and the whole period within which this amount is to be repaid to Government. These are essential facts which the House should be informed before they can come to any judgment, and particularly I invite your special attention to the fact that it is an abuse of the procedure of this House to bring these matters in the way of supplementary demands.

Mr. President (The Honourable Sir Shanmukham Chetty): The point raised by the Honourable Member, Mr. Mitra, raises rather an important

[Mr. President.]

issue. The discussion on supplementary demands is restricted in its scope, and, by the well established practice of this House, general questions of policy are not allowed to be discussed on supplementary demands. The Government, therefore, ought to be very careful as to what items they bring under supplementary demands (Applause), because, if important items are brought under this head, then the House is deprived of an opportunity of having a full discussion on a question of policy involved in that grant. Legislative rule No. 50 defines the scope of supplementary demands. It says:

"An estimate shall be presented to the Assembly for a supplementary or additional grant when:

(i) the amount voted in the Budget of a grant is found to be insufficient for the purposes of the current year, or

(ii) a need arises during the current year for expenditure for which the vote of the Assembly is necessary upon some new service not contemplated in the Budget for that year."

Supplementary demands must, therefore, be justified on one of those two grounds. The Standing Finance Committee of this House is one of the very important Committees, and it is more or less the watchdog of this House to see that all items of expenditure proposed by Government are fully scrutinised and examined before Government bring those proposals before the House. The Chair would now suggest that, when proposals for supplementary demands are placed before the Standing Finance Committee, that Committee, if they have not followed that practice in the past, must satisfy themselves whether these supplementary demands placed before them for their approval can be justified on one of these two grounds (Applause), and whenever the Committee find that they are not satisfied that the supplementary demands placed before them can be justified on one of these two grounds, they must make a remark to that effect in their proceedings. That will give a guidance to this House. (Applause.)

The Honourable Sir George Schuster: May I just intervene, and, on behalf of the Standing Finance Committee, say that the Standing Finance Committee is a very efficient watchdog on behalf of this House, and that the Standing Finance Committee always does raise these points. In this particular case, the three items covered could not be foreseen at the time when the budget was presented, the needs not having arisen Therefore we could not foresee them. The needs arose in the course of the year, but whether we were right or wrong in meeting the need is another question. But undoubtedly the needs had not been foreseen and they had to be dealt with in the form of supplementary demands. Then, on the question of the scope of the discussion on supplementary demands, we certainly would never take the point that in a case of this kind the question of whether this particular item of expenditure is a right or wrong item for the Government to have undertaken ought not to be discussed. I have never tried to put to you, Sir, the interpretation of the rule about policy in that narrow sense, and I would assure my Honourable friend that it never occurred to us for a moment that by putting forward this demand in this form we would be robbing the House of the opportunity of examining the situation. In fact I would put it

to my Honourable friend that when a demand of this kind comes up in the form of a supplementary demand, it is much more likely to get the attention of the House than if it is mixed up in the whole mass of demands for grants, which, as Honourable Members know only too well, in the main have to go through without the hope of being discussed. I do want to make that point clear.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): I understand the position enunciated by the Honourable the Finance Member to be this, that where a demand is covered by clause 2 of the rules which you have just read out, namely, new services not contemplated at the time when the Budget was presented, the question of policy would be discussed and is open to discussion by this House whatever may have been the view of the Standing Finance Committee. Where, on the other hand, the supplementary demand is really supplementary to the Budget, in that case the fact that the general policy was under discussion and could have been discussed at the time of the Budget precludes the reagitation of the same question when the supplementary demand comes up for the vote of this House. If that is the view of the Honourable the Finance Member, we on this side of the House entirely endorse it, and I hope, Sir, that would be regarded as a rule of this House when dealing with supplementary grants.

The Honourable Sir George Schuster: I do not quite understand my Honourable friend's point, but I would put it to you, Sir, that it is not so much a question of policy, as a question of the propriety of a particular item of expenditure. Once you admit that the propriety of a particular item of expenditure can be discussed, then I would say that the House has full freedom, all the freedom that it wants, to discuss that particular item.

Raja Bahadur G. Krishnamachariar: Sir, I dare say that we are all very much obliged to the Honourable the Finance Member who indicated to us that the scope of the discussion in matters of this sort is not so limited as we at one time thought, and I am glad that we have got some opportunity of pointing out the propriety or otherwise of the demand. Starting from that position, I should very much like to ask whether the loan to the Alwar State is a proper loan. It is stated in the reasons that it is due to the breakdown in the administration of that State. Under our rules, I do not think we are entitled to discuss the internal administration of that State, and yet we are asked here in all solemnity to say that 25 lakhs may be paid out of the tax-payer's money. Why? Because it is not going to be of any use in British India, but it is because that some State, whose administration we cannot discuss and whose administration, we do not know why it had broken down and who it is that caused that breakdown and how long it would take for that breakdown to readjust itself, these things are taboo to us, we cannot discuss all these things, wants the money, and, notwithstanding that, we are asked quietly to dole out 25 lakhs. I say it is most unjust to this House. Are we or are we not the guardians of the finances of the country? If so, we are entitled to say and to ask the Government as to why do they spend this 25 lakhs. All that we are told is that two circumstances happened, one is that there is a breakdown in the Alwar State administration, and the second is that the Standing

[Raja Bahadur G. Krishnamachariar.]

Finance Committee, being a very efficient body of men, who do raise these questions once having come to the conclusion, is it suggested that we cannot reopen it here? After all, what do the Standing Finance Committee say? There are three paragraphs only giving the explanation in some detail as to how these demands came into existence, and, beyond that, as far as I can see from the report of the Standing Finance Committee, there is no further information. I ask, is it fair, is it treating this House with courtesy to ask it to vote such a large sum as 25 lakhs without giving us the information? The other day, when my Honourable friend moved a cut on the income-tax asking that the limit may be brought down to Rs. 1,500 instead of Rs. 2,000, the Honourable the Finance Member said that that would cost about 22 lakhs. Now, if this 25 lakhs is not given to the Alwar State . . . . .

The Honourable Sir George Schuster: May I point out to my Honourable friend that this is capital expenditure which we have every reason to hope we shall recover. It is not a charge against the revenue accounts of the year.

Raja Bahadur G. Krishnamachariar: Then, I will not put it upon that ground. I will put it on the general ground. We all hope for very good things. But do you really believe that in view of the most confused state of Alwar administration—if you allow me I can discuss and I am quite prepared to point out that Government have been proceeding upon a wrong basis in expecting a return of this money, and, therefore, they would not be justified in lending this money—in view of all this the money that is going to be advanced may not be returned. I submit either relax your rule that we can, in cases of this sort, discuss the position in an Indian State, or do not come to us for money and take the money in some other way by which you will be entitled to do without coming to us for the vote.

Now, the next instance is the Nawanagar State. I am not putting my argument upon the ground that they co-operate or do not co-operate. That is an entirely different question. If upon its merits and the matter is *res interfra*, you ought to help these Indian States, I do not care whether they co-operate or not; that is an entirely irrelevant question, but the fact of the matter and the position which is not now apparent and which I would respectfully ask the Honourable the Finance Member to clear up and not refer me to a volume in the Library where I have got to go and study, I would ask him what is the essential basis of work that this gentleman began and which is to be completed and which, but for this grant of loan, would not be completed. Why should these gentlemen go and launch upon a project which they have no money to meet? I want so many things, and I am always told that there is no money; and if these gentlemen started upon a wild goose chase or a wild cat scheme, and they find all of a sudden that they cannot finish it with 25 lakhs, why should our Government go out of their way to lend? There may be good reasons, but so far we have not been given any reasons whatsoever as to why this money should be lent to this State when we ourselves are suffering from a chronic want of funds and when everything is held up, because there are no funds. I would respectfully ask, what is it that prompted these people to first launch upon the work and then find an empty treasury and then come to us for a loan It is not a speciality, I admit, with an Indian State that their estimates are increasing. We have had a very good

instance in the Mettur project in the Madras Presidency which started with three crores, then jumped up to seven crores, and has now, I believe, gone up to 13 crores. That is the habit of these estimates. I do not know whether there is anything inherent in these estimates that they have a knack of going up and up. An instance of that is the Vizagapatam Harbour. We are, I respectfully submit, entitled to find out if these gentlemen did not husband their resources in a proper and reasonable manner, such as a reasonable man would take care of his own property. And if they did it and if it is a question of benefiting their subjects for whose interest this project was started, I quite admit that the Government of India, which claim suzerainty and paramountcy, should come to the help of these States. But where are the facts? We do not know what the details are. And yet, Sir, we are asked to register a vote for 50 lakhs of rupees which is, I respectfully submit, to say the least of it, not fair to us, not fair to the country and not fair to the Government themselves, although they come and ask us for this vote. Therefore, I submit that hereafter, when proposals of this kind are submitted to the House, we should be supplied with sufficient details in order to satisfy reasonable men as to the correctness of the position taken up by Government. That is all that I have got to submit.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, this is a very important question that has been raised. Apart from the particular demands I think there is a very important question as regards the scope of the discussion which these supplementary demands may involve. I submit to the House that it may not be possible to lay down any hard and fast rule in the matter. But I think there is one general principle which Government ought to observe, and, in fairness to this House, they should adhere to it as strictly as possible, that they should not put forward any supplementary demand which could have been foreseen and provided for in the budget.

The Honourable Sir George Schuster: We entirely accept that. I do not dispute that for a moment; I fully accept that as a rule.

Sir Abdur Rahim: That is an obvious principle, and I am glad to find that the Honourable the Finance Member accepts it. Now, we have noticed that on a very large number of demands, which have been put forward by Government this time, it may not be possible to deal with the question of the different items in detail, but, as regards the scope of the discussion of supplementary demands generally, what I submit is this that in some cases a new expenditure may have to be incurred which was not contemplated and could not have been contemplated or foreseen at the time the Budget was framed and placed before us. In a case like that, I suggest that it would be very difficult to say that we cannot raise any discussion as to policy. It is always a very difficult thing to draw the line, whether policy is involved or not. Often, in discussing the merits of any demand which must be discussed if the House is to have to say anything about it at all, the discussion may often bear on what may be considered to be questions of policy. So I say that it is not always possible to draw an exact line in every case, and I think it ought to be the general attitude of Government, that opportunity is allowed to Honourable Members who are not satisfied as to the merits of a particular demand to discuss those merits within proper limits.

Mr. N. M. Joshi (Nominated Non-Official): What right have Government to prevent that?

Sir Abdur Rahim: I do not think it is possible to enforce any strict rule that we are not to touch upon the question of policy in every case. In some cases it is impossible to draw a line.

Then, Sir, as regards the demand of 25 lakhs for the Alwar State and 25 lakhs for the Nawanagar State, as it has been very forcibly pointed out by my Honourable friend, the Raja Bahadur, the position is extremely anomalous. I recognise, and I suppose that is the case which will be put forward by Government, that the whole of the relations between us and the Indian States is in an anomalous position. The whole Budget is passed and we have not been in a position to deal effectively with any item and to reject any item in the Political Department's budget. But when you are making a big demand like this for lending to a State, even though it is merely a capital expenditure, surely this House is entitled to be satisfied as to why the Government of India should undertake any such liability. We have to be satisfied as to what is the occasion that has given rise to this demand or rather this application on behalf of a particular State, and what are the chances of the loan, if advanced, being repaid within a reasonable time. I do not suggest that we should be entitled to discuss the administration of a particular State which has applied for the loan or whether the need for that loan has been caused by any sort of maladministration in the State. I do not suggest that we are entitled to go as far as that. But, at the same time, this House is entitled to be satisfied that there are good grounds for the Government of India to come to us and say that a particular State is in difficulties which it could not avoid and we should advance a particular sum of money to enable that State to tide over that difficulty. I do think that however anomalous the relations may be between us and the Indian States, we are entitled, when a demand of this nature is made, to be satisfied that it is right on the part of the Government of India to come and ask us to make such a big advance.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I generally agree with the observations that have been made by my Honourable friends, the Raja Bahadur and Sir Abdur Rahim, particularly on the constitutional aspect of the question. My Honourable friend, the Raja Bahadur, made a casual reference to the duties of the Government of India as the Paramount Power with reference to the States. Now, Sir, my Honourable friend knows it best that so far as the question of Paramountcy is concerned, the claim that has been put forward by the States is that their relations are with the British Crown and they are not prepared even to recognise the Government of India as the constituted agents of that Paramount Power. They demand that, so far as the future Constitution goes, the Viceroy should be given a kind of a legal entity for the purpose of discharging the duties of an agent to the Paramount Power. Now, I should very much like to know as to whether, when the Government of India agree to advance these loans to States A, B or C, they should not insist upon a guarantee from the British Crown as the Paramount Power, so as to ensure the proper repayment of the amounts to the British Indian exchequer. (Laughter.) This point is not altogether an academic one, as the House very well knows, particularly with reference to the Bahawalpur loan. I dare say, my Honourable friend, the Finance Member, will not claim that there is any reasonable likelihood of the large loan advanced to the Bahawalpur State, which I will at once agree has been the victim of circumstances, being recovered within the near future. Therefore, I want to know what policy the Government of India have been pursuing in the past and propose to pursue in the future having regard to the claims which

have been put forward by the States in regard to the British Crown being the Paramount Power, and not the Government of India. I admit that my Honourable friend, as the Chairman of the Standing Finance Committee, has every right to speak on behalf of that Committee in regard to these matters, but I am assured by my Honourable friend on my left that, when these proposals were placed before the Committee, no particulars of any kind which might help that Committee to come to a proper decision were furnished.

The Honourable Sir George Schuster: The particulars that were placed before the Committee are the particulars that have been printed in the proceedings, and members of the Committee know only too well that they have only to ask for further particulars in order to get anything they want. I do not think there is any member of the Committee who would say that we have ever refused to give any particulars when they have asked.

Mr. K. C. Neogy: That is hardly complimentary to that Committee. The particulars that my Honourable friend refers to, I would ask my Honourable friend himself to read out to the House. If that Committee has failed to discharge its duty in this matter, it is certainly up to this House to demand all necessary particulars before we could agree to pass any of these items. The first one relates to Nawanagar State, and this is all that we have before us:

"This was required mainly on account of certain essential works which could not otherwise have been completed for lack of funds."

I want a categorical answer to the following points:

(1) What particularly were the works which necessitated this loan from the Government of India?

(2) Have the Government of India satisfied themselves and are the Government of India prepared to satisfy this House as to the essential character of those works?

(3) Whether there was a real lack of funds in that State.

We must be satisfied on these three points before we can agree to pass this demand . . . .

Sir Hari Singh Gour: And, fourthly, as to what is the security.

Mr. K. C. Neogy: Of course: I have said that I want the security of the British Crown as the Paramount Power. It is well known that a port in the Nawanagar State has been competing very much with some British Indian ports in Western India. I want to be satisfied that this particular amount is not needed by the State either directly or indirectly for the purposes of development of that particular port which has been competing with our own ports; and I should like to know what steps the Government of India propose to take to see that this amount is not spent for that purpose by that State.

Major Nawab Ahmad Nawaz Khan (Nominated Non-Official): Perhaps the Honourable Member is producing jealousy between British India and the Indian States, which is contradictory to his advice.

Mr. M. Maswood Ahmad: Mr. Neogy, don't take him seriously. He does not know anything about these things. (Laughter.)

Mr. K. C. Neogy: I do not think my Honourable friend's interruption will be taken very seriously. Next is the Alwar State, and I formally want information, because I find that that information was not insisted upon by the Standing Finance Committee. I want information from the Government as to what was the breakdown in the administration which necessitated this loan, and we demand a fuller opportunity of discussion of the situation that brought about this particular application from that State, and, again, what securities we have so far as the Alwar State is concerned, for the repayment of that loan and within what period we can expect that loan to be repaid.

As regards the Bahawalpur State, as I have already stated, I greatly sympathise with that State which has been saddled with an enormous amount of debt, not on account of any fault of its own. We know that it was due to certain miscalculations made by the Public Works Department, or whichever Department it may be, of the Punjab Government that this amount of several crores—it stands perhaps in the neighbourhood of Rs. 13 crores—has been saddled upon this State. We find that under this specific item we are expected to advance an additional loan, for it comes to that, of about 13 lakhs of rupees. I should like to know from my Honourable friend what is the additional security for this loan, apart from the security which I take it he has got from the State for the past loan, and in what period he expects to have this particular amount of 13 lakhs recovered. I am not, I know, entitled to go into the question of the previous loan. But I should like to know during what particular period this loan of 13 lakhs is expected to be recovered from that State. We want a very full opportunity for the discussion of these various points before we can agree to these items of expenditure.

Mr. F. E. James (Madras: European): Sir, I merely want to say that we have a great deal of sympathy with the point of view that has been expressed. The Committee has approved of this particular item, and yet it appears that the Committee did not have before it the information which, I think, it should have had before it, and I am not a little surprised that the Committee did not ask for that information. The two points, I think, on which information is really required by the House is, first of all, what is the purpose of the loan and what is the security against which the loan is granted. I should like to ask the Honourable the Finance Member whether he can tell the House what would happen in case the State defaulted. How would this loan be recoverable? What would be the particular machinery devised for recovering the loan in question? I would point out to the House that this item covers not only loans to Indian States, but also a loan by means of an overdraft to the Province of Burma The relation between the Government of India and the Provinces is in fact the relation between a banker and his clients. The Provinces are entitled, under certain conditions, to overdraw their accounts with the Government of India, but the Government of India have ample security in dealing with provincial overdrafts. Have they got any such security in dealing with defaulting States or with States which have borrowed money from the Government of India and are not able either to pay interest on the due date or to repay on the conditions laid down in the terms of the loan? I do think those are very important matters, and I can say from my own knowledge of two Provinces that there is very strong feeling in provincial circles that the greatest possible care should be used in advancing loans to States.

Major Nawab Ahmad Nawaz Khan: Sir, it is the imperative duty of the Paramount Power to give financial help to Indian States as well as to any other class of people in British India. If it is contended that the people in British India have certain claims on the Government, then I say that the Indian States have better claims for help on the British Government, and, therefore, they have every right and claim to ask the Paramount Power for any kind of help, financial, political or otherwise . . . . .

Mr. Gaya Prasad Singh: Out of our pockets?

Major Nawab Ahmad Nawaz Khan: So far as the technicalities and other legal quibbles are concerned, I will not say much, but the point is, if any Indian State is in need of financial assistance, to whom else can it go for such help? No State can ask the Assembly to give any financial help to it, nor can any State ask any foreign power for such help, and, therefore, these States can only come to the Government of India for help, and the Government of India are bound to help the Indian States. The point that is made by certain Members that every question relating to financial assistance to Indian States should be placed before the House is really an impossible proposition . . . . .

Several Honourable Members: Why, why?

Major Nawab Ahmad Nawaz Khan: Because, by reason of the delicate relations which exist between the Indian States and the British Government, the circumstances under which the loan is asked for and the reasons for such loans which are sometimes secret cannot always be put before the Finance Committee Members or before the House.

Mr. Gaya Prasad Singh: Then we will refuse payment.

Major Nawab Ahmad Nawaz Khan: What the members of the Standing Finance Committee or the Members of this House wish to be satisfied is about the rate of interest charged on loans to Indian States which should be reasonable and that the period of repayment of loans is not unduly long, and that the State to which the loan is advanced is quite solvent . . . .

Mr. S. G. Jog (Berar Representative): The loan is not due to any maladministration.

Major Nawab Ahmad Nawaz Khan: And, of that, the Honourable Member is not the judge. It is the Government of India which is the proper judge, and I can assure the House that those officers of the Government, who look into these cases are much more able, than any Member of this House. Everybody thinks his own wisdom is better than that of another. No Honourable Member should think that, simply because a certain State asks for a loan, the officers of the Government will blindly sanction it, without looking into all the matters carefully before making any advance. It takes the Government many many months, in some cases years, to scrutinise all facts before they agree to sanction a loan, and only when they are fully satisfied, that they sanction the loan. I do not wish to take the name of any particular State, but in some cases I know the Government take as security like the income of railways or other things from those States against the loan that is advanced to them, and when

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Government are completely satisfied about the solvency of the State, then the loan is sanctioned. If I ask any Honourable Member of the House,—speaking about one's own domestic affairs,—to give me an account of his expenses which he bears for his wife, I don't think he will agree to do it . . . . .

An Honourable Member: Who is the wife?

Major Nawab Ahmad Nawaz Khan: The same is the case with the Indian States. Only those who rule know well the exact and delicate position of their State affairs.

Mr. B. Das: Then the Indian States happen to be wives?

Major Nawab Ahmad Nawaz Khan: No Honourable Member would like to give an account of his income and expenditure if he is asked to produce it in this House to be discussed.

Mr. N. M. Joshi: Wife's bill must be paid.

Major Nawab Ahmad Nawaz Khan: In the case of the Bahawalpur State, it is stated that the Government have made a blunder, or if the Government had consulted the Members of the Assembly, the mistake they have now made would not have occurred. That is not correct, because if the same reports and estimates of engineers and others which were submitted to the Government of India for scrutiny and which were made the basis for advancing the loan to this State had been placed before the Members of this House, probably they would have made the same mistake and decided in the same way as the Government of India have decided, and the next Assembly would have perhaps called us silly for having committed a mistake of this kind. It is not that any Government wilfully or knowing the future defects sanctioned the loan to this State. To err is human. Every one of us commits mistakes; many Legislatures commit mistakes. Therefore, if it is contended that every request for a loan by a State should be placed before the Members of the Assembly, it will be an impossible proposition, because the question of Government policy or of the internal affairs of an Indian State cannot be discussed in this House. My friend, Mr. Neogy, said that if money was wanted by any State for general improvement and if that improvement had some effect on the neighbouring districts of British India, we should stand in the way of granting such loans . . . . .

Mr. K. C. Neogy: Who said that?

Major Nawab Ahmad Nawaz Khan: Now, if the same principle is adopted by the Indian Princes, what would be the effect on your Federation? We must be ready for a healthy competition. Let the Indian States take money from Banks or from Government to improve their position, and their progress may have some effect on the neighbouring British districts. Have we ever thought that what we are doing in British India will have good or bad effect on the Indian States? We have never thought of it, and, so, what is the use of this unhealthy competition? Look before

you leap. We criticise others, while we must know that we have also our own defects which we do not try to correct. My point is that there is no need for Government to consult the Assembly before advancing loans to Indian States or to discuss the question of policy. The only point that should be considered by this House is whether the rate of interest is fair and the period of repayment of the loan is not unduly long, and the security is a good one.

Mr. Gaya Prasad Singh: I suggest, Sir, that the Government Member should reply first, so that we may be in a position to judge for ourselves whether there should be any further debate or not on this question.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair cannot compel the Government Member to reply.

The Honourable Sir George Schuster: I should be very glad to intervene now if you could possibly leave me freedom to reply to any other points that are made.

Several Honourable Members: Yes. You have always the last word.

The Honourable Sir George Schuster: I am only anxious to help the House in this matter.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member can have another say.

The Honourable Sir George Schuster: In the first place, I would like to make it clear at once that I do feel that the House is entirely justified in having raised this issue. (Hear, hear.) I should never have thought of taking a point of order on this issue that it was irrelevant or going outside the scope of discussion on a supplementary grant. I might say that I think that Honourable Members who have spoken have done extremely well in the public interest in raising an issue of this kind. (Hear, hear.) It is an issue of great importance. I hope the House will, on the other side, appreciate that we are in a certain amount of difficulty in discussing this question of loans to the States, because it is the rule that the internal administration of the States should not be discussed in this House. But I hope that I shall be able to give Honourable Members a certain amount of information which will at least enable them to form judgments on the main issues that are involved.

Now, a question of policy has been raised—again I make no complaint that a question of policy of this kind has been raised—as to what is our policy in granting loans to Indian States. I would like first to remind the House of the fact that hitherto the advances which we have made to the Indian States are not of very important dimensions. In the table which appears with the Financial Secretary's Memorandum, there is a figure of Advances. Capital advanced to Indian States and other Interest Bearing Loans—the total amount under that head is, on the 31st March, 1934, Rs. 21.20 lakhs; that is to say, out of a total Government debt of over Rs. 1,200 crores, only Rs. 21,20 lakhs has been raised for advances to Indian States. So, if this is a dangerous practice, at any rate the practice has not gone very far yet, and out of that Rs. 21,20 lakhs, by far the largest item is the advance to Bahawalpur, and but for that item which is something

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over 12 crores, the total advances to Indian States would only be rather less than nine crores. I hope that will reassure the House to some extent that we do not go in for making loans to Indian States on a very large scale.

Specific questions have been asked as regards the terms of these particular loans, and my Honourable friend, Mr. Neogy, has stated that he wants to be satisfied what security we have got, what rates of interest were charged, what are the terms of repayment, what are the objects for which the loans were granted, and so on.

In the first place, I will take the loan to the State of Nawanagar. Here it is difficult really for me to explain all the circumstances, but what I put to the House is this, that, as Honourable Members know, the late Jam Sahib died in the course of the year and the new ruler succeeded. When he took over, he found that there were certain liabilities which he had to meet and certain commitments which he had to complete and carry out and he found that, in order to give himself a fair start, he did require a loan. The main purpose—there are a number of items included in this amount—the main purpose, by far the largest item was a sum required for the completion of a tank known as the Ganga Sagar Tank. That had been begun some years before, some of the earth work had suffered very severely in the last four monsoons and it had reached a point at which, unless he was enabled to undertake fairly substantial expenditure, the whole value of the work would be destroyed. So that was urgently necessary work. That really covers practically the whole of the amount of the advance to him. Therefore, my Honourable friend, Mr. Neogy, can rest assured that we have not been advancing money to Nawanagar State in order to enable it to equip its port in competition with Bombay.

Sir Hari Singh Gour: Is that a tank for irrigation purposes?

The Honourable Sir George Schuster: Yes, for irrigation purposes. There is just one other point that I want to make clear in connection with our relations with the State of Nawanagar, and that is, Honourable Members know that we now have the Viramgam Land Customs Line. The arrangement that we have as regards customs with Nawanagar is that they charge customs on imports at the port of entry, Bedibunder, and if goods have paid customs at Bedibunder and if a certificate is produced to the effect that customs duties have been paid, then those goods are allowed to pass the Viramgam Line without further examination or without further charge and we are left to recover from the State the amount of duty that they have collected. When the present ruler succeeded, the State had fallen into very substantial arrears. They had collected customs on our account but they had not paid over the amount due to us as and when it was received. I think the arrears were something like Rs. 50 lakhs.

An Honourable Member: Was any interest charged?

The Honourable Sir George Schuster: We made a great point about the correction of this very irregular situation, and the present ruler has—I referred to the fact in my Budget speech—practically wiped off the whole of the arrears so that, instead of being in the position of having advanced a large sum of money to Nawanagar on an irregular basis, we have recovered the whole of that money and have advanced on a regular basis a loan of

Rs. 25 lakhs. Therefore, really our financial position *vis-a-vis* the Nawanagar State is much more satisfactory now than what it was at the beginning of the year.

As regards the terms of the loan, I will read to the House the terms:

"The money will be advanced in two instalments, one of Rs. 14 lakhs to be made immediately, and the second of Rs. 11 lakhs after 1st January, 1934. Interest will be charged at the rate of 4½ per cent., per annum and will be payable annually as it becomes due. The entire debt will be recoverable from all the resources of the Nawanagar State and will be a specific charge on the customs duties levied upon goods consumed within the territories of the Nawanagar State."

Therefore, we have a specific security on the customs duties collected by the Nawanagar State and retained by the Nawanagar State. I have not been able to turn up in the course of this discussion the exact amount of customs levied, but it is, at any rate, very much more than is necessary to cover what is due on this loan:

"Repayment of principal will begin after one year and it is to be made in annual instalments of five lakhs so that the total loan is repayable within six years by five equal instalments of five lakhs per annum."

I think the House will recognise that that is a good business arrangement.

I come next to the case of Alwar. That is more difficult to deal with, but I think there can hardly be a Member of this House who is not aware of the difficulties which had arisen as regards the administration of the State of Alwar which made it necessary for the Government of India to step in and take over the administration. We do feel—and I think the House will agree with me—that it would be impossible to allow any part of India which is in such close connection with the rest of India to become completely bankrupt and its administration to cease completely. We were, therefore, bound to take steps to prevent such a situation arising, and in this particular case the only step that was possible was for the Government of India to take over the administration and lend to the State a certain amount of money to cover immediate needs. Now, Sir, I will give the House the main particulars of the terms on which that advance was made. The letter of the Government of India on this matter is as follows:

"The Government of India will make an advance up to a maximum of Rs. 25 lakhs to the State as required, during the current financial year, and if necessary, they will make a further advance of Rs. 16 lakhs in the next financial year to clear the Bhavnagar loan. . . ."

That is to say, to enable the State to repay the loan which it has received from the Bhavnagar State.

Now, Sir, there is a particular point I want to make in connection with that term. We have agreed to advance 25 lakhs. In fact, that has already been advanced and we have agreed to make a further advance of 16 lakhs next year, so that our commitment to Alwar is not 25 lakhs, but 41 lakhs. Now, Sir, the 16 lakhs which is to be advanced next year is actually included in our Budget proposals for next year and, therefore, we have done what is proper. We knew that the advance was to be made and we included it in our budget proposals for this year. Now, I think it is interesting to point out to the House that although that was done, and although we followed the correct procedure in that matter, the House has not in fact taken the opportunity of discovering that 16 lakhs or discussing it. On

1 P.M.

[Sir George Schuster.]

the other hand, in the case of the 25 lakhs covered by a supplementary demand, the eagle eye of Mr. Neogy and Mr. B. Das and others is turned upon the amount. I think that will demonstrate that, if our object was to avoid discussion of these issues, we should not choose this method of moving supplementary demands. (Laughter.)

Now, the terms are as follows. The rate of interest will be five per cent in the current financial year. I need not give all the details as regards this. Then, another term is connected with the Bhavnagar Durbar being given the option of reducing their interest or having their loan, to which I have already referred, repaid. The next important term is that we have provided that an officer nominated by Government remains in complete and effective control of the State and State finances until repayment has been made, that the State in the current financial year shall submit a definite scheme for the funding and repayment of the whole debt and that the State budget should be submitted annually for sanction to the Government of India. Now, Sir, in the circumstances, I put it to the House, that we were forced to prevent a breakdown in the administration of Alwar. We had no option and we have made terms which will enable us to secure the proper administration of the State and the full repayment of our debt. We have every hope that the debt will be repaid, that the finances of the State can be put into good order and that the tax-payers of India will lose no money on account of these advances.

Now, Sir, I am left with this case of the Bahawalpur loan. As regards that, we have had other discussions in this House, and it would be useless for me to make any attempt to disguise the fact, even if I wished to do so, that this whole incident is a very unsatisfactory one. I would not like to say anything now which would convey any implication as to where the main blame rests for this incident, but I would suggest to my Honourable friend, Mr. Neogy, and others, who may speak on this matter, that it would be wise for them not to be hasty in imputing the whole of the blame either to the Government of India or the Punjab Government and parading themselves as sympathetic advocates for a State which has been very much misled and very badly treated. As I say, I wish to say nothing now which will convey any implication as to where the blame lies but I must remind the House that the main cause of loss of money in connection with this project is the fact that the Bahawalpur State in order to secure to itself a large share of the waters of the Sutlej and in order to prevent rivals—either another Indian State or the Punjab Government, from claiming a larger share of those waters grossly overstated the area which was fit for irrigation and cultivation. They always maintained that they had an area fit for irrigation and cultivation of over two million acres. That was their statement and they refused to consider any plan which did not include the canalisation of the whole of that area and the allocation of water sufficient for that area. One of the reasons why the scheme has gone wrong is that it has now been established that not more than a maximum of about 900,000 acres is really fit for cultivation, and a great part even of that is of very doubtful value at the present level of prices. This is one of the major factors why this scheme has gone wrong. Of course the other major factor is that all the calculations were based on a level of prices current after the war, and the present level of prices as every one knows is not only very much less than the post war level but actually considerably less than the pre-war level. Now, Sir, when it is question of considering what ought to

have been done and where the blame lies, I do wish to remind the House of the fact, a fact of which I have reminded them on other occasions, that if they go about the world and look for projects which have gone wrong owing to miscalculations which were made after the war and based on the great optimism which then prevailed, they will find examples in every country; and I would be willing to wager that in every country they would find examples far worse than this Bahawalpur Sutlej Valley scheme, examples of projects which had been sponsored by Governments or which had been financed and promoted by leading financial experts and magnates in those countries. Every one made mistakes in that atmosphere of post-war optimism, and I do agree with my friend on my right who put forward the view that if the figures and estimates which were before the Governments concerned when it was decided to embark upon this project, had been put before the House there is not a single Member of this House who would have been able to say "You should not go on with this project". In fact, they would have said "It is an absolute gold mine; let us sink as much money in it as possible". Indeed it is a remarkable fact that even with the total miscalculation of areas available and even with the tremendous fall in prices, it is conceivable that with a slight recovery in prices this project will not come out so badly. The margin which seemed to be available on the original estimates was a stupendous margin and, as I say, I think that Honourable Members can easily find for themselves examples where people of the best possible judgment and experience had made far worse mistakes than this. But that does not get over the fact that it is a very serious situation. We have advanced 12 crores to the State; so far we have not faced the fact that interest is not being earned on this loan. Interest is being added to capital and certainly in the course of the next financial year something will have to be done about that. It is a weak spot in our budget, that we are taking credit for something like 50 lakhs of interest which in fact we shall only get by lending the money ourselves and therefore increasing the capital amount of this debt. I do not want to disguise the seriousness of the situation at all. It is a case which I may say has caused me a very considerable amount of concern. It was a commitment which I found when I took over; it was undertaken long ago, and it is one of the problems for which I am afraid I have not been able to find a satisfactory solution and which I have to leave to my successor. I would like to tell the House why we have not attempted any final solution of this problem yet. In the first place, when the Bahawalpur State asked us to take up this question, they came forward with a large claim against the Government of India and also against the Government of the Punjab. We said: "Before we consider what we can do in this matter, we must clear up the issue of your claim against the Government of the Punjab. Therefore, you must submit a case". They took a good deal of time in preparing the case and then we had to allow the Government of the Punjab adequate time to go into the matter. The Government of the Punjab went very thoroughly into it and in fact produced a volume of a very formidable size dealing with all the Bahawalpur allegations. We have only had that a month or two, and we have not been able finally to dispose of the case, but I want to make this clear that we do not think, having considered the answers put up by the Punjab Government, that there is any substantial ground for claiming large sums from the Punjab Government, and we think that the matter will have to be dealt with—mainly at any rate—as one of a financial adjustment between the Government of India and the State. What we shall have to consider is what are the possibilities of securing repayment and whether

[Sir George Schuster.]

there ought to be any financial reconstruction of the scheme—just as you have, in the case of a commercial company, a reconstruction when it is proved that capital has been lost and a project has become over-capitalised, and it becomes necessary to write down the capital or at least to write down the prior charges. If that is the issue, and I submit that that is the main issue, then it becomes necessary that we should be able to form a really reliable judgment as to what the prospects of the project are; and we feel that it would be unfair to us to capitalize the project at the present level of prices, or, given only a very small recovery in prices, the project ought to be able to pay a reasonable rate of interest. Therefore, we have told the State that before we are ready to tackle this matter, we wish to wait a bit and see what is likely to happen to prices of cotton and wheat. That is the position in this matter. Now, I cannot ask the House to express any vote which would imply satisfaction with this position; indeed we ourselves are extremely dissatisfied with the position, but what I wish the House to appreciate is that, so far as we could, and indeed I think to an extent which is all that could reasonably be demanded, as soon as we had any reason to suppose that this project was going wrong, that the irrigable area had been over-estimated, we did tackle it; we appointed a very strong Committee to go into the matter. What I always considered to be urgent and much more urgent than financial reconstruction was to get the Administration on sound lines, stop any waste of money, and ensure that land which could not be irrigated should be excluded altogether and all further expenditure on it stopped. That we have achieved; we have been able to secure the services of a very first-class irrigation engineer, Sir Bernard Darley, to manage the scheme and we have our own representative as the Revenue Member of the State, so that the two work together, and I can give the House, with great confidence, an assurance that the scheme is being really well and economically administered at present and the only thing which remains for us to do is to tackle this financial readjustment. Now, in order to carry out the plan worked out by Sir Bernard Darley for getting the maximum economic benefit from the scheme, there was a certain amount of additional expenditure to be undertaken. That is mainly what is covered by this item which is included in the loans this year, and I would put it to the House that that expenditure was amply justified financially, and it is not a case of "throwing good money after bad".

Sir, several speakers have said that this Legislature is the guardian of the interests of the Indian tax-payer in matters of this kind. I fully admit that position, but, with the best will in the world, Honourable Members must acquiesce in the fact that the Executive Government has sometimes to take certain responsibilities and that individual Members of the Legislature cannot possibly go into all these items. We feel our responsibilities in this matter and I can claim that in respect of all these three items which are now under discussion, we have not led down the financial interests of India. The expenditure was either absolutely necessary or was advanced on terms which amply secured its repayment, and even in the case of the necessary items I would not put the justification solely on the necessity,—I would also claim that the advances have been made on good security and that there is every chance of their being repaid. Sir, I think that should be sufficient to put the House in possession of the main facts. I appreciate that it is difficult for Honourable Members to keep all the terms that I have mentioned in their heads as a result of merely oral representation,

but I do hope that they on their side will feel that we have made out a good case for these three items just as I on my side feel that they themselves have made out a very good case for raising the issues that have been discussed. (Loud Applause.)

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty in the Chair).

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, the following Message has been received from the Council of State:

"I am directed to inform you that the Council of State has, at its meeting held on the 29th March, 1934, agreed without any amendments to the following Bills which were passed by the Legislative Assembly at its meeting held on the 28th March, 1934, namely :

(1) A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, and

(2) A Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931."

DEMANDS FOR SUPPLEMENTARY GRANTS.

Loans and Advances Bearing Interest.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): Sir, much of the talk which took place before the Honourable the Finance Member spoke was bound to be and, as a matter of fact, was in the air rather than on the merits of the question. But after the Honourable the Finance Member spoke, I think there is enough material for Honourable Members to base their criticism upon in connection with the present demand. The fact that this demand was passed by the Standing Finance Committee ought not to mislead anybody, because my experience of the Standing Finance Committee shows that generally demands amounting to many lakhs of rupees are not considered for even the equal number of seconds and I should very much doubt that this particular demand had got more than about a couple of minutes' consideration from the Standing Finance Committee. But in this particular case the difficulties are inherent in the situation.

By the Rules and Standing Orders of the House, we are debarred from discussing the internal administration of States, I think this practice of giving loans is in one sense a right move in the right direction, because if it does nothing else, it lays open a way for this House to criticise the administration of States even in an indirect manner, for, of course, it is open to this House, if proper explanations are not forthcoming, to reject the

[Mr. N. N. Anklesaria.]

demands summarily. In this case, however, the Honourable the Finance Member, as I said, has given the House enough material on which they could judge the validity or otherwise of this demand. As regards the first item, I am in a position to speak with personal knowledge to some extent. The Honourable the Finance Member said that the State of Nawanagar had paid up 50 lakhs of rupees which were due to the Government of India from the State. That is a fact. But if the Honourable Member had informed the House as to how that amount of 50 lakhs was obtained by the State, the House, I am sure, would have been much edified. As the matter is at present *sub judice*, I am not going to say anything further about it. But to give the devil his due, this much I am bound to state that the present Nawanagar prince is doing everything possible to put his house in order, and, if any State deserves help from the Government of India, that State is the Nawanagar State. I can say from my personal knowledge that the prince has restricted his personal expense to the ridiculous sum of Rs. 527 per month. If this is not economy and if this is not an attempt to put his house in order, then I do not know what the putting of one's house in order can be.

An Honourable Member: Where did you get this information from?

Mr. N. N. Anklesaria: Sir, I got this information from a very reliable quarter, and I am not going to disclose where I got it from. The Honourable the Finance Member stated that with regard to Alwar he had provided for a guarantee for repayment in the provision of the administration being entrusted to British officers. I think when such a big sum as 25 lakhs was advanced to the Nawanagar State, some such guarantee ought to have been provided for in the case of that State also. Sir, as there are Honourable Members who are able to speak as regards Alwar and as regards Bahawalpur from personal knowledge, I will not stand between them and the House.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, as a member of the Standing Finance Committee, I have to stand before the bar of this House and make my explanation. My Honourable friend from Gujrat has made an apology on my behalf. He has had personal experience of the work of the Standing Finance Committee, and I endorse what he has stated here. The Standing Finance Committee is over-weighted with nominated members who consider it their business to pass the grants as quickly as possible.

The Honourable Sir George Schuster: I must protest against my Honourable friend's statement that the Standing Finance Committee is over-weighted by nominated members. The majority of the Standing Finance Committee are elected Non-Official Members, and never on any occasion has any discussion been cut short if a single Non-Official elected Member has asked for further information or wanted to discuss matters. I challenge any member of the Standing Finance Committee to contradict that statement. They always have an unlimited latitude of discussion, and never have I taken the line that a discussion must be cut short, because we have a majority, and, therefore, it need not go on.

Mr. B. V. Jadhav: I am very sorry if my remarks led the Honourable Member to surmise that I wanted to call into question his conduct as the Chairman for hurrying up the discussion.

The Honourable Sir George Schuster: My Honourable friend was equally calling into question the conduct of Nominated Members of the Committee and I resent the charges that he levelled against them which are just as much as a personal charge against myself.

Mr. B. V. Jadhav: As soon as a demand is proposed by the Chairman, there is almost a chorus in the Committee, "passed", "passed"; if that is not hurrying up, I do not know what it is.

The Honourable Sir George Schuster: That is entirely the voluntary action of the Committee, of which my Honourable friend is a member.

Mr. B. V. Jadhav: I am only speaking about the members of the Committee, I am not speaking of outsiders.

With regard to this grant, I may say that the bar upon any discussion about the administration of Indian States was before us and we could not raise any question. Now, the question of debt has come forward, and I may be allowed to offer a few remarks with regard to the State of Jamnagar. I may point out that this is one of the Guzerat States, and, if properly administered, it ought to be financially very sound as the other Guzerat States are. It has been stated here that the State of Bhawanagar lent a sum of 25 lakhs to Alwar. It means to say that the State of Bhawanagar was in a very sound financial position as it was able to lend money to outside States. I know something about Bhawanagar State and I may point out that when the late Maharaja of Bhawanagar had occasion to borrow money, he did not go to the Government of India, but he raised a loan in his own State and the administration was so much respected that the inhabitants of the State had full confidence in the Maharaja and they accepted his promissory notes. When the period for the payment of these promissory notes came, the people went to the Maharaja and requested him to issue another loan, so that they could invest their money in their own State. That is the position in an Indian State. Extravagant States have to borrow money, while the States which are well managed have no reason to borrow, and whenever there is an occasion to borrow, they have the support of their ryots. The State of Nawanagar would have been in the same happy position, but I think its administration was rather extravagant. I am very glad that the present ruler is trying to put his house in order, and my Honourable friend, Mr. Anklesaria, has been satisfied that he is conducting his private expenses properly and it amounts to only Rs. 527 per month. There are ways and ways of making budgets in an Indian State, and I need not divulge the various methods by which various items of personal expenditure are disguised as expenditure on State affairs.

Mr. N. N. Anklesaria: I may tell my Honourable friend that the attempt of the present Nawanagar prince at economy is a perfectly genuine one.

Mr. B. V. Jadhav: But the methods of genuine budgeting in Indian States are also something different from the methods in British India. A constitutional point has been raised about the connection of the Indian States with the British Crown, and I think it would be very good for both sides if the States are put under the direct suzerainty of the British Crown, and in that case it would be much better if the British Crown would take over the debt arrangements with these States as well. I do not think the revenues of British India should be saddled with these debts.

Nawab Major Malik Talib Mehdi Khan (North Punjab: Muhammadan): Sir, we have heard with great interest the reasons for advancing money by

[Nawab Major Malik Talib Mehdi Khan.]

the Indian Government to the Indian States from the Honourable the Finance Member. I happened to be for a number of years on deputation in Bahawalpur State and it would not be out of place if I mention a few facts relating to the loan to this State. The project which was called the Sutlej Valley Project was designed and estimated by the British Engineers. It was shared by two States—Bikaner and Bahawalpur on one side, and the Punjab Government on the other. I have said above that the estimates were prepared by British Engineers, who were also responsible for examining the quality of the soil helped, of course, by officers of both the States in their latter task. The project was finally sanctioned by the Durbars. All this took place when the present ruler of Bahawalpur was a minor and the administration was carried on by a Council of Regency, consisting of myself as the Revenue Member. The work was carried on by British Engineers, all constructions were conducted by them and the project completed. As far as Bahawalpur was concerned, the working of the canals was entrusted to them for three years, so that they might make it clear that it was a profitable concern. This is what happened. No one, under the circumstances, which I have briefly referred to, can accuse the Durbar of any extravagance. whatever was spent was done by the British officials, who sent regular accounts to the respective States for scrutiny, and, after they had checked them, payments were made to the British Government. As far as the Bahawalpur State was concerned, it was decided that the State and the Indian Government, that is the Punjab Government, should work together in the matter of colonisation. The State abided by this rule. I have brought these facts to your notice in order to show whether Bahawalpur has got any claim on our sympathy. Allow me to go a little back, so that I may explain the position of the State. As far back as 1840, when Afghanistan was going to be invaded by the British Government and the Sikhs were holding the Punjab, there was no way to get through the army. It passed through Bahawalpur, an independent State, at the time, and they were not only allowed a passage, but were treated right royally on their way to Afghanistan. This is one of the reasons why the Government ought to be solicitous to that State. As regards ourselves, a time was when both the banks of the Sutlej were in the possession of the Bahawalpur State. Great difficulty was felt by the Punjab people to take their cattle on to the river or to make any use of the water. Negotiations were started, and it was eventually agreed that the right bank might remain with the British Government and the left bank was, of course, with the Bahawalpur State. This is one concession. As far as the papers show, nothing was paid for it. You can see what would have been the cost if the British Government or any private person had to purchase that concession. Consequently, the toll duty is divided between both Governments and thus Bahawalpur is to a certain extent contributing to our fund. When the time came for opening the Southern Punjab Railway which takes off somewhere near Ferozepur and goes right up to Karachi, it was Bahawalpur which offered the land, as far as I can make it, without any payment or for a very small amount. We ought to weigh the advantages which the opening of this railway means to the Punjab. Thousands of tons of grain are sent from the Punjab right up to the Karachi port. We ought not to be so absorbing, but ought to follow the principle of give and take. If the State has done all this for us there is no reason why we should be so stingy and grudge this loan. There was a time long ago when the desert part of the State was a garden and the river Saraswati, now extinct, poured into it. There are ruined forts all along its banks and the depressions show that this part of the country was

at one time very well cultivated. The tendency of the Punjab rivers is that they always move to the west. They started doing so and left this part of Bahawalpur altogether. It was once the home of a section of Rajputs called Sodhra and Sonera. It was there that the love episode took place to commemorate which was constructed the Mari of Mount. If the Durbar have seen their way to do so much for us, I do not see why we should charge them with extravagance. I do not hold a brief for anybody, but I must say that people are people and States are States. Everything connected with the States is not rotten. I have lived among them for several years and have many friends there. I admit that there are defects in them, but those defects are found everywhere. We should not expect that they should come up to the administrative level of British India which has centuries of experience behind it. We should give them some latitude and watch their affairs, but we should not decry them. If the Finance Member earmarks some money for Bahawalpur, I believe his confidence will never be misplaced as the State deserves, not only from Government, but from every Member of this Honourable House, to get the money cheaply. The difficulty is that the position of an Indian State is very peculiar. They are not liable to be sued in British Indian Courts for money transactions. They cannot borrow money from any person without the security of the British Government. As I have said above, this money was spent at a time when the ruler was a minor and the State was administered by a Council of Regency. Government advanced the money, and it is for Government to see that no untoward item has been added to it. I will end my remarks by quoting a line in Urdu which is appropriate to the condition of the princes:

"Na tarapne ki ijazat hai na feryad ki hai,
Ghut ke mar jaen yih marzi mere sayad ki hai."

Translated into English it runs as follows:

"I am not allowed to flutter, nor to cry; my captor desires that I should die of suffocation in the cage."

It does not behove us to grudge the money which has been so well spent, because they have started a new colony in the State which will remove the congestion we have got in the Punjab. As regards the population, we are over-producing and have already got more people than we can accommodate on the land the Province possesses. If our surplus population is going to Bahawalpur, why should we grudge the money?

Mr. B. Das: So why should not the Punjab pay the money?

Nawab Major Malik Talib Mehdi Khan: The Punjab is a part of India. If Bengal can get the money, I do not see why any other Province should not get it.

Mr. K. C. Neogy: May I know from my Honourable friend whether he admits the charge that the Bahawalpur Durbar deliberately over-estimated the amount of cultivable land in the State?

Nawab Major Malik Talib Mehdi Khan: No.

Mr. Muhammad Muazzam Sahib Bahadur (North Madras: Muhammadan): Sir, I should not have intervened in this debate but for the fact that my Honourable friend, Mr. Jadhav, made some remarks which I feel are derogatory to the Standing Finance Committee and, to a certain

[Mr. Muhammad Muazzam Sahib Bahadur.]

extent, to the Honourable the Finance Member. If I can give credit to the Honourable the Finance Member for any of his good points, I think the most outstanding is that he has always given the greatest latitude to us in our deliberations on the Standing Finance Committee, and I do not think any member of that Committee can controvert that point. And if my Honourable friend, Mr. Jadhav, felt aggrieved that any proposition which he wanted to be carried could not be carried, he could have called a division. And there have been cases where we have divided on a certain thing and our votes are recorded.

Coming to the question of these States which have been financed by the Government of India, although I do not like to express what I feel regarding the internal administration of these States which may be good, bad or indifferent, I must say this that, when these proposals were placed before us, we did ask the Honourable the Finance Member whether this was a new service, and we were given to understand that it was not a new service, because this was not the first time when advances of the kind were being made. As a matter of fact, sums to the extent of Rs. 20 crores or somewhere about that had already been advanced to the Indian States, and the Government of India were carrying out that policy. So when we gave our assent to these proposals, we gave it on the understanding that the Government of India had gone thoroughly into these matters, and as the States occupy a peculiar position with regard to this Legislature, we thought that we could but go a few steps and stop there: we could not discuss the internal administration of these States. Of course, even after passing these proposals, it is always open to this Assembly to criticise what we have done, as they are doing now. We did not enter into the minutest details; but we did go sufficiently into the position on those lines, although I must admit that we did not go so thoroughly into them as the Assembly has gone today through the statement made by the Finance Member . . . . .

Mr. N. N. Anklesaria: May I ask the Honourable Member, for how many seconds the matter was discussed in the Standing Finance Committee?

Mr. Muhammad Muazzam Sahib Bahadur: I admit that we did not spend many minutes over it—I do admit that. That was because we felt that we were in a peculiar position with regard to these Indian States: we thought that we could not have the same latitude of discussion on these points as we have on other subjects which might be before the Committee. That is why we cut short our discussions. With these remarks, I support this motion.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Sir, I feel it with sorrow and I utter it with reluctance that certain members of the Standing Finance Committee have tried to run down the Committee and its Chairman in their deliberations. I have been on four consecutive Standing Finance Committees; and if Honourable Members, who have taken the trouble of criticising, would peruse the proceedings of that Committee, they will find that more often than not I have taken the courage of being a single dissentient on items before us. With that attitude of mind

having been taken by me continuously in the Standing Finance Committee, I bear witness—Diwan Bahadur Harbilas Sarda, and Mr. Gaya Prasad Singh, if he were here, would also bear witness to it, that the Standing Finance Committee scrutinises the expenditure in such minute detail that it is not done even in this House. The Standing Finance Committee sometimes have even gone the length of requesting His Excellency the Governor General to cut down certain items of his expenditure and have succeeded in doing so. The Committee had refused certain demands of the Secretary of State and expenditure for the Burma Round Table Conference which the Assembly passed without a dissentient voice. They have called for information on items from such distant places as Andamans and other provincial headquarters before agreeing to a particular item of expenditure. It is not without responsibility and deliberation that they give their assent to these items when they come before them. They must be allowed certain discretion and certain freedom of action in deciding these matters. The Committee were fully satisfied that these items were absolutely necessary, and, therefore, the Government of India's proposals regarding the incurring of this expenditure were approved by them. Therefore, I regret very much, to say the least, that the remarks of Mr. Anklesaria and Mr. Jadhav, who has been a responsible Minister, should have been uncharitable and ungracious to their colleagues and to their Chairman—who has always given the utmost assistance and the best lead to the Committee—with whom they had the honour to serve. I am not concerned with the considerations which should weigh regarding the remission of a particular loan to a particular State. That is the concern of experts to decide whether and how much of that expenditure was fair or justified and could be borne legitimately by a particular party to it, and, I am sure, the Finance Department would not ignore the interests of British India, much less of the Punjab Government when they come to a final decision on that subject.

My friend, Nawab Talib Mehdi Khan, who had been a member of the Council of Regency for seven years, and during whose time this project was taken in hand wants the Bahawalpur Durbar to be treated lightly on the ground that His Highness the Nawab was a minor. Perfectly so. But then, would it not be proper in that case that the Council of Regency and its members should be held responsible, because they acted as guardians to the ward of that State? I hope they will be prepared to make good the loss.

The Honourable the Finance Member has in his speech given adequate reasons for advancing the loans; and the conditions, which have been placed by the Government of India regarding the interest and repayment, are, I think, the strictest possible ones, according to financial canons, and we need not have any fear on that account. It is not desirable at this time when Federation is so near that we should give any impression that we are not sympathetic, or rather that we are unsympathetic to either the form of administrations prevalent in the Indian States or the financial difficulties in which those States find themselves, due to the general depression all over the world, and which is not peculiar only to the States. If on financial grounds loans are justified and if the conditions for repayment of interest and principal are fair and just to British India, we need not discuss the other irrelevant questions of internal administration or

[Sirdar Harbans Singh Brar.]

otherwise. I, therefore, consider that now the discussion may be concluded after disposing of the financial aspect of it if the Honourable Members feel that financially the transaction is not a bad one. With these remarks, I conclude.

Mr. Jagan Nath Aggarwal (Jullundur Division: Non-Muhammadan): Sir, the discussion on this subject has taken curious turns. Some of my friends have pleaded that, in order to enable the princes to come into the Federation, we should at once wipe off these debts for some of them, and that a mere discussion thereof is likely to frighten them away from Federation in fact. I think my task this afternoon is a very prosaic one, of considering only the financial aspect of the thing and, from that point of view, one or two remarks that fell from my friend, Nawab Talib Mehdi Khan, and others, call for some notice.

It has been pointed out that out of the total liability of 21·20 crores of loans advanced to Indian States, we have about 13 crores advanced to the Bahawalpur Durbar alone. So far as this is concerned, it has been pointed out that this was advanced during the minority of the prince. The Government of India, through their Political Department, were practically administering that State. If that is so, it should not be a matter of difficulty to find out who was responsible for putting forward that two million squares of land *as* the security against which that loan was being advanced, because the prince had nothing to do with the matter: the Council of Regency was there. We know one of the members of the Council is here: the engineers and others who took part in this matter could very easily be got at and we can really fix the responsibility upon the people who put forward that there were two million squares out of which only 9,00,000 squares is now available.

One thing more. Is it or is it not a fact that attempts have been made to repudiate this liability on the ground that the State administration never gave their consent to this huge project? Now, Sir, that is a matter of grave concern to the Indian tax-payer. We cannot with equanimity contemplate any such dabbling with the idea that this State, which received such a huge loan from the Government of India, which enjoyed it, should now be at liberty to go and obtain legal opinion and put forward all kinds of excuses as if they had not enjoyed the benefit of the loan. We are really perturbed . . . .

Mr. S. G. Jog: A minor is not bound.

Mr. Jagan Nath Aggarwal: If the minor is not bound, nobody is holding the minor personally responsible, and the Honourable the Law Member would have no difficulty in meeting that part of the argument, because, if the State had the benefit of the money, we could certainly look to it for the 12 crores or so. In fact, it is talks of that kind that make us more nervous, because if the State has disposed of all those acres of land to various people and recovered the value of those acres, what are we going to look to? We cannot certainly contemplate with equanimity that because Bahawalpur at one time allowed the British forces to pass through their territory to Afghanistan or gave British India some other form of

help, we should be only too glad to surrender this loan. The way in which I look upon this matter is this. In this volume of Appropriation of Accounts, I find that sanction for the grant of this loan was granted by the Secretary of State as long ago as the year 1924 or 1926. The original estimate was no more than 2,00 lakhs, or, in other words, two crores. It gradually mounted up, as the estimates have a habit of mounting up, to something like 4,84 lakhs, or four crores of rupees. It went on, and then the peak of the debt was estimated to be somewhere in the neighbourhood of 10 crores 95 lakhs. There was a provision that the unpaid interest would be capitalised, and with interest going up and estimates mounting, we find that we are now in the neighbourhood of 13 to 14 crores. Now, if this thing has gone on for such a long time, and the only attempt at recovery has been to add the interest to the principal and to write it off comfortably in the books, this is not a proposition which anybody can look on with satisfaction. We have been told that the Finance Member is uneasy about it. I can very well understand it, but the fact still remains that no satisfactory means has so far been found for a settlement of the question as to the liability for the payment of the loan.

Now, Sir, we are not at liberty to inquire into the various methods employed by the States for running their administration, but it may be pertinent to inquire whether the highest value has been obtained for the lands which these waters have irrigated, what the security is to which we can now look as most of these valuable lands have been sold, and whether the Government of India have taken as important steps for the realisation of this loan as any other creditor would have taken, because, if it is a case of loan to a minor, every creditor would see to it that his security does not disappear. It would be a funny proposition indeed if, by the time this matter is settled, we are told that all the nine hundred thousand acres of land have been sold away by the Durbar and that money went to the State gradually and it has now gradually disappeared. What would be the point in looking into the matter at that stage? Therefore, what I submit is that this question calls for urgent settlement, that all attempts at any repudiation of this debt should be nipped in the bud, that a free and complete settlement should be made on the question as to the responsibility of the Punjab Government or the officials of the Government of India,—we are, of course, prepared to excuse honest errors of judgment,—but there should be no attempt to shelve the question, for we should look upon it as a commercial proposition whether we are going to get something back or whether the loan is going to be written off in the books of the Government of India.

Another point, Sir, was raised, and that appears from one point of view somewhat satisfactory. As against the advance to the Alwar Durbar, the Government of India have stipulated that their Budget should be submitted to and scrutinised by the Government of India. I should really like to know whether we are going to have a look at that Budget or my friends opposite alone will have an opportunity of looking at it. They have too much of their own Budget and they are not really able to look into it. Perhaps the Standing Finance Committee or the Public Accounts Committee may look into it. That is in a way satisfactory, but I should like to know really whether it will be looked into only by the Political Department or some Committee of the Legislature, or some of the Accounts Committees would be able to look into it, because, after

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all, it comes to a scrutiny of expenditure; if Government are spending a few hundred thousand rupees in any Department we are entitled to look into it. When they are spending this huge sum, possibly it might be looked into from that point of view.

Then, the other question that I would like to put before the House is the point which the Finance Member made, that in these supplementary grants the eye of our friends on this side has been able to detect this huge advance of 25 lakhs. In the Budget we were not able to do it. Does it not then, Sir, indicate a sorry state of arrangement of items and figures? It is very good that we have been able to detect it in the supplementary estimates. The supplementary estimates are better presented, but when the guillotine falls and the Budget passes through without discussion, it is a sorry state of affairs, and I think that also requires looking into. I suggest, Sir, that we should have better opportunities for being able to scan through these items in the main Budget when the time comes.

3 P.M.

Mr. N. M. Joshi: Mr. President, I would like to make only two or three very brief remarks. The first point on which I would like to make a remark is the constitutional position which was stated by my friend, Mr. Neogy. It has been demanded by the Indian princes that their relations are and will be with the British Crown This position creates a difficulty in the way of the Indian Government granting loans to Indian princes. If we take the present Constitution, the difficulty is to a great extent minimised. The princes do not claim that they will not have any relations with the present Government of India and the Government of India will have no power over them. That is not the claim of the princes. The princes claim that in the future Constitution they will not maintain any relations with the Government of India or the future responsible Government of India.

Now, Sir, we are asked today to vote for a loan to be given to Indian princes. In three years' time, we may have responsible Government. The loan will not be repaid by that time. Now, may I ask, if the princes refuse to have any relations with the future responsible Government of India, who is going to be responsible for the loan which is given by the executive, but which is given with the vote of the Legislature to the princes? I, therefore, feel that this point requires to be looked into. I am not against loans being given to Indian princes. I think the Indian princes are a part of India. We want the Indian princes to be a part of the Government of India as a whole. From that point of view, I think it is a good policy not to drive the Indian princes to take loans from outside. It is much better that loans should be given by the Government of India. At the same time, I would insist that loans given with the sanction of the Legislature must be safeguarded in such a way that the future Government of India will be able to recover the loans without the assistance of the British Crown. This could be done by inserting in the agreement for the loan that any prince who receives loan from the Government of India, with the consent of the Legislature, will not claim the right of direct relations only with the Crown and will not have any relations with the future Government of India . . . .

An Honourable Member: What do you mean?

Mr. N. M. Joshi: My point is that any prince who takes a loan from the Government of India will not claim the right to say that he will not maintain any relations with the future Government of India and that his relations will lie only with the British Crown. If he wants to take money, he will have to pay the price of maintaining relations with us, and not claim his right to maintain relations with the Crown. That is my meaning.

Sir Hari Singh Gour: If it borrows money from the Government of India, all that you can claim is that the money shall be repaid to the Government of India.

Mr. N. M. Joshi: But if the money is not paid back, the future Government of India will have to take steps. Certain conditions have been made, certain properties have been mortgaged. Now, if the future Government of India will not possess the right to recover the loan . . . .

An Honourable Member: It will.

Mr. N. M. Joshi: . . . . it will not; unless the future Government of India have power and have direct relations with the States, the future Government of India will not be able to recover the loans

An Honourable Member: It will not be necessary.

Mr. N. M. Joshi: Those who feel like that—let them stand and say how the future Government of India will be able to recover the loans. My point, therefore, is this. By all means give loans to the Indian States, but when an Indian prince takes a loan from the present Government, it should be made clear as part of the condition of the loan that the prince or State shall not refuse to have direct relations with the future Government of India and shall not refuse to acknowledge the authority of that Government at least in the matter of recovering loans.

The second point which I wish to raise on this occasion is to ask the Government of India what is their policy as regards the grant of loans to Indian States. From one of the reports of the Public Accounts Committee—I am now referring to the report for 1930-31, page 19—I gather that some of the loans which are shown against the names of certain States were not taken originally as loans. I think the States had to make certain payments to the Government of India; those payments were not made for a year, two years or three years. Then, instead of paying what was due to the Government of India, the Government of India converted those payments into a loan. I want to know whether the Government of India have got a certain policy as regards the recovery of the dues from the Indian States. Supposing an Indian State does not pay what is due to the British Indian Government for one year, what do the Government of India do then? Do they begin to charge interest from the first year, from the second year, or from the third year? My point is, there should be a certain policy—that if certain dues are not paid by an Indian State for a year, from the next year interest will be charged on the dues and the State will be asked to agree to certain conditions as if those dues were regular loans. From the report of the Public Accounts Committee, it is clear that the Government of India are not quite alive

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to this fact The Auditor General had to draw the attention of the Government of India, and, then, after some years—I do not know after how many years—these dues were funded into a sort of loan. As regards the rates of interest also, I do not think there is a fixed policy which the Government place before themselves. I find from this report itself that one of the States was charged 6½ per cent, another State was charged six per cent, and so on. I should like to know on what basis these rates of interest are determined. Does it depend upon the risk? If it is risky, why take any risk at all? I do not think the Government of India can give loans where there is the least risk. I would, therefore, like the Government of India and the Legislature to have a fixed and well-determined policy as regards the loans to be given to the States, as regards the rates of interest, as regards the security which we should demand. Again, I would like the Government of India to have a policy for the recovery of the dues which the States owe to the Government of India for various purposes. I feel that the Government of India must make it a rule that, if a State does not pay its dues within a year, after that year that amount will be treated as a loan and the State will be asked to agree to certain conditions and agree to pay at a certain rate of interest.

Before I sit down, I would like to say a word about the facilities for free discussion of the items which come up before the Legislature. You know, being an old Member, and perhaps if you do not know, may I draw your attention . . . .

Mr. S. G. Jog: If my Honourable friend would allow one interruption, I would like to make one point . . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. That is not justifiable by way of interruption. What is it that the Honourable Member wants to make? Does he want to ask a question of Mr. Joshi, or does he want to make a personal explanation?

Mr. S. G. Jog: A sort of personal explanation. I might say . . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order.

Mr. N. M. Joshi: There was a time when on supplementary grants there used to be a fair amount of discussion. During the first three years at least, this ruling to which you referred was not given. I think that ruling was given after four years' existence of the Legislative Assembly. I do not remember now exactly under what circumstances that ruling was given, but the fact remains that there was a time when we could have a free discussion on supplementary demands. This ruling was given after some years. Might I suggest that if the House finds that free discussion does not really take place on the various items that come up before the Legislature, that ruling requires clarification, and if a right which the House possessed once for three or four years was restricted by a ruling of the Chair, another ruling of the Chair could also restore that right to the Legislature In this connection, I would draw your attention to the difficulty which we feel. The difficulty is this. It is true that the Legislature has an opportunity of discussing the policy of the Government on

these matters during the discussions on the General Budget. But, after the Budget is passed and before the supplementary demands are placed before the Legislature, Government may have changed their policy; the Legislature may have changed its views from the experience which it had in the meanwhile. Is it not, then, open to the House to refuse to give a supplementary grant on the ground that it has ceased to believe in the policy which the Government had at the time of the passing of the General Budget?

Another point, which you yourself mentioned, was this. Although the whole demand belonging to the Department may not be open for discussion, still there are items which, though not considered to be new service, are new. Even though the demand for the Department may be a supplementary demand, the demand for a particular item, which may be a small one, may not be a supplementary one That item may be a new one altogether, and, in that case, the policy underlying that item must be discussed, as you very rightly allowed us to discuss this subject. I, therefore, feel that this question of discussion of policy on supplementary grants requires some clarification. Sir, I have done.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): If I intervene at this very late stage on this subject, it is only to clarify some of the points that have arisen in the course of this discussion. I do not want the impression to go abroad from the discussions in this Assembly that we, on any side of this House, are hostile to the real interests of Indian States or of princes. Apart from the question whether the States will enter a Federation or not, and apart from the question whether Federation is at all likely to emerge in the near future, I should like the impression to be conveyed that we are here examining the question purely on its merits and not with any bias against any Indian State.

Now, Sir, on the general question that this matter should be adequately discussed on the supplementary grant, my Honourable friend, the Finance Member, said that the House had opportunities of discussing it on the voting for demands with reference to the General Budget. May I point out to him in all humility that it is not entirely our fault that we are unable to discuss these grants adequately. Perhaps Members on the Treasury Benches may think that that is not an unmixed blessing.

The Honourable Sir George Schuster: May I just make the point clear to my Honourable friend? I did not make the point that Honourable Members had adequate opportunities for discussing everything on the Demands for Grants, because I know that five days are insufficient for that, but the point that I made was that by this coming up in a supplementary demand it did not really lessen the opportunities, but, on the contrary, that it tended to call attention to an item which otherwise might slip through unnoticed.

Diwan Bahadur A. Ramaswami Mudaliar: I am very thankful to my Honourable friend for his sympathetic attitude to this side of the House, but may I ask him to use his influence before he hands over charge as Finance Member and to request His Excellency the Viceroy to allot 15 days or at least some days more than the five days which he can allot under the Standing Rules?

The Honourable Sir George Schuster: I am entirely agreeable to do that, but, as a condition precedent to that, I would ask Honourable Members opposite to agree to utilise to the best advantage the five days that they have got.

Diwan Bahadur A. Ramaswami Mudaliar: We can only agree to differ on what is meant by the best use of the time. I think we on this side of the House have tried to do our very best, during the last four years that I have been in this Assembly, at least to utilise the five days for voting on demands in the most economic way possible. Time after time, the various Groups have concentrated the discussion on some important specific points. You will find from the rules that two days is the maximum that can be allotted for any particular demand. On no occasion have we taken two days for any particular demand. This is because of the shortage of time allotted. We have taken particular care to see that as many items as possible were discussed and we had also to see that Members who belong to unattached groups had their rights also secured. I venture to hope that Members on this side of the House have practically done their very best to bring on the floor of the House as many items as possible for discussion, and, in spite of that, if the guillotine has fallen and many important subjects have escaped our discussions, it is certainly advantageous to the Government, but it is not the fault of the Opposition.

Now, so far as this particular demand is concerned, I realise that grants have to be given by way of loans to various States owing to the policy of the Government of India. I believe that States are under an inhibition to raise loans in the open market outside their own territory. I believe that without the sanction of the Government of India or permission to do so, or whatever it may be, such loans cannot be raised in the open market in British India or anywhere outside India, and, therefore, it seems to me that it follows from that that these States, just like Provincial Governments, have necessarily to come up to the Government of India in case they require any large loans which they cannot raise within their States. In these circumstances, we have no complaint that these loans are granted, but what the House really wants to see is, as my friend, Mr. Neogy, rightly pointed out, that the terms of these loans are satisfactory, that there is a policy with reference to these loans, that some of the States are given loans, because they are nearer the throne of grace than others which are not, that the interest charged to these States is the common interest at the time when the loans are simultaneously given to any one of these States. Now, take the example of these two States which have been given loans. If I followed my Honourable friend aright, I may be wrong and I wish he would correct me, I understood him to say that the Nawanagar State received this grant at 4½ per cent interest, and I understood him further to say that the Alwar State received this grant at five per cent interest. I should like to have an explanation why, in the same year, when the money at the disposal of Government is just the same, received at the same rate of interest from public subscriptions and being paid out at the same rate, Alwar should be charged five per cent interest and Nawanagar should be charged 4½ per cent.

The Honourable Sir George Schuster: May I clear up that point at once? We have a definite policy about the rates that we charge. As regards the States, as also in the case of Provincial Governments taking

loans from the Provincial Loans Fund, we make a distinction between loans for productive purposes and loans for non-productive purposes. We charge a lower rate of interest for loans for productive purposes than for loans for non-productive purposes. The Alwar loan was definitely not a loan for productive purposes, but a loan to help the State to discharge certain liabilities. The loan to the Nawanagar State was definitely a loan for productive purposes, and, in addition, it is a secured loan. It was secured on the customs of the Nawanagar State. That is the reason for the difference. We have a definite policy. We act according to definite rules.

Diwan Bahadur A. Ramaswami Mudaliar: What is the rate charged to Bahawalpur? It must be varying rates of interest apparently.

The Honourable Sir George Schuster: The rate varies according to the varying rate for the year when the money is raised It happened that the Bahawalpur money was mostly raised at the time when our borrowing rate was very much higher.

Mr. K. C. Neogy: I dare say it is being treated as a productive purpose!

Diwan Bahadur A. Ramaswami Mudaliar: Theoretically it must have been a productive debt.

The Honourable Sir George Schuster: That certainly was treated as a productive debt and that emphasizes the extremely theoretical nature of the distinction between productive and non-productive debt. I am quite prepared to admit that. In fact, I wrote a long note on the subject myself only last week.

Diwan Bahadur A. Ramaswami Mudaliar: A great deal has been said about this Bahawalpur debt, and I can only echo what my friend, Mr. Aggarwal, has so forcefully pointed out, that a quick decision on this subject has to be arrived at, and that, when the whole investigation is made, there will apparently be found many parties who have been guilty of lapses with respect to this matter. When the estimates went up from 200 crores to 400 crores and treble that amount, why was not the sanction of the Secretary of State obtained before the Government of India adopted measures to increase the liability on the State. For the original estimate, the sanction of the Secretary of State was necessary and was obtained, but when the increases went beyond all limits and all proportions and even the lavish estimates of the Public Works Department have been exceeded in this matter, why was it not possible for the Finance Member, who was in charge at that time, to put the whole case before the Secretary of State and require his sanction?

The Honourable Sir George Schuster: Perhaps it will be convenient if I interrupt my Honourable friend at this stage and answer that question. The Secretary of State's sanction to the increases has been taken from time to time throughout. I do not know why my Honourable friend suggests that it was not. But I would just like to explain one point as to the reasons for the increase over the original estimate. There are three factors really which affect that. First of all, the actual cost of the works was underestimated. That, one must admit, was a mistake on the part of the Engineers, but it is not a very abnormal form of mistake. Secondly,

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in making the estimate of the capital expenditure for a project of this kind, one has to take into account the expenditure on one side and the receipts on the other. Now, it is always assumed that capital will be coming back from sales of lands as capital is expended on the further development of the project. In this case, the slump in prices has meant that the sale of land has not been proceeding at the pace that was expected, or, where land has been taken up on purchase, the payment of instalments has been delayed, so that the capital necessary is mounting up. That is the second factor. The third factor, of course, is that the delay in the realisation of receipts and the low scale of prices has meant that interest has been added to capital for a much longer period than was originally anticipated. If all these three factors are taken into account, I think my Honourable friend will find that the original estimates were not so absurdly out as the figures would seem to indicate.

Diwan Bahadur A. Ramaswami Mudaliar: I was only following the note of the Auditor-General when I said that there was a great deal of delay and unnecessary and avoidable delay before the sanction of the Secretary of State was obtained for the revised estimates. As regards this question of the sale of lands, may I know from the Honourable Member whether the proceeds of the sale of land are being credited to this account and being credited to the Government of India as they are being realised?

The Honourable Sir George Schuster: Yes. The colonisation and sale of land have for many years been in the hands of a qualified officer appointed and acting on behalf of the Government of India, and the whole of the finances of the project are kept entirely separate from the State finance, so that we can be satisfied that the sale of land has been proceeding in a proper way and that anything that is realised from the sale of land comes back to help the finances of the scheme.

Diwan Bahadur A. Ramaswami Mudaliar: I take it that the Honourable the Finance Member has replied to the effect that the proceeds of the sales of land itself have gone to the coffers of the Government of India. I understand that that was the implication of his answer.

The Honourable Sir George Schuster: Yes.

Diwan Bahadur A. Ramaswami Mudaliar: Now, Sir, I would only like to emphasise what has been said by many previous speakers that, so far as the accounts with regard to the Bahawalpur State are concerned, the sooner we come to a settlement as regards the whole scheme, the amount that has been or is to be spent and the manner in which it should be repaid, the better will it be. There is a way in which the responsibilities and the burden resting on the State may be lightened, and that is obviously by increasing the period of amortisation. It will certainly not be possible for the scheme to begin to pay at once, and it will take many years before it can begin to pay. Certainly it will not be possible for this to happen within the short period of twenty years, and one way to render relief to the State which finds itself in such unhappy circumstances —a result, as shown this morning, not entirely due to its own fault—is by increasing the period of amortisation, say, to fifty years, so that the amount that may be paid annually by way of wiping out the capital

charges may not be an over-burden to the State itself. I hope that this discussion has had the very useful effect of drawing the attention of the Government of India and of the Finance Member to the need for laying down certain definite principles with reference to which alone loans to these Indian States should be granted.

Now, my Honourable friend, Mr. Joshi, had some doubt about the relationship of the Paramount Power to these Indian States and as to how these loans could be collected. I find no difficulty whatsoever with reference to that when once the Federation comes into existence. I take it that with reference to the Provinces also, the Federal Government as such will have no power over the Provincial Governments, but loans should be given and the method of collecting these loans will be exactly the same, *viz.*, that if a Provincial Government does not pay loans, then the Federal Government will have the right of proceeding against that Provincial Government through the Governor General. That, at any rate, is the scheme of the White Paper.

Mr. N. M. Joshi: May I interrupt the Honourable Member and ask him whether he realises that in the future Constitution the Governor General and the Viceroy will be separate entities?

Diwan Bahadur A. Ramaswami Mudaliar: They will be separate entities, but I do not profess to support it or to justify it, but the constitutional proposal is that the Viceroy in this respect will be the collector of the debts of the Government of India just as the Governor General will be the collector of the debts so far as Provincial Governments are concerned, and, with that position, one has to be content for the time being, till those wiser men in Parliament go through the scheme and turn out something which may come as a surprise to all of us. I have nothing more to add.

Diwan Bahadur Harbilas Sarda (Ajmer-Merwara: General): Sir, I wish to say a few words with regard to the position of the Standing Finance Committee itself in relation to the matters that come up before it for discussion and approval. The present discussion is about the question of giving loans to Bahawalpur, Alwar and Nawanagar. I must here say that the functions and powers of the Standing Finance Committee are not exactly those with which this House is invested. This House has wider powers of discussion than those that are allowed to the Standing Finance Committee. There are questions of policy, there are questions of relations between the Indian States and the Government of India which cannot be discussed in the Standing Finance Committee. This House has much wider powers and it can discuss many questions which would be out of place so far as discussion in the Standing Finance Committee goes. We, as members of the Standing Finance Committee, have got to see, when a proposal is placed before us, that it is a right proposal, in the sense that if we have to give any loan, the loan is secured, that it will be repaid, that the Government of India are in a position to give that loan, and that no objectionable feature attaches to the giving of that loan. Now, with regard to Bahawalpur, the loan was given several years ago, the loan was of several crores of rupees, and this House has had opportunities for several years to question the propriety or impropriety of that loan. Year after year Budgets have been passed and now to fasten on the Standing Finance Committee the responsibility of not going fully into the question of that loan is not at all fair to the Standing Finance Committee.

[Diwan Bahadur Harbilas Sarda.]

As regards Alwar, we all know, every one in this House knows, every one in the country knows, what turmoil and trouble there was in that State, and the Government as the Suzerain Power had certain responsibilities, not only towards the ruler, but also towards the people of that State; and, in order that things should be brought into proper order, it became necessary for the Government of India—I am not discussing the question of policy whether it was rightly or wrongly done—it became necessary for the Government of India to take over the management of that State; and considering the financial condition of that State owing to the troubles with which that State had been afflicted for several months, it became necessary for the Government of India to make the financial arrangements necessary for carrying on the administration of that State, and it became necessary that a loan should be given to that State. Before the Government of India gave this loan to the Alwar Government, the latter had obtained a loan from another State, and I know that the terms which the Government of India gave to that State were better than the terms on which that State obtained a loan from the other State. Now, it was in the interest both of the Alwar State and of the Government of India that this loan should be given. The Alwar State got its loan on better terms than it could have got from private parties.

Mr. B. R. Puri (West Punjab: Non-Muhammadan): How is that beneficial to us?

Diwan Bahadur Harbilas Sarda: The Government of India are able to obtain loans on easier terms than those on which they give loans to Indian States, and, as long as the Government of India know perfectly well that the loan is secured, if the Government of India are able not only to oblige and help the State, but also to make a little money, if they can have a little margin of profit, then I think the Government of India's action must be approved. Sir, three and a half per cent or four per cent is the interest on which the Government are able to secure public loans, and if they give a loan to the Alwar State at five per cent, then the Government of India not only do not lose anything, but make a little profit, and, at the same time, they are able to help Alwar. We know perfectly well that, so far as this is concerned, the Standing Finance Committee have no reason to complain of this transaction.

Then, if you take Nawanagar, it is a short-dated loan, as the Honourable the Finance Member has explained and if the loan has been given for, say, one-half per cent per annum less, that is quite justified; when a loan is to be payable after a short period, you give better terms than when a loan is given for a longer period. At the same time, there are circumstances which would make the opposite course a very appropriate one too; but, considering how these things were done, I do not think there is anything wrong about the way in which members of the Standing Finance Committee approved of these loans.

As regards the question of suzerainty, my friend, Mr. Joshi, has raised the question whether the Government of India would be able to recover these loans. I have not the slightest doubt, and I do not think any other Member has any doubt, that the loans are as secure as anything. There is no question of these States not paying up these loans; and if by

any chance an occasion like that does arise, the Government of India have sufficient power to recover their money. The question of the suzerainty comes in only if the Government of India want to enforce their terms. All that the State can do is to appeal to the Suzerain Power to protect it from the Government of India and the Government of India being also a part of the Crown, the Crown will know how to act. So far as security is concerned, there is absolutely no question that the loans are not secure.

I must also say one thing here. Sir, I have been a member of the Standing Finance Committee for a number of years, and, so far as the placing of information before that Committee is concerned, I must say that the Chairman treats the members with great courtesy. He never refuses to place before the Committee any information which we may require in connection with a subject. We have several times differed from the Honourable the Finance Member with regard to the sanctioning of a particular expenditure, and we have found that, though he was in a position at that time to carry the thing by a majority of votes, he did not do so when he found that several members objected to it. He held his hand and did not pass it, but postponed it and gave us further information. So far as that goes, I must pay a tribute to the Finance Member that he has treated the members of the Committee with great courtesy and helped us in every way that he could.

Sir, it has been said here that the Bahawalpur loan will be written off, and this and that will happen. These are questions for which the Standing Finance Committee is not at all responsible. The Standing Finance Committee could never contemplate what action the Government of India would take under certain circumstances which might arise later. It is for the Government of India to decide what action they should take if certain unexpected or untoward circumstances arose and it would be the function of this House, when that occasion arose, to take such action as it thought proper. But the Standing Finance Committee could not be expected to go into those matters which never arose and about which there was no question. The question of writing off the loan never arose. In fact, it cannot arise before the Standing Finance Committee. Therefore, the Standing Finance Committee is not responsible for these things. As for the making of rules and other matters which the Government of India should do, so that some sort of uniformity of procedure may be secured with regard to the question of giving loans to various States, that is a matter which certainly the Government of India can look into, and, as the attention of the Government has been drawn to it, I suppose they will consider this matter.

The Honourable Sir George Schuster: Sir, I will try to be brief. I have no quarrel with anything that has been said on the other side except by those who have cast aspersions on the procedure of the Standing Finance Committee or those like my friend, Mr. Joshi, who have implied that the Government of India have no policy in these matters. As regards the Standing Finance Committee, I do not wish to enlarge upon that matter again. I only want to point out to the House that the membership of the Standing Finance Committee consists of one official member, myself, and the whole of the rest of the 15 are elected by this House. It happens that three at present are nominated members, so that, out of 15 members, only four are either Officials or nominated members. I submit that, in these circumstances, my Honourable [illegible]

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who said that he was overawed by the nominated members of the Committee, was making a pitiful attempt to evade his own responsibility in this matter.

As regards the Government of India's policy, we have really a very definite policy in these cases. As a matter of policy, we do not really like making advances to the Indian States. I might tell the House of an incident that occurred only last week. A particular State, which is in a very strong financial position, inquired whether we were prepared to consider a loan of about 10 or 20 lakhs for productive purposes. Now, at a time like the present, as a matter of general financial policy, I think it would be really a good thing for the Government of India to encourage sound expenditure by the States. But my reply to the ruler in that case was that on its merits we might be quite prepared to consider it, but that we should very much prefer if he would make his own arrangements to raise the money from a bank. We thought that he would have no difficulty in doing so, because his finances were in a very sound order and our reason was that we did not wish to get too much entangled in the financial affairs of the States. That really is a sort of guiding basis of our policy. On the other hand, occasions arise where, for various reasons, it would be difficult for a State to raise money elsewhere or to raise it on reasonable terms and where, we think, as a matter of policy, that we ought to step in and give some assistance provided that we are not risking the money of the Indian tax-payer. Further, when we do make an advance, we have very definite rules in the matter. We make the advance at a certain small margin above the actual borrowing rate of the Government of India and we make a distinction between loans for productive purposes and loans for non-productive purposes. Then, Sir, it was suggested that where a State incurs liabilities to the Government of India and runs up a debit balance not taken by way of a loan, we are slack in our procedure and possibly we allow the thing to run on for some time without making any interest charge. Well, I must admit that the Government of India as a banker, in their relations particularly with the Provinces, have not been very strict in these matters in the past for the reason that, on the whole, on balance we have had in our hands more funds on which we pay no interest than we have standing against us debit balances on which no interest is claimed. But the position is changing now, and we have had to tighten up our procedure, and I can say quite definitely that where we have had cases of a State being in arrears for certain payments, we have insisted on interest being charged, and that will be our definite practice in that matter. I think that really sufficiently clears up those points.

Now, Sir, as regards the Bahawalpur loan. My Honourable friend, Mr. Aggarwal, seemed to imply that there was some idea of repudiation of liability in this matter. There is no question of that. The State has never suggested that it might repudiate its liabilities in this matter, nor have we ever suggested that we should countenance any such repudiation. The only questions that have arisen are, first, whether the State has any legitimate ground for claiming damages against either the contracting authority, the Punjab Government, which carried out the engineering works or possibly against the Government of India. That was one possibility. And the other possibility is that in the event of the

project proving definitely unremunerative, we might have to approach the position from the point of view of the State's ability to pay. That, I think, Honourable Members will recognise, is a definite practical fact which might have to be faced. I hope myself that it will not have to be faced.

Now, Sir, on this whole question, I would like to say this. Several Honourable Members have said that we ought to be quick and clear up the situation. I gave the House certain reasons why we had thought that it might be better policy not to attempt to clear it up just at present, but wait and see how prices were going to go up. I personally think that we have been right in that. But when the time comes for clearing it up, I think what underlies all the speeches from the other side is this, that this House ought to have some opportunity of having a say in any reconstruction scheme that may have to be adopted. Now, Sir, it is difficult to say exactly what will arise, but I have no hesitation in saying that we recognise that this House, if it is necessary to write off monies that have been advanced at the expense of the tax-payers of British India—if that should become necessary, this House will certainly have a right to be consulted in the matter, and when any scheme for reconstruction does come along, certainly this House ought to have an opportunity of expressing its views upon it before the Government commit themselves at all. I trust that that will satisfy Honourable Members as regards our attitude on this matter. I have already, by way of interruption, answered several questions asked by my Honourable friend, Mr. Mudaliar, about our policy as to what has been happening as regards crediting the proceeds of sale of lands. My Honourable friend also suggested that when the time comes for trying to arrive at some rearrangement of this project which will be within the ability of the State to meet, we shall have to take into account the possibility of delaying the period for amortisation. I wish, Sir, that I could feel satisfied that that method alone was likely to meet the needs of the case. Obviously that is one of the methods that will have to be considered.

Mr. B. Das: Will the Honourable Member kindly say what is the amount received so far from the Bahawalpur State by sale of land?

The Honourable Sir George Schuster: I am afraid I must have notice of that question. I have not got the figure in my head, but a great deal of the land has been sold, though, of course, payment is only made in instalments, and, at the present low level of prices, it is quite impossible to recover the instalments. That is why the capital charge has been mounting up. I think that is all I need say on this subject. I trust that the House will recognise that, as regards the two new loans under discussion, we have been careful in the terms that we have imposed. They are good business propositions, and I hope that the House would also be convinced that, as regards the Bahawalpur position, we have not failed to take any practical steps that are necessary to prevent the situation getting worse. All that we have done is to delay the final revision of the financing of the problem, but on every thing which affects the real results we have acted promptly and I have no hesitation in claiming that we have acted efficiently and that we have dealt with the matter in as efficient and as businesslike a way as possible. (Cheers.)

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That a supplementary sum not exceeding Rs. 1,64,97,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Loans and Advances bearing Interest'."

The motion was adopted.

THE SUGAR (EXCISE DUTY) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That the Bill to provide for the imposition and collection of an excise duty on sugar be referred to a Select Committee, consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. S. C. Mitra, Mr. Muhammad Azhar Ali, Seth Haji Abdoola Haroon, Lala Hari Raj Swarup, Mr. Jagan Nath Aggarwal, Mr. Bhuput Sing, Lala Rameshwar Prasad Bagla, Mr R S. Sarma, Mr. A. Das, Bhai Parmá Nand, Mr. C. S. Ranga Iyer, Mr. F. E. James, Mr. G. Morgan, Nawab Major Malik Talib Mehdi Khan, Sirdar Nihal Singh, Major Nawab Ahmad Nawaz Khan, Mr. G S. Bajpai, Mr. G. S. Hardy, and the Mover, with instructions to report within seven days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five"

Sir, in my Budget speech, I have explained the nature of, and the reasons for, our proposals, and I would not have had much to say today on this particular motion, except for the fact that in the interval there has been a good deal of talk on this subject and that a good deal of propaganda has been carried out by those interested in sugar manufacture. In fact, I may say that there has been a campaign of some intensity designed to create impressions on Members of the Legislature which I must say in many respects I find to be most misleading. I do not think, Sir, that ever in my own experience have I come in contact with a campaign of this nature. There is one Member of this House who ought to derive some satisfaction from it and that is my Honourable colleague, Sir Frank Noyce, because I feel that his revenue from telegraphs must have gone up substantially during the last month. I do not know what has been the experience of Honourable Members but I certainly have been receiving something like 20 or 25 telegrams a day.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): The same here.

The Honourable Sir George Schuster: There has been a curious similarity about these telegrams which seems to indicate some common source of inspiration. I may say, we have all had pitiful appeals from widows and small shareholders who have invested money, very often borrowed money, in the purchase of sugar shares, particularly in the Basti Sugar mills at very high premiums and who are now threatened with ruin. I shall have something to say about that later on. But what I want to say at the beginning is this.

I must confess that it was with feelings of very great reluctance, and only after long and anxious thought that I myself proposed to my colleagues this measure as part of our financial programme for this year, because I realised in many ways that it might be misunderstood and possibly that advantage

might be taken of it in ways which might be detrimental. I proposed it, because, after weighing up all the *pros* and *cons* I came very definitely to the conclusion that, however unpopular it might be, it was the right method, —essentially right—at the present time. But if I had felt any doubt on the matter, any hesitation about fighting this case, those doubts have been removed and my desire to fight has been definitely increased by the kind of propaganda which has been going on and the kind of representations which I have received.

Now, Sir, among these representations and criticisms, there are three main points. In the first place, we have been accused, and I myself particularly, of breach of faith, in that we had promised certain protection to the industry and that we are breaking our promises. Secondly, it has been alleged that great hardship will be suffered by those who have bought shares at high premiums, often as I just said with borrowed money, and, thirdly, it is said that we are dealing an unfair and possibly a fatal blow to an infant industry.

Now, Sir, let me take the first point that we are breaking our pledges, that we are guilty of bad faith. I am sure that most Honourable Members here would not subscribe to that charge. What the Government undertook to do was to give protection, as recommended by the Tariff Board, to the sugar industry. They undertook to give an effective margin of protection of Rs. 7-4-0 a cwt., and it was implied that they might consider the recommendation of the Tariff Board that if sugar is selling below a certain level, that measure of protection might be put up to Rs. 7-12-0. That is precisely what we are doing. That is the effect of our measure, and, Sir, if anything more were needed to refute these charges of breach of faith or misleading the public and the investors, I should like to remind the House of what I said myself in my Budget speech of last year. I said:

"On the other hand it would be highly imprudent for those who are investing money in the sugar business to forget that present conditions are more favourable than those on which according to the recommendations of the Tariff Board they have any right permanently to rely. For that reason a due proportion of the profits that are earned on the present basis ought to be accumulated as reserves; for no right can become established to a continuance of the present position."

These words were used deliberately as a warning that the existing position,—the position as it then was,—was much more favourable than could be permanently maintained and that the public should not be encouraged into buying sugar shares on the basis of protection at Rs. 9-1-0 a hundredweight.

Now, Sir, let me take the second point, the question of the price of shares. In the first place, if the result of our proposals now has been to check a dangerous speculative movement, that is certainly in the interests of the country, and that indeed was one of the definite motives which we had in mind in putting these proposals forward, for that is just the sort of thing that we want to stop. But if one looks at the market quotations, it is rather surprising that prices have not fallen more than they have. Indeed I myself should have expected to see a much greater fall and should have considered such a fall as the necessary result of a step which, as I have said, we regard as essentially right. But I wonder if the House has realised,— those of them who have no interest in sugar shares,—what enormous profits must have been made in sugar shares recently. My Honourable friend, Mr. Mody, is not here, but he himself told me a story about one of the most prominent sugar companies, one of the leading market counters in this

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matter,—the Belapur Sugar Company. He told me how, a few years ago, a holder of fifteen thousand shares in the Belapur Sugar Company was tired of holding non-profitable shares too long and offered them to the managing agents at a price of two rupees a share. The managing agents said they had quite as many as they wanted, and so they did not buy. The holder of these shares kept them for a bit and eventually the shares, which he wanted to sell at two rupees each, he sold for Rs. 84 a share. And what is the price today? The price today is Rs. 186. And the record of these shares also illustrates my other point. I find on looking back at the list, that those shares stood in January at about 164. They have now, after the announcement of our proposals recovered to 186. That does not look as if our proposals had very seriously affected the market in shares. One could go right through the list of all the prominent shares and find amazing rises in prices. Take the Cawnpore Sugar Company. Its shares stood in February, 1931, at 9½; today they stand at over 30. Take the Champaran Sugar Company. The shares stood in 1929 at 10¾; today they stand at 22½. The Ryam Company shares in 1929 stood at 8½, today the price is 29½. Samastipur in 1930 went down to 4¼ and today they are over 10. Leaving out of account people who may have got in at the top and then become frightened and sold off their shares, the net result is that enormous profits must have been made by investors in sugar shares in India during the last two years as a result of our policy. And if these inflated prices were no longer justified, surely this House would not take the claims of investors as a reason for not proceeding with this measure. Sir, that is just one of the points about the position which I want to emphasise. We, for the sake of public policy, introduced a programme of protection. By doing that we sacrificed an enormous amount of revenue. An import of 6,00,000 tons of sugar is no longer bought from Java, but produced locally. What happens? Government, assuming that the duty is Rs. 9-1-0 a hundredweight, loses on these 6,00,000 tons about 10 crores and 80 lakhs. Who gets these 10 crores and 80 lakhs? Where do they go? The consumer does not get any benefit, but goes on paying the same price as he would pay for imported Java sugar. Where does that money go? The greater part of it goes, of course, to pay for the lesser efficiency of production in India as compared with Java, and the balance goes in profits to those who invested in the sugar companies. That is the reason why we have seen this remarkable rise in share prices. Of course, there are certain alleviating factors,—a certain amount of labour has been employed, a better market for Indian cane has been produced, and so on; but the point that I want to make is this, that the public of India and the tax-payers of India have made a tremendous sacrifice, in order to see this policy of making India self-supporting as regards sugar secured; and it does not lie in the mouth of the manufacturers now to come to us and say that it is unjust and unfair for us to reduce the 400 per cent profit that they had on the capital value of their shares to 300 per cent. (Laughter.)

Now, Sir, the third point is that we are dealing an unfair blow at the industry, a blow which will really endanger its existence. I think that that is a matter which must be gone into on facts and figures, and we shall be very pleased to discuss the facts and figures in Select Committee. But I can tell the House that we are quite satisfied after our own inquiries that every reasonably well-managed concern can pay this excise duty, can go on paying a fair price for its cane, and can pay very good dividends to its shareholders. I do think it is of the most vital importance that the Members of this House and the public should realise

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how exaggerated the claims of those who put in a case for protection have come in recent years to be. We have been told, I have been told particularly by the Sugar manufacturers' representatives who came before us, that our proposition may be quite all right as regards the old and well established companies, but that the new companies that are coming on will not have a fair chance; and that they will not be able to make a profit in their first year at all. Now, Sir, if it is claimed by those who put up a case for protection that we ought to create conditions in which a new company in its first year of operation should be able to cover all its expenses, to set aside a full sum for depreciation, to provide a margin for improvements, to pay interest on its capital, and on the top of that to pay profits as well,—and that is really the claim of the manufacturers,—then I say that if this country is going to listen to claims of that kind, it is absolutely doomed to ruin, and not merely doomed to ruin, but it is doomed to a process of encouraging inefficiency in manufacturing methods. Therefore, Sir, it does seem to me to be, as I have said, of vital importance that the House should realise that position. I think, if I may express a personal opinion, that the Tariff Board in all its inquiries has taken an extremely generous view of what the manufacturer should expect in order to be able to maintain his position. We have got into the way of thinking that the manufacturer ought to be able to do all these things that I have said, to provide for depreciation, to set aside sums for extensions, to pay interest on his capital, and above that to make a profit as well; and I say that that is asking a great deal even in normal times, but, in times like the present, it is a perfectly ridiculous proposition.

Now, there is another aspect of this matter. We were told—I was particularly told this by my Honourable friend, Mr. Ranga Iyer,—that one of the motives which I advanced for introducing this measure now was a particularly bad one, the motive that unless we did something now there was a danger of overproduction in India. My Honourable friend said:

> "What is this talk of overproduction? There is no danger, there cannot be a danger of overproduction: we will not be satisfied merely with supplying the Indian market; we want to supply the empire market as well. That is the goal to which we are looking forward."

I entirely share my Honourable friend's views in that respect I think it is a grand thing that the sugar industry of India should look forward to that as a goal. But if that is their object, then I say the worst thing that we can do, as a means of assisting them to that object, is to allow them to become accustomed to a totally unnecessary measure of protection. If they are going to take their place in competition with other countries, in selling their goods in empire markets, then they must increase their efficiency enormously from the present standard. At present, as I pointed out to my Honourable friend, they, in order to secure a position in the Indian market, will get under our proposals a margin of protection representing something like 200 per cent *ad valorem*. If they want more than that, is there the slightest chance or hope that they will develop their efficiency, so as to take their place competitively in other markets? It is quite impossible. And that is the reason why I said in my Budget speech that, taking a long view, our present proposals which would make the task of the sugar manufacturers not quite so ridiculously easy as it is at present, is really in the interests of the sugar industry itself.

I have said that the question of what will be the position of the sugar manufacturers after this measure is imposed is a matter which can be

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examined in detail in Select Committee; but there is one broad aspect of the case that I want to put to the House. Here we are in India with admirable natural facilities, climatic and agricultural, for growing sugar. We have an industrious, hard-working agricultural population which is not accustomed to large returns and is satisfied with small prices. We have a set of new factories coming into the industry, late in its development, so that the general standard of equipment ought to be very high,—with no old plants that have got to be replaced and written off. Everybody is equipped with the latest up to date machinery. We have got cheap labour, cheap capital; and, looking forward, there are immense prospects of improvement in the position owing to possibilities of improvement in the quality of cane and in the methods of cultivation. All that is an untapped margin for the future. If, in these circumstances, the sugar manufacturing industry of India says: "We cannot survive: this poor little infant will not be able to grow to maturity unless you give it more than a 200 per cent margin of protection", if that is the claim, then I think, on a mere statement of the facts, it stands hopelessly condemned.

There is another aspect, which I commend to the attention of Honourable Members who are interested in industrial matters, about this exaggerated claim to protection. I seem to have noticed in the last three years a very remarkable change in the public opinion of India as regards the protection of industries. The public is beginning to ask, what is the cost to us for having this sentimental pleasure of saying that we are helping to develop indigenous Indian industries and making India self-supporting? That is a question which is now often asked on the floor of this House. I never heard it asked four or five years ago. People are beginning to count the cost; and if the manufacturing industries of India get accustomed to making these exaggerated demands, then they run the risk of making the whole policy of protection stink in the nostrils of the public of India. We have heard other cases argued—my Honourable friend, Mr. Mody, whom I now see in his place, has fought a hard, and I must say, generally a very fair fight for the interests of the industry for which he speaks—but I would ask him in his own interest to consider whether he stands a better chance for the future if he allows, or does not do all that he can to prevent, other industries making exaggerated claims which are bound to react on public opinion as regards this whole policy. Sir, moderation in all things is a very good counsel, and taking a long view, I commend that counsel to the representatives of the sugar industry who are fighting against this measure of ours today.

In all the representations that have come before us, there is one single point in which—as a matter of logic and as a matter of principle—there seems to me to be a certain amount of substance. The only complaint that has been made by the sugar manufacturing interests, which is, I think, worthy of consideration, is this: they say: "Very well; let us admit for the sake of argument that you retain for us the margin of protection recommended by the Tariff Board—Rs. 7-12-0 a cwt. But, incidentally, owing to your having given us that margin, not by reducing the import duty to Rs. 7-12-0, but by imposing an excise duty on factory produced sugar of Rs. 1-5-0, by your reducing the margin in that particular way, you have set up an unfair basis of competition between the *khandsari* manufacturers and the manufacturers of sugar who will be hit by this

excise duty". That, as I have said, seems to me to be a perfectly good logical point. There are many questions of fact which have to be investigated before one can pronounce judgment on a point of that kind, and I must say that the evidence that we have received from the sugar manufacturers on the one side and from our own, may I call them, disinterested advisers, on the other, is extremely conflicting. But that is a point, obviously a suitable point, for discussion in Select Committee. I only mention that to show the sort of things which we may have to consider in Select Committee. It is a case which will have to be gone into very carefully indeed.

That is all that I need say, I think, on the measure at this stage. Before I close, I would only like to remind the House that this measure, of course, stands as part of our financial programme as a whole, and the programme that I have put up this year, although it is included in three different measures, is essentially interconnected. If I lose one piece in the plan, then, I am afraid, the whole programme goes: I hope that the House will consider this particular measure with those considerations in mind. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill to provide for the imposition and collection of an excise duty on sugar be referred to a Select Committee, consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. S. C. Mitra, Mr. Muhammad Azhar Ali, Seth Haji Abdoola Haroon, Lala Hari Raj Swarup, Mr. Jagan Nath Aggarwal, Mr. Bhupat Sing, Lala Rameshwar Prasad Bagla, Mr. R. S. Sarma, Mr. A. Das, Bhai Parma Nand, Mr. C. S. Ranga Iyer, Mr F. E. James, Mr. G. Morgan, Nawab Major Malik Talib Mehdi Khan, Sirdar Nihal Singh, Major Nawab Ahmad Nawaz Khan, Mr. G. S. Bajpai, Mr. G. S Hardy, and the Mover, with instructions to report within seven days, and that the nubmer of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 1st of August, 1934."

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

Sir, in this connection I should like to point out in the first place that these factories are nowadays making huge profits. It cannot be denied that some of these factories are making profits to the extent of 50, 60, 70 and even 80 per cent.; in fact there are some factories which in some years have made as much as 200 and even 300 per cent. profit as has been stated by the Honourable Member in charge. At the same time, it cannot be denied that the attitude of the factory owners towards their labourers is not at all satisfactory. I know of many instances in which the conditions of labourers are simply pitiable. Wages are not paid to them regularly, and in some cases they have to wait for months to get their wages. Facilities like education, medical aid, maternity benefits and the like, which are essential to the labouring classes and which are provided in all advanced civilized countries, are absolutely denied to the poor labourers in these sugar factories. I am sure, nobody will be able to challenge this statement of mine.

At the same time, the attitude of the factory owners towards the poor cane growers is far from satisfactory. In previous years, the House will be surprised to know, these factory owners used to pay only Rs. 0-4-0 to

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Rs. 0-6-0 per maund for their cane to these growers, while, in the pamphlets which have been circulated to Honourable Members of this House by the Sugar Mills Association, at several places they have calculated nine annas to ten annas a maund as the price that is paid to the cane growers. They have themselves said in one place,—and this is a paper which has been circulated to the Members of the Legislative Assembly by one Mr. Than, Managing Agent, the Saraswati Sugar Syndicate, Lahore, and it is stated here that, in the western U. P. they had acute competition amongst themselves for supply of cane with the result that the price of cane has gone up beyond all expectation, and that some of the factories in the Meerut Division are now getting cane at the cost of nine or ten annas per maund at the factories. But, Sir, I have explained to the House that these factory owners never paid more than six annas a maund for their sugar cane. I say it from my personal experience of many factories. Many people, who have discussed here this question with me for taking the sugar cane from those parts of Bihar where factories have been destroyed, have told me that it is not possible to get sugar cane at the site of the factories dearer than eight annas a maund, and, in spite of the profuse sympathy for the poor sufferers, in spite of the friendship which some of the factory owners have with me, they have told me that they could not possibly afford to pay even eight annas a maund, and that, in fact, they were losing even at that rate. The figures that have been placed before us show that they are paying a better price to the cane growers, that they are paying as much as nine annas and ten annas per maund, whereas, as a matter of fact, from the instance I have quoted, the House will see how they have calculated the figures to mislead us regarding the true position of the industry in this country. In my part of Bihar, I know very well that sugar cane was purchased at four annas a maund, there was a time when the cane growers sold their cane even at the rate of three annas a maund, and this price was paid, not because the millowners were losing, but it was paid deliberately, because in those days, as I said, some of the factories were making as much as 200 per cent profit. Sir, when I look at the whole situation, I feel that the factory owners have not treated the cane grower fairly and justly. They have not treated the labourers justly and sympathetically, and that these factory owners have done everything in their power to the detriment of the interests of the poor labourers, and the cane growers for their own profit. They have resorted to coercion and other things to profit themselves.

Now, Sir, I feel that Government should look into all these matters seriously, but, at the same time, it also should be remembered that when protection was granted to the sugar industry, certain undertakings were given by the Government to the factory owners. Though my Honourable friend has said that there is no breach of faith in imposing this excise duty, I regret I cannot agree with him. If I assure any party that I will buy certain things from him and that I will give certain facilities, and, on that understanding, that party spends not only thousands and lakhs, but crores of rupees, and if, after that, I find that the word I gave is not favourable to me and want to get rid of the promise, I do not think that any one in this country or anywhere else in the world will congratulate me.

The Honourable Sir George Schuster: Is my Honourable friend suggesting that what we are proposing now is not consistent with the original plan?

Mr. M. Maswood Ahmad: Yes. I suggest that you promised them, and what you gave with one hand you are taking away with the other.

The Honourable Sir George Schuster: They were promised a measure of protection of Rs. 7-4-0. They are given a measure of protection of Rs. 7-12-0.

Mr. M. Maswood Ahmad: Yes, Sir. But I want to show what you gave with one hand, some portion of it you are taking away with the other. My Honourable friend has said—he quoted from his speech—that these facilities are not of a permanent character. I agree, but this facility of Rs. 7-4-0 or something like that was for 15 years, and you will see that this industry is not protected by that amount. When the protection was given, it was Rs. 7-4-0, and with the surcharge of 25 per cent. on this, it went up to Rs. 9-1-0. This surcharge is not for 15 years; it may go at any time as soon as the financial position of the Government becomes better. This is a temporary relief, and it cannot be counted upon.

The Honourable Sir George Schuster: If that is my Honourable friend's point, I should like to clear that up at once. We are not contemplating putting the industry in any insecurity at all. Whether they get Rs. 7-4-0 or Rs. 7-12-0—that, of course, depends on the price of sugar, but that they can rely on, and that we are not going to take away. We are not going to diminish that by reducing the surcharge in future.

Mr. M. Maswood Ahmad: Might I understand from my Honourable friend that this surcharge of 25 per cent will remain on sugar for 15 years?

The Honourable Sir George Schuster: Our policy will always be to keep the difference between the excise duty and the import duty at the level recommended by the Tariff Board and accepted by the Government of India. We are not going to reduce that difference

Mr. M. Maswood Ahmad: I am glad that my Honourable friend has explained the position of the Government, and it may satisfy many of us to a certain extent on that point.

My Honourable friend has hinted that the definition of factories might be considered in the Select Committee, and it will include the factories which are not manufacturing their sugar by means of vacuum pan system. As I am not on the Select Committee, I shall say something on that point, so that the members of the Select Committee may consider it. Nowadays, sugar is made in villages by means of three processes. One process is the open pan system. They make what is called *gur* and *rab* in my part of the country, and from these they make sugar which I may call brown sugar.

Sir Hari Singh Gour: Jaggery.

Mr. M. Maswood Ahmad: I am glad to learn a word from my Honourable friend, but I will still use the word *gur*, as it is called in my part of the country. This was being prepared without any protection or any protective duty. Whatever changes may take place, the definition of a factory should not be changed to affect that industry. How they do it is,—they put the juice of the sugar cane in the pan, boil it, and then allow it to crystallise. So, any change in the definition of a factory, so as to include this, will go against the agriculturists. I want an assurance from the Government that they are not going to affect this industry.

Sir Hari Singh Gour: That assurance is in the Bill.

Mr. M. Maswood Ahmad: I admit, but certain millowners are trying to change the definition in a way to include this process also. Hence I want an assurance.

The other process is that in small villages, those agriculturists, who own 50 or 60 acres, cultivate sugar cane, and, by means of crude oil engines, they work small centrifugal mills and prepare sugar which is used for themselves or for their relatives. That sugar does not go outside the village and does not get into towns. These villagers prepare a sort of inferior sugar with these centrifugal machines, and that is used by the villagers alone. They do not use the vacuum pan system; rather they use the open pan system. The main difference between vacuum pan system and open pan system is that in vacuum pan system the juice is boiled at a low temperature on account of the vacuum, and it evaporates at a lower temperature very rapidly, and, on account of this evaporation at a lower temperature, the crystals of sugar remain intact, and so, if the juice is boiled in vacuum pan, then a larger percentage is available from that juice, but the open pan system requires more heat. It takes more time for evaporation, and, on account of more heat and more time, the trouble is that the crystals of sugar change into glucose, and, in this way, a large quantity of molasses is taken, and a very small quantity of sugar is really available by means of this open pan system. As there is absolutely no profit in this open pan system and as this sugar is not sold in town markets and as this sugar is of inferior quality, I suggest that, in the definition of factory, it should be mentioned that only those factories will be treated as factories where sugar is made by means of the vacuum pan system, and all those factories where sugar is made by means of the open pan system should not be treated as factories. Rather, those factories are small ones and there should not be any excise duty on this sugar, because the result of this taxation will be that this local industry, which is in the hands of small and petty agriculturists, will vanish and will be ruined for ever. These millowners do not want that there should be any small centrifugal factories in villages, so that they may make more money and they may purchase cane at any rate they desire. So they are trying to get rid of this, and they want to add certain words that this clause should operate on those factories as well, but Government should be cautious in this, and I will suggest that some word should be mentioned here that really the factories, which are factories, should be taxed and that this cottage industry should not be taxed at all.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

Then, I come to the consumers' point of view, and, in this connection, I want to say that consumers are suffering nowadays to a very great extent. There are already so many taxes on these consumers. They are overtaxed nowadays. Had these taxes been for the benefit of the revenue only there would not have been much objection, but my Honourable friend has rightly said that there is discontent amongst the people of this country now. Government introduce Bills for protection every month, but there is great dissatisfaction in this connection. Government should be cautious in this matter. You will find the rate at which the sugar which comes at the port from outside India after paying their taxes in their own country, after paying the profits of the managing agents in their own country and after paying the freight of the ship when it reaches our port. You will find at what rate sugar is sold in this country by means of protective duty and really who is paying this large amount. Had there not been this protective

duty on sugar, what would have been the rate? Is it not the case that Government are forcing really the consumers to pay a large amount to these millowners? My Honourable friend says it is not correct. I say, if this sugar would have come import duty free, what would have been the result?

Seth Haji Abdoola Haroon (Sind: Muhammadan Rural): The import duty the Government have already levied before the passing of the Protection Bill.

Mr. M. Maswood Ahmad: What is the difference between the import duty and the protective duty? My Honourable friend has forgotten that, by means of protection duty, they have increased the import duty on sugar.

Seth Haji Abdoola Haroon: No.

Mr. M. Maswood Ahmad: If they have not increased the import duty on sugar, then, how do you say that the protective duty was levied on sugar?

An Honourable Member: It is only a change in name.

Mr. M. Maswood Ahmad: I shall be very glad to understand that when my Honourable friend will speak.

Anyhow, in these days, consumers are paying so many taxes, and these duties are not for the benefit of the Indian treasury, but it is for the benefit of the millowners who, by some means, had got money at the time and who have invested money in these factories, and by means of these factories and by means of using the poor labourers, and poorly paying them, they want a huge amount of profit like 200 or 300 per cent.

One more point I want to refer to. It has been said by my Honourable friend, Sir George Schuster, that there is a loss of a large amount on account of the import duty on sugar. There was a time when about 6,00 lakhs . . . .

Sir Hari Singh Gour: 10 crores, 80 lakhs.

Mr. M. Maswood Ahmad: . . . was the import duty at the time, and now, where has this amount gone? They have not gone into the pocket of the millowner. I want to say that this amount has gone again to the European countries. On account of the Government promises, without understanding their position, the millionaires of this country have spent their money and they have purchased their machinery at a very high cost, and they were in a hurry at that time that sugar factories should be established in India as early as possible, so that they might make money, and so large amounts have gone there. After considering this amount and after considering the interest on this amount, you will find that all the money is not going into the pocket of the millowners, rather, all have gone to foreigners.

You will find from the figure that the number of cane factories operating in 1930-31 were 29, in 1931-32, it became 32, in the year 1932-33, it became 57, and, in the year 1933-34, it has become 134, and there is an estimate that in the year 1934-35, about 140 factories will be working in this country. So, it cannot be denied that nowadays there is some competition in this industry. In this connection, I wanted to ask the Government a question on one more point, *viz.*, that they want to impose

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the excise duty from the 1st April, 1934. I want to say, Sir, that that would not be just. In the case of many factories in this country, they have the advantage of having greater railway facilities than others, and also there are areas where more wagons are available. Such factories placed in such fortunate position have been trying from the date of introduction of this Bill to send their sugar away from their factories as rapidly as possible, but that was not possible in the case of many other factories not enjoying such easier wagon and other facilities and they could not hurriedly send away their sugar before the 31st March, 1934. So those factories, which were in a position to send their sugar before the 31st March, 1934, will be in a better position, and they will save that duty, but those factories which, through no fault of their own, but through the fault of the Department of which my Honourable friend, Sir Joseph Bhore, is in charge could not get more wagons or were thus, and for other reasons, not in a position to send their sugar to the market, will be fully taxed. Sir, it cannot be denied that nowadays there is a great shortage of wagons in the Railway Department. I know personally and I understand from the railway authorities, whom I have met in this connection, that on the Bengal and North-Western Railway, there is a shortage of wagons; it cannot be denied that on the Eastern Bengal Railway also there is a shortage of wagons; and, at the same time, there is a great rush on the Bombay, Baroda and Central India Railway too. All attempts were made by the Bengal and North-Western Railway and other railways to borrow a few wagons from the Bombay, Baroda and Central India, but it was not possible to get a sufficient number of wagons from these railways, because they too were busy and they too were short of wagons. So the Honourable the Finance Member should really consider this question, and I hope my Honourable friend will also consult the Railway Department as to how far these factories are in trouble at present on account of this shortage of wagons. As I have already stated, I again repeat that those factories, which managed to get wagons in large numbers, are in a position at this time to send all their sugar in their possession, and my Honourable friend will not be in a position to tax those factories, but he will only be able to tax those factories which are near railways, but do suffer from a shortage of wagons and these factories will thus suffer to a great extent. Sir, Government's policy should always be to be fair and just to all, and justice should not fail. Any attempt on their part to tax a particular unfortunate portion of the industry would not be justifiable and they could not be congratulated if they did that. This question must be considered dispassionately by my Honourable friend.

Sir, a further point which I want to stress in this connection is that the time for preparing sugar is now out, and what is the use of levying this duty on these factories? The only result will be that you will tax only a few factories which are not in a position to send their sugar away from their factories, because no sugar will be made in future for nearly eight months in this country. Further, this measure will affect the earthquake-stricken people of Bihar to a very great extent. The factories there are not in a better position to utilise all the sugar-cane in those parts, and, in spite of all attempts, they were not able to secure wagons to take sugar-cane to other factories out, and it is well-known to my Honourable friend, Sir Joseph Bhore. Sir, although the Chief Commissioner of Railways, Sir Guthrie Russell, went to Muzaffarpur in this connection, and

I understand he is now back, my information is that on other metre-gauge railways also there is a great shortage of wagons and the sugar-cane cannot be taken to the factories at Sone East Bank and at Dehri rapidly, and a larger proportion of the sugar-cane in my part will be used in these factories after the 1st April. So, really, this tax will fall only on two classes—one being those factories which have not been in a position to send their sugar away from their factories, and this taxation will fall heavily on the shoulders of the Tirhut people and other people in my part of the country who were not in a position to crush all the sugar-cane and to send their sugar-cane to the factories, and this is a point to be considered in the Finance and Railway Departments. I say, the excise duty, whatever they propose—I do not say what the amount should be—should not fall on that proportion of the sugar which will be made from the sugar-cane of Bihar. At present, on account of the railway freight, the sugar-cane is being taken from that part to other factories and are yielding large amounts to the railways, and practically these sugar-cane growers are getting about three annas or four annas a maund. Once I had been in the Railway Department and consulted them on this question, and so we tried to dispose of the sugar-cane in the Muzaffarnagar area and other places, but we came to know that, in spite of the reduction in the railway freight it was not possible to take that sugar-cane into these parts because only two annas would be left for the sugar-cane grower. So we should consider that even if this sugar-cane is taken to these two mills mentioned, the return to the cane-grower is only two annas.

Further, I cannot understand what is the hurry in respect of this measure that Government are not prepared to circulate it. There are two or three points to be considered in this connection, and they can be considered only after this Bill is circulated for eliciting public opinion. I do not think Government will lose anything in this connection, because, if the season for sugar is over, you cannot expect a heavy amount of income from this excise duty this season. Whatever you will get, you will get in the next season, when it will begin from December, 1934, and up to March, 1935. That is the main season when all the factories are working in this country, and when you can expect any appreciable amount in the shape of excise duty from these factories. I assure my Honourable friend that if he will think over the matter at the Committee stage and work out properly what amount they can expect in this season, he will really realise that only a very little amount can be expected from this sugar by means of the excise duty. When they are not losing anything, what, I ask, is the reason for the hurry? If they circulate the Bill, it is quite possible for them to get information as to what the idea of the public in this country is. Whatever my Honourable friend may say about the telegrams which we have received, and my Honourable friend might say he has got information from the C. I. D. that it was all on account of the inspiration of someone else, I think if they will circulate this Bill, they will get the same information through the Local Governments. Let them realise that this is not the idea of a particular section or of a particular class of men. What we want to know is what is the idea of the public in this connection.

The second point that I wish to make out, and on which I would lay all the emphasis that I can command, is that these factories are really making a huge amount of profit. That I have already said in the begin-

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ning. You can check this huge profit by two ways. One way is to impose an excise duty and the other is to decrease the import duty on sugar which is imported from outside. You are to choose between these two ways. Now, who is to decide this question? My submission is that this is a point which should not be decided only by us, but rather by the public, and you can judge the opinion of the public only by circulating this Bill. If you do not circulate this Bill, you will not be able to know what the idea of the public is, whether they prefer the imposition of an excise duty on sugar or whether they like that the import duty which is levied at present on the foreign sugar should be decreased. As a representative of Bihar and Orissa, I may say that my idea is that it is better to decrease the import duty on sugar rather than impose an excise duty on it.

Mr. B. Das (Orissa Division: Non-Muhammadan): That is a wrong logic.

Mr. M. Maswood Ahmad: It may be wrong, as suggested by my Honourable friend, Mr. Das, but I think that is the only solution of the difficulty.

Mr. President (The Honourable Sir Shanmukham Chetty): I think the Honourable Member had better bring his remarks to a close.

Mr. M. Maswood Ahmad: Sir, I have always accommodated the House, and I have always accepted your suggesion to be brief. My suggestion to the Government is that they should consider these points. The first point is that there is no hurry to rush through this legislation, and it should be postponed till the Simla Session. The second point is that this House should consider whether the import duty should be reduced or a new duty should be imposed. The third point is that only those factories should be taxed which prepare sugar by means of a vacuum pan system, and those factories which prepare sugar by means of centrifugal machines should not be taxed. With these words, Sir, I move my amendment.

5 P.M.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 1st of August, 1934."

Mr. Ranga Iyer does not wish to move his amendment, and the next amendment is substantially the same. Therefore, it will not be moved. The discussion will be comprehensive both on Mr. Maswood Ahmad's amendment and the original motion.

STATEMENT OF BUSINESS.

The Honourable Sir Brojendra Mitter (Leader of the House): Sir, with your permission, I desire to make a statement as to the probable course of Government business in the week beginning April the 2nd.

You, Sir, have directed that the House shall sit for the transaction of Government business on Monday, the 2nd, Tuesday, the 3rd, Wednesday, the 4th, Thursday, the 5th, and Saturday, the 7th. On Monday, we shall take up the business left unfinished from today's list in the order in which it appears on that list. We expect to proceed first with the motion for the reference to Select Committee of the Sugar (Excise Duty) Bill, and, thereafter, we shall take the motion for reference to Select Committee of the Matches (Excise Duty) Bill. These will be followed on Tuesday or Wednesday, as the case may be, by the motion to take into consideration the States (Protection) Bill as reported by Select Committee, and, on the conclusion of this business, there will be motions to take into consideration and pass the Sugar-cane Bill. Should this business be concluded before the end of the week, we shall take up the Trade Disputes (Extending) Bill, for which the motions will be for consideration and passing. Thereafter, motions will be made to take into consideration and pass the Sea Customs (Amendment) Bill, the Indian Lac Cess (Amendment) Bill, and the Negotiable Instruments (Amendment) Bill, as reported by the Select Committee.

In addition to the above business on Monday, Tuesday and Saturday, three motions will be moved for the election of members to the Standing Committee on Emigration, Standing Finance Committee for Railways and the Central Advisory Council for Railways.

The Assembly then adjourned till Eleven of the Clock on Monday, the 2nd April, 1934.

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